Mapping the market: a portfolio approach for informed deliberation of urban development strategies

Hoetjes, P.J.

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With private and semi-private initiatives increasingly shaping urban development, local governments have to be selective about where and how to invest and intervene. Not every neighborhood can be upgraded and not every site can be developed. This research puts forward the portfolio approach, an instrument that maps the positions of urban neighborhoods in the property market. Borrowing from business literature, neighborhoods in the urban portfolio are identified as stars, cash cows, dogs, or question marks based on changing property values. The instrument triggers discussion among different stakeholders about urban development strategies: how to intervene, with whom, with whom, or where to start. The book reports of the development, application, evolution and evaluation of the approach in Amsterdam and Rotterdam. Building on theories about strategic planning, knowledge management and planning support systems the result is - apart from the instrument itself - an understanding of why, when and how application can be useful for generating shared knowledge about urban development strategies.
Mapping the Market

A portfolio approach for informed deliberation of urban development strategies
Mapping the Market

A portfolio approach for informed deliberation of urban development strategies

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Faculteit der Maatschappij- en Gedragswetenschappen


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Neighbourhoods going up or down is a good conversation topic and – similar to traffic or football – we’re all experts. So to be able to do research on this is like turning a hobby into a job. I started this project in 2003 and I soon found out that Amsterdam is a good place to do this research in many ways. Most of all, it is because of the people I have been able to work with.

First and foremost, I want to thank my promotors Luca Bertolini and Frank le Clercq, for giving me the opportunity to start this research and supporting me along the way. Sadly, Frank passed away in 2006. We had to continue without his support, his inspiring new ideas and without the pleasure of discussing and developing these ideas. The city as a portfolio was one of these.

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For about two years – in the words of one of the colleagues above – I turned the job of writing a thesis back into a hobby, and started working for AWV, now Stadgenoot. I thank my colleagues there for their interest and support, with a special mention of Rogier Noyon, Frank Roozekrans and Willy de Looper.

Finally, I am happy that I can present the book it was all about to the wonderful people at home who gave me their unconditional support: my friends, my close family, my parents and, above all, Mirjam.
I Introduction: plans, projects and the portfolio

Don't buy the house, buy the neighbourhood
Russian proverb

1.1 Introduction

For anyone who has ever bought a house this proverb is superfluous advice. Most people do not need to be reminded to take into account the qualities of the neighbourhood, in addition to the amenities of the house. Clearly, apart from considering the quality of the house and the neighbourhood, the return on their investment over time is a central concern. Risk-avoiding buyers will contemplate whether the neighbourhood will maintain its value in the future, whereas risk-takers will seek to make a profitable deal by buying a hidden gem in an undiscovered area. The remarkable value increases of many neighbourhoods and housing markets sometimes makes people wish that they had taken the proverb literally.

One of the starting points for this research is the increasing awareness that also for urban planners the market positions of urban neighbourhoods and value increases are of increasing importance. This book will offer one possible way for generating a better understanding of the changing positions of neighbourhoods and their appeal in the property market. This knowledge is useful or even necessary for effective strategy-making in current urban planning practice. This is clearly the case in Amsterdam, where this research was initiated in cooperation with the City of Amsterdam’s Physical Planning Department (DRO1). During the course of this research, the City of Rotterdam’s planning department (dS+V2) expressed a similar interest, which indicates the wider interest that Dutch cities have for such insights.

This expressed interest is exemplary for a wider, more fundamental set of questions relevant for planning research. Many city administrations are aware that reality no longer follows the more traditional way of urban planning, in which a comprehensive view of the city or region is the starting point for initiating urban developments. Instead, initiatives for urban projects often emerge at unplanned locations and in unplanned manner, with planners and (local) government in a relatively weak position to steer developments according to the greater design. The awareness that urban planning has lost much of these powers to private and semi-private actors, raises fundamental questions about how and to which extent planning should adapt to these new conditions in order to effectively attain public goals.

One of the ways to contribute to such effectiveness is to increase the knowledge about these new conditions, i.e. knowledge about the dynamics of the

---

1 Dienst Ruimtelijke Ordening
2 An abbreviation of Dienst Stedenbouw en Volkshuisvesting
property market. This raises other questions which are central to planning research: what constitutes relevant and rigorous knowledge and information and who assigns these values. Equally important is the pressing question of how planners can organise the generation of knowledge which is both rigorous as relevant and how it can be supported by research.

The *portfolio approach*, an instrument developed in close cooperation with DRO, is central to this research. Based on the idea that the city can be seen as a portfolio of neighbourhoods with different positions in the property market, the portfolio approach literally maps these market positions by looking at property values. Part of the approach is that it invites stakeholders to discuss these patterns, in order to generate a type of knowledge that can contribute to successful action in the field of urban (re)development and drafting of spatial strategies. As the object of this research, the portfolio approach is also the outcome; this research seeks to develop an instrument useful for practitioners, by developing, testing, applying and evaluating this tool.

The expressed need for more insight into the market dynamics is particularly interesting in light of the firm tradition of land use planning in Amsterdam. Local government was largely in control of the where and how of urban development throughout the 20th century. In order to sketch the background of this research, I will start with a short narrative of the relationship between plans and projects in Amsterdam during the past two decades. The case of the Zuidas provides an interesting illustration of some of the struggles in Amsterdam with the new spatial and economical context. The research project of the portfolio approach can be seen as a product of the changing forces in Amsterdam that, although unique in many ways, are exemplary for other cities in the Netherlands and beyond.

### 1.2 Planned but never realised, realised but never planned – the case of Amsterdam

The Netherlands is known internationally for its firm tradition of comprehensive planning (Faludi and Van der Valk, 1994), with a planning system that supposedly has some teeth in it (Friedmann, 1998). The reputation of Dutch planning is based particularly on its state-led urbanisation. Most of the development and redevelopment after WWII took place at locations designated by local, regional, provincial and national government. The location, types of land use and housing, densities and architecture were all controlled by the state. The neatly planned urbanisation resulted in the lauded preservation of much of the open, agricultural landscape, most notably the Green Heart as a green counterpart to the urban Randstad (Burke, 1966; Van Duinen, 2004). Figure 1.1 depicts the location of the Randstad and its two largest cities, Amsterdam and Rotterdam within the wider, urbanised area of northwestern Europe.

Several authors challenged this idea of the Netherlands as a planner’s paradise. According to Hajer and Zonneveld (2000), a closer look reveals that much of the reputation of the Dutch planning system is based on the ‘input’ of planning: in

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3 For more thorough studies on the evolution of urban planning in Amsterdam see e.g. Wallagh (1994), Jolles et al. (2003) and Healey (2007).
particular the number of planning professionals from various kinds of planning institutions and the many planning documents that they produce for different layers of government. Assessment of the outcome of this planning system does not reveal an idyllic paradise. Bontje (2003) argues that in fact only the policy of ‘concentrated deconcentration’ from the 1960s to the 1980s was relatively successful in realising urbanisation according to the overall policy goals. More recent urbanisation followed the idea of urban containment, but proved problematic in terms of providing the required number of new houses (Korthals Altes, 2006), as well as in terms of meeting (increasingly suburban) consumer demand (Bontje, 2003).

**Figure 1.1: Amsterdam and Rotterdam as part of the urbanised Randstad in the Netherlands**

![Amsterdam and Rotterdam as part of the urbanised Randstad in the Netherlands](image)

Source: adapted from Nota Ruimte (Ministerie van Vrom, 2006)

In addition to the reputation of the Dutch planning system, a more important notion is that in the past decades international trends have been creating a new socio-economic, political and spatial context for planning (e.g. Hajer and Zonneveld, 2000; Albrechts and Mandelbaum, 2005). In spatial terms, it has resulted in polycentric cities and regions, which are at the forefront of the international urban landscape (e.g. Sassen, 1991; Castells, 1996). Private organisations, big and small, now have an increasing spatial range for doing and locating business, while on the other hand cities, regional and national governments have difficulties to keep up with the increasing scale of socio-economic activities (Brenner, 2004; Healey, 2007; Salet and Thornley, 2007). In addition, in the past decades the capacity of governments to achieve public goals generally decreased, primarily due to tax and budget cuts but also due to processes of liberalisation and privatisation (e.g. Brenner and Theodore, 2000a). Together, this put an increasing practical and moral strain on public sector agencies to be more cost-efficient.
This has huge implications for urban planning. As the activities and investments of individuals and organisations are becoming less territorially bound, and also amidst the decrease in financial means, achieving public goals in urban planning is increasingly becoming dependent on private means. Planning in the Netherlands is no exception to this rule. As a result, the dependency of local governments on outside investments increasingly replaces local-central government relations (Kreukels and Spit 1989; Korthals Altes, 2002; Louw et al., 2003). Since the private sector may have a different perspective when looking for investment opportunities in the city, this has serious consequences for local governments. As a result, some areas where local government would like to see investment may not follow the investment interests of the private sector, which is actually a frequent conflict.

**Amsterdam facing the new context**

This key problem of disjoint interests is apparent in Amsterdam. Too often, Amsterdam’s Physical Planning Department produced plans that by the time they entered the implementation phase, turned out to be not what developers, investors or housing associations were thinking of developing. In other cases, plans were made for areas that were simply not ‘ready’ for development. This is not to say that the planners and policy-makers in Amsterdam have no idea about what makes areas attractive for private investment, or which areas are ‘heating up’. Neither does it mean that the city of Amsterdam was generally unsuccessful in implementing policies and attaining goals in terms of planning. The opposite is true. Amsterdam is usually portrayed as a city that effectively combines economic competitiveness with a relatively large degree of social equity, for which urban planning often takes some credits. In spatial terms, the city is generally appreciated for its liveability, a vibrant city centre, the relative heterogeneity of neighbourhoods, tolerance and diversity (Soja, 1992; Fainstein, 1997; Terhorst et al., 2003).

Yet despite the generally favourable position of Amsterdam, all of these virtues are continuously put to the test. Like any government, Amsterdam faces the ‘meta-challenge’ of finding and maintaining a proper balance between competitiveness and cohesion, while facing the various challenges of attracting private investment and creative entrepreneurs, upholding environmental standards, fighting segregation and poverty and stimulating the production of new housing. These challenges have to be addressed in a growing number of different political and economic arenas, ranging from improving living standards with local residents in neighbourhoods, attracting private investors operating at the regional and (inter)national level and competing and cooperating with surrounding municipalities and other layers of government about e.g. large infrastructure projects.

So what was once a great social welfare city in a leading European social democratic state found itself in a new resource context and with a changing socio-cultural base and governance landscape. (Healey, 2007, p. 58)

As noted by Healey (2007) in her research on urban strategy-making in Amsterdam, this makes urban planning much more complicated than thirty or fifty years ago, when the where and the how of urban projects mostly followed comprehensive plans, which were supported by funding from national government.
Introduction: plans, projects and the portfolio

Three generations of structure planning
Amsterdam has a history of producing spatial plans that embody a comprehensive vision of the structure of the city and the manner of incorporating future developments in this structure. The 1935 General Expansion Plan (AUP) laid the base for developments in the rest of the 20th century. To this day, it provides an important reference for debates on renewal and new expansion plans. The city’s characteristic hand-shaped demarcation central to this plan is still clearly recognisable, and so far the city has successfully retained the generally appreciated physical distinction between the city and the open space surrounding it. Residential functions, offices and commercial functions are mostly located where they were planned.

Figure 1.2: Four consequent structure plans, formatted more or less uniformly (the red colour indicates a focus on further urbanisation in existing or new urban areas)

Source: Jolles et al., 2003

After a long time of producing only thematic plans for either housing or offices, a second generation of plans emerged. In 1985, the first comprehensive spatial structure plan since 1935 was drafted (Gemeente Amsterdam, 1985). In contrast to the AUP, the general emphasis was not on expansion but on urban development chiefly within the city, based on a philosophy of urban containment. The plan provided the general substantive concept for the subsequent structure plans of 1991 (Gemeente Amsterdam, 1991) and 1996 (Gemeente Amsterdam, 1996). In fact, both are in effect adaptations of the 1985 plan, meaning that they were the product of the same planning paradigm. All three of these plans honour the demarcations of the city,
designed in the 1935 plan. The clearly dominant paradigm is the idea of the compact
city, which is in particular a monocentric city. In a time when many economic func-
tions were fleeing the city centre for the periphery, policies were mainly focussed on
retaining the economic health of the centre. This resulted in policies and plans
aimed at stimulating office development in the city centre, while limiting large scale
office development at the urban fringes (Ploeger, 2004).

Since the structure plan itself was not an instrument meant for direct im-
plementation, in 1989 the municipality introduced the Programme for Spatial In-
vestments (from hereon referred to as PRI). The programme was meant to ‘provide
a realistic and inspiring vision of public plans and thereby gain regional business’
confidence in particular, inviting them to cooperate with local government in invest-
ing in the city’ (Smit, 1998, p. 126). The PRI is seen as an elaboration of the struc-
ture plan and when another instrument, a ‘progress report’ [Voortgangsrapportage] is
added, the result is a three-stepped planning system which, according to Wallagh
(1998), is quite successful. The general directions of the structure plan are evaluated
in the progress report, which in turn are translated into projects in the PRI. How-
ever, this system did not last for very long. Halfway during the 1990s, there was a
shift towards a more project-oriented planning in Amsterdam, where projects ap-
pear to be the purpose of planning rather than a means to achieve wider goals: ‘the
power shifted to the projects, while structure planning is struggling to keep up’
(Ibid., p. 150, translated by the author).

**Centre versus periphery and the Zuidas**

A comparison of the four structure plans of 1985, 1991, 1996 and 2003 (Figure 1.2)
with the implemented projects demonstrates that there was a growing tension be-
tween plans and projects already at the end of the 1980s. The most notable discrep-
ancies between the structure plan and the projects involve sites outside of the cen-
tre, particularly along the ring road. Not surprisingly, accessibility by car and public
transport, as well as their high visibility, make these sites highly attractive as office
locations. However, the municipality views large-scale development of these sites as
a threat to the economic vitality of the city centre. Therefore, the structure plans of
1985 and 1991 speak only of limited development at the periphery. Although they
fully acknowledge the potential of these peripheral locations, they opt for a limited
and strictly public-led development, a policy de facto initiated in 1980. Whereas the
city centre, the IJ-bank in particular, is given much room for commercial develop-
ment (while respecting its historical heritage), the plan for the sites along the ring
road is to develop them into small, specialised economic clusters: one for clothing,
others for back office functions, telecommunication as well as trade and congress
facilities. They are specifically not to compete with employment in the city centre.
This placed a lot of stress on the Zuidas, which was labelled a location for financial
trade and congress facilities (Figure 1.3 outlines its location in Amsterdam).

In 1991, in response to growing pressure on the periphery, the municipality
decided to develop these areas more actively. However, the Zuidas, which borne the
brunt of the pressure for office development, was still to remain only a secondary
centre for trade and finance, because large scale development would undermine the
office programme for the restructuring of the waterfront in the centre (Ploeger,
2004; Wallagh, 1994). The persistence to focus on development at the IJ-banks in-
Instead of the much more popular Zuidas can be seen as an example of a lack of market-conscious planning. From a spatial point of view, and looking at best practices from other countries, Amsterdam seemed like the perfect city for economic waterfront development. Yet the attractiveness of the Zuidas for office development was sure to spoil these ambitions. Ultimately, only after one of the largest Dutch banks threatened to leave Amsterdam altogether was the Zuidas slowly opened up for development (while the ambitions for the centre were reviewed). Nevertheless the 1991 plan clearly shows the municipality was still struggling:

At this moment there is no need to change the land use of the sports grounds south of the ring road, apart from the planned location of the headquarters of the ABN/AMRO. (Gemeente Amsterdam, 1991, p. 112, translated by the author)

At the same time, the pressure on the area increased:

Before any decision on further developments can be made, an integral study into the whole area around the southern ring road has to be made (Ibid., p. 113, translated by the author).

Figure I.3: Amsterdam with some of the areas and sites mentioned

---

4 Even though the initial plans for the IJ-banks included a public-private partnership
In 1993, the municipality finally and fully embraced the Zuidas as the new CBD, planned and designed to be the financial centre for international offices and national headquarters (Salet and Majoor, 2005). Former alderman Stadig (2005) speaks of a ‘surrender to the market’. It is around this time that the secondary centres are (not entirely voluntarily) no longer seen as threats to the compact city idea, although still within the same hierarchy of centre versus periphery. The idea that peripheral locations should become single-use commercial areas was abandoned already in 1991, but only became official with the structure plan of 1996. Still, the municipal view of these areas remains somewhat ambiguous, as they are, according to the plan, ‘perfectly suitable for educational, health and office functions that cannot be accommodated in the centre’ (Gemeente Amsterdam, 1996, p. 70, translated by the author).

The shift of focus towards a polycentric city is not only the result of the ‘surrender’ to pressures from the market, but it is also related to a growing reassurance in the 1990s that development of peripheral locations does not pose a threat to the economic viability of the centre, as was always feared. While the attractiveness of the centre for constructing larger offices did in fact diminish, this was more than compensated by the centre’s increasing popularity with smaller businesses of all kinds of creative industries and tourism (see for instance Kloosterman, 2004) and, moreover, by its increasing popularity as a residential area.

The structure plan of 2003 marks what can be seen as the third generation of structure planning, which ‘officially’ replaces the compact city paradigm with that of the polycentric city. The concept of ‘urbanity’ takes a central position in this plan, in which nodes along the ring road do not have a secondary status any longer, nor are they seen as threats to the city centre (Bertolini and Salet, 2003). Instead, they are now considered of urban or regional importance, equal or almost equal to the city centre.

A shifting interdependency

It has taken the municipality quite some time to come to grips with the polycentric city and the market pressure as a driving force behind it. In retrospect, it appears that the structure plans of 1985 and 1991 largely corresponded with national and local planning goals. In 1985, most of the attention and resources were focussed on urban renewal (by that time already in full swing) of the pre-war neighbourhoods; this corresponded to national policies for renewal and was supported by accompanying funds from central government. Most of the residential projects in Amsterdam directly follow from the structure plans of 1985 and 1991. However, during the late 1980s and beginning of the 1990s the pressure from the private sector increased. The municipality started to lose its grip on development and struggled with market pressures, particularly for office development. The case of the IJ-bank versus the Zuidas is a clear illustration of this planning dilemma.

Allowing office development along the ring road, particularly the policy change regarding the Zuidas, can be seen as a sign of municipal awareness of the new context. In fact, office development at the periphery generated substantial resources for the municipality by issuing land in leaseholds. The resources were used

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5 Amsterdam has a tradition of ‘active land policy’. By issuing land in leaseholds, the municipality gains land rents. Profits are deposited in a special revolving fund (Vereeningsfonds),
to finance residential projects (social housing and investments in public space) elsewhere in the city. Thus it seems that market-conscious planning was needed only in terms of office development, which allowed the municipality to retain much of its control over residential projects. Nevertheless, this practice of financing housing through revenues from office development has come under increasing pressures. First, the economic recession at the end of the century led to serious cutbacks in office developments. Land revenues started to dry out, which in turn threatened the feasibility of expensive residential projects. As a result, already scheduled projects had to be screened for possible adaptations that would make them more feasible. Another implication was that the municipality yielded more influence and financial responsibilities to other actors, particularly housing associations (this is related to the changing role of housing associations in the Netherlands after their privatisation [though not full deregulation] in 1995). The more structural implication was the municipality’s change of strategy around 2006, asserting that from that moment forward residential projects should be largely self-sustainable (Haan, 2006; Ontwikkelingsbedrijf Gemeente Amsterdam, 2006).

With both housing and offices now more dependent on the market, the main observed shift is the change in the dependency relationships. Looking at the way the municipality makes choices about where and how to develop in the city, three main sources of investment that determine these urban developments emerge. First, they are the direct results of local government’s own policy goals and ambitions to invest in some parts of the city. Second, these choices are to a certain degree steered by central state policies that set policy frameworks for more general issues, problems and opportunities (along with the accompanying investments funds. The third, increasingly influential force is the private sector and in particular its interest (or lack of interest) to invest in certain parts of the city. This means that, in spite of the still high financial dependency of municipalities on central funding in the Netherlands, the private sector increasingly seems to take over the role of central government, i.e. using funding to determine where and how urban developments take place.

Towards the portfolio approach

The changing relationship between plans and projects in Amsterdam, strongly related to the changing relationship between the public and the private sector, demonstrates that in order to reach public goals one has to take market dynamics into account (a lesson sometimes learned the hard way). If urban (re)development increasingly depends more on private and semi-private investments, then this raises the need for local government to be informed which parts of the city these (semi-) private actors are interested investing in and why. The development of property values is of particular interest. Not only do property values indicate the neighbourhoods’ positions within the city, which is one of the key aspects of the portfolio approach,

which are then used to finance other, less profitable projects. For further details about active land policies in the Netherlands see Needham, 2002).

6 In turn, to a significant degree national policies are fuelled by (lobbying) cities (e.g. Healey, 2007).
but (increasing) property values are also, in different direct and indirect manners, an important source of income for local governments to finance public goals.

Neither the tension between plans and projects (Buchmüller et al., 2000; Healey and Williams, 1993) nor the challenge to reconcile public goals with private ambitions is unique to Amsterdam. Most of the Western European and American cities currently face this challenge (Savitch and Kantor, 2002; Newman and Thornley, 2004). Hence, knowing which parts of a city are interesting for private actors, as well as understanding their underlying motives, is crucial information for planners. It allows local government to anticipate rising interest in those areas, but it also gives an indication which parts of the city strongly rely on public and semi-public investments. These are the insights that should increase the chances of choosing successful planning strategies. In the terms of John Friedmann (1987), this type of knowledge can improve the chances of taking successful action. A better understanding of the opportunities for development should contribute to devising more sophisticated planning strategies. It should help to inform and stimulate the deliberation of interventions in the city: In which parts of the city can or should local government intervene, considering that it has to be selective with its investments? When and how should it intervene? With whom? What kinds of interventions are needed to improve an area or to trigger other actors to join? Where do interventions have the largest impact? With the limited resources of local governments, there is a need to be effective and efficient with respect to the implemented investments and the interventions.

These are highly strategic considerations and they resemble the kind of considerations discussed in the theory and practice of strategic portfolio planning in corporate business. That is, one has to have insight into the relative positions and the potential of different parts of the city in order to develop realistically implementable strategies. It is therefore hypothesised that it is useful to look at the city as a portfolio of neighbourhoods, which is the basic substantive idea of this research and is further elaborated in Chapter Two. In this urban portfolio, some neighbourhoods are doing better than others, some are rapidly upgrading, while others are slowly declining and others have a stable position. The relative positions of neighbourhoods should indicate to which extent they are appealing for private and semi-private stakeholders.

The next question concerns the type of research suitable for achieving this objective. Rather than only providing an ‘answer’ in terms of illustrating the market dynamics in Amsterdam (i.e. where the opportunities for development are located or how private investors look at parts of the city) the aim of this research is to develop a way for the Physical Planning Department to find such answers by itself. This means that the central aim of this research is to develop, understand and evaluate a concept or instrument which can provide substantive information about the market dynamics in terms of the changing positions of urban neighbourhoods. The knowledge and information generated should inform and stimulate the deliberation of planning strategies.

Crucially this should lead to a research product which will be useful for practitioners, in this case Amsterdam’s Physical Planning Department. At the same time, the challenge for urban planning in Amsterdam is illustrative of the wider urban planning challenge faced by many cities. Therefore, understanding how the
portfolio approach works in Amsterdam should add to the more general understanding of how to apply instruments, such as the portfolio approach, and support urban planning elsewhere. As will be discussed in Chapter Four, the usefulness of instruments that aim to support planning is by no means self-evident. It is strongly believed that one of the reasons for this is that the development of such instrument often takes place by doing research for practitioners, whereas doing research with practitioners should receive more attention (Balducci and Bertolini, 2007). Chapter Four will discuss the methodological implications of this.

1.3 Central research question and the organisation of the book

The central aim of the research is to develop an instrument that stimulates and contributes to the informed deliberation on planning strategies and interventions. The aim of this research project is not easily rephrased as a descriptive, explanatory or predictive research question. For instance, it is not the central aim of the research to predict the variables behind neighbourhood positions and capture these in a model. The subject matter is too messy and context-laden for this and it is believed that any tool, model, or instrument would fail to capture these complexities. More importantly, highly sophisticated attempts to do so have had limited success in providing practitioners with useful support in daily practice (Lee, 1973; Brail and Klosterman, 2001). Neither does this research aim at understanding or assessing current, previous, or possible planning strategies, actions and interventions and the extent to which they are based on the portfolio approach. Decision-making is a fragmented process with many different actors, agendas, motives, which is further subdivided in many sub-decisions and based on various kinds of knowledge (e.g. Cohen et al., 1972; Teisman, 2000). To study these processes in relation to the portfolio approach is beyond the scope of this research (and difficult at best).

The fundamental research goal is much more related to the instrument itself. Since the aim of this research is to develop an instrument useful in practice, it requires a different type of research object and a different type of research question. In contrast to a social or physical phenomenon, the instrument itself is the object of research (Simon, 1969). And in contrast to trying to understand a social or physical phenomenon, the research objective is to evaluate the instrument designed by the researcher (Van Aken, 2004; 2005). In other words, this research will focus on testing whether the instrument works and on explaining this outcome. Thus, the research is based on two central questions:

1. To which extent is the portfolio approach a useful approach for generating knowledge about positions of urban neighbourhood in the property market, their opportunities and possible intervention strategies?

2. Why and how does the portfolio approach (not) succeed in generating knowledge about positions of urban neighbourhoods in the property market, their opportunities and possible intervention strategies?

Crucially, this research will not follow an experimental sequence, starting with instrument development, continuing with testing and finally finishing with evaluation.
Instead, evaluation takes place during the application in practice, so that the functioning of the approach can be observed. This provided the opportunity to further adapt and improve the instrument during its application. Following Kolb and Fry (1975), the research process is considered a learning process in the sense that there is a continuing cycle from hypothesising and applying, towards observation and reflection, I will return to this matter and the methodological implications in Chapter Four.

I developed the portfolio approach in Amsterdam and applied it in six local cases. Considering the cooperation with the Physical Planning Department and the number of cases, Amsterdam is clearly the main locus of this research. The demonstrated interest for the portfolio approach by planners working for the Rotterdam planning department also provided impetus to test the approach there. This allowed for analysis of the extent to which the approach is limited to the Amsterdam context, or whether it could be useful and applicable in Rotterdam as well, i.e. another large Dutch city. Hence, two workshops were organised in Rotterdam, as ‘mirrors’ to the findings in Amsterdam.

**Organisation of the book**
The introduction illustrated the need for providing more insight into the market dynamics of urban neighbourhoods, as expressed by the Amsterdam Physical Planning Department. It also illustrated the changing relationship between spatial plans and urban projects in Amsterdam, the local background of this research, which was the inspiration for the portfolio approach.

Chapter Two will cover the structural changes of the wider, national and international background. Technological, socio-economic and political developments have changed the landscape for planning in both spatial as institutional ways; and this chapter will discuss the implications of this development on strategic spatial planning. Subsequently, drawing on business literature, I will introduce the portfolio approach and will show how this tool, which originate in strategic planning in business, can be translated to the world of urban planning.

One of the things that become clear in Chapter Two is that, particularly in light of the complexities of modern day planning, strategic planning tools cannot provide strategies by themselves. Chapter Three will look more closely at the types of knowledge and information that such tools can provide. This is related to the changing epistemological treatment of knowledge and information in planning, as well as to the issue of rationality. It should improve the understanding of the type of information the portfolio approach provides and particularly the way it can contribute to generating shared knowledge among stakeholders.

This stated research goal, to develop the portfolio approach as an instrument useful in practice, raises methodological questions that will be addressed in Chapter Four. How can one safeguard the scientific rigour of research aimed at developing practical instruments, such as the portfolio approach? It is a question closely related to the dilemma of scientific rigour versus practical relevance. This

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7 Rotterdam is actually quite different from Amsterdam, in its urban and regional economy, the different spatial structure, a more ‘relaxed’ housing market and possibly other important differences in its institutional setting.
chapter will make the argument that in order to meet both of these standards one should apply a research approach less commonly used in social science, i.e. the design science approach (Van Aken, 2004; 2005). The main implication is that the portfolio approach is tested in practical cases, as well as evaluated on why and how it performs in generating the intended results in different situations.

The application of the portfolio approach in these different situations will be described in Chapter Five. The approach was applied in eight cases: five cases in the city of Amsterdam, one case in the Amsterdam Region and two cases in Rotterdam. These are workshops (featuring local planners, private developers, housing associations and other professionals) where the portfolio approach was used as a way to stimulate discussion about specific practical issues, e.g. how to develop a certain neighbourhood, or where to find opportunities for gentrification. The case descriptions consist of the author’s observations, interpretations and reflections, in some cases also interviews and questionnaires are utilised to capture how the portfolio approach was applied, how it was received by the participants, and how and why it raised certain discussions and outcomes.

Chapter Six consists of a cross-case analysis that, distilling from the single case analyses from the previous chapter, will provide more insight into the mechanism of why and how the approach may be expected to be effective, in which contexts and which outcomes may generally be expected. Following the approach of design science, this synthesis will be consequently rephrased in a prescriptive form (i.e. a technological rule), which will suggest the appropriate use of the portfolio approach.

Although the central aim of this research is to develop and evaluate the portfolio approach, testing and applying the portfolio approach produced much more than approach relevant findings. The workshops generated some interesting substantive insights as well: the changing positions of urban neighbourhoods, the driving forces behind these changes, opportunities for development and possible strategies. Similar to Chapter Six, Chapter Seven will provide a synthesis of the substantive patterns that could be distilled from the workshops, i.e. a reflexive interpretation of the various participants’ shared (or individual) insights, beliefs and perceptions.

In Chapter Eight, I will return to the research questions above and discuss the plausibility of the claims about the portfolio approach. This is also where the wider implications of the research findings will be discussed in terms of market-conscious urban planning, strategic planning, knowledge generation and the possibilities for further research efforts.

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8 As illustrated in this research, gentrification in the Netherlands usually does not generate the negative associations, particularly regarding displacement, to the extent it does in much international literature on the subject. This may be related to the notion that many processes of neighbourhood upgrading are (erroneously) referred to as gentrification.
Mapping the Market
2 Strategic planning and the urban portfolio

Good fortune is what happens when opportunity meets with planning
Thomas Alva Edison

2.1 Introduction
The preceding chapter presented the general starting point for this research. In this chapter, I will discuss more extensively the societal changes that have been creating a new landscape and thus the need for new strategic spatial planning. I will argue that the portfolio approach is the product of this context. The chapter will start with a short overview of the structural changes that provide the background against which strategic spatial planning takes place. It will be argued that this background and the changes in cities have implications for strategic spatial planning. One of the most influential criteria that strategic spatial planning has to address is the increasing influence of the private sector. This is taken as a starting point for the introduction of the portfolio approach. This approach is inspired by a strategic planning tool from business (the Growth-share matrix). I will discuss why this tool is considered a useful source of inspiration and how the tool is translated into the world of urban planning. The chapter will end with some general ideas about possible strategies for intervening in the urban portfolio, which will be discussed in more detail in further chapters.

