Real estate as a public asset
The harmony in trade-offs in the Dutch Central Government real estate portfolio
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ABSTRACT

During this research many publications and research were published about the disposal of government assets. Main conclusions of these publications and research were that by disposing government assets not solely maximising financial return is important. As well that there is need for a framework to validate the choice in the trade-off between social and financial return.

This thesis aimed to research the public values of real estate in general and how these values can be taken into account in the disposal of government. Correspondingly with the former research, this thesis also recognises the fact that by selling around 700 properties not only financial return can be taken into account. By selling public assets properties have to be part of a public process and the challenge is to find a new public value for the property in its environment. This by increasingly providing cross-departmental coordination and direction, collaboration with provinces and local governments but as well with private developers.

Important notion is that the CGREA is a political steered organisation thus public values are a political decision. In order to execute and operate a process by selling public properties there is need for a policy in where choices are validated where a property can be sold for the highest bid and where a stimulation is needed to adapt the property for the future.

This thesis only provides a vision of the possible, a starting point to validate choices regarding public values and the definition of these values. It will help to open the debate, challenge the status quo, and ensure that the trade-off between public values and financial return is possible. Ultimately, the goal is to sell 700 real estate objects. This will require process strategies closely linked to the organisation's capabilities and aligned to regional and local demand. Property is not special but it is a unique resource with particular attributes. Understanding the drivers, and leveraging the opportunities created, is what public real estate management is about.

The limitation of this research is that the framework is not made practical. It only provides an approach to indicate public values and how these can be taken into account during the process of disposal.

Public values emerge from activity in the building and surroundings. It is about the involvement of the context, defining the opportunities for the property or area on market, location and building/area level. Public value is clarified and authorised by the public, but it is made, increased and created by public service organisations through their decisions about what services to provide. It is for these organisations that politicians and public managers must justify the allocation of resources and develop policies and strategies regarding disposal that are consistent with the generation of public values.
FOREWORD

‘Not everything that can be counted counts, and not everything that counts can be counted.’ - Albert Einstein

This report presents my graduation research of the Master Real Estate and Housing at the Faculty of Architecture of the Technical University of Delft. It exists of the research proposal and final results of my research carried out at the Central Government Real Estate Agency (CGREA) in the Netherlands.

Since the crisis many portfolios, private and public, have to deal with vacancy, due to new ways of working and the over-development of the last decade. Vacant properties and areas need to be adapted to the future, by selling the property to a new owner or to convert it to a new function. Hereby it is important to see a property as a place and space for people and not just a financial asset.

This graduation research, as the title indicates, is about the trade-offs that are aimed to be made in a public real estate portfolio, in this research the portfolio of the CGREA. These trade-offs can be described as a balance between public values and maximising financial return.

The research was a very pleasant experience. There was a lot of support from the employees at the CGREA, public values and financial trade-offs are a trending topic within the CGREA. This made working on my thesis even more delightful but as well very difficult. This difficulty was mainly because of the various perspectives regarding the topic of public values and as well the size of disposal and the plurality of methods and issues involved.

I would like to thank my mentors of the TU Delft, Hilde Remøy and Agnes Franzen with whom I had useful meeting which provided constantly new insights. And a special thank you to Marielle and Allard of the CGREA who gave me the opportunity to experience and develop my knowledge in practice and gave useful feedback during my internship.

Have pleasure reading it!

Alicia Hoevelaken
June 2015
Abbreviations

CGREA = Central Government Real Estate Agency
RVB = Rijksvastgoedbedrijf
BZK = Ministerie van Binnenlandse Zaken (Ministry of Interior Affairs)
RLi = Raad voor de Infrastructuur en leefomgeving (Dutch Council for the Environment and Infrastructure)
CRa = College van Rijksadviseurs (Committee of government advisors)
RVOB/SPDA = Rijksvastgoed en Ontwikkelingsbedrijf (State Property Development Agency)
VPS = Vastgoedportefeuillestrategie (Real Estate Portfolio Strategy)
During this research many publications and research were published about the disposal of government assets. Main conclusions of these publications and research were that by disposing government assets not solely maximum financial return is important. Along with a validation and controllable framework for the trade-off between social and financial return in disposal.

The Central Government Real Estate Agency is used as a learning organisation and describe the current practices in order to establish points for improvement.

**PART 1 | INITIATIVE**

**INTRODUCTION**

The current Dutch real estate market is affected by high rates of vacancy. Changing user-preferences and policies result in profound changes. As a consequence high vacancy rates are standard in the Dutch real estate market. The number of vacant buildings in the Dutch real estate market reached its all time peak, equivalent to 9.2 million square meters. The challenge of the portfolio restructuring, are the current market conditions, which are not suitable for the sales of large amount of square meters of vacant real estate.

This research will focus upon the central Government portfolio and the department that is in charge of this portfolio; the Central Government Real Estate Agency (CGREA).

The CGREA has the largest real estate portfolio of Netherlands, with a size (excluding Defence) of 13.3 million square meters (GFA) and 81.000 acres of land. The portfolio consists of prisons, courts, barracks, airports, military areas, ministerial offices (60% of the portfolio), ports, tax offices, monuments, museums and palaces. As one of the largest owners of office buildings in the real estate market of The Netherlands, the CGREA is an important player.

Last years the government had to make cuts in their budgets. For the Government institutions these cuts caused changes in the policy and governance. First the government is shrinking the organisation size to improve efficiency. Second existing structures need to be re-purposed to reflect the new strategies of sustainability and cost-effectiveness. The concept of office space has been revolutionised by the introduction of the Internet and the personal computer has become a “personal office”. The introduction of flex working spaces is a consequence of this modern revolution and the existing structures were not developed with these concepts in mind. And lastly the portfolio needs to ensure compliance with the new regulations that are set from the government and European Union.

The government portfolio is financed by public money, which makes it important to take transparent decisions. In the government portfolio real estate is not an investment asset but it serves to execute the primary processes of government activities. Properties that do not serve this primary processes need to be disposed. The question that rises is how should the government cope with this. Should the properties be sold with maximum financial return or should there be an objective in taking into account the broader context.

The minister of Housing stated the following regarding the disposal of government assets:

"Maatschappelijk rendement koppelen aan financieel rendement bij de afstoot van Rijksvastgoed"

“Connect social return to financial return by the disposal of government real estate”

This can be interpreted as follows, the maximisation of receipts should not be the overriding objective in the disposal of the properties. Current available policy documents of the CGREA don’t show how the CGREA envisages social return in real estate and if this is explicitly taken into account in the disposal. It is of the interest of the government to find an approach in which social return is part of the decision-making and how this can be defined, qualified or quantified. As well the Algemene Rekenkamer (National Audit Office) argued that there is need for more accountability in choices between social return and financial return.

To further illustrate this process an example of a disposed property is analysed. This example is the former office building of the CBS, in Leidschendam-Voorburg. The analysis of the example resulted in three determinants that were critical elements in the disposal:

1. Portfolio: the impact of the sales of the property, it is not clear what the instruments are for the disposal and what the criteria are for the decision-making.
2. Financial return: the property is sold below book value, the implications of this are not clear neither.
3. Collaboration process: the municipality was not satisfied with the collaboration with the CGREA and didn’t want to establish an agreement because of the nontransparent process.

**PROBLEM DELINEATION**

A literature review of social return illustrates that social return is defined as a financial investment for the
benefit of social effects. For the CGREA financial investments regarding social effects are not possible. The CGREA isn’t a government department that can provide grants for charitable causes. This is because of the rules set in the Estate Act, Regulation Materials Management and rules established by the EU. The CGREA develops, manages and maintains real estate for government departments. The management of the government’s real estate portfolio focuses on the portfolio and services for the users. However, having the largest real estate portfolio, financed by public money, the CGREA needs to convey public values into decisions because they are government.

As a result, the terminology of social return is not the correct notation for the CGREA. A suitable notation needs to be related to the following questions: what is the value of real estate for society and how can the CGREA take into account this value when it comes to disposing their vacant properties? So the best suitable terminology is public values.

The research aims to investigate and analyse the context of the disposal, existing of three determinants: portfolio, financial return and the process of collaboration. Second it aims to contribute to the understanding and definition of public values in real estate.

This will result in a recommendation for how to incorporate public values in the disposal of vacant properties.

RESEARCH DESIGN

The main research question is:

In what way can the Central Government Real Estate Agency dispose vacant real estate and incorporate public values?

The CGREA is used as a learning organisation. The current practices and proceedings will be described in order to establish points for improvement to incorporate public values.

The conceptual model, presented in figure i, illustrates the main themes in the research process. The first part of the conceptual model illustrates the process of portfolio restructuring. Due to changing governance and strategies (compacte rijksoverheid), properties become vacant. Based on the Broad Value Assessment the broader values of a property will be mapped. The instrument to map the values is the ABC-scan. The outcome is either to keep the property or dispose the property and categorise the property in one of the sales strategies. Properties need to be sold confirm the Estate Act and the Regulation Material Management.

The second part of the figure sets out the determinants for disposal as identified in the problem statement. The context determinants, portfolio, financial return, collaboration process need to be researched according to supportive and analytical sub-questions in order to examine the broader context of disposal and current policies of the GCREA and see whereas public values can be a part of the disposal process.
METHODOLOGY

The research consists of a desk research and a field research (carried out at the CGREA). The answer on the main research question will be based on a qualitative and empirical research, by adopting both a structured and an unstructured approach. However, the focus will merely lie upon the unstructured approach, since this research will be used to explore the variation within the problem, the disposal of government real estate and the exploration how public values can be incorporated.

The choice for a qualitative research is made because of the different perceptions and interests that are bound to the research topic: public values. The word value is never an objective fact and by adding the word public, the definition becomes even more subjective. Therefore this research aims to explore the qualitative variation in public values in real estate. The research methods are chosen to find a thorough answer to the sub-questions and in the end to the main question. The sub questions are related to the three determinants.

As a result the research is twofold, it comprises the context research of the determinants and the research of public values. The research in the determinants is necessary to have a general overview of the proceedings within the CGREA. Both will form an input in a proposal for a process to incorporate public values.

Both research comprise a desk research and a field research. The desk research consists of a literature research. The field research will be conducted at the CGREA and entails three research techniques: interviews, workshops/discussions and case studies. In figure iii the order of the research is illustrated. First a literature study will be conducted, the output of this will be the input for the interviews and workshop/discussions. The output of the literature study, interviews and workshop/discussions together will form the basis for conducting the case studies.

Figure ii: Key themes in research (Source: own illustration)

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Figure iii: Research design (Source: own illustration)
This research aims to contribute to the existing scientific knowledge, by combining fields of research, namely describing public values in real estate and the disposal of government assets. The government disposed properties before, but not on this large scale. The portfolio is diverse and comprises unique properties with very specific functions, such as monuments, museums, military barracks etc. There is little knowledge about the way in which these often unique buildings should be disposed. The government also has a contradictory role in this case, they want to maximise financial return but as well be a safeguard for public values. This study contributes to the understanding of this role.

PART 2 | CONTEXT
PORTFOLIO
The CGREA manages the largest portfolio in the Netherlands: a total of around 13.1 million sqm GFA. The portfolio is very diverse and includes both offices and housing for specific processes called specialties. Examples of specialties are prisons, laboratories and monuments. The CGREA holds property interests as it requires accommodation from which it delivers its services and undertake its function of managing the government affairs. It is not government policy to dispose its properties as a matter of principle, its cause as a result in change of management.

The current stock of vacant properties that will be disposed is around 1200. These are properties that are put forward by government departments because these properties are no longer needed for the departments. In the past the CGREA didn’t decide which properties will become vacant, this is a decision made by other government departments. However, with the establishment of the ‘masterplans for offices’ the CGREA has a mandate to decide for the government departments where they will be located and what kind of property.

In 2014 the CGREA sold around 27 properties (offices and specialties). The total sales value was around 125 million euro. The sold properties are located all over the Netherlands. Untill 2020 the CGREA needs to approximately sell 1,0 million sqm GFA and 1,2 million sqm of specialties (7.7 % of the portfolio). Besides 1,3 million sqm of the Ministry of Defense will be sold. Figure iv illustrates the amounts of real estate in percentages that will be disposed.

The CGREA wants to intensify the process of selling properties. Properties need to be sold faster than the current practice. The objective is to be able to control the sales portfolio in 2020. To achieve this objective the same amount of properties need to be sold as becoming vacant. The disposal strategy doesn’t stress any public values that can be achieved in the disposal. The only view on public values is the collaboration with other public institutions which is important regarding the office market in non-core cities and the need for adaptive reuse of office buildings in the non-core cities. The focus of the strategy is mainly on being innovative with the sales and to accelerate the sales by taking into account wishes of the future buyers.

Other property instruments that are used to steer in the disposal process are the Broad Value Assessment and the Sales approach. The ABC scan is the tool used to evaluate a property from the Broad Value Assessment. The Broad Value Assessment maps the social-economic value, financial value, cultural-historical value and ecological value of a property. As well the opportunities for the property on location level will be indicated. The ABC-scan presents a very useful way to measure the broader values of a property. The intention is that the ABC-scan as well indicates the future strategy of the disposal process thus the further input in the sales approach. However, in interviews and the evaluation of the ABC-scan shows that the ABC-scan is not part of the primary process in disposal.
The various property instruments use different categorisation methods for the vacant real estate. As well the categorisation criteria used in the sales approach are most focused on building level. As well temporary use and area development are used as categories. While the objective of the CGREA is to sell the properties, these categories imply otherwise. In order to contribute to public values the context of the property needs to be taken into account. Therefore, based on literature, a more comprehensive categorisation of the portfolio needs to be used, linked to market, location and building level.

Reasonably marketable real estate are properties that can be easily sold, reasonably marketable and ambitious marketable are properties that need to be converted to accommodate a future use. If a property can not be sold right away, because of the current market circumstances, there can be decided to choose for temporary use. This is a mean to express the object to the environment and real estate market, but as well finding social support.

<table>
<thead>
<tr>
<th>Categorisation Public portfolio</th>
<th>Positively marketable</th>
<th>Reasonably marketable</th>
<th>Ambitious marketable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market</strong></td>
<td>Limited competing supply</td>
<td>Competitive supply Demand for adaptive reuse</td>
<td>Declining real estate market</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Good location, close to key cities Function complements its environment Future use according zoning plan</td>
<td>Good location within municipality or secondary location within key city Need in changing zoning plan</td>
<td>Declining region Poor location Need in changing zoning plan</td>
</tr>
<tr>
<td><strong>Building</strong></td>
<td>Offers potential return Attractive architecture</td>
<td>Physical characteristics offer potential for adaptive reuse</td>
<td>Limited possibilities adaptive reuse</td>
</tr>
</tbody>
</table>

Table i: categorisation (Source: Own illustration)

**FINANCIAL RETURN**

It is common in both the private and public sector to use the market value for transactions of properties. To ensure quality in the appraisal, most properties are appraised according to the international standards of the RICS. These standards are described in ‘The Red Book’ drawn up by the Royal Institute of Chartered Surveyors (RICS). The properties of the CGREA are mostly vacant on the date of appraisal and there are properties with very specific functions which can not be related to a market rent level. For around 80% of the vacant properties of the CGREA it is necessary to change its intended use.

Lusht states that a property’s value is a function of its expected use. Any form of redevelopment and future function, therefore, determines the highest and best use. The risk of a bad economic deal becomes highly likely in the case of extraordinary properties. Assets with special characteristics allow for the presence of a plurality of heterogeneous functions, and very often include several values (historical, artistic, identity, cultural and social) that complicate their marketing. The definition of the market value is therefore very subjective and dependent on the criteria that the appraisers take into account. Property valuation has evolved too much as a science of investment, distanced from the dynamics of demand.

The CGREA is not a private owner which is responsible for high sales revenues, but also has a public responsibility. A socially desirable redevelopment can yield less revenue. The pursuit of public values may conflict with the pursuit of financial returns. The first imperative, in case of an ambitious marketable property, should be to measure what a property is ‘worth’ if disposed in open market circumstances. This is not to say that the disposal should be assessed under laissez-faire conditions. Laissez-faire conditions might decrease short-run revenues but increase the marketability of the property.

**COLLABORATION**

In the current real estate market the government has the role of a real estate owner on the supply side. Their role is to search for the needs from the demand side translated to the vacant properties in the portfolio. The large portfolio and complex properties need to be redeveloped by involving the relevant stakeholders. The government has been doing conversions of properties already for a lot of years. It is not something of the past four years. However, there is a difference in the current market. The real estate market (office, housing and facilities) is going through a social change going. With these changing circumstances, the task becomes more difficult. The CGREA therefore needs to collaborate with other real estate parties as well. “Both institutional investors as” out of the box ‘thinking creative parties are needed.

The ICRV (Inter Departmental Committee of Government Real Estate) is a committee related to the broad program of government real estate. The ICRV consists of the real estate departments of the government and as well representatives of various ministries and policy departments. If a policy departments want to combine a policy objective with government real estate a project can be formulated within the ICRV.

Last years government policies and objectives relevant for real estate (spatial planning, nature planning, regional economic planning) decentralised. Provinces are becoming more and more a relevant stakeholder and
strategic partner for the government. Currently the CGREA is collaborating with provinces on real estate policy analysis (Beleidsvastgoed analyses). Per province the real estate will be combined in the MIRT. This will result in government wide portfolio strategies that connect the ambitions of the MIRT with the vacancy in the portfolio of the CGREA (land, properties and water). The agreement is in form of the BO-MIRT (Management Consultation-MIRT). This approach fits with the renewal of the format of MIRT. This renewal is focused on a broader view which includes spatial tasks along with other real estate parties (public and private) to deliver customised opportunities. The provincial consultation leads to an extensive repertoire that fits within the regional real estate markets and policy objectives of the various provinces.

In municipalities with a high number of to be disposed properties there will be steered to establish a covenant. In The Hague, Lelystad, Zwolle and Haarlem the minister of Housing already signed the covenants. This covenant entails that the CGREA and concerning municipality together will search for future possibilities for the vacant CGREA real estate. The main objectives and priority areas in these covenants are:
- Economic vitality;
- Urban quality;
- Market conformity;
- Reduce of financial risks.

The CGREA is not mandated to redevelop vacant properties for other purposes than government objectives. Therefore private developers are needed for the future use and willingness to invest in the vacant properties. However, they seem to hesitate in investing in the properties because of the high risks involved and the public selling circumstances. The high risks are related to the current market circumstances and the current state of the properties. Private developers opt that the CGREA has to show more opportunities for the opportunities of the vacant properties (RVB cafe, 2014).

The collaboration with private developers will be intensified coming years. By the establishment of new sales methods market parties will get more opportunities to provide plans for vacant real estate of the CGREA.

CONCLUSION CONTEXT
The previous chapters provide two sides that are critical for public values in disposal:
1. Intern: the portfolio and related instruments to sell the vacant properties;
2. Extern: collaboration with the public institutions and private developers.

These two sides doesn’t seem sufficient regarding public values and the disposal process. The property instruments don’t take public values into account. The Broad Value Assessment does this but seems to be not part of the primary process. The collaboration with public institutions seems to enhance, however private developers aren’t part of the disposal process. This is necessary in order to increase regional market knowledge and demand.

PART 3 | PUBLIC VALUES IN REAL ESTATE
Newton argues that by transferring or selling public properties or sites to private parties, the broader values of the public properties and sites should be assessed and subject to a public process. “Government property is not simply the exclusive possession of a particular department or government. It is part of the public estate, the endowment of the people and it frequently has strategic planning, community development, recreation, tourist or heritage value”.

In the VPS (public values are defined as commitment of the portfolio for society or government objectives. The society objectives are further defined as contributing to policy goals of other government departments. By only taking into account internal public objectives there is no contribution to public values. Public values are more than policy objectives of public institutions. There should be a vision on real estate as a public asset. A private developer can contribute to public values or policy objectives as well. It is restricted to note that public values are only carried out by public institutions.

In order to illustrate the perceptions within the CGREA of public values, a discussion and workshop is organised at the strategy department of the CGREA. In CGREA two tendencies exist when it comes to the disposal of real estate. Firstly, the group that argues from the fact that the disposal of real estate has to achieve the highest market price. Alternatively, the fact that trading in public real estate should result in an added value for society because the properties are part of society. Social values got ranked as most important value. One of the arguments is that real estate (buildings and sites) is part of a social and spatial process. Therefore choices made in the allocation, construction, management and use of real estate must proceed in accordance with the spatial quality. For all their real estate the CGREA must strive for an optimal combination between: social benefits, economic efficiency, environmental sustainability and cultural identity. The weight on the different values is a political choice dependent on the context of the location. In every decision these values need to be taken into account.

Furthermore the categorisation is presented, positively marketable real estate can be sold to the highest bid.
But for reasonably and ambitious marketable real estate there should be a more clear focus on value creation and not on optimising financial returns. There is need for an instrument where decisions for this type of real estate can be transparent, orderly and efficient. This can be in the form of indicators that can be laid next to the valuation and weighs the different values next to the financial appraisal.

**PUBLIC VALUES DEFINED**

The concept of public values has been under-theorised or often oversimplified in existing theoretical constructs and there have been very few attempts to define public values as an independent dimension in real estate. No consensus seems to exist on which indicators and perspectives should be adopted in defining public values. Each author or policy maker derives their own definition according to discipline-specific criteria or study perspectives, making an agreed definition is difficult to achieve. Literature that can be linked to public values in real estate exist of three perspectives; corporate social responsible investment, sustainability and social-economic development. In order to establish a definition a literature study is performed on these topics.

The literature present suggestions to the main key themes in defining public values in real estate. The literature is frequently focused on real estate portfolio management and urban development but all literature present the ‘social construct’ of real estate. Despite this wide range of different perceptions, for the purpose of this report, the following definition will suit for public values in real estate:

“Real estate contributes to public values when it has a vital function in its environment, contributes to an economic position and the building meets the sustainable use of resources.”

There are theoretical and practical difficulties in defining, measuring and benchmarking public values. Public values cannot be expressed in a single measure of outcome. Instead, one has to suffice with a set of indicators concerning the output. Ideally, this output is expressed in a way that enables evaluation against objectives. Three key words in this definition are vital function for its environment, economic position and sustainable use. The three key words in the definition can be further explained and establish a more practical outcome by the help of indicators. The literature review of related themes to public values described various indicators that can be connected to the three keywords:

1. **Vital function in its environment**: Long-term use, flexibility, reassure the value of cultural-heritage, strengthen identity, spatial quality, openness and safety
2. **Economic position**: creation of employment and strengthen diversity
3. **Sustainable use**: durability of use, stimulation of adaptive reuse/regeneration and environmental sustainability

Several measurement methods are analysed in order to see if there is a possible way of measuring the public values. All methods which differ in terms of purpose, stakeholders involved, complexity, understanding of the impacts generated and spatial framework in which they can be used. In addition, some methods are more technical and/or more participative than others. However, to apply a method to the measurement of public values in disposal, depends on the understanding and measurability of the impacts and the desired level of participation in the appraisal process. Broadly speaking, it is important to point out that all these methods do not necessarily shed lights on how to deal with the trade-offs. In many cases these are dealt with by assigning weights to several aspects, values, objectives or alternatives related to the project, which seems illogical to apply in case of disposing assets.

The various methods indicate one new important indicator that has an influence on public values. These are related to the stakeholders. The following key indicators are established as public values in real estate:

- **Collaboration, participation and empowerment**: Taking into account local circumstances on the real estate market. Creating opportunities and empowerment for public institutions, private developers and communities.
- **Vital use in environment**: Stimulate future function that fits within the regional demand. Maintain the spatial quality for a city and sustain the identity of the building for the city.
- **Economic vitality**: It is not only about selling a property but as well creating opportunities for future business purposes. Real estate is more than the value of the bricks, it needs to have a function and stimulate a feasible business plan.
- **Sustainable use**: Stimulate smart solutions in the redevelopment of a property. To create a feasible project for the real estate that ensures the durability of use. Not a focus on real estate as a financial asset but as a public asset, that is a social capital for the environment.
It is essential to map and assess the values of various stakeholders. The True Value method of KPMG uses the mapping of the externalities, both positive and negative, as the first step in defining an outcome for the corporate public values. In order to incorporate public values externalities can be mapped for the indicators of public values to establish future objectives for public values of a property.

### Table

<table>
<thead>
<tr>
<th>Collaboration, participation and empowerment</th>
<th>Extern</th>
<th>Economic position</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stakeholder identification and participation</strong></td>
<td>What are the negative consequences for stakeholders?</td>
<td>Identify positive changes due to disposal</td>
<td>Future possibilities</td>
</tr>
<tr>
<td><strong>Development and engagement of vision</strong></td>
<td>What are the negative consequences for the future vision of the context?</td>
<td></td>
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<tr>
<td><strong>Existence of future demand of stakeholders</strong></td>
<td>What are the negative consequences for demand for stakeholders? Public/Private</td>
<td></td>
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<tr>
<td><strong>Usage of space in its environment</strong></td>
<td>Are there negative externalities for the long-term use of the property?</td>
<td>Are there positive externalities for the long-term use of the property?</td>
<td></td>
</tr>
<tr>
<td><strong>Flexibility</strong></td>
<td>Are there negative externalities for the flexibility of the property?</td>
<td>Are there positive outcomes regarding the flexibility?</td>
<td></td>
</tr>
<tr>
<td><strong>Reassure the value of cultural-heritage</strong></td>
<td>Are there negative externalities for the value of cultural heritage of the property?</td>
<td>Are there positive developments possible that can reassure the value of cultural heritage?</td>
<td></td>
</tr>
<tr>
<td><strong>Strengthen identity</strong></td>
<td>Are there negative externalities for the identity of the property in its context?</td>
<td>Are there future developments possible that will strengthen or keep identity for context?</td>
<td></td>
</tr>
<tr>
<td><strong>Spatial quality</strong></td>
<td>Are there negative externalities for the spatial quality of the surroundings?</td>
<td>Are there positive developments for the spatial quality?</td>
<td></td>
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<tr>
<td><strong>Openness</strong></td>
<td>Are there negative externalities for the openness?</td>
<td>Are there developments possible that secure openness?</td>
<td></td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td>Are there negative externalities for the safety?</td>
<td>Are there developments possible to reassure openness?</td>
<td></td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td>Does the disposal result in a decline of employment?</td>
<td>Does the disposal result in a decline of employment?</td>
<td></td>
</tr>
<tr>
<td><strong>Strengthen diversity</strong></td>
<td>Does the disposal result in a declining diversity for the context?</td>
<td>Are there future development possible to strengthen diversity in the context?</td>
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<tr>
<td><strong>Sustainable use</strong></td>
<td>Are there negative externalities for the durability of use?</td>
<td>Are there future developments that reassure the durability in use?</td>
<td></td>
</tr>
<tr>
<td><strong>Stimulation of adaptive reuse/regeneration</strong></td>
<td>Are there negative externalities for adaptive reuse of the property?</td>
<td>Are there future developments possible concerning adaptive reuse?</td>
<td></td>
</tr>
<tr>
<td><strong>Environmental sustainability</strong></td>
<td>Are there negative externalities for the environmental sustainability?</td>
<td>Are there positive externalities regarding environmental sustainability?</td>
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### CASE STUDIES

In order to analyse the public values and current process of disposal, three different scale levels of case studies are done, macro (>15 ha), meso (<10-1 ha) and micro-level (< 1 ha). These scale levels are taken into account because of the variety of real estate objects the CGREA has in its disposal portfolio. The case studies are analysed according the conclusions of the context and the indicators of public values. For the chosen cases it was felt that they could provide examples of best practice or exemplify the lessons learned from practice. In this context, it should be stressed that the case studies were selected to review the process and see how the established public values indicators are present and where enhancement of the indicators is necessary.

The next page describes the main findings from the case studies. Based on these main findings the following conclusions and point of improvements can be drawn:

- The analysed cases will achieve public values in the future development of the property. The Hembrug area and P.I. Noordsingel both had a sufficient collaboration process. As well the Spinhuiswal complex corresponded with the public values indicators, however this was less because the collaboration between the stakeholders was poor. The conclusion from this is that properties that will be sold will establish new public values, the better the process, the more a future development can yield financial return as well as public values.
- The ABC-scan provides an assessment that addresses the context of a property. This instrument needs to be part of the primary process in disposal. Nonetheless, in a simplified form. More focused on the public values to provide a framework that can form a basis for determining the market value and as a marketing tool to seduce private developers. Encounter this as a public ‘valuation’ report, just like a financial valuation report but without the appraisal part. But just introducing the so called ‘BLOM’: Building, Location, Opportunities, Market.

**Extern**

- The cases illustrated that the process and collaboration for disposal is important in determining the future function of the property but as well the realisation of public values. By involving stakeholders at the right time and show openness for their interest a property will be successful disposed.
- The cases illustrated that the determined public values are not made explicit. Public values need to be made explicit to monitor and validate choices and considerations in the disposal. This to create public support.
REAL ESTATE AS A PUBLIC ASSET

The proposed scenario framework in figure vi. providing a starting point for how to incorporate the context (the public values in real estate). This in the form of involved. Even if a simplified process won’t be able to apply perfectly to every case in a portfolio it still helps in disposal. This is given by the requirement for a common language between the very diverse stakeholders involved. Even if a simplified process won’t be able to apply perfectly to every case in a portfolio it still helps in providing a starting point for how to incorporate the context (the public values in real estate). This in the form of the proposed scenario framework in figure vi.

DECISIONS REGARDING PUBLIC VALUES

The findings from the research are combined in recommendations for the approach to incorporate public values in the disposal of government assets. From the research it can be concluded that in order to create public values in the disposal, is to involve the context of the property. This by involving the relevant stakeholders, overseeing the future vital use, economic position and steering on the sustainable use of a property. The interdependency between the different scale levels of development are important. A constant connection between macro, meso and micro level is necessary to connect different stakeholders and possible opportunities for the property. The government is the stakeholder that can facilitate change and stimulate the conversions of vacant buildings. However, decentralisation and regional approaches are necessary to translate the demand for the future opportunities for vacant government assets.

One dilemma for disposal is how to integrate area-based programmes, favoured in urban policy, with wider conurbation and regional level strategies which are essential to restore the vitality in use and to link economic, and sustainable development to best advantage. Since these decisions are associated with uncertainty, there is a demand for a flexible framework that enhances predictions based upon experiences for improvement of future decision-making.

Furthermore it is not only about choosing the best public value in the future use of a property but as well validating the choices in future opportunities, which can form an input in the market value appraisal. The scheme on the next page shows the steps that need to be taken to incorporate public values in the disposal process. First a categorisation needs to be done according to the marketability of the real estate. The positively marketable real estate can be sold within the current function. Reasonably marketable and ambitious marketable are real estate that need to be converted to accommodate a future function. The positive and negative externalities have to be mapped to define the opportunities to create a new public value for the property. Once this analysis is done, each of the properties, can be assessed on the public value indicators. It is not about mapping future investments and see the benefits of this, but it is about selling a property for the right function and achieving public values for the property in its environment.

For reasonably marketable and ambitious marketable there is need for an understandable process to standardise disposal. This is given by the requirement for a common language between the very diverse stakeholders involved. Even if a simplified process won’t be able to apply perfectly to every case in a portfolio it still helps in providing a starting point for how to incorporate the context (the public values in real estate). This in the form of the proposed scenario framework in figure vi.

### DECISIONS REGARDING PUBLIC VALUES

<table>
<thead>
<tr>
<th>Intern Category</th>
<th>Ambitious marketable</th>
<th>Not done.</th>
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<tr>
<td>ABC scan</td>
<td>After ten years the CGREA established a vision for the area: an area for creative companies. However, issues still need to be solved.</td>
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<tr>
<td>Market conform</td>
<td>Long process due to changing circumstances. After ten years the process between stakeholders enhanced and the area is developed with a focus on the creative industry. However, many issues still need to be solved.</td>
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<tr>
<td>Extern Collaboration</td>
<td>In the early beginning of the process the CGREA tried to invite private developers to buy the property. None of them wanted this. Currently the CGREA collaborates with tenants in order to renovate the properties. In the future the tenants will have the option to buy the properties.</td>
<td></td>
</tr>
<tr>
<td>Sales method</td>
<td>The chosen method is area development. The CGREA bares the risks and is responsible for the GREY. Currently the properties in the Hembrug area are rented to the first tenants.</td>
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</table>

1. Macro - Hembrug area, Zaandam
   - Development by CGREA
   - Sold to BAM and Hid Projects
   - Ambitious marketable
   - Not filled in completely.
   - A vision was established with the help of Atelier Rijksbouwmeester. And the external advisory Ecorys established scenarios to establish the market conform value. In the end this was based on the nine bids.
   - Collaboration and process between the different stakeholders was very good organised and guided by Ecorys.
   - Two sales proceedings, first procedure did not succeed due to a lack of flexibility of CGREA, therefore the municipality broke off the agreement.

2. Meso - P.I. Noordzijl, Rotterdam
   - Reasonably marketable
   - Not filled in completely, only financial values.
   - Based on external appraisal.
   - No market consultations, but developers had the chance to visit the property. 87 bidbooks were sold and nine projects visions were handed in.
   - The procedures of sales were well elaborated and clear communicated to private developers.
   - The sales method was a tender with pre selection.

3. Micro - Sphuiswal, ’s Hertogenbosch
   - Reasonably marketable
   - Not filled in completely.
   - Financial values.
   - Based on external appraisal.
   - No collaboration with private developers.
   - The first sales process was a tender with pre-qualification, in the second sales process, it was a public tender.
The framework consists of two axes: one axis that sets out the financial versus public opportunities and one axis sets out external positioning versus stability control. Based on the given criteria in the scenarios and the mapping of public values indicators, a property can be aligned with one of the scenarios.

By mapping interests of stakeholders and public value trade-off can be made in what way the property can be disposed. This may form the input for the framework. In this framework an understanding and monitoring can be created in what way the property can be disposed: external versus stability and financial versus public. This can be made explicit by the criteria stated in the different scenarios. As the definition indicates, contributing to public values is more than incorporating policy goals which need to be financed by other government departments, but as well facilitating opportunities and collaboration with private developers that can actually develop the property to give the property a vital function in its environment, create an economic position and a sustainable use. This framework will allow to choose for different options, on one side the more public opportunities and on the other side the more financial opportunities. As well a choice need to be made if there is an interest of the market to develop the property or if there is none and the CGREA has to seek for more public cooperation in order to dispose or redevelop the property.

For the financial versus public opportunities it is essential to consider if a property has the opportunity to be sold with a financial return or there are limited opportunities to raise a financial return and the CGREA needs to pro actively steer on future opportunities. The CGREA can act as a principal and facilitate choices for a private developer.

External positioning versus stability control explain the difference in development. In case there is market demand and regional demand for functions a property can be sold to a private developer. If the risks are to high for developing a property or area there is need for a pro active approach of the CGREA, which need to develop the property themselves.

Figure v: Public values process (Source: Own illustration)

Figure vi: Proposed scenario framework (Source: Own illustration)
This research aimed to answer the following question:

*In what way can the Central Government Real Estate Agency dispose vacant real estate and incorporate public values?*

The answer on this questions is twofold. First a concise definition is necessary answer the question of what are public values in real estate? And second, more practical, how can these values be assessed in the disposal.

Public values in real estate can be defined as follows:

*"Real estate contributes to public values when it has a vital function in its environment, contributes to an economic position and the building meets the sustainable use of resources."*

Regarding disposal, public values can be controlled in two ways. In the process (by involving the right parties at the right time and discuss the interests) and in the sales (by stimulating interventions for long term benefits). The organisational behaviour is as well an important factor in incorporating public values, public values should be part of the primary process. Currently the process of disposal is to much focused on quick sales and efficiency, which sometimes result in a messy process.

In order to enhance the process and clarity in disposal for public values the following steps need to be taken. A categorisation needs to be done according to the marketability of the real estate. This thesis provided a theoretical example of such a categorisation in positively marketable, reasonably marketable and ambitious marketable. The criteria are linked to market, location and building. The positively marketable real estate can be sold within the current function. Reasonably marketable and ambitious marketable are real estate that need to be converted to accommodate a future function. The positive and negative externalities have to be mapped to define the opportunities to create a new public value for the property.

Furthermore, contributing to public values is more than incorporating policy goals which need to be financed by other government departments, but as well facilitating and collaboration with private developers that can actually develop the property to give the property a vital function in its environment.

**Recommendations for the CGREA**

Following from this research, recommendations are presented for the CGREA based on the presented literature study, findings from the field research and development of the decisions regarding public values. To use the outcome of this research in the daily practice of the CGREA, the following three recommendations are most welcome:

1. In order to validate choices regarding public values, more transparency should be given about the added public value of the disposal of assets. This is transparency concerning the process of disposal and not the financial result. Likewise the public values should be made more explicit in the primary process, this can enhance the controllability by disposing the real estate to opt for choices. This thesis provided public values indicators, these indicators can be made explicit by determining the positive and negative externalities of the disposal of a property. These externalities can be mapped and result in a checklist to determine future criteria for public values of a property.

2. Every single property is unique and needs a different approach. However, the existence of the different categorisation methods in the selling of real estate doesn’t simplify the selling process. A categorisation needs to be done according to the marketability of the real estate. This thesis provided a theoretical example of such a categorisation in positively marketable, reasonably marketable and ambitious marketable. The criteria are linked to market, location and building.

3. The ABC-scan provides an assessment that addresses the context of a property, which is very useful in order to determine the opportunities for a property. However, the instrument needs to be part of the primary process in disposal. Nonetheless, in a simplified form. Meaning, more focused on the public values to provide a framework that can form a basis for determining the market value and as a marketing tool to seduce private developers. This can result in a public ‘valuation’ report, just like a financial valuation report but without the appraisal part. But just introducing the so called ‘BLOM’: Building, Location, Opportunities, Market. Currently the ABC-scan is to ‘policy oriented’ featuring the social value, cultural-historical value, financial value and ecological value. Convert these values in to one of the BLOM aspects and a more practical report will be established.

**Recommendations for further research**

This thesis proposed a categorisation method for the disposal, which is very theoretical. Further research can be done by applying this method to the portfolio and make the criteria more practical.
READING GUIDE

This research aims to answer the following question:

*In what way can the Central Government Real Estate Agency dispose vacant real estate and incorporate public values?*

The thesis is structured in five parts.

Part one consists of a general introduction of the subject and the research proposal. This proposal will explain how the main research question is constructed. As well on how a qualitative approach is chosen to answer this main question.

Part two researches the context determinants: the real estate portfolio, the financial return and the collaboration process of the CGREA.

Part three will describe the main focus of this research; public values in real estate and how these can be defined, as well for the CGREA portfolio. Furthermore the public values are researched in three case studies concerning the disposal of government assets.

Part four is the concluding part of this thesis. The strategy will be tested and further recommendations are given, as well further research will be identified.

Part five finalises this thesis by the references used and the appendices for further information about the interviews, discussion and interesting information used to construct this thesis.
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PART 1 | Initiation

Armamentarium - Delft
CHAPTER 1 - INTRODUCTION

The current Dutch real estate market is affected by high rates of vacancy. Changing user-preferences and policies results in profound changes. As a consequence high vacancy rates are standard in the Dutch real estate market. The number of vacant buildings in the Dutch real estate market reached its all time peak, equivalent to 9.2 million square meters (Blok, 2014a). While during the past two decades there was a need for new buildings, a different situation is rising now. Conversions and adaptive reuse will be the norm. Many real estate owners are confronted by these profound changes and encounter vacancy in their real estate portfolio. This problem not only affects private real estate owners but the public real estate owners as well.

Public real estate owners as the central government, the provinces and the municipalities are shrinking and have to deal with changing policies. Public real estate owners have a very diverse real estate portfolio. The central government real estate portfolio consists of prisons, courts, barracks, airports, military areas, ministerial offices, ports, tax offices, monuments, museums and palaces. Local government real estate portfolios consist of buildings like town halls, primary and secondary schools, theaters, fire stations, community centers and sports centers. The share of public real estate in the total stock is currently around 5% (Rijksvastgoed, 2014; Teuben, 2007).

