Station area developments in Tokyo and what the Randstad can learn from it

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This chapter should be seen as the concluding chapter of part 3 of this research, i.e. the part in which the potential of the Tokyo approach is assessed for the Randstad. The aim of this chapter is to give an answer to the second part of the central question underlying this research: “What are the driving forces behind the development of station areas in Tokyo, and to what extent can similar forces be activated in the Randstad”. This is done in two steps. First the elements from the Tokyo approach that the participants considered applicable to the development of station areas in the Randstad are identified. For this the findings from the focus groups and interviews served as a starting point. These findings are summarized in the form of lessons. Second, additional elements of the Tokyo approach that were not addressed by the participants are reflected upon by the researcher in the form of observations. These elements are considered worthwhile for consideration in the Randstad, because they provide insight into: (1) the roles that public and private actors could have in developing station areas in the Randstad and (2) the kind of land use planning that would be needed to make this possible. These strategic issues were, essentially due to lack of time, barely discussed in the focus groups and consequently did not receive much attention in the interviews. However, these aspects should not be ignored as they might help facilitate the implementation of the Tokyo approach in the Randstad. In the final paragraph the (im) possibilities of the Tokyo approach for the development of station areas in the Randstad are assessed, based on the lessons and observations identified by the participants and the researcher respectfully.
12.1 Drivers considered applicable by the participants

The (im) possibilities of the Tokyo approach were explored through a series of focus groups and interviews (see chapters 9, 10 and 11). This gave insight into the elements of the Tokyo approach which could be applicable to station area developments in the Randstad. These elements, i.e. the applicable lessons, are explained below.

Lesson 1
_A preferential planning treatment can help to stimulate the development of inner city areas in the Randstad/Netherlands, including station areas._

One of the distinctive features of the Tokyo approach is the preferential planning treatment that is given to the development of station areas. First of all station areas are more flexibly zoned than their surrounding areas allowing a larger variety of land uses and less building regulations to meet here. Second, station areas are designated with higher FAR-values than their surroundings, allowing larger building volumes to be realized here. Most of the participants seemed to show a strong interest in exploring further the potential of using such land use control mechanisms in the Randstad. At present inner city areas including station areas do not usually receive preferential planning treatment in the Randstad/Netherlands. Apart from the integral development of the six high-speed stations in the Netherlands (i.e. the so-called New Key Projects), and a number of cities where more attention is paid to the functional profiling of railway stations and their direct surroundings, there is not a comparable pronounced and focused development of stations and their surrounding areas in the Netherlands. Land use regulations are applied generically to the built-up or non-built up areas rather than being specifically targeted at station areas. Most of the participants agreed that the existing land use regulations were either inefficient or not sufficiently equipped for focusing on station area developments in the Randstad/Netherlands.

Lesson 2
_Planning incentives can be a useful tool for triggering private sector investments._

In Tokyo planning incentives such as the relaxation of existing land use regulations, speeding up of planning procedures, and FAR-bonus instruments (see chapter 7) play a pivotal role in stimulating the private sector to invest in public facilities such as parks, plazas and roads. In this way the government is able to contribute to its own goals as well as those of the private sector. In the Randstad/Netherlands it seems that the private sector is hardly triggered to invest in certain areas, such as station areas. The private sector seems to be rather passive when it comes to investing in station areas. Often the initial step in developing a station area is made by the local government offering a framework for development by drafting the land use plan. Subsequently, the private sector is starting projects within the boundaries of this land use plan. However, in reality Dutch planning practice is more complex as many building permits are granted on the basis of exemptions, rather than on the land use plan itself. In addition, many new land use plans do not guide, but merely record developments. In other words,
plans often follow developments\textsuperscript{64}, rather than the other way around. Consequently, the steering function of a land use plan is reactive and indirect, rather than direct and proactive as intended (Buitelaar, 2010).

Unlike Tokyo, Dutch land use planners seem to lack the ability to trigger private sector investments. This might be related to the special role that municipalities have for a long time been playing in land use planning and developments in the Netherlands. Usually a municipality, albeit in cooperation with a property developer, is responsible for the development of land. Municipalities have been pursuing, active land policies in which they buy land, subdivide it, provide the infrastructure and utilities, and sell the subdivided land to property developers, housing associations or owner-occupiers who accordingly build houses, or other functions, on that land. This is in contrast to almost all Western countries where it is usually the private developer, instead of the municipality, who buys the land, subdivides it and consequently develops it (van der Krabben, 2010). Active land policies have enabled municipalities to have more control over guiding spatial developments (i.e. by imposing conditions on the building party) than they would have done without municipal land ownership (Buitelaar, 2010). For example, in the process of selling land the municipality has the authority to impose conditions on the buyer regarding the design and layout of a spatial development, such as volume, functions, types, units, rental levels and amenities to be realized. Such conditions cannot be imposed by traditional regulatory tools such as the land use zoning plan\textsuperscript{65}. This quest for municipal control is a typical feature of the Dutch planning culture (Buitelaar, 2010). In addition, active land policies have enabled municipalities to cover their development costs (i.e. the costs associated with the development of infrastructure, utilities, public space and making plans) through the sale of land, and to (partly) capture the potential profits of a development. In such a context, there is no need to develop planning instruments to trigger the private sector to invest in public facilities.