2.2 The altered landscape of urban planning
Urban planning takes place in a context that is shaped by fierce changes in the scale and scope of all sorts of economic and social activities. There are a large number of interrelated processes that can be distinguished. It is beyond the aim of this chapter and research to provide a comprehensive elaboration of the mechanisms that produce these changes. Instead, I will give a relatively short description of the technical, socio-economic and political changes and describe how they shape the context for strategic planning in cities. Often, these changes are referred to as (processes of) globalisation. I am aware that this single word cannot grasp the complexities of all of these changes, particularly in the light of the simultaneous processes of localisation and regionalisation. However, for the sake of concision, I will use the term globalisation as an embodiment of the processes that shape a changing context of urban strategic planning.

The primary driving forces behind the processes of globalisation are the technological innovations that descended from the Industrial Revolution. With the development, sophistication, and above all the mass use of the automobile, aviation and large-scale cargo shipping, the mobility of people, businesses and goods in-
creased manifold. Consequently, the reduction in time and cost of travel and shipping enabled social and economic activities to take place on wider scales. Mobility enabled people to move to suburbs. It also transformed the workplace allowing businesses to leave city centres and to outsource manufacturing industries. Already in the 1960s, Webber (1964) observed that social and economic interactions were no longer necessarily territorially bounded. In addition to territorial urban places, Webber identified a growing number of ‘interest communities’, i.e. groups of people who share multiple interests, such as business, hobbies, or political beliefs. These activities took place in what he called ‘Non-place urban realms’. After Webber’s introduction of the Non-place urban realm, their scale and scope have increased tremendously; in particular since the high mobility of people and goods was joined by exponentially increasing mobility of information, as a result of rapid developments in ICT. This ICT infrastructure allows for consumption, trade, education, payments, entertainment and other activities to take place in virtual worlds (see for instance Castells, 1996; Graham and Marvin, 1999; Rifkin, 2000; Albrechts and Mandelbaum, 2005).

Technical innovations allowed for all sorts of activities to take place on a larger scale and this set the scene for socio-economical, political and cultural changes, in particular the shift towards a post-industrial economy. After WWII, a relatively stable, Keynesian economic growth was based on a ‘social contract’ between corporations and labour: ‘what was good for corporations was good for labour’ (Harvey, 1989a; Jessop, 1997). The late 1960s saw the first cracks in this ‘Fordist harmony’, which was shattered in the 1970s: by fiscal crises, by increased international competition and by increased geographical and cultural fragmentation of producer and consumer markets. The latter two in particular compelled business to become more flexible regarding the where (e.g. by outsourcing) and the how of production, both domestically and abroad.

The flexibility of the emerging ‘post-industrial’ economy is reflected by the fact that knowledge became a much more important factor of production, mirrored by the global shift in expanding economic activity away from manufacturing industries and towards the service sector (Thrift, 1994). Such an economy both required and caused a higher volatility of capital investment. The mobility of information and knowledge provided the technical infrastructure, but also crucial were the institutional shifts, especially with respect to the internationalisation of (financial) markets. A particular important change was the (selective) removal of trade barriers, to a large degree attributed to the increased influence of the World Bank, WTO, IMF and G8 (see for instance Scholte, 1997).

Several geopolitical changes (some more important than others) also contributed to these processes of globalisation. The end of the Cold War generated new opportunities for capitalist production and consumption in Eastern Europe and the former Soviet states, while economic reforms created opportunities in China. In Europe, the political and economic integration of the European Union further streamlined internal and external trading possibilities.

In a more general sense, the institutional changes that fuelled globalisation processes are often characterised as shifts towards more neoliberal policies (Harvey, 1989b; Sassen, 1991; Brenner and Theodore 2002b). The processes discussed here (particularly in this compact manner), may seem like general and universal processes;
yet there is an ongoing lively debate about the extent to which this is the case. For instance Hirst and Thompson (1996) argued that the bulk of socio-economic and cultural activities did not yet become fully globalised, while Swyngedouw (1992) demonstrated how local outcomes are a combined result of global/international forces, as well as of specific local responses and configurations. Second, there are important differences in the way internationalisation/globalisation is manifested and the way that it is anticipated politically and culturally, for instance between Anglo-Saxon, Western-European or Asian states, as well as within the states themselves (Marcuse and Van Kempen, 2000; Hall and Soscice, 2001). According to Brenner and Theodore however, these differences, notably between more welfare types of states and market-oriented states, are still part of a dominant neoliberal shift (2000a). As noted by Harvey,

As soon as political choices were seen as a trade-off between growth or equity, there was no question which way the wind would blow for even the most dedicated of reformist governments. (...) To the degree that heightened international competition under conditions of flagging growth forced all states to become more ‘entrepreneurial’ and concerned to maintain a favourable business climate, so the power of organized labour and of other social movements had to be curbed. (Harvey, 1989a, p. 167-168)

Apart from the debates about how different economic and cultural forms of globalisation are taking place, many scholars are occupied with debates about the changed/changing role of the state. Often, globalisation processes are said to go together with a ‘hollowing out’ of the (national) state. But just as globalisation comes in different forms, so too is the role of the state contingent upon different contexts (Jessop, 1997b; McLeod and Goodwin, 1999; Marcuse and Van Kempen, 2000; Sanyal, 2005). Countries have diverse systems of distributing power and resources among local, regional, national or supranational levels of the state. Still there are some discernable general patterns, which Jessop (1997a) summarised as processes of denationalisation, destatisation and internationalisation. First, it is argued that both subnational and supranational levels of government have gained powers at the cost of the national state. Clear examples are the advance of urban regions and the European Union respectively. Second, destatisation takes place through the growing interference of all kinds of non-government and quasi-governmental organisations in political and policy processes. Private actors increasingly take part in public processes and governments increasingly act as private agents; this joint development is usually referred to as the shift from government to governance (for a detailed, theoretical overview see for instance Stoker, 1998). Third, policy regimes have become increasingly internationalised: local, regional and national governments have to operate in an international context of private and other (semi) public interests.

Cities
In particular cities are affected by the international changes discussed above. Initially, many cities were hit hard by the structural economic and socio-cultural changes in the 1960s and 1970s, in particular mass suburbanisation and the completely altered relationship between cities and their surroundings (see for instance
Friedmann and Miller, 1965; Garreau, 1994; Sieverts, 2003). For many cities, this meant the departure of many affluent residents, often resulting in declining populations. This contributed to the decline of many older urban neighbourhoods and, depending on the fiscal system, it also implied a reduction of the local tax base. Next to residential suburbanisation, cities also lost employment. The suburbanisation of offices and international outsourcing cost the city both white-collar and blue-collar jobs. Particularly during the 1970s, cities had trouble to retain jobs, competing both internationally but also against their affluent suburbs. As a result, resources decreased. Meanwhile, ongoing processes of deterritorialisation and reterritorialisation kept shaping urban landscapes beyond the traditional distinction between urban and rural, as well as urban and suburban. Scholars have been anxiously trying to grasp the resulting spatial patterns and their complex functional relationships. These studies provided an interesting vocabulary for identifying the socio-spatial patterns of (parts of) the new landscapes, such as Webber’s Non-place urban realm (1964), the Urban field (Friedmann and Miller, 1965), the Technoburb (Fishman, 1987), Zwischenstadt (Sieverts, 1997), or the Space of flows (Castells, 1996).

These processes of rescaling did not result in the ‘end of the city’, as some had feared and others predicted. Thanks to the unprecedented possibilities to communicate and share information instantly and globally and the opportunity to outsource large parts of production, cities have actually increased their importance. In the globalising context, they increasingly took on the role of command and control centres and nodes of knowledge. Cities can be seen as simultaneously driving and being driven by globalisation processes (Keil, 1998). Not only do they provide the necessary physical infrastructures for communication and personal mobility; more importantly, they also provide the spaces and places for the coordination of all kinds of social, economic, cultural and political activities, which require communication by face-to-face contacts and thereby at least a certain degree of proximity (see for instance Castells, 1989; Sassen, 1991; Amin and Thrift, 1992; Scott, 1997).

However, for cities to recover from their economic problems and to become nodes in international competitive networks often required painful shifts away from industrial and towards more service-based economies. Clearly, some cities have been more successful in making this shift than others. Either they were simply better equipped for the needs of the post-industrial economy, or they profited by building upon an already established position in the international economy (Sassen, 1991; Thrift, 1994; Fainstein, 1994; Castells, 1996; Amin, 1997; Graham and Marvin, 2001; Sanyal, 2005).

The economic recovery of cities is also related to socio-cultural processes of emancipation and individualisation, which produced an increasing number of young, single or dual households without children, which lived urban lifestyles (Meulenbelt, 1994; Van Diepen and Musterd, 2001; Bontje and Latten, 2005). Although suburbanisation continued throughout the 1980s and 1990s, for these households the city again became an increasingly popular place for residence, work, and leisure (see for instance Zukin, 1995). At the same time, they provide the flexible, educated workforce that cities sorely need in the modern economy.
2 Strategic planning and the urban portfolio

2.3 Local governance and the need for selectiveness

As the increasingly competitive international environment manifests itself in cities, the shift from government to governance is in particular apparent at the urban and regional level. A substantial body of literature discusses the way governments are influenced by and have reacted on the different changes discussed above. Considering the important role of cities and urban regions, and particularly the focus of this research on urban planning within the city, I will focus predominantly on the increased role of local government. It is of primary interest to assess the implications for the relationships of local government with the private sector and with national government, as well as the planning challenges at the local level.

Governance can be defined in many different ways. Rhodes identified six phenomena frequently referred to as governance: the minimal state, corporate governance, new public management, ‘good governance’, governance as a socio-cybernetic system and governance as self-organising networks (Rhodes, 1996). Not unlike Rhodes’ own description of governance as self-organising inter-organisational networks, Kooiman and Van der Vliet defined governance as the ‘creation of a structure or an order which cannot be externally imposed but is the result of the interaction of a multiplicity of governing and each other influencing factors’ (Kooiman and Van der Vliet, 1993, p. 64, in Stoker, 1998).

The shift to local governance can be seen as the combined result of political-cultural shifts, which are interrelated with more practical reasons. As for ideology, different and mutually overlapping concepts of governance ensue from different ideologies. For instance, New Public Management and the idea of the ‘minimal state’ both stem from the idea that government could work more effectively and efficiently by means of cutting expenses, deconcentrating, privatising or contracting out services, stimulating competition between public agencies and by focusing on performance and output (Dunleavy and Hood, 1994). Corporate governance, like new public management and ‘good’ governance, puts the emphasis on accountability. Shift towards (‘good’) governance can also holds opportunities for enhancing public participation and the democratic inclusiveness of decision-making (Coaffee and Healey, 2003). Swyngedouw (2005a) argued that, although governance structures can increase the democratic degree of decision-making; they are more likely to have the opposite effect.

More practical reasons that gave cause for the rise of governance structures are related to the structural changes described further above. That is, due to processes of rescaling and increasing competition at the local and regional level, local governments have adopted more entrepreneurial ways of stimulating the local economy. One of the reasons mentioned for this change is the fiscal crisis of local governments. O’Connor (1973), like Harvey (1989a) and Brenner (2004), argued that from the 1970s onwards the rigidities of Keynesian welfare systems could no longer sustain welfare expenses at the same level, resulting in insurmountable financial burdens on the public sector. For electoral reasons, many national governments tended to shift this burden to the shoulders of local governments (Scharpe, 1988). There are some notorious examples of local governments suffering losses in income due to diminishing local tax bases or cutbacks in central funding. The bankruptcies of New York City, Liverpool, and Orange County illustrate this (see for instance Baldassare, 1998; Shefter, 1992). Harding (2005), on the other hand, asserted that central gov-
ernments did in fact find ways to adjust their expenses and that fiscal crises were not ubiquitous then and are not ubiquitous today. According to Mouritzen and Nielsen (1992), cities in the UK, Italy, Denmark, the US and (West) Germany to a certain extent did face fiscal crises, due to losses in their local tax base and/or decreasing national grants. In other countries such as France, Norway, Sweden, Finland, Canada and the Netherlands, fiscal decentralisation did take place, but mostly concerning expenditures, not revenues, thereby mitigating fiscal crises (see for instance Pola, 1999). But also in these countries, particularly due to cutbacks in central grants, local governments have been struggling to make ends meet. Here too, local governments have been seeking new ways of financing policies and urban developments (e.g. Kreukels and Spit, 1989).

Another reason for the rise of local economic policies appears to be more generally applicable. Cities may enact more opportunistic strategies that utilise the changing role of cities as nodes of knowledge and consumption (and tourism) in the international economy. This is related to a wider shift in the vertical relationships between national and local government. The ‘Keynesian’ national government primarily covered the investments in economic competitiveness, while local government remained responsible for welfare expenses (Harding, 2005). Now there is another reality on the ground:

As the local state – that is, local governments, cities and institutional regions – is no longer placed in a nested pattern of sovereignty, in which conditions for local welfare and cohesion could be seen as a function of broader policies for national competitiveness and in which the local played a defined role in a performative whole, supported by redistributive mechanisms, local communities have to establish themselves – and, to a certain extent, reinvent themselves – as sites for the production of local conditions for welfare and cohesion. This, in turn, implies building the capacity of competing locally in a competitive environment that encompasses, but also exceeds, the nation-state. (Gualini, 2005, p. 288-289)

Clearly, local governments are not able to do this by themselves; hence they initiated partnerships with the private and semi-private sector, as well as with other government agencies (Stone, 1989; Stoker, 1995; Pierre, 1999, following Beauregard, 1996). The outcomes are the result of interactions and negotiations over different social, political and economic interests and forces. Yet despite the two-way interaction between the public and private sphere and vice-versa, the relationship of local governments with the private sector remains asymmetric. As discussed above, rescaling processes and increasing mobility made private investments more volatile. It also made it relatively easy for the private sector to look for the most attractive regions, cities and sites for investment, thus pitting local governments against each other (see for instance Salet et al., 2003). So, while social and economic processes increasingly take place on regional and metropolitan scale (accompanied by corresponding spatial challenges), local governments remain relatively tied down to their geographical and judicial territories. Hence, many local governments seek to cooperate at a regional or metropolitan level (while at the same competing against each other for private investments and national funds). One should thus speak not only of a shift
from local government to local governance but also to urban governance (Dunleavy, 1980; Harding, 2005). In the end, however, it seems that the private sector’s range of doing business still stands dominant against the ‘smaller scales and slower modes of operation’ of local governments (Madanipour et al., 2001, p. 1).

Shifts towards urban governance generally seem to go hand in hand with neoliberalisation processes, privatisation, devolution of social welfare programs to lower levels of government and supply-side economic measures (Brenner and Theodore, 2002b). However, cities in traditional welfare states, such as in continental Europe, did not have an urgent need for local entrepreneurial economic policies, because the national welfare state provided more financial guaranties. Consequently, according to Pierre (1999), these contextual differences resulted in different, path-dependent types of governance. It seems that the so-called managerial and the pro-growth types of governance usually receive most of the academic attention (and criticism), while the corporatist and welfare types of governance are ignored. Particularly the latter two models demonstrate that not all local governments are fully financially self-responsible and that policy objectives are not always reduced to economic growth.

Nevertheless, cities in traditional welfare states are also faced with the same competitive, uncertain economic environment. Therefore, notwithstanding the national grants that they receive or the degree to which they raise their own revenues, European cities have increasingly adopted local entrepreneurial economic policies as well:

Thus, although the legal and economic frameworks for local economic development policies vary across national contexts, the basic problematic – urban political dependency in private capital for its tax base and revenues–remains largely the same, albeit for different reasons. In countries such as Germany, the Netherlands and the Scandinavian countries, local government funding comes primarily from the state and corporate taxation is national rather than local. However, private businesses provide jobs, which, in turn, generate local income taxes. To be sure, the competition for private investment in these countries is almost as fierce as in the United States. (Pierre, 1999, p. 384-385)

‘Leaves in the wind of globalisation?’
Both in practice and in academia there are important differences of opinion about the role of economic policies. A crucial question is to what extent countries, regions and cities are mere ‘leaves in the wind of globalisation’ (Brenner and Theodore, 2002b; Savitch and Kantor, 2002). Because if one concludes that cities have become more important in the international economy and that they have increasingly been developing local or regional economic policies aimed at competitiveness, this by itself does not mean that these policies actually have positive effects. Then, there are also different views about the extent to which economic policies are at the expense of social policies. Many cities (particularly in the US) feel or have felt obliged to

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1 Pierre (1999) distinguished four ideal-type models of governance: managerial, corporatist, pro-growth, and welfare model.
‘bargain away living standards and regulatory controls’ (Peck and Tickell, 1994, p. 281) in order to attract private investment (Cox, 1995; Harvey, 1989b; Logan and Molotch, 1987). According to Harvey, this shift from ‘managerialism to entrepreneurialism’ generally meant ‘focussing on investment and economic development with the speculative construction of place rather than amelioration of conditions within a particular territory as its immediate (though by no means exclusive) political and economic goal’ (Harvey, 1989b, p. 8).

According to Swyngedouw et al. (2002), local governments in Europe demonstrated similar strategies, forming coalitions with the private sector in order to stimulate local economic growth. Yet other authors argue that cities on both sides of the Atlantic are still capable of attracting business and, at the same time, preserving local cohesion (Marcuse and Van Kempen, 2000; Savitch and Kantor, 2002; Newman and Thornley, 2004). Depending on the cities’ bargaining positions, they are able to attract private sector investments and still realise (some of) their social ambitions. Market forces may have become more volatile, but they still require cities for their location advantages. Business still needs face-to-face access to other private and public actors, to an educated workforce and to all kinds of services. This means that cities equipped with these amenities have a better bargaining position vis-à-vis private investors. It gives cities the opportunity to resist unwanted developments or to utilise private preferences for achieving public purposes.

Regarding the local bargaining position and local possibilities, Savitch and Kantor distinguished between exogenous ‘driving’ and endogenous ‘steering’ variables. The driving variables are overall market conditions in the city and the support it receives from higher levels of government, which can provide the city with resources and possibilities for development. These determine the city’s ‘starting position’ in the competitive environment and the extent to which developments are possible. The steering variables, the local culture (which can be more materialist or post-materialist) and the amount of local popular control, relate more to the how of development: the extent to which developments are used for achieving public goals.

Interestingly, recently a growing number of scholars emphasised how these steering variables and their material outputs (such as mixed-use developments, parks, cultural facilities and activities, vital neighbourhoods, etc.) by themselves are increasingly regarded as qualities that can attract young, educated people with urban lifestyles and the accompanying economic activities (see for instance the work of Zukin, 1995; Hall, 1999; Florida, 2002). It is argued that local and regional post-industrial economies, which are increasingly based on knowledge, require various kinds of urban amenities to draw the accompanying workforce. More generally, it appears that cohesion itself can be a competitive asset, in other words:

[T]he typical dichotomy between welfarist and neoliberal policies becomes gradually less apt to account for the features of local governance. Rather, the quests for competitiveness and cohesion become two sides of the same task facing the governance of localities, and two dimensions of the challenge of achieving and sustaining a viable cohesion of the local society while playing in a global competitive arena. (Gualini, 2005, p. 289; emphases as in original)
2 Strategic planning and the urban portfolio

The effects of globalisation processes on cities and the extent to which these can be generalised depend on the type of effect examined. In strictly financial terms, the need for more entrepreneurial policies differs strongly and is dependent on the country’s fiscal system and the ways in which local governments are able to generate resources. But from an economic perspective, the competition between cities and their economic importance are universally increasing. Hence, more entrepreneurial, development types of urban planning and economic policies are increasingly being adopted on both sides of the Atlantic, as well as in Asia. However, in terms of social disparities within cities, the policies and processes are quite different. The latter depends more on the local culture and welfare system, although some argue that growing disparities are ubiquitous as well. In any case, one can say that cities are neither powerless victims nor victors over the whims of private capital investors. Certainly, cities are deeply affected by socio-economic processes of internationalisation and globalisation, but they still have at their disposal a number of ways to use market dynamics for realising public goals.

2.4 Strategic (spatial) planning: how to do more with less

To sum up, with or without the support from national government, cities are facing a competitive environment in which they are increasingly responsible for creating and maintaining a healthy local economy. The latter is increasingly dependent on their ability to attract private investors, amidst limited local power and resources. But if one assumes that urban policy and hence urban planning do matter (following Savitch and Kantor, 2002; Salet et al., 2003; Newman and Thornley, 2004), the challenge for local governments then is how to make them matter in a constructive way. Through which choices can local governments aim for competitive and cohesive cities, while operating with limited power and resources and within a complex environment shaped by a multitude of actors with different interests? Clearly, cities feel that they are increasingly compelled to look for opportunities from ‘outside’: not only beyond territorial boundaries, but also beyond the traditional boundaries between the public and the private sector (see De Klerk and Gomes, 2002).

One of the implications for urban planning is that, whether city officials like it or not, one has to be selective about plans, programs and projects. Not every site can be transformed into a competing office location and not every neighbourhood can be upgraded. Private preferences for development are often limited to only a number of (profitable) sites and neighbourhoods, while at the same time the ambitions of local government may lie elsewhere. Opportunities for urban development and planning are thus increasingly influenced by external, socio-economic forces. At the same time, limited resources constrain the city’s ambitions for improving certain neighbourhoods, new infrastructure, cultural or recreational amenities. Combined, this puts limitations on the city’s freedom of choice. City branding billboards that advertise the various projects may seem to indicate otherwise, but in essence urban planning increasingly follows trends, instead of leading the way.

**Strategic planning**

In the immediate post-WWII context, societal changes and land-use demands could to a relatively large extent be predicted (or at least planners perceived it as predict-
able). This perception allowed planning to be used as a controlling and regulatory activity. The relative predictability of the environment permitted the development of long-term visions and plans, while, notwithstanding the differences between European and American planning, there was ample control for implementing comprehensive plans. This changed due to the societal changes discussed in the sections above. Limited control, limited resources, limited or no certainty and a multitude of actors and interests constitute an entirely different context. It requires other, more suitable types of urban planning which are more sophisticated than ‘predicting and providing’ (Owens, 1995) or ‘command and control’ approaches. Cities and planners need to develop visions about the goals they can and want to achieve and how these can be achieved. These should be based on insight into the city’s competitive position, its strengths and weaknesses, the actors involved and the trends and developments in the environment. It is a matter of preparation before action, in the face of an environment that to a significant extent lies outside of the city’s control. Based on this notion, the only way for local government to deal with this complicated and urgent challenge is by strategic planning. Although the earlier approaches of urban planning (described above) were characterised as ‘strategic planning’, it is clear that in the face of current uncertainties and the multitude of actors who shape cities, ‘strategic planning’ should be interpreted differently. Its implications for strategic (spatial) planning will be elaborated in the following section.

In principle, to adopt a strategic approach could mean to apply any type of thought-out manner in which a person or organisation tries to achieve a set goal. For example, this may be accomplished by designing a sophisticated process to reach a consensus among different stakeholders. In another case, a goal may be reached through a more substantive analysis of a plan or a product, in relation to its environment. In most cases, it will be a combination of both; whichever tool is best suitable for addressing the goal could bear the label strategic approach. In the words of Needham (2000a):

’strategy’ is the activity of leading or organizing an army as a general. It is everything that a general does in preparation before engaging the enemy. Thereafter, it is a question of tactics. Today, it is not only generals who make strategy, but firms, university departments, municipal governments, etc. And they do it for the same reasons that generals do: so that when the real action begins, they are better prepared so that their chances of success are greater. (p. 80; original emphases)

In a more compact way, Bryson defines strategic planning as

‘a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it’ (Bryson, 2004, p. 88).

Although strategic planning has its origins in military strategy, it is particularly known for its use in corporate business. After World War II, it was further developed as a response to an increasingly uncertain future and rapidly changing markets (Bracker, 1980). Aided by increasing possibilities in science and technology, as put
forward by Ansoff (1970), several methods and tools of strategic planning appeared. They were aimed at increasing the competitiveness of companies by focusing on the organisation or/and its products. Characteristic for many of these approaches is their aim to provide relatively general prescriptions for corporate performance, market leadership and competitive advantage. Many of these tools are still used today (Feurer and Chaharbaghi, 1995) and I will cover a few of those further below. The common ground of these approaches is the notion that strategy is about how to appropriately utilise one’s resources, based on an analysis of trends, opportunities and threats in the environment. Led by Mintzberg, a critic of these substantive approaches, the attention shifted to the process of strategy making and to interrelated issues, such as organisational learning, innovation, culture and human resource management (see Kaplan and Norton, 2004).

There are some heated, ongoing debates about how organisations can best attain their goals. Exemplary is the one between Ansoff and Mintzberg. Whereas Ansoff (1965, 1988) adhered to a more rational approach of strategic planning, i.e. by setting goals and formulating a plan to attain them, Mintzberg (1990, 1994) on the other hand dismissed such rational strategic planning approaches as too rigid, and as grounded too much in the supposed predictability of the environment and future conditions. Further, Mintzberg characterised strategic planning as too abstract, detached from practice, technocratic and reductionist. In ways similar to Lindblom (1959) or Quinn (1980), he therefore called for a more incremental, bottom up approach to strategic planning (a term which in fact he called ‘oxymoronic’), where the emphasis is more on strategic thinking and acting than on planning (Mintzberg, 1994). I will return to this debate further below.

Starting in the 1970s and 1980s, attempts were made to translate strategic planning concepts from the private sector to public sector organisations, such as governmental organisations, universities and hospitals. Societal changes and uncertainties about demographics, the economy, norms and values, or federal grants called for more substantiated policy approaches also in the public sector. Spatial planning was one of these public activities (Kaufmann and Jacobs, 1987; Bryson and Roering, 1988; Nutt and Backoff, 1993). Obviously, this raised questions about how and to which extent strategic planning principles that originate from the private sector can be implemented in public organisations. The most important differences concern the goals of planning and the process by which these goals are set and emulated (Nutt and Backoff, 1987, 1993). In the private sector, the obvious goal is to maximise profitability and to safeguard the continuity of the firm. In public organisations on the other hand, the overall goals are much more ambiguous. The overall objective will generally be the effective provision of some set of services. But what is sufficiently effective and what are the desirable/required financial and efficiency costs? When is it better to allocate resources elsewhere? Clearly, there are no easy answers for these issues, but they are rendered even more complicated by the details of decision-making. Contrary to the relative autonomy and authority of strategic managers in private business, decisions in the public sphere are grounded in a more democratic, accountable and transparent process, which involves consensus building, negotiating, making compromises, and/or voting. The outcome is the result of different economic, social and political interests and constraints. Also, most public organisations are dependent on funding and constrained by regulation from other
organisations, which puts even more limitations on the freedom of choice (Boyne and Walker, 2004). Addressing these types of issues, several strategic planning approaches for the public sector have been suggested (see for instance Bryson and Roering, 1987; Bryson, 1995; Alison and Kaye, 1997).

In the part of the public sector concerned with spatial planning, strategic planning was not an entirely new concept. On the contrary, both European and American cities have a longstanding tradition of making spatial master plans (Salet and Faludi, 2000). But whether comprehensive spatial plans are actually strategic depends on whether they are action-oriented and whether they go beyond being mere legal instruments. Therefore, they need to be linked to and supported by key decision makers beyond the planning department (Ibid.).

From the 1980s onwards, in many parts of Europe comprehensive strategic spatial planning came under pressure for several reasons (Breheny, 1991; Healey and Williams, 1993; Healey et al., 1997). To start, there was a perceived disadvantage of using strategic planning because of its inherent long-term perspective. While strategic plans were meant to guide spatial developments for the coming years or even decades, the increasingly competitive environment required cities to respond much quicker to opportunities for attracting private investment (Fainstein, 1994). Project-based planning allowed for such responses, whereas planning as ‘predicting and providing’ could no longer keep up with the new dynamics, neither in terms of predicting nor of providing. Nonetheless, many planners would still make use of outdated conceptions of the connection between economic activities and urban form (Healey and Williams, 1993; Salet, 1996). In addition, the types and the nature of developments also play an important role. As the initiative for development shifted towards the private sector, more commercial, residential or retail developments emerged that were often constructed in large chunks all at once, instead as the harmonic results of a long and well-prepared strategic plan. This is also related to the overall structure of many modern cities, where the planning challenges are increasingly found in the restructuring of older neighbourhoods and brownfields and to lesser degree in urban expansion, which requires different types of (strategic) planning approach.

These trends initially stimulated some within the planning profession to look for more pragmatic and localised ways of planning, paying more attention to getting things done (Breheny, 1991). However, among many politicians they fuelled a ‘neoconservative disdain’ for strategic planning (Albrechts, 2004, p. 743). For them, (strategic) planning was one of the paragons of the failing centrally planned economy; allegedly the logical response was deregulation. Subsequently, policies of deregulation at the central level increased the pragmatism at the local level (Breheny, 1991; Newman and Thornley, 1997). Furthermore, the emerging neo-liberal paradigm fitted well with upcoming postmodern ideas in urban design, architecture and planning, where ‘anything -that sells- goes’ (Mäntysalo, 1999; Albrechts, 2004).

In the 1990s, many scholars and practitioners highlighted the dangers of abandoning integrated, long-term planning. Different groups protested against the narrow (economic) focus on urban projects, highlighting the plethora of problems attributed to the lack of proper strategic planning (Breheny, 1991; Healey, 1997a; Woltjer, 1997; Salet and Faludi, 2000; Albrechts et al., 2003, Albrechts, 2004). One of these severe problems was the lack of infrastructural vision and its lack of inte-
Strategic planning and the urban portfolio

Integration with land use planning; this inherently requires the integration of concepts and does not fit well with the idea of a city of bits and pieces (Breheny, 1991; Healey and Williams, 1993). The same applies to environmental concerns that were raised at different levels, which locally required the application of integrated policy frameworks (Ibid.). It also became clear that the post-modern selection of urban projects, based mainly on their feasibility, could lead to increasing segregation in cities:

Most European cities have large peripheral housing estates, with poor internal services, and limited opportunities available to residents for access to the facilities generally available in the cities in which they live. The project emphasis allowed attention to drift away from consideration of the way city building effort affected the life opportunities of people living in such places. (Healey and Williams, 1993, p. 713)

Interestingly, complaints about the way urban projects were initiated and realised came from real estate business as well. When national and/or local government were mainly preoccupied with large-scale flagship projects, only a limited number of private investors (‘superspeculators’) were able to participate, while many smaller property investors were excluded. So despite the neoliberal rhetoric of market-led planning, there was in fact no level playing field. For many of the smaller investors deregulating the property market turned out to be a disadvantage (Breheny, 1991; Healey and Williams, 1993).