In the coming years public institutions want to restructure their portfolio and dispose the vacant properties. The possibility to dispose the properties from ones ownership, by selling the property for example to another real estate investor, corporation or private party. From the perspective of a private investor the property may no longer fit into the real estate portfolio because of the type of asset, or it does no longer meet the financial requirements. In addition, a combination or disposal with conversion is possible, if the current owner does not choose to execute the conversion himself (Borst, 2014). As opposed public institutions are bound to look further than only the type of asset and financial requirements. They have a task to safeguard the built environment as well.

One of the challenges of the portfolio restructuring, are the current market conditions in the Dutch real estate market. The current situation is not suitable for the sales of a lot of square meters of vacant real estate. Brokers and real estate institutions are concerned that the large disposal of public properties will decrease the prices of local properties (Stroink, 2014). The consequences of disposing for example large properties on local markets will have a great impact. As an illustration for this problem, the largest transaction in the local market of Groningen (a city in the North of the Netherlands) in 2013 comprised 1.350 square meter. The sales of the a vacant property of the central Government in Groningen, a property of 47.539 square meter, will have a huge impact. The vacancy rate in Groningen will rise with 26%. To avoid these disrupt changes and minimise the losses for society and the financial expenditures for the Government, the disposal should be done in a comprehensive way. The Government should have a certain responsibility.

This research will focus upon the central government portfolio and the department that is in charge of this portfolio; the Central Government Real Estate Agency (CGREA). Figure 1 shows the 25 largest office owners in the Netherlands. As illustrated in the first bar the CGREA has the largest office portfolio in the Netherlands.

![Figure 1: Largest office owners in the Netherlands (Source: OfficeRank.nl)](image-url)
The government portfolio is financed by public money, which makes it important to take transparent decisions. The real estate portfolio of the government is not an investment portfolio but it serves to execute the primary processes of government departments. Properties that do not serve the primary processes for the government departments need to be disposed. The question that rises is how should the government cope with this disposal. Should the properties be sold with maximum financial return or should there be an objective in taking into account the broader public values in real estate, and create social return.

1.1 SOCIAL RELEVANCE
The CGREA is a government agency in charge of the government properties. Government properties can have very specific functions, this results in difficult marketable buildings. Many parties are now aware of the current office market conditions, and focus upon recovery. Consequently, office owners and banks start slowly with the devaluation of their property, municipalities adjust their plans and project developers are changing towards conversion projects (Borst, 2014). New build investments are currently not seen as corporate social responsible, a focus upon re-use is therefore desired (Borst, 2014). Though by shrinking the organisation of the government and new set requirements the government is replacing their former properties. Former properties are becoming vacant and the real estate will be the problem of the Dutch communities, concerning vacancy and a decreasing economy. The scale of vacant properties in the portfolio of the CGREA will constantly increase in the coming years. The total amount of vacant properties is still not analysed and mapped as whole, however the total amount of vacant properties is estimated now around 700 properties.

The vacancy of a property is primarily the problem of the owner of the property. Consequently, vacant properties are to be considered as a societal problem, encountered at different levels (Remøy & Van Der Voordt, 2006; Ris, 2012). In addition, vacancy has not only negatively influences on the value of the building, but also the surrounding buildings (Koppels, Remøy, & El Messlaki, 2011). At societal level, vacancy can present problems of insecurity and social uncertainty and cause criminality issues. The vacant properties affect the direct environment and the related municipalities. For municipalities the reduction of official buildings of the government in the municipality is an economic loss. It has a lot of consequences, the regional employment and economic development is decreasing. Therefore the government shouldn’t only focus upon the disposal but also the impacts it has on local communities and seek for new solutions with their properties to enhance the environment.

1.2 SCIENTIFIC RELEVANCE
There is an increasing attention to the portfolio restructing of real estate investors. Researchers as Langston and Smith (2011) focus upon refurbishment decision-making tools, specifically zoomed in on the application to on-going renewal choices for existing buildings. The need for mapping criteria, attributes and alternatives remains critical. As well literature presents much research with regard to portfolio investment decision-making (Baum & Turner, 2003; Bullen & Love, 2010; Lee & Byrne, 1998; Roberts & Henneberry, 2007; Trippie, 1989). These researches focus mostly on the whole portfolio and what can be done to manage the risk and try to create more value for the portfolio by adaptive reuse and refurbishments. Borst (2014) goes a step further in her research by focusing on determining factors for future use of real estate, thus management of vacancy at portfolio level. Disposal here is seen as the last option. But what if this is the main assignment for a portfolio? There is gap in knowledge about the large disposal of vacant properties and how to encounter the public values in this. Currently vacant offices are being sold for the highest possible value in their obsolete state.

This report focuses on the largest property owner of the Netherlands, the CGREA. However, there is a sufficient amount of scientific literature about municipal real estate, there is not much written about the Government real estate. The government disposed properties before, but not on this large scale. The portfolio is diverse and comprises unique properties with very specific functions, such as monuments, museums, military barracks etc. There is little knowledge about the way in which these often unique buildings should be disposed. The government also has a contradictory role in this case, they want to maximise financial return but as well be a safeguard for public values. This study contributes to the understanding of this role.

This research aims to contribute to the existing scientific knowledge, by combining fields of research, namely describing public values in real estate and the disposal of government assets. It as well aims to create awareness that incorporation of public values in the built environment are important to consider.

1.3 PERSONAL MOTIVATION
My personal interest in public real estate and the complex portfolio started at an expert meeting about the Hembrug-site in Zaandam. This meeting was organised by NRP and the CGREA. During the meeting the problems and bottlenecks for this 42 acres site where presented by the CGREA. The Hemburg-site is a former military base, with weapon plants. The site comprises 129 buildings, with 59 monuments. The CGREA is experiencing a lot of problems in developing the area. The main bottleneck for this area is to minimise the risk of damage and depreciation of the properties and achieve a financial as well social feasible development. The government is
now searching for possible tenants and possible buyers for the monuments and actively tries to implement a process to develop value for the area.

Consequently, I realised that this was not the only area or property that the governments wants to convert or dispose. In the Financial Times of the Netherlands the CGREA advertised their for sale properties and even unique properties as a jail where for sale in the newspaper. This really surprised me because of the large context this ordinary selling is affected with. How to sell 700 properties located all over the Netherlands? A government can not just sell 700 properties for the maximum financial return but as well safeguard the social return. Because of the variety that can be researched within the disposal of governments assets I was really motivated to investigate this and analyse how the CGREA cope with the tension within the subject.

1.4 VISION
The government has a strongly diversified portfolio. The vacant properties offer a lot of opportunities for developments, though market parties are hesitating to step into projects. This is mainly because the expectations and past of the Dutch real estate market. Since new developments are scare, existing meters should be deployed to develop ‘new’ real estate. The portfolio of the government provides this, the properties they offer are unique and I truly think that there is lot of potential in these properties.

In the past few years adaptive reuse for unique buildings have been done. Potentials have been seen and beautiful new places have been created. The government has the knowledge and expertise to show this creativity in adaptive reuse as well. This expertise and creativity is needed in order to sell the vacant properties. Though the approach of the government has not reached a next level, and new parameters and strategies should be created to provide, trigger and facilitate market parties with ideas to redevelop the properties.

1.5 LEARNING OBJECTIVES
To set out my own learning objectives, I’ve used the achievement levels of the Master Real Estate and Housing as mentioned in the Graduation Guide (Prins et al., 2014), of which I’ve selected the five most applicable to myself:

1. Academic contribution;
With my research I would like to make an academic contribution: there is not much known on central government portfolio strategies. Especially the term of disposing is quite new: there are some related terms, but a connection is not made. With my research I would like to contribute to (the steps towards) understanding the government and their portfolio objectives to behave in the build environment.

2. Academic methods and techniques;
In the research process I am going to use academic methods and techniques: I am going to analyse existing literature and policy documents, establish recommendations and conclusions.

3. Governance developments;
Focusing op public real estate, I need to understand the social developments: what influences the real estate financed by tax money? What is the difference between ‘say’ and ‘act’? How do we work with the ‘bottom-up’ thinking, by placing the community in this research?

4. Professional practice;
To carry out my research in real practice (interviewing or analysing the portfolio of the Central Government Real Estate Agency), I combine my research with the professional practice. It is preferable to do so, not only because the validity of the research, but also to introduce the gained theoretical knowledge in practice.
CHAPTER 2 - RESEARCH PROPOSAL

2.1 PROBLEM FIELD

2.1.1 CAUSE OF VACANCY IN PORTFOLIO OF THE CGREA
The CGREA has the largest real estate portfolio of Netherlands, with a size (excluding Defense) of 13.3 million square meters (GFA) and 81,000 acres of land. The portfolio consists of prisons, courts, barracks, airports, military areas, ministerial offices, ports, tax offices, monuments, museums and palaces (Rijksvastgoedbedrijf, 2014). As one of the largest owners of office buildings in the real estate market of The Netherlands, the CGREA is an important player.

Last years the government had to make cuts in their budgets. For the Government institutions these cuts caused changes in the policies and governance. First the government is shrinking the organisation size to improve efficiency. Second, existing structures need to be re-purposed to reflect the new strategies of sustainability and cost-effectiveness. The concept of office space has been revolutionised by the introduction of the Internet and the personal computer has become a “personal office”. The introduction of flex working spaces is a consequence of this modern revolution and the existing structures were not developed with these concepts in mind. Lastly the portfolio needs to ensure compliance with the new regulations that are set from the government and European Union.

As a consequence of these changes less space is needed and on top of that a part of government properties are impossible to re-adapt and are becoming vacant. In the years until 2020 the CGREA has to dispose 0,9 million square meter of office space and 1,9 square meters of other real estate object, this disposal does not only entail the offices but all the before mentioned properties (Rijksvastgoedbedrijf, 2014). These properties are dispersed all over the Netherlands and are very heterogeneous in size and qualities. As well many properties are located in the ‘shrinking’ regions of the Netherlands. Only 20% of the portfolio of the CGREA is directly suited for conversions (Gebiedsontwikkeling, 2014).

2.1.2 APPROACH IN DISPOSAL OF THE CGREA
The CGREA has established certain approaches in order to determine if disposing is accurate. In the document ‘Aanpak transformatie Rijksvastgoed’ (Approach conversion of Government real estate) the CGREA set out their decision-making approach and sales strategy. The objective of this approach is to sell the properties with the maximum financial return and with respect to society. Given the high vacancy rate in the Dutch real estate market and the amount of properties the CGREA will add to this, it should be policy for the CGREA to be a role model in adaptation of vacant properties in a responsible way and contribute to a balanced real estate market (Spies, 2012).

The approach of disposal of the CGREA is summarised in figure 2 (Rijksvastgoedbedrijf, 2014). In step 1 the vacant or future vacant object will be analysed. This is done by the Broad Value Assessment and the tool designed to carry out the Broad Value Assessment: the ABC-scan. The Broad Value Assessment analyses the property on the following characteristics: the location, physical condition, environmental condition, managerial context, juridical context, political and society context, the potential market, zoning plans and cultural value (Hendriks, 2012). According to this analysis a decision will be made on whether the object has an important value that has to be kept or the object can be disposed of (step 2).

In step 3, in the case of disposing, a more extensive analysis will be conducted. First of all, in this step the relating municipality of province will be involved. The Government has to first approach, regulated by law, the municipality if they want to sell the building. If this is not the case, the CGREA aims to collaborate with the municipality to do the analysis and come up with a sales strategy (step 4).

In the sales approach a property will be categorised in one of the following categories (Rijksvastgoedbedrijf, 2014):
1. Standard sales;
2. Temporary use;
3. Conversion and sale;
4. Conversion;
5. Area development.
These categories entail what needs to be done in the future with the property. However the goal of the CGREA is to sell the property and not convert the property themselves. This categorisation implies otherwise.

A more comprehensive distinction in the vacant portfolio is said by the director-general of the CGREA, Jaap Uijlenbroek (2014). He listed three categories:
1. Positively marketable real estate;
2. Reasonably marketable real estate;
3. Ambitious marketable real estate.
These three categories are to be considered closer to guidelines than to real distinctions. The vacant properties of the CGREA have not yet been classified one by one according to these fields. Due to the emerging problem of vacancy, work should be invested into structuring a more comprehensive and easily readable overview of the vacant properties.

2.1.3 DISPOSAL OF PUBLIC ASSETS
Public real estate management according to Van der Schaaf (2002) is:
“Public real estate management is the management of a government’s real estate portfolio by aligning the portfolio and services to (1) the needs of the users, (2) the financial policy set by the Treasury and (3) the political goals that a government wants to achieve”.
This definition of public real estate management reveals the objectives that are important for decision-making in real estate for the governments. The CGREA must be transparent, open and competitive to conduct its activities within the market (Blok, 2013). The minister of Housing as well stated the following at the symposium of vacancy (2014):

Maatschappelijk rendement koppelen aan financieel rendement bij de afstoot van Rijksvastgoed
“Connect social return to financial return by the disposal of government real estate”

This can be interpreted as follows, the maximisation of receipts should not be the overriding objective in the disposal of the properties. The aim is to obtain the best return for the taxpayer having regard to:
1. Non-financial and wider regeneration benefits;
2. The provisions of the local development framework for the area (zoning plan);
3. The most appropriate long-term use for the property (when account is taken of the need to protect its historical meaning) may not be the use which generates the maximum financial return.

Current available policy documents of the CGREA don’t show how the CGREA envisages social return in real estate and if this is explicitly taken into account in the disposal. It is of the interest of the government to find an approach in which social return is part of the decision-making and how this can be defined, qualified or quantified. Since this is constantly stated as shown by the minister as well in the Vastgoedportefeuille strategie (VPS, in English: Real Estate Portfolio Strategy). In the VPS 2015-2020 it is stated to contribute to social return but not in what way (B2K, 2014).
Besides, it is interesting to research if social return is the best notation for the CGREA to work with, because they are bound to certain laws while disposing assets (Rijksvastgoedbedrijf, 2014). In literature about Housing Associations, where social return is an important research theme, social return is formulated as a financial investment to the benefit of social effects (Nieboer & Gruis, 2004; Veuger, 2014). Further investigation is necessary in what way the CGREA contributes to financial investment to the benefit of social effects.

2.1.4 EXAMPLE DISPOSAL OF PROPERTY
To review the process and related methods, an example of a property (CBS building, see figure 2) that is disposed and sold is analysed. In order to see how social return is incorporated within the sales of a property.

The CBS building is a large office building of 60.000 square meters. The building served as the former office of the Central Office of statistics. The building is located in a residential area near The Hague.
The CBS building is sold in 2014 after being vacant for six years. The CGREA invested a lot of time in research for future possibilities for the building. However, the municipality was not part of this process and the municipality was not satisfied with the envisaged possibilities brought up in the research. The intention of the CGREA was to establish an agreement with the municipality about the sales and procedures. In this case no agreement was established between the municipality and the CGREA, because of the different interests.

The overriding objective of the CGREA was to achieve the highest possible bid for the building. In this example there was a local developer: Schouten Bouw that wanted to buy the property and develop the property that fitted in the vision and zoning plan of the municipality. The developer wants to demolish the building but keep the underground parking garage. The site will be transformed to a car-free neighbourhood for family dwellings with the parking in the underground garage (Cobouw.nl).

Schouten Bouw bought the building for € 6.4 million euro (Rijksvastgoedbedrijf.nl, 2014). The book value of the building was almost € 27 million euro, and the vacancy costs were around € 2.4 million (Blok, 2013). The property is sold below book value, the consequences of this are not clear.

An extensive analysis of future possibilities and the collaboration with other stakeholders was lacking. In this example there was a willing local buyer which had good plans for it. However, the developer was floating between the municipality which is in charge of the zoning plan and the CGREA who sells the building. The collaboration between the municipality and the government was not sufficient. Dekker (2010) substantiates this conclusion as well; in her thesis she draws as a conclusion that there is a contradiction of interests. On one hand the municipality that wants to ensure a public beneficial development and on the other hand, the CGREA selling a real estate portfolio with positive financial return and doesn’t have a validation for the social return and how this is percieved in the disposal.

2.2 PROBLEM STATEMENT
The CGREA has a large diversified vacant portfolio (2.8 million sqm) that represents high risk – high reward properties. In order to achieve the best potential for the vacant properties an active approach is desired. The ‘tomorrow is better’ is no longer efficient for vacant property owners (Borst, 2014).

It is of an interest for the CGREA to have a clear view on how to incorporate and define social return in real estate, and establish an approach in which this is taken into account.

As indicated in the problem field, and identified in the example of the CBS, four determinants are essential in case of disposal and might as well have a contribution to social return.

1. Portfolio: a categorisation of the vacant properties and their characteristics need to be done in order to see what the future potentials are for a property and in what way it can contribute to its direct context in order to achieve social return or public values.
2. Financial return: the vacant properties have to be sold for market values. The market value is very subjective and potential criteria need to be given to derive a market value.
3. Process of collaboration: the CGREA as owner of the largest vacant portfolio has to deal with many stakeholders. It is critical to establish collaboration with involved and relevant stakeholders in the disposal of properties in order to achieve social return or a public added value. Regional support and knowledge is of an interest to achieve a feasible redevelopment. The process, sales and procurement of collaboration need to be analysed and where necessary improved. It is important in all disposal cases to fully document and carefully manage the disposal process to ensure that there is accountability and a clear audit trail behind all key decisions.

The research aims to investigate and analyse the context of the disposal of properties of the CGREA, existing of three determinants: portfolio, financial return, collaboration process. Second it aims to contribute to the understanding and definition of social return in the disposal of government assets. This will result in a recommendation for how to incorporate social return in the disposal of vacant properties.

2.3 PROBLEM DELINEATION
In the problem field social return is described as a as a financial investment to the benefit of social effects (Nieboer & Gruis, 2004; Veuger, 2014). Notion hereby is that it should be further investigated, in order to establish the right notation for the CGREA. To structure and clarify the main research a delineation is done in order to find the right notation.

In september 2014 the minister of Housing asked the RLi and CRA for an official advise for the large disposal of government real estate. The minister explicitly asked how to incorporate social return and what kind of methodologies can be used to do measure this. In Dutch different definitions for social return are exist. In order to establish the correct notation and use for social return a delineation on this topic is performed.

In Dutch literature social return (maatschappelijk rendement) has many different definitions. Applicable for real estate are the following definitions:
1. Social return (the added value) of real estate properties is defined as the ratio between social performance and the required financial investment (De Gruis et al., 2011).

2. Social return is the ratio between the required investment in people and/or resources (input) on one hand and the society effect (outcome) on the other hand (BZK, 2011).

3. Social return is a concept which should be targeted in its own value, this is thus not directly related to money. Society return is a set of measures to be taken versus a desired outcome (De Kam, 2008).

The three definitions all encompass the fact that a financial investment is made for the benefit of social effects. For the CGREA financial investments regarding social effects are not possible. In principle the CGREA isn’t a government department that can provide grants for charitable causes. This is because of the rules set in the Estate Act, Regulation Materials Management and rules established by the EU (van den Bos, 2015; personal interviews Rijksvastgoedbedrijf, 2015).

The CGREA develops, manages and maintains real estate for government departments. The management of the government’s real estate portfolio focuses on the portfolio and services for the users. Within the boundaries of the financial framework established by the ministry of finance and the political goals of the government.

The CGREA defines itself as an operational department and can not be identified as a social enterprise like a Housing Association. Social enterprises are distinguished from ‘ordinary’ companies because they serve primarily social objectives (Piekhaar, 2009). An important element of the social enterprise is the use of the financial surplus for the benefit of the social purpose. The long term vision is central, which goes beyond that of the institutional investor (Beenders, 2011). However the CGREA has to convey social issues into decisions (Symposium on Public Values in the Built environment, 2015). The VPS (Vastgoedportefeuillestrategie, in English: Real Estate Portfolio Strategy) indicated that the objective of the CGREA regarding the portfolio is to provide social added value through real estate solutions (BZK, 2015).

The terminology of social return is not the correct notation for the CGREA. A suitable notation needs to be related to the following questions: what is the value of real estate for society and how can the CGREA take into account this value when it comes to disposing their vacant properties? So the best suitable terminology is public values. With the disposal of properties there should be taken into account the public values in real estate. The portfolio of the CGREA is built with public money so it can be seen as a public asset, where in case of disposal it is critical to take into account the public values.

However, what are public values in real estate? Values are always contested and prey to framing. Values can not be studied without stepping into the possible misuse of values in decision making processes, either as a cover up for wrong-doing or as a camouflaged vehicle for selfish gain. Those who frame values for political problems can have a definitive impact on the chosen policy. At the same time, not framing values, leaving values ambiguous instead, offers much room as well for influential people to exploit their influence, by freely interpreting values in opportunistic ways (Steenhuisen, 2010).

The research aims to investigate and analyse the context of the disposal, existing of three determinants: portfolio, financial return and the process of collaboration. Second it aims to contribute to the understanding and definition of public values in real estate. This will result in a recommendation for how to incorporate public values in the disposal of vacant properties.
2.4 RESEARCH QUESTIONS

2.4.1 MAIN RESEARCH QUESTION
The main aim of this research is to find an answer on the following question:

“In what way can the Central Government Real Estate Agency dispose vacant real estate while incorporate public values?”

The main element in this question are the public values. Two underpinning questions should be researched in order to answer the main question:
1.1 How can public values be defined in real estate?
1.2 What are possibilities to measure or support public values in real estate?

2.4.2 SUB-QUESTIONS
The CGREA is used as a learning organisation. The current practices and proceedings will be described in order to establish points for improvement to incorporate public values.

In order to find the best possible answer, subquestions are formulated according to the context determinants in the problem statement. By analysing these determinants relevant information can be generated about the disposal and the ways of working of the CGREA. This research is necessary because the determinants will each have an influence or are related to public values. Together, the comprehensive sub questions aim to give a complete answer to the main research question as stated in the latter.

2. Portfolio
2.1 What is the long term strategy of the CGREA for their portfolio and disposal portfolio and what kind of instruments are used to steer on this?
2.2 What are possible ways to categorise vacant properties in a portfolio?
2.3 In what way can a categorisation be applied to achieve a controllable situation and create awareness about public values?

3. Financial return
3.1 How is the financial return for a to be disposed property defined?
3.2 To which extent do public values influence the financial return?

4. Collaboration process
4.1 Who are the stakeholders by disposing a property and how does the CGREA involve these stakeholders?
4.2 Are there advantages in collaboration that contribute to public values?
4.3 How is the overall process of disposal organised within the CGREA?
2.5 CONCEPTUAL MODEL

The first part of the conceptual model illustrates the process of portfolio restructuring. Due to changing governance and strategies (compacte rijksoverheid), properties become vacant. Based on the Broad Value Assessment the broader values of a property will be mapped. The instrument to map the values is the ABC-scan. The outcome is either to keep the property or dispose the property and categorise the property in one of the sales strategies. Properties need to be sold confirm the Estate Act and the Regulation Material Management.

The second part of the figure sets out the determinants for disposal as identified in the problem statement. Public values need to be defined and form a validate basis for decisions. The context determinants, portfolio, financial return, collaboration and the process need to be researched in order to examine the broader context of disposal. All the determinants should comply with the boundaries set by the law and regulations concerning disposal. Most important criterion in this are: market conform, transparent and public. In the final stages of the thesis, the parameters found during the research help to compose a strategy to incorporate public values. The theories behind the instruments and parameters will be explained in the theoretical framework on the following pages.
2.6 BACKGROUND LITERATURE
The following paragraphs set out the background information related to the CGREA that are the boundaries for the portfolio and the disposal process. Further it explains and defines the theories that can be used for public values and the determinants.

2.6.1 THE CENTRAL GOVERNMENT REAL ESTATE AGENCY (CGREA)
The CGREA has a very large and diverse real estate portfolio throughout the whole of the Netherlands. The real estate is in use for the different departments of the Central Government. For example for the ministries but also public functions such as museums. Besides properties the CGREA has also leased lands, especially in the polders, like Flevoland.

The mission of the CGREA is as follows:

‘The CGREA manages and maintains real estate for the realisation of government purposes in collaboration with, and with respect for the environment.’

The CGREA is mandated to (VPS, 2015):
- Manage properties effectively and efficiently for the primary process of public departments;
- Optimise financial and social returns from real estate;
- To achieve financial targets at the office portfolio by lowering the cost of government.

The CGREA is a relative new agency, established in July 2014, from four different government real estate departments. These departments were the Rijksgebouwendienst (Government Building Agency), de Dienst Vastgoed Defensie(Defence Real Estate Agency), het Rijksvastgoed Ontwikkelingsbedrijf (State Property and Development Agency) and de directie Rijksvastgoed (Government Real Estate Directorate).

Before the merge of the different departments a governance model and structure is made that allows for synergy between the different departments and makes the merged CGREA clear for the inside departments as well for outside the agency. The relationship between the departments as well as the relationships for outside the agency is graphically shown in figure 5. The idea of the governance is that the different departments in the agency have a pivotal function, either to the policy departments, users or to the market. (De Vaan, 2015)

The CGREA is a department that is responsible for managing and maintaining real estate for central government departments, so it can be described as an operating department. The CGREA executes its tasks by serving other central government departments.

The general rules which apply to all property owners are obviously important for the CGREA, in addition the
CGREA needs to act within the boundaries of an act and regulation that are important especially for the Central Government. These are the Comptabiliteitswet (Estate management Act) and the Regeling Materieelbeheer 2006 (Regulation Materials Management 2006) (Van den Bos, 2015).

The estate act entails the law on management and governance of the finances of the state. In principle the government has to respect the general principles of good governance (no arbitrariness and Equal Opportunities) (Tweede kamer, 2013). The Regulation Materials management is part of the Estate Act and sets out the rules for the movable and immovable goods.

The Regulation of Materials Management entails the rules which need to applied in case a property will become vacant. This is the so called reallocation procedure. This procedure implies that giving a property into use, rental or sale, in general the following order of preference: should be applied (Ministerie van Financiën, 2006):

I. Ministries and Central government departments.
II. Organizations subsidized by the government, if the Minister charged whose budget the subsidy is or is provided, the service Domains requests a preferred position for the organization concerned in the sale or rental;
III. Municipalities, Provinces and water;
IV. Other legal or natural persons (Private parties).

The Estate Act and Regulation Material Management provide as well regulations in case the CGREA is going to sell to provinces, municipalities or private parties. In this cases the following guidelines should be taken into account:

- Market conform selling prices; a property has to be sold for a market conform price. Selling prices can not be lower than established, in this case the CGREA is providing funds/subsidies and that is not allowed.
- Publicly: In case a property neither op the public institutions want to buy a vacant property, it can be sold to private parties. Every party has to have the same chances in buying a property. One-to-one conversations with certain parties are not allowed. The property has to be traded publicly.
- Transparent: the selling process has to be executed with transparency and controllable (Van den Bos, 2015).

2.6.2 PROPERTY INSTRUMENTS CGREA

Broad Value Assessment
In preparation for decisions to dispose properties or keep them in the portfolio the CGREA uses the Broad Value Assessment. This implies that in deciding whether or not to discontinue use and to proceed to disposal four related values to a property will be analysed: the social values, the financial values, the cultural-historical values and the ecological values. This is done by the instrument called the ‘ABC-scan’ (VPS, 2015).

The ABC-scan is a tool that collects information about a property or a site, the financial data and the administration data. The ABC-scan has three main purposes:
- Manage vacancy costs and minimise loss of value of the property.
- Determine financial value and the possibilities to create value for the property or site.
- Identify the possibilities and limitations of the property or site (societal, politically and juridical). (Hendriks, 2012)

The data collection for the ABC scan is based on ‘pressure cooking’ and ‘crowd-sourcing’. Experts, stakeholders and local residents are interviewed and there opinion is part of the decision-making. The final result of the ABC-scan is a possible future for the property; selling, conversions, adaptive reuse, demolish or let the building decay. (CRA, 2014)

Sales strategy
The sales strategy of the CGREA is the result of the Broad Value Assessment and the ABC-scan. A sales strategy is defined per real estate object. These strategies are divided in the following (Rijksvastgoedbedrijf, 2014):

1. Standard sales
2. Temporary use
3. Conversion and sale
4. Conversion
5. Area development.

The standard sales is applicable for properties that have the opportunity to be sold in the current function. The sales will be done in a market conform way. Everyone has the chance to buy the property. All the properties that are sold with standard sales are available on www.biedboek.nl.

Temporary use is applicable when it is financially and strategically logic to keep the property and wait until there are more suitable market circumstances. In these cases temporary use is executed with the minimum financial means.

Conversion and sale is used for several outcomes; in case of conversion the financial return can be increased, the marketability of the object can be enhanced or the property can contribute to policy goals of the government.

Conversion is used when there is a broader sense of conversion sustainability needed. This can be executed in different ways. The Government Real Estate Company can support the process of conversions in a way that
private parties can easily pick up the process, when interested. Area development is applicable when properties are part of a wider area regeneration. In these cases the Government Real Estate Company analysis of the property can increase the identity of the area development in a positive way (Rijksvastgoedbedrijf, 2014).

2.6.3 THE CONCEPT OF PUBLIC VALUES IN REAL ESTATE
This research focuses on finding a definition for public values in real estate and how this can be incorporated in the trade-off that has to be made in the public portfolio. The definition of financial return is relatively simple compared to public values. The term public values is now frequently used in the real estate market, in the form of how to measure public values in the built environment. This might suggest that it can be expressed in a single measure, but this is not the case. Public values are related to the positive effects of policy (Nieboer & Gruis, 2014). In the context of disposal public values have to be assessed in the light of social objectives. In order to measure public values one needs to identify indicators and quantify these.

As stated in the introduction the government has public properties that are financed by public money. In case of disposal, the public opinion is that the government has to take care of the built environment and keeps in mind broader society values. This is an important difference with the most commercial real estate investors. Commercial real estate investors commit themselves for a short-term in order to achieve high return as soon as possible. In contrary a government has a long-term commitment, caring not for high returns but for broader societal values (Public Values in the build environment, 2015).

Public values in real estate have emerged as an increasingly ubiquitous term in the politics and public administration literature and has featured even more commonly in public sector improvement programmes. However, there remains some lack of clarity over what public values are, both as a theory and as a descriptor of specific public actions and programmes (Williams & Shearer, 2011). Literature related to the topic of public values consist of three main themes. The first is public values characterised by corporate social responsible investment, second public values characterised by sustainability and third public values characterised by social-economic development (Hebb, 2010; Colantonio et al., 2012, de Jong, 2012).

2.6.4 RECOMMENDATIONS PUBLIC VALUES
The final product of this research will consist of a list of recommendations for public values in the disposal process. The challenge is to make public values just as ‘important’ as the appraisal of a property and as well to make a connection between the appraisal and the public values. The objective is to improve efficient decision-making during the process. Most important is to show a way in which the decision-making can be validated.

2.7 OBJECTIVE OF RESEARCH
The main objective of the research is focused on designing a process that incorporates the public values in the disposal process of government real estate. In this way the current instruments that the government is using can be strengthened and better validated. Besides this research wants to validate that public values are important in real estate development and need to be an essential part of decision-making to create durable developments.

The research will be carried out at the CGREA, which will be seen as a learning organisation. Currently, many instruments are used to steer on the disposal portfolio. The further objectives of this research can be separated in two different types: the research-objectives and the design-objectives.

Research-objectives
• Define public values in real estate and explore how this is used in the current practice of the CGREA.
• Examine how public values can be incorporated in a disposal process (of the CGREA).

Design-objectives
• Analyse literature for structuring the vacancy in a portfolio.

Application possibilities
The research and its outcome, the recommendations to incorporate public values, can be used by public institutions that are in charge of a real estate portfolio such as: governments, provinces and municipalities. The outcomes can be applicable on their portfolios and facilitate choices that ought to be made. As well private developers and investors may have an interest because the CGREA is not the only stakeholder in the Dutch real estate market that experiences vacancy in their portfolio.
2.8 RESEARCH METHODS

2.8.1 TYPE OF RESEARCH
The answer on the main research question will be based on a qualitative and empirical research, by adopting both a structured and an unstructured approach (Kumar, 2011). However, the focus will merely lie upon the unstructured approach, since this research will be used to explore the variation within the problem, the disposal of government real estate and the exploration of how public values can be incorporated.

The choice for a qualitative research is made because of the different perceptions and interests that are bound to the research topic: public values. The word value is never an objective fact and by adding the word public, the definition becomes even more subjective. Therefore this research aims to explore the qualitative variation in public values in real estate. The definition will establish qualitative indicators to make the assessment framework.

The variation of the problem will seek to foster a connection between a literature study, policy developments and practitioners. The attempt will be to bring the research results closer to the practitioner, making them into an actual strategy. The research can therefore be classified as an action research. This term refers to approaches that are concerned with producing practical outcomes. The research emphasizes the production of practical knowledge and new forms of understanding (Reason and Bradbury, 2001).

2.8.2 METHODOLOGY
The research methods are chosen to find a thorough answer to the sub-questions and in the end to the main question. The research will investigate the four determinants, established in the problem statement, which are relevant to answer the main research question. The three determinants are:
1. Portfolio
2. Financial return
3. Collaboration process

As a result the research is twofold, it comprises the research of public values and the context research of the determinants. The research in the determinants is necessary to have a general overview of the proceedings within the CGREA and establish a connection between this way of working and the public values. Therefore the research is not linear, the determinants will have an input on the main topic: public values and in the final recommendations and decisions regarding the incorporation of public values.

Both research comprise a desk research and a field research. The desk research consists of a literature research. The field research will be conducted at the CGREA and entails three research techniques: interviews, workshops/discussions and case studies.

In figure 6 the order of the research is illustrated. First a literature study will be conducted, the output of this will be the input for the interviews and workshop/discussions. The output of the literature study, interviews and workshop/discussions together will form the basis for conducting the case studies.
2.8.3 LITERATURE STUDY

The literature study includes three stages, namely exploration of the problem, the creation of a theory and the final literature study. The exploitative literature study will mainly focus on existing literature in data basis as Scopus, Scholar and TU Delft repository etc. The second stage of the literature study will include documents of the CGREA on the topic of public values and the context determinants. In the third stage the different literature studies will be compared.

The scoping of literature on public values and assessment methods will be conducted until ‘theoretical saturation’ is reached and no new themes, assessment methods, metrics and relationships emerged from the review. During this phase of the research the main approaches and models of social return will be identified (Colantonio et al., 2009). After this the research will make a step to the field research to test the definitions for public values, financial return and perceptions of the CGREA.

2.8.4 INTERVIEWS

The interviews concern exploratory unstructured interviews with employees of the CGREA, real estate professionals and private parties. The choice for interviewees is based upon the concluded desk research and available contacts via the CGREA.

The interviews will be done to elaborate on the definition and to conduct different perceptions and interests. It is important to gather the different perceptions to establish a broad definition.

Another topic for interviews will be the categorisation of the portfolio. The categorisation can be a way to organise and validate public values and the visibility in the portfolio. These interviews will be held with employees of the CGREA to see what the possibilities are for the categorisation of the portfolio and how this can contribute to a better overview of the portfolio and what the possibilities are in incorporating public values.

The amount of interviews is based upon the findings during the desk research. Provisionally, it is assumed that there will be approximately 6 interviews. 3 interviews for the definitions and 3 interviews for the categorisation. The following interview schedule will be leading during the interviews:
1. How do you see public values in real estate?
2. The definition will be presented, and the question will be asked concerning if this is suitable for real estate
and in what way it can be adjusted to make it more suitable.
3. In what way are public values incorporated in the disposal process?
4. When is the disposal successful for the CGREA?
5. How are stakeholders involved in the process?

Concerning categorisation
5. In what way is the vacant portfolio organised?
6. What are related variables that are part of the categorisation methods?
7. How are property instruments, like the ABC-scan, part of the disposal process?

These questions are guidelines. Most interviews are unstructured and part of the exploration part of the research. If other interviews may be held concerning a further elaboration on the context, then an additional interview format will be established.

2.8.5 WORKSHOP/DISCUSSIONS

Kumar (2011) introduces the community discussion forums. In a community discussion forum different opinions, attitudes and ideas are brought up in order to generate a broad consensus. In this research this is carried out as workshops or discussions. These workshops and discussions will be conducted at the CGREA. First small workshop and discussions will be held with smaller groups from different departments in order to prepare. Different departments of the CGREA will be involved in order to combine more knowledge.
Second a discussion will be held within the strategy department of the CGREA. The goal of the discussion is to create a general knowledge about public values. In the beginning of the discussion a presentation will be done to start the discussion and give general background information. At the end of the presentation different propositions will be done which keep the discussion focused on several defined themes.

2.8.6 CASE STUDIES

The aim in the case-studies is to examine to what extent, and in what ways public values are incorporated, and how this is detectable in the overall process and instruments used by disposal, this by evaluating the conclusions and methods from the literature study.

The case studies will form an essential part of the research because they can be seen as evaluating the practical methods done in the past in order to understand, explain and draw lessons from the implementation process and the effects of the directive. As stated by Heurkens: ‘Case study methodology is mainly used to collect, analyse, compare and draw lessons from research data and is a form of qualitative research. Especially used in academic field of urban planning and management, to examine contemporary real-life situations and provide the basis for the application of ideas’ (Heurkens, 2012).

The research will comprise a multiple-case study approach. There is chosen to carry out a multiple case study approach because this research aims to generalise conclusions from the research. Multiple cases enable broader exploration of a theory and elaboration (Baum & Turner, 2003).

Three different case studies will be conducted. If there is a sufficient amount of cases and available information, more case studies will be done in order to increase the validity. The introduction of the report explained that there is a great variety of real estate in the portfolio of the CGREA. In order to establish a broad definition for public values there is chosen to conduct a cross-case analysis. The cross-case analysis entails therefore three different scale levels. In order to analyse the public values and current process: macro (>15 ha), meso (<10–1 ha) and micro-level (<1 ha). These scale levels are taken into account because of the variety of real estate objects the CGREA has in its disposal portfolio.

The following general questions will be analysed in the case studies.
1. What is the meaning of the property in the city/region?
2. How are the surroundings of the vacant property affected (real estate market and society)?
3. What was the main interest of the government by disposing the property?
4. Which category was the property evaluated and which property instruments were used during the process?

The case studies will be conducted after the literature study, interviews and workshop/discussions. This order allows to first generate knowledge and after recognize possible patterns in the case studies that can be linked to the acquired knowledge.

When the case studies are completed a comparison analysis will be done. This in order to connect and generalise main variables that manifest in the case studies. Through a comparison with the literature research, recommendations can be established for the CGREA.
Selection criteria
In order to choose case studies the following criteria are used:
1. Property sold last five years. The dynamic real estate market and the contextual and demographic development make it hard to compare cases sold in different time circumstances. It is important for the case studies to clearly take the context dependency and time dependency in account. The time dependency chosen is therefore five years. The context dependency will be over the whole of the Netherlands, both the Randstad and the ‘shrinking’ North, East and South of the Netherlands. In order to compare the demographics between the cases and what the differences are and if it is possible to generalise an approach or how different the approach has to be between different regions.
2. Use of property instruments and sales methods. During the field research, the property instruments and sales methods will be researched. By choosing properties that can be related to the different methods a comparison can be made.
3. A property that has to be converted to accommodate a future function.
4. For the macro-level case study a choice should be made whether to study a case that will be an urban area development lead by the CGREA or a case of an area that is entirely sold to a private party.