Since the beginning of the 1990s, however, the dominant position of municipalities in the land market has come under pressure. Perhaps the most important reason for this is the fast increase in land rents\textsuperscript{66} resulting in more competition from property developers and housing associations in acquiring and developing land (Buitelaar, 2010). Without the ownership of the land it is more difficult for a municipality to steer developments in a more detailed way. This is because private land owners cannot be expropriated by a municipality provided that they are able and willing to carry out a development which is in line with the local land use plan. This so-called self realization

\textsuperscript{64} This was common practice before the revision of the Dutch Spatial Planning Act (WRO) came into effect in 2008. It is not clear yet to what extent these practices have changed under the ‘new’ act.

\textsuperscript{65} Since the revision of the Dutch Spatial Planning Act municipalities are able to include rented social housing or owner-occupied housing in land use plans, instead of just ‘housing’ (Buitelaar, 2010).

\textsuperscript{66} This is the result of a dramatic increase in prices of owner-occupied housing leading to a rise in land values and subsequently in land prices. Housing prices have risen due to an increase in national income in combination with low interest rates. On the supply-side restrictive land use policies, particularly on the provincial and national level, have prevented supply from catching up with demand thus causing house prices to go up.
principle (*zelfrealisatiebeginsel*) puts private landowners in a rather powerful position when negotiating the future development of an area. Furthermore, the emergence of European regulations, in particular the rules on public procurement, no longer allow authorities to impose conditions in addition to the rules set in land use zoning plans, thereby eliminating one of the advantages of an active land policy (i.e. complementary rules-setting). These, among other reasons\(^{67}\), have made active land policy more difficult and less attractive than before. At the same time, the recent revisions to the Dutch Spatial Planning Act (Wro) have made active land policies less of a necessity, as the revised act has incorporated functions that used to be fulfilled by active land policies (Buitelaar, 2010). For instance, the Act contains more options for public cost recovery, such as the so-called exploitation plan enabling municipalities to recover public costs in a coercive way, in case a municipality cannot come to an agreement with a private landowner. In practice, however, this instrument is rarely used in the Netherlands, as in most cases municipalities manage to assure cost recovery through voluntary agreements (PBL, 2010). The above situation shows that municipalities without active land policies increasingly rely on the private sector to realize their public policy goals.

In such a context, one can imagine there is a greater need for planning instruments that are able to trigger the private sector to invest in public facilities. As Tokyo has demonstrated (see chapter 7) there is a different way of regulating spatial developments. In the Randstad/Netherlands regulations are mainly concerned with inducing markets by stating, in a sometimes rather detailed way, which land uses are permitted. Basically the Dutch regulatory approach entails a so-called ‘no-unless regime’. However, this no-unless regime has been applied from the start of the Dutch Spatial Planning Act in quite a selective way, as can be illustrated by the frequent granting of exemptions for building initiatives in the Netherlands. Basically the Japanese approach entails a ‘yes-unless regime’. In Tokyo regulations are mainly concerned with facilitating and conditioning markets as regulations are more flexible and can be deviated from under certain conditions. Tokyo has illustrated that this can be a rather effective way of employing market forces to implement public policies.

**Lesson 3**

*More focused land use regulations are needed to promote the development of station areas in the Randstad/Netherlands.*

In the focus groups and interviews considerable attention was paid to the issue of land use control. In general it was felt that more focused land use regulations were needed in the Randstad/Netherlands in order to stimulate the development of station areas. The private sector in particular seemed to plea for more focused land use policies such as banning developments in the urban fringe areas. In practice, it is generally more attractive to build in the urban fringe areas rather than in the inner city areas in the Randstad/Netherlands because the land is cheaper, there are less land owners and the soil is not contaminated. In Tokyo building in the urban fringe areas is discouraged by allowing higher building volumes to be built in the urbanized areas than in the urban fringe areas. This makes it more attractive for developers to build within the

\(^{67}\) Buitelaar (2010) mentions additional reasons such as the changes in the social housing sector and the shift from greenfield to brownfield development in spatial policy.
existing city, as larger building volumes in a given area/plot can generate larger profits. At the same time a more focused approach provides clarity to the developers about the government’s intentions towards certain areas, and developers wanting to develop particular areas can be pressed to meet pre-established conditions. The private sector participants felt that latter was lacking in the Dutch context. This might, albeit to a certain extent, explain the wait- and- see attitude of the private sector towards investing in station areas.

**Lesson 4**

*Regulating densities can offer considerable opportunities for creating scarcity in the Randstad.*

Density was another aspect that gained considerable attention in the focus groups. Only one group, however, actually incorporated density in their integral corridor design, i.e. by dividing the stations into three density categories. In the other groups discussions mainly focused on the implementation of density, i.e. to what extent should density be controlled, and accordingly how this should be done and by whom. The idea itself of assigning higher density levels to urbanized areas than to urban fringe areas was not so much an issue. Most of the participants considered this a useful means of creating scarcity in the Randstad. At present such scarcity is lacking in the Randstad/Netherlands because developers who want, for example, to realize an office building are offered far too many opportunities. Often a municipality has various office locations at its disposal for a developer to choose from. However, if these locations do not satisfy then the developer can always turn to a neighbouring municipality where similar or even better options are offered. This puts developers, but also the eventual end users, in a rather powerful position as they are able to play municipalities against each other in their quest for attracting investments to their territory. At the same time having too many location options makes it difficult to focus developments in certain areas, as is done in Tokyo. For this a clearer focus on development locations in relation to different density classes is needed in the Randstad/Netherlands.