Finally, in the face of international competition, spatial planning can be a useful vehicle for integrating various economic, social, cultural and environmental agendas, as well as a way to articulate local identities (Albrechts et al., 2003).

Still, even the critics of project-based planning conceded that the revival of strategic planning (Breheny, 1991; Salet and Faludi, 2000, Albrechts, 2004) by no means allowed a return to the old fashioned way of planning. The influence of the private sector on urban development is here to stay and strategic planning has to adapt to the new context. However, it does imply that local governments are (again) searching (and often struggling) for ways to combine short-term projects with longer range planning (Buchmüller et al., 2000; Friedmann, 2005). Faced with increasing (international) competitiveness, cities have to find a balance between the opportunities and constraints that arise from the compromise between national policies and private preferences on the one hand, and the cities’ own planning ambitions on the other. As such, strategic spatial planning should not be seen as merely the development of long-term visions, because it must be able to accommodate and incorporate ad-hoc opportunities when they arise. Furthermore, it is argued that strategic planning also has to meet procedural requirements with regard to participative, inclusive processes.

It is interesting to see how different concepts of strategic planning gained and lost influence in planning practice and theory. Initially, strategic planning was linked to spatial planning in terms of developing well-thought out, comprehensive, long-term visions. From the 1980s onwards, these comprehensive plans were seen as too rigid and were not viewed as ‘strategic’ anymore; as a result, spatial planning became more occupied with getting things done. Around the same period strategic planning, in the form borrowed from the private sector, became associated with
more effective and efficient functioning of public organisations (Bryson and Roering, 1987; Nutt and Backoff, 1993). With hindsight, it seems that strategic (spatial) planning identifies the type of planning required for the issues at hand. If the existing mode of planning fails to address these issues sufficiently then a more strategic type of planning is needed. In general, this can be seen as an opportunistic yet correct view of strategic planning. Hence, depending on the issues, the focus of strategic planning may shift from content to process and back again (and also from long-term to short-term objectives). This is what makes strategic planning so difficult to define; new and different challenges require different strategic approaches.

Literature and practice show that strategic spatial planning has developed (at least in theory) from a rather technocratic approach to a much broader concept that should meet a large number of criteria. Albrechts (2004, p. 747), borrowing from different authors, provided an extensive enumeration of aspects that strategic spatial planning should live up to:

- focus on a limited number of strategic key areas;
- take a critical view of the environment in terms of strengths, weaknesses, opportunities and threats;
- study external trends, forces and resources;
- identify and gather major stakeholders;
- allow for a broad and diverse involvement during the planning process;
- develop a long-term vision or perspective and strategies at different levels;
- take into account power structures, uncertainties and competing values;
- design plan-making structures and develop content, images and decision frameworks for influencing and managing spatial change;
- build new ideas and processes that can carry them forward;
- generate ways of understanding, ways of building agreements, ways of organising and mobilising for the purpose of exerting influence in different arenas;
- focus on decisions, actions, results and implementation, incorporating monitoring, feedback and revision.

Looking at this list, one could cynically rephrase Wildavsky (1973): if strategic planning is everything, maybe it’s nothing. Albrechts acknowledges that these are indeed comprehensive demands, but he also maintains that such a wide perspective is simply necessary. He therefore points at Bryson’s notion that

strategic spatial planning is not any single concept, procedure, or tool; in fact, it is a set of concepts, procedures, and tools that must be tailored carefully to whatever situation is at hand if desirable outcomes are to be achieved. (Bryson, 2000, p. 206, original emphasis)

Moreover, despite the fact that most planners may recognise the aspects enumerated by Albrechts as distinctive from strategic planning,

the strategic approach is distinctive in pulling all those elements together into a coherent planning structure. Continuing to highlight the importance
of individual elements and stressing their interrelationship may help planners to do better planning. (Kaufmann and Jacobs, 1987, p. 28)

Hence, one may conclude once more that strategic planning is as much about process as it is about content. According to Bryson, there is a lot to be gained by looking for possible cross-fertilisations between the various strands of research about strategic planning, i.e. the literatures on strategic planning for places; strategic planning for public and non-profit organisations; strategic planning for business organisations; networks, network planning and management; and finally the literature on consensus building and conflict management (Friedmann et al., 2004: comment by Bryson). Considering the substantive and procedural aspects mentioned here, Bryson’s call cannot be addressed without integrating the two. Thus, strategic planning essentially requires ideas or frameworks for the manner of integrating process and content, in order to attain well-informed deliberation for future-oriented actions. The exchange and generation of information and knowledge are considered crucial and their role is further elaborated in Chapter Three. In the following section, the emphasis will be on substantive strategic planning tools.

The idea put forward here is that one of the key ingredients of strategic spatial planning should be insight into the dynamics of the external environment. More specifically, this concerns strategic planning with respect to the dynamics of the real estate market in connection to urban neighbourhoods. In the next section, this aspect of strategic planning will be discussed further.

### 2.5 Strategic portfolio management

The sections above discussed a number of strategic planning approaches. On the one hand, there is strategic planning aimed mostly at organisations, with its origins in business and with applications in the public sector as well. On the other hand, there is strategic spatial planning, which was traditionally geared towards retaining spatial comprehensiveness on the long-term. In the past decades, this substantive objective was joined by more process-oriented aspects of planning. Strategic spatial planning has (not unjustly, one could argue) become a host term for an extensive set of planning aspects, one that reflects the complexities of both the planning object and subject. In addition, the goals of constructing a competitive as well as a cohesive city are no longer seen as separate objectives, to be reached through separate lines of social, economic or urban planning (Harding, 2005; Gualini, 2005). In this altered context for local governments and urban planning, strategic planning needs to focus on finding ways of achieving both competitiveness and cohesion. As discussed earlier, this compels cities to be increasingly selective with respect to their spatial plans and it requires more explicit insights into the opportunities that are increasingly determined by market dynamics. While it may be desirable to start urban renewal in one neighbourhood, other neighbourhoods may have more potential for improvement. How does one know which office sites are most likely to attract a certain business sector that will contribute to the local economy? Which areas are prone to become gentrified and should this trend be supported or reduced? Combining planning ambitions with improved insight into market dynamics will allow cities to think
more strategically about *where* and *how* in the city the ever narrowing options for urban development are *feasible* and *desirable*.

Inherently, strategic spatial planning involves making deliberated choices about where and how to invest, intervene and plan urban developments. Crucially, the notion that planning interventions are increasingly a matter of balancing ambitions with opportunities (as driven by market dynamics) makes deliberation a more difficult and important process. Hence, it is useful to look at strategic planning tools that can help deal with this increasingly urgent issue. This concerns business tools that may help to substantiate the city’s choices of where and how to invest, intervene and plan urban developments. Rather than aimed at the ‘how’ of strategic planning, i.e. the effective and efficient functioning of the organisation or decision-making processes, these are approaches oriented more at the ‘what’ of strategic planning. They are particularly designed to help decide the focus of a company’s activities and the products to invest in, based on identifying external opportunities. And whereas process approaches generate possible solutions by adequately applying them, substantive approaches, according to Bryson and Roering, ‘do yield answers. In fact, the models are antithetical to process when process concerns get in the way of developing the “right” answer’ (Bryson and Roering, 1987, p. 17). Clearly, this distinction is too bold. Implicitly or explicitly, substantive tools may be introduced as ‘antithetical’ to process, but as I will show further below, both literature and practice demonstrate that process and content cannot be separated this rigorously, if at all.

**Strategic planning tools**

There is a wide variety of substantive strategic planning tools available. Below, I will discuss some of these approaches, in particular the portfolio approaches and how to translate them into urban planning.

Probably the most well-known and widely used tool, made popular by Andrews (1971), is the SWOT-analysis, in which the internal characteristics of the organisation are confronted with threats and opportunities from outside. Other tools developed for finding competitive advantages include Porter’s (1980) *generic strategies*, the *value chain* concept (Porter, 1985), or Prahalad and Hamel’s (1990) *core competencies* (for an overview of these types of tools and approaches see for instance Dobson et al., 2004, or Williamson et al., 2004).

In particular, portfolio tools were developed to help companies decide on the types of business to develop and types of products and business to invest in. Some portfolio tools are the Ansoff matrix, the GE/McKinsey matrix and the Growth-share matrix, which is probably the most well-known tool. The Growth-share matrix offers a relatively simple analysis of one’s products, setting them off against the dynamics of the environment. This distinction between the performance and opportunities for product development corresponds to the city’s need to deliberate and reconcile internal ambitions with opportunities found in the environment. I will argue that the relative simplicity of the Growth-share matrix, often considered as one its main problems, is at the same its greatest asset for practical application. More complex tools run the risk of being unintelligible to practitioners and therefore are not very useful in the more exploratory stages of strategic planning. Hence, I will devote considerable attention to the Growth-share matrix. This tool is the
main inspiration for the development of the urban portfolio approach as an instrument to support strategic spatial planning. The approach starts with the idea that the city can be seen as a portfolio of neighbourhoods, similar – but with some important differences – to a business portfolio. In the remainder of this chapter, I will first discuss the Growth-share matrix, followed by the main hypothesis that an adapted type of matrix can help identify opportunities for urban development. I will argue that with this insight the deliberation of investment strategies can be made more explicit and better informed, thereby contributing to the more abstract stages of strategic spatial planning processes.

*The Growth-share matrix*

The Growth-share matrix\(^2\) was developed in the 1970s by Bruce Henderson, founder of the Boston Consulting Group (Henderson, 1979). Instead of investing resources within business units, thereby funding merely their own development, Henderson looked for a systematic way to organise a balanced business portfolio of different products in different markets. By making an inventory of the performance of products and the development of markets, companies were able to substantiate investment decisions, aimed at generating continuity of profits. The idea was based on two economic concepts: the ‘product life cycle’ and the ‘experience curve’.

**Figure 2.1: The product life cycle**

The product life cycle model, introduced by Levitt in 1965, encompassed the idea that products typically run through different stages. From introduction of the product, through a stage of growth, followed by the stage of maturity, and finally ending in decline (Figure 2.1). The sales volume typically increases in the growth stage, reaches a peak and stabilises in the maturity stage and drops in the decline stage (Levitt, 1965). The model serves to identify a company’s products in the life cycle, in

\(^{2}\) It is also known as the ‘Boston matrix’ or the ‘BCG matrix’.
order to secure a continuous flow of profitable products throughout the life cycle. The life cycle is by no means inevitable, as products may for instance fall to decline immediately after introduction. At the same time, decline is not an automatic and inevitable fate after the maturity stage. A product may find a new market, new users, or a new usage; thus it can start a new cycle.

The life cycle model is accompanied by the idea of the ‘experience curve’. The line of reasoning is that the costs of producing a unit are reduced by making production processes more efficient (Figure 2.2). There are three basic causes that drive the experience curve. First, there are learning effects that arise from the increase of knowledge about the production process. Second, technological improvements increase efficiency. Third, there are scale effects that reduce costs (Day and Montgomery, 1983). As the costs per unit drop, the price of the product can be lowered, giving the firm a competitive advantage and increased market share (Henderson, 1979).

Based on the idea of the life cycle and the experience curve, business portfolios should be organised, according to Henderson, by looking at two key characteristics: the current performance and the potential of the product. In order to ensure a continuity of profit, there should be sufficient well-performing products that contribute to current profitability, but if/when they fall to decline, there should be enough potential products in the pipelines. In the Growth-share matrix, all of the company’s products are identified by these two characteristics. Performance is indicated by a product’s market share, as this is seen as a proxy for the amount of cash it can generate. This is related to the experience curve: cost reduction allows for lower prices, which generally increases market share. Potential is indicated by the growth rate of the market; a growing market indicates a potential for gaining additional market share. Combining these two indicators in a matrix produces the Growth-share matrix (Figure 2.3).

Four ideal-type products can be identified, based on a high/low market share and high/low market growth. If a product’s market share is high and market growth is low, it is named a cash cow. The product generates high income and little
additional investment is needed; the cash cow provides the main source of profits and can thus be milked. Stars are products with both a high market share and market growth. They generate income, but still require significant investments. If the market settles down, stars would become the next cash cows. If its market share is low, but the market is growing, a product is named question mark (also sometimes referred to as a ‘problem child’ or a ‘wildcat’). These products generate little income, but with proper investments, some of them may become future stars. Finally, there are dogs (also referred to as ‘problem children’), where both market share and market growth are low. They neither cost much nor do they return a lot of resources. However, according to Henderson (1979), because they failed to obtain a leadership position in the market they should be discarded.

Figure 2.3: The Growth-share matrix

![Diagram of Growth-share matrix]

Figure 2.4: Optimal cash flow in the Growth-share matrix

![Diagram showing optimal cash flow]

The matrix in Figure 2.4 illustrates the idea of the product life cycle within the Growth-share matrix. Typically, a product would be introduced as a question mark. Here, it will either immediately drop to a dog position (which is named a disaster sequence), or enter the growth stage where it could gain market share and evolve into a star: the so-called success sequence. When the growth rate stabilises, the
Mapping the Market

products matures and becomes a cash cow. Then, after a certain period of cash generation, it loses market share, finally entering the stage of decline and ends up as a dog. The typical business strategy to adopt would be to find an optimal cash flow. Ideally, resources generated by cash cows would be used to (further) increase the market shares of stars and some selected question marks. This would secure a constant and balanced possession of profitable products. Dogs have no part to play in this strategy.

Criticisms

Initially, at the beginning of the 1980s, the Growth-share matrix was very popular. Particularly the four types of products were well-known and they remain widely used terminology in business to this day. However, the model received a number of criticisms, ranging from the way indicators are measured to the premises underlying the concept.

First, the model is often criticised for its simplicity, or at least its alleged simplicity. The picturesque graphics that represent the ideal-type products have contributed to the model's fame and they are still used in business language, but at the same time they are symbolic for the danger of oversimplification. The ideal-type strategies for dogs, cash cows, stars and question marks can easily become stereotypes, and the strategies 'prescribed' by the model can be easily interpreted too literally. In reality strategies need to be much more sophisticated and contingent (Seeger, 1984). For example, although market share or market growth may indicate otherwise, some cash cows should not be milked, but may need additional investment. At the same time, some dogs may be quite useful for companies:

Divesting [a supposedly useless] retail division would be analogous to a fire engine company’s disposing of its Dalmatian hound. The dog does not contribute much to the direct function of putting out fires. But it looks good in photographs; it makes life more pleasant for the fire-fighters during their boring waits for alarms; and it keeps other dogs from pissing on the equipment (Seeger, 1984, p. 95).

The second criticism is levelled at the arbitrary way of operationalising this tool (see Grant, 2002; Dobson et al., 2004; Williamson et al., 2004). Usually, in the Growth-share matrix the relative market share is measured as the relative share in proportion to the market leader. But who decides on the difference between high and low market share of growth? In many cases, the majority the firm’s products end up in the dog quadrant, even if they are perfectly profitable. Differences of measurement both within and between portfolio tools can put business units in different positions (Wind and Mahajan, 1981; Wind et al., 1983; Dodge et al., 1994). Another ‘technical’ problem is that a product’s performance in the portfolio matrix is highly dependent on the market boundaries. For instance, whether or not to include security monitors in the television market will affect the market share. In reality, many products and markets are fuzzy and cannot be identified as part of one single market. Should the market share of an automobile company be seen in proportion to the whole automobile industry or merely to a certain part of it, e.g. the market for family cars?
The above criticism is related to the idea that identifying only market share and market growth is seen as too reductionist. Other factors, such as the company’s competitive advantages or the attractiveness of an industry, are not part of the tool, but may provide a better perspective on products and markets. As a response, General Electric developed a portfolio matrix similar to the Growth-share matrix, but incorporating these sorts of factors. Instead of market share and market growth, the GE/McKinsey matrix identifies the strength of a business unit and its industry attractiveness, as a combined score of other factors (Figure 2.5).

**Figure 2.5: The GE/McKinsey matrix with ideal-type general strategies**

<table>
<thead>
<tr>
<th>Business unit strength based on various product characteristics</th>
<th>Industry attractiveness based on various market characteristics</th>
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<tr>
<td>High</td>
<td>Selective investment</td>
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<td>Medium</td>
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<td>Low</td>
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Yet again, although the GE/McKinsey matrix is indeed more sophisticated, it leads to another problem: the arbitrary choice of the method for transferring the different factors into a single value for the business unit’s strength and the industry attractiveness. Moreover, this makes the GE/McKinsey matrix much more complicated and harder to mould into an understandable and useful tool, particularly in the eyes of others than the experts who carry out the calculations.

More generally, Mintzberg et al. (2001) argued that portfolio tools, and what is referred to as the ‘positioning school’ of strategic planning as a whole, often put far too much emphasis on quantitative analysis of products and industries (their strategic positions, benchmark positions, market shares, market growth rates, etc.), while ignoring important non-quantifiable characteristics, such as process and politics. In addition, firms may become obsessed with the quantifiable outputs themselves, when in fact ‘market share is a reward, not a strategy’ (Ibid., p. 99).

All in all, as concluded by several authors, the Growth-share matrix is a useful tool for analysing products, business units and markets. And although it may suggest strategies, the tool is not the strategy itself:

Strategy making (...) is a far richer as well as messier and more dynamic process than the rather orderly and static one depicted in [the positioning] school. Thus, the role of positioning is to support that process, not to be it. (Mintzberg et al., 2001, p. 121, original emphases)
One can only agree with Mintzberg. However, the reason why portfolio tools, like the Growth-share matrix, are currently out of fashion (yet at the same time still used by many firms: see McCabe and Narayanan, 1991; Ghemawat, 2002) is not because they are useless, but because of the way they were introduced and perceived as strategic planning tools. Either intentionally or unintentionally, they were introduced as instruments that could virtually by themselves produce strategies, based on a certain amount of data. Considering the complexities of the real world and hence strategy development, it is no surprise they could not live up to these lofty expectations. Despite the criticism, however, my hypothesis is that they can still be very helpful tools in strategic planning processes, such as the development of urban planning strategies.

2.6 The urban portfolio

Considering the amount of both ‘technical’ and more fundamental criticisms of the Growth-share matrix and portfolio tools in general, one might wonder whether it makes good sense to translate this widely criticised and relatively dated concept into urban planning. Despite these noted criticisms, I find that the Growth-share matrix is a suitable source of inspiration for current urban planning challenges because it enables the mapping of the market dynamics in the city in a relatively simple way. More importantly, following Minztberg, this analogy provides no solutions by itself, but rather a framework for further deliberation and consideration of more sophisticated discussions of investment decisions. Specifically, the idea put forward in this chapter is that the city can be regarded as an urban portfolio of neighbourhoods, consisting of stronger or weaker positioned areas in the real estate market.

Both in geography and planning, there are some ideas and concepts about neighbourhoods that should be discussed first. The extent to which neighbourhoods run through stages of a life cycle was already the object of debate. In addition, the idea of neighbourhoods as products requires a discussion of some (but not all) characteristics of the land and real estate market. Then, with respect to planning and housing, I will assess some ideas about analysing the neighbourhoods’ positions and their potential for (re)development. The section will end by making a transposition of the portfolio approach onto the context of the city and its neighbourhoods.

Neighbourhood change and life cycles

Numerous studies have examined the differences in neighbourhoods and the how and why of the changes in their social-economic positions. As the idea of life cycles is covered in some of the literature, I will briefly touch upon some of these geographical theories about neighbourhood change.

One of the first theories about the socio-economical-spatial composition of the city and manner of neighbourhoods change was introduced by the human ecologists of the Chicago School. In fact, this can be considered as a life cycle approach avant la lettre. An important ingredient of the concentric zone theory by Park, Burgess and McKenzie (1925) was the idea that the socio-economic position of a neighbourhood depended on the age of the housing stock. With the aging of real estate and new construction taking place elsewhere, both the absolute and relative
quality of property decrease. As more affluent households move to higher quality housing, the property becomes available for comparatively less affluent groups. Because of further deterioration (and new construction elsewhere), these groups leave as well, making room for still lower-income groups. This process is usually referred to as filtering, although there are differences of opinion about the exact characteristics and causes of filtering. For this reason, Grigsby et al. (1987) prefer to speak of (invasion and) succession. Hoover and Vernon (1959) introduced a more specific notion of the (residential) neighbourhood life cycle.\footnote{In 1940, the US Home Owners’ Loan Corporation presented a similar distinction of five stages of neighbourhood development.} Considering Vernon’s (1966) work on the product life cycle, the similarity of the model with the life cycle of more ordinary products is no surprise. According to them, neighbourhoods run through a life cycle consisting of five stages. The cycle starts with the building of single-family dwellings (step 1). This is followed by a stage of transition (step 2), during which the neighbourhood’s density increases through construction of apartments. Then, the inhabitants start adapting to even greater density of the aging housing stock, which leads to down-grading (step 3). Due to declining household sizes, the neighbourhood ‘thins out’ (step 4). Finally, what is considered an obsolete housing area is demolished or renewed by replacing the existing stock with multifamily housing (step 5). Birch (1971) developed a similar, six-stage version of Hoover and Vernon’s model, based on empirical work (see also Guest, 1974). Coming from a different angle, i.e. a Marxist approach, Neil Smith (1979) argued that decline and revitalisation/renewal are linked in a special manner. According to Smith, neighbourhood revival in the form of gentrification is the result of an increased rent gap. As the neighbourhood declines, the gap between actual property values and the potential ground rent widens; when this gap is sufficiently wide, revitalisation becomes interesting for investors again, thus paving the way for gentrification.

Despite empirical evidence for succession and (some stages of) life cycles, the neighbourhood life cycle idea has been criticised for being too deterministic; in fact it receives similar criticisms as the product life cycle. Apart from the ‘all-too-rare cases where good design forestalls obsolescence’ (Hoover and Vernon, 1959, p. 203) and intensive redevelopment interventions, the life cycle and the decline of the neighbourhood are seen as inevitable. Several authors therefore argued that human ecology by itself is not a sufficient theoretical framework to analyse neighbourhood change (Schwirian, 1983; Grigsby et al., 1987; Temkin and Rohe, 1996; Galster, 1996). From the 1970s, studies of neighbourhood change have become more sophisticated, incorporating many additional influences than those fuelling invasion and succession. Scholars have demonstrated the influences of demographic, socio-economic, spatial, political and cultural factors in determining the course of neighbourhoods, albeit they often focused on decline rather than upgrading (Prak and Priemus, 1985; Grigsby et al., 1987; Skifter Anderson, 2003). However, from the 1970s onwards, scholars have increasingly studied neighbourhood change from a political-economical perspective. Rather than looking at the characteristics of the neighbourhood itself, this view asserts that local elites, gatekeepers, or ‘urban managers’ drive change. They studied the role of real estate agents, landlords, housing associations and ‘growth coalitions’, and thus unravelled the subtle or straightfor-
ward processes of steering, blockbusting and redlining (e.g. Pahl, 1975; Harvey, 1985; Logan and Molotch, 1987, among many others). In the end, in terms of neighbourhood life cycles, one can conclude that the sheer multitude and complexities of influences on neighbourhoods, let alone the effects of differences in time and place, make it impossible for neighbourhoods to follow an unambiguous life cycle, starting with new development and ending in inevitable decline.

The neighbourhood as a product, the city as a portfolio

Before translating the idea of the Growth-share matrix to urban planning, one should look more closely at the idea of neighbourhoods as products. There are a number of differences between the portfolio management of ‘ordinary’ products (such as cars, ice cream brands or clothes) and that of an urban portfolio of neighbourhoods. These differences relate to the nature of real estate, of neighbourhoods and the mission of the agents who manage the portfolio.

Real estate, land and the property market are inherently different from other products and markets. Land and real estate are always attached to a location and has a built in inertia; a building is usually meant to sustain for fifty years or more, but is often conserved for much longer periods as well. Due to these two characteristics the supply of real estate is relatively inelastic: once a location is developed, it will usually take a considerable amount of time before something else can be built. In the meantime preferences in the housing or office market change several times. Yet, although changing demands influence the type houses or offices built, their effect on the total existing supply of property is only marginal.

To property developers and real estate investors, the idea of real estate as a product is natural. From the perspective of trying to sell or rent new or existing property, the specific real estate units can be seen as an economic product (i.e. individual houses, offices, or retail space). Often property is merely one of the investors’ many capital investments. Therefore, despite the differences between more ‘ordinary’ markets and the real estate market, the idea of a property portfolio is fully established. It is materialised in numerous tools for analysing property assets, rates of return, portfolio management and so on, accompanied by a field of academic research (see for instance the Journal of Real Estate Portfolio Management as part of the academic research of real estate). Research and tools in real estate portfolio management are relatively similar to ‘normal’ portfolio management literature and practice. The main focus of practice and research (which I will not go into) is to analyse and find ways of attaining a risk-balanced, profitable portfolio of property in the short and/or long run (see for instance Newell et al., 2004; Edwards and Ellison, 2004).

With the industrialisation of construction, property has become a product that is increasingly realised in larger chunks instead of single units. This allows investors and developers to think of these developments as a single product, particularly if the product is relatively homogeneous, i.e. similar types of housing in a homogeneous environment. The increasing ‘thematisation’ and branding of neighbourhoods during the past decades is a manifestation of this idea. Either in large chunks, such as suburban gated communities, or as protected inner city neighbourhoods, places are increasingly marketed and capitalised as comprehensive products targeted at dif-
ferent segments and lifestyles in the consumer market (e.g. suburbanites, tourists, yuppies etc.) (see Sorkin, 1992).

When described in this manner, neighbourhoods almost seem as homogeneous products that can be produced and sold. However, the majority of urban neighbourhoods are still far more complex than this. They are heterogeneous in the sense that they will often consist of different types of property, with differences in size and quality and usually more than one owner. Hence, most neighbourhoods are not single business units that are built and sold by a single producer or portfolio manager. Housing associations play an interesting, intermediate role, between local government and the private sector. Considering their primary task of supplying and managing social housing, they often make use of real estate portfolio tools like any commercial property investor (see for instance Van der Flier and Gruis, 2002; Gruis and Nieboer, 2003). Apart from managing their housing estates, housing associations in the Netherlands are increasingly and to different degrees held responsible for the neighbourhood and public space surrounding the estates.

From the public sector and urban planning perspective, neighbourhoods should be considered even less as products in terms of legal or economic property. The city may own less or more land and property, which are important resources to steer, block, or guide urban developments; thus, municipalities have their own real estate portfolios to manage (see Kaganova and Nayyar-Stone, 2000). Nonetheless, the idea of local government as a manager of the urban portfolio has a much wider scope. Here, local government is not the legal or economic portfolio manager, but rather acts as the ‘owner of the problem’. Realising economically profitable urban developments and making profits through the means of selling or leasing land, tax revenues, property taxes, can be essential for local revenues. Still, this should be seen as a means for achieving the wider objective, which is to strive for a healthy, diverse portfolio of socially and/or economically vital neighbourhoods. The subsequent part of this chapter will discuss the way to achieve this objective.

Some ideas similar to the concept of the urban portfolio have been developed before. Based on the analysis of different characteristics of inner-city neighbourhoods (Lintsen, 1979), Yap (1981, p.139) distinguished strategies linked to three basic types of areas: ‘maintenance’, ‘regulation’, and ‘development’. A similar, more recent contribution by Bureau Middelkoop (1999) distinguished the types of neighbourhoods based on three characteristics: the degree of tension on the regional housing market, the neighbourhoods’ capacity to uphold their position and the cost-effectiveness of investment. They identified eight ideal-types of neighbourhoods, which provide the basis for developing response strategies.

The approaches are similar to the urban portfolio because they all look at (changes in) property values as important external factors that influence possibilities for planning interventions. Despite Yap’s proposed strategies, the instrument developed by Lintsen seems more as a research tool than an instrument for developing strategies during a planning process.

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4 Obviously, the extent to which this is the case depends on the level of scale one looks at. The smaller the perspective, the more homogeneous the property will be both in physical and legal terms.
The experience curve
Another potential translation from business to urban planning to be explored is the experience curve. In business, the experience curve is based on the idea that, in the course of a production process, the effects of scale and (technological) learning reduce the production costs per unit. In a slightly different manner, one can imagine this effect in urban policies, as demonstrated by Winsemius’ concept of the ‘policy cycle’ (Figure 2.6). The idea of the policy cycle, introduced by Winsemius (1986) and elaborated by Yap (1988), presents an ideal-type, a conceptual pattern of how policy issues arise and how they are addressed. The pattern starts when a problem or opportunity is put on the agenda. Since it is a new issue, a lot of energy is put into analysis and development of possible solutions, policies and measures. By trial and error, the problem and its solution become better known and raise less ambiguity. Finally, when (or if) a general agreement on the solutions is reached, the implementation of measures can be made more effective, policies can become more efficient, and resources and energy can be shifted towards other problems where ambiguity is still high.

Figure 2.6: Policy cycle by Winsemius (1986), elaborated by Yap (1988)

The scheme draws interesting similarities with the experience curve. However, the concept looks at the development of ‘urban problems’ and associated policies, whereas this research is aimed at identifying the market positions of neighbourhoods. Urban issues or problems are often related to certain types of neighbourhoods (e.g. urban renewal), so the two are obviously interwoven. Similar to neighbourhood life cycles, however, the position of a neighbourhood is not automatically and inevitably the result of wider, urban issues at hand; nor is it thus automatically the result of the policy experience with those urban issues. Hence, we will look for other indicators for identifying neighbourhood positions.

From the Growth-share matrix to the urban portfolio
Essential to the Growth-share matrix (though not explicitly mentioned) is the notion that market share and market growth fundamentally come down to making distinction between performance and potential. The idea of the urban portfolio is based on the same distinction. However, considering the nature of real estate,
neighbourhoods and property development, identifying the position of a particular neighbourhood requires finding alternative indicators.

In the Growth-share matrix, the performance of a product is indicated by its market share, but in the case of neighbourhoods, this is not applicable. When the popularity and demand for a standard product (like a brand of cars, ice cream or clothing) increase, the producer simply raises the supply, which is reflected in higher volumes of sold products and higher market share. The inelasticity of the supply of real estate, due to its inertia and location scarcity, allows for only marginal increases in market share. But even if inelasticity of supply were not the case, there is an open question regarding the type of market share. It is certainly possible, useful and common to identify (changes in) the supply of and demand for different types of housing and office buildings and to distinguish between different sub markets (e.g. apartments, single family dwellings, shared office premises, which can be subdivided into rented and owner-occupied etc.). However, heterogeneous neighbourhoods usually consist of several types of property, which makes it impossible to place the neighbourhood in a certain category.