Data collection
The case study is an approach to research that facilitates exploration of a phenomenon within its context using a variety of data sources. This ensures that the issue is not explored through one lens, but rather a variety of lenses which allows for multiple facets of the phenomenon to be revealed and understood. One of the advantage of this approach is the close collaboration between the researcher and the participant, while enabling participants to tell their stories (Crabtree & Miller, 1999; Eisenhardt & Graebner, 2007). The collection of data for the case studies will be done in the following way
1. Literature study; comprises a research on the internet and a review of internal documents of the CGREA.
2. Interviews with relevant stakeholders within the CGREA. The interviews will be done with involved stakeholders in the disposal process.
2.9 RESEARCH PLANNING
In figure 7 the planning is shown. The first two periods, P1 and P2, the research proposal will be written. As well the first literature studies will be done. In Period 3 (P3) the internship at the CGREA will be started. In this period the literature study will be done on policy documents. The field research entails interviews and based on the literature research a workshop/discussion will be done in order to develop a theory for public values. Also a revision of intended research methods will be done, to see whether these still are relevant to carry out because of new insights.

The P4 period will be first finalising interviews and workshops in order to develop a final theory. Simultaneously the case studies will be started. During the last period, the P5, the thesis will be finalised by finishing conclusions.

2.10 RESEARCH COMPANY
The research will be carried out at the Central Government Real Estate Agency at the department of Portfolio Strategy and Portfolio Management. This department establishes the strategies and management of the overall portfolio. The research will compromise as well interviews with other departments because the strategy department is not in charge of the sales of the properties.

2.11 LIMITATIONS
The research is limited by time, this makes it difficult to realise the most satisfactory answers. Due to this limitations less interviews may be held during the internship. The intention is to also do interviews with municipalities or provinces, but because of the limited time these may be too much. Related policy documents of municipalities and provinces can be find on the Internet to strengthen the validation of the research concerning different opinions.

Besides the latter limitation, it is important to consider the amount of research that is currently done for the CGREA about the disposal of government assets and the trade-off between financial and public values. Many viewpoints on the topic will be given and it will be hard to assure uniqueness in the conclusions.
INTRODUCTION
PART 2 | Context
CHAPTER 3 - PORTFOLIO

In this chapter the following sub-questions will be researched:

1. What is the long term strategy of the CGREA for their portfolio and disposal portfolio and what kind of instruments are used to steer on this?
2. What are possible ways to categorise vacant properties in a portfolio?
3. In what way can a categorisation be applied to achieve a controllable situation and create awareness about public values?

The first question will introduce the size of the portfolio and disposal portfolio of the CGREA and research the instruments experienced during the field research. The second and third question are based on literature studies and combined with empirical findings during field research.

3.1 PORTFOLIO OF CGREA

3.1.1 ORGANISATIONAL VALUES FOR THE PORTFOLIO

With the establishment of the CGREA the portfolios of different government real estate departments were merged. The CGREA combined the former separated tasks of the management of the portfolio: property management, acquisition and development, maintenance, sale and transformation into one department. This was necessary because of the future developments within the government.

The merge also had effects on the management of government real estate. The CGREA was placed within the Ministry of Interior and Kingdom relations. As a result of this the management of the government real estate is more on the operational and organisational focus of the government (Hermans, personal interview, April 25, 2015).

Figure 1 shows the public real estate management aspects within an organisation (Den Heijer, 2011). In the past the Government Real Estate Agency used to steer more on strategic level with a focus on society. Currently the CGREA is more focused on the financial efficiency of the portfolio. By the establishment of the master plans for every region in the Netherlands the CGREA aims to cut the costs of government real estate.

Van der Schaaf (2002) argues that the main difference between Public Real Estate Management (PREM) and Corporate Real Estate Management (CREM) is the view on financial returns. This is due to the fiscal regime under which decisions must be made. The focus of public parties are primarily on financial targets based on the balance between costs and benefits, without a focus on financial return. Another difference between CREM and PREM is that in CREM financial considerations play a major role, while in PREM social objectives need to be the leading objective. Last years PREM is organised more professional (Van der Schaaf, 2002; Middendorp and Hummels 2007). Portfolio strategies of the public institutions aim to reduce the risk within the portfolio and allowing for more flexibility in the portfolio (Van der Schaaf and the Puy 2000).

Despite the turn to more efficiency, the CGREA has to realise the fact that they manage the largest real estate portfolio in the Netherlands, and therefore the portfolio and individual properties contribute to the economic vitality in a region. The CGREA is a very important player in regional real estate markets and therefore needs to strategically manage on as well the public values and the quality of the environment. Quist (2014) argues that there is a transition visible towards CREM in the disposal of government properties because of the financial aims of the government. However, the government has to sell properties market conform.
3.1.2 PORTFOLIO OF THE CGREA

The CGREA manages the largest portfolio in the Netherlands: a total of around 13.1 million sq m GFA. The portfolio is very diverse and includes both offices and housing for specific government activities: called specialties. Examples of specialties are prisons, laboratories and monuments.

Besides these two types of assets there are also the land and defense objects in the portfolio. The defense objects just merged into the portfolio of the CGREA. The land in the portfolio also had a big share but these are mostly agriculture lands and strategic land ownership. The further quantification of the portfolio will only explain the offices and specialties.

Figure 2 shows the division in the portfolio between offices and specialties. Figure 3 shows the division in variety in the properties. The offices (owned) in 2014 are spread over 60 locations and specialties are spread across 175 locations. In 2013 this was still 80 and 280 locations (VPS, 2015). So there is a decrease in number of locations this is because of the focus on more efficiency and the shrinking government.

The choices whether to keep or dispose real estate is elaborated in the master plans. There is one master plan for The Hague (most of the government real estate is located here) and twelve for the other provinces. In the master plans the CGREA matches the supply and demand of government real estate and government departments. The demand will thus decrease the coming years. This is because there will be less employees and the introduction of the flexible working places. The master plans proposes in which city or property a department can best be accommodated. In the previous decade it was always important for the government to locate their real estate and related functions nearby public transport hubs, city centers and in regions to stimulate employment in a region (Jolles, Presentation, 2015).

3.1.3 PORTFOLIO STRATEGY OF THE CGREA

Along with the CGREA there are three other government departments that have real estate in the Netherlands. Together these departments establish the RVPS (Rijksvastgoedportletefeillestrategie, in English: Government Real Estate Portfolio Strategy). The RVPS contains an overarching strategy and objectives for the government real estate and is built from departmental portfolio strategies. The RVPS is determined annually by the Cabinet, and prepared by the CGREA in cooperation with the real estate departments in the Government Property Council (GPC, in Dutch: RVR) under the direction of the Interdepartmental Committee on Government Property (ICGP, in Dutch: ICRV). The RVPS is departmental confidential because it comprises business sensitive information (Vastgoedvanhetrijk.nl, 2013).

In the RVPS 2014 a double objective is chosen as a guidance: the achievement of social and financial returns. This objective is only briefly explained and doesn’t include indicators that should make the returns more specified as well as how they interact with each other.

Each department also has its own real estate strategy. The CGREA has its own strategy named as the VPS (Vastgoedportefeillestrategie, in English: Real Estate Portfolio Strategy). The strategy for 2016-2021 consists of five priority areas, these are:
1. The technical quality of the portfolio
2. Sustainability
3. Safety
4. Composition and size of the portfolio
5. Commitment of the portfolio for policy objectives from other departments

For these priority areas there are targets and policy goals for 2021 which are set by the DGOBR (Directoraat-
Generaal Organisatie en Bedrijfsvoering Rijk, Direction Organisation and Operational Management) and policy departments. The CGREA is in charge of the realisation of the policy as well consultant and contractor. The aim of the CGREA is to formulate realistic assumptions and to determine "strategic" choices in how and where further policy objectives can be made operational in the priority areas. So for each of the priority areas indicators are established in order to steer on these in the future.

Besides the priority areas, the VPS pays attention to the aspects in the market and within the government that will have an effect on the management concerning real estate. First there are the new laws and regulations (omgevingswet, erfgoedwet en natuurwet). Second the fast changing technology. Third there is the constant increase of immigrants, together with the Central department of immigration a strong collaboration is necessary. Fourth there are the demographic changes that result in decreasing population outside the Randstad.

3.2 PORTFOLIO OF VACANT PROPERTIES
The latter paragraph set out the organisational and strategic objectives for the portfolio. This paragraph will explain the part of the portfolio that will be disposed.

The current stock of vacant properties that will be disposed is around 700. These are properties that are put forward by government departments because these properties are no longer needed for the departments. In the past the CGREA didn’t decide which properties will become vacant, this is a decision made by other government departments. However, with the establishment of the ‘master plans for offices’ the CGREA has a mandate to decide for the government departments where they will be located and what kind of property. Coming years the vacant stock of government properties will grow. The prospect is that the amount of sales will remain at the same number of objects.

Figure 3 shows the total portfolio per province and the sq m of real estate (offices and specialties) that will be sold. The three Randstand provinces have a high share in the vacant portfolio. The CGREA is working on the relationship between government policy on the one hand and the dealing with government real estate (acquisition, management and selling) on the other hand. This is in order to strengthen the relationship and come up with better strategies. The RVPS sets out a coherent and clear policy guidance on the choices the government makes regarding their properties. Both financial and social returns regarding the real estate are identified as important by the government. However, a relation with these two types of returns has not been made yet in the strategy (Blok, 2014b).

In 2014 the CGREA sold around 27 properties (offices and specialties). The total sales value was around 125 million euro. The sold properties are located all over the Netherlands. In the future the CGREA needs to sell approximately 1,0 million sq m GFA and 1,2 million sq m of specialties (7.7 % of the portfolio). Besides 1,3 million sq m of the Ministry of Defense will be sold (Rijksvastgoedbedrijf.nl, 2015). The amount of properties that will be sold each year is not described yet.

Figure 3: Overview of portfolio per province and overview of the to be disposed portfolio (Source: Own illustration based on: BZK, 2015b)
3.2.1 DISPOSAL STRATEGY
The CGREA wants to intensify the process of selling properties. Properties need to be sold faster than the current practice. The objective is to be able to control the sales portfolio in 2020. To achieve this objective the same amount of properties need to be sold as becoming vacant.

The CGREA established the disposal strategy in April 2015 and the document is still under construction. However, the document that calls itself a strategy does not set out a strategy. A strategy is a framework that facilitates choices (Kampen, 2015). This document is more focused on the instruments and methods that will be used to sell the properties.

The disposal strategy introduces again the assignment of the CGREA of the large disposal. The properties are categorised in this document in four categories. The idea behind the four categories is that by this categorisation a more structured approach of sales is possible. The categories are (BZK, 2015b):
1. Marketable real estate: marketable objects are objects that can be sold in their current function.
2. Conversion: the current function of the property is not marketable. The zoning plan should be changed in cooperation with the municipality. Alternative destinations are examined, including necessary investments and lead times. The valuations take into account different destinations.
3. Complex conversion: the current function is not marketable and adaptive reuse is complex. A change in the zoning plan, in collaboration, with the municipality is necessary and market consultation is needed.
4. Area development: the sale of the object is too complex or bare to many risks for private parties. Area development as well as adaptive reuse is necessary to make the object more marketable. During the process there will be certified if there is interest of market parties.

Figure 4 illustrates the different categories combined with the percentages of properties in the portfolio that falls into the category. As shown in the figure most of the properties fall into the category of complex conversion. To fulfill the ambition of the disposal 2015 - 2020 and make it successful, three priority areas are defined in the document.

The first priority area is the innovation through new sales methods. Because of the increasing vacant portfolio the CGREA is seeking for innovative methods to increase the number of sales. In collaboration with the market the CGREA has developed new methods to sell properties. With this new methods the CGREA tries to respond to the demand of the real estate market. The methods are focused on reducing risks and accelerate the sales process. The methods introduced the following new elements (BZK, 2015b):
- A pre-selection based on the quality of the adaptive reuse plan.
- Acceptation conditional bids (subject to financing or change of zoning plan).
- Sale by auction (only marketable real estate), potential buyers can invest responsibly and gaining leverage more responsible.

The sales methods innovation is not a one-time activity, the CGREA will continue to improve the sales methods.

The second priority area is professionalism and increase in capacity. To improve the professionalism the CGREA will include clauses in the sales contracts and conduct multiple appraisals for a property. By including clauses later changes in the property can assure that the added values also comes to the benefit of the CGREA. The multiple appraisals are necessary because the real estate is mostly ambitious marketable real estate. Therefore it is important to have multiple parties to arrive at a valuation of the market value. In this way the selling price can be justified.

The ambition for the disposal of the properties and amount of to be sold properties will vary each year. This
makes it necessary that the current formation needs constant renewal and expansion possibilities. External capacity can be used as a flexible layer. By using up-to-date communication and marketing tools, the properties that are for sale will be more discoverable for potential buyers. The focus is primarily on online advertising and further development of the website www.biedboek.nl (BZK, 2015b).

The third priority area is to strengthen collaboration with other public institutions. A quick and reliable sale, fitting in the surrounding and in collaboration with the surrounding is a priority for the CGREA. Currently, the CGREA is collaborating with provinces on provincial-wide portfolio strategies. This in order to combine the ambitions from the MIRT-agenda (Meerjarenplan Infrastructuur, Ruimte en Transport, Multi annual programme Infrastructure, Environment and Transport) with the acting in real estate. This provincial approach creates an expanded view on how to deal with surplus properties in connection with regional real estate markets and policy aims.

Besides collaboration with provinces the CGREA aims to strengthen collaboration with municipalities. In municipalities where there will be a lot of vacant government real estate or where the properties are complex agreements will be signed with municipalities. These agreements concern future functions for the property, phasing concerning the sales of the properties and the coordination with other parties that have surplus properties in the regional real estate market. Through these agreements the CGREA hopes to make more efficiency and time savings in the process of disposal.

To further take into account the environment and region the CGREA uses the Broad Value Assessment. The main themes in these are discussed in the theoretical framework and will also be discussed in the next section. The Broad Value Assessment helps to map the object and analyse future opportunities for the property. It makes it easier to discuss with the local authorities about the future of the property. In this a local authority can always bring in their social goals for the property. If additional resources like finances are needed to achieve the social objective than this should be financed by the stakeholder that wants to achieve this goal (BZK, 2015b).

The disposal strategy doesn’t stress any public values that can be achieved in the disposal. Besides the mentioned topics above it stresses three developments in the real estate market, the high vacancy in the office market, focus of real estate users in the core cities and the behaviour and capacity of real estate investors. The only public related issues discussed concerning the CGREA properties are the collaboration with other public institutions which is important regarding the office market in non-core cities and the need for adaptive reuse of office buildings in the non-core cities. The focus of the strategy is mainly on being innovative with the sales and to accelerate the sales by taking into account wishes of the future buyers. What are the considerations concerning when the ambition is fulfilled and when is it successful. This can not only be related to increasing the number of sales per year. If the properties are all sold, say around 2030, when would it be considered successful. Did the CGREA contribute to a more sustainable and high qualitative built environment?

A disposal strategy should not only be focused on quick sales, but as well provide a framework that facilitates choices and the trade-off in public values and financial return. Porter (1996) argues that a strategy is a facilitating plan that involves a set of actions which provide a unique mix for a value that distinguishes an organisation. It is a combination of goals and resources to reassure the goals of an organisation. A public party should explicitly choose a development strategy in the initial phase of a project development, at a later stage discussion about selection and award criteria occur. This causes delay in the process, which are not beneficial for anyone (Redecker, 2011). By only focusing on a strategy for collaboration and quick sales, public values are not taken into account. The sales include a lot of ambitious marketable properties which are in shrink regions or are difficult to convert. These properties probably used to have an economic and architectural value for the region. This is why the broader values as well should be taken into account.

3.3 EVALUATION PROPERTY INSTRUMENTS OF THE CGREA

The CGREA has several instruments that are used for analysing a property that becomes vacant. In the theoretical framework the broad value assessment, ABC-scan and sales strategy are explained according to publications. In this paragraph these methods will be evaluated according to the lessons learned in practice.

3.3.1 BROAD VALUE ASSESSMENT: ABC-SCAN

The initial aim of the ABC-scans is to identify at an early stage in an interdisciplinary group the possibilities of a property by means of the Broad Value Assessment. By this approach the opportunities of a property can be
mapped before it will become vacant. This approach assures that the portfolio that the portfolio composition is up to date.

The ABC scan is designed to evaluate a property from the Broad Value Assessment. The main themes in the ABC-scan are from the Broad Value Assessment and concern the social-economic value, financial value, cultural-historical value and ecological value of the property. The broader context is mapped. This includes the opportunities for the property on location level (Presentation Hendriks, CGREA, 2015).

Essential in the process of disposal is to generate the opportunities and views of a property in order to establish an expected market conform appraisal and desired solutions. The ABC-scan does this by analysing future possibilities. This is also useful for negotiation with local authorities (Presentation Hendriks, CGREA, 2015).

The process of an ABC-scan is structured as showed in figure 5. It starts with a crowd-sourcing in the surrounding of the property. Residents in the neighbourhood of the property are interviewed about there opinions of the property. The crowd-source takes two weeks.

The second phase, the pressure-cooker, brings together a team of experts and relevant stakeholders. These are the asset manager of the property, architects, real estate professionals and a real estate expert of the concerning municipality.

In the session of the pressure cooker the multidisciplinary team looks at the building and its future potential in its spatial and political-administrative context. The different contexts are mapped: real estate economics (price), value (possible new features) and above context: social aspects, cultural and nature / ecology. That context is will form the basis of the future possibilities (Hendriks, 2012)

1. Gegevens Pand

![Figure 6: Format ABC-scan (Source: presentation Hendriks, CGREA, 2015)](image)

The evaluation of the ABC-scan indicated that the ABC scan isn’t part of the primary process. The participation in an ABC-scan is now without obligation, this causes that not all the information necessary will be provided. There should be more responsibility in the organisation of an ABC-scan (BZK, 2015c).

A sales advisor at the CGREA (2015) stated that the ABC-scan isn’t part of the primary process of selling. In the selling process a regional market research will be done and a property research to gather all the relevant information. This is a rather bold statement and shows the behaviour within the organisation. The ABC-scan is a very useful tool but is not executed the way it should be.

Currently the scan is only used on request and archived afterwards. The reorganisation provides chances to embed the ABC-scan more in the primary processes.
The process as well provides a result on an indication of the market value of the property, this is done by an expert but nor comparable with a real valuation. However, this result sometimes ends up in the administration (BZk, 2015c). This may no be a good to incorporate in the ABC-scan process. The ABC-scan should be a tool that maps the broader values and forms the input for the valuation, negotiation and sales process.

3.3.2 SALES APPROACH
Besides the disposal strategy there is also a sales approach. The sales approach consists of five approaches that can be used when selling a property. The sales approach categorises the properties in the following way (Rijksvastgoedbedrijf, 2014):
1. Standard sales
2. Temporary use
3. Conversion and sale
4. Conversion
5. Area development.

The sales approach consists of five different approaches when selling a property. The categorisation in the disposal strategy forms the decision which sales approach to apply. Besides the latter sales approaches, one approach is added: area development. This approach is a combination of the five approaches. Area development will be used when the to sell real estate object concerns a larger area where many risks are involved. Adaptive reuse as area development is a vision where constantly is switched between different scale-levels. The micro-level, meso-level and macro-level are seen as relevant and makes the different opportunities clear. Therefore this vision is focused on creating an added value through an object for the entire area, not just in short-term but focused on long-term (Cleton & Donker-Blacha, 2015).

Currently the CGREA has four different methods of sales. These are (Personal Interview, CGREA, 2015):
- Direct sales by a real estate agent; By involving a local broker with a local market knowledge and a local knowledge an added value can be achieved. Easy marketable real estate like shops and houses are usually sold this way. The market value is hereby determined by the valuation of an external appraiser.
- Public tender; This is a traditional way of selling properties which are categorised as marketable. An interested buyer can solely make an unconditional bid to the notary of the property.
- Public tender conditional bid; a conditional bid provides private parties the change to leave risks for the CGREA. The conditions can be related to financing and change of zoning plan. The making of a bid under certain conditions gives players the opportunity to leave some of the risks to the CGREA. There may be reserved released on financing or zoning change. The terms are capitalized to arrive at a comparison of bids and award.
- Public tender with pre-selection for the quality of the plan and price. Selecting the quality and / or price of the procedure is as variant developed to provide more security for complex redevelopment. This to ensure the implementation of the redevelopment that is needed.

In Figure 7 the sales methods are combined with categorisation on both ends. As explained in the disposal strategy the number of sales is not quick enough and therefore not successful. The CGREA does a lot of research into new innovative sales methods that will have to accelerate the disposal process. The new sales methods still have to ensure compliance with the law about market conform, public and transparent. Examples of new innovative methods of selling are (BZK, 2015b):
- Market initiative bid;
- Portfolio sales;
- Sales of stocks in real estate;
- EMVI-method (Economic most valuable Sales).

Figure 7: Combination marketable real estate and sales method (Source: presentation Quax, CGREA, 2015)
Besides these new sales methods, there are also considerations in selling properties when there still in use. In case of a complex redevelopment, this can increase the marketability since an investor/developer generates a cashflow in the beginning of the purchase.

All the properties that are for sale or will be sold in the near future are announced on the site: www.biedboek.nl. Through the site the bidbook of a property can be acquired. The bidbook contains information about the selling procedure and available information about the property. In order to stimulate conversions it is important to provide all the necessary information of a property. In the past poor documentation of buildings led to unwelcome surprises during conversions (van der Voordt, 2007). As well juridical constraints are an obstacle during conversions. Juridical constraints are the zoning plan and willingness of the municipality. When the latter two constraints are documented well in the form of a manual, it can be implemented in the sales procedure.

Hentenaar (vastgoedjournaal.nl, 2015) states that bidbook doesn’t provide any regional market knowledge or opportunities.

The CRa (2014) recommends to transform the Broad Value Assessment to operate as a ‘best bid’ approach. In this approach potential buyers have to score also on other goals than just financial. The CRa advises to start pilots to see where the best bid can be used.
3.4 CATEGORISATION OF TO BE DISPOSED PROPERTIES

One of the significant problems in the public portfolio has always been the absence of data about the true and the worth of the portfolio (van der Schaaf, 2002). The political interference, the poor financial analysis, short-term thinking, financial resources and data shortfall are characteristics of public portfolios (White, 2011). Little has been done to adapt portfolio concepts to public real estate because it is expensive and time-consuming for a company to do so. The subject is broad, the analysis involved can become complex, and if it is not done in an orderly and modular way it can be difficult to develop and update (Varcoe, 2002).

3.4.1 CATEGORISATION PORTFOLIO AT THE CGREA

The CGREA invests a lot of effort in getting grip on the size of the to be disposed portfolio. In the past properties where analysed on object-level. The ABC-scan provides an indication of the broader context of the property.

<table>
<thead>
<tr>
<th>Categorisations</th>
<th>Disposal strategy</th>
<th>ABC-scan</th>
<th>Sales approach</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Conversion</td>
<td>2. Redevelopment</td>
<td>2. Temporary use</td>
</tr>
<tr>
<td></td>
<td>3. Complex conversion</td>
<td>3. Experiment</td>
<td>3. Conversion and sale</td>
</tr>
<tr>
<td></td>
<td>5. Demolish</td>
<td>5. Area development</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Overview categorisation of properties (Source: Own illustration)

All different instrument concerning disposal have different ways in categorising the properties. These ways are summarised in table 1. There is a lot of inconvenience using four different categorisation methods. It is unclear how the methods are connected to each other. The ABC-scan is the first quick and dirty categorisation that will form the input for the actual disposal strategy.

The categorisation of vacant properties should be made as a combination of provincial, regional and context level. In this way the impacts on society of the portfolio can be measured and supportive decisions can be made to minimise or maximise losses on different properties.

Currently the choice for marketability is dependent on the following property characteristics:

1. **Location**: characteristics of surrounding and geographical location of the property
2. **Size**: Size of the land
3. **Parking**: number of parking places, ground level
4. **Land registry**: established business rights
5. **Current function**: Zoning plan
6. **Future function**: flexibility of the property and expansion opportunities within the zoning plan
7. **Monumental status**: monumental status (municipal lister or national listed, part of protected conservation), cultural significance, historical significance and local significance.
8. **Accessibility**: public transport, car, bicycle and fot
9. **Energy performance**: label energy performance
10. **Layout**: Flexibility of lay out
11. **Building Depth**: dimensions, according NEN2767
12. **Condition**: according NEN2767 (condition assessment)
13. **State land and property**: soil pollution, asbestos
14. **Facilities near location**: Close to shopping, leisure and residential units.

Determining the marketability of a property is an objectified judgment of a real estate professional. The greater the marketability, the lower the risk of the real estate object. This is essential in the determination of the sales category and associated sales methods (BZK, 2015b). To gain insight into the disposal portfolio now and in the future, it is necessary to determine the marketability of individual property as quickly as possible. Then, based on the marketability the sales method will be decided. This format provides an insight into the size and complexity of the disposal portfolio.

3.4.2 PROPOSED CATEGORISATION

As described in the research proposal the director-general of the CGREA Jaap Uijlenbroek (2014) listed three
3. PORTFOLIO

categories:
1. Positively marketable real estate
2. Reasonably marketable real estate
3. Ambitious marketable real estate

These three categories may provide a more structured approach when selling. The categories conversion and complex conversion both comprise ambitious marketable since there is a need for adaptive reuse in order to create a future use.

To provide more insight in the use of these categories there should be a further distinction and elaboration on the definitions of these categories. In the thesis of Borst (2014) a summary is presented of different literature on the characteristics of building, location and market characteristics. Each characteristic is described by the related variables.

Borst (2014) applies the characteristics and related variables to categorise properties that can be suited for fitness for use adaptation, within use adaptation or conversion. This categorisation is linked to deprived, mediocre or deprived. The variables related to the categories are shown in table 2.

The categorisation of Borst is made for vacant office buildings. For the CGREA a categorisation can be made more

<table>
<thead>
<tr>
<th>Promising</th>
<th>Mediocre</th>
<th>Deprived</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close to major city stations</td>
<td>Good location within municipality or secondary location within key cities</td>
<td>Structural vacancy</td>
</tr>
<tr>
<td>Availability of amenities</td>
<td>Competitive supply</td>
<td>Minimal distinctive capability</td>
</tr>
<tr>
<td>Limited competing supply</td>
<td>Location within key cities</td>
<td>Standard design</td>
</tr>
<tr>
<td>Rents not under pressure</td>
<td>Rents under pressure</td>
<td>No flexibility in use</td>
</tr>
<tr>
<td>Attractive architecture</td>
<td>Status of secondary importance</td>
<td>Large volumes</td>
</tr>
<tr>
<td>Function complements its environment</td>
<td>Physical characteristics offer potential for alternative uses</td>
<td></td>
</tr>
<tr>
<td>Good parking possibilities</td>
<td>Building upgrade enhances possibilities</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Categorisation deprived, mediocre and promising

**Borst (2014)**

<table>
<thead>
<tr>
<th>Market</th>
<th>Location</th>
<th>Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location: city center, urban area</td>
<td>Caring public space</td>
<td>Multi-purpose</td>
</tr>
<tr>
<td>Historically developed towns and cities</td>
<td>Attractiveness access route</td>
<td>Identity of the building</td>
</tr>
<tr>
<td>University city</td>
<td>Amount of vacancy in surrounding area</td>
<td>Energy label</td>
</tr>
<tr>
<td>Labour force in city</td>
<td>Accessibility by public transport</td>
<td>Price/quality ratio</td>
</tr>
<tr>
<td>Increase in labor force</td>
<td>Distance to facilities Image of surroundings</td>
<td>Number of square meters flexibility</td>
</tr>
<tr>
<td></td>
<td>Eye-catching neighbours</td>
<td></td>
</tr>
</tbody>
</table>

**DTZ (2012)**

<table>
<thead>
<tr>
<th>Market</th>
<th>Location</th>
<th>Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoning plan</td>
<td>Parking</td>
<td>Quality and Identity building</td>
</tr>
<tr>
<td>Rent level</td>
<td>Geographical location</td>
<td>Technical quality of the building</td>
</tr>
<tr>
<td></td>
<td>Concentration structural vacancy</td>
<td>Functional quality</td>
</tr>
<tr>
<td></td>
<td>Concentration obsolete office in the surrounding</td>
<td>Age of installations</td>
</tr>
<tr>
<td></td>
<td>Spatial and visual quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accessibility by car and public transport</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Distance of facilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public safety</td>
<td></td>
</tr>
</tbody>
</table>

**Geraerdt & Van der Voordt (2012)**

<table>
<thead>
<tr>
<th>Market</th>
<th>Location</th>
<th>Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand</td>
<td>Environmental values</td>
<td>Design standard</td>
</tr>
<tr>
<td>Fit for purpose</td>
<td></td>
<td>Maintained service level</td>
</tr>
<tr>
<td>Current user satisfaction</td>
<td></td>
<td>Regulatory compliance</td>
</tr>
<tr>
<td>Economic performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture and heritage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term of perspective</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Categorisation variables by DTZ (2012)

Table 4: Categorisation variables by Geraerdt & Van der Voordt (2012)

Table 5: Categorisation variables by Langston & Smith (2011)
concise by dividing the properties with related variables in separate categories and thus not separate variables
to relate to, like currently is done. In order to develop some variables that can relate to the categorisation for the
CGREA to enhance the validation of choices regarding public values a brief literature research research is done. As stated
earlier Borst (2014) already summarised the building, location and market characteristics, the following tables set
out the characteristics that can be used for adaptive reuse potential.
The tables give an overview of the related variables that can indicate of a property is Reasonably marketable,
ambitious marketable or distant future marketable.
Portfolio categorisation can be a way in which the vacant (and future vacant) portfolio can align the public
values and expected financial returns by analysing the individual properties on different scale-levels.
Characteristics of vacant properties suitable for conversion opportunities can be linked to (Remøy, 2010):
- The individual characteristics of the property;
- The location characteristics of the property;
- The market characteristics.

By combining the tables and the categorisation, a categorisation can be made that is linked to the context of
a property as well. The characteristics linked to positively marketable, reasonably marketable and ambitious
marketable real estate are presented in table 6. These characteristics are structured according market, location
and building level. By this broader values can be taken into account and it will be a way to see whether public
values need to be explicitly taken into account. Because in order to achieve and take into account public values
the context needs to be established (Franzen & Luijten, 2013).

By establishing the categorisation variables the CGREA can make more validate choices and enhance the strategy
in combination with the sales methods. The sales approach can be combined within this categorisation. This
seems inconvenient but the sales approach provides names for the categories that give the perception that the
CGREA will convert and make temporary use the norm. While clearly stated during interviews: that the main
purpose of every single approach or property instrument is to sell in the end. So temporary use is a mean to

<table>
<thead>
<tr>
<th>Categorisation Public portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positively marketable</td>
</tr>
<tr>
<td>Market</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Location</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Building</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Table 6: Possible categorisation variables public portfolio

achieve the objective and that is why it can be better used as a strategy to increase marketability within the
categorisation.

The proposed categorisation is given in table 6. The more structured approach with variables provides more
guidance as well for incorporating public values. By indicating the future potentials of a property wider
considerations can be taken into account. In order to incorporate public values the broader context of a property
should be taken into account (Franzen & Luijten, 2013).
The positively marketable properties are properties that can be sold within the current use and therefore don’t
need any specifications for future sales methods. The property can be sold by the use of bid book.

The reasonably marketable properties are properties that were mostly concerned with very specific functions
and need conversion to accommodate a future use. According to Bullen et al. (2010) adaptive reuse is identified
as a process to enrich the financial, environmental and social performance of properties (Bullen & Love, 2010).
For this development, dealing with the physical legacy of the recent past is a challenge. Vacant and obsolete office
buildings are mainly found in mono-functional office locations or industrial and distribution areas, offering few
facilities and poor access to public transportation, no appealing appearance, deprived flexibility and inadequate
parking space. However, many properties of the CGREA are located in urban areas nearby city center. The CGREA
always focused on areas in city centers (Presentation Jolles, CGREA, 2015).
The reasonably marketable category will also contemplate monuments and older buildings. According to
Langston et al. (2008) older buildings may have a character that can significantly contribute to the culture of a
society and conserve aspects of its history. The preservation of these buildings is important and maintains their
intrinsic heritage and cultural values.
4.1 FINANCIAL RETURN VACANT REAL ESTATE

Financial return in real estate is mostly seen as the return that can be achieved in developing and selling real estate. The financial return is based on the market value of the property. The market value is an indication of a real market conform selling price.

It is common in both the private and public sector to use the market value for transactions of properties. To ensure quality in the appraisal, most properties are appraised according to the international standards of the RICS. These standards are described in ‘The Red Book’ drawn up by the Royal Institute of Chartered Surveyors (RICS) (de Vaan, 2014). The definition of market value is as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (RICS, 2012).

The evolution over time of the market value of a property constantly let at market rental level (MV) is schematically presented in figure 8. The market value of a property is in most appraisal methods based on the market rent levels. The vacant possession value can be understood as the market value of the property if let on the date of valuation, but corrected for certain losses and risks (Schiltz, 2007).

The properties of the CGREA are mostly vacant on the date of appraisal and there are properties with very specific functions which can not be related to a market rent level. For around 80% of the vacant properties of the CGREA it is necessary to change its intended use (Rijksvastgoedbedrijf, 2015).

Besides valuation dependent on the market value, a property can also be appraised by the following two approaches:

I. The Cost approach;
II. Residual valuation.

Lusht (2002) states that a property’s value is a function of its expected use. Any form of redevelopment and future function, therefore, determines the highest and best use. The risk of a bad economic deal becomes highly likely in the case of extraordinary properties. Assets with special characteristics allow for the presence of a plurality of heterogeneous functions, and very often include several values (historical, artistic, identity, cultural and social) that complicate their marketing (Spiller, 2008). The definition of the market value is therefore very subjective and dependent on the criteria that the appraisers takes into account.

Property valuation has evolved too much as a science of investment, distanced from the dynamics of demand (Guy and Harris, 1997). Guy and Henneberry (2000) argue that economic models typically fail to consider: different forms of demand, such as occupier and investment demand; development agents being motivated for reasons other than profit; the difficulty of assessing the financial viability of schemes, including the distortions...
produced by appraisal methods; and the complexity of the development process.

In the current real estate market, where limited transactions are executed and with constant changing demands, it is difficult to establish a market value. This raises the discussion about the market conform value of a property. The CGREA is obliged to define the market value because a property has to be sold market conform (Van den Bos, 2015). However, important in defining this market value is to take into account all the possible impacts, future objectives and possibilities for a property.

Currently the CGREA executes the appraisal of market values as follows; in case it is difficult to determine the property’s value due to the range of functions a conversion can create, different appraisals will be done. These appraisals are not only carried out by internal appraisers at the CGREA but as well external appraisers are asked to value the property. In case a property has an expected market value of less than € 1 million two independent valuations will be performed by market parties. In case the expected value is more than € 5 million. Three appraisals will be done.

4.2 PUBLIC VALUES VERSUS MARKET CONFORM

To control and steer on efficiency for choices concerning the disposal of real estate it is important that the CGREA has a view on the current market value of its portfolio. By knowing the actual market value efficient choices can be made regarding renovation, disposal and the rental versus ownership ratio (Algemene Rekenkamer, 2015). Currently there is limited information concerning the actual market values of the properties in the portfolio. The WOZ-value of land and property, which could serve as an indicator of the market value, is not for all properties included in the administration and in many cases not up to date. When there is decided to dispose a property the CGREA determines the current market value by an internal appraiser of external appraiser (Algemene Rekenkamer, 2015).

The CGREA is not a private owner which is responsible for high sales revenues, but also has a public responsibility. A socially desirable redevelopment can yield less revenue. The pursuit of public values may conflict with the pursuit of financial returns.

Consider the following example; a property that is for sale and a conversion is necessary because the property’s function can not be continued. In this case the ABC-scan and further analysis will be done in order to find the best suitable future function. Consider three functions that are possible: offices, housing and a school. Figure 9 indicates the different fictive appraisals for the different functions. Based on this ABC-scan and further analysis the highest and best use (HBU) potential will be leading in the CGREA's expected financial return for the property, in this case an office could be accommodated in the building. However, other functions could also be realised, from municipality perspective, as housing or a school. In case the municipality wants to realise a school and the HBU is following the analysis office, then the municipality has to buy it for the price of an office. So interests may be contradictory. This may be the case with goals from various governments or various ministries. As well transformation and conversion costs money and are difficult to estimate. This makes estimations of market values difficult.

For the CGREA the HBU price will form one of the most important criteria in the selling process because this is the market conform price. There is a constant focus on optimising the financial return and achieving the market conform price (Interview Rijksvastgoedbedrijf, 2015).

There are two examples of sales, where in the end sold in the end due to high appraisals of market values. The Willem Witsenplein in The Hague en the Steenvoordelaan in Rijswijk. The Willem Witsenplein turned out to be more unmarketable than the external appraiser thought. The highest bid was € 1.8 million, this is € 128 per m² (for 14.000 m²). This bid was not accepted and the property was withdrawn from the market to keep in the portfolio of the CGREA (BZK, 2015b).

<table>
<thead>
<tr>
<th>Adaptive reuse</th>
<th>Function</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Offices</td>
<td>5.000.000 euro</td>
</tr>
<tr>
<td></td>
<td>Housing</td>
<td>3.000.000 euro</td>
</tr>
<tr>
<td></td>
<td>School</td>
<td>900.000 euro</td>
</tr>
</tbody>
</table>

Figure 9: Valuation approach (Source: Own illustration)
This raises the question about the definition of market conform selling. Especially for properties that are complex to convert and where a contradiction in interests exist between the CGREA and municipalities. Because municipalities decide whether to change the zoning plan or not and this has also a large influence on the selling price.

The same approach is there for areas that will be sold. A wide range of appraised values is necessary to predict a market conform price for the land. This is a rather traditional approach because non-flexible land exploitations are not feasible anymore. Large lands can not be sold at once because the real estate market can not take high amounts of dwelling in one time, supply driven development is replaced by organic development (Keeping, 2009).

The CGREA is now operating in two area developments, the Hembrug area and Valkenburg. The Hembrug area is a site of 42.5 ha. On the site are around 120 buildings, among these are 50 listed buildings. The soil is contaminated because it was a former military base (Puik, 2014). Various appraisals were done for the whole area resulting in the variety of minus 30 million and plus 60 million (Personal interview, CGREA, March 2015)

The CGREA chose to develop this site for two reasons. The first reason is to take away the risks for private developers. The second reason is two increase the value of the site. By developing a program for the area the value can be increased. In the development the CGREA is searching for wider regeneration benefits for the local communities.

By following one appraisal for an area shows a rather narrow economic perspective and can be considered irrational. The determination of appropriate minimum investment for smaller lot sizes, of adequate levels of market liquidity and the ways in which these criteria are translated into ‘views’ of specific urban and regional property markets are indicators which are important in developing an area. With time these will evolve and will be applied as part of a process of negotiation and experiential learning within and between the different stakeholders (Guy & Henneberry, 2000).

The importance of the government and private owner, with high sale proceeds, is sometimes inconsistent with the public responsibility of the government for proper planning; a socially desirable redevelopment often provides significantly less yield. The sales strategy of the government may also interfere with the operation of regional real estate markets. It would be more market conform to weigh the social and regional objectives as well in the valuation. Because what is the market value or market conform selling price of an ambitious marketable property in a shrink region?

The Council of Environment and Infrastructure (RLI) (2014) stressed in its advise for vacant government real estate that maximisation of receipts should not be the main objective by disposing real estate. The balance between anticipating on government policy, objectives of local authorities and financial returns has to be considered in each object. Because in the valuation the appraiser will take into account the following criteria legally permissible, physically possible, financially feasible and maximum productivity (Francke, 2014). The legally permissible is given by local authorities, because the municipality is in charge of the zoning plan.