**Lesson 5**

*Coordinating functional programmes between station areas can prevent (destructive) competition between them.*

In both corridor focus groups the participants paid considerable attention to the functional profiling of station areas when creating their integral corridor design. Interestingly, when they assigned a functional profile to a station they took into account the existing profile of the neighbouring stations. This is interesting because in daily practice this is often not the case in the Randstad/Netherlands. There are still a considerable number of municipalities planning similar functional programmes around their station areas as that of their neighbours, thereby risking possible destructive competition between them. As most of the participants in the focus groups and interviews seemed to be aware of the importance of coordination, the question arises of why coordination is still not happening in practice. Apparently in the present situation there is a lack of incentive for municipalities and other actors involved in the development of station areas to coordinate their plans. However, it seems that,

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68 Density refers here not only to building volume, but also to functional mixed use and hierarchical positioning of functions.
at least in the corridor focus groups, the corridor acted as a kind of stimulus for the participants to align functional programmes in a coordinated way.

Lesson 6

Regional governments can play a prominent role in the coordination of functional programmes at the sub-regional level.

In Tokyo usually private railway operators take care of the coordination of functional programmes at the sub-regional level. For this an area strategy is developed for which the railway corridor serves as a starting point. Basically the land use planning is done by private railway companies themselves, while the rules of the game, i.e. the conditions to which a development should comply, are established by the Tokyo Metropolitan Government (TMG). Its main and foremost weapon for this is to assign and distribute density levels throughout its administrative area. This has not only provided the TMG with a tool to steer developments, but also with a tool to create scarcity as station areas are assigned with higher density levels than other areas in the city. In addition, the TMG also establishes the conditions that private developers need to meet in order to be eligible for a Floor Area Ratio bonus.

In the Randstad/Netherlands the planning and the establishment of conditions to which a development should comply is done by the municipality. Dutch Railways (NS) are usually involved in the development of station areas, but rarely take the lead in such developments. Usually it is the local government, whether or not in combination with the national government that takes the lead. Regional governments in the Netherlands (i.e. provinces) do not play such a prominent role in the planning of station area developments let alone in their development. Traditionally, provinces have been involved in protecting the rural areas outside of the existing built-up area. This explains why the contents of their plans (i.e. structural vision) and their land use regulations focus on regulating non-built up areas. However, in recent years the provinces have also paid more and more attention to existing urban areas. Densification of existing urban areas is gaining particular popularity in the Randstad/Netherlands. Consequently, this has also brought station areas under the attention of the provinces. For instance, in the structure vision of the province of North-Holland station areas are seen as important locations for densification (Provincie Noord-Holland, 2010). The province of South-Holland is more specific in its structure vision as here some of the station areas are seen as locations where supra-regional amenities and offices should be clustered (Provincie Zuid-Holland, 2011). However, since station area developments is a topic they are rather inexperienced in, regional governments are still looking for their appropriate coordinating role.

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69 Before the revision of the Spatial Planning Act 2008 city-regions also had the authority to influence land use developments at the local level. With the enactment of the ‘new’ Act this authority expired. The Cabinet Rutten, (2010-present) is considering abolishing the city-regions as a separate government tier. Their role in the development of station areas, however, is in general limited.
Most of the participants seemed to agree that in the Netherlands the province as regional authority should be responsible for coordinating functional programmes at the sub-regional level. However, there seemed to be less consensus about how exactly this should be done (i.e. whether this should be regulated or not), and what role private parties and semi-public parties, such as NS, should play in this. Interestingly, the interviewees seemed to predominantly favour a more guided control of real estate and retail markets, while the participants in the focus groups had more varied opinions about this. What can be concluded from the lessons described above is that the participants seemed to attach great value to land use control mechanisms. Moreover, they seemed to plea for land use regulations focused more on specific locations, such as station areas. This is surprising in two ways. First, the Netherlands has the reputation abroad of being a highly regulated country, but apparently these regulations are either insufficient, and/or insufficiently used. Regarding the former this means that regulations are not equipped to direct developments to station areas in a focused way, while the latter means that regulations do exist, but for some reason governments are not willing/daring to enforce them. Second, the strongest plea for more focused regulations was made by participants from the private rather than the public sector. This plea for in fact more government interference one would typically expect from the public sector, but not from the private sector that usually adheres to the principles of market freedom. It seems that the private sector, at least the actors who participated in the focus groups and interviews, is aware of what is needed to stimulate station area developments in the Randstad/Netherlands. The public sector participants, on the other hand, seemed to be more hesitant about what is needed to stimulate station area developments. As, for example, there was considerable debate about whether or not to use such focused control by the government.

12.2 Reflection

The lessons outlined above highlighted some aspects of the development of station areas that are considered lacking in the Randstad/Netherlands:

- A common incentive is lacking for municipalities to coordinate spatial developments at the regional level. Municipalities seem to have difficulties with the proverb ‘think regionally, act locally’.
- There is no such thing as a shortage of building sites in the Randstad. In general developers are offered ample choices for realizing their developments. This makes it rather difficult, if not impossible, to focus developments around station areas.
- A preferential planning treatment for the development of inner city areas in the Randstad is lacking. Instead, governments seem to give de facto (if not intentionally) favourable treatment to developments at the urban fringe.
- There is a lack of market-conscious planning tools in the Randstad/Netherlands. It seems that governments do not actively look for ways to trigger private sector investments in public facilities.
There is a lack of private sector commitment, and to a certain extent also of the semi-public NS, to develop station areas in the Randstad/Netherlands. Their rather passive stance can partly be explained by the aforementioned issues.

There is a lack of leadership, as far as station area developments are concerned, in the Randstad/Netherlands. Who feels responsible, daring and willing to take the lead in stimulating developments around station areas? This is a question yet to be answered in the Randstad/Netherlands.