Also, market share is not a useful indicator because it provides only aggregated information. It is useful to know that certain types of neighbourhoods are doing well on average, but that does not mean that one individual neighbourhood is doing fine. Again, this is related to the heterogeneity of neighbourhoods. How a specific neighbourhood is performing, depends only to a degree on the type of neighbourhood it is and the type of property present there. A multitude of other social, economic, physical and other factors have a large influence at different levels of scale. In the urban portfolio, it is preferable to have insight into the performance of individual neighbourhoods rather than into the performance of types of neighbourhoods.

Therefore, with respect to the performance of a particular neighbourhood, one should look for a number of possible indicators that present an image of the position of individual neighbourhoods. One could look at all types of statistics of individual neighbourhoods, such as unemployment rates, income, or the inhabitants’ appreciations of the neighbourhood. However, since the interest lies more in the neighbourhoods’ position in the property market, property values make a sensible proxy, to be more precise, the average of real estate values per m² in a neighbourhood. Real estate values per m² are a fairly good indicator of the neighbourhood's market value, and are also widely used by property developers, investors, housing associations and brokers. These real estate values are based on either measured or estimated transaction values and as such they indicate how much the neighbourhood is valued on the housing market.

The concept of potential opportunities for development is more complex. Principally, it means that a neighbourhood is interesting for private investors based on the expected increase in property values. Considering the increasing interdependency between the public and the private sector, as well as the importance of property values for local government, it is assumed that this also increases the opportunities for development from a public perspective. Similar to the market value, one can say that the opportunities for neighbourhoods are the result of various kinds of social, economic and physical characteristics. How a particular market for a particular type of property or particular type of neighbourhood is growing is interesting in-
formation but it does not provide sufficient information about how specific neighbourhoods are performing in an urban portfolio. Market growth, as used in the Growth-share matrix, therefore requires an alternative indicator.

Both literature (for instance Louw et al., 2003; Korthals Altes, 2005) and practice show that opportunities for development are closely linked to the attractiveness of neighbourhoods for private investments; therefore, investment considerations offer numerous lessons. From a series of exploratory interviews with developers, housing associations, institutional investors and brokers in and around Amsterdam, some important local characteristics could be discerned. They include accessibility, functional mix, social status, and most importantly, the changes in these characteristics (see Smit et al., 2003). These sorts of characteristics converge in a synthetic, overarching indicator – price increase. This is what most of the interviewees use as an indicator themselves. After all, a neighbourhood may already have a strong position, but there may also be very little room left for additional gain. As stated by a property developer, ‘In the end, it simply comes down to the difference between buying and selling’. Housing associations also look at increasing values, as an indicator that investment might be profitable in those areas.

**Figure 2.7:** The urban portfolio matrix as a translation of the Growth-share matrix

The main problem of looking at value increase is that one can only record past value increases, whereas obviously the real potential is in the value increase yet to come. It means that for some neighbourhoods the rising property values of recent years will not continue in the future, while other neighbourhoods that have not yet demonstrated this trend will experience value increase in the future. One could try to find signs of neighbourhood development before prices increase. An example of such an early sign would be a large rent gap, as noted by Smith (1979). Yet the mechanism introduced by Smith, as well as other early signs (for example, some agents in the property market keep an eye on where ‘urban pioneers’ relocate, such as students, artists or gays) are not considered generally applicable. Rather than using them to map neighbourhood positions, they can be part of the discussions with experts and stakeholders that the approach intends to stimulate. This also applies to the inevita-
ble ‘delay’ of looking at recent value increases as a proxy for undiscovered potential. Taking a closer look at the discussion between experts and stakeholders often indicates the extent to which recent value increase can be extrapolated. Meanwhile, the inevitable delay of looking at past value increases in the portfolio concept is taken for granted. Thus, the increase in measured values is used as a proxy for the potential of neighbourhoods in the real estate market.

Property values and value increase together constitute the axes of the matrix of neighbourhood positions, what I refer to as the urban portfolio (Figure 2.7).

**Considerations of the urban portfolio**

To a large extent, the urban portfolio tool is similar to the Growth-share matrix and even uses the same names (cash cow, star, question mark and dog) to identify four categories of neighbourhoods. However, there are a number of differences, most of which ensue from the overall difference of perspective in the public sector as opposed to private business. The multitude and the ambiguity of the goals and interests of local government, together with the openness of public decision-making processes, make strategic management of the urban portfolio a much more complicated matter. By using a portfolio concept – and particular when looking at property values – the approach may appear to take a rather narrow economic perspective at neighbourhoods and urban development. As mentioned earlier, property values are used as a converging indicator of how a neighbourhood is doing. Price is used as a variable that through various assets and characteristics can demonstrate the popularity of a neighbourhood, even though the economic value may not always be fully proportional with a neighbourhood’s popularity. Hence, it should also be noted that – similar to the proper use of the Growth-share matrix – the urban portfolio should not be seen as a planning tool, but rather as a tool for generating knowledge about the neighbourhood’s positions and for generating a discussion about possible interventions.

Some important differences involve the meaning of a neighbourhood’s position and its implications for possible interventions. The added value of ‘well-performing’ neighbourhoods, such as stars and cash cows, is not only found in the financial means generated, such as the tax revenues, lease rents and land revenues. By ‘doing well’, these neighbourhoods require little municipal investment and as such they actually save public resources. Likewise, dog neighbourhoods do not pose a problem because they would be unprofitable. Although in general dogs demand a lot of public resources as part of welfare programs, strictly speaking they could be simply ignored. Several examples can be found of governments turning a cold shoulder to deprived neighbourhoods, as demonstrated for instance by Metzger (2000). Smith’s rent gap theory demonstrated how deliberate neglect and disinvestment, at least on the part of private property investors, can be a profitable strategy. From a different perspective however, dog neighbourhoods make up important and valuable parts of the city, providing affordable living and working environments for many. Disposing of them, as usually recommended by business, is therefore neither sensible nor preferable from a public sector point of view. Retaining affordable living and working environments in different parts of the city may well be a deliberate objective and the increase of real estate values may be in fact undesirable. If development or upgrading is the stated goal, one should keep in mind that market share –
or in this case increasing property values – is not a strategy, but a reward, as emphasised by Mintzberg et al. (2001). This means that property value increase can be beneficial for several reasons and for different stakeholders. However, in the urban portfolio approach value increase is not the automatic objective; rather it is primarily seen as an indication of a neighbourhood’s strategic position.

2.7 Urban portfolio strategies

Apart from the similarities, there are thus also important differences, both in the object of analysis as in the implications for the preferred courses of action in applying the portfolio approach to the city. Identifying the strategic positions of Amsterdam’s neighbourhoods is merely the first step that will trigger strategic discussions. Market dynamics are presented in a way that will provide a comparative and comparable overview of the different parts of the city. Although the approach primarily aims at stimulating strategic discussion, I will also briefly discuss some very general strategies that seem logical from a public sector perspective. Some more elaborate and detailed strategies will come up in the cases presented Chapter Five.

Star neighbourhoods are performing well (judging by property values) and the continuous value increases indicate more potential, although some of these neighbourhoods may be about to enter the cash cow stage. In general, one should try to capitalise on the star position. The attractiveness of these areas for private investors puts local government in a relatively strong bargaining positions vis-à-vis private investors (also largely influence by aspects such as land ownership, the type of site and plans). The strong position of these areas can be utilised by local government for realising public goals here or in other locations under their jurisdiction.

Cash cows are neighbourhoods that are also doing well, but have more or less ‘settled down’. This means that relatively little development can be expected there. It also means that relatively little public resources are needed there. Nonetheless, in order to preserve their position and to prevent some of these areas from falling into a dog position, attention and investment may be necessary. In the urban portfolio, cash cows live up to their name in the sense that they can generate resources for local government, through (high) property taxes and land revenues but also indirectly by requiring relatively limited investment on the part of local government.

As mentioned earlier, dog neighbourhoods play an important role in the city, in contrast to dogs the Growth-share matrix. In many dog neighbourhoods, low property values may go hand in hand with relatively poor living conditions. Improving the liveability may thus be necessary and preferable for all kinds of reasons, but one should be aware of the fact that, considering the lack of value increase (so far), little private sector participation can be expected there.

Question marks are perhaps the most interesting areas in the city, as they are showing signs of substantial change. In some of these areas there may be a lot of development, which requires local government to take on a guiding role and also to accommodate private developments. In such cases, the strategy may be similar to the one used in star neighbourhoods. In case of such uncertainty about whether and how to stimulate development, public investments and experiments could lead the way.
Again, it must be stressed that these are very general strategies that give a first indication of the way to look at neighbourhoods from a portfolio perspective. They provide a far too narrow substantiation for allocating resources and interventions, just as is the case for the Growth-share matrix. The actual decision to get involved and the details regarding this engagement require a much closer analysis of the situation on the ground.

Moreover, strategic decisions are closely linked to the political climate and the particular issues and priorities on the agenda. How different goals and the accompanying investments, some of which are described above, are ‘attributed and allocated throughout the city’ can be related to debates in the literature and on the ground. One of the aims, often emphasised by the literature on (inter) national competitiveness, is to attract desired economic activities and firms. This would imply giving attention to already well-performing areas and improving them even further. Clearly, this will usually concern ‘star’ neighbourhoods or question marks, at the costs of social investment in dog areas. However, sometimes dog neighbourhoods themselves may physically lie ‘in the way’ of economic development. Investments to unlock the potential here then often serve an economic objective rather than the social objective of improving living standards here. Authors such as Harvey and Fainstein demonstrated how in this case public resources are often targeted at areas where economic growth is expected to result from urban development. Swyngedouw et al. (2002) arrived at a similar conclusion for a number of European large-scale urban development projects, arguing that only modest (if any) social returns accompany these projects.

Attention might also be focussed more on poor performing, or ‘disturbingly’ fast declining areas, in order to prevent further decline. This would mean predominantly concentrating on dog areas. The motives behind urban renewal and restructuring are plural (see Priemus and Van Kempen, 1999) and questionable to some (see Uitermark, 2003), but they do show a different (at least different spatial) perspective of plans and public investments across the city.

Another possible strategy would be to look for areas with the potential to be developed or upgraded relatively easily, thus without requiring too many public resources. To develop an area inexpensively can be a valuable strategy for local government. This strategy is related to Smith’s rent gap theory (Smith, 1979), but it should not be associated with condemnable practices, such as poor maintenance and displacement of vulnerable groups.

In reality, investment strategies will mostly consist of some sort of combination of these goals and perspectives, seeking to attain both competition and cohesion at the same time. The portfolio approach should contribute to making the strategic deliberation and practical debates about these matters more explicit, especially in spatial terms.

2.8 Conclusions

In this chapter, I illustrated how interrelated technological, socio-economical, political and cultural changes are shaping and are being shaped by an urban landscape that hosts increasingly complex networks of territorial and non-territorial relationships at different scales. Cities and urban regions are at the economic and cultural
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forefront in this post-industrial landscape. However in this landscape, social and economic activities have become less stable, less predictable and as consequence, harder to steer. Scholars debate about the extent to which this has resulted into a drawback of the state, at which levels and the kinds of governance structures that emerged. In any case, urban planning, or any kind of public policy for that matter, has been compelled to find new ways to attain public goals and it seems that more often than not local governments are at least partly dependent on the private and semi-private sector for realising their urban (re)development goals.

Although strategic spatial planning has a long tradition in both Europe and the United States, one can say that the new planning context requires a renewed type of strategic planning. That is, whereas strategic planning traditionally was associated with comprehensive planning initiated by local government, today such an approach would generally have little success, considering the changed context. Instead, I argue that parts of strategic spatial planning, to the extent that this is not already the case, should rather resemble the type of strategic planning used by business. To be clear, this does not mean that urban planning should be more business-like, but that it could borrow the idea of anticipating developments in the external environment as part of strategy development. Like a business strategy, strategic spatial planning requires taking into account external dynamics that are largely outside of the planner’s control. Although strategic spatial planning should encompass many more aspects, such as those covered by Albrechts (2004), this notion is the starting point for the development of the urban portfolio tool: to identify the dynamics of the property market in order to better deliberate about where and how to invest and intervene in the city. Inspired by the Growth-share matrix, a business portfolio tool, I developed the idea of the city as a portfolio of neighbourhoods, featuring the identification of the neighbourhoods’ strategic positions in the city (based on property values and their rates of increase). Crucially, insight into the urban portfolio is not meant to generate answers by itself. As stressed by many, most notably Minztberg (1994), strategic planning tools themselves should not be the core of strategic planning; rather, they should assist the process of strategic thinking.

The aim of this chapter was to discuss the societal changes (i.e. the background for urban planning), the associated challenges and the implications for strategic spatial planning. I argued that the urban portfolio approach should be viewed as a product of this context. It also became clear that strategic planning is about more than applying a strategic planning instrument that can provide an optimal strategy (based on objective information). Planning and strategy-making involve a more sophisticated treatment of knowledge, information and learning, which will be discussed in the next chapter.
3 Relevant and rigorous knowledge and information in planning

Tell me and I will forget. Show me and I may remember. Involve me and I will understand.
Chinese proverb, sometimes attributed to Confucius

3.1 Introduction

One of the most frequently used definitions of planning (in the public domain) is ‘linking knowledge to action’ by John Friedmann (1987). Before and after Friedmann’s definition, planning underwent tremendous changes, as discussed in the previous chapter. Nonetheless, I believe the idea of linking knowledge to action still stands. It is rather ideas of who is to take which kind of action, how this is to be linked to knowledge and what constitutes relevant and rigorous knowledge, as well as who is to decide about this, which have changed dramatically and continue to stimulate academic debate and application dilemmas. In this chapter, the focus will be on the types of knowledge and information that are important in planning and how they can be deployed in order to increase the chances of executing a successful action.

The portfolio approach aims to contribute to the informed deliberation of planning strategies and, eventually, action. It is therefore crucial to understand the type of information the approach uses, how this relates to the knowledge of practitioners using the approach, and the kind of outcome in terms of knowledge and information. The chapter will start with a short overview of some of the dominant epistemologies in planning and the treatment of rationality, particularly highlighting the limits of the ‘technical-rational’ model and some criticism (e.g. Mintzberg’s criticisms of some strategic planning strands already touched upon this issue in the previous chapter). The traditional ideal of instrumental rationality is increasingly being replaced by more pluralist ways of looking at rationality and knowledge. Yet it is difficult to translate these ideas into practical guidelines for practitioners. Since the effectiveness of instruments such as the portfolio approach depends on the extent to which they facilitate knowledge exchange and generation, the details of their operation need to be clarified in detail. As a focal point, this chapter will assert that the field of knowledge management, and the work of Nonaka and Takeuchi in particular, may provide a useful conceptual starting point.

3.2 From instrumental to communicative rationality

Up to the early 1970s, planning was considered by most as a discipline grounded in a technical-rational way of thinking. In oversimplified terms, planners were generally expected to collect and analyse the necessary data and information and to rationally assess alternative solutions based on this information. Consequently, they would...
then provide decision-makers with non-political, value-free advice to make optimal decisions. In the 1970s, as part of a trend of increasing awareness in science and society, the positivist epistemology started showing cracks, and with it the base of the technical-rational paradigm of planning was shattered. Increasingly, there was growing awareness that the technical-rational model was flawed in a number of ways (e.g. Owens et al., 2004).

Already in the 1950s, Simon (1957) demonstrated the severe limitations of instrumental rationality, which was the base for many disciplines, including planning. The ability to make decisions on purely rational grounds proved to be bounded by human emotions, which is related to the impossibility to collect and process the expansive amount of information needed to make rational decisions. In addition, instrumental rationality is bounded by the inability to comprehend the complexities of modern day life. Despite the advances in computer technology, the complexities of human behaviour and social phenomena continue to be one or more steps ahead of the scientific conceptions and models. This particularly applies to the social sciences and social policies. Unlike most of the natural sciences, knowledge in social science cannot be captured in closed systems or universal laws, as it is always contingent and context-laden (Flyvbjerg, 2001). Consequently, one can say that social problems and policies are just as contingent, or ‘wicked’ (Rittel and Webber, 1973).

Instrumental rationality not only fails to deal with the uncertainties about how to plan, but it also runs into the more fundamental problem that the initial goals of planning are not self-evident either. They can be in mutual conflict, for example the aim to stimulate economic growth and to preserve the environment.

In addition, the positivist knowledge and information that should support decision-making proved to be flawed in political sense. Not only did providing complete and rigorous analysis for policy-makers end up being very problematic, such knowledge and information could not live up to the ideal of judgement-free policy information. Seemingly objective information, particularly in the form of quantitative models and data, appeared to contain various implicit choices and assumptions that, whether consciously or not, steered discussions or decisions in a certain direction. Moreover, decision-making was supported and based upon such ‘objective’ knowledge and information only to limited extent. As demonstrated for instance by Flyvbjerg (1998), decision-makers are selective, (un)consciously giving preference to the knowledge and information that fit their ideas while often neglecting the rest.

The traditional epistemology of knowledge and rationality has been contested on several grounds. This fuelled the idea that if the experts do not have all the answers then planning should be a more inclusive and democratic endeavour. Despite the risk of oversimplification, one can say that the limited capability of instrumental rational planning approaches to produce sufficiently good and just solutions resulted in the proposal of planning approaches based on other types of rationality and alternative ideas about *who’s* and *which kind* of knowledge (and values) should be incorporated in the process.

Davidoff (1965) acknowledged the inherent political nature of planning and hence the flaws of instrumental rationality. In response, planners should try to balance traditional power relations in favour of ‘those planned for’. His concept of ‘advocacy planning’ urged planners to represent and empower the usually underrep-
resented groups. For Friedmann, the limits of instrumental rationality meant that practitioners should foster mutual learning among experts and ‘client actors’, in order to transfer knowledge into action (Friedmann, 1973; Friedmann and Hudson, 1974). Instead of instrumental rationality, Friedmann adhered to Mannheim’s concept of substantive rationality. Rather than (or at least before) finding optimal solutions for given objectives, one should try to understand the complexity of social reality. This will enable a rational discussion and decision-making on goals and means. However, as Reade (1991) pointed out, both Mannheim and Friedmann were unclear about how goals, grounded in values, could be decided upon rationally.

Others, inspired by the work of Habermas, replaced the ideal of instrumental rationality with the idea of communicative rationality. Decisions regarding both the ends and the means should be the result of a fair, inclusive and open discussion. Being among the first to translate Habermas’ ideas to planning, Forester introduced his influential ‘critical pragmatism’, as a way to make planning practice more inclusive (Forester, 1980). Like instrumental rationality, Forester acknowledged that communicative rationality is bounded as well. The core objective of planners should be to minimise the communicative distortions that impede open dialogue.

Despite significant differences, the above mentioned concepts, as well as more specific elaborations, share some basic characteristics. With the idea that planning is a matter of interaction and communication among various (political) agents and institutional actors, research methods and methodology are seen as in particular consisting of ‘listening and registering the daily interactive work of planning professionals, (…) accumulating evidence about speech, narratives, professional profiles, consensus-building and negotiation’ (Yiftachel and Huxley, 2000, p. 908). In a more normative sense, communicative planning theories share the idea that planning should be, in the first place, a social process of ‘reasoning together’ based on communicative rationality. One of its main characteristics is the pluralist view of knowledge in planning processes. Decision-making processes should incorporate different types of knowledge, from different (types of) stakeholders. Several authors (e.g. Healey, 1997b; Innes, 1998; Khakee et al., 2000; Gibbons et al., 1994) pointed out that knowledge is a social construct and that other types of knowledge, such as local and experiential knowledge, play an important role in strategy making. Thus, one of the premises of the communicative approaches is that the pluralist nature of knowledge should be recognised in planning processes.

Limitations to the communication focus
The notion that communication is at the core of planning as a social and inclusive process, has become one of the most, if not the single most, researched topic in planning. A survey by the Journal of Planning Education and Research seems to support this. According to over 200 mainly US based planning scholars, ‘citizen participation’ and ‘community development’ were ranked as the first and second largest concerns for planning (Christensen, 2004). It reflects the notion that many researchers speak of the ‘communicative paradigm’ (Innes, 1995; Healey, 1996).

Yet the paradigmatic status of communicative planning is not undisputed. There are theoretical discussions about the extent to which the communicative turn actually led to a fully established communicative paradigm (Huxley and Yiftachel, 2000). Others argued that the conditions for Habermas’ ideal speech situations are
almost never or only partially satisfied. Building on Foucault, it is argued that the self interest of strategic rationality is prone to dominate over the ideal of communicative rationality. In the end, according to these scholars, forms of power inevitably determine the outcome of planning processes, making communicative planning a normative rather than an explanatory concept (Flyvbjerg, 1998, 2004; Tewdwr-Jones and Allmendinger, 1998).

Apart from the effectiveness of communicative approaches, some scholars question the very foundation of communicative planning approaches, by asking why planners should primarily serve ‘the public’ in the first place. After all the public is ‘only one part of a multifarious, conflicting and confusing number of clients in urban planning’ (Allmendinger and Tewdwr-Jones, 2002, p. 17). What constitutes ‘public interest’ and, if it can be identified as such in the first place, is it more important than the organisation, politicians, future generations, the planner’s own beliefs, or the profession? (Campbell and Marshall, 1998, p. 117). In addition, ‘communicative theory runs into the fundamental issues of pluralist theory. Communicative theorists avoid dealing with the classic topic of what to do when open processes produce unjust results’ (Fainstein, 2000, p. 457).

But perhaps most problematic is the shared belief among the above mentioned authors that the communicative paradigm is predominantly a theoretical paradigm, without sufficient resonance in daily planning practice. In the planning office, technical-instrumental rationality seems to be less out of fashion than in theory (see Morçöl, 2001). In spite of all the theoretical, political and practical inadequacies of the technical-rational model – even if practitioners are well aware of these – it remains an attractive view of the world and decision-making (Owens et al., 2004). Notwithstanding countless types of communicative ambitions and initiatives in practice, for many practitioners communicative planning is not a completely satisfactory alternative. As a result, whether because of the appeal or familiarity with the technical-rational model (or due to suspicion or dislike of communicative approaches) many practitioners and some theorists continue to follow the technical-rational model (Alexander, 1984; Baum, 1996). This seems to be related to the roles allotted to the planner and the required expertise that comes with a communicative approach. Although practitioners may fully acknowledge the boundaries of instrumental rationality, feeling the burden of many past planning disasters (see Hall, 1981; Scott, 1998), many still feel unsatisfied with merely designing communicative process strategies (e.g. Couclelis, 2005). For these practitioners, the participative discourse may even feel as a call for a ‘deprofessionalisation’ (Allmendinger and Tewdwr-Jones, 2002), as something they were not educated for. Planners may be sympathetic to the idea of inviting a multitude of stakeholders to the table, but feel the risk that it may also ‘hamper both planning and action by de-emphasising substantive planning expertise and information’ (Helling, 1998, p. 345). Just like its over-dominance, a complete lack of technical information or expert knowledge can lead to sub optimal solutions that cannot properly address the complex reality. Surely the complexities of societal phenomena and problems have demonstrated the bounded instrumental rationality of planning and the limitations of the planners’ expertise. Yet this does not mean that such substantive expertise is now redundant. On the contrary, it is ‘a grounding in knowledge about the socio-spatial processes
that, in interaction with each other, *produce the urban habitat* that lies at the heart of what characterises planners (Friedmann, 1998, p. 251, original emphasis).

One can say that involving different types of stakeholders and different types of knowledge in planning processes serves two general purposes. First, it enriches the knowledge upon which action may be based. This is one of the key arguments for Friedmann’s *transactive planning*: ‘that expert knowledge should be wedded to experiential knowledge to achieve a greater rationality in decision-making’ (Friedmann 1994, p. 378). Second, bringing together a multitude of actors allows for more inclusive, democratic, transparent decision-making in planning processes.

It seems, however, that in most of the research on communicative practices the emphasis lies with the latter: whether and how inclusive planning processes are or should be organised. Although the need to involve other than traditional or professional types of knowledge in such processes is highly emphasised, this is often where the contribution of this research ends. Particularly for practitioners this can be problematic, as it seems to overshadow the need for professional, systematised knowledge, which they feel is still important for addressing the complex planning challenges they face (e.g. Couclelis, 2005; Vigar and Porter, 2005). More importantly, it does not tell practitioners how to integrate local and experiential types of knowledge with the more traditional, professional types of knowledge. It can be argued that this is one of the main reasons that the ‘communicative paradigm’ remained mostly a theoretical paradigm. Without knowing how to reconcile different types of knowledge in planning processes, chances of collective action are reduced and based on limited knowledge.

Practitioners are still looking for technical information that can help them understand spatial and socio-economic patterns, which in turn contributes to developing good solutions. Thus the shift in focus from modernist/rational goal-oriented planning towards a communicative approach could at best be seen as a gradual, evolutionary change, where multiple ‘bodies of discourse’ co-exist and compete (this pluralistic standpoint is elaborated in Alexander, 1984; and Foucault cited in Flyvbjerg, 2001, p. 30). Elements and supporters of both traditions (i.e. the communicative and the technical-rational view on planning) are apparent in day-to-day planning practice and theory (Owens et al., 2004). To reduce it to a simple polarisation unjustly suggests a battle between pure positions, which is neither true nor constructive. The vast majority of scholars and practitioners acknowledge the importance of both content and process, as well as the impossibility of separating them (e.g. Sager, 1999; Allmendinger, 2002b).

If this is the case, it should be clear that multiple rationalities exist and that a planning paradigm cannot be based on just one type of rationality. Planners thus face the difficult task of finding workable combinations of instrumental, substantive, communicative and even strategic rationality, while being well aware of the bounded nature of all of these (Sager, 1999; Alexander, 2000; 2001).

It seems, however, that this awareness is not reflected in most of the planning research (Fainstein, 2000, Yiftachel, 1989). Although the ‘silent majority’ of planning researchers may indeed not adhere to just one type of rationality; nonetheless there seems to be a rough division of labour. On the one hand, scholars try to understand and/or improve collaborative and communicative processes, focusing on issues of democratisation and participation. On the other hand, others focus
more on the substantive development of concepts and/or models that try to grasp
the increasing complexity of socio-economic patterns and urban form\(^1\) (see Faludi,
1973). There are very few scholars who study how the multiplicity of rationalities
can be applied in practice. According to Alexander,

> a whole new set of questions arises if we recognize that planning is too
complex to be explained in a single paradigm, and that rationality is an inte-
gral part of planning. This research agenda would abandon sterile advocacy
of one paradigm or another, instead mounting research into planning prac-
tice and planning institutions and their contexts (...) or developing alter-
native ways to address the question: In planning, who does what, when, how,
and to what effect? (...) What kinds of rationality are or should be invoked
by what kinds of agents in which types of decision situations, contexts, or
circumstances? (Alexander, 2000, p. 252)

This quote clearly demonstrates why the idea of polarisation between seemingly
conflicting bodies of discourse is unconstructive: it impedes opportunities for com-
bining two (or more) approaches (Owens et al., 2004). It is therefore crucial for
effective planning that process strategies and information requirements are recog-
nised as mutually dependent. Focussing too much on the process can result in ne-
glecting the content (see Vigar and Porter, 2005). The opposite also holds true: ex-
plicit information itself does not drive policy, but should be seen as a means to kick
start a fruitful discussion about possible outcomes (Innes and Booher, 2000).

The main challenge is finding ways to combine, confront and integrate dif-
ferent types of knowledge and information, provided by the different actors in the
planning process (ranging from expert knowledge and technical information to
community values and knowledge). In the planning literature, there is a widespread
call to integrate process and content, and it may seem somewhat of a cliché. How-
ever, both in theory and in practice, there is an open discussion how to achieve this
integration. It seems that for this purpose one should look at the way knowledge is
treated in other disciplines. In the remainder of this chapter, I will discuss ideas
about the different possible avenues for integrating these multiple rationalities in
terms of knowledge and information requirements.

### 3.3 Information and planning

To say that the role of content in planning has been overshadowed by a focus on
the process does not mean that processes are 'empty’. They obviously consist of
some form of substantive discussion (Owens et al., 2004). However, the issue is
more connected to the sort of content addressed in the process, to the manner in
which they are constructed and to the agents who generate the content. Therefore,
when discussing the role of content in planning, it is more useful to speak of the
role of knowledge and information. One should look at the way different types of
knowledge and information participate in the process and how they can fuel proc-
ces of knowledge creation.

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\(^1\) Healey is a notable exception, as put forward by Fainstein (2000).
There is no clear academic consensus about what precisely constitutes different sorts of information, data, and knowledge (Checkland and Holwell, 1998). Two primary distinctions are often used. First, there is a difference between data, information, and knowledge, seen as part of a wider (hierarchical) conceptualisation. Checkland and Holwell (Ibid., 1998) distinguished four concepts to describe the conversion of data into knowledge. The first concept is data, i.e. unstructured facts (Avison and Fitzgerald, 1988). One does not simply use all available data, but only a particular selection. Such a selection of relevant data is labeled capta. If persons individually or collectively assign meaning to the data they select, by relating different sort of data with each other and adding interpretation, ‘data’ and ‘capta’ are turned into ‘meaningful facts’, which is called information. Larger, more enduring and more embedded structures of information are referred to as knowledge (Checkland and Holwell, 1998, p. 90). Following these authors, information is thus seen as a means to support, contest, and link different kinds of knowledge. In practice however, this distinction is often blurred and it can be difficult to tell whether something should be considered as knowledge or information. It is due to this reason that I will continue to use knowledge and information interchangeably, despite the conceptually important distinction.

**Tacit and explicit information and knowledge**

It is also, and maybe even more important to distinguish between different types of knowledge and information. In the field of knowledge management, Polanyi (1966) introduced the distinction between explicit and tacit knowledge. Explicit types of information and knowledge are formal (i.e. data, formulas and general/universal theories); therefore, they are easily codified and are presumed to have a broad validity (see Table 3.1). This is the more traditional, Western scientific view of knowledge, which has significant similarities with the principles of instrumental rational planning methods in the field of planning.