The Council of advisers for the state (CRa, 2014) is even harder in defining the definition for financial return in the disposal of public assets: the proceeds from the disposal of a portfolio that has been achieved or acquired with public funds, and which has social significance in town or countryside, should also be assessed on social effects, and therefore financial return or valuation should not be the norm for decision-making. The financial return of the government in the disposal process should be depended on the potential new function of a property. This implies that a financial return should relate to the fair market value of a property and not the book value (if available) or the expected value (RLI, 2014). In many cases the future function of a property is not known, therefore it is rather odd to have the ‘market value’ as a norm in the disposal.

Therefore the market value of a property need to be valued on a comparison of future opportunities in collaboration with the interest of other stakeholders.

The first imperative, in case of an ambitious marketable property, need to be to measure what a property is ‘worth’ if disposed in open market circumstances. This is not to say that the disposal should be assessed under laissez-faire conditions. Laissez-faire conditions might decrease short-run revenues but increase the marketability of the property (Spiller, 2008). The change in the intended use involves, on the other hand, effects on the urban structure that can also produce new opportunities or constitute a stimulus to the processes of economic and social development (Tajani, 2014). The financial return of government real estate should be valued on the potential of a new function for a property in collaboration with the relevant stakeholders. These stakeholders are the local authorities but as well market parties who have the knowledge of the costs of conversions and can give a better indication of the market value.
CHAPTER 5 - COLLABORATION PROCESS

This chapter will research the following sub-questions:

1. How is the overall process of disposal organised within the CGREA?
2. Who are the stakeholders by disposing a property and how does the CGREA involve these stakeholders?
3. Are there advantages in collaboration that contribute to public values?

First the internal process within the CGREA is described. For the disposal of a vacant property different departments in the CGREA collaborate to set up the process for sales.

5.1 INTERNAL SALES PROCEDURE

Figure 10 illustrates the process of disposal. According to the master plans or asset management of the CGREA a property may not be necessary anymore for the primary process. To create an integrated assessment, which is about the future of the property in its context, The Broad Value Assessment will be done by the use of the ABC-scan. After the crowd-source phase of the ABC-scan and the preparation to collect all the necessary information of the property, the asset manager organises the multidisciplinary pressure-cooker with operational knowledge of context, building and region. During that session the ABC-scan will be finalised. The scan is immediately available digitally and permanently after a short period of feedback from the participants (BZK, 2015c).

In case the master plan for the concerning property indicates that the property will be vacant ‘for certain’ than the ABC-scan will be checked and filled in with the remaining information. Additionally in case it concerns a KORV-object (Policy Readmission Government Real Estate, in Dutch: Kader Overname Rijksvastgoed, KORV there will be a KORV-valuation. A KORV-object is a property or area that isn’t owner by the CGREA. But of another government department. These departments (except Staatsbosbeheer and Centrale Opvang Asielzoekers) are obliged to sell their real estate when vacant to the CGREA, conform KORV. In this the arrangement is made that the CGREA pays 60% of the appraised price to the department at the time of transfer. The remaining 40% is paid after the sales of the property. In case the sales has a positive result, it will be divided between the CGREA (this result adds to equity) and the concerning department.

The ambition is to establish an increase in equity that in the future an appropriate risk ratio will be established so that the future procurement of buying KORV-objects will be paid 100% in advance (BZK, 2014).

After the decision to dispose an official letter will be written to indicate that the property will be disposed. The property will be hand over to the sales department. The first step at the sales department is normally a valuation or further consultation with the concerning municipality (Rijksvastgoedbedrijf, 2015).

For the sales department every sales is unique and demands customisation. However, the approach for every sales is standardised. This means that before a property is sold the objectives and a plan of approach will be established. The same sales methods and disposal categorisations will be used (Personal interview, CGREA, 2015).

In a presentation of Quax (2015) the following process structure is sketched:

1. Object analysis
2. Samenwerkingsovereenkomst (SOK, in English: Collaboration agreement)
3. Sales process
4. Sales agreement

The object analysis concerns an extensive collection of information. First the Zoning plan will be analysed and the concerning municipality has to agree with a change in zoning plan if necessary. Second the monument status of the property will be researched. After other object data as pictures, energy label, drawings and maps, technical report, archeology, possible artworks...
5. COLLABORATION PROCESS

etc. will be collected. Third there will be a soil and asbestos research by an external party. Before the sales approach is finalised, a sales agreement will be discussed with the concerning municipality. The commitment of the municipality will be discussed, the financial requirements and the stakeholders responsibilities and activities. After this the choice for the sales process will be determined (BZK, 2015b).

From private developers there is a lot of criticism on the way the CGREA is running the disposal process. This is as well illustrated in the Willem Witsenplein in The Hague, the first sales process have led to low bids, this results in procedures that need to be redone which leads to longer vacancy of the property. Jaap Uijlenbroek states that the aim for the CGREA in the process is to optimise and create added value. The real estate will not decrease in value, and the CGREA can permit themselves to wait for a good market value (Gebiedsontwikkeling.nl, 2014).

In contrast, the view of the property process posited here is dynamic, deeply contextual and contingent both on the particular aims and objectives of development stakeholders. This interrelationship between collaboration and public values may provide the key to understanding the process. There are very different approaches to understanding the market, by local property actors, including developers, economic development organisations, planners and community groups. Exploring the integration of economic and social processes wrapped up in these competing conceptualisations of the markets, there can be a better understanding of development opportunities and the contingent nature of local development (Guy & Henneberry, 2000).

5.2 STAKEHOLDERS

In the disposal process the CGREA has the role of a real estate owner on the supply side. Their role is to search for the needs from the demand side translated to the vacant properties in the portfolio. The search and process of selling a property involves a lot of stakeholders. The government real estate departments have been doing conversions and sales of properties already for a lot of years. This is not something of the past four years (Uijlenbroek at Gebiedsontwikkeling.nl, 2014). However, there is a difference in the current market. The real estate market is changing. With these changing circumstances, the task becomes more difficult. The need for collaboration is increasing in the whole society. The CGREA therefore needs to collaborate with other real estate developers as well. “Both institutional investors as” out of the box ‘thinking creative parties are needed to convert the vacant real estate (Gebiedsontwikkeling.nl, 2014).

The real estate development practice deals with the individual and specific visions of a complexity of stakeholders. In the case of disposal seven main stakeholders can be identified that are part of the process:
1. CGREA;
2. Government departments;
3. Provinces;
4. Municipalities;
5. Society;
6. Local communities;
7. Private real estate parties.

The interests of the stakeholders differ. The interest of the CGREA is to sell the properties for a market conform value. Government departments want to reassure the government objectives in selling real estate. For the provinces the objectives regarding vacant real estate differ: some provinces want to strategically steer on conversions of vacant offices and on increasing sustainable urban structures and other provinces want to preserve cultural heritage (RIGO, 2014). The interest of the municipalities is to reassure the identity of a property and establish a new use for the property. Local communities want to have a lively neighbourhood with no vacancy, which decreases the value of surrounding area as well. And private real estate parties are looking for opportunities to develop new properties with a positive financial return.

Last year the CGREA intensified the collaboration with stakeholders, like provinces, municipalities and as well private developers. In the advise of the RLi (2014), there is expressed that besides national policies, the policies of provinces and municipalities concerning real estate are important as a basis for determining public values in the built environment. The RLi was of opinion that in the early stages of disposal the provinces and municipalities need to be involved in establishing programmes and regional strategies for vacant real estate from the government but as well the real estate of provinces and municipalities. The CRA (2014) recommends to take public responsibility and involve and collaborate with regional parties in initiating programmes for the disposal. Disposing real estate is a process with architectural, spatial and social effects if this is properly prepared it can result in benefits for the quality of the environment. Both advises stressed the MIRT (Meerjaren Plan Infrastructuur, Ruimte en Transport: Multi-annual Programme
Infrastructure, Spatial planning and Transport) to form the framework and basis of regional agreements and collaboration. Because the problem of vacant real estate does not only affect the CGREA but as well provinces, municipalities and private real estate owners. Besides a lot of provinces are struggling to make a strategy for their properties (CRa, 2014).

The need for integration is an important fact in the characteristic of complexity of development projects. Another important characteristic of development projects is the ability of value-creation, as it can create economic, ecological and social value (Nirov, 2012). In order to create values it is important to collaborate and set up frameworks for collaboration.

In a recent research of Cleton & Donker-Blacha (2015) a new tool and strategy is researched for the CGREA concerning adaptive reuse as area development. The research states that the current method of adaptive reuse focuses to much on property level and not on area level. The CGREA should be taken into account higher scale levels than only property level. With this new way of thinking the CGREA challenged developers and architects to develop strategies and programmes for adaptive reuse on macro-level for three regions: Dordrecht, The Hague and the Achterhoek. The results have to show that adaptive reuse from the viewpoint of area development achieves more than an approach only on micro-level.

5.3 POSSIBILITIES AND OPPORTUNITIES COLLABORATION

In order to identify and contribute to public values it is important to establish a good collaboration with stakeholders. As stressed in the theoretical framework there are two boundaries concerning collaboration set in the law for the CGREA in case a property will be disposed.

First there is the reallocation procedure which entails that in case a property becomes vacant and it can become in use of another property user/owner, there is an order of preference that needs to be applied (Ministerie van Financiën, 2006). First the other government departments have the right to put forward a notion if they want to use it. If this is not the case than other public institutions like the concerning province or municipalities will be asked if they want to buy the property. If they are not able or don’t want to buy the property than other legal (private) parties can buy the property.

Second, and most importantly in case of collaboration, there are guidelines in the law that should be applied when selling a property. The property need to be sold market conform. The CGREA can not give permit deals that is a fund or lower the appraised value of a property. A property also has to sold publicly, every legal party has to have the same right as other parties in buying a property. It has to be traded publicly. And the process needs to be transparent (Van den Bos, 2015).

The following paragraphs will describe current collaboration of the CGREA with the most important stakeholders: the province, the municipality and private parties.

5.3.1 GOVERNMENT DEPARTMENTS

Besides maintaining and managing real estate for primary processes, the CGREA portfolio should also be used to contribute to other policies and government objectives. The first RVPS (2013) makes the first attempt to format these wishes. The CGREA want to implement this to categorise per regional district the real estate. In this regional district analyses will be done in order to see how real estate can be combined with the area developments in the spatial and economic domain (Algemene Rekenkamer, 2015).

In the RVPS contributing to public values is described as taking into account government policies and objectives. The following objectives of ministries are objectives that concern real estate (VPS, 2015).

A. Ministry of Infrastructure and the Environment
   1. Strengthen the spatial-economic structures in The Netherlands
   2. Ensure spatial accessibility
   3. Maintain the main network of highways, railways and waterways.
   4. Ensure the quality of living environment (including the nature an cultural-nature quality)
   5. Ensure water management (safety)
   6. Maintain unique and cultural landscape values
   7. Responsible for the quality of spatial planning.

B. Ministry of Economic Affairs
   1. Maintain the main network of energy transition
   2. Increasing renewable energy
   3. Promoting economic activities in shrinking areas
   4. Increase the competitiveness of The Netherlands
   5. Set up and maintain the national network of nature (Natura 2000 and Government Real Estate positions in relations to the Ecological Head Infrastructure)
   6. Efficient management of ecological areas and reducing fragmentation of managing departments

C. Ministry of the Interior and Kingdom Relations
1. Ensure adequate housing of sufficient quality at the right locations
2. Ensure housing of government departments
3. Redevelopment of former vacant government properties
4. Improve regional employment conditions
5. Implement inter-governmental programme Population decline

D. Ministry of Education, Culture and Science
1. Maintain and ensure cultural, historical and landscape qualities
2. Monitor and execute disposal protocol of cultural heritage of the government
3. Broadening users' possibilities cultural monuments
4. Allocate education institutions

E. Ministry of Finance
1. Increase the return on government real estate

The CGREA is not in charge of executing these policy and ministerial objectives. When a property becomes vacant the ministries and other government departments have the first right to obtain the property when needed. The decision to dispose public assets influences the quality of the environment and employment in a region. Also, they affect other policies, such as spatial planning, sustainability and the preservation of cultural heritage. In order to contribute to these issues, an assignment needs to be given by a policy department, these are also in charge in providing the necessary funding.

The ICRV (Inter Departmental Committee of Government Real Estate) is a committee related to the broad program of government real estate. The ICRV has three tasks:
1. Strategy development regarding government real estate;
2. The annual establishment of a government-wide portfolio strategy (RVPS) involving all government real estate and advising the Cabinet.
3. To serve as principal of the government-wide real estate development projects of the government.

The committee consists of representatives of various ministries and policy departments.

The ICRV has a broad agenda with regard to government real estate. Recent years, especially the project and cross-departmental issues were discussed in the ICRV. The ICRV can intensify policy guidance on real estate projects. The principle is that projects that are controlled from policies, one policy department is the delegated principle on behalf of the ICRV. The preparation of tasks, monitoring of the progress and accountability for the project is primarily a collaboration between the department of Transactions and Development and the CGREA. The ICRV will be informed about these matters through the regular progress reports.

For some projects it is possible that the CGREA works on a number of repulsive tasks, combined with small-scale urban development, where no explicit policy objectives of the government are present (or possibly of municipality or province). These projects are delegated by the ICRV (BZK, 2015d).

5.3.2 PROVINCES
Last years government policies and objectives relevant for real estate (spatial planning, nature planning, regional economic planning) decentralised. Provinces are becoming more and more a relevant stakeholder and strategic partner for the government.

It is important to link the properties to wider regeneration development projects or to city-wide development plans. This has frequently been, for example, a key requirement of major national and EU funding bodies and helped attract financial resources. Furthermore, the promotion of linkages between the objectives of local project and city-wide development plans could help avoid the repetition of mistakes linked to regeneration models (Colantonio et al., 2009).

Currently the CGREA is collaborating with provinces on real estate policy analysis (Beleidsvastgoed analyses). Per province the real estate will be combined in the MIRT. This will result in government wide portfolio strategies that connect the ambitions of the MIRT with the vacancy in the portfolio of the CGREA (land, properties and water). The agreement is in form of the BO-MIRT (Management Consultation-MIRT).

This approach fits with the renewal of the format of MRT. This renewal is focused on a broadening which includes spatial tasks along with other real estate parties (public and private) to deliver customised opportunities. This approach includes the dealing with CGREA vacant properties. The provincial consultation leads to an extensive repertoire that fits within the regional real estate markets and policy objectives of the various provinces (BZK, 2015).

In 2014 the CGREA, by assignment of the ICRV, started with a pilot for provincial analysis together with province of Flevoland. This analysis entailed a research on which locations in Flevoland the CGREA had real estate and how the government can contribute with their real estate in shared policy objectives of the Government and province.
The analysis was focused on: the accessibility, the wind energy, the ecology, leisure and tourism.

After the pilot in Flevoland the ICRV decided that the CGREA can do this analysis as well for other provinces where are opportunities to commit and enhance the policies of the government and provinces with their real estate. Currently these analysis are done for the provinces of Noord-Holland and Brabant.

5.3.3 MUNICIPALITIES
Municipalities are one of the most important stakeholders. Municipalities have a strong influence on the disposal and adaptive reuse potential of the property because they are in charge of the zoning plan. In municipalities with a high number of to be disposed properties there will be tried to establish a covenant (SOK= Samenwerkingsovereenkomst). In The Hague, Lelystad, Zwolle and Haarlem the minister of Housing already signed the covenants. This agreement entails that the CGREA and concerning municipality together will search for future possibilities for the vacant real estate. The main objectives and priority areas in these covenants are:
- Economic vitality
- Urban quality
- Market conformity
- Reduce of financial risks

In the municipality of Lelystad the CGREA started an investigation for six properties of the CGREA combined with the vacant municipal real estate. The CGREA and the municipality jointly developed a strategy for selling the properties. An agreement was signed to further define the strategy. However, there was soon a problem because there was a potential buyer for a building in a good location. This while there was an agreement between the two stakeholders. The agreement set out that the stakeholders to getter had to decide for the properties in the strategy. These example shows that good agreements must be made and that every object in the current market requires a customised approach.

The challenge is to convert objects and give the properties a new purpose in the environment, thus contributing to local economic development. Also demolition may be necessary if the situation calls for. The importance of collaboration with municipalities is to get agreement on new features or functions to sell the property.

5.3.4 PRIVATE DEVELOPERS
The CGREA is a department that maintains and manages real estate for government departments. Disposal is seen as a ‘cause’ towards more efficiency of real estate. The CGREA is not mandated to redevelop vacant properties for other purposes than government objectives. Therefore private developers need to be part of the process in order to develop the vacant properties for a new use. Private developers are needed for the future use and willingness to invest in the vacant properties. However, they seem to hesitate in investing in the properties because of the high risks involved and the public selling circumstances. The high risks are related to the current market circumstances and the current state of some of the properties.

Private parties opt that the CGREA has to show more opportunities for the vacant properties (RVB cafe, 2014). Private developers raise questions why the CGREA does not enter into direct and exclusive negotiations with developers for the sale of a property. This is in conflict with the principle of equality, where everyone in the Netherlands must have an equal opportunity.

The CGREA has the ability to anticipate in the redevelopment process by creating social support between the various stakeholders involved. However, the anticipation in a process is difficult in practice because of the layers in decision-making.

Currently the CGREA researches new methods in order to involve private developers in earlier stages of disposal. The sales department consults the market to investigate if there are chances and opportunities for collaboration (Personal interview, CGREA, 2015). The CGREA needs to involve the private developers and provide opportunities for the vacant properties (Dekker, 2010).

Private real estate developers themselves see public values as an essential part of the real estate development practice. Heijmans is a company that develops and redevelops real estate. Heijmans always takes into account public values (Rutten, Personal Interview, May 13, 2015). Rutten (2015) states that in the coming years society has to respond to assignments in which developments in the fields of economics, sustainability, energy and mobility have to be combined. The assignment is to bring these interests together through ideas and solutions that contribute to the living environment. In this we can generate better values for the built environment.

Currently, a lot of real estate developers in the Dutch market are focusing on adaptive reuse and urban renewal within inner city areas. VolkerWessels, a company that develops and redevelops real estate, argues that real estate is a mean and driver of social processes. Real estate can be a response for social issues that are currently arising. VolkerWessels responds to these issues by establishing business cases for vacant properties. For the business case they collaborate with stakeholders to find a solution for a social issue, e.g. reintegration.
The latter chapters described the proceedings concerning the portfolio, financial return and the collaboration process. In the government portfolio real estate is not an investment asset but it serves to execute the primary processes of government activities. Properties that do not serve this primary processes need to be disposed. The disposal portfolio is a large portfolio of around 700 real estate objects.

The chapters provide two sides that are related to public values in disposal: intern and extern.

The intern procedures are the management of the portfolio and related instruments to sell the vacant properties. The categorisation of vacant properties need to be focused on the variables concerning market, location and building, instead of building level. The constant combination of these three factors is important to determine possibilities for a property. The properties of the CGREA present a wide variety of typologies and characteristics, where the older properties have mostly dominant places in cities, towns and regions. This has to be linked to provincial or regional level (market). The connection with the local authorities is important because the CGREA is not the only public (or private) institution that has vacant real estate. A more controllable situation can be managed with a consistent categorisation. Within this categorisation the means as temporary use can be applied to create a public support and connect the property more to its environment.

Internally there are instruments to manage the portfolio and disposal portfolio. For the disposal various methods are used to steer the process of disposal. There is the ABC-scan, this scan aims to provide a framework that can be used in the disposal and determine the future possibilities in the portfolio. However, the ABC-scan is not part of the primary process as stated during interviews. It can be stated that has more focus on theoretical and policy side of the real estate than the desired practical outcome.

The market conform selling price is based on internal and external appraisals which consider future functions. The CGREA is not a private owner which is responsible for high sales revenues, but also has a public responsibility. A socially desirable redevelopment can yield less revenue. The pursuit of public values may conflict with the pursuit of financial returns. The first imperative, in case of an ambitious marketable property, should be to measure what a property is ‘worth’ if disposed in open market circumstances. This is not to say that the disposal should be assessed under laissez-faire conditions. Laissez-faire conditions might decrease short-run revenues but increase the marketability of the property.

The extern positioning of disposal is the collaboration with public institutions and private developers. In the current real estate market the government has the role of a real estate owner on the supply side. Their role is to search for the needs from the demand side translated to the vacant properties in the portfolio. Collaboration with public institutions entails different levels, national level: government departments, regional level: provinces and local level: municipalities. Last year the CGREA intensified the collaboration with stakeholders, like provinces, municipalities and as well private developers. In the advise of the RLi (2014), there is expressed that besides national policies, the policies of provinces and municipalities concerning real estate are important as a basis for determining public values in the built environment.

Currently the CGREA is collaborating with provinces on real estate policy analysis (Beleidsvastgoed analyses). Per province the real estate will be combined in the MIRT. This will result in government wide portfolio strategies that connect the ambitions of the MIRT with the vacancy in the portfolio of the CGREA (land, properties and water). Municipalities have a strong influence on the disposal and adaptive reuse potential of the property because they are in charge of the zoning plan.

In municipalities with a high number of to be disposed properties there will be tried to establish a covenant (SOK= Samenwerkingsovereenkomst). In The Hague, Lelystad, Zwolle and Haarlem the minster of Housing already signed the covenants. This agreement entails that the CGREA and concerning municipality together will search for future possibilities for the vacant real estate.

The CGREA is not mandated to redevelop vacant properties for other purposes than government objectives. Therefore private developers are needed for the future use and willingness to invest in the vacant properties. However, they seem to hesitate in investing in the properties because of the high risks involved and the public selling circumstances. The high risks are related to the current market circumstances and the current state of the properties. Private developers opt that the CGREA has to show more opportunities for the opportunities of the vacant properties (RVB cafe, 2014). The collaboration with private developers will be intensified coming years. By the establishment of new sales methods market parties will get more opportunities to provide plans for vacant real estate of the CGREA.
CHAPTER 7 - PUBLIC VALUES IN REAL ESTATE

‘Maatschappelijk rendement koppelen aan financieel rendement bij de afstoot van Rijksvastgoed’

"Connect social return to financial return by the disposal of government real estate"
(Minister Blok, Symposium: Diversity of Vacancy, 2014)

The CGREA is exploring ways to dispose the real estate with maximum financial returns, but with respect to society. The minister of Housing defines this as minimising disturbances on the Dutch Real Estate market (balance between demand and supply, value and value development). As well as taking into account the causes it has on the environment and the affected municipality (Blok, 2014a). Many government properties are of historic or architectural interest, and government departments are required to safeguard this heritage as part of their mandatory duty (CRA, 2014). There is growing awareness that critical choices have to be made in the portfolio. A good underpinning and accountability of the public spending is essential in this (BZK, 2011).

In the nontransparent real estate market there is increasingly awareness that owners of, especially public real estate, should be more transparent about the costs of the real estate and the implicit of explicit subsidies to social goals (Veuger, 2014).

In the research proposal the concept of social return is defined as a financial investment to the benefit of social effects. Since the CGREA is an operating department and not allowed to make financial investments in the disposal of properties there is chosen to focus the research on public values in real estate. This chapter will address the following research questions:

1. How can public values be defined in real estate?
2. What are possibilities to measure or support public values in real estate?

The first questions will be explained with literature and current practices of the CGREA regarding this topic. The literature review is focused on finding possible definitions and related indicators for public values. The second question will review methods used to quantify indicators of public values.

7.2 LITERATURE PUBLIC VALUES

Over the past decade, and especially since the financial crisis, public values in real estate emerged as a field of research, policy, and practice. However, the understanding of this concept is still fuzzy and limited by theoretical and methodological constraints stemming from its context and disciplinary-dependent interpretations (Colantonio et al., 2009). Government departments but also private parties engaged in developing real estate aim more and more to also incorporate public values in the real estate development practice. Real estate only seen as a financial asset is not the only importance, creating a social valuable property is becoming more and more important, because it as well increases the financial value (Veuger, 2014).

As a result, the concept of public values has been under-theorised or often oversimplified in existing theoretical constructs and there have been very few attempts to define public values as an independent dimension in real estate. No consensus seems to exist on which indicators and perspectives should be adopted in defining public values. Each author or policy maker derives their own definition according to discipline-specific criteria or study perspectives, making an agreed definition is difficult to achieve (Colantonio et al., 2009).

Furthermore public value is an increasingly ubiquitous term in the politics and public literature in different topics. However, there remains some lack of clarity over what public value is, both as a theory and as a descriptor of specific real estate. Mark Moore (1995) formulated the public value framework to help imbue public sector managers with a greater appreciation of the constraints and responsibilities within which they work. This in turn was intended as a basis for a more proactive and entrepreneurial approach to value creation. Moore’s central proposition was that public resources should be used to increase value in a way which is analogous to value creation within private enterprise. However, public values would necessarily extend beyond narrow monetary outcomes to include benefits and is therefore valued by the citizenry more generally (Williams & Shearer, 2011).

Literature that can be linked to public values in real estate exist of three perspectives; corporate social responsible investment, sustainability and social-economic development. In order to establish a definition a literature study is performed on these topics. The following paragraphs will introduce these different perspectives.
7.2.1 CORPORATE SOCIAL RESPONSIBLE INVESTMENT
The corporate real estate management practice is seeking more and more to convey more social responsible issues. This by reducing the environmental impacts of building construction and operations. This attention has been extended in recent years to property development projects, where both social and environmental considerations related not only to the building, but also the project site and surrounding community are integrated into management and investment decisions (Hebb, 2010). Corporate responsibility and responsible investment issues have gained increasing public attention, prompting leading companies and investors to more closely examine the wider societal and ecological impacts of their business and investment decisions (Hebb, 2010). With the public attention there is a growing agreement that corporations have social and environmental responsibilities, though there is less clarity on what those responsibilities should be (Pivo, 2009).

Pivo (2009) researched what these responsibilities are. He summarised from different literature the key recommendations. First of all adoption of strategic objectives such as regulatory compliance, eco-efficiency or sustainability need to be incorporated in the strategy. Key performance indicators should be adopted, which can pertain to management activities (e.g. executive commitment, disclosure, tracking systems, etc.) and/or operational inputs and outputs (e.g. water use, waste disposal, etc.). Collecting data for the indicators through an information system that draws useful information from various sources and benchmarking against past performance, best practices, peers, minimum standards or longer range objectives. As well, engaging stakeholders in the selection of indicators and the interpretation of their results. Besides monitoring established indicators it is important to monitor trends over time.

The key indicators are on very superficial level and don’t indicate any variables. Whereas Pivo relates Corporate social responsibility more to measurement levels and governance, Hebb (2010) tries to describe the social impacts of the development industry. According to Hebb (2010) the narrow concept of corporate social return has to move away from the narrow concept of green buildings to a more holistic definition that captures both the social and environmental considerations, and reflect the aims of responsible investing more broadly. This can be done in a way of capturing the human dimension of the property sector. For Hebb (2010) important indicators of the development industry are: health and safety, urban revitalisation, brownfield redevelopments, affordable housing.

7.2.2 SUSTAINABILITY
Public values in the built environment are frequently described from the viewpoint of sustainability. Communities, governments, businesses, international agencies and non-governmental organisations are increasingly concerned with establishing a means to assess progress towards sustainable development (Hodge and Hardi, 1997). Many companies have initiated a variety of sustainable development initiatives to address the demands and expectations of society (Szekely & Knirsch, 2005). As a result definitions of sustainability vary widely across different types of organisation and real estate practice. The key categories for consideration in sustainability fall into two distinct areas: those associated with the property itself and those that are defined by the property’s location:
On property level, five different themes emerge in sustainability. First sustainability can be perceived as the energy usage and energy efficiency, the control and efficiency of energy usage is a key factor influencing how occupiers consider the space they use for business, and inputs directly into occupational costs. A second indicator for sustainability is the reduction in carbon dioxide emissions, the level of carbon dioxide emissions is a measurable component of the environmental performance of a property. Third water usage and water efficiency. Fourth, waste production and recycling, waste costs, most notably in terms of landfill taxes, have increased and are likely to continue to rise in proportion to overall property occupation costs. Therefore, assets with effective waste recycling and management systems in place to reduce waste will fare comparatively better. The overall adaptability, technology and occupier behaviour evolve increasingly rapidly, so the risk of functional obsolescence increases. Thus, the scope for buildings to be sufficiently flexible to adapt to changing circumstances and remain commercially useful is a key consideration (McNamara, 2011; Remoy & Voordt, 2009; Sullivan; 1997).

On location level three indicators for sustainability are present. First carbon-efficient accessibility, as long as transport continues to be fuelled by predominantly oil-based products, proximity to public transport will be beneficial, especially with the increasing cost of oil. Second, ground contamination, this has become a major determinant in the behaviour of real estate development, and, as such, features large in property decision-making regarding sustainability. Lastly flood-risk mitigation, the possibility of being adversely affected by flood is a significant factor, particularly where concerns exist regarding the insurability of flood damage (McNamara, 2011; Hemphill, 2004).

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7.2.3 SOCIAL-ECONOMIC DEVELOPMENT

The most research that can be linked to public values in real estate are described as social-economic development. The following paragraphs will describe different perceptions of social-economic development in the real estate practice.

De Jong (2012) conducted a research where she identified the objectives of sustainable social area development. A distinction is made between the various aspects of a sustainable development and the process.

Sustainable area development consists of four aspects: people, planet, profit and spatial quality. For every aspect different variables that relate to it are established. The first aspect is people. The related variables are social vitality, viability, enough good housing and facilities, quality of public and private space, possibility for social mobility and demand oriented development.

The second aspect is planet. The related variables are ecological sustainability, water storage, space for green, nature and landscape (biodiversity), consciously dealing with natural sources (e.g. through re-use).

The third aspect is profit. The related variables are good conditions for business activity, business space in all sorts of shapes, sizes and price ranges, stimulation and support of entrepreneurship, sufficient employment.

The last aspect is spatial quality. The related variables are distinguished in use value, experiential value and future value. The related variables for use value are: (multi) functionality, human scale, diversity. For experiential value these are aesthetic quality (of urban planning and architecture), image and for future value: flexibility, ability to anticipate spatially on changing circumstances.

The sustainable area development process includes four different aspects. First aspect is the flexibility, this can be created by having smaller projects and not sticking to final image-thinking. The second aspect is demand driven and hereby focus on the end user. Third, is having (public and political) support: actively involving residents and other users in the development. And lastly to accentuate the specific identity of the area.

In the dissertation of Colantonio et al. (2009) public values are described as social sustainability. Since the 1990s across the EU urban regeneration was emphasising on the environmental and economic spheres of regeneration. Now a days this has been replaced by a more integrated approach to urban redevelopment, which linked the stimulation of economic activities and environmental improvements with social and cultural elements.

The social and cultural elements are in this paper defined as social sustainability. The definition of social sustainability concerns how individuals, communities and societies live with each other and set out to achieve the objectives of development models which they have chosen for themselves, also taking into account the physical boundaries of their places and planet earth as a whole. At a more operational level, social sustainability stems from actions in key thematic areas, encompassing the social realm of individuals and societies, which ranges from capacity building and skills development to environmental and spatial inequalities.

In this sense, social sustainability blends traditional social policy areas and principles, such as equity and health, with emerging issues concerning participation, needs, social capital, the economy, the environment, and more recently, with the notions of happiness, well being and quality of life (Colantonio et al. 2009).

Urban regeneration projects can generate potential outputs and outcomes at least in the following ten social sustainability dimensions and policy areas (Colantonio et al. 2009):

1. Demographic change (aging, migration and mobility);
2. Education and skills;
3. Employment;
4. Health and safety;
5. Housing and environmental health;
6. Identity, sense of place and culture;
7. Participation, empowerment and access;
8. Social capital;
9. Social mixing and cohesion; and,
10. Well being, happiness and quality of life.

These are critical areas for the social sustainability of local communities and neighbourhoods, and it is of fundamental importance to assess the potential direct and indirect impact that urban regeneration project proposals are likely to generate for them.

Colantonio et al. (2009) identified some main approaches to area-based development. The first approach is the property-led physical approach, where for example a major retail-led or mixed use scheme is expected to have multiplier effects in the local economy. Second there is the business-driven approach, which highlights the importance of ‘under-served markets’ particularly in inner city areas as important force for regeneration through business investment. Third there is the urban form and design perspective, which highlights the importance of the relationship between sustainable development (SD) and urban form. Fourth there is the cultural industries approach, which stresses the importance of creative and cultural media industries as vehicles...
for development. Fifth there is the health and well-being perspective, which highlights the role that well-designed spaces can have on neighbourhood health and livability. Lastly there is the community-based, social economy approach, which highlights the importance of involving local communities in decision-making and developing social capital networks. The benefits of local job creation and economic spin-offs have also been addressed within the responsible property literature as an important social consideration. Some green building standards increasingly favour local hiring and local sourcing of goods and services. For example under the LEED system, proponents receive additional points for sourcing materials locally or regionally (USGBC, 2009).

Seinpost Adviesbureau BV & Onderzoeksinstuut OTB (2010) identified in a research, variables that can be measured to see how the local economy support the social economic well-being of neighbourhoods. The factors are divided between three subjects:

1. Strengthening the economic position of the residents.
   - Creating Employment: create both paid and unpaid workplaces.
   - Education: housing of educational facilities.
   - Internships and create work experience places.

2. Strengthening the entrepreneurship.
   - Coaching: guide and support entrepreneurs.
   - Flexible leases: offering space with flexible lease duration and / or height (for example, sales-related).
   - Basic & affordable offices: adding simple, inexpensive industrial space.

3. Strengthening the economic diversity.
   - Positive identity contribute to positive behavior, communication, symbolism and / or experience of the building and / or neighborhood.
   - Promote Safety: encourage vibrancy and social control.
   - Mixed-use: adding new features to the neighborhood and / or mixing different functions within a building or block.

In 2006, the VROM-raad (Council for living and environment) published the report ‘Stad en Stijging’ (City and Progress). This report was a response to the prevailing practice of urban regeneration. According to the Council in the urban renewal too much emphasis was laid on one hand, the quality of life and social cohesion and on the other hand on upgrading the housing and living environment. Little attention was paid to everyday concerns of residents.

The council drafted a vision to get a clearer view of the social goals of urban regeneration and the way how spatial interventions can contribute to this. The concept of ‘social advancement’ was introduced. Upward mobility is not just about economic progress of individuals, but also about self-development and social security (VROM-raad, 2006). Four topics were identified as relevant for social mobility:

1. Education: Education is an important condition for social mobility. Education provides self-development, development of skills and knowledge.
2. Labour: To get ahead in the labour market different steps can be taken; volunteering, internships, subsidized, temporary and permanent jobs or own businesses.
3. Housing: All residents deserve a good home and safe living environment. The steps that residents take in the housing ladder are depended on the choices they made in life.
4. Leisure: Leisure activities stimulate the fulfillment of people. Leisure can be done in the form of recreation, sports and culture. Leisure supports a strong economy whereas many people find jobs.

7.2.4. PUBLIC VALUES ACCORDING THE LITERATURE

The literature represents different perceptions of public values in real estate. None of the authors presented a general definition of public values in real estate. The analysis of relevant literature shows that in corporate social responsibility much is linked to the management of real estate and establishing the right relationships. From the sustainability point of view there is more focus on the ‘green’ themes such as energy efficiency, water waste etc. The social-economic literature showed that traditional themes, such as equity, poverty reduction and livelihood, are increasingly been complemented or replaced by more intangible and less measurable concepts such as identity, sense of place and the benefits of ‘social networks’.

The literature presents suggestions to the main key themes in defining public values in real estate. The literature is frequently focused on real estate portfolio management and urban development but all literature present the ‘social construct’ of real estate. The real estate market has been an investment market. However, a building is worth more than just the investment. A building has more value and meaning when it is used, an user gives a building or area the added value. This definition of the value of a building is important to consider for the CGREA because the properties in the portfolio often are unique objects that give identity to a city. An example of such a property is the Armamentarium in Delft, which used to function as the army museum. This museum generated 70.000 visitors a year and they did not only visited the museum in Delft but as well the inner city center. By moving the museum the CGREA aggrieved Delft with a huge economic loss.

Real estate has thus a public value when it is in use. When real estate is not in use, it is not cost-effective.
Not financially, but also not publicly. A vacant property is not only the problem of the owner but can be seen as a social problem experienced on different scales. In society vacancy is experienced as uncertainty and insecurity (Remøy & Van Der Voordt, 2006; Ris, 2012). The value of property can be seen in the long and short term returns. A developer will board to invest in a good new neighborhood for a short-term return, but the government is also responsible for the long-term return. This long-term return is determined by what people see in the place and the facilities in the surroundings (De Kam, 2008).

A large amount of vacant real estate in a region decreases the overall financial value of a region (Remøy & Van Der Voordt, 2006). Hebb (2010) states that public value can not only be seen in terms of sustainability, but that the industry of real estate development certainly contributes to the job market and urban development. Real estate (and adaptive reuse) contributes to economic development.

Nonetheless, sustainability is one of the key issues in the literature for social return on investment. Because by incorporating public values not only current circumstances have to be taken into account but the future and innovative solutions also contribute to the public values. Sustainability can be related to environment and saving measures. But as well to a long-term vision and a innovative solutions for the adaptive reuse of a property. Innovation can be defined as the development of a new or improved product, concept or service (de Jong, 2012; McNamara, 2011; Remoy & Voordt, 2009; Sullivan; 1997).

The latter reasoning expressed that the value of a property can not only be perceived on property level and the worth of the bricks, a property can never be fully expressed in a rental return or sales return. The true value of our built environment is much more profound. The built environment is an expression of cultural-historical perspective of the society. The built environment is on a personal level the facilitator of the daily actions and therefore as the context of our memories (van Dijk, 2009).

Despite this wide range of different perceptions, for the purpose of this report, it can be argued by the latter reasoning that the following definitions will suit for public values in real estate:

"Real estate contributes to public values when it is in use, contributes to an economic position and the building meets the sustainable use of resources."

This definition encompasses the fact that a building is a public asset when it contributes to these elements. In the following paragraphs the definition will be further examined, by examining how public values are encountered in public portfolios and specific in the portfolio of the CGREA.

7.3 PUBLIC VALUES IN THE PORTFOLIO OF THE CGREA

Newton (2001) argues that by transferring or selling public properties or sites to private parties, the broader values of the public properties and sites should be assessed and subject to a public process. "Government property is not simply the exclusive possession of a particular department or government. It is part of the public estate, the endowment of the people and it frequently has strategic planning, community development, recreation, tourist or heritage value" (McLellan and Moloney, 1989).

Literature presents the importance of the public process regarding the disposal of government assets (McLellan and Moloney, 1989; Spiller, 2008; Newton, 2001). For the CGREA public values are an ambiguous definition. As well the idea of incorporating public values has its opponents. Deliberately stated by the minister of housing is that public values need to be connected to the financial return, this is not explicitly part of the primary process (Anonymous, personal interviews CGREA, March 21, 2015). Set by the law and regulations a property needs to be sold market conform and this often seen as the highest and best use, while in certain cases also different functions can be accommodated in the property.

Within the CGREA there is a division in employees that want to sell the real estate for the maximum financial return and employees that argue that the real estate is developed with public money so the properties should be disposed by taking into account the broader public values (Personal interviews CGREA, March 21, 2015).

In the VPS public values are defined as commitment of the portfolio for society or government objectives. The society objectives are further defined as contributing to policy goals of other government departments. By only taking into account internal public objectives there is no contribution to public values. Public values are more than policy objectives of public institutions. There should be a vision on real estate as a public asset. A private party can contribute to public values or policy objectives as well. It is restricted to note that public values are only carried out by public institutions.

According to the definition, private developers can provide just public values as well. Leent (2008) states that real estate that contributes to public values don’t only have to ensure compliance with government goals but public values can also be accomplished by commercial parties. As well Avermaete (Symposium Public Values in the Built Environment, 2015) argues that the idea of public values are only safeguarded by the government is a
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7.3.1 DISCUSSION PUBLIC VALUES AT THE STRATEGY DEPARTMENT

In order to illustrate the perceptions within the CGREA of public values, a discussion and workshop is organised at the strategy department of the CGREA. In CGREA two tendencies exist when it comes to the disposal of real estate. Firstly, the group that argues from the fact that the disposal of real estate has to achieve the highest market price. Alternatively, the fact that trading in public real estate should result in an added value for society.