In addition to the aspects mentioned by the participants, there are other aspects that were not mentioned, but nevertheless their potential for the Randstad is worth exploring. These additional aspects were identified by the researcher through reflecting on the differences between the Tokyo and the Randstad approach regarding the development of station areas. For this chapters 4 to 7 (Tokyo approach) and chapter 8 to 11 (Randstad approach) served as a starting point. Furthermore, work experience with some (key) actors involved in station area developments (i.e. NS, railway engineering consultancy (Movares) and the regional government (province of North-Holland) over the least three years provided an additional source of information.

Observation 1
Local government planners taking into account market dynamics can more effectively secure their planning goals than those who do not consider the market.

In Tokyo government planners seem to be rather successful in exploring synergies between public and private sector goals. They seem to be aware of market mechanisms and seem to know how to utilize these mechanisms to their own advantage. As chapter 4 has illustrated planning instruments play a key role in this. In particular it is the integration between command-and-control tools (i.e. zoning and volume controls) and market-conscious tools (i.e. FAR bonus instruments) that has enabled local government planners in Tokyo to rather successfully implement their public policies.

In the Randstad/Netherlands, however, the planning instruments used at each of the three tiers of government (local, provincial and national) seem to mainly have a command and control nature. Since the enactment of the National Planning Act (Wro) in 1965 the number of intervention mechanisms for higher tiers of government (i.e. provincial and national government) has increased considerably in the Netherlands (de Gier, 2011). However, typically the provinces and the national government prefer not to use such instruments for land use planning (Wetenschappelijke Raad voor het Regeringsbeleid, 1998; Needham, 2011). This is probably because such powerful instruments do not suit a consensus society like the Netherlands. Consequently, these instruments mainly serve as big stick to put pressure on municipalities or private developers to comply with the policies of the local or higher tiers of government. An exception, however, are the provincial ordinances as most of the provinces have seized the opportunity to make an ordinance70 (Evers & Janssen-Jansen, 2010; Needham, 2011). Even though land use planning has become more centralized (de Gier, 2011), in

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70 Since 2008 when the National Planning Act (Wro) got enacted provinces are entitled to establish general rules for its territory.
practice this has not resulted in a more hierarchical implementation and management of land use plans in the Netherlands.

This command and control nature of the planning instruments reduces, especially in a period of dependency on private developers, the degree of effectiveness of planning. This is because these instruments do not facilitate the achievement of both public and private sector goals. This reduced efficiency can be illustrated by the discrepancies that often occur between the land use plans/visions produced and their actual outcomes. The municipality of Amsterdam provides an example of this. In its structure vision at the end of the 1980s the government envisaged large scale commercial developments at the IJ –banks (located in the centre of the city) and limited development at the periphery (i.e. locations along the ring road). In this way the municipality hoped to protect the economic vitality of its city centre. Despite the growing development pressures at the periphery at the beginning of the 1990s the local government refused to open up these sites for large-scale commercial development. It was only after one of the largest national banks threatened to leave the city that the municipality started to more actively promote the development of the periphery. This is just one of many examples in which government planners have failed to take into account the role that markets play in coordinating land use changes. Furthermore, Dutch land use planners seem to fail to understand how to seduce the private sector to invest. In Tokyo/Japan the private sector is prepared to invest in public amenities as they are rewarded for this with additional development rights. However, in order for a developer to utilize these additional development rights he/she must show that they can satisfy certain pre-established conditions set by the government. These conditions ensure that a development will meet a certain quality.

In the Randstad/Netherlands the private sector is rarely challenged to invest in public amenities as this is typically regarded as a government task. For example, in the station area of Koog-Zaandijk the private sector expects the government to improve the accessibility of the area, before they are prepared to invest (seminar at the real estate conference Provada, 5th of June 2011 in Amsterdam). Improving the accessibility requires large investments such as the elimination of a grade level railway crossing and the linking of two highways. However, the municipality does not have the financial means to carry out these investments alone. Therefore, it is rather difficult, if not impossible, to develop the station area. One way of confronting this problem would be for the municipality to establish conditions under which the private sector would be willing to contribute to improving the accessibility in the area.

What seems to be a crucial difference between the Netherlands and Japan is that planning authorities in Japan have managed to successfully integrate their command-and-control tools with their market-conscious tools. The tools that are used to improve the functioning of the, in this case, land and real estate market, seem to require significant administrative guidance in order to become successful. In other words, following Micelli (2002), the success of planning incentives seems to depend on the
way they are linked to traditional urban planning rules. The Netherlands, however, is lacking such an effective balance between its command-and-control tools and its market-conscious tools. This is because active land use policies allowed municipalities to impose conditions on a developer, and consequently guide developments with a greater level of detail, than they would have been able to do without this municipal land ownership. Consequently, there has been a stronger emphasis on command-and-control tools in the Netherlands than in Japan.

Observation 2
The steering role of the local government in a market-conscious planning system is stronger than in a more government-oriented planning system.