**Table 3.1: Differences between tacit knowledge and explicit knowledge**

<table>
<thead>
<tr>
<th>Type of information / knowledge</th>
<th>Explicit</th>
<th>Tacit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form</td>
<td>Codified</td>
<td>Hard to codify</td>
</tr>
<tr>
<td>Domain</td>
<td>Within disciplines</td>
<td>Not related to particular disciplines</td>
</tr>
<tr>
<td>Validity</td>
<td>Wide or even universal</td>
<td>Context-specific</td>
</tr>
<tr>
<td>Communication</td>
<td>Formal: data, theories, jargon</td>
<td>Informal: face-to-face</td>
</tr>
<tr>
<td>Origin</td>
<td>Taught</td>
<td>Experienced</td>
</tr>
<tr>
<td>Focus</td>
<td>Truth</td>
<td>Meaning</td>
</tr>
<tr>
<td>Attitude</td>
<td>Rational, distant</td>
<td>(Emotionally) involved</td>
</tr>
</tbody>
</table>

Source: a non-exhaustive synthesis of characteristics based on different academic sources

Tacit knowledge on the other hand is what Polanyi meant by his famous quote ‘we know more than we can tell’. Tacit knowledge is more difficult, or even impossible to codify, because it is context-specific, informal and acquired by experience. As stated by Nonaka and Konno (1998, p. 42), ‘tacit knowledge is deeply rooted in an individual’s actions and experience as well as in the ideas, values, or emotions he or
she embraces’. Whereas explicit knowledge usually resides within a certain discipline, accompanied by rules about how new knowledge can be created, tacit knowledge is not necessarily related to particular disciplines; rather, it is connected to the individual’s personal experiences (Gibbons et al., 1994).

In particular during the 1990s, efforts were made in knowledge management to synthesise the two ways of looking at knowledge, based on the notion that both are important. This produced new concepts (e.g. organisational learning) that emphasised the need to combine different types of knowledge in order to learn and create new ideas (Senge, 1990). Particularly in management and organisational sciences, as well as in business, increasingly more energy and resources is allotted to knowledge management. This increase follows the conviction that knowledge is an important asset for organisations to have, in order to be productive, innovative and competitive.

The SECI-model

Probably the best known concept in knowledge management that integrates explicit with tacit knowledge and information can be found in the work of Nonaka and Takeuchi (particularly on their introduction of the SECI-model, which was based on research on innovation in Japanese companies). The SECI-model will be discussed here as a potentially useful concept for knowledge management in planning. The reason for this is that the concept not only emphasises the importance of different types of knowledge for knowledge creation, but also provides a descriptive and potentially also prescriptive framework for accomplishing this goal.

Apart from the idea that tacit and explicit information should be combined, as a way of processing pre-given information, Nonaka (1994) argued that the integration of the two generates new knowledge. This idea resulted in a conceptual mechanism that described the way interactions between tacit and explicit knowledge should take place in a cyclical process, thus creating new knowledge (Nonaka and Takeuchi, 1995). Knowledge is converted from tacit to explicit, and exchanged between groups and individuals, thus producing new knowledge or a ‘justified belief’. Knowledge creation is believed to occur through four conversion processes, which are essentially learning processes: socialisation, externalisation, combination, and internalisation. Together, these accumulate into a spiral of knowledge creation called the SECI-model (Figure 3.1).

Socialisation of knowledge is the sharing of tacit information between individuals or in a small group, particularly by means of shared experiences: observation and imitation. It is related to socialisation as a sociological concept. A typical example of learning by socialisation is the relationship between mentor and apprentice. By observing and imitating knowledge becomes embedded, but remains of tacit nature. Such tacit knowledge can crystallise and become explicit by means of externalisation. Here, tacit knowledge is articulated and codified from the individual to a group, through a ‘meaningful dialogue’ (Nonaka, 1994). Externalisation requires words, images, concepts, narratives and metaphors. Hopefully ‘the sum of the individuals’ intentions and ideas fuse and become integrated with the group’s mental world’ (Nonaka and Konno, 1998, p. 43–44). It seems that the conversion from tacit

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2 SECI (Socialisation, Externalisation, Combination, and Internalisation)
to explicit knowledge by means of externalisation is the focus of most of the research on communicative planning approaches: how to integrate viewpoints of different planning actors into consensus or a shared knowledge base. It seems to be what Forester (1985) meant with his term ‘making sense together’. In the next step, the externalised – now explicit – knowledge can be reconfigured, recategorised, coordinated and linked with other bodies of knowledge by *combination*. Mere combination of knowledge is what characterises the Western epistemological tradition of knowledge creation, in which technical or instrumental rationality have a central position. This approach has an inherent risk of becoming detached from the tacit, more personal meaning of knowledge. However, in the SECI-model the knowledge to be combined is the result of a much richer process, crucially involving socialisation and externalisation of tacit knowledge. Finally, by the process of *internalisation*, individuals convert the collectively generated and combined explicit knowledge back into a tacit form. Through practice, experimentation, or training programmes – essentially Schön’s (1983) ‘learning by doing’ – knowledge is made personal. The internalised knowledge can then be socialised again; the knowledge generating process has no predefined end or beginning; it does not have to start with socialisation.

**Figure 3.1: The SECI-model**

![SECI-model Diagram](source: Nonaka and Takeuchi, 1995)

Although the SECI-model was greeted with wide enthusiasm, especially by organisational science and practice, and obtained a paradigmatic status in the field of knowledge management, it does have its weaknesses (as directly acknowledged by Nonaka et al. [2006]). So far it has received relatively little, yet some profound criticism. The empirical grounding of the mechanism of knowledge conversion, particularly with respect to internalisation and combination, is deemed as weak and requiring more research (Gourlay, 2006). In theoretical terms, the idea of what exactly constitutes knowledge in the SECI-model is contested. As argued by Gourlay (2006), the idea of
knowledge is easily confused with specific managerial beliefs about a product or organisation, which is not the same as knowledge that satisfies scientific criteria. The subjective belief – whether justified or not – that supports a manager’s decision is not necessarily the same as ‘real’ knowledge. Even though it may form the basis for decision-making in practice, this fact does not make it ontologically ‘true’. I shall return to this controversy in Chapter Four.

Another point of criticism is related to the definition of tacit knowledge. According to Tsoukas (2003), tacit knowledge in the SECI-model is erroneously understood as ‘not yet articulated’ knowledge, i.e. knowledge that is simply waiting to be made explicit. If indeed ‘we know more than we can tell’, then this is in contradiction to Polanyi’s idea of tacit knowledge as ineffable by definition. For Polanyi, tacit knowledge is a type of knowledge that a person unconsciously uses while thinking and feeling he or she is doing something else. For instance, when one is busy shifting gears, steering and using the pedals, this is the unconscious subsidiary for the conscious activity of simply ‘driving a car through traffic’. The unconscious, tacit type of knowledge can only be learned by repeated experience (see also Flyvbjerg, 2001). Knowing how to drive a car is to know more than one can tell. Clearly, some tacit knowledge cannot be made explicit and converted through the SECI-model.

This seems to raise an awkward connection between the tacit dimension of knowledge and communicative rationality. If (made) explicit, knowledge can be subjected to either substantive or instrumental rationality, and can become part of a discussion that is to a certain degree based on communicative rationality. But, how can one be rational about tacit knowledge, when it cannot be articulated by definition?

The whole idea of noncommunicable knowledge is therefore a threat to rationality and the insight that being rational with others is to be able to justify one’s expectations, beliefs and actions – to oneself as well as to others. (Bordum, 2003, p. 53)

Falsely pointing at tacit knowledge may certainly be a potential threat to communicative rationality; however, this does not make inarticulable tacit knowledge the ‘inevitably bounded part’ of rationality (Foss, 2003). Not being able to describe exactly the intuitively ‘knowing how’ does not make it irrational (Malterud, 1995). As described by Flyvbjerg, practitioners become real experts when they stop following the rules they learned and replace them with experienced intuition:

Their deliberation, however, is not based on calculated problem solving, but on critical reflection over the intuition, which the expert applies. [This is not] some kind of guesswork, irrationality, or supernatural superstition, as the cognitivists often describe it, usually as a preface to a critique. (Flyvbjerg, 2001, p. 17-19)

According to Schön (1983), tacitly knowing something is always richer than when it is externalised and described. This implies that the problem not necessarily lies with a (ir)rationality of knowing-how, but with language: it is a matter of bounded communication rather than bounded rationality. However, these important tacit particu-
larities can be made explicit (Tsoukas, 2003). Even imperfect descriptions can be useful to point at important tacit particularities (Schön, 1983).

So if one accepts the impossibility of actually articulating tacit knowledge, the SECI-model remains a useful concept. However it implies that instead of converting tacit into explicit knowledge, the focus is actually to draw attention to the tacit particularities. The tacit knowledge made explicit is not the real benefit; rather it is the where and the how that are much more important. In urban planning for example, one might try to articulate the feeling one has for a certain neighbourhood and stress the importance of this feeling, without actually being able to make it explicit.

At the same time, the externalisation of tacit knowledge can be seen as articulating the ‘so far not articulated’ knowledge which is called tacit by some, but actually strictly speaking is explicit. This includes various types of experiential knowledge, for example about why certain spaces and places are successful or about types of policies and interventions that proved effective. In the remainder of this chapter and this book, I will refer to all of these different types of tacit, local, experiential or other knowledge jointly as tacit knowledge.

The SECI-model in planning
In spite of the shortcomings of the SECI-model, one can say that it provides a useful heuristic concept for knowledge generation in urban planning processes. Much of the literature (in particular on communicative planning) stresses the importance of incorporating different types of knowledge; the SECI-model takes this idea as its starting point. More importantly however, the possible added value of the SECI-model for planning is that it encapsulates different types of knowledge in a descriptive and normative mechanism of how to exchange and create knowledge. It is a helpful concept for reconciling and integrating ‘professional’, systematised knowledge with tacit and experiential types of knowledge in a communicative planning approach. In addition, to consider knowledge not as a universal truth but as ‘justified belief’ about issues and sensible courses of action is a useful aim for providing support to decision-making in complex urban planning issues.

None of this is easy of course. The SECI-model was developed for the purpose of facilitating learning mostly within individual organisations, with the aim of stimulating innovation and enhancing production. Differences of opinion and interest may impede the learning process (e.g. by means of strategic behaviour), but employees will generally have a relatively shared interest in the performance of their division or company. In the end, it is the manager who decides what constitutes useful knowledge for the organisation (Nonaka, 1994). This ‘filter of managerial evaluation of what is and is not practicable for the organization’ (Gourlay, 2006, p. 1423) is relatively uncontested.

When compared to contemporary decision-making in urban planning issues, which typically feature a multitude of conflicting interests, one may expect that it is more difficult to reach a shared, justified belief in this case. Analytical differences and differences in interests are easily blurred in planning situations that face continual uncertainties about goals and means. Even so, the SECI-model is about the exchange and creation of individual and shared knowledge, not about consensus building – even though it is closely related. Acknowledging that both tacit and ex-
plicit types of information and knowledge are important in planning (because they 'make sense together'); according to Nonaka, justified belief in planning issues should be the result of all four types of learning.

Although a tempting framework is provided by Le Clercq (1990), I will not try to elaborate how exactly and which specific information and knowledge is to be integrated in planning processes, nor will I look at how it could or should fit with existing models of decision-making. The idea of applying the SECI-model in planning should be seen as a general concept for knowledge management. Hence it can be used to produce different results in different planning situations with different stakeholders. Socialisation, externalisation, combination and internalisation take place in different ways, at different moments and at different paces. These different types of learning concern all sorts of aspects of the practitioners’ work. One can think of socialisation as planning practitioners watching and working with their peers and seniors, during the daily practice of processing information, developing ideas and policy-making. Learning by externalisation and combination may take place in all kinds of discussions with local residents, with developing agencies, but also in expert meetings. Combination may also come in a more traditional, scientific way of collecting and synthesising sources of explicit information into new knowledge. Internalisation involves ‘learning by doing’ of essentially every aspect of the practitioner’s job, as demonstrated for instance by Schön (1983).

In this research, I will not investigate all the possible ways in which learning in planning may take place according to the SECI-model. My aim is rather to focus on the portfolio approach and to assess how different types of knowledge and information may be used and exchanged, and how this may generate new knowledge. The portfolio approach is meant to accommodate and stimulate what Healey calls a social ‘construction site’, which are

arenas in which multiple ways of knowing about what is significant, and about what could happen, are explored, conceptualised and symbolised, tested and, in instances where powerful new frames are formed, re-embedded into the ongoing flow of the various transecting relations, in the form of a new (or reinvigorated) idea of ‘place’ and the priorities that arise from this. (Healey, 2007, p. 236)

Healey mentioned several types of these formal and informal arenas. The portfolio approach should be seen as a mechanism that can facilitate informal meetings among experts. It means that the SECI-model is used as a conceptual model to look at knowledge exchanges and knowledge generation in relatively condensed, but complex processes of strategy-making (which involve different types of actors and interests). One should expect that generating a fruitful social construction site will depend in particular on the capacity to externalise and combine knowledge, i.e. on the conversion of tacit into explicit knowledge – or at least on the drawing of attention to the tacit particularities – and its integration and combination with explicit knowledge. This is where ‘making sense together’ may be expected to provide a basis for collective learning. This is also where the different types of rationalities have a role to play and where it should be possible to shift between the multiple rationalities that are linked to different types of knowledge.
3.4 Conclusions

Few planning theorists still dare to proclaim instrumental rationality as a guiding principle for planning. The idea that planning is or that it should be a communicative process between a wide range of actors has become more than widespread in both theory and practice, notwithstanding the problems of the so-called communicative paradigm (as argued by different scholars). Researchers who adhere to communicative approaches generally argue that the interests, as well as the knowledge, of different types of stakeholders should be involved. It seems, however, that much research is oriented at the noble aim of incorporating community interests and local experiential knowledge, but without clear ideas and practical guidelines for the manner of combining and integrating this knowledge with the systematised ‘professional’ types of knowledge traditionally used by planners. Even if practitioners sympathise with communicative planning approaches, they still feel the need for such substantive, systematised knowledge to support their plans. It seems that the questions of how to organise communicative processes that integrate different types of knowledge are difficult to answer with concrete practical guidelines. Yet if one acknowledges that planning is about linking knowledge to action, as defined by Friedmann, then it is important to see where and how knowledge – or justified belief – is generated and crystallised.

The idea put forward in this chapter is that one of the challenges faced by planning research and practice is to find ways of meaningfully integrating different types of knowledge and information: tacit, local or experiential knowledge with explicit, systematised, or professional knowledge. Subsequently, it can be concluded that knowledge management should be seen as a central aspect of planning. The SECI-model, introduced by Nonaka and Takeuchi (1995), provides a conceptual mechanism of how different types of knowledge and information are transferred and exchanged (ultimately resulting in new generated knowledge).

Whether with or without concepts such as the SECI-model, the main suggestion of this chapter is that practitioners should find ways of integrating explicit, systematised knowledge with the tacit knowledge and ideas of other planning actors. It should be noted that the merit of such integration is more than the simple recognition of the values of both. Explicit, systematised knowledge and information need experiential knowledge to become meaningful; only with experiential knowledge can it become more than flat numbers, figures and maps. At the same time, local and experiential knowledge require such numbers, figures and maps in order to check their credibility and to place local knowledge in a wider perspective. This is how the integration of knowledge can lead to the generation of new knowledge.

The idea of integrating different types of knowledge is often discussed in terms of planners making use of systematised knowledge, which is then contrasted to the local experiential knowledge of other stakeholders, particularly ‘those planned for’. I would like to emphasise that although this dichotomy may be useful for sketching the treatment of knowledge and the issue of rationality in planning, the reality of planning practice is obviously more complicated. Particularly with the tremendous increase in the availability of data and information for ‘non-experts’, different types of stakeholders may be about as knowledgeable as the practitioner (or even more so). At the same time, practitioners in planning obviously do not restrict themselves to mere technical knowledge; they are guided by tacit and experien-
ential knowledge and information as well. The same holds true for the relationship between practitioners and researchers. Here, one would generally expect the researcher to use relatively more technical knowledge, whereas the practitioner would use his/her experiential knowledge from practice. But here too, such a stereotypical division of labour is and should not be the case. Particularly in strands of planning research that aim to develop tools and instruments to assist practice, the researchers should be acutely aware of the limitations of the technical knowledge they work with.

As will be discussed in the next chapter, the generation of knowledge that is both useful for practice and rigorously grounded in research requires the integration of types of knowledge in a similar line of reasoning as discussed in this chapter. The issue of how to generate rich and useful and knowledge then becomes a methodological one.
4 Validation of the portfolio approach

Everyone designs who devises courses of action aimed at changing existing situations into preferred ones
Herbert Simon

4.1 Introduction

The aim of this chapter is to identify how to methodologically validate the portfolio approach, and to see what type of research should be conducted on the instrument itself. The developed research product is inherently and constantly intertwined with the manner of conducting research. The portfolio approach is the outcome as well as the object of the research. It is developed in the context of its application, whereby the application of the tool itself has to be analysed as well.

Figure 4.1: ‘Fokke & Sukke know what science is about: …very impressive, colleague… but does it also work in theory?’

Since the portfolio approach can be seen as a Planning Support System (PSS), I will begin this chapter with a short introduction of planning support systems, by describing their substance and their limited application in practice. This will clarify the challenge faced by the portfolio approach, with the so-called rigour-relevance dilemma in a central position. I will try to tackle this dilemma, through utilising the research approach of design sciences. In the remainder of the chapter I will elaborate on this concept and the resulting research design.
4.2 PSS: the science of ‘modelling through’?

The aim of the portfolio approach is to give insight into the real estate dynamics of the city, which in the end should increase the chances that public intervention plans and strategies are effective and efficient. This requires a shared knowledge base among practitioners regarding the location of development opportunities. The portfolio approach on the one hand provides data and maps about the city’s market dynamics, but equally important are the ideas about the way in which to use this information as input for strategic deliberation, particularly in workshops. The portfolio approach, i.e. the portfolio concept and its application, can be seen as a PSS. According to Geertman and Stillwell (2004), a PSS forms the framework in which three sets of components are combined: the specification of the planning tasks and problems at hand, including the assembly of data; the system models and methods that inform the planning process through analysis, prediction and prescription; and the transformation of basic data into information which in turn provides the driving force for modelling and design (through a cyclic process). (Geertman and Stillwell, 2004, p. 293)

Although predicting and (rigid) prescribing is not explicitly part of the portfolio approach, I will consider it as a PSS. In fact, a strong focus on predicting and prescribing may in fact be responsible for the limited use of PSS in practice. In the words of Klosterman:

PSS must not be seen as a radically new form of technology that will replace the software tools planners currently find at their desks. Instead, it must take the form of an information framework…’. (Klosterman, 1997, p. 51, original emphasis)

Over the years many different PSS were developed. In particular, with the introduction and development of computer-based information, they evolved from electronic data processing in the 1960s, to management information systems in the 1970s, to decision support systems in the 1980s, and finally to planning support systems in the 1990s (Klosterman, 1997). Tools were developed for an array of topics: environmental issues, land use, water management, transport, and many more.

So far, PSS have not been fully embraced by practitioners in planning, as shown by numerous authors: Lee (1973; 1994), Klosterman (1997), Uran and Janssen (2003), Geertman and Stillwell (2003; 2004) and Couclelis (2005). The technical possibilities for collecting, analysing, mapping, and representing just about any geographical phenomenon in the field have exploded in the past decades (and are continually expanding). This produced a large and increasing number of PSS developed worldwide, as demonstrated in an inventory made by Geertman and Stillwell (2003) (see also Brail and Klosterman [2001]). Still, the same authors found that only

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1 Klosterman’s description of PSS continues here: ‘…that integrates the full range of current (and future) information technologies useful for planning’. However, I do not agree that every PSS should meet this condition.
very few of these tools (except prototyping) were actually continually used in daily planning practice. It seems that more than thirty years after Lee’s seminal ‘requiem for large-scale models’ (1973), in which he proclaimed the end of these kinds of models, there is still a lot of work to be done:

To say that the models are not yet ready to submit to any performance evaluation, and to fail to offer any plans for when and how and on what grounds the models might be evaluated, is not acceptable even for a research effort. Modelers emphasize that the models are ‘operational’, as if that meant the same thing as practical. (Lee, 1994, p. 36)

The increasing technical possibilities of tools, i.e. more processing power to apply more sophisticated algorithms that are able to process more and increasingly complex data, may result in models that are better suited to represent the highly complex reality of modern day life. They can be very inspiring and useful models in an educational sense and they can provide planners (and others) with an image and possibly even a better understanding of these complexities. However, they are weak in assisting planners in their daily practice of making decisions, which is why most of them remain on the shelf.

One of the reasons mentioned for this widespread lack of adoption of PSS is that practitioners are unfamiliar with the possibilities of PSS (Vonk et al., 2005). In order to bridge the gap between PSS and practitioners, the obvious recommendation is to give more publicity to the development of tools. Undoubtedly, there is a lot to gain by making the availability of tools more visible to the possible users, but this is merely bridging the gap from the supply side. It is precisely this supply-driven approach to introducing PSS that is problematic and should be blamed for their meagre application in practice (Geertman and Stillwell, 2004). The increasing availability of data and information seem to drive many of these tools; also, theoretically speaking, decision-making could be based on these enormous amounts of information. But, as the previous chapter illustrated, Simon (1957) demonstrated that this can never be achieved in practice, nor is it the focus of the practitioners’ needs. As discussed in Chapter Three, ‘scientific’, explicit, or codified knowledge is merely one of the informational inputs into decision-making processes (see Innes, 1998). Logical-rational processes of deciding between alternatives based on proper analysis of information are still present, but seem fit only for relatively simple problems (see Christensen, 1985). But despite the awareness of complicated decision-making processes being iterative, power-laden, and rational only to a certain degree, many of the tools still seem to aim towards a rather rational, technocratic way of planning, instead of addressing these messy complexities. As this criticism notes:

PSS should take seriously its users and leave them with the feeling that they have been taken seriously. Although this sounds very much like a statement of the obvious, experience suggests that this is not always the case. (Geertman and Stillwell, 2004, p. 306)

This is why, in order to become valuable in the planner’s daily practice, PSS require more social shaping; they need to be developed much more from the user’s perspec-
tive (Ottens, 2006; Te Brömmelstroet, 2009). It seems that it would be much more fruitful to start building the bridge from the demand side of the practitioners.

4.3 **Design sciences: searching for technological rules**

The logical step forward is to shift the focus away from a supply and towards a demand oriented PSS. This may require a step back, i.e. it would imply quite a different view of developing PSS, and maybe also a different view of planning science in general. Similar to geography research, many PSS identify and map all kinds of geographical patterns, often by collecting, processing and analysing quantitative data. Geographers aim to draw conclusions based on the patterns, the regularities and the factors behind them; usually the intention is to test, to build or to contribute to existing knowledge theory. Most of them will try to some extent to generalise upon their conclusions, while at the same time accounting for contextual differences and other contingencies. Although there are increasing pressures on social scientists to produce results that can be also used outside of the academic community, one can still say that their primary objectives lie within this community. In other words, in most cases rigor is often considered more important than relevance.

One could discuss to what extent this should be considered a problem (see Markusen, 1999; Martin, 2001); however, when making a PSS, the emphasis must be at least as much on relevance as on rigour. However, it seems that many tool scientists, while designing a PSS, strive for rigour in a way that does not at all fit the relevance of the objective (Te Brömmelstroet, 2009). Since many are (educated as) scientists, often using the same (quantitative) methods and techniques as other social or natural scientists, this is quite an explicable phenomenon. Moreover, there are authors who argue that this is also related to the idea that academic respectability is supposedly achieved more through rigour than through relevance (Argyris and Schön, 1989; Flyvbjerg, 2001; Simon, 1969). Despite the high sophistication of these tools, their limited use in practice casts a shadow over their utility. More attention needs to be devoted to relevance; the pressing question is to what extent this comes at the expense of rigour. This is the classic rigour-relevance dilemma, as sketched by Argyris and Schön (1989):

> If social scientists tilt toward the rigor of normal science that currently dominates the departments of social science in American universities, they risk becoming irrelevant to practitioners’ demands for usable knowledge. If they tilt toward the relevance of action research, they risk falling short of prevailing disciplinary standards of rigor. (Argyris and Schön, 1989, p. 612)

In order to find a possible way out of this dilemma, I will discuss Van Aken’s (2004) conceptualisation of design sciences. Van Aken’s starting point is the field of academic management research and the notion that this field is suffering from a utilisation problem. Similar to the gap between PSS and practitioners and the recommendation to communicate PSS better, there is a gap between academic management research and management practice. There are calls to bridge the gap by improving communication between researchers and practitioners also in this field. According to Van Aken, rather than a matter of poor communication, the problem lies in the nature of
the products that researchers deliver and the type of science. Management is about solving problems (‘prescription-driven research’), and therefore the orthodox notion that science is fundamentally about understanding a problem (‘description-driven research’) only achieves half of the desired result (Ibid.):

In management one needs next to description-driven research programmes also prescription-driven research ones in order to develop research products which can be used in designing solutions for management problems. By this I do not mean the actual application of scientific knowledge to solve a specific managerial problem – this is the domain of practitioners – but the development of scientific knowledge to solve a class of managerial problems, in other words, the development of abstract knowledge. (Ibid., p. 220)

These types of research, i.e. aimed at solving problems, are formulated by Van Aken as design sciences, and they fundamentally differ from the two other types of sciences: the formal sciences, such as philosophy and mathematics, and the explanatory sciences, which include natural sciences and major parts of the social sciences. Particularly the differences between the design sciences and the explanatory sciences (also referred to as prescriptive versus descriptive research) can be related to the problem of utilisation. Table 4.1 presents Van Aken’s summary of the main differences between solution-driven, prescriptive research programmes and the more orthodox descriptive forms of research (a dichotomy which obviously is not this strict in reality).

Table 4.1: The main differences between description-driven and prescription-driven research programmes

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Description-driven research programmes</th>
<th>Prescription-driven research programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominant paradigm</td>
<td>Explanatory sciences</td>
<td>Design sciences</td>
</tr>
<tr>
<td>Focus</td>
<td>Problem focused</td>
<td>Solution focused</td>
</tr>
<tr>
<td>Perspective</td>
<td>Observer</td>
<td>Player</td>
</tr>
<tr>
<td>Logic</td>
<td>Hindsight</td>
<td>Intervention-outcome</td>
</tr>
<tr>
<td>Typical research question</td>
<td>Explanation</td>
<td>Alternative solutions for a class of problems</td>
</tr>
<tr>
<td>Typical research product</td>
<td>Causal model; quantitative law</td>
<td>Tested and grounded technological rule</td>
</tr>
<tr>
<td>Nature of research product</td>
<td>Algorithm</td>
<td>Heuristic</td>
</tr>
<tr>
<td>Justification</td>
<td>Proof</td>
<td>Saturated evidence</td>
</tr>
<tr>
<td>Type of resulting theory</td>
<td>Organization Theory</td>
<td>Management Theory</td>
</tr>
</tbody>
</table>

Source: Van Aken, 2004, p. 236

To be clear, this distinction should not be confused with the one between basic and applied science, where the knowledge generated by basic science is applied in practice. The aim of design sciences is not simply to apply knowledge generated by explanatory science, but to generate new knowledge (Van Aken, 2005; see also Koen, 2003). Examples can be found in disciplines such as engineering or medicine, where professionals utilise existing laws in physics or biology to create new knowledge, as
they try to find solutions to problems. So, in contrast to explanatory sciences, design sciences do not focus on the *explanandum*, rather they focus on the *mutandum* (Van Strien, 1997; see also Simon, 1969). This is crucial. It means that the object of research is not some existing natural or social phenomenon, but something that is created by the researcher, a design in progress.

**Technological rules**

Central to design sciences is the notion that the researcher should search for what Bunge (1967) calls the *technological rule*. Building on Bunge, Van Aken defines a technological rule as

>a chunk of general knowledge, linking an intervention or artefact with a desired outcome or performance in a certain field of application. The ‘general’ in this definition means that it is not a specific prescription for a specific situation, but a general prescription for a class of problems. On the other hand a technological rule is not a universal law, its use being limited to a certain field of application. (Van Aken, 2004, p. 228, original emphasis)

Instead of universal laws or specific solutions, technological rules provide classes of solutions for classes of problems: ‘if you want to achieve Y in situation Z, then perform something like action X’ (Van Aken, 2005, p. 23). Action X, which is the technological rule, can consist of a single act, a series of acts, a system, tool, program, or instrument (which can be more algorithmic or more heuristic).

However, in order to tackle the rigour-relevance dilemma, it is essential that technological rules are *tested* in practice, in addition to being *grounded* in theory. Without proper testing, they remain recommendations that are the result of descriptive research, the core of the abovementioned utilisation problem. The researcher thus has to apply the technological rule in his field and find out whether the proposed rule actually works in practice. On the other hand, without grounding technological rules, they are little more than practical rules of thumb. Grounding technological rules means that the researcher not only finds *whether* something works in practice, but that he/she understands *why* this is the case, and consequently connects these practical findings with wider, available theories. For example, medicine should be grounded in biology, engineering in physics, and management in organisation theory (Van Aken, 2004).

### 4.4 Planning research as a design science

Similar to the management field, also planning research is often assessed as suffering from an utilisation problem, mostly referred to as the ‘theory - practice gap’. Among many others, this was prominently observed by Van Lohuizen (1977):

>For some years now, there is a certain unease in the world of spatial planning about planning research. Science and policy realise they need each
other, but they cannot find each other (p. 7, translation by the author).\(^2\)

More recently, Sanyal (2002) also commented on the issue:

This became evident (…) as we assembled a group of city and regional planners (…) and asked them which planning theory did they use as they grappled with conflicting interests? None of the planners mentioned any planning theory they had found useful. Instead, each had developed his/her own guidelines for action through learning by doing on the job, as we say. (p. 120)

According to Alexander (1997; 2003), theory and practice can be linked either by a translation process from theory and basic science into applicable technologies and methods, or in a more indirect manner by what Alexander calls ‘enlightenment’, whereby theory slowly trickles down to the practitioner:

planning theory could never be ‘relevant’ for planning practice in the sense [Sanyal] and his would-be practitioner students wanted it to be. This is because many planners still see their practice, in its link between knowledge and technology, as something like engineering or medicine. In such fields theory and basic science are made accessible and useful for practice through a ‘translation’ process, which converts them into technologies and technical skills and methods. But in areas related to social policy, which include planning, the kinds of knowledge that are relevant are not amenable to ‘translation’ like this. (Alexander, 2003, p. 181)

But following scholars like Schön (1983), one could argue that the ‘guidelines’ in Sanyal’s quote can be regarded as ‘theories in use’. Based on experiences in different cases, practitioners do make generalisations, although not in the form of universal laws (Schön and Rein, 1994). If these types of generalisations are seen as (planning) theories, then theory can be relevant for practitioners in a more direct manner – ‘in the sense Sanyal and his would-be practitioner students wanted it to be’.\(^3\)

If one regards planning research as essentially different from disciplines such as engineering and medicine, then perhaps enlightenment is the only way to bridge the theory-practice gap (although this is such an ambitious effort that it is questionable whether it ever could be bridged). I would argue that, in spite of the messy social environment in which planning takes place, the planning discipline is indeed to a significant extent similar to engineering or medicine. The implication for research is that, following the medical analogy by Van Lohuizen (1977), diagnosis should serve therapy; thus research should aim at generating possible solutions.