The objective of the discussion was to create consensus for the terminology of public values and how this is intertwined within the CGREA. In order to make the employees upfront aware of the discussion and the different broader values that have a role in the disposal process, Leo Hendriks conducted a survey based on the four different values in the Broad Value Assessment. Employees were asked to rank the four values in real estate; social, financial, cultural and ecological. The interpretation of these values form a comprehensive view for the realisation of integral quality in the built environment. The employees had to motivate why one of the values was the most important in the disposal of properties.

Besides the ranking of values, the ranking of importance of the different scale level was also questioned. These scale levels are: national, regional, agglomeration and postal code (The set up and presentation can be found in appendix 3). The perception of different scale levels are the so called ‘observation levels’. These observation levels make clear what values can be recognised on the different scale levels. This is the influence of the property or area on the environment and society. The influence is determined by the quality of the land, buildings, location and the quality of public space. This can thus also be encountered more abstract on higher levels, like the agglomeration, region or national level. The different levels are interconnected and strengthen each other.

In figure 1 the outcome of the survey for values is illustrated. Social values got ranked as most important value. One of the arguments is that real estate (buildings and sites) is part of a social and spatial process. Therefore choices made in the allocation, construction, management and use of real estate must proceed in accordance with the spatial quality. For all their real estate the CGREA must strive for an optimal combination between: social benefits, economic efficiency, environmental sustainability and cultural identity. The weight on the different values is a political choice dependent on the context of the location. In every decision these values need to be taken into account. Another argument is that social values give real estate a purpose. Real estate that is vacant and has no cultural or important value for the surroundings has no financial value as well.

Evaluating the results of the importance of the different scale levels in the questionnaire for the discussion, the employees were more dispersed (figure 2). Nonetheless, the scale level of postal code was ranked most important. Most arguments for these were that a property has to be part of its direct context. It has to have a purpose in the context, because without a meaning for this context it is not worth anything (The sheets with final results can be found in appendix 3). However, ultimately it may be necessary to realize the business case at the municipal level and, if necessary at regional level.

The following argument and example illustrates the interconnection between the different scale levels.

An area or property has meaning at all different scale levels. Important is to realize if an area or property is located in a region that shrinks or a region that grows. In a region that shrinks a property probably has to be demolished whereas in a region that grows there are a set of alternatives to give the property a new use.

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Figure 1: Values (Source: Hendriks, 2015)  
Figure 2: Scale levels (Source: Hendriks, 2015)
In Lelystad for example the CGREA addresses the to be disposed properties from the possibility of the properties, what is possible with the property and what are the alternatives in future uses. This is encountered on the scale level of the neighbourhood (type of location), of the city (economic and social vital areas or areas with no dynamics at all) and the possibilities of the region (catalyst function of the airport of Lelystad or Bataviastad). The outcome and meaning of the different scale levels is addressed in the case of Lelystad, the different arguments for local level don’t have more weight than the arguments on regional level. It is not possible to encounter the real estate on one single level but a connection with different argument needs to be made.

Furthermore the topics in the discussion focused on the categorisation and the connection between financial return and public values. The conclusion was that there should be a clear categorisation. There was an agreement about properties that are in very good locations and have a high potential to be redeveloped, for example the Prinsengracht in Amsterdam, can be sold for maximum financial potential. This will generate public values because it contributes to a new use, economic position and sustainable use.

For ambitious marketable real estate there should be a more clear focus on value creation and not on optimising financial returns. There is need for an instrument where decisions for this type of real estate can be transparent, orderly and efficient. This can be in the form of an indicator that can be laid next to the valuation and weights the different values next to the appraisal. In Amsterdam the alderman, Maarten van Poelgeest, had the initiative that private parties had to bid on an already fixed price, and the plans for the redevelopment were mainly based on the quality.

The assignment for the CGREA to work on social return is an outdated task, because social return is not the primary task of the CGREA. The disposal is a cause of the more efficient management of real estate. The CGREA carries out the policies of other government departments. The social return will be of the benefits of another department, and this department is therefore as well in charge of the financial investment.

Social goal is not the primary task. RVB carries out the policy. Revenues fall by another department. The search in the push-off is to be taken into account in any way social returns in an efficient manner. Very difficult to collect the benefits. For the disposal it is essential to encounter the public values with an efficient manner. In the response to the RLi and CRA there is stated to address social goals or government objectives that create public values in the built environment. Public values in the built environment can be encountered according to the definition: “Real estate contributes to public values when it has a vital function in its environment, contributes to an economic position and the building meets the sustainable use of resources.”

The definition can be made practical by identifying indicators for the concepts of ‘use’, ‘economic position’ and ‘sustainable use’. These indicators will be established later on in this chapter.

7.4 PUBLIC VALUE INDICATORS

This paragraph will first elaborate on the chosen definition compared to the arguments in the discussion and professional meanings. Furthermore indicators are established that can result in a practical outcome.

In an interview with Rutten (2015) the definition was discussed. Herein emerged that the word ‘use’ in the definition can also be filled in negative, because if a property is in use it can also have negative effects on the environment. As well for Rutten (2015) public values should be about durability and include future responsibilities. By further deliberating on the word use and reflecting it on the literature research, a more suitable definition has established:

“Real estate contributes to public values when it has a vital function in its environment, contributes to an economic position and the building meets the sustainable use of resources.”

The definition of public values established, is compared to the one definition that is found in literature of Heurkens (2012). Herukens used the following definition for public values in his research:

“Public interests are values that are viewed by a substantial group of different people and organisations as being fundamentally important to be safeguarded at a determined scale and a given point in time”

The definition of Heurkens (2012) is used for a research in urban development, and implies the importance of the involvement and perception of different stakeholders. Further explanation of Heurkens is that the government has different ways to safeguard public values. This safeguarding can be seen as non-negotiable planning standards which on the one hand can secure basic needs and on the other hand the negotiable development conditions that asks for involvement of actors. Based on the latter definition Heurkens argues that a public value can be called a public value when it has a certain economic, social and environmental value. Safeguarding public values in urban area development therefore requires spatial interventions which increase the economic value of properties and assets, increase the social cohesion of people and communities and
increase the public health of people and communities. (Heurkens, 2012; Hooijmeier et al., 2001):

Three key words in this definition are vital function for its environment, economic position and sustainable use. As described in the discussion a further explanation of the three key words in the definition can be given by the help of related indicators. The indicators can give the definition a practical outcome. The literature review of related themes to public values described various indicators that can be connected to the three keywords. Green and Champion (1991) illustrate that there is no recognised common practice to select indicators for analytical use. Indicators must be capable of satisfying various criteria in terms of being scientifically sound, technically robust, easily understood, sensitive to change, measurable and capable of being regularly updated (DETR, 1998d). According to findings in the literature research the indicators are established and described below.

7.4.1 VITAL FUNCTION IN ITS ENVIRONMENT

Long-term use
The future function of the property need to complement the context and accommodate a function that stimulates a long-term use of the property.

Flexibility
Sufficiently flexible to adapt to changing circumstances and remain commercially useful.

Reassure the value of cultural-heritage
Adam (2001) notes that the fact that government agencies have occupied buildings for decades (often over a century), this means that such sites are “givens in the landscape” and planning of surrounding development has often been predicated on their continued presence. Therefore the identity and heritage function need to be reassured.

Strengthen identity
Enhancing national, regional or local distinctiveness and creating better environmental amenity.

Spatial quality
Added value to quality of surroundings and natural environment

Openness
The future function of the property need to be prone to public and reassure an open function that is part of the urban context. This does not mean that housing is not an option, because even housing can stimulate openness to its environment.

Safety
A vacant property is not only the problem of the owner but can be seen as a social problem. In society vacancy is experienced as uncertainty and insecurity( Remøy & Van Der Voordt, 2006; Ris, 2012). Therefore the property needs to accommodate a future function that creates safety in the context.

7.4.2 ECONOMIC POSITION

Creation of employment
The disposed property will decrease the employment because a former function is removed. Reuse of a property can stimulate new enterprises which lead to new employment opportunities.

Strengthen diversity
Encourage new developments that complement the environment and create an added value in the surroundings.

7.4.3 SUSTAINABLE USE

Durability of use
Sufficient quality of new development that stimulates a new building life-cycle and the durability of the use of the new function. The function needs to be deliberated and be part of the demand.

Stimulation of adaptive reuse/regeneration
Recycling and reuse is more responsible than continual demolition and redevelopment (Sullivan, 1997). By stimulation of adaptive reuse of the property and changing the zoning plan to accommodate the future function.
Environmental sustainability

The future function of the property is to minimise waste, carbon energy and transport (by, for example, reducing car dependence), and create efficient water resource management.

7.4.4 VALIDATION INDICATORS

In order to validate the choices for indicators a discussion was organised at the CGREA. A presentation introduced the indicators. The confirmation is that the indicators provide a deliberation on the people, planet and profit aspects. The definition and indicators for public values are broad. As a result, every development can be seen as a public desirable. However, it is true that public values can be encountered as the interaction between money, culture and employment. The indicators can provide a framework in the form of direct public values and indirect public values.
7. PUBLIC VALUES

7.5 MEASUREMENT OF PUBLIC VALUES

In order to establish a strategy that incorporates public values a literature study is done on the methods that are related to measurements of public values. This in order to see if any ex-ante measurements can be interesting to assess the strategy and if there is a method to support the choices in disposal. The CGREA is searching for a way to incorporate public values in the process of disposal. The current policies and agendas for area development and real estate development offer limited guidance in incorporating policy goals and public values. The question that arises is how to actually balance and relate the abstract policy goals and the tangible dealing of real estate. (Blok, 2014b)

It is difficult to measure universally the ‘softer’ aspects in real estate such as the effects of a development on well being, happiness and neighbourhood satisfaction. At present, the only effective way to measure these dimensions of public values is through the use of surveys and other qualitative research techniques such as interviews and focus groups, which can prove expensive in the long term (Colantonio et al. 2009). Public values becomes meaningful if there is a standard which consists of a comprehensive definition (Van der Weide, 2009). Public values can only be done with intangible measurements, which only can be done in a qualitative way.

There is a lot skepticism regarding methodologies that measure public values and quantify them in terms on money. Within the CGREA this skepticism is because of the boundaries set by law and regulation, as explained earlier. It is not possible to invest in public objectives for the CGREA, because this can be recognised as illegal subsiding by the European Union (EU) (Anonymous, personal interview CGREA, April 20, 2015). However, the minister of housing asked in the advise inquiry to the RLi and CRA to investigate how to measure the ‘softer’ aspects of real estate (Blok, 2014b). Therefore it can be helpful to research the different methodologies and how these can contribute to the enhancement in indicating what kind of public values can be taken into account in the disposal.

The following paragraphs will introduce first two methods that are commonly used in real estate development. The Social Return On Investment (SROI), Social Cost Benefit Analysis (SCBA) and the Balanced Score Card (BSC). After more specific methods of assessing values are discussed.

7.5.1 SOCIAL RETURN ON INVESTMENT (SROI)

SROI is a framework for understanding, measuring and managing the outcomes of an organisation’s activities. SROI can encompass all types of outcomes social, economic and environment. It is based on involving stakeholders in determining which outcomes are relevant (BZK, 2009).

SROI is a methodology used by organisations to calculate the social return of an investment. It examines what the goals of a project or investment are and how these goals relate to the opinions of other stakeholders. The method uses many insights of stakeholders themselves for quantifying and monetising effects. This method provides a quantitative outcome (social return) and thereby makes it possible to make trade-offs between different projects (De Boer & Larsen, 2011).

This method results in a quantitative outcome (social efficiency) and thus makes possible trade-offs, mainly between similar projects at the same organisation (De Boer & Larsen, 2011). SROI ratio can be calculated by dividing the total yield of social impact through the necessary investment, every euro invested yields x euro to social value (SEV, 2010). Carrying out an SROI analysis involves six stages:
1. The first step is establishing scope and identifying key stakeholders. It is important to have clear boundaries about what the SROI analysis will cover, who will be involved in the process and how. Often service users, funders and other agencies working with the client group are included in an SROI.
2. The second step is mapping outcomes. Through engaging with the stakeholders, an impact map will be developed (also called a theory of change or logic model) which shows the relationship between inputs, outputs and outcomes.
3. The third step is evidencing outcomes and giving them a value. This stage involves finding data to show whether outcomes have happened and then giving them a monetary value.
4. The fourth step is establishing the impact. Those aspects of change that would have happened anyway or are a result of other factors are taken out of the analysis.
5. The fifth step is calculating the SROI. This stage involves adding up all the benefits, subtracting any negatives and comparing the result with the investment. This is also where the sensitivity of the results can be tested.
6. The sixth step is reporting, using and embedding. This vital last step involves verification of the report, sharing findings with stakeholders and responding to them, and embedding good outcomes processes.

7.5.2 SOCIAL COST-BENEFITS ANALYSIS (SCBA)

The Social Cost-Benefit Analysis (SCBA, Maatschappelijke Kosten Baten Analyse, Dutch acronym: MKBA) is an instrument that maps in a systematic and coherent way the project-induced effects. The benefits of the project...
are expressed and made quantifiable in euro. As well the social benefits that have no direct price tag, such as noise, security and a beautiful view. If the benefits exceed the costs, then the project ensures an increase in social welfare (BZK, 2011).

The SCBA represents the impact of an investment for the whole of society. The strength of the SCBA is to provide an insight into all the pros and cons of an investment, irrespective of the locations of these effects. The SCBA is also based in economic welfare theory. SCBA is frequently applied to assess investments where public money is involved. It is even obligatory for the government to execute a social cost-benefit analysis (SCBA) for large scale infrastructure projects. Especially the cultural heritage, ecology and cultural departments are supporters of the SCBA. In their opinion funding of the government in their sector will in the end yield high returns (Veldhuijzen & De Zeeuw, 2014).

SCBA is a process tool that enforces a logical rationalisation of effects, costs and benefits of project variants. This stimulates a discussion in order to choose the right scenario. The SCBA is most interesting when different scenarios are established. A specialised agency for SCBA’s can perform the SCBA in one week. The question is how objective the way of measuring is, because the quality of the input has a lot of influence in the output. Most of the SCBA’s therefore turn out to be positive (De Zeeuw, 2015; De Vaan, 2015).

7.5.3 BALANCED SCORE CARD

The origins of the Balanced Score Card (BSC) are related to performance measurements. The four perspectives of the BSC provide a balance in the choices that an organisation makes (Gruis et al., 2012). Although the BSC is designed for commercial enterprises, the instruments can be used by public institutions to highlight the trade-offs between social and financial returns. The BSC helps to be more transparent towards stakeholders. Moreover, making organisational output more specific and measurable is a first step towards performance benchmarking (Kaplan & Norton, 1996).

The balanced scorecard is a strategic planning and management system that is used now in various public and private organisations to align business activities to the vision and strategy of the organisation, improve internal and external communications, and monitor organisation performance against strategic goals (BalancedScorecard.org, 2015).

The BSC consists of a four perspective approach to identify what measures to use to track the implementation of strategy and vision. These four are:

1. Financial: encourages the identification of a few relevant high-level financial measures. In particular, to choose measures that help to inform the answer to the question how to deal with stakeholders and their perspectives.

2. Customer: encourages the identification of measures that answer the question: How do clients see us? Examples are the percent of sales from new products, on time delivery, share of important customers’ purchases, ranking by important customers.

3. Internal business processes: encourages the identification of measures that answer the question What should be the main priority? Examples in this area: cycle time, unit cost, yield, new product introductions.

4. Learning and growth: encourages the identification of measures that answer the question “How can we continue to improve, create value and innovate?”. Examples: time to develop new generation of products, life cycle to product maturity, time to market versus competition.

Figure 3 sets out the mapping of the several perspectives. Each perspectives is linked to objectives, targets, measures and initiatives. This is all done in relation to the vision and strategy. In this way the strategy can be made measurable and more matched with the actual dealing in the organisation. This can be interesting for a strategy concerning public values and how to incorporate actual key priorities to focus and as well transparent indicators in aligning that strategy in the disposal.

![Figure 3: Balanced score card (Source: www.bsc.com)](image_url)
7.5.4 THE SOCIAL SUSTAINABILITY ASSESSMENT FRAMEWORK FOR URBAN REGENERATION

Colantonio et al. (2009) developed a simplified social sustainability assessment framework (SSAF) for urban regeneration. The framework offers a model for the appraisal of urban development projects in EU cities against social sustainability criteria. The purpose of this framework is to provide practical and simplified guidance to identify, assess and measure key broad social impacts of single development projects.

The following ten indicators are established for the assessment framework:
1. Housing and environmental health
2. Education and skills
3. Employment
4. Health and Safety
5. Demographic change (ageing, migration and mobility)
6. Social mixing and cohesion
7. Identity, sense of place and culture
8. Empowerment, participation and access
9. Social capital
10. Well being

These ten indicators provide the assessment areas linked to a scoring system, which awards points ranging from 1 to 5 depending on the inclusion of specific items in the regeneration project. The scoring system can be applied ex-ante to evaluate project proposals through the application of checklists or ex-post through the evaluation of performance indicators, which have been selected to monitor the overall progress of the project for each area. Thus, a score of 5 for a given checklist item means that the project includes elements that comprehensively address a specific issue or criterion (e.g. affordable housing, job creation etc.). Similarly, at the monitoring stage, if a project indicator is performing very well for example reaching or going above pre-fixed targets, a score of 5 will be assigned to that specific monitoring area.

<table>
<thead>
<tr>
<th>Social Sustainability Themes</th>
<th>Assessment Value</th>
<th>Very Negative (points=1)</th>
<th>Negative (points=2)</th>
<th>Neutral (points=3)</th>
<th>Positive (points=4)</th>
<th>Very Positive (points=5)</th>
<th>Comments</th>
<th>TOTAL Average of $A+B+C+D+E$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Demographics (migration, ageing etc.)</td>
<td>1.1</td>
<td>The scheme takes into account the existence of current demographic trends</td>
<td>[A]</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>1.2</td>
<td>The project envisages the development of adequate infrastructure and services for the integration of new comers, especially if international immigrants</td>
<td>[B]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.3</td>
<td>The project envisages the development of adequate social infrastructure and services for the elderly</td>
<td>[C]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.4</td>
<td>The project envisages the development of adequate social infrastructure and services for young people</td>
<td>[D]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Education and Skills</td>
<td>2.1</td>
<td>The project envisages the development of good educational facilities in the area capable of catering for residents and newcomers</td>
<td>[E]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.2</td>
<td>After-school and youth development programs are planned as part of the scheme</td>
<td>[F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3</td>
<td>There are special educational programmes or services targeted to most disadvantage groups</td>
<td>[G]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.4</td>
<td>There are training skills programmes for minority groups and women</td>
<td>[H]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 4: checklist social sustainability (Source:Colantonio et al., 2009)

A checklist is proposed for the application of the scoring system to evaluate ex-ante project proposals. In figure 4 a part of the proposed checklist is shown. The selection of the checklist items and monitoring indicators will be subjective but can be conducted with part of the public, asking local residents or project recipients to take part in the evaluation and scoring exercise.

From an interpretational point of view, the scores obtained are totalled and then the average is calculated. As with similar point scoring systems, the higher the number of total points the better the overall rating. More specifically if the score obtained is comprised between 1 and 1.80 the consideration of a given aspect is very poor; 1.81 to 2.60 indicates poor consideration; 2.61 to 3.20 suggest barely acceptable consideration, whilst scores ranging from 3.41 to 5 indicate a good to very good consideration or a positive impact.

The scores can be represented in a radar diagram, which visualises the overall position of each dimension and identifies areas that are under performing and need improvement. An example is given in figure 5, this indicates a project scoring very highly in terms of softer social sustainability themes, such as empowerment, identity and social mixing, but for example could be improved from the point of view of social and economic infrastructure, e.g. employment and education facilities.
The assessment of Colantionio et al. (2009) presents a technical measurement of indicators. However, the framework could be deemed over-simplified because the interactions between social sustainability themes at present are not fully taken into account in the assessment process. As well the intention of the framework is not clear: what is the added value to measure the indicators. The assessment process is also based on the traditional assessor-assessed relationship because it relies upon expert-based indicators and checklists which have limited stakeholders participation in the selection process.

7.5.5 KPMG: TRUE VALUE METHODOLOGY
KPMG has developed the KPMG True Value methodology, this True Value methodology consists of three steps:
1. Assess the company’s true earnings: by identifying the externalities
2. Understand the future earning: by analysing exposure to the drivers of externalities
3. Create corporate and societal value: by developing business cases that capture value creation and reduce risk.

One of the significant features in this method is the identification of externalities. Externalities, both positive and negative, are increasingly being embodied with significant implications for corporate value creation, both in terms of impact on earnings and changing company risk profiles.

The question is, how should companies respond to this trend? Developing a more comprehensive understanding of a company’s externalities is a useful first step, but does not in itself equip the company to protect and build its corporate value. In order to do that, companies also need to understand which externalities are most likely to affect them and what the potential impact is likely to be. Once companies have a clearer view of their externalities, they will be in a stronger position to develop strategies that capture value creation opportunities and reduce risk.

The True Value Methodology presents a useful tool for measuring public values. Namely the identification of externalities. In case of disposal of a property, these externalities can be identified as the indicators of public values. This may identify the drivers of change for positive and negative changes for the disposal of properties. By mapping the positive and negative outcomes of the public value indicators a more general outcome can emerge.

7.5.6 ASSESSING PUBLIC VALUES
The latter paragraphs discussed very various methods to measure social return. The following paragraph will discuss the measurement of values in general.

In order to answer the question how public values can be assessed, one needs to answer the question ‘what does measurement in the public value approach need to achieve?’ For the disposal of government assets this can be translated to the indicators that indicate the public values of real estate.

Within the public value paradigm, not only do tools need to measure, but they also need to be ‘authorised’ and generate public value in and of themselves (Collins, 2007). Therefore measures are needed both in order to assess the broad outcomes of public values and to assess how well the processes to achieve these are functioning. So this implies that public values are not an outcome but as well the process is important in order to establish the right outcomes.

Literature presents that measures of value are only useful to the extent that they support negotiations and arguments about what needs to be done. This is useful to bring choices and trade-offs to the surface, useless the fact that they are disguised (White & Bourne, 2007).
The process of measurement, as already indicated, is a precise and often complex task that requires the operationalisation of broad concepts into specific measurable objectives or behaviours. Answering the question of how public value can be measured draws attention not only to the kind of measures that are needed, but also to the processes by which the measures are developed and used (Hills & Sullivan, 2006).

The question that arises is who takes responsibility for public values and who are the stakeholders that need to identify the measures. The role of politicians is to distill and represent public preferences but sometimes also to challenge public beliefs. The use of public value measures by public agencies is primarily to legitimize themselves. So value is an aspect of the relationship between states and citizens rather than an objective fact. It is shaped by what each considers desirable and important and then evaluates in more precise through conversation and negotiation (Mulgan, 2008). In disposal both financial value and public value have to be safeguarded. The financial value can be seen as a return for the tax payer, but a social desirable function in the surplus property that creates new economic opportunities and a sustainable use is as well a return the taxpayer.

The importance of the processes involved in the development and use of measures is indicated by the way in which the use of performance measures and how these are reported to the public can contribute to or undermine public confidence in the quality of public services. This suggests the need for a set of standards or criteria by which measures, their development and use can be assessed in order to ensure that they contribute to, rather than undermine, public value (Hills & Sullivan, 2006).

Mulgan (2008) argues that to put numbers on values there is a limited range of methods to use. Mostly stated preference methods where users or people are asked how much they value a certain indicator. These indicators can be asking for different kind of uses:

1. Altruistic use: knowing someone else might like it.
2. Option use: having the opportunity to do something if you want.
4. Existing use: satisfaction that things exist even if you don’t enjoy them personally.

All methods of this kind are prone to distortions and have to be triangulated with other methods (Mulgan, 2008). Agreements formulated to safeguard public value can be identified by the formal and informal influence on actual project operations. Formal agreements that safeguard public value are distinct by means of contracts, project procurement documentation and guidelines. The informal agreements are less distinct and address the role, functioning and involvement guidelines (Boer, 2013). The main focus of this research is on the informal agreements formulated to safeguard project’s public value, identifying agreements that relate to the public value indicators. The process of deciding key values is part of the public value process, and which values are viewed as particularly central are likely to vary over time and according to which sector or policy area is being considered.

In the booklet of Hendriks (2010) the VALiD approach is discussed (Thomson & Austin, 2006). The VALiD approach is intended for those in a project organisation to enhance the exploration and understanding of each other values. Property development is hereby seen as a unique product. It is a single product that is produced in a long and iterative process. Figure 6 illustrates the format of the value process.

The starting point of this approach is a structured questionnaire that consists of two parts:

1. The first part questions the general human values (what values are important to a single stakeholders and which basic principles and values which are less important).
2. The second part questions for the basic principles in the project (what values are important for the stakeholder as a basic principle in the project and what values are less important).

![Figure 6: Value process (Source: Hendrik, 2010)](image-url)
The answers to these questions are formatted in the form of an individual ‘value rose’ which provides a mapping of personal beliefs and attitudes towards values. The personal profiles can be aggregated to the housing organisation, its stakeholders or to a different mix of individuals. These aggregated ‘value rose’ gives a group mapping (Thompson & Austin, 2006; Hendriks, 2010).

7.5.5 SUPPORTIVE DECISION-MODEL MINISTRY OF JUSTICE

In order to complete the variety of possible methods to map or measure public values a practical example of a trade-off between financial return and public values will be discussed. This is on the topic of the closure of juvenile detention. The sector juvenile detention has to deal with drastic changes as a result of the decline in the influx of juvenile delinquents. In 2010 there were 11 judicial institutions with a total of 17 locations. In 2014 there were 9 establishments in 9 locations.

The Algemene Rekenkamer (General Court of Audit) examined in 2014 the reasons for why at which moment the judicial institutions were closed in the period 2010-2018 penitentiaries or closed. Figure 7 shows what considerations have played a role in the closure of the several institutions (Algemene rekenkamer, 2015). Closures where decided on one single indicator. Figure 7 shows the trade-offs are slightly shifted in the last few years. In the first closures mainly policy considerations were playing a major role. Later also financial considerations were important to connect with the choice of settings. The most recent closures were focused on choices concerning to maintain regional employment. The Cabinet had requested namely to take into account the shrinking regions which already have high unemployment. For example there was chosen for closure of a juvenile detention in Amsterdam in favor of institutions in shrinking regions as Drenthe and Limburg. This has as well counter arguments for the implications of achieving the policy goals, such as the desire to place juveniles in a facility close to their residence.

To further facilitates well-informed choices, a clear and transparent decision-making framework has to be established for how to organise the system for closure of institutions in the future. This allows different interests will be explicitly considered and weighed, including the financial consequences.

Figure 7: Choices regarding closing juvenile institutions (Source: Algemene Rekenkamer, 2015)
7. PUBLIC VALUES

7.6 TOWARDS A FRAMEWORK FOR PUBLIC VALUES

There are theoretical and practical difficulties in defining, measuring and benchmarking public values. Public values cannot be expressed in a single measure of outcome. Instead, one has to suffice with a set of indicators concerning the output. Ideally, this output is expressed in a way that enables evaluation against objectives.

The several measurement methods, which differ in terms of purpose, stakeholders involved, complexity, understanding of the impacts generated and spatial framework in which they can be used. In addition, some methods are more technical and/or more participative than others. Some examples which prove useful from a public value point of view, include SROI and SCBA. However, to apply a method to the measurement of public values in disposal, depends on the understanding and measurability of the impacts and the desired level of participation in the appraisal process. Broadly speaking, it is important to point out that all these methods do not necessarily shed lights on how to deal with the trade-offs. In many cases these are dealt with by assigning weights to several aspects, values, objectives or alternatives related to the project. These weights are decided by the consultants carrying out the assessment process after they have analysed the data available.

The various methods indicate one new important indicator that has an influence on public values. These are related to the stakeholders. It is essential to map and assess the values of various stakeholders. It is not about mapping future investments and see the benefits of this, but it is about selling a property for the right function and achieving a new public value for the stakeholders. The following themes are the key in contributing to public values in real estate and real estate development:

- **Collaboration, participation and empowerment.** Taking into account local circumstances on the real estate market. Creating opportunities and empowerment for public institutions, private developers and communities.

- **Vital use in environment.** Stimulate future function that fits within the regional demand. Maintain the spatial quality for a city and sustain the identity of the building for the city.

- **Economic vitality.** It is not only about selling a property but as well creating opportunities for future business purposes. Real estate is more than the value of the bricks; it needs to have a function and stimulate a feasible business plan.

- **Sustainable use.** Stimulate smart solutions in the redevelopment of a property. To create a feasible project for the real estate that ensures the durability of use. Not a focus on real estate as a financial asset but as a public asset, that is a social capital for the environment.

The indicators further explain the definition of public values and relate this to outcomes for the future development of the property. Collaboration, participation and empowerment is about involving the right parties at the right time. Every single to be disposed property need to be part of public opinion. This happens already in the reallocation procedure, where government departments, provinces and municipalities get the first option to buy the property. However, there is need to explicitly choose a development strategy in the initial phase of a project development. Because if this is not explicitly done, at a later stage, during the competition, discussion about selection and award criteria occur. This causes delay in the process.

Potentially, one of the means of dealing with the chaos of public values is to determine if some are inherently superior to others. For example, if there is a set of prime public values, some rudimentary hierarchy can be established. Although it might seem that making such distinctions among values would be impossible, there are at least some instances in which one value or set of values is logically contained in another. The hierarchy can be achieved by posing questions for the public values as in the true value methodology of KPMG, by mapping positive and negative externalities, an overview can be generated of important point in case of disposal. In table 1 the indicators are against the positive and negative externalities. By mapping these validation of choices can be made for the disposal. It is important to prioritise and choose the elements / issues that logically fit with the disposed property and thus what criteria can be included in the valuation of the property or determination of the market conform value.
<table>
<thead>
<tr>
<th>Table 1: Mapping public values (Source: Own illustration)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Identify negative changes due to disposal</strong></td>
</tr>
<tr>
<td><strong>Collaboration, participation and empowerment</strong></td>
</tr>
<tr>
<td><strong>Stakeholder identification and participation</strong></td>
</tr>
<tr>
<td><strong>Development and engagement of vision</strong></td>
</tr>
<tr>
<td><strong>Existence of future demand of stakeholders</strong></td>
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<td><strong>Vital function in its environment</strong></td>
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<tr>
<td><strong>Long-term use</strong></td>
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<tr>
<td><strong>Flexibility</strong></td>
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<tr>
<td><strong>Reassure the value of cultural heritage</strong></td>
</tr>
<tr>
<td><strong>Strengthen identity</strong></td>
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<tr>
<td><strong>Spatial quality</strong></td>
</tr>
<tr>
<td><strong>Openness</strong></td>
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<tr>
<td><strong>Safety</strong></td>
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<tr>
<td><strong>Economic position</strong></td>
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<tr>
<td><strong>Employment</strong></td>
</tr>
<tr>
<td><strong>Strengthen diversity</strong></td>
</tr>
<tr>
<td><strong>Sustainable use</strong></td>
</tr>
<tr>
<td><strong>Durability of use</strong></td>
</tr>
<tr>
<td><strong>Stimulation of adaptive reuse/regeneration</strong></td>
</tr>
<tr>
<td><strong>Environmental sustainability</strong></td>
</tr>
</tbody>
</table>
CHAPTER 8 - CASE STUDIES

8.1 MULTIPLE CASE STUDY APPROACH

This chapter will describe three case-studies. In order to analyse the public values and current context, three different scale levels of case studies will be done, macro (>15 ha), meso (<10> 1 ha) and micro-level (< 1 ha). These scale levels are taken into account because of the variety of real estate objects the CGREA has in its disposal portfolio.

Conducting multiple case studies with a qualitative research approach, one does not solely aim to recognize and articulate the project’s future spatial quality (Zin, 2002). The aim of the case studies is to evaluate the context, in order to determine points for improvements for the CGREA. As well the definition for public values will be evaluated by articulating, specifying and addressing the indicators.

The case studies will described as follows: first a general introduction and second the context of the cases will be described.

Furthermore to draw conclusions from the case studies the conclusions from prevalent chapters will be examined. (Illustrated in figure 8). The conclusion of the context determinants resulted in the following points that may have a contribution to public values:

1. Intern: portfolio and related instruments to manage.
   - Portfolio: categorisation of the property;
   - ABC-scan;
   - Definition market conform/market value.
2. Extern: collaboration with the public institutions and private developers.
   - Collaboration public institutions;
   - Collaboration involved market parties;
   - Sales method.

In order to examine the relationship between the points and the public values, they will be concluded in a diagram. The case studies will be categorised into one of the proposed categories in chapter three. These categories are positively marketable, reasonably marketable and ambitious marketable. By the indication of this there will be evaluated what the steps were taken by the CGREA to sell the property. Furthermore the case studies will be evaluated according to the public values indicators. This to evaluate where the cases result in public values, extensively steered on not.

The following criteria where leading in the choice for the case studies:

1. A real estate object that is sold in past three years.
2. Use of property instruments. During the field research, the property instruments and sales methods will be researched. By choosing properties that can be related to the different methods a comparison can be made.
3. A property that has to be converted to accommodate a future function (Reasonably marketable or ambitious marketable).
4. For the macro-level case study a choice should be made whether to study a case that will be an urban area development lead by the CGREA or an area that is entirely sold to a private party.

The choices for a macro level case study were:

1. **Developed by the CGREA**
   - Hembrug terrein, Zaandam
   - Vliegveld Valkenburg

2. **Sold entirely to a private party**
   - RIVM area, Utrecht
   - Sergeant-Majoorn Scheickkazerne, Culemborg
The case studies were selected after a review of the sold properties of the CGREA and interviews with employees of the CGREA. Due to limited time reasons, interviews with municipalities and provinces could not be held. Therefore an analysis is done for which properties enough policy documents from municipalities and provinces were available. The properties had to present a variety of typologies as well. However, mostly prisons, military barracks and houses of justice were sold in the last years. A few office buildings were sold as well but limited information was available and the conversions were classified as within use adaptation.

For the chosen cases it was felt that they could provide examples of best practice or exemplify the lessons learned from practice. In this context, it should be stressed that the case studies were selected to review the process and see how the established public values indicators are present and where enhancement of the indicators is necessary.

The following case studies will be done:
1. Macro - Hembrug area, Zaandam. Because of the lack of information about areas that are sold entirely to a private party there is chosen to analyse the Hembrug area in Zaandam, this area is developed at the risks of the CGREA.
3. Micro - Spinhuiswal, 'S Hertogenbosch

1. Macro - Hembrug area, Zaandam

![Hembrug](https://www.taets.com)

2. Meso - P.I. Noordsingel, Rotterdam

![P.I. Noordsingel](https://www.quadrat.nl)

3. Micro - Spinhuiswal, 'S Hertogenbosch

![Spinhuiswal](https://www.erfgoedstem.nl)
8.2 MACRO - HEMBRUG AREA, ZAANDAM

The department of Transactions and Development of the CGREA participates in complex area developments where different government objectives and policy objectives meet the physical environment. For these complex area developments a distinction is made in several project categories (BZK, 2015d):
- A1 Project: Integrated area development projects with multiple national policy objectives. The CGREA is in charge of active land development and the financial risks. The principal of this assignments is the ICRV.
- Project A2: Integrated area development projects with multiple national policy objectives, sometimes without land position of the CGREA. No active development triggered and the CGREA doesn’t bare the risks. The principal is the ICRV. The funding of the project is for the government department that assigned the project to the CGREA.
- B- Project / Disposal: Development of projects with real estate positions of the CGREA where no policy objectives of the government are commonplace.
- C- Advise (policy): The CGREA supports policy departments in decision-making on financial feasibility, potential state involvement and / or opportunities for real estate positions. Principal of a department on behalf of the ICRV.

This case study includes an A1 project: the Hembrug area in Zaandam. For A1-projects, it is that prior to the decision to develop these projects on the account of the CGREA, a risk analysis and a ground exploitation (GREy) needs to be done. The GREy and risk analysis will be updated twice a year. The risk analysis is needed as a management tool to manage a project and to determine the extent of the necessary risk reserve. The GREX serves (particularly financial) to steer the project (BZK, 2015d).

8.2.1 INTRODUCTION

The Hembrug area is a formerly military area used by the Ministry of Defense. The Ministry of Defense has used the area between 1895 and 1970 for the production, testing and storage of ammunition. The area is almost 43 acres and is located between the North Sea and Zaan. The area consists of a total of 129 buildings, including 59 listed buildings (municipal and national monuments). The buildings are surrounded by green.

Late 20th century the activities on the area of the Ministry of Defense decreased until they stopped in 2003. The buildings were empty and was the area was abandoned. In 2003 the Department of Defense ordered the former Dienst Domeinen (Property service), later the State Property and Development Agency (SPDA), currently the CGREA, to sell the area and buildings for a market price. The proceeds of the sales had to cover the costs that were made in previous years for the maintenance of the buildings and the rehabilitation of the severely contaminated soil. The estimated cost of rehabilitation were estimated at around 40 million. The mix of unique and diverse industrial buildings, greenery and waterfront location give the area an unique character within the Amsterdam metropolitan area. The poor state of many buildings, the existing environmental contours and soil pollution are the biggest challenges (BZK, 2015d).

In the surroundings the Hembrug area is seen as a mystical place for years because it was closed to the public. The CGREA, province and municipality were convinced of the potential of the Hembrug area, with the large number of historic buildings and ideal location close to Amsterdam.

8.2.2 CONTEXT

Because of the large area and the importance for the region and province, three important stakeholders were identified who have an interest in the redevelopment of the area:
- The CGREA;
- The province of Noord-Holland;
In 2003 the SPDA started with the reallocation procedure. According to this procedure the area is first offered to other government departments. The first proposal that came forward was to accommodate a prison on the site. For this option, the existing buildings should be demolished. The province and the municipality of Zaanstad were strongly opposed to this proposal. For both parties it was important to preserve the cultural heritage. In 2008 the SPDA decided to not establish a State institution in the area.

After this, the province of North Holland had interest in buying the area. From a file transfer in 2007, the Budget Planning Program of the Province of Noord-Holland, shows that the province is investigating the possibilities that may lead to acquisition of land by the province. Delivery by third parties shall be taken into consideration. However, the price negotiations offered no outcome for a transfer. The province was not willing to take risks with regard to pollution because the SPDA refused to reduce the price (Platform 31 & University of Twente, 2014).

From the reallocation procedure no transfer occurred to another public institution. After that the area was free to sell to a private developer who wanted to develop the area for their own risk. There was a strong collaboration between the SPDA, the province and the municipality in the form of a steering group. The steering group has drawn up a list of demands, which were expressed ambitions for new functions and the preservation with heritage. These ambitions are briefly summarized in the following points:

- The industrial and monumental character of the Hembrug area has to be maintained and wherever possible the historic buildings as well. Whether in original or slightly modified form.
- The green and monumental buildings play a central role in development.
- To start as soon as possible with the redevelopment because the state of maintenance of the grounds and the buildings is so bad that the quality and therefore the character of the area decreases daily.

In addition to these requirements there were still environmental conditions and associated restrictions included.

These ambitions were the basis for the market consultation in 2009. However, the invited parties were not willing to invest in the area. The private parties indicated that the area has a lot of potential but also high risks were linked to the development. These risks mainly related to soil pollution, the size of the area, the large number of monuments and the poor state of many buildings abode. In addition to these risks, the private parties put forward that the roles and the responsibilities of the public institutions were not clear.