In a planning system where planning and development is for a large part in the hands of the private sector one might expect that the influence of the government is rather limited. However, after having looked at the incentive-led planning system of Japan one can conclude that its influence is actually stronger when compared to a more government-centred planning system such as the Netherlands. This stronger influence refers to the steering role of the government, i.e. the extent to which the government is able to direct land use developments. The crucial difference between both planning systems is how land use developments are finally controlled. In Tokyo the role of the government is rather passive as it limits itself to establishing the conditions to which a development needs to comply. These conditions are formulated in such a way that it enables both the public and private sector to realize their planning goals. The FAR-bonus has, as the case studies described in chapter 7 have demonstrated, proven to be a useful tool for the government to seduce the private sector to invest in public facilities. Equally important is that the conditions attached to this FAR-bonus do not contain a long list of detailed requirements that developments have to comply with. For example, there are no concrete quality stipulations regarding the provision of public space. This is left to the discretion of the builder and architect (Dimmer, 2008). Although this has not always resulted in attractive vital public spaces, it does allow the private sector considerable freedom to come up with high-quality plans and subsequently development. This seems to be the crux of the Japanese planning system, i.e. it has managed to find a workable fit between keeping control and maintaining flexibility regarding the coordination of land use developments.

In the Randstad/Netherlands with its more government-centred planning system the government is actively involved in controlling land use developments. Transport and land use markets are strictly regulated in the sense that governments dictate in a detailed manner the type of land use or transport services they desire. For example, it is quite common that when a government wants to sell its land it can determine the services to be provided by the buyer of the land, such as rental levels, types and number of houses to deliver, building volumes, and the type of functional programme that should be realized. Related to the transport market the concession for the main railway network acts as an example. In the discussion regarding the contents of the
new railway concession it was suggested that the railway operator should provide toilets in regional trains. Detailed provisions like the ones mentioned above are more likely to discourage than encourage the private sector to invest, as they hardly leave room for innovation.

What seems to be the crucial problem in Dutch planning is that governments consider planning as a dominantly government activity and as such neglect or even deny the role of the market. This ignoring or neglecting of the market explains the government’s tendency to stick to ambitious and blueprint urban plans which in the end too often turn out to be unrealistic. In the Netherlands, however, it is not only the government to ‘blame’ for planning to be less effective in achieving its planning goals. The private sector has for a long time (1950-1990) not questioned the monopoly of the government in land use planning. Apparently there was no need for the private sector to take on the role of planner and developer during this period. The Randstad/Netherlands should establish a proper balance between control (i.e. its command-and-control tools) and flexibility (i.e. its market-conscious tools) regarding the coordination of land use developments as this can, as Japan has illustrated, make planning more effective.

**Observation 3**

*Private developers can play a more prominent role in land use planning as long as they are willing to serve public interests.*

In Tokyo/Japan various planning incentive schemes are used (see chapter 7). Most of them are used with the purpose of creating a safe and efficient land use, which is understandable since a large part of Japan, and in particular Tokyo, is situated in an earthquake-prone area. What started as a very basic instrument in the 1960s with hardly any requirements attached to it has evolved into a powerful tool enabling governments to influence land use developments. Interestingly, the private sector’s role in planning increased as these incentive systems were further refined. This is because each new system that was introduced brought with it a larger freedom (i.e. higher levels of additional development rights), albeit at a higher price (i.e. larger contributions required by a private developer in order to get these rights). As a result nowadays most of the planning and development is done by the private sector, while the government is standing on the side-line facilitating the process. This does, however, not mean that the private sector has outplayed the role of the government in planning. On the contrary, both the public and private sector have become mutually dependent on each other for realizing their planning goals. The government depends on the willingness of the private sector to invest in a safer and efficient land use in Tokyo, as they lack the financial means to do this by themselves. The private sector, on the other hand, needs the additional development rights granted by the government in order to make such unprofitable investments. This has put both of them in a rather symbiotic relationship.

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71 In the Netherlands there was recently considerable debate about whether regional trains, officially earmarked for short distances, should have a toilet or not. NS was of the opinion that due to the short service distance of these trains toilets were not needed and that passengers could use the station toilets instead. The Dutch House of Representatives, however, insisted that each regional train should be equipped with a toilet and suggested that the Minister of Infrastructure & the Environment should include this in the concession.
One could say, following van Wolferen (1990), that this is an outcome of the way power is exercised in Japan. Power is shared by government officials, politicians and business men. Each entity has its own discretionary powers that undermine the authority of the state, but nobody is ultimately in charge. In addition, and closely related to the way that power is exercised in Japan, the private sector’s involvement in planning could be considered a by-product of the Japanese economic system. Japan is labelled a ‘capitalist developmental state’ (Saito & Thornley, 2003). Unlike welfare states, such as the Netherlands where regulations are often considered to set limits to entrepreneurialism, capitalist developmental states encourage the private sector and do not consider the private sector antagonistic to the government’s goals (van Wolferen, 1990). In such a system the government never attempts to gain full control over the private sector, instead it tries to guide the economy by using the private sector to determine the direction of the economy’s development (Ibid, 1990).

In the Randstad/Netherlands the relationship between the public and private sector in planning is rather different, if not the opposite. First of all, the role of the private sector is less prominent in land use planning. In Tokyo much of the planning and development is done by the private sector; whereas, in the Randstad/Netherlands most of the planning and development is done by the public sector, albeit in collaboration with interest groups. Until the 1990s this system worked quite well and it provided local governments with an important source of income. However, this changed in the 2000s when, driven by the abundant financial means available at that time, the land and property markets were flooded with overoptimistic plans (Janssen-Jansen, 2010). More houses and offices were constructed than were demand. The result was a fast growing oversupply of offices and expensive houses, which was further exacerbated by the financial crisis. Suddenly local governments could no longer rely on their land revenues as a steady source of income and the active land policy seemed a less viable method to pursue.