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\(^2\) Original language quote: ‘Al enkele jaren heerst er een zeker onbehagen in de wereld van de ruimtelijke ordening over het planologisch onderzoek. Wetenschap en beleid beseffen elkaar nodig te hebben, maar kunnen elkaar niet vinden’.

\(^3\) The exception would be if one defines theory as something abstract and universal by definition, for example Flyvbjerg’s (2001) claim that it is impossible to draft social science theory due to the impossibility of excluding context.
In light of the utilisation problem sketched above, the research concept of design science and the search for technological rules almost seems tailor-made for the field of planning, if it involves prescriptive types of planning research. Therefore, the central thesis in this chapter is that, by and large, planning research, but particularly planning support research, should indeed consist of looking for field-tested and grounded technological rules. Solution-oriented planning researchers should look for useful (often heuristic) instruments, tools, strategies, or models that match the practical needs of practitioners. Technological rules should be developed and tested in and with practice; at the same time, they should be properly grounded in theories that can demonstrate why an instrument works. Technological rules in planning should thus be grounded in theories of planning itself, geography, sociology, political science, knowledge management, and other fields.

Action research
To a large extent most of what I mention above is already known as ‘action research’. Indeed, action research has some essential overlap with design sciences, as for instance demonstrated by Argyris and Schön (1989):

*Action research* takes its cues – its questions, puzzles, and problems – from the perceptions of practitioners within particular local practice contexts. It bounds episodes of research according to the boundaries of the local context. It builds descriptions and theories within the practice context itself, and tests them through *intervention experiments* – that is through experiments that bear the double burden of testing hypotheses and effecting some (putatively) desirable change in the situation (p. 612-613, original emphasis).

Both design sciences and action research are focused on finding solutions in close cooperation with practitioners, and both types of research take place through iterative cycles. Like design science, ‘good’ action research requires not only practical results in the specific cases of intervention, but a certain degree of generalisation as well (Eden and Huxham, 1996). Still, at least partly due to the origins of action research as a method of facilitating social change and empowering ‘the client’, often the emphasis is more on the element of ‘action’ rather than the ‘research’ part. Hence, transferring the knowledge obtained from the context of intervention and research to other contexts, or to the more general domain, often receives less attention (Argyris and Schön, 1989; Baskerville and Wood-Harper, 1996; Eden and Huxham, 1996; Stringer, 1999; Van Aken, 2004). The technological rule on the other hand is explicitly intended to be used in other contexts as well. The main difference thus lies in the nature of the research product; actually, one might even regard design science as a strand of action research. However, the explicit aim to find technological rules compels researchers to abstract from ‘thick descriptions’ and provides them with a more tangible research product to strive for.

Technological rules in planning
In the field of planning there are some ideas similar to Van Aken’s technological rule; in particular I would like to highlight the contribution of Needham (2000b;
Validation of the portfolio approach

Building on Van Aken, Needham proposed to regard spatial planning as a design discipline. Spatial planning should be seen as the process of designing spatial policies. Needham, however, speaks of a design discipline, not design science. Although the idea of planning as a design discipline has very plausible merits, it appears to aim more at coping with the rigour-relevance dilemma in planning practice rather than addressing it in planning research.

Albeit not explicitly expressed, much of the planning research already aims at finding technological rules. There are examples of researchers in planning who propose specific practical rules in practical situations, suitable for addressing certain types of problems. One of the first and best known examples in planning of applying the design science approach in practice is the work of John Friend and his fellow researchers, and particularly their introduction of the ‘theory of strategic choice’ (Friend and Hickling, 1987). A substantive, more recent example would be Savitch and Kantor’s (2002) proposed ideal types of strategies for cities to balance a competitive urban economy with equity goals in the face of globalisation. Another example is Christensen’s heuristic concept of how to deal with uncertainty in planning, an approach dependent on the type and complexity of the planning issues at hand (Christensen, 1985). Nevertheless, with the exception of the work of Friend et al., most of these technological rules are the result of observation rather than participatory research. They develop recommendations with hindsight based on explanatory research, instead of testing prescriptions in and with practice.

In order to get a better image of the extent to which the search for grounded and tested technological rules is (de facto) part of current planning research, I scanned four journals looking for contributions featuring grounded and tested technological rules: the Journal of the American Planning Association, Planning Practice & Research, Planning Theory and Practice, and the Journal of Planning Education.

4 ‘JAPA is interested in manuscripts that examine historical or contemporary planning experience, broadly defined, in domestic or global contexts, and that do at least one of the following: contribute to the theoretical and conceptual foundation of planning; improve the link between planning and successful policy implementation; advance the methods used in planning practice and planning research; explain empirical relationships important to planning; interpret noteworthy physical, economic, and social phenomena that have spatial dimensions; or analyze significant consequences of planning approaches, processes, and contexts.’ (see JAPA website: http://www.planning.org/japa)

5 ‘Planning Practice & Research (PP&R) has established itself as the source for information on current research in planning practice. It is intended for reflective, critical academics, professionals and students who are concerned to keep abreast of and challenge current thinking. PPR is committed to [among other mentioned points] bridging the gaps between planning research, practice and education, and between different planning systems’ (see the publisher’s website: www.tandf.co.uk/journals/titles/02697459.asp).

6 ‘Planning Theory and Practice (PT&P) provides an international focus for the development of theory and practice in spatial planning and a forum to promote the policy dimensions of space and place. (…) It publishes original articles and review papers from both academics and practitioners with the aim of encouraging more effective, two-way communication between theory and practice. The Editors invite robustly researched papers which raise issues at the leading edge of planning theory and practice, and welcome papers on controversial subjects’ (see the publisher’s website: www.tandf.co.uk/journals/titles/14649357.asp).
These journals were selected due to their explicit aim (see the footnotes) to publish research that is relevant for practitioners and to bring together practice and academia. Scanning recent issues of these journals revealed that explicitly tested and grounded prescriptions are the exception. The majority of contributions (over 85% of the scanned articles) consisted of explanatory analyses of physical and social phenomena, policy analyses, or theoretical contributions. Most of these contributions offered recommendations for policy or further research. This type of research more or less merges into a category of articles that offer theory grounded prescriptions, but that have not (yet) been tested in practice. Some of them involve ‘instructions’, for instance how to enable walking as a travel mode or how to develop more sustainable transport links (Zandvliet et al., 2005). The latter is a characteristic example that features a framework for transport policy. The authors developed a method for measuring the contribution that a specific transport link makes to either economic or environmental sustainability. This resulted in a framework of ideal typical intervention options that effectively match the policy goal. Following Van Aken (2005), these examples can be seen as the results of descriptive research that is translated into ‘prescriptions’, but which have yet to be tested in practice. In the end, there was arguably only one article (out of the 99 articles scanned) that engaged in the full reflective cycle resulting in the reporting of a grounded technological rule that was actually used and tested in a practical case (see Cervero, 2006). Cervero proposed a tool that provided a more direct and useful insight into the relationship between land-use and transport, a tool that was developed and tested in three case studies.

It appears that the majority of articles scanned may take planning practice as a starting point and even as its destination, but the researchers themselves are not actually involved in the design process of finding solutions; at least they do not report of it in peer-reviewed journals. For a large part, this is only logical and not necessarily problematic. There is a clear need for explanatory and/or theoretical contributions, and I certainly do not aim to judge a whole academic discipline here. Nonetheless, if the aim of planning research is to help improve planning practice (see the mission statements of the scanned journals), then one can argue that research aimed at (de facto) finding grounded and tested prescriptions should at least to some extent be part of it.

Returning to PSS, considering the utilisation problems sketched earlier, the call for technological rules seems more urgent. The earlier analysis of the reasons behind the sparse application of PSS in practice (Lee, 1973; 1994; Klosterman, 1997;

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7 “The Journal of Planning Education and Research (JPER) is a forum for planning educators and scholars (from both academe and practice) to present results from teaching and research that advance the profession and improve planning practice. The journal covers planning theory, planning pedagogy, and planning practice. It also encompasses disciplines drawn upon by planners such as urban geography, welfare economics, interest-group politics, policy analysis, as well as other subjects used in the planning classroom’ (see the publisher’s website: http://jpe.sagepub.com/).


9 Whether or not something was counted as a grounded and tested technological rule in the scan is a matter of arbitrary judgement sometimes.
Geertman and Stillwell, 2004) can be related to the difference between prescriptive and descriptive research. One can argue that much of the research that drafts PSS, although declaratively intending to help practitioners, still has too many of the characteristics of traditional descriptive research (see Table 4.1). In other words, the research often neglects the volatile context of its application and hence delivers products that are too generic. This means that the research is no longer really solution-oriented, and it seems that the characterisation of ‘old-fashioned’ model-builders still holds true to a certain degree:

Model-builders were often more interested in scientific questions than in practical and professional uses of their models. The time available to apply such models was absorbed by ever more detailed refinements, or simply spent bashing the models into a shape that might produce “reasonable-looking results”. (Batty, 1994, p. 10)

Furthermore, tools are mostly developed for instead of with the users and are also technology-driven (see Harris, 1994; Wegener, 1994, both in a theme issue dedicated to Lee’s 1973 article). Many models seem to consist of algorithms based on a quantitative analysis of a problem. Instead, PSS should be the result of more solution-driven research that would take place in the intended context and would look for saturated evidence of a grounded, useful heuristic technological rule.

4.5 Grounding as evaluating

The fact that PSS have only limited application in practice can be related to the type of research that develops them. Solution-driven or demand-driven research requires a much closer (and a more qualitative) look at the research object. In order to design tools useful in practice and to assess their functionality, it is essential that researchers not only look at the tools they develop, but more closely at their relationship with the users. In other words, one has to ground a tool during its application, in order to see and understand how the tool interacts with its user.

According to Pawson and Tilley (1997), such evaluation requires a different research question. Evaluation is easily thought of as something one does after a programme is implemented. Indeed policy programmes are often evaluated in this way, i.e. with the well-known classical experimental design. Here, the influence of a variable is measured by the difference in effect between an experimental group and a control group. Any differences are attributed to the influence of the testing variable. However, this way of evaluating raises two key problems. First, unlike research that takes place in a laboratory, experiments in the social world are more difficult to control and manipulate. Often certain variables cannot be simply removed or added in order to analyse their influence. For example, to raise energy prices just to see how people will react is simply unethical. Experimenting with the application of an instrument such as the portfolio approach faces the same problem. One cannot remove essential characteristics of the instrument just to test their importance. Such deliberate ‘failure’ of applying the tool is not an option, as it would cause a group of

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10 There are of course also ex-ante and mid-term evaluation.
participants to waste precious time (Kemp and Van den Bosch, 2006). In some instances, however, one can look at other, ‘supposedly failed’ applications.

The second reason for not applying the classic experimental design is that it does not provide any insight into the why or how dimensions of the workings of a variable, a tool, a model or a programme. Pawson and Tilley therefore argue that tools should not be simply assessed by the question ‘whether they work’, but by ‘what it is that makes them work’. Accordingly, it is crucial to evaluate the designed intervention, program, tool, or instrument during its application. This idea is not restricted to the design sciences; it should also be applied in explanatory research. Hedström and Swedberg (1996) made a similar but more general claim that researchers should try to unravel social mechanisms. It means that black-box explanations must be opened as much as possible. For this, Pawson and Tilley (1997, p. 58) apply a basic realist formula: mechanism + context = outcome.

This equation contains the methodological building blocks for testing instruments, tools, or models in planning. That is, ‘an action is causal only if its outcome is triggered by a mechanism acting in context’ (Ibid., p. 58). An important addition to this equation by Denyer et al. (2008) is the element of intervention. For design scientists, the intervention is the trigger that should set the intended mechanism in motion. Similar to Pawson and Tilley’s equation, this produces the so-called ‘CIMO-logic’: Context, Intervention, Mechanism, and Outcome. Instead of serving as just the initial trigger, interventions may also be needed at various points during the application of the mechanism.

4.6 Validating the portfolio approach

In order to properly test and understand the assumed usefulness of a tool (or any theory, for that matter) all parts of the above equation (context, intervention, mechanism, and outcome) must be taken into careful consideration. How this applies to the portfolio approach will be described in this section.

Outcome

The preferred outcome of the approach is twofold. First, the approach should provide a framework for generating shared knowledge about neighbourhood developments. In the end, this should improve the chances of developing more effective and more efficient intervention strategies on urban, district- or micro-level, using this improved insight into the city’s market dynamics. It is assumed that this is easier when information on these dynamics is used to produce a shared knowledge among the relevant actors in the planning process. Consequently, one can assume (following e.g. Healey, 1997b; Innes, 1998) that such shared knowledge increases the chances of successful collective action. Secondly, it is also hypothesised that the shared knowledge gained with the help of the portfolio tool may change the way in

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11 Interestingly, the experimental design method can be problematic in natural sciences as well. ‘How many experiments in natural science use experimental/control-group logic? Do we understand the action of gravity on a falling body by observing the motion of a cannon ball dropped from a leaning tower and comparing it with the motion of one which remains atop?’ (Pawson and Tilley, 1997, p. 57)
which actors in the process think about the planning issues at hand and also that it will stimulate them to change their actions accordingly.

It should be noted that the mechanisms found in social science, and particularly those in the case of applying programmes or instruments, do not have the same predictive value characteristic of many mechanisms that derive from natural sciences. That is, social mechanisms in the end consist of the actions of individual people. No program or tool designed to change the way people think or act collectively or individually can guarantee that the desired change will in fact take place:

Potential subjects will consider a program (or not), volunteer for it (or not), co-operate closely (or not), stay the course (or not), learn lessons (or not), retain the lessons (or not), apply the lessons (or not). (Pawson and Tilley, 1997, p. 38)

The outcomes are the tangible evidence of the supposed mechanism and a number of possible outcomes can be examined, as identified by Rouwette et al. (2002). At the individual and group level, one can consider the positive and negative reactions by users, the communication in the group, the generated insights among users, consensus building, and demonstrated levels of commitment. Another outcome is related to the tool itself, particularly whether and in which form it is used after the initial application.

**Intervention**

There are a number of interventions that characterise the portfolio approach and that should set the mechanism in motion. As part of the iterative design process, some of the interventions that are part of the portfolio approach were adapted during the research in order to make the instrument more effective. Next to these general adaptations to the approach, some specific interventions were sometimes changed to fit the specific circumstances of a workshop case. In any case, two main interventions remained the same every time. First, there were workshops organised, in order to generate the intended strategic discussion on the city, the area or the specific issue. The second main intervention was to provide input for the workshops in the form of the portfolio maps, which provided explicit information about the entire city’s market dynamics (or selected parts). Both interventions consist of important, more specific characteristics: the way that workshops are organised, and the type of explicit information that influences how the interventions set the hypothesised mechanism into motion. The following provides a list and description of some of the key characteristics (albeit these may be adapted to specific cases):

With respect to the organisation of the workshops, two main interventions are distinguished. First, there is the choice of who to invite to the workshop. If explicit knowledge about the city’s real estate dynamics is to be combined with more tacit information on the same matter then obviously this requires the participation of knowledgeable people. Furthermore, the workshops should consist of participants representing a multitude of parties. The strategic position of neighbourhoods is a complex matter, determined by a plethora of influences. It can be examined from different viewpoints, both in terms of analysis, ambitions and interests. The idea is to find out how these viewpoints correspond or vary across the relevant ac-
tors, which is why representatives of different municipal agencies, but also housing associations and private developers, are invited. Particularly the latter two categories of participants can provide planners with more sophisticated and current insight into why and under which conditions certain areas become attractive for investment.

The second intervention in terms of the workshop organisation concerns the structure. The structure should reflect the main line of reasoning behind the research project, i.e. that municipal planning strategies can become more explicit and effective with the help of additional insight into the strategic positions of urban neighbourhoods. So ideas about possible intervention strategies are grounded in the ambitions of the municipality. In turn, these ambitions can be formulated more realistically when there is an understanding of the current position and the opportunities for a city, area or neighbourhood. Hence, the workshops in general follow this order. First, by introducing the so-called portfolio maps the position of neighbourhoods is analysed collectively. The driving forces behind these developments are identified and analysed; sometimes the focus is more on trends in past development, while in other cases the attention is focused more on the future. Then, possible ambitions are discussed, which is followed by a discussion of strategies. At each step, tacit and explicit information are combined.

With respect to the information presented in the portfolio approach, the main intervention concerns the distinction of two dimensions, i.e. performance and potential. An important characteristic of the original Growth-share matrix was that it distinguished the products’ strategic position by looking at two dimensions: their current position and their potential. This distinction was translated into the portfolio approach and it can be argued that these are two powerful characteristics, useful for straightforward representation of the position of neighbourhoods as discussion inputs. Furthermore, to use price and price increase as a proxy for the neighbourhoods’ ‘performance’ and their development respectively would mean that a lot of characteristics are reflected in these indicators. Regardless of all the information that cannot be grasped by these two variables, they still provide a lot of useful information at a glance.

**Mechanism**

Mechanism refers to the ‘internal’ hypothetical mechanism of the portfolio approach, including several independent variables and their effects. Together or by themselves, these variables form a mechanism. In contrast to descriptive research, in prescriptive research these variables are deliberately manipulated through direct researcher interventions (Van Aken, 2004). To the researcher these are manipulable elements that should set the preferred mechanism in motion, although Pawson and Tilley (1997) remind whether a mechanism takes place in the end remains a matter of people deciding themselves whether or not to cooperate (which is why they refrained from using the term ‘variables’).

It has been argued that the overall aim of achieving more explicit planning strategies can be stimulated by generating a shared knowledge base about strategic positions of urban neighbourhoods and possible ambitions and strategies. This means that one of the most important mechanisms that should be set in motion is a process of *learning*. Application of the portfolio approach should thus facilitate a
process of information and knowledge exchange and generation. As was discussed in Chapter Two, in order to generate shared knowledge, it is crucial to integrate different types of information and knowledge. It is particularly important to make a distinction between experiential and explicit knowledge (see Nonaka and Takeuchi, 1995; Nonaka, 1994; Innes, 1998). In terms of knowledge generation, the main hypothesised mechanism is that in the portfolio workshops shared knowledge about neighbourhoods and their potential is generated through a process of integrating explicit and tacit information and knowledge. The explicit information consists mainly of the neighbourhood’s position as indicated by the portfolio maps, and the experiential knowledge is brought in by participants in the workshops. The cases should demonstrate to which extent this mechanism can be held responsible for the different outcomes.

Context

The extent to which the mechanism described here is in itself suitable for producing the preferred outcome is the core theme of my investigation. A lot depends on the context in which this mechanism is set (see e.g. Flyvbjerg, 2001; Sayer, 1984). Habits, traditions, culture, power structures, and all sorts of contingencies can intervene with the functioning of the mechanism in different ways. Some contextual factors are identified beforehand, setting the stage for application of a tool: ‘we are in situation Z, where we want to achieve Y’; whereby, ‘Z’ provides the context where ‘Y’ is to be achieved. There are however other contextual factors that emerge during application of the tool and may hamper the realisation of the intended outcome. This does not necessarily mean that something is wrong with the mechanism (Bhaskar, 1975). Apart from the notion that one might not perceive the mechanism, it is also possible that dominant power structures may hamper the process. Yet the ‘problem’ may also be that the supposed value of insight into market dynamics is simply less relevant for some planners, for instance because they operate in more centrally planned cities or countries. The latter is an example of a contextual factor that can limit the generalisability, or rather the transferability, of the tool’s application. Context determines and for a large part overlaps with the domain of the tool’s application. Evaluation should lead to an understanding of the various elements of context. In terms of the technological rule (i.e. ‘if you want to achieve Y in situation Z, perform something like action X’) it means that the researcher should be able to give a specification of the ‘Z’.

4.7 Hypotheses within more general assumptions

This section will look at the hypotheses that underlie the functioning of the portfolio approach, as well as some general assumptions that provide the wider domain for this. First, however, it is important to briefly consider what the testing of hypotheses means in this research, and in planning research in general.

Rittel and Webber (1973) characterised planning problems as wicked problems, which are essentially unique problems. The methodological implication is that for understanding and explaining wicked problems ‘there is no rule or procedure to determine the “correct” explanation’ (Ibid., p. 166). Rigorous experimentation and the crucial testing of hypotheses in a ‘Popperian’ manner are not possible. Instead,
planners and planning researchers can only choose explanations that are *plausible*, despite their inevitably arbitrary nature. By their wickedness, explanations are relatively difficult to refute, and alternative explanations can be given relatively easily. It should thus be emphasised that searching for evidence of the hypotheses about the portfolio approach means searching for plausible explanations. Likewise, any conclusions about these hypotheses are conclusions based on plausibility, not on a crucial test.

In the end, evaluation of the portfolio approach, particularly the way that interventions should initiate the mechanism described above, implies testing the main hypothesis that a shared knowledge base about the positions of urban neighbourhoods in the city’s property market, their driving forces, possible ambitions and strategies – by means of the portfolio approach – increase the chances that deliberation of planning strategies and action is better informed. Although action is beyond the boundaries of the approach, it is assumed that that ‘better’ knowledge leads to ‘better’ action. The portfolio approach should thus contribute to the knowledge required to take such action. This is the more general hypothesis about how the portfolio approach contributes to strategic planning. This hypothesis can be assessed by testing more specific hypotheses.

There are some more general assumptions that underlie these hypotheses that have to be mentioned. These are assumptions based on evidence that can be found throughout the literature. Unless there is great dispute about the validity of these assumptions, it is not necessary to prove them in this research. Instead, they could be seen as general (paradigmatic) views or frameworks within which the portfolio approach is developed. They are related to how the portfolio approach (or any planning tool) works, both in terms of process and content.

*More general assumptions*

The first of these assumptions underpinning the portfolio approach is the view that planning is basically a social process. This stands in contrast to a modernist view of planning as a mere technical-instrumental activity. Following Healey et al. (1999):

> We understand planmaking practices as social processes through which a range of people in diverse institutional relations and positions come together to determine plan-making processes and to develop contents and strategies for the management of spatial change. (p. 342)

Most planning researchers will find themselves working within this general notion of planning as a social process. The questions what these social processes look like, how successful they are, and how, with and by whom they are organised, are objects of debate within this widely accepted approach.

Subsequently, the portfolio approach builds upon the assumption that with respect to the process of planning, it is assumed that the generation and exchange of knowledge and information on substantive patterns, interests, stories, experience and other issues requires an open, face-to-face process. Apart from discussions concerning the paradigmatic status of communicative planning and the extent to which it is successfully practiced in reality, it is assumed that knowledge building in planning processes generally benefits from an open, communicative environment where
different stakeholders are able to make their interests and viewpoints heard. Shared knowledge among stakeholders may lay the fundamentals for forms of collective action. Consequently, an ensuing assumption is that such a process requires a certain structure in meetings, workshops or discussions. A useful discussion on alternative solutions would initially require a shared analysis of the situation and some form of agreement regarding the ambitions: ‘first things first’. A shared analysis and joint ambitions could then accumulate into the potential preferred next steps of action.

A more substantive assumption was discussed in Chapter Two. It is the assumption that the changing context of planning increases the need to gather and analyse information and knowledge about the market dynamics of neighbourhoods in the city. This can generate more insight into the development opportunities of urban areas, thus contributing to the quality of discussions and to possible solutions. Many scholars describe how processes of rescaling have changed the way (local) governments do, could or should operate in this new context (e.g. Castells, 1996; Albrechts and Mandelbaum, 2005). A very important aspect of this context is (at least the perception of) an increased influence of the private sector in many ways. Accordingly, it is assumed (at least in the portfolio approach) that discussion should to a significant extent involve the ‘market dynamics’ in the city, and how these dynamics shape the constraints as well as the opportunities for public ambitions and interventions. Evidence of these assumptions is provided by authors such as Dicken (1994), Savitch and Kantor (2002), or Swyngedouw (2005b). Notwithstanding the debates about the role of urban planning and local governments, few scholars deny the importance of taking market dynamics into account.

**Hypotheses**

Building on the assumptions above, there are some more specific hypotheses about the portfolio approach. Following the approach of design science, there are two types of hypotheses: (1) the straightforward hypothesis that the instrument works and (2) hypotheses about how the instrument is believed to work. Specifically speaking for the portfolio approach, this leads to the following hypotheses.

The first hypothesis is that the portfolio approach is a useful approach for generating knowledge about neighbourhoods’ positions in the property market, opportunities and possible intervention strategies. Essentially this is the simple statement that the approach succeeds in providing a collective learning process; or even shorter -- the portfolio approach works. Portfolio tools for strategic planning in business have been widely used, and they have received both praise and criticism in literature. However, the proof that it is useful in planning has to be found in empirical findings, by testing and applying the instrument in practice. Here, the observations made during the workshops by the researcher and other organisers, in combination with questionnaires and interviews, have to provide information about the validity of the portfolio approach.

The second hypothesis concerns how the approach works. It hypothesises that the portfolio approach works, because of a specific combination of content and process aspects. Building on the notion that knowledge generation takes place by integrating different types of knowledge, the portfolio approach is believed to work because it provides a framework that supports this integration. In terms of process, it is believed that the portfolio workshops are a platform where explicit and experi-
ential knowledge can be integrated in order to generate knowledge about the city and its neighbourhoods. In terms of content, the portfolio approach is believed to provide a concise overview of the dynamic positions of urban neighbourhood, by making a distinction between property values and their rates of increase. This provides useful information for strategic discussion and possibly also for the generation of knowledge.

Beforehand it must be stressed that, although the instrument is intended to increase the chances of attaining ‘better’ collective action, it can only provide an environment for collective learning. Whether this is followed by (collective) action remains a matter of many other conditions and cannot be simply regarded as the automatic next step. Thus, one should be careful not to make rash statements about the relationship between the instrument and the outcomes. This is why the black box must be opened by means of realistic evaluation, for it might be the case that collective action is in fact not the result of the above mechanism, or otherwise, that the mechanism does indeed work, yet without eventually leading to collective action. Bearing in mind the qualification above, the next section will discuss the methodological implications of the case studies.

4.8 Research as experiential learning

The main purpose of the portfolio approach is to generate a process of collective learning among planning actors about the city and its neighbourhoods. However, in design science research is a learning process as well. Useful instruments can be developed by testing them and applying them in practice. Also it should be further evaluated during and after the process, in order to understand how to improve it. So rather than a ‘one-way’ research strategy of deduction or induction, the research proceeds through a cycle of experiential learning, which is based on the work of educational theorists Kolb and Fry (1975), building upon the pragmatist ideas of Dewey in particular. Based on the notion that different types of knowledge exist (discussed in Chapter Two) learning takes place through an iterative sequence of hypothesising, active experience, observation and reflection, theorising, and finally followed again by hypothesising.

Similar to the SECI-model and the Growth-share matrix, the concept of the learning cycle has been criticised for being too simplistic and short on empirical evidence (e.g. Jarvis, 1987). The critics argue that learning takes place in different manners and that in reality learning does not follow the different stages a neatly and sequentially as depicted in the scheme, contrary to the views of Dewey (1933).

The criticisms may be justified in terms of how learning actually takes place. But this seems less of a problem when the learning cycle is used as a framework for organising one’s research. It conceptualises how the research goes through different stages. The scheme in Figure 4.2 depicts the learning cycle, combined with the specificities of the research process of the portfolio approach. Related to one of the criticisms of Kolb’s learning cycle, it should be acknowledged that in reality the research process does not run as neatly through the cycle as depicted in the scheme. Different stages may succeed each other after days or weeks, or may be completely by-passed (Kolb, 1984). It is both possible to theorise about observations made on
the spot and those made afterwards, as demonstrated for example by Schön’s concept of reflection in action (Schön, 1983).

**Figure 4.2:** The learning cycle, with the specificities of the portfolio approach research added in italics

![Diagram](image)

Source: adapted from Kolb and Fry (1975)

The portfolio research starts with the observation made by the Amsterdam Physical Planning Department (based on experience) that more insight is needed into the dynamics of neighbourhoods in the urban property market. Reflecting on this notion resulted in the cooperative research project, which led to the second stage of forming an abstract concept, i.e. the idea that identifying the neighbourhoods’ positions in an urban portfolio might be a useful approach. In the next stage of the cycle, the first version of this portfolio approach was tested and applied in a workshop. During and after application, the researcher observed and reflected upon what was said and done, how the approach functioned and the type of outcomes generated. Also, the participants’ reactions about their experiences provided additional input for these observations. Following Yin (1994), I used a number of operational measures that indicate whether and how the hypothesised mechanism is realised, searching for evidence of various outcomes: new individual or shared insights, changing behaviour, the commitment to take (collective) action, and other concrete results. This stage of observation is followed by a stage of further theorising about the mechanism of the tool. This is where the technological rules are grounded, answering the following questions: Why did certain interventions lead to certain outcomes? To what extent can this be attributed to context? How does this relate to existing theories about planning processes and comparable instruments?

Crucially, the research does not end here, with a conclusion or recommendations about improving application. Instead, a better understanding can lead to an adapted version of the approach, which is then tested in the same, a similar or a different case. Only repeated testing can generate the proper understanding of the mechanism and of the role of context. Moreover, it has to be assessed whether any proposed adaptations of the instrument actually did yield improvements. It is clear that the learning cycle should be administered several times, until a certain level of ‘saturated evidence’ of the mechanism is gained (Eisenhardt, 1989; see also Van Aken, 2005). Figure 4.3 illustrates what this experiential research cycle looks like. As
can be seen, the emphasis of research shifts back and forth from working with practitioners to more abstract conceptualisation in the ‘scientific domain’ (Straatemeier et al., forthcoming).

Two types of testing can be distinguished. First, the portfolio approach is tested in workshops, i.e. the experimental setting aimed primarily at testing and developing the approach. From these workshops emanate certain observations and reflections, which further result in theorising and adaptation of the instrument. In Figure 4.2, this is represented as the dotted line running from left to right. Secondly, after a number of workshops, the emphasis in the workshops shifts from testing the approach towards actual application in practice. Yet paradoxically, this is what makes ‘real’ field testing possible. In the scheme, this is represented by the cycle running through the ‘concrete experience’ stage.

**Figure 4.3:** Different steps of the experiential learning cycle placed in between planning research and planning practice. O&R = Observation and Reflection, FAC = Forming Abstract Concepts, TNS = Testing in New Situations, CE = Concrete Experience

The exact moment when it is possible to speak of ‘real’ practice is open to discussion. ‘Real’ application in ‘real’ practice can always go together with an implicit evaluation of the approach and consequently produce adaptations. At the same time, workshops aimed primarily at testing the approach can lead to useful substantive results with ‘real’ outcomes. In such cases, the atmosphere of experimentation may even contribute to achieving substantive results. The conclusion for the portfo-
lio approach is that the line between experimentation and practice can be blurred, and that this is not problematic; on the contrary, it can yield very productive results.