The market consultation resulted in negative outcomes, the SPDA kept trying to find a private developer. The Ministry of Defense had agreed to contribute to reducing the risks, by a fee for the cost of rehabilitation of the contaminated soil.

The SPDA also drew up a GREX to figure out which program was needed to cover the investment that was necessary. This resulted in a large program, and the municipality opposed there worries about the preservation of the green and uniqueness of the area. The municipality therefore wanted to carry out more research, to better support and reduce the risks. The SPDA felt that enough research was done and that the municipality was not flexible enough to take decisions on the organisation of events and temporary use in the area. The municipality then uttered the SPDA is taking minimal responsibility for the deterioration of cultural heritage (Platform 31 & University of Twente, 2014).

This resulted in a tense collaboration between the public institutions. Despite ongoing efforts to attract private developers no plan or vision was developed.

In 2011, there were changes of the city council and the provinces. Furthermore the SPDA realised that the chances were small that a private developer would purchase the entire area. There was also growing awareness that the government has the responsibility to carefully deal with cultural heritage, therefore it was decided that the SPDA would take an active role in the redevelopment and would actively participate in the redevelopment

Table 2: General information Hembrug (Source: Own illustration)
of the area. However, the new aspirations did not lead to a simple division and organisation of responsibilities between the various public institutions. The SPDA wanted to spread the risk evenly across the provinces and the municipality and suggested a financial contribution from the province and the municipality. However, the province and the municipality did not have the means to participate in this nor in the risks.

However, the municipality expressed enthusiasm about the new approach of the SPDA. Still the SPDA was looking for other solutions. Ultimately, the Ministry of Defense and the Ministry of Infrastructure and the Environment promised to contribute 10 million euros each.

The following step was to sign an official agreement between the SPDA, the province of Noord Holland and the municipality of Zaanstad. This has ultimately been as well a difficult process. The former promises were not made specific. To make this process bound to improve, three sessions were held, in which the stakeholders openly spoke about their goals, interests and had to learn each others interests. This ultimately led to a faster agreement for they points. Although the differences in the details varied still a lot. Especially on the flexibility in the implementation of the redevelopment

In the end six common goals eventually compiled:
- Hembrug has to be part of the city and region. Hembrug is a dense, mixed area with great public value.
- To rehabilitate the soil contamination and stimulate sustainable use of the soil.
- Cultural and Historical and natural qualities make optimum use.
- Monuments will be preserved and monuments will be restored.
- The presence of nature will be preserved as much as possible and make it accessible to the public.
- Ensure the Hembrug area is easily accessible for the public.

In the summer of 2012, the SPDA has officially taken the area of Defense and has started redeveloping the area including addressing the related rehabilitation of contaminated soil (10-20 years). The ultimate goal is to establish a closing GREy. The SPDA has chosen an organic approach in which land and buildings get new features, guided by the market. The municipality of Zaanstad and the province of North Holland facilitate redevelopment and together collaborate within the steering committee.

In January 2014 the first part of the area opened for public and the first tenants settles in the building. The area attracts particularly the creative and innovative companies, including architects, photographers and designers. The public is now welcome each day from 07:00 to 19:00 (rijksoverheid.nl). The area is becoming better known in the market as new creative hotspot. The many (public) events in 2014 have certainly contribute (Art Zaanstad, Canal Festival, the IJ). The preparation of the regional plan has indicated known that housing on the Hembrug area is probably going to be possible (around 400-500 homes) it does also gives a new dimension to the business and development of the area.

In the beginning the SPDA steered on market conform selling. In 2003 this was the normal course of action, given the major task of disposal of government properties was not yet in the picture and there was no sign of a credit crunch. Larger area developments at that time were still prevalent. Although from the outset it was clear that the risks were high for the area.

8.2.3 ASSESSING PUBLIC VALUES
The following paragraphs will address how the established public values relate to the former/current practices of disposal.

Since the Hembrug area became vacant the SPDA collaborated on with the province and municipality. The SPDA in the first conversations between the involved stakeholders all agreed that the area has a lot of potential to be redeveloped. The development and engagement of the vision for the area was in the beginning not clear. In the reallocation procedure the function of prison was put forward but the municipality did not agree with. The forwarded function of a prison was as well strange because the first conversation indicated that the area had potential for redevelopment to accommodate public function.

For the province and municipality the loss of the former function of military area was not atrocious. However, a private party is needed to develop future public functions. Market parties indicated that the risks for developing the area were to high because of the contaminated soil and the unclear future roles of the municipalities.

The process of involving stakeholders is a process that presented a variety of needs and interests of the different stakeholders. Key themes were the programme of the site, preservation of cultural heritage and the availability of financial resources for redevelopment.

Public values concern the creation of public and local support. By involving and discussing values with the other stakeholders, helps to accelerate the process. Currently the CGREA identifies the risks of an area development in the beginning and links them to the demands of the current market. Traditional area development projects in the form of big areas are no longer possible. In many more cases, the soil of areas of the CGREA are contaminated.
The CGREA is trying to limit the risks, by actively participating in the development process (rijksoverheid.nl).

The Hembrug-area will be (re)developed into a mixed, vibrant and sustainable area that accommodates the creative manufacturing industry, events and hospitality. In 2014, approximately 3,800 m2 is leased to new tenants conform market prices. An important test was of whether the market was willing to pay the rates of 40-60 euros per m2 GFA. The new leases were a result from marketing of the current tenants. The current tenants are serious companies that exist now from three up to five years. The companies are focusing on the (inter) national market and want to develop themselves at the Hembrug area. Most companies that start with a 10-year contract also want to buy the leased property. The construction that the tenants can buy the property is currently worked out. It is expected that many of the buildings will be sold to end users (BZK, 2015d).

The buildings in the Hembrug area are now renovated with minimum means: wind and water proof. The tenants can develop and renovate the property according to their own wishes. The expectation is that the current tenants will buy the properties from the CGREA coming years. There is a stimulation of adaptive reuse and regeneration of the area. Nonetheless the tenants are no owners of the property yet and therefore hesitate to invest with maximum effort in the properties.

Table 2 relates the public values to the proceedings in disposal. The Hembrug area is ambitious marketable. For the CGREA this categorisation is area development. The ABC-scan was not part of the process and the vision for the area is established based on workshops. For ambitious marketable real estate it is important to determine all the risks related to scale level to see whether new partnerships can emerge and whether policy objectives can be incorporated.

<table>
<thead>
<tr>
<th>Collaboration, participation and empowerment</th>
<th>ABC-scan</th>
<th>Definition market conform</th>
<th>Collaboration public</th>
<th>Collaboration private</th>
<th>Sales method</th>
</tr>
</thead>
<tbody>
<tr>
<td>The area is ambitious marketable. This was in the beginning not well elaborated and this made the collaboration not sufficient between stakeholders.</td>
<td>ABC-scan not done, so no stakeholders were involved.</td>
<td>Many different valuations. However, none of them could indicate a proper appraisal because of the size of the area. There was no collaboration in defining the value. Now there is.</td>
<td>In the beginning collaboration was poor because of the different interests. Currently the collaboration is sufficient because of shifted interests.</td>
<td>To privatise developers were interested in developing the area. The CGREA works now together with the tenants to develop the properties.</td>
<td>The sales method is area development. In which the CGREA is responsible for the risks involved.</td>
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<tr>
<th>Vital function in its environment</th>
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<tbody>
<tr>
<td>In the first categorisation a scan for a new vital function of the area was not well elaborated. In the later stages of the process for the area, a clear vision is established in order to create a new vital function.</td>
</tr>
<tr>
<td>The CGREA currently creates new functions that will form a new vital function for the environment. This is done in order to stimulate the market conform selling prices in the future sales.</td>
</tr>
<tr>
<td>The public collaboration aims to measure cultural heritage, new identity for the area, openness, safety and enhance the spatial quality. There is flexibility in the planning and programme of the development to ensure long-term use.</td>
</tr>
<tr>
<td>There is no collaboration with private developers. However there is a strong collaboration with the first tenants that have located themselves in the area. In the future these tenants will have the possibility to buy the properties where they are accommodated.</td>
</tr>
<tr>
<td>The sales method is area development. This method aims to create new future possibilities in order to sell the property in the future.</td>
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<table>
<thead>
<tr>
<th>Economic position</th>
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<tbody>
<tr>
<td>The category of the area as area development tries to stimulate new economic developments in the area.</td>
</tr>
<tr>
<td>Currently there is increase in the market conform selling price.</td>
</tr>
<tr>
<td>The public collaboration aims to create new employment and the diversity of the area.</td>
</tr>
<tr>
<td>The tenants attract new employment as well the events hosted in the area provide this.</td>
</tr>
<tr>
<td>The sales method is area development. This method aims to create new future possibilities in order to sell the property in the future.</td>
</tr>
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<tr>
<th>Sustainable use</th>
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<tbody>
<tr>
<td>Currently there is stimulation of adaptive reuse and sustainable developments for the area.</td>
</tr>
<tr>
<td>Different valuations for the area are done. These valuations vary a lot. The sustainable use is now part of the valuation because requirements concerning adaptive reuse are part of the valuation.</td>
</tr>
<tr>
<td>The public collaboration defined values regarding investments in sustainable use. The municipality will invest in infrastructure to enhance the accessibility of the area.</td>
</tr>
<tr>
<td>The buildings in the Hembrug area are now innovated with minimum means: wind and water proof. The tenants can develop and renovate the property according to their own wishes. The expectation is that the current tenants will buy the properties from the CGREA coming years.</td>
</tr>
<tr>
<td>The sales method is area development. This method aims to create new future possibilities in order to sell the property in the future.</td>
</tr>
</tbody>
</table>

Table 3: Public values and proceedings during disposal (Source: Own illustration)

References:
- Interview Martine de Vaan (CGREA)
- Interview Johan de Gref (CGREA)
- Expert meetings and related documents Hembrug (NRP/CGREA)
8.3 Meso - P.I. Noordsingel

8.3.1 Introduction

The P.I. Noordsingel (penitentiary Noordsingel) is one of the oldest judicial complexes in the Netherlands. It is located in the North of Rotterdam, in the neighbourhood: Het Oude Noorden. This neighbourhood is an upcoming area in Rotterdam. The population consists of a diversity of inhabitants, young urban professionals, artists, students, families and elderly (funda.nl, 2014). The architecture of the neighbourhood is per-war with narrow streets but as well canals surrounded by green.

The prison is designed by architect C. Allard Pierson. It is based on a star-shaped design, with four wings of cells, an administration wing and a central core with nine sides, called panopticon. It was the first prison with single cells. The four wings of cells accommodate around 340 cells. Each wing is three stories high. From the panopticon there is view on all the cells.

Originally the prison was in the middle of a polder, but now the complex is part of the city, and in the middle of a neighbourhood. In 1899 more government buildings were build next to the prison, a courthouse with notarial archives. These buildings are designed by Metzelaar. Until 1996 the district court resided at the Noordsingel. Since 1998 the complex is a national listed monument.

Since 1980 there were plans for the relocation of the P.I. Noordsingel. Changes in zoning plan included a more green area. The changes were to break down part of the prison and construct a neighbourhood park. In 1997 a workshop was held to generate ideas for the park. In 2001 this resulted in a vision for the area. However, because of prison overcrowding and a lack of financial resources the relocation didn’t happen.

8.3.2 Context

The following stakeholders were part in the process of selling:

1. The Government Building Agency (GBA). The GBA is the property owner and responsible for the redevelopment and for the preservation of cultural heritage. (Now CGREA)
2. The State Property and Development Agency (SPDA). The SPDA responsible for the disposal of government properties and the achievement of market conform prices. Resposible for the selection procedures. (Now CGREA).
3. Atelier Rijksbouwmeester. The Atelier Rijksbouwmeester is responsible for the preservation of monumental and historical values.

<table>
<thead>
<tr>
<th>General information</th>
<th>P.I. Noordsingel - Rotterdam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Rotterdam, Zuid-Holland</td>
</tr>
<tr>
<td>Building size</td>
<td>30.500 sqm GFA</td>
</tr>
<tr>
<td>Lot size</td>
<td>3 ha 28 a 3 ca</td>
</tr>
<tr>
<td>Monument</td>
<td>Monument</td>
</tr>
<tr>
<td>Appraised market value</td>
<td>7 up to 17 million in 2007</td>
</tr>
<tr>
<td>Selling price</td>
<td>4.650.000 million</td>
</tr>
<tr>
<td>New owner</td>
<td>HD Projectrealisatie B.V. and BAM woningbouw B.V.</td>
</tr>
<tr>
<td>Past function</td>
<td>Prison and court</td>
</tr>
<tr>
<td>Future function</td>
<td>Housing, small offices and park</td>
</tr>
</tbody>
</table>

Table 4: General information P.I. Noordsingel (Source: Own illustration)
4. Municipality of Rotterdam. The municipality is responsible for the procedure, zoning plan and permits. The municipality owns as well some properties in the planning area.


In June 2008 a cooperation agreement was signed between the RGD, RVOB, Atelier Rijksbouwmeester and the municipality of Rotterdam. The main objective of this agreement was to jointly make the redevelopment of the P.I. Noordsingel possible. After the agreement residents of the neighbourhood were asked to participate in the process in order to achieve good preconditions for the redevelopment. The residents were very excited to participate and assure the values for the neighbourhood and the city of Rotterdam. The ambitions of the residents was to convert the prison into a multi-functional area that would bring more green to the neighbourhood (Bewonerswerkgroep P.I. Noordsingel, 2009).

The preparation of the sales took place from 2007 till 2010. As advisor the SPDA asked Ecorys to do supportive analysis and advises during the sales of the property. Besides qualitative advise, Ecorys also did research in the financial feasibility of future functions. Ecorys appraised the total area around 7 up to 17 million euro, based on different scenarios. The appraised values were based on the models shown in figure yyy. The bookvalue of the RGD was 17 million. There is an ABC-scan for the complex but this is not filled in carefully only with the information that is easy available.

The chosen sales method was a public tender with pre-selection. This consisted of two phases:
- Phase one: Selection procedure: urban and architectural quality
- Phase two: Selling procedure

In 2010 the sales process started and the CGREA invited parties to make a plan within the quality criteria for the redevelopment and to estimate a bid for the property. In total 87 bidbooks were sold, 41 parties visited the property, nine project visions were handed in. In order to select the parties that will go to phase two, the selection commission had to select the plans that at least scored 70% of the quality criteria. The notary had to select the five plans with the highest bid. Only five parties were allowed to go to phase two. During the sales process they CGREA changed the parking norms to more flexible norms and in the end really focused on quality. The market conform selling prices was as well established from nine project visions that were handed in.

From the plans, three market parties were chosen to go to phase two. In the end two bid proposals were done. In the sales process Ecorys tested the market conformity of the plans. This supported the decision-making in choosing the final plan (Ministerie van Financiën, 2011).

In phase two the parties had to bid at least 80% of there first bid. Dependent on the chosen plan the municipality had to start the procedure of changing the zoning plan.

In 2014 the prison became vacant and right after the official transfer to the consortium was done. So there were no vacancy costs. The chosen party was a consortium of HD Project realised and BAM Woningbouw Rotterdam. These parties had the best bid: € 4.650.000,-.

8.3.3 ASSESSING PUBLIC VALUES

For the sales process of the Noordsingel a strong collaboration was established between stakeholders. This might be because the complex has a special architectural value and is located on a good location within Rotterdam. The municipality of Rotterdam pays a lot of attention to adaptive reuse of vacant buildings.

In the disposal of the P.I. Noordsingel the CGREA incorporated the opinions of the municipality of Rotterdam as well as the opinions and ideas of the residents. The whole process of involving residents contributed to create social support for the redevelopment. In the sales process a structured script was written in order to smoothen the process. The sales process was as well started early while the court and prison were still in use. In this way the vacancy costs are minimised.

The CGREA and the municipality of Rotterdam evaluated the sales of the P.I. Noordsingel as a success. Under bad economic circumstances they succeeded to sell a difficult building (Ecorys, 2014). The strong collaboration and set up of agreements created social support as well. A partnership contributes to obtain creating support.
and commitment of the various parties. The agreement for the Noordsingel Complex in Rotterdam gave direction during the process.

The new functions in the complex will provide the neighbourhood with a diversity of functions that will connect the former segregated complex to the direct surroundings. The sales process introduced a clear vision: “De tuin van Noord”, (the ‘North Garden’). The idea behind this vision was to return the former segregated function to its direct context. The closed prisons will be replaced by an accommodation where the public is welcome.

To reinforce this idea during the renovation of the complex, a couple of buildings will be opened up for temporary use. Cultural events can be organised but as well local residents may use the buildings to host their own activities. These cultural and social gatherings can be financed by the proceeds of the commercial events.

The developers want to create a hybrid complex and are actively searching for companies, hospitality and bottom-up initiatives to accommodate in the complex. The new complex has to be the new center and the garden of the neighbourhood. By the mix of developments and the flexible phasing the developers aim to steer on the current developments in the real estate market and create a feasible plan for the future.

Table 5 describes the public values in relation to the previous proceedings during disposal. The portfolio categorisation is a reasonably marketable property because of the good location and demand for new functions in the neighbourhood. The ABC-scan was not filled in but this might be because the process of the disposal started before the ABC-scan was established. The collaboration between the various stakeholders resulted in a vision for the area that was described in the sales method: tender with pre selection.

The definition of the market conform value was in this case clear, it was based upon the bids that were done by the private developers. As well the consultant for this disposal established scenarios with various market values. This is a conscientious appraisal of the market value. However, this can not be done in all disposal cases. This particular case had a high potential for redevelopment.

<table>
<thead>
<tr>
<th>Collaboration, participation and empowerment</th>
<th>Extern</th>
<th>Intern</th>
<th>Extern</th>
<th>Intern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio categorisation</td>
<td>ABC-scenario</td>
<td>Definition market conform</td>
<td>Collaboration public</td>
<td>Collaboration private</td>
</tr>
<tr>
<td>For the reasonably marketable property a good collaboration was established with the essential stakeholders.</td>
<td>ABC-scenario not done, so no stakeholders were involved.</td>
<td>There was no collaboration with other stakeholders in defining the scenarios for the value of the market conform selling price.</td>
<td>The collaboration with the municipality was good. Both parties defined the interest on the property.</td>
<td>For private parties that were interested in making a bid on the property there was the opportunity to visit the property.</td>
</tr>
<tr>
<td>Vital function in its environment</td>
<td>For the appraisal of the market conform selling price different valuations were done according to scenarios. In the end the market conform valuation is established by the bids that were handed in during the pre selection phase.</td>
<td>For the appraisal of the market conform selling price different valuations were done according to scenarios. In the end the market conform valuation is established by the bids that were handed in during the pre selection phase.</td>
<td>For private parties that were interested in making a bid on the property there was the opportunity to visit the property.</td>
<td>For private collaboration in order to establish a view on the vital function in the environment for the property.</td>
</tr>
<tr>
<td>Economic position</td>
<td>The new function will be added for the context: the North Garden will accommodate new businesses.</td>
<td>The scenarios for valuation provide economic position criteria.</td>
<td>Simulation of new economic position by the municipality but as well the local residents.</td>
<td>No private collaboration in order to establish a view on the economic position in the environment for the property.</td>
</tr>
<tr>
<td>Sustainable use</td>
<td>Simulation of adaptive reuse and a new durability of this use is done by taking into account the current market circumstances.</td>
<td>The scenarios for valuation provide sustainable use criteria.</td>
<td>Simulation of adaptive reuse by the municipality in order to create a new durability of use.</td>
<td>No private collaboration in order to establish a view on the sustainable use in the environment for the property.</td>
</tr>
</tbody>
</table>

Table 5: Public values and proceedings during disposal (Source: Own illustration)

References:
- Interview Rafaelle Quax
- www.tuinvannoord.nl
- Visie, wensen en kaders - PENITENTIAIRE (HER)INRICHTING NOORDSINGEL - Gemeente Rotterdam
8.4 MICRO - SPINHUISWAL, 'S HERTOGENBOSCH

8.4.1 INTRODUCTION
The Spinhuiswal complex consists of the former courthouse and the former penitentiary ‘The Leuvense poort’. The complex is largely a national monument; only the prison wing at the west side of the complex has no monument status (rijksoverheid.nl, 2014). The complex is located near the city center of 'S Hertogenbosch.

The courthouse was designed by William C. Metzelaar in the early twentieth century. The building has a V-shaped plan along the Spinhuiswal and the Sint Joris Street. The wing on the Spinhuiswal, which was largely destroyed by fire in 1944, was restored in 1948-1950 to the design of the government architect Gijsbert Friedhoff.

The prison wing on Sint Joris Street, was built just after 1800 and designed by the head architect of the city of 's-Hertogenbosch (Building archaeological research in December 2007).

The Spinhuiswal complex is an introvert complex and closed off from the city outside. By closing the former functions, there is now a chance to integrate the complex with the city. This also has a public aspect. The qualities of the complex can be experienced and appreciated by more people if it gets a more or less public programme. Another way to achieve this is to establish physical connections through the complex. There are several triggers for this, such as the access from the Sint Joris Street. Also at the Sint Joris Street itself an additional access is imaginable (Council proposal December 10, 2013).

8.4.2 CONTEXT
In 2008, the former courthouse and penitentiary left the complex and is the CGREA started the reallocation process. None of the central government departments and neither the province and municipality were interested in buying the complex. After the reallocation procedure the sale has been prepared.

The ABC-scan for the complex is not properly filled in, except information that was fairly easy to locate. This may be due to the fact that the sales proceedings were started before the ABC-scan existed.

The municipality of 's-Hertogenbosch and the CGREA signed on June 6th, 2012 a collaboration agreement for the redevelopment of the complex. With the establishment of the agreement, the complex was put on the market through the sale process of tendering with pre-selection, with substantial development opportunities made possible.

The bid book concerns the procedure for selling the complex (in this case: sale by tender with pre-selection). Besides, the content to which the developed visions must comply with (the Ambition Document). The bid book entails the requirements concerning urban planning, programme, monumental aspects, environmental, financial and procedural principles. Furthermore the ambition document describes the context of the location. A view is expressed with regard to urban planning, architecture and the cultural value of the complex.

In the bid book of the complex, the sales proceedings and process were described as follows: “Market players are given the opportunity to express their views on for the redevelopment of the property and besides a preliminary bid. Submission of this project vision could be hand in until September 2012. The visions are reviewed by a selection committee in accordance with a predetermined methodology, that is presented in the bid book.”

In the ambition document/bid book a broad vision of the possibilities of the complex and its location, in the city center of 's-Hertogenbosch is given. The municipality gave as a requirement that the whole complex must be developed entirety. Other important requirements were the presence of nature on the other side of the

![Figure 15: Location Spinhuiswal (Source: own illustration)](source: own illustration)
Binnendieze and to make the complex accessible to the public and surroundings. Furthermore, the municipality's gave a parking requirement (Spatial Framework Spinhuiswal complex and Council proposal of 25 September 2012).

In the beginning of May 2012 private developers have been invited to acquire the bid book and to develop a vision based on the principles and requirements. Approximately 30 bid books were sold. In September five official bids were submitted for the redevelopment of the complex. Three of the five plans did not meet the prescribed parking standards, these parties were excluded from further participation.

The municipality had a preference for one of the three plans that did not meet the requirements for the parking (Yuist, 2014). The agreement between the CGREA and the municipality set out that the CGREA could decide independently on the sale of the complex. The agreement between the municipality and the CGREA only entailed the requirements and the substantive quality of the submitted project visions, under the auspices of a notary (without knowing which developing party has submitted the vision). The highest bid, which is conform the quality requirements will (article 3.3) be chosen by the CGREA.

This proceeding created a conflict between the municipality and the CGREA. The municipality therefore decided to step out of the sales process and the agreement. The CGREA continued the sales process with the two remaining developers. Both developers subsequently submitted a bid, one party with a positive offer and one party with a negative bid below 5% of the market price.

The CGREA continued the process with the developer that did a positive bid. This developer was Hurks Vastgoedontwikkeling. Because the municipality disbanded the agreement, there was a risk that the municipality did not want to cooperate to amend the zoning. As a result Hurks Vastgoedontwikkeling revised the preliminary bid, it was lowered with 20 percent. This bid was too low and the CGREA could not proceed to sell the property. The rejection of the bid led to a lawsuit between Hurks Real Vastgoedontwikkeling and the CGREA (Rechtspraak.nl JAAN 2014/46). Hurks believed that the release of a lower bid was still possible, because there emerged a risk that the zoning plan will not be changed. But the offer was more than 5% below the market conform selling price and therefore could not be sold (Yuist, 2014).

The first attempt of selling the property did not succeed. The CGREA started the reallocation procedure again and offered the complex to the municipality ’s Hertogenbosch for € 3.5 million. However, the Mayor and Alderman were reluctant about the purchase, because the purchase for this amount was also associated with risks, by buying the complex the municipality had to search themselves for a redevelopment and developer.

In 2014 the complex was offered to the market. New agreements with the municipality were made for a willingness to change the zoning and a more flexible parking ratio was chosen.

The sales method was changed to tender without pre-qualification. The development risk is therefore entirely for the purchasing party and no predefined quality is defined or measured with the sales. The complex will be to the highest bid.

During the second sales proceeding the municipality unexpectedly expressed interest in buying the property. The complex could accommodate a department of the Technical University of Delft or the University of Tilburg. But ultimately the ambition of both universities turned out not big enough and the municipality did not made an offer (message DG Rijksvastgoedbedrijf, June 23, 2014).

The CGREA wanted to quickly sell the property, partly motivated by the amount of vacancy costs. On July 7, 2014 the CGREA announced that four bids were done. The complex is sold to Vareks BV for € 2,155,000 -. The redevelopment is entirely at the expense and risk of the buyer (Press Release CGREA, July 7, 2014).

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**Table 6: General information Spinhuiswal (Source: Own illustration)**

<table>
<thead>
<tr>
<th>Location</th>
<th>’S Hertogenbosch, Brabant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building size</td>
<td>20.000 sqm GFA</td>
</tr>
<tr>
<td>Lot size</td>
<td>0.84.10 ha.</td>
</tr>
<tr>
<td>Monument</td>
<td>Monument</td>
</tr>
<tr>
<td>Appraised market value</td>
<td>7 up to 17 million in 2007</td>
</tr>
<tr>
<td>Selling price</td>
<td>4.650.000 million</td>
</tr>
<tr>
<td>New owner</td>
<td>Vareks B.V.</td>
</tr>
<tr>
<td>Past function</td>
<td>Court and prison</td>
</tr>
<tr>
<td>Future function</td>
<td>Housing, small offices and education</td>
</tr>
</tbody>
</table>
8.4.3 ASSESSING PUBLIC VALUES

The development and engagement of a vision was not extensive enough. In the first sales procedure a view was given on the urban planning, architecture and cultural value of the complex. The Spinhuiswal complex illustrates the importance of a development strategy, if this is not explicit enough in the initial phase of a project development, at a later stage, during the competition, discussion about selection and award criteria occur. This causes delay in the process. The CGREA was lacking a proactive approach, more deliberation is needed on overseeing future demand and comply it with regional developers.

The municipality of Den Bosch promised to changed the vision of the zoning plan to housing, education and small businesses purposes after the first sales process failed (Municipality Den Bosch, 2014). Vareks is a developer of housing in connection with retail. However, it is not clear which function/functions Vareks will accommodate in the Spinhuiswal Complex. A negative effect of the poor collaboration process is that the Spinhuiswal will stay vacant for a while because the municipality still needs to change the zoning plan. Vareks BV, is responsible for the redevelopment of the property and will negotiate with the municipality about the future use of the property.

The process of disposal for the Spinhuiswal complex was to much focused on creating the highest value.

In table 7 the public values are connected to the proceedings in the disposal of the Spinhuiswal. The Spinhuiswal is a property that has a lot of opportunities, close to the city center of Den Bosch and a cultural-heritage value. However, the property is sold with the standard sales and no public requirements were part of the disposal process. This was because of the poor collaboration with other stakeholders. No vision was established while this property is similar to the property as the P.I. Noordsingel.

<table>
<thead>
<tr>
<th>Collaboration, participation and empowerment</th>
<th>Portfolio: categorisation</th>
<th>ABC-scan</th>
<th>Intern</th>
<th>Definition market conform</th>
<th>Collaboration public</th>
<th>Extern</th>
<th>Collaboration private</th>
<th>Sales method</th>
</tr>
</thead>
<tbody>
<tr>
<td>The reasonably marketable property was not sufficiently deliberated between the various stakeholders. The demand for redevelopment was not sufficient mapped.</td>
<td>No private developers were interested in developing the area. The CGREA works now together with the tenants to develop the properties.</td>
<td>In the beginning collaboration was poor because of the different interests. Currently the collaboration is sufficient because of shifted interests.</td>
<td>Many different valuations. However, none of them could indicate a proper price because of the size of the area.</td>
<td>No information about the criteria that are used to define market conform.</td>
<td>The sales method was public tender with pre selection. There was a collaboration with the municipality on which point the pre selection needed to be done. This was not flexible enough because the first sales failed. The second sales was a public tender.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Vital function in its environment

- Future function of the property is not known yet. However the zoning plan will be changed by the municipality to housing, education and small business purposes.
- ABC-scan was not sufficiently filled in and therefore no vision is known on the achievement for vital function in its environment.
- No information about the criteria that are used to define market conform.
- Future function of the property is not known yet. However the zoning plan will be changed by the municipality to housing, education and small business purposes.
- No private collaboration to steer on a vital function in its environment. The developer that bought the property wants to develop housing.
- The first sales method was public tender with pre selection and the second sales only public tender. In the first tender there were requirements concerning heritage values and urban planning quality.

Economic position

- The economic position of the property is not taken into account in the disposal.
- ABC-scan was not sufficiently filled in and therefore no vision is known on the achievement for economic position.
- No information about the criteria that are used to define market conform.
- The vision in the zoning plan enhances the future identity and diversity for the surroundings.
- x
- The sales method didn’t stimulate a new economic position in its environment because no pre selection criteria were taken into account.

Sustainable use

- The sustainable use is partly taken into account. The CGREA sells the property in order to stimulate the adaptive reuse of the property.
- ABC-scan was not sufficiently filled in and therefore no vision is known on the achievement for sustainable use.
- No information about the criteria that are used to define market conform.
- The vision in the zoning plan stimulates the adaptive reuse of the complex.
- x
- By selling the property there will be stimulated to adaptive reuse with the new zoning plan of the municipality.

Table 7: Public values and proceedings during disposal (Source: Own illustration)

References:
- www.bd.nl/denbosch
- Rechtbank Den Haag, Hurks Vastgoedontwikkeling B.V. / Staat der Nederlanden, Kort geding d.d. 16 december 2013, rechtpraak.nl JAAN 2014/46
- Bestemmingsplan Binnenstad, vastgesteld door de gemeenteraad maart 2013
- Interview Rafaeille Quax
- Interview Peter van Heun
8. CASE STUDIES

8.5 CONCLUSION AND CROSS-CASE ANALYSIS

The case studies examined three similar areas/properties. All three case studies need a thorough conversion in order to accommodate a new function. The properties are not embedded in the surroundings due to the segregated former function. The properties have a high potential for adaptive reuse because of the locations, the Hembrug close to Amsterdam, P.I. Noordsingel in a upcoming neighbourhood in Rotterdam and the Spinhuiswal complex close to the city center of Den Bosch.

The Hembrug area was a difficult and long collaboration process. Due to wrong ambitions in the beginning and not overseeing the riskiness of the project or involve the interests of other parties. In the beginning there was even planned to demolish buildings at the Hembrug but the municipality didn’t want this because of the monumental value. However, the CGREA learned a lot from this case and in case of complex developments there will be steered on taking away future risks.

In the case of the P.I. Noordsingel a good collaboration between the municipality and the CGREA was established. Even local residents were asked for their opinion. The market conform selling price was established by the nine bids that were handed in. Only scenarios of possible market values were established in the beginning in order to have an estimate of the market value.

The case of the Spinhuiswal was again focused on the market conform price and the sales method in the beginning set to high and non flexible requirements, where even the municipality didn’t want to keep the requirements. However, in the second sales process the sales method was changed and no requirements or quality criteria were part of the process at all. In this process only the highest bid was the most important.

The cases illustrated that the process and collaboration for disposal are important in determining the future function of the property but as well the realisation of public values. A summary of the intern procedures and extern procedures are describes in table 8.

<table>
<thead>
<tr>
<th>Intern</th>
<th>Category</th>
<th>Collaboration</th>
<th>Sales method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Macro- Hembrug area, Zaandam</td>
<td>Development bij CGREA</td>
<td>Ambitious marketable</td>
<td>The chosen method is area development. The CGREA bares the risks and is responsible for the GREX. Currently the properties in the Hembrug area are rented to the first tenants.</td>
</tr>
<tr>
<td>2. Meso - P.I. Noordsingel, Rotterdam</td>
<td>Sold to BAM and HD Projects</td>
<td>Reasonably marketable</td>
<td>No market consultations, but developers had the chance to visit the property. 87 bidbooks were sold and nine projects visions were handed in. The procedures of sales were well elaborated and clear communicated to private developers.</td>
</tr>
<tr>
<td>3. Micro - Spinhuiswal, ‘S Hertogenbosch</td>
<td>Sold to Vareks BV.</td>
<td>Reasonably marketable</td>
<td>The first sales process was a tender with pre qualification, in the second sales process, it was a public tender.</td>
</tr>
</tbody>
</table>

Table 8: Cross-case conclusions (Source: Own illustration)
The intern procedures of the CGREA, as the categorisation, ABC-scan and the definition of the market conform value were not clear in the cases. Therefore validation of the choices regarding financial return and public values were not clear. The three different cases used different sales approaches, the Hembrug is area development, the P.I. Noordsingel was a tender with pre selection and the Spinhuiswal was the standard sales approach. The ABC-scan was not filled in for both the Noordsingel and Spinhuiswal. The criteria for choosing the sales method for the P.I. Noordsingel and Spinhuiswal was because of the special (monumental) and complex redevelopment of both properties.

For the public values it emerged that they are not explicitly communicated during the sales process. Nonetheless, the indicators are part of the vision now in the Hembrug. The sales method, tender with pre selection, used for the P.I. Noordsingel also selected the bids on ‘public’ requirements. Table 9 sets out the future development of the case studies combined with the indicators of public values in real estate. Given the indicators, the properties will have future developments that comply with the public values in real estate.

By the involvement of stakeholders, public collaboration and openness to the market the process of disposal will result in public values in the built environment. In Den Bosch this involvement was not sufficient and the property will stay vacant for a while, because the municipality is still engaged in changing the zoning plan.

From the case studies the following points of improvements can be established:

Intern
- Categorisation: a clear definition of what type of property will be disposed and what the essential criteria are to redevelop the property. This concerns the risks, opportunities (financial and public). This may result in a better validation of the process.
- The ABC-scan provides an assessment that addresses the context of a property and future opportunities for the properties. In none of the cases the instrument was filled in.

This instrument needs to be part of the primary process in disposal. Nonetheless, in a simplified form. More focused on the public values to provide a framework that can form a basis for determining the market value and as a marketing tool to seduce private developers. Encounter this as a public ‘valuation’ report, just like a financial valuation report but without the appraisal part. But just introducing the so called ‘BLOM’: Building, Location, Opportunities, Market.

Extern
- Two of the cases illustrate that collaboration and the establishment of public and social support is essential for the process of disposal. Not sharing values delays the process. There is need for a broader assessment of stakeholders, public and private and assess the interests for demand of the redevelopments of a property.
- The collaboration with private developers is not sufficient. In the Hembrug area there is now close collaboration with the users (private developers) and this results in a upcoming and vibrant area. Private developers need to be seduced to collaborate in the process and future development of the properties.

Table 9: Cross-case conclusions public values (Source: Own Illustration)
CHAPTER 9 - DISPOSAL CONSIDERATIONS REGARDING PUBLIC VALUES

This chapter will combine the research findings, context and public values of the latter chapters into an approach to incorporate public values in the disposal.

9.1 PROCUREMENT PUBLIC VALUES

Figure 16 determines the important considerations for disposal. First the categorisation that links the importance of the future possibilities of the properties need to be made. A positively marketable property is a property that can be sold in the current use and therefore complies with the indicators of public values. Reasonable marketable and ambitious marketable can be analysed on the externalities of the public values. The outcome of this will result in the opportunities for the future development of a property. By defining these opportunities a consideration can be made how the property complies with the market demand, analysed on different scale levels or with policy demand of the national government, provinces or municipalities. The mapping of criteria for public values is important because it can form a basis for negotiations with municipalities. It is as well important for further validations of decisions for the disposal. Any process that assesses public values becomes useful only if it can inform processes for making decisions that bring effective supply and effective demand together.

![Figure 16: Public values process (Source: Own illustration)](image)

9.2 DEFINING OPTIONS

In 2003 the CPB (Centraal Plan Bureau - Central Planning Office) established four future scenarios for the Netherlands. The scenarios emphasise on changes between the private and public roles and successful collaboration to national sovereignty (De Mooij & Tang, 2003). The scenarios serve two purposes. First, they provide a structure for discussing the uncertain future of Europe in a comprehensive framework. In this way, the scenario’s may yield early warnings to policy makers about particular challenges in the future, e.g. with respect to necessary reforms of the public sector and the need for effective international cooperation. Second, the scenarios serve as a tool for policy analyses with a long-term character. Examples are environmental policy, infrastructure, energy, spatial issues and aging. As the scenarios provide a broad range of possible outcomes for economies, the desirable policies may be quite different among them. Specific questions are left for future studies. For instance, follow-up studies at CPB are planned with respect to the economy and its physical surroundings and ageing. Policy makers are challenged to think through their strategic policies in order to get a grip on the uncertain world in the future.

The scenario approach can also be translated to the approach of property disposal. The real estate market is a dynamic market. The demand for properties is constantly changing and the supply will age by the day due to new technologies. The key drivers of property demand are in constant flux. Organisational boundaries are relentlessly changing through reorganisation, outsourcing and off shoring. The workforce has become increasingly footless facilitated by the increased power of technology linked to the reduction in its cost. The vacancy in the Dutch real estate market reached its all time peak equivalent to 9.2 million square meter. The CGREA will add new vacant properties and will have the largest share of vacancy in the Dutch real estate market. This vacancy will not be solved unless there is a proactive approach and the CGREA can be an example in this.

The government is the stakeholder that can facilitate change and stimulate the conversions of vacant buildings. However, decentralisation and regional approaches are necessary to translate the demand for the future opportunities for vacant government assets. For the CGREA it is important to consider the different scale levels of the real estate market and combine them with the current supply. Considering the categorisation a positively marketable property can be sold by standard procedures, because there will be a demand for the property on national level, regional or local level.
One dilemma for disposal is how to integrate area-based programmes, favoured in urban policy, with wider conurbation and regional level strategies which are essential to restore the vitality in use and to link economic, and sustainable development to best advantage. Another dilemma is how to target economic development efforts on the localities and attract the property development industry to invest. Since these decisions are associated with uncertainty, there is a demand for a flexible framework that enhances predictions based upon experiences for improvement of future decision-making. Therefore every single provincial/regional area should have an overview of the to be disposed properties and the related category of positively marketable, reasonably marketable and ambitious marketable, illustrated in figure 17. In this analysis there is increasingly need in providing cross-departmental coordination and direction, collaboration with provinces and local governments but as well with private developers. When a regional analysis and categorisation is made, the reasonably and ambitious marketable properties can be assessed on the public value indicators.

For reasonably marketable and ambitious marketable there is need for an understandable process to standardise disposal. This is given by the requirement for a common language between the very diverse stakeholders involved. Even if a simplified process won’t be able to apply perfectly to every case in a portfolio it still helps in providing a starting point for how to incorporate the context (the public values in real estate). This in the form of the proposed scenario framework in figure 18.