Furthermore, the extent to which local governments manage to make the private sector contribute to the realization of public facilities is smaller in the Netherlands than in Japan. Although the recent revision of the Dutch Spatial Planning Act has given municipalities more options for public cost recovery, these means do not trigger the private sector to contribute more as is the case in Japan. This is because an instrument such as the exploitation plan is a rather limitative and imperative planning instrument. It is limitative in the sense that the types of costs that can be recovered in an adopted exploitation plan are listed in law (i.e. Besluit Ruimtelijke Ordening). This limits the freedom of the private sector to negotiate the types of costs to be recovered. It is imperative in the sense that when a municipality is not able to conclude an agreement with a private landowner the municipality is required to recover its costs via public law. Thus although there is room for negotiation, it is rather limited, thereby not stimulating the private sector to contribute to the realization of public facilities.
Observation 4

Strategic land use planning can be helpful in guiding public and private sector investments.

In Tokyo a strategic business plan forms the basis for private railway operators to define their future priorities and investments. In such plan a railway operator makes clear what strategies it intends to pursue in the forthcoming years for its core business areas of transportation, real estate and retail, and how it intends to implement these strategies. The latter is usually accompanied by an investment plan indicating the costs involved. The advantage of such a systematic approach is that it provides clarity about a railway operator's development intentions to the shareholders and the municipalities situated along its lines.

Also governments are actively engaged in formulating strategic plans. For example, in 2001 the TMG announced a new city planning vision for Tokyo. In this vision an ideal image of what Tokyo should look like in 2050 was presented and strategies were formulated to turn this ideal image into reality. The advantage of such a long-term vision is that it provides certainty to private developers about TMG's priorities for the forthcoming years. In fact, major property developers, such as Mitsui Fudosan and Mitsubishi Estate, have used this vision as a starting point for developing their own visions.

The Randstad/Netherlands has a tradition of making long-term plans, such as the National Policy Documents or recently the vision for Randstad 2040. A typical feature of these plans is that a lot of attention is paid to the 'what' (i.e. the content of the plan) and less to the 'how' (i.e. how to realize this plan). As a result these plans remain rather abstract instead of being performance-oriented. Establishing the link between spatial plans and spatial investments has often proved to be a difficult task in the Randstad/Netherlands (WRR, 1998). This requires clear and consistent choices to be made which seems to be at odds with the Dutch consensus culture, i.e. politicians not willing/daring to make choices. Moreover, another typical feature of strategic planning seems to be lacking in the Randstad/Netherlands, i.e. defining clear and measurable targets. When formulating the rather abstract ambition of becoming a sustainable top region in Europe the national government should have further specified this by adding concrete and measurable goals to this ambition (i.e. CO2-emissions should be reduced with 25% in 2020 and 50% in 2040). Consequently, national and regional governments in the Randstad/Netherlands seem to be less successful in providing certainty to developers and the lower tiers of government regarding their planning intentions for certain areas. There are, however, a few examples at the national level of strategic policies that were performance-oriented. A recent example is 'Randstad Urgent' in which the national government, in consultation with regional and local governments, selected 22 transport and land use projects in the Randstad that were considered to contribute to the accessibility and attractiveness of the Randstad (Ministerie van V&W, 2007). For each project individual agreements were made about the milestones and deadlines to be reached. The aim of this policy was mainly to speed up the implementation of existing developments. However, a comprehensive vision or plan for choosing these projects was missing. In the most recent policy document of
the Ministry of Infrastructure and Environment (i.e. the draft version of the national structural vision regarding infrastructure and space), the ‘Randstad Urgent’ policy has been withdrawn (Ministerie van IenM, 2011).

Also the national railway operator (NS) is involved in strategic planning. In 2007 a strategic plan was formulated for the year 2020. This plan, however, mainly focuses on mobility issues and seems to ignore spatial planning issues (NS, 2007). The projected investments attached to this vision all concern railway infrastructure investments and no retail or real estate investments as would be the case in Tokyo. As of 2010 NS owns 399 stations in the Netherlands. Furthermore, NS owns approximately 470 hectares of land within station areas\textsuperscript{72} out of a total of 3,500 hectares (Kuenen, 2008). It is obvious that these stations and their areas cannot be developed all at the same time, and that choices need to be made regarding which stations to develop first. Therefore a spatial investment strategy is needed for its railway territories that focuses on the medium to long term. Such strategy seems to be lacking in the present situation. The real estate department of NS (NS Poort) has limited itself to determining what areas they consider of strategic importance; namely their self-defined station areas. There are, however, 399 station areas in the Netherlands where NS has to a greater or lesser extent ownership. Several station area development projects are currently in progress, but a clear and consistent vision regarding what stations are considered to have absolute priority in the coming ten years seems to be lacking. However, a certain exception can be seen in the development of the so-called terminal stations (OV-terminals) in the largest Dutch cities in which NS invested considerably in recent and coming years. The terminal stations are the stations designated as Key Projects (Sleutelprojecten) by the former Ministry of Spatial Planning, Housing and the Environment. Such projects have received extra financial support from the national government (i.e. the former Ministry of Housing, Spatial Planning & the Environment and the former Ministry of Transport, Public Works and Water Management\textsuperscript{73}), in order to stimulate the economy around these stations and to promote its development into an attractive high quality living and working environment.

\textsuperscript{72} Based on the definition NS uses for a ‘station area’.
\textsuperscript{73} The Ministry of Spatial Planning, Housing & the Environment provided financial support for realizing an attractive high quality environment. The Ministry of Transport, Public Works and Water Management provided financial support for the realization of the renewed station building and related infrastructure. In other words, there was a clear separation between transport and land use investments.
Observation 5
Railway companies can be more successful in generating synergies when pursuing an integrated corridor strategy.