**Research design**

The empirical evidence is collected during the stages of observation and reflection. A strategy of triangulation is used to analyse whether, how and under which conditions the portfolio approach does work. It means that, as Table 4.2 illustrates, different research methods are used, accompanied by different types of evidence. First, there is literature that provides evidence regarding the more general assumptions about how instruments such as the portfolio approach function. This concerns ideas about the functioning of parts of the mechanism, for example planning processes. More specific ideas about the portfolio approach are tested by means of documentation, observation, interviews, questionnaires, and by following the practical application of the approach.

<table>
<thead>
<tr>
<th>Research methods</th>
<th>Type of evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literature study</td>
<td>Scholars' claims and dismissals</td>
</tr>
<tr>
<td>Participatory observation and documentation</td>
<td>Participants’ statements and behaviour before, during and after the workshops</td>
</tr>
<tr>
<td>Interviews &amp; questionnaires</td>
<td>Statements about the portfolio approach and its application</td>
</tr>
<tr>
<td>Tracking the use of the instrument</td>
<td>Why the demand for this type of tool?</td>
</tr>
<tr>
<td></td>
<td>Adaptations made to the approach</td>
</tr>
<tr>
<td></td>
<td>Continuation of the approach</td>
</tr>
</tbody>
</table>

*Source: author*

The role of the design scientist

Any research carries the risk of bias. Due to personal bias or other pressures, researchers may (consciously or unconsciously) work towards conclusions that fit their hypotheses. One may focus on observations that fit with explanations one is already looking for, and overlook observations that point in the opposite direction. The relationship with a (financing) client can also play a role, as researchers may feel pressured to deliver results that fit the client’s expectations or worldview.

In design science, the researcher not only tests hypotheses, but explicitly aims at designing something that works in practice. Such personal involvement, as in action research, increases the risk of bias, since the researcher tests and evaluates a self-made design: naturally he or she wants it to work. Although the risk of bias, as in any research, can never be fully excluded, there are a number of ways to address it.

First and foremost, the researcher has to be conscious of the issue. He or she should question observations and findings at all times. Secondly, as noted earlier, the evaluation of the design should explicitly delve deep and unravel its mechanism. Opening up the black-box and making explicit how the instrument supposedly works, following Pawson and Tilley (1997), compels the researcher to look for possible flaws in the explanation. It allows other researchers to do the same. In ad-
dition, as much as possible, testing and evaluating the design should be done in conjunction with other researchers and stakeholders: the intended users and possibly more neutral observers.

According to Van Aken (2004), testing a design ideal typically should be divided into two phases of testing: ‘α-testing’ and ‘β-testing’. In the first phase of α-testing, when the design is still in development, the researcher takes part in the testing process. When the researcher is sufficiently convinced of the functionality of the design β-testing commences, with third parties testing the developed instrument. Not only does this allow for the testing of the design in other contexts, it also allows for more objective testing, similar to replication research (Van Aken, 2004).

In this research, the presumed working of the portfolio approach is made explicit as much as possible by looking at the mechanism. The approach is evaluated by using the research methods presented above: literature study, participatory observation and documentation, interviews and questionnaires, and tracking the use of the instrument. So far, there was only limited real β-testing. The portfolio approach was applied in several workshops without the intervention or the presence of the researcher, but these are not included in this research. Although there was positive feedback, the applications and findings were not sufficiently observed and documented in order to evaluate them with sufficient rigour.

4.9 Multiple case study

In order to test and evaluate the mechanism of the portfolio approach, the research is executed in multiple case studies. Following Yin, the application of the portfolio approach in Amsterdam is thus seen as an investigation of ‘a contemporary phenomenon with its real-life context [where] the boundaries between phenomenon and context are not clearly evident’ (Yin, 1994, p. 13). However, as I mentioned earlier, the object of study is not an existing phenomenon, but rather a design that is being developed and tested (Simon, 1969). The approach was first applied and tested for internal validation (Eisenhardt, 1989; Yin, 1994). This is what Eisenhardt (1989, p. 540) calls within-case analysis. However, development of the portfolio approach and the understanding of its mechanism are based also on differences between the workshops in Amsterdam. This makes the evaluation of the approach also a cross-case analysis. Still, there are also some contextual factors such as culture, planning style, or tradition that could not be altered and could not be separately tested for their possible influence within Amsterdam. For instance, the local planning department was always heavily involved in the organisation of all the workshops in Amsterdam. Furthermore, it might be that the element of location, or the type of city and the way it is subdivided in different neighbourhoods, may influence the mechanism as well. Therefore, in order to increase the external validity (Eisenhardt, 1989; Yin, 1994), I also tested and applied the approach in Rotterdam.

Rotterdam was selected for two main reasons. The first reason for selecting Rotterdam is a pragmatic one, i.e. because the city administration showed interest in applying the portfolio tool. This made the application of the tool much easier in terms of finding useful contacts and collecting data, but more interestingly and importantly, it also enabled the organisation of workshops (as it simplified the logistical aspects). Although important, this alone does not provide sufficient grounds for
selecting Rotterdam. It is accompanied by the important fact that Rotterdam is comparable to Amsterdam in terms of size and that it is part of the same Dutch planning context. It is interesting to look at the differences within these constraining fixed factors. Rotterdam has a considerably different lay-out, both in spatial and socio-economic terms. Amsterdam has a historical and also economically vibrant city-centre. The city has a service-based economy and manages to attract a large number of young and highly educated inhabitants. As a result, Amsterdam has a heated housing market with high housing prices. Rotterdam on the other hand has a more industrial-based, less dynamic economy, with a housing market that is considerably more relaxed than Amsterdam’s (Aalbers, 2006). The city has a functionalist centre that was rebuilt after heavy WWII bombings. As a result, the patterns of stronger and weaker neighbourhoods through the city can be expected to be different from Amsterdam. I expected to see this reflected by different, more fragmented patterns in the portfolio. It is also interesting to see whether this influences the type of discussions during the workshops. Rotterdam’s overall weaker economic position in the national and international economy raises the question how this influences the city’s general intervention strategies and in particular its attitude towards the private sector (and vice versa). Importantly, in terms of this research, it also provides a different context for assessing the usefulness of the portfolio approach.

The approach was applied in six workshops in Amsterdam and in two workshops in Rotterdam. This may seem very lopsided, like an uneven comparison between two cities, but application in Rotterdam served to test the influence of the differences between the cities. The approach was developed and applied in Amsterdam in six workshops, so it was not necessary to conduct as many workshops in Rotterdam. Table 3 provides an overview of the two cities and their sub cases, as well as the applied research methods. Appendix II provides more details about the survey questionnaire.

<table>
<thead>
<tr>
<th>City</th>
<th>Workshop</th>
<th>Research methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amsterdam</td>
<td>Neighbourhood: Holendrecht, 2 workshops</td>
<td>Participatory observation &amp; documentation, interviews</td>
</tr>
<tr>
<td></td>
<td>Neighbourhood: Chassébuurt</td>
<td>Participatory observation &amp; documentation</td>
</tr>
<tr>
<td></td>
<td>City-wide: Creative city</td>
<td>Participatory observation &amp; documentation</td>
</tr>
<tr>
<td></td>
<td>City-wide: 50.000 new dwellings</td>
<td>Participatory observation &amp; documentation</td>
</tr>
<tr>
<td></td>
<td>City-wide: Analysis with particular focus on the Zuidas &amp; Amsterdam-Noord</td>
<td>Participatory observation &amp; documentation, questionnaire</td>
</tr>
<tr>
<td></td>
<td>Regional portfolio workshop</td>
<td>Participatory observation &amp; documentation</td>
</tr>
<tr>
<td>Rotterdam</td>
<td>Area: Oud Zuid</td>
<td>Participatory observation &amp; documentation, questionnaire, interview</td>
</tr>
<tr>
<td></td>
<td>City-wide: Gentrification</td>
<td>Participatory observation &amp; documentation, questionnaire, interview</td>
</tr>
</tbody>
</table>

The next chapter will describe and analyse the eight cases where I applied the portfolio approach, as within-case analyses. These illustrations should provide internal
validity about the portfolio approach. By applying a cross-case analysis in Chapter Six, the uncovered differences and similarities between the cases will provide further understanding about the mechanism and the context-specific aspects of the approach.
5 Description of the portfolio workshops

We’re finally discussing content!
Workshop participant

5.1 Introduction
I applied the portfolio approach to eight cases/workshops. This chapter will illustrate the workshops by describing why they were organised, who were invited, what was discussed, how participants acted and reacted and what was learned by both participants and researchers. The chapter consists of a series of single case studies. This means that conclusions about the workshop and the portfolio approach apply only to the individual cases, whereas Chapter Six will present a cross-case analysis in order to understand the differences and similarities between the workshops, based on differences in the approach itself and the context. The workshops will be presented chronologically, based on the written reports. They will be further enhanced by the author’s reflections, based on observations and the surveys conducted among the participants after the last three workshops. The table below provides more details about the workshops.

<table>
<thead>
<tr>
<th>Workshop</th>
<th>Where</th>
<th>Topic</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a &amp; 1b</td>
<td>Amsterdam</td>
<td>Holendrecht</td>
<td>17 December 2003 and 18 March 2004</td>
</tr>
<tr>
<td>2</td>
<td>Amsterdam</td>
<td>Chassébuurt</td>
<td>27 May 2004</td>
</tr>
<tr>
<td>3</td>
<td>Amsterdam</td>
<td>The Creative/Knowledge City</td>
<td>3 September 2004</td>
</tr>
<tr>
<td>4</td>
<td>Amsterdam</td>
<td>‘50,000 houses’</td>
<td>17 May 2005</td>
</tr>
<tr>
<td>5</td>
<td>Amsterdam region</td>
<td>The regional portfolio</td>
<td>27 June 2005</td>
</tr>
<tr>
<td>6</td>
<td>Amsterdam</td>
<td>The development of Amsterdam neighbourhoods: past and future</td>
<td>6 October 2006</td>
</tr>
<tr>
<td>7</td>
<td>Rotterdam</td>
<td>Opportunities for value increase in Rotterdam Oud-Zuid</td>
<td>9 July 2007</td>
</tr>
<tr>
<td>8</td>
<td>Rotterdam</td>
<td>Gentrification in Rotterdam</td>
<td>22 August 2007</td>
</tr>
</tbody>
</table>

The workshops were organised by the planning departments in Amsterdam and Rotterdam in cooperation with the university. The planning departments would usually provide the location and the chair for the meetings. My role in these workshops mostly consisted of introducing and explaining the portfolio approach, and displaying the portfolio maps. After this, my role was mainly to observe the participants’ reac-
tions and the discussions, to further clarify things about the portfolio approach if necessary, and to join discussion only to very limited extent.

As discussed in Chapter Four, the research has been an iterative learning process, and this also holds true for the methodology. As it became increasingly clear that evaluating the portfolio approach is a matter of analysing how participants respond to it and work with it, more attention was given to this. This is why the last three workshops were followed by a survey questionnaire, inquiring after participants’ experience in the workshops.

Before describing the workshops, the chapter will start with a brief description of the latest version of the portfolio approach, as was applied in the last three workshops. Chapter Six will discuss the adaptations of the portfolio approach which have led to its current form. For a more substantive background, I also give a short description of what the portfolios of Amsterdam and Rotterdam actually look like.

5.2 The portfolio instrument as used in the last workshops

Since its first application, the portfolio instrument evolved, both in terms of how neighbourhood positions are identified and how workshops are organised (further described in Chapter Six). In this chapter, I will outline the most recent version of the portfolio approach; this ‘version’ also describes the portfolios of Amsterdam and Rotterdam.

Figure 5.1: The portfolio matrix

Measuring neighbourhood positions

As described at the end of Chapter Two, the distinction between performance and potential of neighbourhoods is central to the portfolio tool, similar to the Growth-share matrix. In the most recent version of the portfolio approach, the performance of a neighbourhood is indicated by the average of its transaction values per m². The potential of neighbourhoods is measured by looking at the increase rates of these values (in absolute terms) over the last four years. The specific category of a
neighbourhood depends on whether property values and their increase are below or above the city average (Figure 5.1).

Data on transaction values were available for Amsterdam from 1975 to 2005 and for Rotterdam from 1987 to 2005. As I measured value increase over a period of four years, this allows for portfolio maps from 1979 to 2005 for Amsterdam and from 1991 to 2005 for Rotterdam. In addition to the portfolio of the whole city, the portfolio approach can also be used for one specific part of the city. It may be more relevant to look at the positions and opportunities of neighbourhoods within a part of the city. This was the case in the workshop for Rotterdam Oud-Zuid; because almost the entire southern part of Rotterdam has a weak position, it was more interesting to look at the differences within this area. The workbook describes this possibility of looking only at a certain part of the city as a ‘partial portfolio’.

**The portfolio workshops**

The portfolio approach as an instrument should be seen as a combination of the portfolio concept together with its application in workshops. The workshops are prepared and organised jointly by those initiating or requesting a workshop, usually civil servants from the local planning department, and the facilitator who applies the portfolio instrument. Apart from the information given by the portfolio maps, the organisers also collect other information that may be useful in relation to the more specific issue discussed in the workshop. This may involve maps representing certain socio-economic patterns of the city or area, or for example the ownership situations in a specific area.

Just how the workshop is organised and which steps are taken depends on aspects such as the objective of the workshop, the stage of the planning process, and the scale of examining neighbourhood positions. Even though the application may take more than one workshop, some steps are always part of the process (as depicted in Figure 5.2).

The workshops start by introducing the problem at hand and the potential added value of organising a workshop using the portfolio approach. This is followed by the introduction of the portfolio concept and a display of the maps that indicate the neighbourhood positions throughout the years, which are analysed, in a plenary session or in small groups. The general pattern of the city and the strategic positions of neighbourhoods, in relation to the concerning topic, area or theme are discussed. The goal is to figure out the way in which this pattern evolved and the driving forces behind this change.

After the analysis, step three depends on the scale of the workshop analysis. If the workshop concerns the city, or a large part of it, the participants are asked to think about what they believe are attractive areas for investment, and what should be done in order to make the areas more attractive. This is done by placing coloured stickers on large maps hanging on the walls. Different colours indicate where participants would never invest, where they would invest without reservations, and where they would invest provided that others also undertake specific interventions. The participants write down their motivations on the stickers and then illustrate and discuss their choices. If the workshop is focussed on one particular area or neighbourhood, step three may also involve a discussion of what could be the realistic ambitions for this specific location.
Finally, fuelled by the previous steps, the discussion that follows outlines who should do what, where, when and how in the areas (not) indicated on the maps. Which are the interdependencies between stakeholders? Which kind of interventions by one actor may trigger interventions of another?

**Figure 5.2: The basic structure for organising workshop and collecting information**

[Diagram showing the steps in the workshop]

The most recent version of the portfolio approach as described here corresponds with the way it is described in the workbook of the Physical Planning Department in Amsterdam. Despite this degree of institutionalisation of the instrument, this is not the ‘final version’ of the tool. The planning department may find it useful to apply the portfolio approach in a different way. For example, it has been applied also in combination with other tools.

The approach as described here produced patterns showing the changing positions of neighbourhoods in the Amsterdam and Rotterdam portfolio. The approach itself changed as well, and it was not applied in all of the eight workshops the way it is...
described above. Nonetheless, for a better understanding of all of the cases and of the
neighbourhood positions in the two cities in general, it is useful to describe and show
how the neighbourhoods’ positions of Amsterdam and Rotterdam evolved over time.
This will provide a useful background for the workshops described further below.

5.3 The residential portfolio of Amsterdam

In this section I will describe the general patterns, as presented by the portfolio maps
of Amsterdam, and how the positions of neighbourhoods evolved from 1979 to 2005.
Figure 5.3 depicts the 2005 portfolio map; the maps of other years can be found in
Appendix IV. Similar maps were made for offices and the positions of Amsterdam
neighbourhoods in this segment. As these were used to much lesser extent in the
workshops, these are not discussed here, but they can be found in Appendix IV as
well; here I will focus on the residential portfolio. In the early years many neighbour-
hoods are blank, many of which appear later on the map. This is caused by a very
(too) small amount of transactions in a neighbourhood in the course of one year; it
makes it impossible to calculate a representative average value. Over the years, the
proportion of owner-occupied dwellings in the city increased, but some neighbour-
hoods remain blank up to 2005, as they consist of high or very high proportions of
rented housing. Here, the amount of transactions is obviously much lower.

**Figure 5.3:** The residential portfolio of Amsterdam in 2005
Looking at the portfolio maps of 1979 and 1980, there is a clear distinction between stronger and weaker neighbourhoods. Due to a decline of housing prices in the beginning of the 1980s, most of the stars and question marks turn into cash cows and dogs respectively, but the sharp distinction between stronger and weaker areas continues until the mid-1980s. That is, most of the neighbourhoods within the city centre are either stars or cash cows. It seems that the popularity of living in the centre, particularly by the canals has endured through the years. Immediately outside of the centre, the adjacent neighbourhoods are predominantly in the ‘dog section’. These are neighbourhoods built mostly in the late 19th century or the beginning of the 20th century. Houses in these areas were often in poor physical state and this is where most of the early urban renewal took place. A notable exception within the 19th century belt is the area south of the Vondelpark. Unlike most of the 19th century neighbourhoods, this area was not built for the working class, but was made up of larger houses for the well-to-do (which it is to this day).

Interestingly, the areas outside of the ring road, including the northern part of Amsterdam above the IJ, in these years have a relatively good position. These are predominantly post-war neighbourhoods, consisting for large parts of apartments designed in functionalist style. It should be noted however that in this period there are a lot of ‘blanks’ on the maps. These blank neighbourhoods, with their large portions of social housing, could very well have been in a weaker position than the stars and cash cows in these areas.

The end of the 1980s brings with it the first cracks in the pattern described above. While the city centre retained and improved its strong position, some of the areas outside of the ring road fell to a dog position. At the same time some of the 19th century neighbourhoods moved from a dog to a question mark. This process of ‘switching positions’ continued until around 2000, when most of the areas within the ring road, including many of the neighbourhoods in the so called ‘20-40 belt’, turned into stars or cash cows. The only areas within the ring road that have not (yet) transformed into stars or cash cows are found in the east part of the city (Dapperbuurt, Indische buurt and parts of the Oosterparkbuurt), and the northwest (parts of Bos en Lommer and De Baarsjes). After 2000, there is a downswing in the housing market and many of the stars turn into cash cows. In 2005 there is a remarkable appearance of question marks outside of the ring road. Since 2005 is the most recent year for which data were available, it is impossible to determine if this is the beginning of an actual upgrading process of these areas.

5.4 The residential portfolio of Rotterdam

For Rotterdam, useful data on real estate transactions are available from 1987 to 2006. This means that portfolio maps can be made from 1991. Figure 5.4 below shows the 2005 portfolio map, with the maps of earlier years in Appendix IV. The first noticeable item is the relative stability of the general pattern of the portfolio. This may be

1 In relative terms, there are always neighbourhoods with an above average increase of property values. In order to have a star or question mark position however, increase rates have to be above zero at least. In periods of general downturn, many neighbourhoods do not meet this standard. This situation is further discussed in Appendix I.
related to the lower level of detail in the Rotterdam portfolio (87 neighbourhoods in Rotterdam versus 355 in Amsterdam) as well as to the much shorter period covered by the portfolio maps. Nonetheless, the image remains that over the examined period there are relatively few neighbourhoods that change colour. Some areas remain within the dog section throughout the entire period. These include areas north of the city centre such as Blijdorp and Bergpolder, in the west (e.g. Spangen), and particularly neighbourhoods south of the Maas river, such as Oud-Charlois and Tarwewijk, which have a very weak reputation. At the same time, there are neighbourhoods that have upheld their strong position in the last 15 years. These are the more popular neighbourhoods north of the ring road, such as Schiebroek and Hillergersberg, Hoek van Holland (near the coast) and some locations near the centre, such as Kralingen and west of the city centre.

**Figure 5.4: The residential portfolio of Rotterdam in 2005**

The city centre itself and some immediately adjacent neighbourhoods are generally found in the star and cash cow section as well. Interestingly, however, from roughly 1996 to 1999, the city centre turned into a dog, after which it returned to a stronger position. Some signs of neighbourhood upgrade can be seen on a small scale: neighbourhoods such as Tussendijken or the adjacent Bospolder moved into a star and a question mark position respectively. Also, Rubroek, located directly north of the city centre, joined them as a questions mark. South of the river, the move of Carnisse and Bloemhof to a question mark position is interesting, as the south part of Rotterdam has had and still has to cope with a negative image. Value increases in these
neighbourhoods have been above the city average for three consecutive years since 2003, and in 2005 some other neighbourhoods joined Carnisse and Bloemhof as question marks. Regarding the recent additions to the question mark portfolio, it remains to be seen whether this is really a sign of the beginning of an upgrading process, similar to those seen in the Amsterdam portfolio.

5.5 Comparing the portfolios of Amsterdam and Rotterdam

Comparing the Rotterdam portfolio with the Amsterdam portfolio yields a number of interesting differences (despite the fact that the portfolio maps of Rotterdam are available only from 1991). One of the most striking differences is the little dynamics of the neighbourhoods’ shifting positions in Rotterdam. In fact, the general pattern of the Rotterdam portfolio of 1991 (or 1992, which shows more neighbourhoods) does not differ all that much from the recent pattern of 2005 (Figure 5.4). For instance, there is no ‘inside-out’ switching of positions as described above for the Amsterdam portfolio. Furthermore, the overall dispersion of stars, cash cows, dogs and question marks is more fragmented in Rotterdam. The current pattern in Amsterdam is characterised by a strong hierarchy running outwards from the centre. Moving away from the centre of Amsterdam, property prices and the position of neighbourhoods generally decrease. Only the villages within municipal borders and suburban neighbourhoods at the very fringe maintain a stronger position and deviate from this pattern.

Yet even though Rotterdam does not appear to share an equally recognisable pattern and looks more like a patchwork, there are some similarities. Despite spending some years as a dog, the Rotterdam city centre and the more suburban areas perform strongly. Subsequently, both in Amsterdam and Rotterdam the dogs can be found mainly in the early post-war parts of the city. The crucial difference between Amsterdam and Rotterdam is the position of the 19th century and pre-war neighbourhoods. Whereas in Amsterdam the majority of these neighbourhoods have seen substantial upgrading, mostly during the 1990s, there are little of such developments in similar neighbourhoods in Rotterdam. As a result, the current pattern of Rotterdam somewhat resembles Amsterdam at the end of the 1970s and beginning of the 1980s: a strong city centre surrounded by weaker pre-war neighbourhoods. The differences between the two cities are also evident when comparing their portfolios and individual neighbourhoods in a scatter plot that demonstrates the difference in property values in absolute terms (see Figure 5.3).

In this figure, property values of Amsterdam and Rotterdam and their value increase are set off against each other. It is clear to see that property values (per m²) are significantly higher in Amsterdam. Whereas the neighbourhoods of Rotterdam are dispersed fairly evenly around the national average, even the weakest neighbourhoods in Amsterdam are near this national average. This obviously does not mean that the average Dutch neighbourhood is in the same state as the weakest Amsterdam neighbourhoods. Nor does it mean that Rotterdam neighbourhoods on the left side of their Amsterdam counterparts in Figure 5.5 are in a worse state. The average transaction values per m² are first and foremost an indication of the neighbourhoods’ relative positions within their city; the corresponding different regional housing markets largely account for this significant difference between the two cities. The housing
market of Rotterdam and its surrounding region is relatively relaxed, in stark contrast to the much higher tension on the market in the Amsterdam region (see for instance Aalbers, 2003).²

**Figure 5.5: The 2005 portfolios of Amsterdam and Rotterdam compared**

![Graph showing average transaction values per m² 2001-2005 for Amsterdam and Rotterdam neighborhoods compared to Dutch average.]

The next sections will describe the application of the portfolio approach in eight cases. The first five workshops were held in Amsterdam, the sixth one focused on the Amsterdam region, and the last two in Rotterdam. The case descriptions are based on reports made by the author, in some cases with help from minutes made by others organising the workshops. The workshops are presented in chronological order and summarised chronologically as much as possible.

### 5.6 Workshops no. 1a & 1b: Holendrecht³

The area of Holendrecht was selected as the first test case for the portfolio approach. Holendrecht is located in Amsterdam Zuidoost (Southeast). The area looked at in the workshop consists of two major areas, divided by the metro station and railway line (Figure 5.6). A residential neighbourhood, made up mostly of apartments built in the late the 1970s, is located on the east side of the tracks. On the west side is a commercial area hosting offices and the large academic hospital (AMC).

Holendrecht was selected as a case in 2003, during a period of ongoing reconstruction talks that looked at revitalising the west and east side separately, as well as

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² Some of the reasons behind this difference, such as the different urban economies and spatial structure, can be found later in this chapter, in the summary of the Gentrification workshops in Rotterdam.

³ The workshops took place on the 17 December, 2003 and 18 March, 2004 respectively.
the whole area. DRO in cooperation with the university organised a workshop and invited a group of stakeholders which already regularly deliberated about possible interventions. The group consisted of representatives of the municipality (the planning department, the borough, and the development agency), some private developers, housing associations, and the nearby hospital. At the time, DRO had already made initial urban designs, but there was no consensus about these among the stakeholders.

**Figure 5.6: Holendrecht**

Another reason that the area seemed a useful test case was that there were uncertainties about the opportunities brought by several recent developments in the area, such as the possibility of a new railway station, further development of the west side into an office area, and the refurbishing of the metro station. It was decided that DRO and university would apply the portfolio approach by organising a workshop in order to hopefully kick start discussion among the stakeholders. In total nine people attended the workshop from the various stakeholder groups (Table 5.2).

**Table 5.2: Representatives of different stakeholders in the workshops**

<table>
<thead>
<tr>
<th>Representatives</th>
<th>Workshop no. 1</th>
<th>Workshop no. 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning department</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Other municipal agencies: city borough, development agency, infrastructure agency.</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Housing associations</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Private developers and investors</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Nearby hospital</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

The first workshop started by introducing the portfolio maps of Amsterdam. Initially, the position of Holendrecht was concealed; the goal was to confront the participants with this new knowledge after they had a chance to share their own views. This was followed by an analysis of trends, which produced a discussion regarding the potential
goals for the area. The second workshop continued by further elaborating and specifying these goals into possible strategies.

State of the portfolio instrument
At the time of this first workshop, the portfolio idea had just been developed. Neighbourhood positions, both residential and commercial, were identified by looking at current real estate valuations (not the actual values) and setting these off against the neighbourhoods’ opportunities for development, which were identified as the (not weighted) mean of four indicators. These were derived from earlier interviews with private investors (see Chapter Six). This resulted in two portfolio maps for Amsterdam: a residential and a commercial portfolio.

At this stage of the research, the portfolio tool used other categories than the original Growth-share matrix; neighbourhoods were not identified as stars, cash cows, dogs, and question marks. Instead, different names were used: strong, weak, talented, and vulnerable. How the portfolio instrument evolved from this first type to the most recent version is described in more detail at the beginning of Chapter Six.

Introduction of portfolio maps
Introduction of the portfolio approach raised some minor questions about which area exactly was going to be considered when speaking of Holendrecht, and whether competition with other neighbourhoods was part of the model. When the portfolio maps of Amsterdam were presented, the positions of the Holendrecht area were concealed on purpose. The goal was to allow for everyone to express his or her perceptions of Holendrecht’s position without being ‘steered’ by the tool, and to discuss the similarities and differences of opinion between the participants themselves and the instrument. This resulted in the pattern depicted in Figure 5.7.

Figure 5.7: Perceived positions of Holendrecht: every dot represents a participant’s perception

The position of the area, as identified by the portfolio tool was added later to generate discussion. In the maps, the residential side of Holendrecht, like most of the surrounding area, appeared as a weak neighbourhood. As there were no residential functions the other side of the metro line, this area remained blank. However, in the map
of commercial uses that detailed the locations of offices and the academic hospital, this area appeared strong (Figure 5.8).

**Figure 5.8: Neighbourhood positions of Holendrecht for residential and commercial use**

When discussing the participants perceptions as displayed in figure 5.6, it turned out that some of the different positions in the matrix – particularly with regard to the opportunities and also for the current value – were the result of differences in interpretation of the scheme, while others related to different opinions about the condition of the area. In terms of the latter, the high assessed scores on opportunities for the residential area by some participants were attributed to the good accessibility of the area, the amount of green space and the quality of the urban morphology. Others had a less optimistic view of the opportunities, emphasising the poor reputation of Holendrecht and Zuidoost as a residential area in general. With respect to Holendrecht’s commercial potential, its position was assessed a bit better, due mostly to its good accessibility by car and metro.

**Analysis of trends and developments**
The aim of this step was to find out how trends and developments in and around the area could influence Holendrecht’s position. The participants were divided in two groups. The first group was to assess the influence of a number of given trends based on an inventory made before the workshop and potentially to uncover additional trends. The second group, the control group, made their own inventory and analysis of trends. After approximately thirty minutes, the groups presented their findings and discussed them in the plenary session. For the residential area, the list of trends appeared to show a net positive result. Nevertheless, according to the first group, the problematic reputation of the area would still be a dominant negative factor. The second group, based on their own inventory, found that despite some positive developments the area was likely to decline or is already declining. Already this raised some
discussions about interventions, such as improving the social ‘micro-climate’ of the housing, which could potentially provide a better living environment.

The position of the commercial area was assessed as more stable and less problematic. The largest identified problems were the shortage of parking space and the threat of competing office sites elsewhere in the city taking over existing or potential Holendrecht clients. On the other hand, the planned new railway station and the growing population of new town of Almere were seen as opportunities. The inventory of trends was then presented in the matrix depicted in Figure 5.9, in order to distinguish between autonomous trends and plans, both inside and outside the area.