The framework consists of two axes: one axis that sets out the financial versus public opportunities and one axis sets out external positioning versus stability control. Based on the given criteria in the scenarios and the mapping of public values indicators, a property can be aligned with one of the scenarios.

For the financial versus public opportunities it is essential to consider if a property has the opportunity to be sold with a financial return or there are limited opportunities to raise a financial return and the CGREA needs to pro actively steer on future opportunities. The CGREA can act as a principle and facilitate choices for a private developer.

External positioning versus stability control is the difference in development. In case there is market demand and regional demand for functions a property can be sold to a private developer. If the risks are to high for developing a property or area there is need for a pro active approach of the CGREA. The difficulty in the disposal of public real estate is that the CGREA is not allowed to provide any sort of subsidies, the real estate needs to be sold market conform, public and transparent. This is important to realise because there can not be actively invested in public or policy objectives by the CGREA. Therefore policies from other government department need to be taken into account to steer on redevelopment of the properties. Government departments and their agencies should consider and incorporate public values. The CGREA need to have a vision about the public values and weigh these up against any additional costs to ensure the most effective way of achieving public policy aims and value for money. This to increase the interdepartmental collaboration and policy steering on th disposal.
9. DISPOSAL CONSIDERATIONS REGARDING PUBLIC VALUES

There is a demand for a transparent understanding of the aims or preferences of multiple stakeholders that support optimal decisions with regard to the built environment. Here is a unique opportunity to link property to the wider change agenda: the ability for government to “step-change” and do things differently. This by incorporation and proactively seeking for policy demands besides the market demands.

The scenarios can provide a validation for a property concerning financial returns and public values. More scenarios can be researched for one property and by this a validation can be established to whether choose for a financial or public development. It can form the basis for sales strategies with a quantified basis in terms of monetary outcomes. A strategy needs to have a quantified basis in order to inform decisions (van der Vaart, 2015).

Compliance with other tools of the CGREA:
- The ABC-scan can be used to support the framework and map the future opportunities for the property. This framework aims to connect the overall portfolio disposal management with opportunities in regional markets and hereby establishing a future approach to validate the choice.
- The disposal strategy describes the sales techniques. This can be combined with the four different possibilities in the framework. For example for a property that fits in the Rational market conformity can be sold by an auction. A property that fits in policy conformity can be sold by the use of pre-selection. Where the criteria for pre-selection are clearly stated in order to steer on the future function as well.

Figure 18: Proposed scenario framework (Source: Own illustration)
CHAPTER 10 - CONCLUSIONS & RECOMMENDATIONS

This chapter will discuss the main conclusions of this research and the answer to the main research question. The second part of the chapter will propose recommendations for the CGREA, for private developers and for further research.

10.1 CONCLUSIONS

This research aimed to contribute to the existing scientific knowledge, by combining fields of research, namely defining public values in real estate and the disposal of government assets. The government disposed properties before, but not on this large scale. The portfolio is diverse and comprises unique properties with very specific functions, such as monuments, museums, military barracks etc. There is little knowledge about the way in which these often unique buildings should be disposed. The government also has a contradictory role in this case, they want to maximise financial return but as well safeguard public values. This study aimed to contribute to the understanding of this role.

The first part of the research investigated the context: the current ways of working of the CGREA regarding the disposal of government assets. Three determinants were described that are essential in the disposal: portfolio, financial return and the collaboration process. These determinants are described according to policy documents of the government, interviews combined with literature that is related to the determinants.

10.1.1 THE PORTFOLIO

Different instruments are used to steer on the portfolio: the VPS, the disposal strategy, Broad Value Assessment and the sales approach. The VPS describes the priority areas for the overall portfolio, the properties that are in use and the properties that will be disposed. The disposal strategy, Broad Value Assessment and the sales approach are instruments that steer on the disposal portfolio. The disposal strategy contemplates innovative sales techniques in order to create more efficiency and increase the number of sold properties. The three instruments use different categorisation models that set out different means and steps that can be taken for the certain property.

This current categorisation of vacant properties is focused on building level but should be more focused on the variables concerning market, location and building. The constant combination of these three factors is important to determine possibilities for a property (Remøy, 2010). In order to stimulate conversions it is important to provide all the necessary information of a property. In the past poor documentation of buildings led to unwelcome surprises during conversions (van der Voordt, 2007). As well juridical constraints are an obstacle during conversions. Juridical constraints are the zoning plan and willingness of the municipality. When the latter two constraints are documented well in the form of a manual, it can be implemented in the sales procedure.

10.1.2 FINANCIAL RETURN

Lusht (2002) states that a property’s value is a function of its expected use. Any form of redevelopment and future function, therefore, determines the highest and best use. The risk of a bad economic deal becomes highly likely in the case of extraordinary properties. Assets with special characteristics allow for the presence of a plurality of heterogeneous functions, and very often include several values (historical, artistic, identity, cultural and social) that complicate their marketing (Spiller, 2008).

In the current real estate market, where limited transactions are executed and with constant changing demands, it is difficult to establish a market value. This raises the discussion about the market conform value of a property. The CGREA is obliged to define the market value because a property has to be sold market conform (Van den Bos, 2015). However, important in defining this market value is to take into account all the possible impacts, future objectives and possibilities for a property.

10.1.3 COLLABORATION PROCESS

In the disposal process the CGREA has the role of a real estate owner on the supply side. Their role is to search for the needs from the demand side translated to the vacant properties in the portfolio. The search and process of selling a property involves a lot of stakeholders. The properties of the CGREA present a wide variety of typologies and characteristics, where the older properties have mostly dominant places in cities, towns and regions. This has to be linked to provincial or regional level (market), depending the amount of vacant CGREA real estate. The connection with the local authorities is important because the CGREA is not the only public (or private) institution that has vacant real estate.

Last year the CGREA intensified the collaboration with stakeholders, like provinces, municipalities and as well private developers. In the advise of the RLi (2014), there is expressed that besides national policies, the policies of provinces and municipalities concerning real estate are important as a basis for determining public values in the built environment. Currently the CGREA is collaborating with provinces on real estate policy.
analysis (Beleidsvastgoed analyses). Per province the real estate will be combined in the MIRT. This will result in
government wide portfolio strategies that connect the ambitions of the MIRT with the vacancy in the portfolio
of the CGREA (land, properties and water). Municipalities have a strong influence on the disposal and adaptive
reuse potential of the property because they are in charge of the zoning plan.
In municipalities with a high number of to be disposed properties there will be tried to establish a covenant
(SOK= Samenwerkingsovereenkomst). In The Hague, Lelystad, Zwolle and Haarlem the minister of Housing
already signed the covenants. This agreement entails that the CGREA and concerning municipality together will
search for future possibilities for the vacant real estate.

The CGREA is not mandated to redevelop vacant properties for other purposes than government objectives.
Therefore private developers are needed for the future use and willingness to invest in the vacant properties.
However, they seem to hesitate in investing in the properties because of the high risks involved and the public
selling circumstances. The high risks are related to the current market circumstances and the current state of
the properties. Private developers opt that the CGREA has to show more opportunities for the opportunities of
the vacant properties (RVB cafe, 2014).

10.2 PUBLIC VALUES IN THE DISPOSAL OF GOVERNMENT ASSETS
This research aimed to answer the following main question:

In what way can the Central Government Real Estate Agency dispose vacant real estate while incorporate
public values?

The answer on this questions is twofold. First a concise definition is necessary to answer the question of what
public values are in real estate and second, more practical, how can these values be assessed in the disposal.

Public values in real estate can be defined as follows:

“Real estate contributes to public values when it has a vital function in its environment, contributes to an
economic position and the building meets the sustainable use of resources.”

The keywords in this definition are:

- **Collaboration, participation and empowerment.** Taking into account local circumstances on the real estate market. Creating opportunities and empowerment for public institutions, private developers and communities.

- **Vital use in environment.** Stimulate future function that fits within the regional demand. Maintain the spatial quality for a city and sustain the identity of the building for the city.

- **Economic vitality.** It is not only about selling a property but as well creating opportunities for future business purposes. Real estate is more than the value of the bricks, it needs to have a function and stimulate a feasible business plan.

- **Sustainable use.** Stimulate smart solutions in the redevelopment of a property. To create a feasible project for the real estate that ensures the durability of use. Not a focus on real estate as a financial asset but as a public asset, that is a social capital for the environment.

In order to make this definition more practical a set of indicators is established for the three key words in the
definition. For vital use the indicators are: long-term use, flexibility, reassure the value of cultural-heritage,
strengthen identity, spatial quality, openness and safety. For economic position the indicators are: creation of
employment and strengthen diversity. For sustainable use the indicators are: durability of use, stimulation of
adaptive reuse/regeneration and environmental sustainability.

Regarding the disposal public values can be controlled in two ways. In the process (by involving the right parties
at the right time and discuss the interests) and in the sales (by stimulating interventions for long term benefits).
The organisational behaviour is an important factor in incorporating public values, public values should be part
of the primary process. Currently the process of disposal is to much focused on quick sales and efficiency, which
sometimes result in a messy process and unvalidated results. Nonetheless, the CGREA aims to collaborate more
with other public institutions and as well private developers. Agreements are signed with municipalities in order to stimulate the adaptive reuse and search for the best possible function. In order to show the validation of the trade-off between public values and financial return, it is convenient to change the way of reporting of the CGREA: transparency concerning the process of disposal and not only the financial result.

Along these lines, to be able to create public value is to involve the context of the property. This by involving the relevant stakeholders, overseeing the future vital use, economic position and steering on the sustainable use of a property. The interdependency between the different scale levels of development is important. A constant connection between macro, meso and micro level is necessary to connect different stakeholders and possible opportunities for the property.

In order to enhance the process and controllability in disposal for public values the following steps need to be taken. Figure 1 illustrates this process. A categorisation needs to be done according to the marketability of the real estate. This thesis provided a theoretical example of such a categorisation in positively marketable, reasonably marketable and ambitious marketable. The criteria are linked to market, location and building. The positively marketable real estate can be sold with the current function. Reasonably marketable and ambitious marketable are real estate that need to be converted to accommodate a future function. The positive and negative externalities have to be mapped to define the opportunities to determine a new public value for the property. Lastly, the opportunities can be linked to the market demand on different scale levels, but also to the policy demand of the different scale levels of public institutions. This can be linked to the scenario framework that is established. This framework is illustrated in figure 2. Public values are about creating a new opportunity for a property. On one side this can be done by private developers and on the other side by public institutions themselves.

By mapping interests of stakeholders and public value trade-off can be made in what way the property can be disposed. This may form the input for the framework. In this framework an understanding and monitoring can be created in what way the property can be disposed: external versus stability and financial versus public. This can be made explicit by the criteria stated in the different scenarios. As the definition indicates, contributing to public values is more than incorporating policy goals which need to be financed by other government departments, but as well facilitating opportunities and collaboration with private developers that can actually develop the property to give the property a vital function in its environment, create an economic position and a sustainable use.

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**Figure 1: Steps to incorporate public values**
(Source: Own illustration)

**Figure 2: Framework for possibilities**
(Source: Own illustration)
10. CONCLUSIONS AND RECOMMENDATIONS

10.3 RECOMMENDATIONS FOR THE CGREA

Following from this research, recommendations are presented for the CGREA based on the presented literature study, findings from the field research and development of the decisions regarding public values. To use the outcome of this research in the daily practice of the CGREA, the following recommendations are given:

1. In order to validate choices regarding public values, more transparency should be given about the added public value of the disposal of assets. This is transparency concerning the process of disposal and not the financial result. Likewise the public values should be made more explicit in the primary process, this can enhance the controllability by disposing the real estate to opt for choices. This thesis provided public values indicators, these indicators can be made explicit by determining the positive and negative externalities of the disposal of a property. These externalities can be mapped and result in a checklist to determine future criteria for public values of a property.

2. Every single property is unique and needs a different approach. However, the existence of the different categorisation methods in the selling of real estate doesn’t simplify the selling process. A categorisation needs to be done according to the marketability of the real estate. This thesis provided a theoretical example of such a categorisation in positively marketable, reasonably marketable and ambitious marketable. The criteria are linked to market, location and building.

3. There is a demand for a transparent understanding of the aims or preferences of multiple stakeholders that support optimal decisions with regard to the built environment. Since these decisions are associated with uncertainty, there is a demand for a flexible framework that enhances predictions based upon experiences for improvement of future decision-making. Therefore every single provincial/regional decided area need to have an overview of the to be disposed properties and the related category of positively marketable, reasonably marketable and ambitious marketable. The criteria are linked to market, location and building.

4. The ABC-scan provides an assessment that addresses the context of a property, which is very useful in order to determine the opportunities for a property. However, the instrument needs to be part of the primary process in disposal. Nonetheless, in a simplified form. Meaning, more focused on the public values to provide a framework that can form a basis for determining the market value and as a marketing tool to seduce private developers. This can result in a public ‘valuation’ report, just like a financial valuation report but without the appraisal part. But just introducing the so called ‘BLOM’: Building, Location, Opportunities, Market. Currently the ABC-scan is to ‘policy oriented’ featuring the social value, cultural-historical value, financial value and ecological value. Convert these values in to one of the BLOM aspects and a more practical report will be established.

5. Public values in the disposal of government assets are more than contributing to policy objectives of the national government, provinces and municipalities. Real estate contributes to its environment when it has a vital function in its environment, has an economic position and has a sustainable use. These three key words can also be realised by a private developer that assures there will be a new ‘activity’ in the property. The CGREA has the ability to facilitate opportunities as well for private developers.

6. Long-term vacancy, waiting for a buyer who will not step in, it will have negative social and economic impact on a region or city. The CGREA should not be reluctant to accommodate initiatives with social or economic character. Only disposing is not sufficient with 700 real estate objects, prices are under pressure or you offer it to the wrong parties. The window effect (sign with for sale) no longer works, the markets have changed. Private developers are hesitating. Therefore a pro-active approach is necessary from the CGREA that facilitates opportunities to private developers and municipalities.
10.4 RECOMMENDATIONS FOR FURTHER RESEARCH

1. The framework and public value indicators provide a useful starting point for thinking about how best to measure public value, because public value is still an emerging concept, there is still a great deal of work to be done, for example make how to make the values measurable.

2. This thesis proposed a categorisation method for the disposal, which is very theoretical. Further research can be done by applying this method to the portfolio and make the criteria more practical.

3. An important conclusion of this research is the collaboration with stakeholder is essential in creating public values. In what way can the different interests be mapped to ensure a sincere collaboration between the different stakeholders.

4. Not only the central government encounters vacancy in their portfolio also provinces will have an increase in vacancy. In what way can provinces cope with the increase in vacancy in the portfolio?

5. In what way can the CGREA intensify the steering from policies on the real estate? The CGREA is an operational department and not mandated to develop themselves. More practical researches can be done according to the potential of vacant real estate of the CGREA transformed to e.g. student housing or retirement homes.

6. Public real estate management is more focused on efficiency and financial returns. How to encounter the public values in the portfolio of public institutions. The offices of the CGREA in The Hague are very introvert buildings. The Ministry of Finance has a transparent facade, but still it is an introvert enclave, where the courtyard is not used by the public.
CHAPTER 11 - REFLECTION

*If we knew what it was we were doing, it would not be called research, would it? - Albert Einstein*

11.1 REFLECTION RESEARCH

The research was carried out during nine months. The first five months consisted of writing the research proposal and the remaining four months the research.

In the research proposal the social relevance and scientific relevance of the research were set out. The social relevance was described as the understanding of the role of the CGREA, a government department, that involves public money. But as well as has the largest real estate portfolio of the Netherlands. The research described the role of the CGREA, they are an operational department that manage and maintain the portfolio of government properties. They are not a policy department or have the ability to do financial investments in the built environment.

In the scientific field not much research is done into the portfolio of the national government, specific the CGREA. Besides the researched aimed to define public values in real estate and link this to the disposal. The research described an approach to make the CGREA aware how to approach public values in the disposal process.

The research methods chosen were a literature study, interviews, discussion and case studies. The chosen research methods provided the right method to answer the research question: In what way can the CGREA dispose vacant properties while incorporate public values?

The literature study provided a lot of information. It have been very broad, but this was because the focus of the research shifted a couple of times. From social return to society return to public values. In the beginning I did not delineate my research sufficient.

The discussion held at the CGREA was very interesting. Many interviews and a few small workshops were held to make a presentation with a couple of statements to present during the discussion. As well a survey was conducted to provide the different viewpoints on the disposal.

The interviews were very helpful during the research, both with employees of the CGREA and real estate professionals. They allowed to see the different perceptions on the vacancy in the Dutch real estate market. And the roles seen by real estate professionals of the CGREA.

The research could have been better by skipping the case studies and replace them with expert meetings/workshop intern the CGREA but as well with real estate professionals or increasing the number of case studies. This is because the ways of working regarding disposal changed the last year. Many research is done in order to get a grip on the size of the disposal portfolio and to determine the right strategies according to these.

The case studies now resulted in many information about the process of disposal (collaboration), not much could be set about public values. This was also a mistake from me, I didn’t made the right decision which points I wanted to research in the case studies.

As well the right information about many cases could not be found and this narrowed the choice for cases. However, this also indicated the way in which is worked at the CGREA. The analysed cases can be seen as learning cases and illustrated the process during disposal and how this need to be changed in the future to allow the selling of 700 properties.

The planning of the research was made in the beginning of the process and finalised at P2. The planning was based on examples of finished graduation researches and consultations with the supervisors. Because the work to be done was not yet known in detail the planning was kept at a global level and mainly indicated the key points to be researched.

This resulted in the fact that I didn’t follow the research planning to much, and hesitated to make steps forward in my research.

11.2 REFLECTION PERSONAL PROCESS

In the first week of the graduation I attended an expert-meeting at the Hembrug area in Zaandam. The question raised at the expert-meeting was how to cope with public values and financial return, I found this a very interesting statement. The CGREA has a nice portfolio and interesting properties that will be sold. It was also interesting because not much research has been done yet on the portfolio of the CGREA.

The research started really easy and I enjoyed every single aspect that came across as important for disposal. In the ended this leaded to a research that was too broad and which was hard to narrow down.

The research started with the question about balancing social return and financial return. Very interesting but during literature research and field research it became clear that it is not only about balancing if you don’t know the right definitions. There were very much ambitions in my P1. I established the 5 determinants by analysing the sales of the CBS-property. In my P1 every single determinant was actually a thesis research itself.

In the end I have chosen to focus on public values but you can not write a strategy for public values if there is no input of the context determinants.
The other difficulty was that I formulated a lot of questions focused on how things should be done, like categorisation and collaboration. There was not much information available about the CGREA in the early stages of my research. When I started the field research, the CGREA already was executing categorisation possibilities and collaboration opportunities with other that is why I formulated my questions different in the end and took the CGREA more as a study object.

In the beginning of my field research I started with a literature research on society return and how this can be made measurable in practice. Combining the literature research with the first findings in the field research at the CGREA, society return was not the right concept to use. The literature research indicated as well that measuring the softer aspects in real estate can be very bureaucratic and subjective. Therefore it changed to public values. After this it actually changed two more times and I rewrote the thesis a couple of times.

Lastly, I experienced a lot of difficulties in drawing up conclusions. This is probably very difficult in a qualitative research. The amount of opinions and interests make it hard to just conclude black and white. Everyone has a different perception of values, and in the end you have to compare your value to a range of other values and make the best possible values out of that.

Learning points
I learned a lot during the research. Most important learning points are in the terms of planning, research methods and outcomes, the following order is essential when doing a research:

1. Establishment of the research topic
2. Broad conceptual model with related themes
3. Extensive literature research
4. Establishment of the research question and sub questions
5. Research techniques
6. Expectation of outcome

I did do my research in this order, the only bottleneck was that I stayed too long in extensive literature research and deliberation about research methods. Besides, I was too open minded in this research, which is obviously good to get objective outcomes. But I think it can be very useful to have a clear view on the final product of the research and somehow the expected conclusions. I frequently changed the final product of the thesis: decision-support model, assessment framework, strategy, process and in the end ‘just’ recommendations. In the end I am very happy with the recommendations but it took me a long time to see that this is just as good as a decision-support model because it had a better fit with my research. So it is important to establish the final product and describe this already in the early stages about what it should look like.
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PICTURES OF VACANT PROPERTIES IN THE PORTFOLIO OF THE GOVERNMENT REAL ESTATE AGENCY


13. APPENDICES
APPENDIX 1 - EXAMPLE PROPERTY CBS

CBS Office – Leidschedam-Voorburg

Date of announcement sales: 2013
Date of sale: 14-03-2014
Vacant since: 2008
Buyer: Schouten Bouw
Surface: 60.000 square meters
Amount: 6.4 million euro, this is based on the future function of the building and the land value that arises from this.
Start conversion: Beginning of 2016 (www.cobouw.nl)

General information about sales and future programme
Schouten is a local contractor in the area of Leidschedam-Voorburg. Well known with the building, location and market in the area.

The intention of Schouten Bouw is to demolish the building and keep the underground parking garage. The building will be replaced with ground-based family dwellings (175,000 up to 200,000 euro) and social sector apartments. There is no change in zoning plan yet; this will take at least another year.

Process agreements:
- First collaboration with the municipality to take away risks (zoning plan procedures) for private parties. Though without result, no agreements are made with the municipality. Since 2013 there are no agreements anymore with the municipality. But still the government puts effort in conversation to secure the interest of all stakeholders as much as possible.
- Bids from market parties have been evaluated through the process, to see if it responds to the outline of the municipality.
- Market parties also have to collaborate with the municipality in order to evaluate their plans.
- The Government Real Estate Agency puts a lot of effort to create the optimal circumstances for private parties that are willing to develop.

General information about the building:
- Vacancy costs since 2008 t / m 2012 approximately € 2.4 million. Since the municipality does not cooperate more to temporary house companies, the government put a fence around the building, this was approximately € 150,000. (Particularly for the most necessary maintenance, utilities and security)
- Book value was € 26,539,184. (Blokk, 2013)
- There are no other costs included in the budget than the costs associated with sale. The post where all administrative and selling expenses is included in the budget of Housing and executing the policy of the Government Agency. (Property Policy, Management and Planning tool)

Conclusion
In the process of the sales of the CBS-buildings a few bottlenecks can be identified:
- The collaboration between different stakeholders is unorganised and not structured, private parties are in the middle of the Government Real Estate Agency and the municipality. The Government Real Estate Agency is in charge of the sales, but the municipality set out the rules for the area. (www.dichtbij.nl)
- Financial costs are showing extremely high losses.
- True intentions of the government are not clear. Why is the sales so much below book value, what are the implications of this for the balance sheets. Though the community is very delighted with the sales and demolishment of the building.
- The actual decision-making why the building is sold in this way is not clear.
APPENDIX 2 - VOORBEREIDING DISCUSSIE MAATSCHAPPELIJK RENDEMENT

Aanwezig:
Hans Ten Velde
Martine De Vaan
Marielle Dijkers-Damman
Martine Boelhouwer

Taxatie
Inleiding voorbeeld: Stel er is een kantoorgebouw in Houten en Utrecht heeft studentenhuisvesting nodig, maar het Rijksvastgoedbedrijf kan daar volgens het bestemmingsplan (en er is vraag naar) een kantoorfunctie hanteren en voor 1.000.000 verkopen. Maar er zou ook studentenhuisvesting kunnen komen maar dat levert 800.000 euro op. Het Rijksvastgoed investeert niet in die 200.000 euro. Dat moet een ander departement doen.

Gouda Gemeente wilde een moskee, maar uit analyses van het Rijksvastgoedbedrijf blijkt dat er vraag is naar woningen en die gemakkelijk gebouwd kunnen worden op deze grond dus de grond wordt getaxeerd op basis van de woningen.

De gemeente kan er mee doen wat ze willen zolang ze maar het getaxeerde bedrag betalen. Hierna heeft de gemeente het verkocht via een ABC aan de ontwikkelaar van de moskee.

Maatschappelijke meerwaarde, waarde, rendement


Gebiedsontwikkeling heeft wel een verwachte ontwikkelwaarde. Diensten en Domeinen was vroeger in charge of verkoop onderdeel van financien. We gaan voor een bepaald optimum, meerdere belangen.Compatibiliteitswet.

Beleid kost geld en daar kan het RVB niet in investeren.


Discussie wie de financier is van een object. Wat is je financieel resultaat als je geen onderlegger hebt.

De taxatie is nog onderbelicht binnen het Rijksvastgoedbedrijf. De taxatie heeft een grote invloed op het verdere proces. Verwachtingswaarde van een gebouw in een gebied is geen afpraak maar het hangt van mensen af, heel subjectief. Hier wordt heel verschillend mee omgegaan.

De taxatieopdracht moet anders gegeven worden. Wanneer moet de taxatie worden gedaan? Taxatie wordt leidend in proces op opbrengsten.
APPENDIX 2 - DISCUSSIE MAATSCHAPPELIJKE MEERWAARDE (DISCUSSION PUBLIC VALUES)

Doordat er binnen de afdeling P&P - strategie veel verschillende meningen zijn over het onderwerp maatschappelijke meerwaarde/maatschappelijke doelen en de definitie voor velen vaag en niet duidelijk is. Is er een discussie georganiseerd (door Marielle Dijkers-Damman en Alicia Hoevelaken met bijdrage van Leo Hendriks, Hans ten Velde). Het doel van de discussie was om de verschillende meningen op te halen en een consensus te behalen over de definitie.

Om de discussie in goede banen te leiden is er eerst een korte presentatie gegeven over relevante zaken voor het onderwerp maatschappelijke meerwaarde. In deze presentatie heeft Hans ten Velde een korte samenvatting gegeven over de reactie op het advies van de Raad van de Leefomgeving en Infrastructuur en Het college van Rijksadviseurs. Ik heb zelf een presentatie gegeven over de relevante definities van maatschappelijke meerwaarde en de belangrijke aspecten die afstoot op de voor het Rijksvastgoedbedrijf kenmerkt.

Leo Hendriks heeft aan de hand van de onderwerpen van de ABC-scan een enquête vooraf gehouden binnen de afdeling. In de presentatie zijn de uitkomsten hiervan gepresenteerd. Deze uitkomsten zijn te vinden in de volgende pagina's.

Aan het einde van de presentatie zijn 6 stellingen opgesteld, waarbij er gediscussieerd werd. De presentatie is hieronder en op de volgende pagina's weergegeven.
13. APPENDICES

Reactie op advies CRA en RLI

Regeling materieel beheer & Comptabiliteitswet

• Re-allocatiebeleid
• Van marktconforme opbrengst naar optimale opbrengst (zelfs pilot Winterswijk)
• Doelmatigheid

Definie maatschappelijke meerwaarde van vastgoed

Vastgoed heeft een meerwaarde voor de omgeving als het in gebruik is, een economische positie inneemt en het gebouw voldoet aan een duurzaam gebruik van middelen en materialen.

(Colmén et al., 2011; Hubb, 2011; Lie long, 2012)

Methodieken maatschappelijke meerwaarde

I. NKBA
II. Social Return on Investment
III. Balanced Score Card
IV. Multi Criteria analyse
V. Maatschappelijke Business Case
VI. Effecten arena
VII. Brede Waardebeoordeling

Taxatieleer


‘A property’s value is a function of its expected use.’ (Lusht, 2002)

Unieke leegstaande gebouwen

I. Cost approach: Highest and Best use, Expected use, Most probable use
II. Residual valuation
REFERENCES | 13. APPENDICES

Armamentarium, Delft

Niet 'vaatgoed' maar als 'gebouw'

Willem-Witteplein 5, Den Haag

- Wat is de waarde?

Hoe kijken wij naar maatschappelijke meerwaarde?

Stelling

Het is voor de medewerkers onduidelijk waar de Dg op wordt afgerekend.

Stelling

Het is aan de politiek om maatschappelijke meerwaarde mee te nemen in de besluitvorming.
Verslag - Discussie ‘Gemeenschappelijke kijk op Maatschappelijke Meerwaarde’

Inleiding
Slide 4 - Als opgaven voor het Rijksvastgoedbedrijf zijn geformuleerd, het realiseren van:
1. Maatschappelijk rendement
2. Rendementsoptimalisatie
3. Kostenbeheersing
4. Facilitair Management (gebruikers)

Intern zijn er grofweg twee stromingen als het gaat om handelen in vastgoed. Enerzijds de groep die redeneert vanuit het gegeven dat doelmatig handelen in vastgoed altijd een marktconforme prijs vereist. Anderzijds de groep die redeneert vanuit het gegeven dat handelen in rijksvastgoed moet resulteren in maatschappelijke meerwaarde.

Lijkt er vooralsnog eenduidigheid te bestaan ten aanzien van de opgaven 2., 3. en 4., t.a.v. maatschappelijk rendement bestaan verschillende zienswijzen naast elkaar. Tevens is het de vraag hoe je de vier opgaven onderling tegen elkaar afweegt.

Daarom een (interne) discussie met als doel te werken aan een gemeenschappelijke kijk op maatschappelijke meerwaarde en maatschappelijke doelen bij het handelen in rijksvastgoed.

Definitie
De opgave om te werken aan maatschappelijke rendement, is op voorhand al een achterhalde opgave. In de reactie op de RLI- en CRA-adviezen spreken we daarom over maatschappelijke doelen met maatschappelijke meerwaarde als gevolg in plaats van maatschappelijk rendement. Wat is dan maatschappelijke meerwaarde?

Wetenschappelijke definitie van de maatschappelijke meerwaarde van vastgoed:
*Vastgoed heeft een meerwaarde voor de omgeving als het in gebruik is, een economische positie inneemt en het vastgoed voldoet aan een duurzaam gebruik van middelen en materialen.*
(Colatino et al., 2011; Hebb, 2010; De Jong, 2012)
Het praktisch uitvoerbaar maken van deze definitie is mogelijk door criteria te hangen onder de begrippen ‘economische positie’ en ‘duurzaam gebruik’.

In de discussie richten we ons vooral op de afstootopgave. Daarin is een aantal categorieën vastgoed te onderscheiden: a. courant -, b. in-courant - en c. markt-incorrect vastgoed. Ingeval het laatste is op dit moment geen sprake van een aantrekkelijke markt om het vastgoed in de huidige staat af te stoten. Herontwikkeling lijkt daarmee voor de hand te liggen. Zie bijlage 1 voor een mogelijke categorisering.

Het wettelijk kader voor het handelen in vastgoed is de Compabilihiteitswet en de Regeling Materieel Beheer. Dit is het re-allocatiebeleid ofwel de zogenaamde ‘leur-procedure’, waarbij af te stoten vastgoed een voorkeursvolgorde volgt en eerst aangeboden wordt aan andere rijksdiensten, vervolgens provincie en daarna gemeente, om pas daarna de markt op te gaan.

Het handelen in vastgoed moet doelmatig en ordelijk plaatsvinden, waarbij in de loop der jaren een verschuiving is te constateren van zuiver marktconform handelen (en soms een hogere prijs) naar opbrengstmaximalisatie. En in krimpgebieden kan dit zelfs tot nieuwe business plannen leiden, waarbij sloop of uitruil van vastgoed de lokale markt weer perspectief moet gaan bieden. Zie bijvoorbeeld de pilot Winterswijk.

Verschillende methodieken om maatschappelijke meerwaarde inzichtelijk te maken zijn in omloop. Zie bijlage 2.

Rol van taxaties

Bij het handelen in vastgoed speelt de taxatie, een inschatting van de marktwaarde, een belangrijke rol. Het ‘Royal Institution of Chartered Surveyors’ (RICS) draagt zorg voor gecertificeerde taxateurs. Zij hanteert de volgende definitie voor een uiteindelijke taxatie:

“Marktwaarde is het geschatte bedrag waartegen vastgoed tussen een bereidwillige koper en een bereidwillige verkoper na behoorlijke marketing in een zakelijke transactie zou worden overgedragen op de waardepeildatum, waarbij de partijen met kennis van zaken, prudent en niet onder dwang zouden hebben gehandeld” (RICS, 2014)

Ook verschillende methodieken zijn toe te passen om tot een taxatie te komen. Zie bijlage 3. Bij alle methodieken geldt dat het staat of valt met de uitgangspunten die de basis vormen van een taxatie.

Vervolgens geeft een taxatie richting aan de transactieprijs. Dit neemt niet weg dat je hier niet niets voor hoeft te doen. Marktbewerking is een vak apart en lijkt nog onvoldoende binnen het RVB te worden toegepast. Dit veroorzaakt op zijn tijd nog wel eens ruis.

Van prijsdenken naar waardedenken

De discussie gaat in op het sterk prijsdenken bij taxatieprocedures en de vraag in hoeverre andere waarden een rol spelen bij de prijsbepaling. Het blijkt ook afhankelijk te zijn van de wijze waarop je zelf kijkt (stelling inneemt). De Brede Waardebenadering is een bewezen aanpak om nu juist alle facetten van vastgoed onder de loep te nemen. Het vooraf toepassen van de Brede Waardebenadering om te komen tot een opdrachtformulering voor een taxatie is voorwaarde bij het handelen met rijksvastgoed (Bron: RVPS 2013)

Er zijn meerdere instrumenten die helpen het handelen in vastgoed transparant, ordelijk en doelmatig te laten zijn, waarbij ook focus op de vier opgaven van het RVB is te realiseren.

Bijvoorbeeld het benoemen van een indicator bovenop een taxatie en daarmee de verschillende waarden met één afweegt naast de taxatieprijs alleen. In Amsterdam (initiatief wethouder Maarten van Poelgeest) was het heel gewoon om marktpartijen te laten bieden op een ‘vastgestelde prijs’, maar vooral te beoordelen op de kwaliteitsseisen die hun plan zou voorstaan. M.a.w. het consortium dat het beste scoort op verschillende maatschappelijke doelen krijgt het ontwikkelrecht.

Een dergelijke ‘ondergrens’ is afhankelijk van de financieringsmethode die is toegepast op het desbetreffende vastgoed. De wijze waarop Defensie haar vastgoed financiert leidt tot heel andere ontwikkelmogelijkheden, dan de wijze waarop de kantoren van de voormalige Rgd in de boeken terecht zijn gekomen. Daar komt bij dat een ondergrens alleén om twee belangrijke redenen niet haalbaar is:

1. Ten allen tijden moet worden voorkomen dat er sprake is van staatssteun.
2. Het benoemen van een ondergrens betekent dat de prijsstelling een neerwaartse beweging maakt, waardoor – mede gezien de omvang van de rijksvastgoedportefeuille – de markt niet optimaal haar werk kan doen.

Behoefte aan het op een transparante wijze afwegen van maatschappelijke doelen en opbrengstoptimalisatie, vraagt om:

1. Heldere categorisering van het vastgoed
2. Welke uitgangspunten liggen ten grondslag aan de uiteindelijke taxatie?
3. Hoe kunnen we komen van prijsdenken naar waardedenken?
4. ...

De discussie over het creëren van maatschappelijke meerwaarde geldt niet alleen voor af te stoten vastgoed. Ook het vastgoed dat in eigendom blijft van het RVB kan maatschappelijke meerwaarde creëren. Bijvoorbeeld door
slimmer om te gaan met energieverbruik.

Vervolg?
1. Kennisdelen over o.a. begrotingssystematiek, financiering vastgoed en marketingstrategiën.
2. Praktische invulling geven aan de definitie maatschappelijke meerwaarde.
3. Quick and dirty de afstootlijst langs lopen en naar WOZ waarden kijken om te toetsen dat 80% direct verkocht kan worden en slechts 20% ongeschikt zou zijn voor directe verkoop (Dirk?).
4. Ambities uit de VPS om ook maatschappelijke meerwaarde te creëren binnen het bestaand rijksvastgoed verder expliciteren.
5. Pilot om aan de hand van een KORV project het waardedenken te concretiseren.

Bijlage 1 Categorisering vastgoed

Bijlage 2 Methodieken Maatschappelijke Meerwaarde
I. MKBA (maatschappelijke kosten baten analyse)
II. Social Return on Investment
III. Balanced Score Card
IV. Multi Criteria analyse
V. Maatschappelijke Business Case
VI. Effecten arena
VII. Brede Waardebenadering
VIII. 7-star model / Diamond model uit Finland

Bijlage 2 Taxatiemethodieken
I. Cost approach:
   A. Highest and Best use,
   B. Expected use,
   C. Most probable use
II. Residual valuation

Stelling 1 - Het is voor de medewerkers onduidelijk waar de Dg op wordt afgerekend.
Visie en doelstelling van het RVB een paar keer voorbij zien komen. Maar de algemene doelstelling is niet duidelijk. De minister weet niet waar hij heen gaat. Minister wacht af wat wij vinden.
Daarentegen wordt gesuggereerd dat het jaarplan van de RVB glashelder is. Jaarplan geeft duidelijk de doelen aan die gerealiseerd moeten worden. Ook de VPS is heel duidelijk in. Dg weet zelf heel goed waar het heen gaat.

Is er een financiële doelstelling? Dit is het slagvaardig en zorgvuldig afwikkelen van een object.
Moet er geen meer durf zijn, dus meer experimenteren.

Het is duidelijk dat gebouwen die goed verkoopebaar zijn, gewoon moeten gewoon worden verkocht voor de maximale financiële waarde.

Er zullen in totaal ongeveer 1200 objecten verkocht worden. 20% hiervan is ongeschikt voor directe verkoop en 80% kan zo verkocht worden. Dirk gaat dat allemaal uitzoeken. We willen dit uitgezocht hebben. Naar WOZ waarde kijken.
Quick en dirty, andere directies hier ook bij betrekken.

Stelling 2 - Het is aan de politiek om maatschappelijke meerwaarde meer te nemen in de afstoot.
Vanuit het kabinet is een opdracht meegegeven aan het RVB in de afstoot van vastgoed. Maatschappelijke meerwaarde moet worden meegenomen. En omdat deze opdracht er is bestaat de Brede Waardebenadering.
Het begrip optimaal wordt vaak verteld naar geld.

Het is volstrekt onduidelijk dat er een gat ontstaat uit als je taxeert en de waarde die het object vanuit de markt heeft. En dat er gesuggereerd dat dit gat verhaald zou moeten worden op andere departementen. Vanuit hier wordt gevraagd om de ‘moederdepartementen’ een opdracht te vragen. Er moet met andere partijen gekeken worden naar de gemeenschappelijke punten voor een taxatie. Hoe wordt er omgegaan met het taxatieproces. Taxatie is vooral het prijs denken. Het zit niet verankerd in prijsprocessen. Er kan iets gevonden worden van de kwaliteit van deze processen maar deze worden goed uitgevoerd.


Het proces achter het Willem de Witseplein was gewoon niet goed genoeg.

Er zou beter gekeken moeten worden naar de taxatie en de verkooptechniek. Brede waardebenaedring is prachtig maar ook niet leidend hierin.

Is het helder hoe we moeten verkopen, of moet er vanuit strategie veel meer principes komen met betrekking tot de verkoop. Elk geval is anders. Geluiden uit de markt, niet achterin die stegen maar hoe iets daadwerkelijk is.

Nooit onderzoek geweest hoe de marketing is gedaan en hoe de verkooptechnieken werken. Misschien andere markt zoeken.

De marketing moet verbeteren.

Stelling 3 – Marktconforme opbrengst is doelmatig.

Je moet het kunnen uitleggen. Er zijn zachte zaken die bijdragen aan de harde zaken. Het RVB is niet goed in overeenstemming vinden in de zachte zaken. Doelmatig voorkomen van inflatoire werkingen. Marktconformiteit. Waarom is het Willem Witseplein terug getrokken. Willem Witseplein is ontzettend interessant. Wat is er nou gebeurd. Niet goed om alleen van koker p&P te kijken maar ook vanuit de rest van de organisatie. Met de taxatie is niets mis er moet meer aan de marketing gedaan worden. Het proces achter het Willem de Witseplein was gewoon niet goed genoeg.