In Tokyo private railway companies are involved in several side-businesses such as real estate and retail activities. These businesses are managed within railway corridors which have enabled them to enhance their profits. Private railway companies are more or less ‘forced’ to engage in other non-rail businesses if they want to expand their profit margins, as the national government requires them to operate without subsidies. This gives them an incentive to generate ridership through diversification (Kamata & Yamauchi, 2010).

The focus on corridors has enabled private railway companies to (see also chapter 6):
1. Develop origin (residential areas) and destination (work and leisure areas) locations in a coherent way, as is illustrated by area strategies covering either the whole or a part of a railway line.
2. Coordinate functional programmes between station areas, as is illustrated by the hierarchical density patterns and diversified functional patterns to be found within railway corridors.
3. Utilize railway infrastructure more efficiently, as is illustrated by the attention paid to developments that can stimulate off-peak travel (location of several universities near railway lines) and bi-directional traffic flows (building offices away from the city centre);
4. Optimize transfer options between different modes of transport, as is illustrated by bus services acting as feeders for the railway network.

In the Randstad/Netherlands NS is also involved in side-businesses, albeit less diverse compared to the side-businesses of private railway operators in Tokyo/Japan. Its main side-businesses are its real estate and retail activities which it manages in an integral way within each given station area. Unlike private railway operators in Tokyo, NS is not ‘forced’ to engage in other non-rail businesses as it has other options to increase its profit margins. For example, its annual increase in ticket prices contributes considerably to its profits each year. It is permitted to increase its ticket prices in two cases, one to correspond with inflation and two when its pre-agreed performance targets are met (V&W, 2005).

NS has been granted the exclusive right to operate railway services in the Randstad and in most other parts of the Netherlands by the Ministry of Infrastructure and the Environment. It has this right until the year 2015. There are ongoing negotiations to decide whether this concession will be extended. Due to this exclusive right NS does not have to fear that passengers will move to another railway competitor, as would be the case in Tokyo. However, in some regions local transportation companies are, to some extent, competitors (i.e. the regional light rail versus the conventional Dutch railways between The Hague and Rotterdam). Overall, and this is a crucial difference to Tokyo, there seems to be no, or at least less, need for NS to generate ridership through diversification.

In November 2011 it was announced that NS will be granted the concession for another ten years (i.e. 2015-2025).
In other words, an incentive seems to be lacking for NS to coordinate functions/activities more strongly with each other. In addition, a stronger engagement in non-railway businesses is further complicated by the fact that Dutch Railways is not considered a real estate company by the politicians and the public (Kuenen, 2008). This makes it rather difficult for NS to operate as a ‘life style company’ in which transportation is no longer considered the (only) core activity. The ultimate challenge would be for the national government, as the granting authority of the concession, to look for ways to encourage NS to focus more strongly on generating synergies between its business activities. Vaessens (2004) has pointed out that such a focus could be rather beneficial for NS. Perhaps an abolishment of the automatic annual fare increase would encourage the NS to focus more strongly on generating synergies between its business activities.

**Observation 7**

*Insight into the socio-economic characteristics of households and companies located around railway lines can be helpful in determining functional programmes at station areas.*

As chapter 6 has illustrated private railway companies in Tokyo are well aware of the socio-economic and demographic features of the population living along their railway lines. For example, a railway company knows what the average income is in its railway service area and what people on average spend on consumer products. This is useful information for a railway company expanding or improving its businesses within station areas. Furthermore, railway companies are usually aware of the demographic trends within their railway service areas. For example, Tokyu Corporation is anticipating population changes (due to Japan’s ageing population) and providing senior citizens with healthcare services along its railway lines. Also, private railway companies will have to develop countermeasures against Japan’s declining population and thus declining passenger base. It is expected that this will lead to a greater diversification in the businesses of Japanese railway companies (Yamauchi, 2010). In the Randstad/Netherlands the situation is different as Dutch Railways does not seem to have an overview of the socio-economic and demographic features of the people living along its railway lines. Their primary focus is, as is emphasized by the Visie 2020 (Vision 2020), the railway passengers themselves and users of other public transportation services (NS, 2007). NS seems to express less interest, in contrast to the Japanese railway operators, in the people living and/or working in the neighbourhoods surrounding its railway lines. In the eyes of the Japanese railway operators these people are considered potential customers for its non-transportation businesses (i.e. retail).
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Observation 8
Japan is not a planner’s paradise.

To avoid presenting a one-side view of the Tokyo approach, the following observations highlight its flaws:

First, one can question the legitimacy of negotiable restrictions on land uses. The fact that one can deviate from existing land use regulations in Tokyo means that there is considerable uncertainty about the eventual nature of a development. For example, it is often unclear what the eventual height of a building will be, which can be particularly problematic for residents living near development sites in Tokyo (Sorensen, 2003). The calculations involved with assigning a FAR-bonus (see for example the case description of the Shiodome project in chapter 7) are often so complex that it is almost impossible to find this out in advance. This not only applies to local inhabitants, but also to the land use planners involved in the project.

Second, the negotiations regarding the future contributions that a private developer has to make to public facilities in order to receive a FAR-bonus are often very time-consuming and require substantial resources. The end result of these negotiations is often uncertain and resources for these facilities are not always employed wisely. For example, it is quite common in Tokyo for the planning stage of a development to cover 13 years or more (Chorus, 2002).

Third, negotiation-led developments are not always beneficial for the public good. The numerous FAR-bonus instruments that are applied in Tokyo are not designed to provide better quality public spaces, but to provide more and bigger public spaces. This means that private developers are legally not required to deliver high-quality public spaces. For a long time this resulted in the provision of low-quality public spaces which were of limited use for the residents/visitors of Tokyo. According to Dimmer (2008) this was because its provision was regarded “… a mandatory step in a check list style planning procedure with authorities lacking legal means, urban design expertise, man-power or simply the energy to strive for more” (p. 200). Private developers seemed to be pre-occupied with getting their bonuses for the lowest effort possible. This changed, however, in the mid-1990s when private developers started to develop more attractive spaces. Interestingly, this happened without encouragement from planning regulations (Dimmer, 2008).

The fourth and final argument against negotiated developments is that they often lead to the creation of ‘islands’ or ‘isolated parts’ in the city. The planning incentives in Tokyo mainly focus on improving the existing land use on the site itself, while little attention is paid to the integration of the site with its surroundings. For example, in recent years several high-rise buildings have been built in central Tokyo without taking into account the often low-density residential areas in which they are situated. In some cases, this has resulted in undesirable situations where residential or office towers literally overshadow surrounding residential neighbourhoods. Such situations can occur as most parts of Tokyo, with the exception of certain parts in Shinjuku, are not submissive to height regulations.
12.3 Conclusion

In this chapter, the elements of the Tokyo approach which the participants considered applicable to the development of station areas in the Randstad were identified. Furthermore, the researcher brought forward some additional observations that were considered worthwhile exploring in the Randstad. Both lessons and observations make it possible to assess the (im) possibilities of the Tokyo approach being used in the Randstad, thereby providing an answer to the second half of the central question underlying this research, i.e. “What are the driving forces behind the development of station areas in Tokyo, and to what extent can similar forces be activated in the Randstad”.

The participants in the focus groups and interviews identified several aspects of the Tokyo approach which they believed to be applicable to station area developments in the Randstad. These include the coordination of functional programmes between station areas, regulating densities as a means to create scarcity, a preferential planning treatment for the development of inner city areas, including station areas, planning incentives for triggering private sector investments, more focused land use regulations, and the prominent role of regional governments in coordinating functional programmes at the sub-regional level. These are all aspects that are currently considered lacking in the Randstad/Netherlands. Interestingly, the participants mainly focused on the means (i.e. instruments, regulations) of stimulating station area developments, while less attention was paid to the roles that the different tiers of government and the private sector could play. Perhaps this reflects local governments’ desire for control which is characteristic of the Dutch planning culture.

Some of the lessons identified by the participants could be relatively easily translated into the Dutch context, as some of the elements considered applicable to station area developments in the Randstad do not require substantial changes (i.e. the coordination of functional programmes between stations areas and the more prominent role regional governments can play in this at the sub-regional level, creating scarcity and more focused land use regulations). Other lessons identified might require more fundamental changes (i.e. a preferential planning treatment could for example entail the lifting of existing land use regulations for which national government approval is required). Last but not least, the planning incentives, in particular the Floor Area Ratio bonus, form a special category to translate into the Dutch context as this instrument could come into conflict with European regulations (in particular with the rules on public procurement), as complementary rules-setting is not allowed by European law. Consequently, local or regional governments (i.e. a province) in the Netherlands cannot, unlike Tokyo, impose conditions on private developers in addition to the rules set in land use plans.

In addition, the researcher reflected upon some additional observations of the Tokyo approach that were considered worthwhile exploring in the Randstad. These include government planners taking into consideration market mechanisms, the strong
steering role of the government in a market-conscious planning system, private developers willing to carry out public interests, strategic planning by public and private actors, railway companies pursuing an integrated corridor strategy, an insight into the socio-economic characteristics of households and companies, and the negative aspects of the market-conscious planning style pursued in Tokyo/Japan. These aspects focus, in contrast to the lessons identified by the participants, more strongly on the roles that the public and private sector could play in the development of station areas in the Randstad, and the kind of land use planning that would be needed to make this possible. The observations brought forward by the researcher are harder to transfer, i.e. they require substantial changes in the way public and private sectors act and interact in the Netherlands. For example, it would take time to raise market-awareness among public actors, as for many years active land policies did not make this a necessity. Consequently governments need to enhance their understanding of the market in order to increase the effectiveness of their policies. This will take time. In a similar way, Dutch railways need to get accustomed to thinking (i.e. making an integral area strategy) and acting (i.e. implementing this strategy) corridor wise. Regarding the former, there is an increasing awareness among public and private actors that the corridor could be a useful level for coordinating transport and land use developments. However, whether NS will actually act on the corridor level remains to be seen. Unlike Tokyo, there seems to be no incentive for NS to coordinate its activities more strongly, which basically is the main idea behind pursuing an integral corridor strategy. The annual fare increases provide NS with a steady source of income. Therefore, NS seems to be less forced, in contrast to Tokyo railway operators, to become engaged in other side businesses to increase its profit margins. Furthermore, the fact that NS is not considered a real estate company by politicians and the public could also make it difficult to carry out an integral corridor strategy.

Last but not least some negative aspects of the market-conscious planning approach followed in Tokyo/Japan are mentioned. They are the uncertainty associated with negotiable restrictions on land uses, the lengthy negotiations that are needed regarding the future contributions of private developers, and that outcomes are not always beneficial for the public good and are often not well integrated with their surroundings. One should be aware of these shortcomings as they could limit the potential of the Tokyo approach for the Randstad, as identified by the participants and the researcher.

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