Stelling 4 - Taxaties binnen het RVB zijn gebaseerd op traditionele gebiedsontwikkeling in plaats van slow development.

Businesscase, Hembrug terrein misschien is het pand meer waard geworden als de ankers van het gebied, de nieuwe Piet Hein van Eek al gevestigd zijn. Dit is een voorbeeld van het slow development en niet meer de integrale manier van ontwikkelen. Taxaties worden hier ook niet op voorhand gedaan.

In dit geval ligt de WAT-vraag is bij P&P en de HOE-vraag bij T&O. Er wordt in de toekomst ook bij CRa langs gegaan voor hun advies over wat verkocht moet worden.

Stelling 5 - De enorme afstootopgave en kwetsbare markt maakt dat het RVB moet sturen op ondergrens verkooiprijs in plaats van taxatieprijs.

Niet onder taxatieprijs verkopen. Verkopen boven de taxatiewaarde. Is het RVB een vastgoedbedrijf of een maatschappelijke instelling?
Voorbeeld van wat erin de Gemeente Amsterdam gedaan werd: de minimale opbrengst bekend maken. Selectie aan wie je het gunt. Gegeven je randvoorwaarden. Dit is een voorbeeld van radicale transparantie.

Kromhout kazerne; het geld wat het zou moeten kosten. Voor 80% is de ondergrens.

Als er bij de verkoop eisen worden gesteld: bv. verkoopt en je zegt er moet een school in. Dan moet dit ook gemonitord worden in de toekomst. Als het RVB 1200 objecten verkoopt, met dit principe ontstaat er 1200 objecten die gemonitord moeten worden, dit is niet doelmatig en zal ook niet moeten worden nagestreefd.
Belang van WAarden onderbouwd met motieven

Professioneel (Vastgoeddeskundige), Rijkswaterstaat: Het belangrijkste in het vastgoed te maken is het vastgoed in de juiste handen te krijgen. Als we deze vastgoed besteden aan het juiste soort mensen, ziet het er mogelijk uit als of we ons hebben gecentreerd op het creëren van comfort, maar voor iedereen heeft het meest directe effect op het persoonlijke welzijn van mensen. Deze waarde is belangrijk omdat de directe effecten vaak de meest voelbare en directe effecten zijn voor de situatie van ieder persoon. Daarom is het belangrijk om deze waarde te kennen bij de keuzes die we maken.

Professioneel (Adviseur), Rijkswaterestaat: Het besef dat de overheid zich veel beter bewust is van de ruimte waarin we leven is zeer bepalend voor het vastgoed. Men moet zich realiseren dat de omgeving van een vastgoedobject zeer bepalend is voor het welzijn van de gebruikers. Daarom is het belangrijk om deze waarde te kennen bij de keuzes die we maken.

Professioneel (Marketing), Rijkswaterstaat: Ik heb meest directe effect op de persoonlijke ervaring van mensen. De ruimte in het vastgoed moet op de eenheid van het meest comfort in deze waarde. Het is belangrijk om te zorgen dat de meest directe waarde positieve impact heeft voor de gebruikers. Daarom is de kwaliteit van de omgeving zeer belangrijk voor het vastgoed.

C+E

Professioneel (Kernmanager (Jurist)), Rijkswaterstaat: Alle waarde is belangrijk, maar waar het RVB aangaat zijn sociaal-maatschappelijke waarden het belangrijkst omdat de impact voor de samenleving, dus de dienstbaarheid van het vastgoed, hoeft geen geld verdiend te worden. De sociale waarde is de meest directe waarde voor iedereen.

C+N

Professioneel (Kernmanager (Jurist)), Rijkswaterstaat: De sociale maatschappelijke waarde is het belangrijkst omdat de impact voor de samenleving, dus de dienstbaarheid van het vastgoed, hoeft geen geld verdiend te worden. De sociale waarde is de meest directe waarde voor iedereen.
Belang van BESCHOUWINGSNIVEAUS met motieven

**Evaluation Scale Levels**

**Belang van BESCHOUWINGSNIVEAUS met motieven**

Belang van BESCHOUWINGSNIVEAUS met motieven. Altijd naar meerdere schaalniveaus te kijken. Per situatie zal ook hier de analyse anders uitvallen. Pleidooi is dus om een specifiek zoeken naar een optimum: zijn de argumenten, die passen bij het meest locale niveau in heden van vastgoed een uitkomst van beschouwingen op alle schaalniveaus (ook interde kust, van Bataviastad (outletcenter). Ook hier is de analyse van de gebruiksmogelijkheden van de stad als geheel (economisch en sociale inlaat stedelijke of juist delen, die dynamiek ondersteunen), de mogelijkheden van de regio (ruimtelijkeplannen van kantoren, de kust, van Bataviastad (outletcenter). Ook is de analyse van de gebruiksmogelijkheden van vastgoed een uitkomst van beschouwingen op alle schaalniveaus (ook internationaal of Europees niveau), waar natuurlijk veel gebouwen (met name cultuureel erfgoed) waar het nationale belang prevaleren. Je wilt voor de concreet merkbare effecten van vastgoed kan gezien worden in de lange en korte termijn rendement. Waar een onbelangrijk instaat om in een goede nieuwe buurt te investeren voor een korte termijn, rendement is de overheid verantwoordelijke. Dit wordt bepaald door wat mensen in de zake al of niet in voorsprong en in fase. Daarom is de perspectief van de postcode en agglomeratieniveau belangrijk. De toekomst van overtollig gestelde rijksgebouwen in Lelystad wordt beoordeeld vanuit plannen als markt, zichtbaar gemaakt samen met andere partijen, zowel ge- meerdt als markt, in de lange en korte termijn nieuw landschap is. Ik denk dat het belangrijk is "De waarde van vastgoed kan gezien worden in de lange en korte termijn. Rijksvaartbouwbedrijf" позволяет, на основе общих критерий, упомянутых в тексте, сформулировать следующие выводы:

1. **NATIONAAL**: Het nationale belang is belangrijk omdat de beschouwingen op nationaal niveau zijn (effecten van een concreet gebouw). Al zijn de aandacht en handelen in het vastgoed beïnvloed door het nationale belang op verschillende schaalniveaus. Het belangrijkste is dat de overheid en andere bijdragers de impact van het vastgoed in hun beleid en beleidsuitvoering betrekken

2. **REGIONAL**: Het regionale niveau is belangrijk omdat de beschouwingen op regionaal niveau zijn (effecten van de portefeuille van vastgoed). Het belangrijkste is dat de overheid en andere bijdragers de impact van het vastgoed in hun beleid en beleidsuitvoering betrekken

3. **AGGLOMERATIE**: Het agglomeratie niveau is belangrijk omdat de beschouwingen op agglomeratie niveau zijn (effecten van de portefeuille van vastgoed). Het belangrijkste is dat de overheid en andere bijdragers de impact van het vastgoed in hun beleid en beleidsuitvoering betrekken

4. **POSTCODE**: Het postcode niveau is belangrijk omdat de beschouwingen op postcode niveau zijn (effecten van de portefeuille van vastgoed). Het belangrijkste is dat de overheid en andere bijdragers de impact van het vastgoed in hun beleid en beleidsuitvoering betrekken

5. **ALL**: Alle niveaus zijn belangrijk omdat de beschouwingen op alle niveaus zijn (effecten van de portefeuille van vastgoed). Het belangrijkste is dat de overheid en andere bijdragers de impact van het vastgoed in hun beleid en beleidsuitvoering betrekken
APPENDIX 3 - INTERVIEWS

1. INTERVIEW HENK VAN DEN BOS - 13 FEBRUARI 2015

Dit interview is gehouden om meer inzicht te krijgen in de wetten, kaders en regelingen betreffende het management en processen rond eigendommen van het Rijk. En te zien of het sturen op maatschappelijke meerwaarde vanuit de wet wordt gevraagd.

Korte inleiding Henk van den Bos.
Henk van den Bos is sinds 1995 werkzaam bij Domeinen. Domeinen was een onderdeel van het ministerie van Financiën. In 1995 werden veel roerende zaken verkocht door het GOB, voormalig Gemeenschappelijk Ontwikkelingsbedrijf. De geschiedenis van Domeinen: sinds 1841 bestaat domeinen. Ontstaan onder het gezag van financiën en onder dit gezag voornamelijk op de centen gefocust. Dus met het afstoten van roerende of onroerende zaken een maximalisatie van opbrengsten werd gezocht.

Hoe ging domeinen om met maatschappelijke doelen en opbrengsten?
Het oude domeinen stuurde dus vooral aan op een zo hoog mogelijk marktconforme opbrengst. Dus de optimale opbrengst. Belangrijk is de vergelijking tussen het maatschappelijk belang en algemeen belang. En dan voornamelijk algemeen belang. In de doorverkoop naar gemeentes moet er worden afgevraagd of gemeenten wel hetzelfde algemeen belang dienen als de staat. De gemeenten hebben vanuit de regeling materieelbeheer een voorkeurspositie, eerst het recht aan een provincie en/of gemeente. In het verleden is wel is gebleken dat een gemeente het onderste uit de kan wil halen. Duidelijk moet zijn voor andere overheden (maar ook marktpartijen) dat het Rijksvastgoedbedrijf zelf geen subsidies verleent. Dit zijn taken van andere departementen binnen de overheid.

Sinds de RVR, en academisch denken kwamen maatschappelijke doelen in de loop van de jaren steeds meer naar voren. Als overheid zou je deze ook mee moeten nemen.

Hoe kom je tot een marktconforme prijs voor Rijksvastgoed, wat is marktconform?
Marktconform heeft geen definitie. Staat niet in de wet. Het Rijksvastgoed bedrijf heeft eigen taxateurs maar laat ook bedrijven taxaties uitvoeren. Taxeren is een model van het nabootsen van de werkelijkheid.

Staat heeft vastgoed niet als beleggingsportefeuille maar omdat het nodig is. In geval van overtollig moet er in meeste gevallen gezocht worden naar een nieuwe functie omdat we bijzondere objecten hebben. Hiervoor is het moeilijk een marktconforme prijs op te stellen.

Welke wetten, kaders en/of regelingen zijn belangrijk voor het Rijksvastgoedbedrijf?
Een particulier moet zich aan de wetten en regels houden maar de Overheid heeft hier een voorbeeld taak in plus aanvullende wetten. Algemene voorzieningen en private ontwikkeling verschillen.

Er is een wet met aanvullende regeling die belangrijk zijn voor eigendommen van het Rijk. Dit zijn de Comptabiliteitswet en de aanvullende regeling materieel beheer. De Comptabiliteitswet was voorbehouden aan financiën. Maar deze is nu wel veranderd zodat ook andere ministers hier gebruik van kunnen maken. Integraal zoals de minister van BZK.

Wat is de Comptabiliteitswet?

En waarin is deze wet belangrijk voor het vastgoed?
1. Het materieelbeheer voldoet aan de eisen van rechtmatigheid, orde en controleerbaarheid en wordt overigens zo doelmatig mogelijk ingericht. (Het mag niet teveel kosten er moeten goede baten aan zitten).
2. De verantwoordelijkheid voor het materieelbeheer omvat voor ieder van onze Ministers zowel het materieel
dat aan zijn ministerie toebehoort als het materieel dat aan zijn ministerie is toevertrouwd.
3. De verantwoordelijkheid voor het materieelbeheer strekt zich voor ieder van Onze Ministers slechts uit tot het beheer dat niet bij of krachtens de wet aan een of meer van Onze andere Ministers is opgedragen.
4. Onze Minister van BZK is verantwoordelijk voor het beheer van het overtollige materieel bij het Rijk.

Paragraaf 5: Het verrichten van privaatrechtelijke rechtshandelingen overeenkomsten met betrekking tot verrichtten bepaalde diensten en verkoop.
Het privaatrechtelijk beheer (artikel 2 lid 1) als er geld is binnen de begroting mogen er overeenkomsten aan worden gegaan.

De minister van financiën is voor roerende zaken. Minister van BZK voor onroerende zaken.

Privaatrechtelijk = Het uitoefenen van alle bevoegdheden die voortvloeien uit de zitting van zijn eigenaar. Opereren als een particulier.

- Materieelbeheer wordt binnen de rijksoverheid beschouwd als een onderdeel van de bedrijfsvoering (zie artikel 21, tweede lid, CW 2001). Bedrijfsvoering houdt het sturen en beheersen in van de bedrijfsprocessen binnen een organisatie om tot een doeltreffende en doelmatige realisatie van beleidsdoelstellingen te komen.

- Overigens dient het materieelbeheer op grond van artikel 25, eerste lid, van de CW 2001 rechtmatig, ordelijk en controleerbaar te worden gevoerd.

- Daarbij moet ervoor gewaakt worden dat de bepaalde normen worden gesteld, omdat daardoor het kader voor een eigen invulling per organisatie (maatwerk) te zeer kan worden ingeperkt. Alleen indien uniformering duidelijk meerwaarde heeft, zijn specifieke normen zinvol.

Wat is de regeling materieelbeheer?

Wat is de regeling materieelbeheer?

Van belang in de regeling materieelbeheer is de zogenoemde ‘leurprocedure’. Dit houdt in dat bij ingebruikgeving, verhuur of verkoop wordt in het algemeen de volgende voorkeursvolgorde in acht genomen: a. ministeries en colleges; b. door het Rijk gesubsidieerde organisaties, indien de minister ten laste van wiens begroting de subsidie is of wordt verstrekt, de dienst Domeinen verzoekt om een voorkeurspositie voor de betrokken organisatie bij de koop of de huur; c. gemeenten, provincies en waterschappen; d. Andere rechts- of natuurlijke personen.

Paragraaf 3.2: Onroerende zaken, artikel 9: Verkoop of verhuur aan derden geschiedt tegen marktconforme prijzen. (Ook bij ingebruikgeving aan andere ministeries)
In bijzondere gevallen kan er afgeweken worden van voorafgaande artikelen.

Zo spoedig mogelijk melden van de minister wanneer een object overtollig wordt gesteld. Overtolligstelling naar dienst Domeinen of nu Rijksvastgoedbedrijf.
In gebruik geven aan andere ministeries of via verhuur of verkoop aan derden. Via volgende volgorde moet verkoop dan wel verhuur plaatsvinden.

Is het mogelijk dat het Rijksvastgoedbedrijf doelstellingen van andere departementen meeneemt bij het overtollig vastgoed? Dus Vastgoed dat overtollig is die spoort met de beleidsdoelstellingen. Het Rijksvastgoedbedrijf is niet in staat om eigen geld in te zetten voor beleidsdoeleinden van andere departementen. Een ander departement moet zelf aangeven een object in te willen zetten voor een maatschappelijk doel en hier zelf de rekening en kosten voor betalen.

Hoe kunnen de wetten en regels makkelijk vertaalbaar worden gemaakt?
In de verkoop van vastgoed moet het Rijksvastgoedbedrijf zich houden aan:
- Marktconform, voor elke partij moet worden verkocht voor markt conforme prijzen.
- Openbaar, iedereen heeft gelijke kansen wanneer een object openbaar wordt verkocht. Dus geen voorafgaande toewijzingen aan bijvoorbeeld marktpartijen indien overige overheden geen interesse hebben. Er kunnen geen gesprekken plaatsvinden over objecten met marktpartijen en zo te verkopen. Er moet openbaar en publiek gehandeld worden.
- Transparant (dus controleerbaar).
2. INTERVIEW FRISO DE ZEEUW – VRIJDAG 6 MAART

1. Het Rijksvastgoedbedrijf is een uitvoerend departement en heeft dus in zekere zin niet het vermogen om te investeren in maatschappelijk rendement. Hierdoor is er nu gekozen om van maatschappelijk rendement te veranderen naar maatschappelijke meerwaarde. Dus op welke manier kan het Rijksvastgoedbedrijf een maatschappelijke meerwaarde bereiken met hun overtollige objecten voor de omgeving.

Dit moet verwikkeld worden in de processen in de afstoot, van gebieden maar ook van gebouwen. Dus er moet een gebieds/objects gerichte aanpak komen, die ook altijd weer maatwerk is. Een casus in Delft, gemeente wordt overlegd, de gemeente krijgt ook een eerste recht van verkoop. De ruimtelijke kwaliteit.

2. Maatschappelijke meerwaarde is een ‘hot-item’ waar denk jij dat het Rijksvastgoedbedrijf maatschappelijke meerwaarde kan bereiken in de afstoot? Op welke manier moet het worden meegenomen? (Op welke manier is het belangrijk dat maatschappelijke meerwaarde vanuit het Rijksvastgoedbedrijf wordt meegenomen?)

Maatschappelijke meerwaarde is politiek economisch besluit. Dit moet situationeel bepaald worden, en niet in vaste systemen gegoten worden. Leve de vrije beslisruimte. Geen detail niveau uitwerken want dit komt het proces niet ten goede.
Het RVB moet wel aan maatschappelijke doelen denken. Opbrengst maximalisatie minder bij de overheid. In de taxatie is een onderhandeling met de gemeente. De panden verlaten de functie wat de rijksoverheid had. In Hoorn belastingsdienst.

3. Zijn MKBA’s en manier voor het Rijksvastgoedbedrijf om de kosten en baten van maatschappelijke meerwaarde expliciet te maken?
Voor elk pandje. De maatschappelijke business case gelijk de brand erin.

Redelijk eenduidige aanpak. Naarmate de projecten unieker zijn, wordt taxeren veredeld gokken. Het op de markt zetten is de proef op de pudding.
Nog even wachten met verkopen, beter te verhuren. De markt zal weer aantrekken.

5. Hoe kan de organisatie en het proces verbeterd worden. Lijkt af en toe zeer persoonsafhankelijk. Wat voor stappen kunnen er genomen worden?
Initiatief nemen, financieringsstrategieën, marktkennis, nieuwe partners en rollen, draagvlak organiseren: zonder kennis van processen, een breed netwerk en het kunnen schaken op diverse inhoudelijke borden lukt het niet.
3. INTERVIEW VERSLAGEN RIJKSVASTGOEDBEDRIJF

Lijst geinterviewden:
- Peter van Heun
- Rafaelle Quax
- Peter Petrus
- Hans ten Velden
- Yassine Zaghdoud
- Leo Hendriks
- Marielle Dijkers-Damman

3.1 Verkoop
Maatschappelijke waarden
Het RVB moet op een maatschappelijk verantwoorde manier de financiële belangen van de staat vertegenwoordigen. Het is zoeken in de verkoopopdrachten met de hoge verkoopgetallen. De nota van uitgangspunten, vaak samen in samenspraak met gemeenten, dit vormt ook de input van de taxatie. De objectieve taxatie is de leidraad van het marktconform verkopen. Dit is niet alleen dus op object niveau maar ook op stedelijk niveau. Nota van uitgangspunten → marktconsultaties.

Als de gemeente een maatschappelijk programma wil, dan moet er wel een marktconforme prijs geboden worden. Hier heeft de gemeente de verantwoording. Het RVB heeft geen verantwoordelijkheid voor diensten in de gemeenten.

Maatschappelijke haalbaarheid binnen een breed spectrum. Geen zelfstandige maatschappelijke rol. Maatschappelijke meerwaarde kan getoetst worden. We doen het niet maar we realiseren het wel, misschien zou hier meer legitimatie voor moeten komen. Er zijn altijd publieke randvoorwaarden, hier staat het RVB niet aan het roer.

Pragmatisch moeten Nederland mooier maken. Voor het geld binnen wat haalbaar zijn. Europa staatssteun als er onder de prijs verkocht moet worden.

Het Rijksvastgoedbedrijf heeft succes wanneer het wordt gezien als een professionele partij, die slagvaardig is en zorgt voor verkoop in een passend tempo. De afstootportefeuille is beheersbaar en in balans met de beschikbare menskracht. Het Rijksvastgoedbedrijf realiseert een marktconforme opbrengst. Bij complexere objecten wordt maatwerk geleverd, door in nauwe samenwerking met mede-overheden de toekomstige mogelijkheden van een object inzichtelijk te maken.

In overleg met de mede-overheden zorgt het Rijksvastgoedbedrijf er voor dat te transformeren of her te bestemmen objecten opnieuw betekenis krijgen in hun omgeving. Zo dragen ze weer bij aan de lokale economische ontwikkeling. Optimalisaties voor het realiseren van maatschappelijke doelen worden, indien mogelijk, benut.

Verkoopmethodes:
- Openbare verkoop met een onvoorwaardelijk en voorwaardelijk bod
- Openbare verkoop met eenvoudige voorselectie
- Openbare verkoop met onvoorwaardelijk bod en uitgebreide voorselectie (Is hier ook al een voorafgaande taxatie?)
- Verkoop via een makelaar

Categorisatie
Categorisatie aan de hand van incourant en courant. Het vaststellen van de courantheid van een vastgoedobject is een geobjectiveerde inschatting van een professional. Hoe groter de courantheid, des te lager het risicoprofiel van het vastgoedobject. Dit is essentieel bij het vaststellen van de verkoopcategorie en bijbehorende verkoopmethoden.

Om inzicht te krijgen in de verkoopportefeuille nu en in de toekomst, is het noodzakelijk courantheid van de individuele vastgoedobjecten in de werkvoorraad zo snel mogelijk te bepalen. Vervolgens wordt op basis van de courantheid de afstootcategorie bepaald. Deze indeling geeft inzicht in de omvang en complexiteit van de verkoopportefeuille. De courantheid en de verdeling naar afstootcategorie van vastgoedobjecten per afstootjaar is tevens noodzakelijk om de benodigde capaciteit te kunnen bepalen.

Maatschappelijke meerwaarde in de (afstoot) portefeuille Rijksvastgoed. Veel objecten zijn incourant. Er is sprake van een nieuwe bestemming en de gemeente is in de lead. Proces met de gemeente. Verkoop slaagt als er een optimale opbrengst wordt gehaald en het risico voor de koper is verkleind.

Nota van uitgangspunten is een kaderstelling vooruitlopend op het bestemmingsplan. Koper weet al dat het geaccodeerd is en dit brengt minder risico’s mee.

P.I. Noordsingel is vooral ingezet op stedenbouwkundig, financieel en monumentaal. SOK die doet aan alle drie recht. In december 2014 is het gebouw volledig leeg gekomen en in januari 2015 is de officiële overdracht geweest. Dus hier is nauwelijks leegstand geweest.

Organisatie
Discussie tussen de medewerkers met verschillende achtergronden in RVB. Medewerkers met verschillende meningen over het samenwerken met andere overheden. Er moet meer naar buiten gekeken worden en een verbinding zijn met andere organisaties binnen het rijk.

Hoe kan maatschappelijk rendement tot uiting komen in vastgoed objecten. Gebouwen kunnen coöperatief verenigd worden. Meerdere gebruikers in een gebouw, een gebruiker betaald meer en andere gebruikers vereffen dit in natura.


Wat kunnen indicatoren zijn voor maatschappelijk beleid. De kosten-baten analyse valt bijna altijd positief uit. Wat mist in het Rijksvastgoedbedrijf is het verder denken, hier moeten kaders voor komen. Als voorbeeld kan genoemd worden, een bibliothek of andere maatschappelijke functie, is in rendement misschien belangrijk voor de werkgelegenheid, in dit geval zal een uitkeringsinstantie voordeel hebben.

In het geval van maatschappelijk rendement is er ook een financieel rendement nodig, om de organisatie rendabel te maken. In dit geval kan maatschappelijk rendement niet los gezien worden van financieel rendement.

In de afstoot zou gekeken moeten worden naar een samenwerking. Inventarisatie van belangen en opbrengsten. Op welke manier kan er een rendement gerealiseerd worden voor de omgeving van het object en wat is de meest functionele manier om dit te doen.

Politiek
De politiek bepaalt de richtingen en keuzes met betrekking tot vastgoed. Maar ook de wet want er moet markt conform, openbaar en transparant verkocht worden. Dit zijn echter slechts richtingen, hier moet wellicht iets lossen mee omgegaan worden, aangezien er geen duidelijke richting aangegeven wordt.

Het RVB is een grote speler op de vastgoedmarkt maar heeft anderzijds ook een publieke rol. De uitvoering is nu meer met afstand tot het beleid. Er moet scherp worden gemaakt wat de betekenis is van de organisatie en dit is zeker niet puur winst maken. De taakopvatting en rolopvatting van het Rijksvastgoedbedrijf moet duidelijker. De manier waarop de mensen worden opgestuurd. De rolopvatting van de management in een uitvoeringsorganisatie is heel belangrijk. Politiek, strategisch abstractieniveau. De verschillende stromingen in beeld brengen. Door het handelen een eigen betekenis.

Rijkswaterstaat denkt wel na over de betekenis van vastgoed in de maatschappij. Het Rijksvastgoedbedrijf moet objecten ook meer waarderen in de breedte. Incourant moet meer gekeken worden naar de omgeving. Als er een goed plan is en het proces is goed vormgegeven dan komt de financiële meerwaarde later.

De insteek die er nu is zoals het niet transformeren naar studentenhuisvesting omdat dit een verschil geeft in marktwaarde en dus niet marktconform is, is niet goed geformuleerd. Hier zouden dan andere beleidsdepartementen moeten inhaken om te investeren. Er moet meer ingespeeld worden op de markt. Er moet een andere insteek gekozen worden. Maatschappelijke waarde is meer dan het uiteindelijke doel.

Aanbevelingen voor verkoop
Er moet een proces voorstel komen die invloed heeft op de nota van uitgangspunten. De markt kan makkelijk de afweging makkelijk maken over maatschappelijke waarden en omschrijven deze ook
steeds meer in het proces. Waarom doet de rijksoverheid dit niet bij verkoop. De markt kan wel die afweging maken waarom wordt er bij heet RVB juist alleen ingezet op de afweging van het hoogste bedrag. De focus van het RVB is hoe kunnen we opbrengsten genereren. Focus op de opbrengsten en niet trots op de waarop de afstoot is gedaan.

In hoeverre was de publieke opinie van belang: Versnellingsproces: snel opbrengsten, snel draagvlak krijgen voor een goed economisch product

Het onderscheiden van het type van marketing verhalen, hoe kan de toegevoegde publieke waarde behaald worden. Geen bedrijfse spelen, marketing principes loslaten maar het is een politiek bedrijf. Regeerakkoord bepaalt hoe groot je bent. Verzakelijking is leidend principe. Regeerakkoord moeten meer publieke waarden bevatten. Het karakter van het bedrijf kan verschillen.
4. INTERVIEW PETRA RUTTEN, HEIJMANS

Maatschappelijke waarden bij Heijmans
Heijmans zet in op de volledige bewustwording van de ruimtelijke contouren van morgen. De maatschappelijke en duurzame verantwoording wordt steeds belangrijker. De vraag van de klanten veranderd en zal in de toekomst altijd blijven veranderen. Heijmans probeert in te spelen op de veranderingsvraag. Klantengroepen verschillen, een hele brede klant. We moeten deze belangen bij elkaar zien te brengen door middel van ideeën en oplossingen die bijdragen aan de leefomgeving.
De afgelopen jaren is er heel sterk opgeschoven naar klanten betrekken in de ontwikkeling.

Maatschappelijke verantwoordelijkheid, in de toekomst gebruik maken van materialen die een turn around kunnen maken. Hergebruiken van materialen, energetisch.

De definitie van maatschappelijke waarde in vastgoed als in gebruik, economische positie en duurzaam gebruik van middelen, hierin kan gebruik zich ook tegen de maatschappelijke positie keren. Een gebruik in een bepaalde omgeving kan ook een contra werking hebben. Economische positie en duurzaamheid moeten in een tijdlijn worden gezet. Wat dragen de drie componenten bij aan de omgeving.

Maatschappelijke waarde is het terug geven aan de maatschappij en het creëren van kansen. Maatschappelijke waarden komen voort uit acties. Creatief en innovatief proces. Iedereen plek heeft een eigen oplossing.

Soms moet er iets los worden gelaten om de waarde in de omgeving niet te laten dalen. Gebouw en locatie niveau een strategie uit te werken. Eerste trap is hoogst mogelijke prijs dit is neit altijd vatbaar daarom is het daarnaast belangrijk om goed samen te werken met stakeholders.

Voorbeelden van ontwikkelingen bij Heijmans
De Wijnhaven in Den Haag, de grootste transformatie van een gebouw in Nederland, hierin worden veel grote stakeholders betrokken. Heijmans wil een innovatieve bouwer zijn, duurzaam bouwen en maatschappelijke verantwoording afleggen. Investeren in het bedrijf en in de toekomst. Als we niet op de toekomst inspellen dan zijn er consequenties van het bedrijf. De maatschappij veranderd, innovatieve bedrijven zijn klaar voor de toekomst.

SPARK, open netwerk met duurzame gebiedsontwikkeling. Manager SPARK. Jonge initiatieven die zich hier vestigen

Den Helder een stad die te maken heeft met veel krimp. Er is hier gebouwd en gedacht in groei, alle bedrijfsmodellen zijn gericht op groei. De visie is hier door Heijmans ontwikkeld, er is een stadspark gemaakt en ingespeeld op organische ontwikkelingen. Gemeente kon zo beter groeien.

Voorbeeld in Spangen Rotterdam: hier zijn woningen tot casco gestript en verkocht voor 1 euro. De nieuwe bewoners waren verplicht om te investeren in het gebouw. Dit is verenigd in een VVE en er moest verplicht een ton geïnvesteerd worden.

Rijksvastgoed
Het gaat over werken vanuit een bestaande situatie in een mix van oud en nieuw. Met verschillende betrokkenen en stakeholders, formeel, informeel en een divers programma.


- Er moet een betere samenwerking zijn in de bouw. Vooraf het proces vormgeven met de relevante stakeholders.

- In figuur 1 is de Public Real Estate Management model weergegeven, de varkenscyclus. Met de oprichting van het RVB en de plaatsing onder het Ministerie van Binnenlandse Zaken en Koninkrijksrelaties is de focus steeds meer gericht op de uitvoerende taak; het huisvesten van ambtenaren. Er wordt meer gericht op efficiency in de huisvesting. Dus inzekere zin de beleidskant (Linker vierkant bovenste rij) wordt meer op de achtergrond geplaatst. Verzakelijking is een feit. Consequenties zijn grote leegstand en hier moeten beleid en strategie meer worden meegenomen, het RVB moet niet vergeten dat ze de grootste vastgoed eigenaar van Nederland is en een visie op deze leegstand ontwikkelen. Gebouwen van 30.000 vierkante meter kunnen niet zo maar in de markt worden gezet hier moet een plan voor zijn. Frits van Dongen heeft ooit in een toespraak gezegd dat de gebouwen terug worden gegeven in de stad, dat is het natuurlijk niet omdat de functie van het gebouw juist wordt weggehaald uit de stad.

- Het is een politieke discussie, positionering discussie, er moet helder worden gemaakt wat de maatschappelijke impact is van al het vastgoed. Kernwaarden en de maatschappelijke impact. Objecten zijn losse objecten, cultural heritage. Het RVB heeft als argument dat ze er zijn om processen te huisvesten. Gezien de omvang van de portefeuille niet helemaal zakelijk.

- Discussie komt steeds meer opgang over de maatschappelijke impact en dat is belangrijk. Niet alleen beleidsarm opereren.
APPENDIX 4 - BIJEENKOMST BREDE WAARDEBENADERING EN ABC SCANS, THE STORY OF...

Datum: 16 maart 2015
Tijd en locatie: 14.30 -16.30, KV7
Doel: toelichting Brede Waardebenadering

Aanwezigen
RVB:
- Mariam Annali
- Rudolf Muis
- Leo Hendriks
- Huub Croes
- Mariëlle Dijkers-Damman
- Dirk Casimir
- Alicia Hoevelaken

Extern:
- Rachel Damwijk (TU Delft)
- Theo van der Voordt (TU Delft)
- Nanda Deen (Communicatie adviseur, implementeert de ABC-scan in Nieuwegein.

ABC-scan
Voor sturing is het essentieel dat er zo vroeg mogelijk inzicht is in de verwachte verkoopopbrengst van (mogelijk) overtollig vastgoed en in reële opties voorzien van onderbouwde strategieën om een concreet proces van afstoot en herbestemming/verkoop in te gaan.
Als er geen gebruikers zijn is er geen toekomst. Er moet ook een reëel gebruik zijn. Demografie en trends belangrijk voor het denken in vastgoed.

8 februari 2012 – Programma afstoot en herbestemming.
Er moet gekeken worden naar de bredere waarden die gebouwen hebben en niet alleen naar de puur financiële waarde. Er moet een instrument ontwikkeld worden die deze waarden inzichtelijk maakt. Het is lastig om de bredere waarden in de besluitvorming te krijgen.

De presentatie licht toe wat de doelstellingen zijn van de ABC-scan en waar het gedachtengoed vandaan komt. Hoe zit het brede waarde concept in elkaar?
- Sociaal maatschappelijk
- Vastgoed economisch
- Cultuur (historisch)
- Natuur (ecologie)
Op welk niveau zit die waarde nou? Geldt het voor de regio, voor de stad, voor Nederland?

Toekomstige ontwikkelingen ABC-scan
Hoe ziet de verdere toekomst van de ABC-scan eruit. Als we het hebben over vastgoed handelen, hoe kunnen we dat meer gecoördineerd doen in het domein van publiek vastgoed.

2,8 miljoen vierkante meter kan niet allemaal door de scan. Hoe selecteer je welke gebouwen je gaat scannen? Aan de hand van de scan wordt bepaald wat er afgestoten wordt. Dat wordt bepaald door de geplande activiteiten.

Er is intern binnen het RVB een evaluatie uitgevoerd betreffende de ABC-scan. Het blijkt dat het doel van de ABC-scan niet duidelijk is voor werknemers binnen het RVB. De ABC-scan is niet voldoende ondergebracht in het primaire proces.
Het is een visie-vorming voor de afstoot en de leegstandskosten beperken. Het is een samenwerkings instrument. Verschillende disciplines bij elkaar. De mogelijkheden verbreden voor de afstoot. Haalbaarheid is ook heel belangrijk.

**Radicale transparantie**

De ABC-scan is niet toegankelijk voor potentiele kopers. Vooral de kantoorgebouwen bevatten gevoelige informatie. Bij een koepelegevangenis maakt de boekwaarde niet uit. Maatschappelijk belang dus andere boekwaarden dan private partijen. De bedrijfsprocessen moeten meer gericht worden op transparantie. Transparantie staat in verhouding hoe de markt zich ontwikkeld.


Hoe zit het met de Nederlanders? Hoe kunnen we handen en voeten geven met vastgoed. Maar we kunnen als Rijk ook Nederlanders laten zien wat interessant is voor de samenleving. Wij hebben bij het RVB een opdracht die iets verder gaat dan financiële optimalisatie. Dit kan door publiek initiatief handen en voeten geven. De ABC-scan brengt de potentiële ontwikkelingen in kaart.

Vastgoed handelen van het Rijk


Wie beslist eruit eindelijk over wat er gebeurd? Stel dat je een keuze hebt tussen een maatschappelijke functie. Discussie over rendement en sociaal. Hoe druk je de waarde uit.


**Process ABC-scan**

Wat gebeurt er tijdens een ABC-scan:
1. gaat over fysieke en niet fysieke context
2. Toekomst
3. Crowdsource
4. Interdisciplinair
5. Toekomst gerichte ABC-scan

Mogelijkheden voor het gebouw in de toekomst:
1. standaard verkoop
2. voorbereiding heronwikkelen rvb
3. Experiment
4. Elegant en veilig in verval
5. Sloop

**Vastgoedhandelen Rijk:**
- Gemeenten
- Corporaties
- Scholen
- Zorg
- Provincies en Rijks
- Nederlanders
- Commercieel
- Collectie
APPENDIX 4 - VALIDATION PUBLIC VALUE INDICATORS

In order to test the significance and validation of the strategy, a panel session is held within the strategy department of the CGREA.

Attendees:
- Elvera van de Panne
- Marielle Damman-Dijkers
- Peter Petrus
- Gustaaf Boissevain
- Emiel Heinsbroek
- Kerwin Doelwijt
- Rudolf Muis

A short presentation is held with the a short introduction and the strategy.

10.1 DEFINITION PUBLIC VALUES

"Real estate contributes to public values when it has a vital function in its environment, contributes to an economic position and the building meets the innovative use of resources and materials."

De definitie dekt de lading en neemt ook het people, planet en profit expect mee. De definitie is heel ruim genomen en dekt de lading. Hoewel het ook betrekking kan hebben om alles maatschappelijk te laten zijn. Geld verdienen in dit op zicht kan ook maatschappelijk zijn. Maar maatschappelijk is meer dan dat, het is de interactie tussen geld, cultuur, werkgelegenheid, de gehele interactie.

Het kan ook ingeschalld worden worden als een direct maatschappelijk doel of een indirect maatschappelijk doel. Schalen van winst op maatschappelijk en financieel. Waar een school een direct maatschappelijk doel dient kan een hotel een indirect maatschappelijk doel dienen omdat het ook een interactie met de samenleving bevordert.

10.2 STRATEGY

Het Rijksvastgoedbedrijf beheert de grootste vastgoedportefeuille. Het is niet een normale portefeuille die wordt afgestoten. Bij domeinen werd altijd de wet gevolgd, de maximale winst bij afstoot. Dit is later veranderd naar optimale opbrengst. Maar nu is het een geheel andere opgave dan dat er voorheen was.

Het is een politiek besluit om een compacte overheid te realiseren en dus kleinere te worden. Eerst werden de krimp regio’s ontzien maar deze zullen in de toekomst toch ook met afstoot te maken krijgen.

De afstoot komt dus voort uit politieke keuzes. Wellicht was er eerst de maatschappelijke waarde om de portefeuille groot te houden maar door het sturen of efficiënte zahl er veel afgestoten worden. Het beleid is hierin volgend. Er is een beleid geweest om maatschappelijke en politieke locaties te kiezen om rijksdiensten te huisvesten en dit wordt nu weer kleiner.

Bij sommige gebieden en gebouwen is het van belang om het beder in de markt te zetten. Als het een courant object is dan verkoop je het gewoon. Overheid komt pas op de markt als je niet rendabele dingen wilt organiseren.

In de kwadranten kun je elementen plaatsen om overwegingen te betrekken. Springen tussen schaal niveaus
wellicht? Het is op welk niveau je de criteria bekijkt. In een perfecte vastgoedmarkt kun je op object niveau kijken maar in de huidige vastgoedmarkt moet er toch nog steeds gekeken worden naar het grotere geheel en zeker vanuit het Rijksvastgoedbedrijf. Het is belangrijk om te schakelen tussen lokale overheden en lokale marktpartijen.

Gezien de provincial of regionale koppeling is het moeilijk mee te nemen hoe de strategie blijft staan als er een goed bod komt op een gebouw dat ingeschaald is voor een beleidsdoel van een overheid. Een voorbeeld hiervan is Lelystad. Hier zijn zes overheidsgebouwen die mogelijk worden verkocht en hier is een historische reden dat het rijk dit niet zomaar kan doen: de maatschappelijke context in Lelystad. MIRT-onderzoek, provincie en rijk werken samen. Hier is gekeken naar de gehele omgeving van Lelystad en naar de markt. Elk gebied heeft zijn eigen dynamiek. Hierin zijn de gebouwen met de markt verbonden.


In het afgelopen jaar zijn 27 objecten verkocht. Er moeten uiteindelijk 700 objecten verkocht worden, op de huidige manier gaat dit niet lukken, dan gaat het nog wel 100 jaar duren. Er moet meer ingespeeld worden op de omgeving. De rol van het RVB moet veranderen, en gericht worden op de visie en missie. Transformatie en tijdelijk gebruik zijn de middelen om te zoeken naar nieuwe doelen en naar nieuwe matchmodellen. Het wordt steeds duidelijker binnen het Rijksvastgoedbedrijf dat de publieke en sociale rol toch wel degelijk vertegenwoordigd moet worden maar hij wordt nog niet duidelijk genoeg ingevuld.