**Figure 5.9: Identification of trends and developments in and around Holendrecht**

(Translated by author)

<table>
<thead>
<tr>
<th>Internal trends &amp; developments</th>
<th>Internal interventions to come</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Expansion of the hospital</td>
<td></td>
</tr>
<tr>
<td>+ Plans for refurbishing the metro station</td>
<td></td>
</tr>
<tr>
<td>+ Moving and rebuilding a small shopping centre</td>
<td></td>
</tr>
<tr>
<td>+ Office development at hand</td>
<td></td>
</tr>
<tr>
<td>+ Improving local schools</td>
<td></td>
</tr>
<tr>
<td>- Physical decay of the neighbourhhod</td>
<td></td>
</tr>
<tr>
<td>- Ageing of local population, increasing the mismatch between inhabitants and local services</td>
<td></td>
</tr>
<tr>
<td>- Vacancy of office buildings</td>
<td></td>
</tr>
<tr>
<td>- Shortage of parking space at offices</td>
<td></td>
</tr>
<tr>
<td>- Expected noise pollution of upgraded motor way</td>
<td></td>
</tr>
<tr>
<td>- Increasing accommodation of lower income households</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External trends &amp; developments</th>
<th>External interventions to come</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Demand for houses with care facilities</td>
<td></td>
</tr>
<tr>
<td>+ Increasing of labour pool due to population growth in the catchment area</td>
<td></td>
</tr>
<tr>
<td>- Competition for investments with comparable areas</td>
<td></td>
</tr>
<tr>
<td>- Opacity of public policies</td>
<td></td>
</tr>
<tr>
<td>+ Possible coming of a railway station</td>
<td></td>
</tr>
<tr>
<td>+ Increasing accessibility with upgrading of adjacent motorway</td>
<td></td>
</tr>
</tbody>
</table>

**Ambitions**

The analysis revealed that the ongoing development of the commercial part of Holendrecht would not pose a challenge (unlike the weaker residential part of the area). Even though additional development of the area (expansion of the hospital and the realisation of new office space) did raise some concerns about the quality of these developments, the main challenge was believed to be improving the residential part of the areas on the other side of the railroad. The main discussion focused on the dilemma whether to improve the situation for the current inhabitants of the east side of Holendrecht or to attract other groups to Holendrecht instead. In the first case, as advocated by the housing association’s representative, interventions should consist of
targeted improvements of the housing stock, public space, and services. The majority of participants, however, felt that the potential of being located near the metro (and possibly the railway) station should be fully captured: not just for slight improvements, the area should be transformed by increasing densities, mixed use development and adding other types of housing to the area: ‘Why shouldn’t we try to attract new groups to Holendrecht?’

As at this point there was no time left to continue this discussion and the accompanying strategies, it was decided to continue it in a second workshop, which was held three months later.

Strategies
The second workshop started with a recapitulation of the previous discussions. The first question that emerged was whether to focus on improvement for the current inhabitants, which would mean improvements within the existing situation, or on trying to attract new groups, which would imply more structural changes to the neighbourhood. These two options were discussed and elaborated in strategies in two working groups, one focused on consolidating the area while the other focused on change.

The first group concluded that full integration of the two parts of Holendrecht, which had been discussed earlier, was not as logical or useful as it first appeared. Most participants did not consider this as a feasible way to connect the two sides. The two sides (which were in fact considered as three areas – the residential part, offices, and the medical cluster) were believed to have their own unique dynamics. Since these converge at the station, the group agreed that there, a new centre could accommodate different complementary functions serving the people living, visiting, and working in the area. This meant that a new (shopping) centre should be realised at the station. But apart from this improvement, considering the perspective of consolidation, only relatively small interventions should be undertaken: minor improvements to the housing stock, and limited development of new housing.

The second working group, with structural change as the central perspective, looked primarily at the expansion of the hospital, affiliated business, and the office space. The metro station should meet the demand for new services due to this expansion. Introducing residential uses on the west side would probably be difficult, but there may be opportunities for ‘home-care’ combinations in the medical cluster. On the residential side, the housing stock should be diversified by developing apartments in higher densities than currently present.

Surprisingly, when the groups presented their findings, it turned out that despite the different perspectives, the groups’ strategies for a first stage of the development process did not differ very much. Both initially focussed on increasing densities and redeveloping the centre, with the west side developing quicker than the residential side of Holendrecht, where it was felt that more caution was needed. This was interesting, as it revealed consensus about an initial strategy that could be used as a framework. Crucially, this strategy was sufficiently robust and flexible to serve as the base for a continuous planning process. It allowed for short-term action, without the immediate need to decide upon more long term interventions that hitherto had impeded the process because of the different opinions, interests, and uncertainties associated. ‘We’re finally discussing content’, as remarked by a participant.
Conclusions
The first workshops were initially meant as test cases for the portfolio approach, and to relatively lesser extent as serious efforts to contribute to addressing the planning challenges. In this case however, the portfolio approach provided a framework for substantive discussion that allowed for substantial progress. The approach contributed to formulating possible, realistic ambitions for Holendrecht and this led to the surprising agreement on a basic strategy that could be used without deciding on detailed interventions. In the words of one of the participants: ‘We have been talking for two years with this group, and now we are finally making progress’.

After the workshop, in April 2004, the consensus that was reached provided a basis for assigning a project manager, who could work on the development of a set of more concrete design requirements. This resulted in a strategic plan in May 2005, which in turn led to more concrete plans.4

One should be careful when making statements about the extent to which this progress can be attributed (solely) to the portfolio approach. Another type of meeting or workshop focussing on the substantive issues in Holendrecht rather than competencies and authorities of stakeholders, might have had a similar effect. It seems that the workshops provided room for a much needed discussions on the content: what first seemed like a complex dispute, how to develop the area around the metro station, was resolved fairly quickly and easily. It seems that the structure of the workshop was very important, i.e. first discussing and analysing Holendrecht’s current position, then analysing trends and opportunities, followed by a discussion of possible ambitions and strategies. As a whole, the portfolio approach might be seen as a sufficient intervention, with some procedural aspects of it, such as the informal and substantive nature of the discussions and the structure of the workshops, as necessary elements.

5.7 Workshop no. 2: Chassébuurt5

The Chassébuurt, the second case study/test, is located in the borough of ‘De Baarsjes’, directly west of the Kostverlorenvaart which separates it from the 19th century areas. The neighbourhood was built largely in the 1920s, originally consisting mainly of social housing built in ‘Amsterdamse School’ style.

The Chassébuurt was selected because the area experienced rapid changes, however without a clear image in which direction. There were signs of upgrading and increasing popularity, while at the same time the neighbourhood was portrayed as problematic in the media. By discussing the strategic position of the area through the portfolio approach the workshop aimed to generate a better view of the opportunities and threats. A relatively small workshop was organised, consisting of seven people representing the local borough, a housing association, a private developer, a consultant, and the planning department. The steps were similar to those in the Holendrecht case. First, the portfolio concept and maps were introduced, with a concealed position of the Chassébuurt. The positions as perceived by the participants were consequently confronted with those in the portfolio maps, followed by discussion and analysis in

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4 The information presented is based on personal communication with the project secretary
5 The workshop took place on 27 May, 2004.
two groups. In the end, there was a discussion regarding goals and ambitions for the area.

**Figure 5.10: Perceived positions of the Chassébuurt as shared by the participants**

![Diagram showing positions]

**Input of explicit information**

Similar to the Holendrecht workshop, the neighbourhoods’ positions were identified by looking at real estate valuations and the combined indicator for opportunities, which produced map of the strong, weak, talented, and vulnerable neighbourhoods (both for residential as well as commercial). The position of the Chassébuurt was however not immediately shown in the workshop; the participants were then asked to show where in the portfolio they would locate the area (the scheme of Figure 5.10).

After this, the facilitators revealed the position of the area as measured in the portfolio approach; in residential terms the Chassébuurt appeared as partly talented and partly weak. The scatter plot showed that the two neighbourhoods that make up the Chassébuurt are near each other, with the southern part just under the city average.

For commercial uses, the Chassébuurt appeared significantly less attractive. The area was identified as weak, among the least expensive and attractive, also the case for the surrounding neighbourhoods (see Figure 5.11).

It appeared that the participants’ view of the residential neighbourhood did not differ very much from the model’s position, although some did estimate higher property values for the area. The reasons for this still under average position on the horizontal axis are the overrepresentation of low-income groups, i.e. elderly people who have lived in the neighbourhood for a long time and immigrants. The high opportunities, on the other hand, were attributed to the proximity of the city centre and the fact that the neighbourhoods in Oud-West also had been upgrading (as indicated by the portfolio maps). However, upgrading the Chassébuurt was believed to be a bit more difficult, as its housing blocks, in contrast to Oud-West, consist of larger ensembles. These are harder to buy, renovate, and adapt for individual use; i.e. there is less flexibility. On the other hand, it was observed that the houses in the Chassébuurt were larger and often of better quality.

Another observation involved the differences within the neighbourhood itself. In general, the quality of housing and public space and the diversity were
thought to be higher along the edges of the neighbourhood. These parts started to attract new, more affluent groups, as opposed to the poorer quality on the ‘inside’ of the neighbourhood.

**Figure 5.11: Position of the Chassebuurt for residential and commercial use**

As for commercial uses, the perception was more optimistic than the portfolio tool presented, but still estimated as rather weak. Remarks were made, however, about how different types of commercial uses would have different positions in the portfolio. The neighbourhood was clearly not deemed suitable for larger office buildings, also due to its poor accessibility by car. For small start-ups on the other hand, the area might become quite attractive.

*Analysis of trends and developments*

As in Holendrecht, the Chassébuurt was considered as a neighbourhood in transition, subject to various developments, which should be further analysed for their possible
influence. These were analysed in two groups, one group with and one without a number of given trends and developments, which resulted in the lists in Table 5.3.

_Ambitions_
Based on the analysis, it seemed that the Chassébuurt could develop in different directions. The area might remain more or less the same for some time, but participants agreed that a process of gentrification was more likely. It was discussed to what extent this process should be accommodated and stimulated. Participants were then asked what other neighbourhoods could be possible ‘role models’; the answers included ‘the Diamantbuurt in de Pijp, but more diverse’, or the Hoofddorppleinbuurt, both in the south. Based on these examples, it appeared that most of the participants saw the future development of Chassébuurt as a lively and diverse but not completely gentrified neighbourhood.

_Strategies_
As in the Holendrecht case, there was no time left to discuss the strategies that ensued from the analysis, e.g. how to achieve a desired balance between gentrification and diversity. The plan was to organise a second workshop; unfortunately, several attempts to bring together the same group of people failed and eventually the momentum for organising a second workshop was lost.

_Conclusions_
The portfolio maps provided explicit information about the position of the Chassébuurt, which was used for further analysis of the area and the reasons for this development. This was an open discussion: for example, participants felt free to make politically less correct statements about where to invest and why.

The participants were interested and there were positive reactions about the approach. It seemed that some valuable insights were gained about the neighbourhood’s position, influential trends, and possible ambitions. Despite such insights, it did not lead to any commitments among participants, primarily due to lack of urgency. Unlike the workshop in Holendrecht, the Chassébuurt workshop did not connect to an existing, ongoing process. Nor was there a direct cause for the workshop, other than the fact that Chassébuurt is a dynamic neighbourhood that is change, which made it an interesting test case. This probably explains why there was no second workshop.
### Table 5.3: Listing trends in and around the Chassébuurt (author’s translation)

<table>
<thead>
<tr>
<th>Outside of the Chassébuurt &amp; autonomous</th>
<th>Interventions outside of the Chassébuurt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mentioned by participants</strong></td>
<td><strong>Mentioned by participants</strong></td>
</tr>
<tr>
<td>Intra-city migration of ethnic groups may have positive (ethnich mix) and negative (moving out of immigrant middle class) effects: +/-</td>
<td>Recent political attention for the area. It implies a sense of urgency that may generate public investments, but it may also scare off private investors: +/-</td>
</tr>
<tr>
<td>Yuppies with children from elsewhere may look for larger houses in the Chassébuurt: +</td>
<td>Urban renewal elsewhere has both a complementary as a competitive effect: +/-</td>
</tr>
<tr>
<td>Large demand for middle-class housing within the ring road: +</td>
<td>Competition from urban renewal of post-war neighbourhoods in Amsterdam West: -</td>
</tr>
<tr>
<td>Aging: the Chassébuurt might become a popular neighbourhood for seniors with urban life styles: +</td>
<td>Cutbacks in urban renewal here or elsewhere can have both positive as negative effect: +/-</td>
</tr>
<tr>
<td>Temporary halt to building offices creates opportunities for Chassébuurt, but this is a negative trend in the long term: +/-</td>
<td>Inflexibility of the allocation system for social housing impedes mixing of income-groups: -</td>
</tr>
<tr>
<td><strong>Given by workshop organisers</strong></td>
<td><strong>Given by workshop organisers</strong></td>
</tr>
<tr>
<td>Steady upgrading of neighbourhoods from the city centre outwards: when is the Chassébuurt due for upgrading?</td>
<td>Cutbacks on urban renewal</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Within the Chassébuurt &amp; autonomous</th>
<th>Interventions within the Chassébuurt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mentioned by participants</strong></td>
<td><strong>Mentioned by participants</strong></td>
</tr>
<tr>
<td>Continuous inflow of middle class groups: +</td>
<td>Continuous inflow of middle class groups: +</td>
</tr>
<tr>
<td>Within the neighbourhood the reputation is deteriorating, but outside it is improving: +/-</td>
<td>Within the neighbourhood the reputation is deteriorating, but outside it is improving: +/-</td>
</tr>
<tr>
<td>Realisation of a large new mosque will improve the reputation of the area, other participants believe exactly the opposite: +/-</td>
<td>Realisation of a large new mosque will improve the reputation of the area, other participants believe exactly the opposite: +/-</td>
</tr>
<tr>
<td>Renovation of Edelsmedenschool as a place for cultural activities: +</td>
<td>Renovation of Edelsmedenschool as a place for cultural activities: +</td>
</tr>
<tr>
<td>Construction of a parking garage: +</td>
<td>Construction of a parking garage: +</td>
</tr>
<tr>
<td><strong>Given by workshop organisers</strong></td>
<td><strong>Given by workshop organisers</strong></td>
</tr>
<tr>
<td>Construction of upmarket houses which attracts new groups</td>
<td>Construction of upmarket houses which attracts new groups</td>
</tr>
<tr>
<td>Improvements to public space</td>
<td>Improvements to public space</td>
</tr>
<tr>
<td>Increasing feeling of danger</td>
<td>Increasing feeling of danger</td>
</tr>
<tr>
<td>Decreasing amount of cars in the neighbourhood due to changing traffic flow on a higher scale</td>
<td>Decreasing amount of cars in the neighbourhood due to changing traffic flow on a higher scale</td>
</tr>
<tr>
<td>Increasing amount of 'less representative' shops at the cost of 'better shops'</td>
<td>Increasing amount of 'less representative' shops at the cost of 'better shops'</td>
</tr>
<tr>
<td>Increasing number of activities for children</td>
<td>Increasing number of activities for children</td>
</tr>
<tr>
<td>Mosque: whether assessed positively or negatively depends on group</td>
<td>Mosque: whether assessed positively or negatively depends on group</td>
</tr>
<tr>
<td>Other renovation projects</td>
<td>Other renovation projects</td>
</tr>
</tbody>
</table>
5.8 Workshop no. 3: The Creative/Knowledge City

This workshop was the first that did not focus on one particular neighbourhood, but that looked at the whole city. Instead of looking at whether and how to intervene in a single area, discussion was focussed more on where to intervene in the urban portfolio.

The background of the workshop was the expressed interest in Amsterdam about the idea of the ‘creative city’, or the ‘knowledge city’. This idea had taken root thanks to a presentation held by Richard Florida - known for *The Rise of the Creative Class* (2002) - to local politicians in Amsterdam. Without going into detail, the idea was that the city should try to attract and accommodate the creative workforce, deemed necessary for competing in the international, post-industrial economy. The planning department, however, did not really have a clear idea about the spatial implications of this strategy. A small workshop was organised, in which the portfolio approach was utilised to provide more insight into which areas in the city did (or could) contribute to the idea of the knowledge city. The workshop was attended mostly by municipal agencies (from the planning department, the development agency and the project management agency), but also a private developer and the chamber of commerce were represented. The workshop started (after introducing the portfolio concept and maps) by discussing the spatial implications of the creative knowledge city idea and subsequently analysed where to locate opportunities. This was then further related to the neighbourhoods’ positions in the portfolio, finally producing possible strategies.

**Figure 5.12:** Mean values of four indicators of attractiveness for investment for residential (left) and commercial use (right)

*Input of explicit information*

In this workshop, neighbourhood positions in the portfolio were identified in the same manner as in the previous two workshops. Added to the portfolio maps, however, were maps that indicated the opportunities for development by looking at four characteristics (Figure 5.12).

Apart from the portfolio maps, some of the conclusions from a municipal report were used as input for discussion. The report argued that the city had a good

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6 The workshop was held on 3 September, 2004.
starting position with respect to the knowledge economy: it has a variety of strongly represented sectors (such as logistics and distribution, finance and commercial services, ICT, media, design, culture, and tourism), a high proportion of young and well-educated people, and a climate of diversity and tolerance. The main problem, however, was considered to be the lack of dynamics in the housing market; finding qualitative, or any housing is difficult for various groups.

**Analysis**
The conclusion from the report generated discussion about the extent to which policies aimed at realising attractive neighbourhoods come at the expense of affordable housing and vice versa. Ideally, to attract a young, educated workforce, the city would require attractive yet affordable living environments. Particularly 19th century neighbourhoods were considered perfect for this target group, as well as offering good locations for start-ups. However, currently most of these neighbourhoods in Amsterdam could not be considered affordable anymore.

**Opportunities for accommodating the knowledge city: residential**
When discussing where opportunities for accommodating the ‘creative’ groups and businesses could be accommodated, the point was made that a distinction should be made between so-called ‘potentials’, young people with high education but relatively low income, and the ‘arrivés’, individuals with high education and high income. While the first group looks for qualitative but principally affordable housing or premises to start a business, the latter group can afford more expensive living or working environments.

Regarding the ‘potentials’, the urban atmosphere of the centre and the surrounding neighbourhoods were deemed very suitable. However, whereas up to the beginning of the 1990s the expensive city centre was surrounded by more affordable neighbourhoods, a steady process of gentrification – starting in de Pijp and spreading in an eastern and western direction – meant rising property values in most of these neighbourhoods too. It was therefore believed that opportunities should be sought in adjacent, still affordable areas that are still within the vicinity of the centre: parts of Bos en Lommer, Watergraafsmeer, the Spaarndammerbuurt and Houthavens, the Indische buurt, and Zeeburgereiland. Due to the distance to the centre, Amsterdam-Noord and IJburg were seen as having less potential. Similarly, the ring road was regarded as an important spatial and psychological barrier.

As for the arrivés, there was much less discussion, as accommodating housing for them was considered less of a challenge. There was a broad consensus that the well-known (to the participants) southern ‘wedge’, stretching from the centre to Amstelveen, had always been and would remain the most important residential location for this target group (if they seek an urban life style). The development of the Zuidas might offer another, new type of living and working environment for this group. Those with a more ‘rural’ preference could find adequate housing opportunities elsewhere in the region.

**Opportunities for business**
With respect to working environment, apart from the distinction between the potentials versus the arrivés, the participants wished to make another distinction, that be-
tween small-scale and large-scale. It was agreed that finding small premises for potentials involved the same problems as finding affordable housing, namely the difficult relationship between affordability and attractiveness. One of the suggestions for addressing this problem was to make it easier for people to work at home, both in physical and legal terms. Then, when small businesses grow and require larger accommodations, they should be able to find room in the city, without immediately having to move into the western harbour area. Opportunities could be found along the ring road, in Watergraafsmeer, Overamstel, and possibly at the edges of the Zuidas.

As for the well established businesses, both small and large, finding adequate space turned out to be much less of a problem. Small-scale businesses are able to find room for instance around the academic hospital, the science centre in Watergraafsmeer, and directly north of the IJ. For larger offices, there was still believed to be sufficient space available at Sloterdijk, at the Zuidas, and in Zuidoost.

Strategies
Based on the previous analysis, participants were asked to discuss what this analysis meant in terms of strategies from a portfolio perspective. What could be the strategies for strong, weak, talented or vulnerable neighbourhoods?

The existence of strong neighbourhoods would normally be perceived as a plus. However, from the perspective of accommodating the so-called potentials, the lack of affordability was seen as a problem.

One of the participants put this very directly: ‘Some of the marginal areas may be tomorrow’s talented areas’. Therefore, if one wants to stimulate such a process, one should look for ‘islands of potential’ in those neighbourhoods, invest there and possibly stimulate an oil-stain like development from there. Examples of such islands might be interesting cafes or restaurants, possibly with an attractive ethnic ‘flavour’.

In talented neighbourhoods, where private investments may be expected, it was found that local government should try to steer developments in line with its ambitions. For some areas this would imply upgrading towards a strong position, while for others the perspective of the creative knowledge city would suggest otherwise. Instead of trying to guide these areas towards a strong position, it may very well be desirable to keep the neighbourhoods accessible, for instance by ‘artificially’ maintaining property values at a relatively low level. Areas mentioned earlier such as Bos en Lommer or the Indische buurt might be good candidates for this approach.

Finally, some of the vulnerable areas may be prone to fall to a weak position. This is a process local government usually try to avoid. Some of the participants believed that ‘leaving some areas alone for a while’ might be an interesting opportunity for starting a new cycle, even though they did not expect this to be enacted into policy, considering the planning tradition of the Netherlands.

Conclusions
This was the first workshop that took a portfolio perspective instead of a single neighbourhood. As such, it generated new ideas about where, how and why to invest in some areas, particularly focusing on the goal of developing the creative or knowledge city.
As in the previous two cases, the aim of the workshop was primarily to test the portfolio approach. It did not appear that urgent to find spatial opportunities for the creative/knowledge city, and there was no existing network of people who met on a regular base (contrary to the situation in Holendrecht for instance).

The central notion found in the analysis was that affordable yet attractive areas are scarce (the core of the population target groups in the creative city). Often the portfolio approach requires emphasising that not every neighbourhood can or should be a star or a cash cow, and that increasing property values should not be seen as an end in itself. This analysis, however, pointed to the opposite, i.e. that there was a sufficient number of stars and cash cows where the well established groups and businesses could locate. Finding space for these residents, albeit being important as well, was thought to be a relatively minor problem. Rather, the analysis revealed the need for affordable neighbourhoods and demonstrated the need, and the ambition, to strive for a balanced portfolio. The ensuing strategies were then discussed for each of the four types of neighbourhoods. Interestingly, the discussion largely proceeded the way it was planned while preparing the workshop, without needing much intervention to steer discussion in the preferred direction. There seemed to be a natural flow from analysis to discussing opportunities to strategies. A discussion of the potential ambitions, however, remained more implicit in both the analysis and the strategies. But in fact the ambition was quite clear: to find neighbourhoods with affordable accommodation and possible strategies for coping with this.

The explicit information used in the workshop consisted of a portfolio map for residential land use, one for offices and one for (industrial/manufacturing) businesses. All three combined with a map showing the score on opportunities as measured at the time of the workshop. Even though, the residential maps elicited some criticism that it might be better to use transaction values instead of the real estate valuations; they were still seen as convincing patterns. The participants referred to them several times in the discussions, which allowed for the integration of explicit and tacit knowledge. The maps for offices and business received more serious criticism, because they did not offer a distinction between large and small offices and businesses. It was argued that both for offices and industrial/manufacturing business, property values (and valuations) of smaller premises would show patterns different from the larger premises. Therefore the portfolio maps that combined these two were not regarded as realistic or very useful images. Considering the topic of the workshop and the difference between start-ups and more established companies (the former seeking mostly smaller accommodations, while the latter need larger premises), this was a serious problem. As a result, the analysis of neighbourhood positions in terms of offices and buildings was based more on tacit information, with the portfolio maps left somewhat aside. For the residential areas, the portfolio maps featured prominently in the discussions.

5.9 Workshop no. 4: ’50,000 houses’

The previous workshop already demonstrated that the attraction of Amsterdam’s urban economy has some downsides as well. The young educated workforce has

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7 The workshop was conducted on 17 May, 2005.
problems finding affordable housing, which is being addressed through the construction of new housing (between 2010 and 2030, 50,000 new housing units are planned in Amsterdam. This number is the result of regional negotiations between municipalities, which together committed themselves to realising 150,000 new houses. For several years however, finding room to build these houses has proved to be difficult. In order to accelerate construction, the city established a special agency to coordinate and increase the pace of development, the Bureau Woningbouwregie.

The municipal spatial structural plan provided general perspectives about which areas will be developed or restructured in the long term; however, the locations where these 50,000 houses should be built were not completely clear. In terms of accelerating construction, it would be useful to have more insight into which areas would be relatively easy to develop, by simply allowing ‘the market to do its work’, and which areas require more public support.

A portfolio workshop was put together to discuss these types of questions. The thirteen participants represented the planning department (4 persons), various municipal agencies (5 persons), a housing association (2), and two private developers. The workshop consisted of discussions about the general patterns of the Amsterdam portfolio, ongoing and expected trends and developments, general ambitions, and strategies.

**Figure 5.13: Property values per m² in 2003 and their rate of increase from 1999 to 2003**

**Input**

In this workshop, the portfolio positions were identified differently from the previous workshops. Instead of looking at opportunities as a combined variable made up of the characteristics of the four neighbourhoods, now the increase rates of property valuations were used. The result was a portfolio map showing property values and their rate of increase over the course of four years (Figure 5.13 and 5.14). In addition, instead of using strong, weak, vulnerable and talented to identify neighbourhood positions, the terms stars, dogs, cash cows, and question marks were used again. The motives for these changes are described in first sections of Chapter Six.
Discussion of the portfolio maps
There were some reactions of surprise when the portfolio maps were introduced. For example, the position of Buitenveldert as a dog did not correspond with the stable, quiet and stately image of this area. Secondly, the appearance of some question marks in the east of the city was perceived as interesting. It was related to the emergence of new cafes and restaurants, which ‘advanced’ from already gentrified areas. Finally, there was the somewhat ‘disappointed’ conclusion that despite all the efforts put into developing the south east of the city, this did not result in higher property values. Others remarked, however, that increasing values may take a bit longer to emerge and questioned whether value increases in this area should be a goal in the first place.

Figure 5.14: The residential portfolio for Amsterdam in 2003

Analysis
A number of trends and developments were analysed for their effects on Amsterdam neighbourhoods, the most important of which are mentioned above. Like the previous workshops, this took place in two groups. First, there is the regionalisation of the housing market to consider: in particular neighbourhoods on the fringes of Amsterdam increasingly have to compete with the surrounding suburban municipalities, such as Almere and Hoofddorp. For more central neighbourhoods this was thought to be much less the case. This is related to the continuous demand for living in central, urban environments. The fact that this demand still exceeds the supply was held respon-
sible for the oil-stain-like pattern of outward upgrading. But how far from the centre can this development spread outwards? Some of the participants felt that the maximum coverage of this development corresponds to the area one can reasonably reach by bicycle from the centre. In any case, if the goal is to facilitate this demand (the question remains whether this is always desirable), some ‘barriers’ may have to be removed: parts of the social housing stock can be sold and dwellings can be enlarged by merging them.

Further, the ageing of the population is expected to affect the demand for living in urban neighbourhoods; but there was no agreement about whether the increasing number of older people will result in less or more demand for housing premises in these areas. Meanwhile, many families are still leaving the city, as increasing house prices make large houses with gardens very expensive. It raised the issue whether and how this should be anticipated: for example, by building houses with gardens or trying to fulfil this need in a more urban manner.

Another often mentioned issue was the role of infrastructure. Although some statistical tests demonstrated little correlation between accessibility by public transport and property prices in Amsterdam, the new metro line to Noord was expected by most participants to have a crucial effect on the development of this part of the city and improve its ‘distant’ image. Finally, the effect of image in general was seen as very important, but also difficult to influence/change. Sometimes poor reputations can turn around overnight or remain stubbornly poor for a long time.

Ambitions
Discussion first revolved around the purpose of the portfolio approach itself. Does the tool serve to demonstrate the financial or economical implications of public interventions with social, economic or spatial objectives; or does the tool inherently come with some sort of optimal investment strategy as well? It appeared that the former is the case. Despite the fact that there are different types of objectives, it was felt that there must be some kind of meta-strategy for creating a balanced urban portfolio. Most felt that the instrument was suitable for application on a micro-scale and short term; it could reconstruct how and why a neighbourhood developed. On a city-scale, the instrument was seen as a way for substantiating long term investments and also as a way to monitor the diversity of types of neighbourhoods.

In the next step of the workshop, three main ambitions from a general portfolio perspective were mentioned: to prevent neighbourhood decay, to provide a good living environment, and to accommodate those who keep the city running economically.

Strategies
Finding opportunities for realising 50,000 houses within the ring road was believed not to be very difficult in terms of economic opportunities. Although finding physical room can be difficult, the areas within the ring road were seen as having potential. Considering the pressures on the housing market (and the fact that they are surrounded by stars, cash cows and question marks) even most of the dogs were expected to upgrade sooner or later. Notwithstanding the remark that the areas within the ring road are not as easy to develop as it might appear (due to problems and costs of working in existing urban environments) strategies for developing these more cen-
tral areas would therefore be relatively simple when compared to dogs outside the ring road. This was seen as a completely different and more problematic area. It was therefore decided to focus the discussion (organised in two groups) on strategies for the more problematic areas: the more peripheral dogs.

Group one identified two types of dogs: those located along the ring road, either just within or outside of it, and those further away. Considering the identified oil-stain-like development of upgrading and gentrification, the first type of dogs has more potential. Some of the examples included the neighbourhoods between the western ring road and metro line, Buitenveldert, and the ‘Shell area’ directly north of the IJ. ‘Empty’ areas, such as abandoned industrial sites, also were seen as having similar potential. The other, more peripheral dogs required another strategy for upgrading, by the large scale introduction of new types of housing oriented at new groups, in order to create a ‘critical mass’. The strategy was to create ‘islands’ where a new urban environment may attract new groups, which would precipitate oil-stain-like developments, similar to those in the centre. At the same time, it was agreed that these kinds of investments should not be at the cost of investments aimed at providing the current inhabitants with opportunities to move up the housing ladder within their neighbourhood or to keep the area from falling into decay.

In the end, four types of strategies for dogs were produced. (1) Dogs well within the ring were expected to be able to develop on their own. Dogs along the ring road however have potential as well, which however will often require public initiatives first (2). The ‘peripheral’ dogs that have a special quality (3), such as being near the water or close to a large concentration of shops and services, provide the opportunity to generate a new type of environment, along with a hopefully improving reputation. Finally, in the dog areas with little opportunities (4), public interventions will be required to support and improve the quality of life for the current inhabitants.

The second group made a subdivision of dogs as well, according to the way that they should be developed spatially: either into more urban or more suburban environments. This implied that the first type should be developed in the more urban parts of the city; public transport nodes in particular provide opportunities for development. More suburban types of development should take place near the more rural areas. These suburban neighbourhoods could then be connected with the ‘critical mass of green space’. These more peripheral dogs could offer a diversified environment, and thus attract different groups: young people, families, and possibly those who regret leaving the city.

Similar to the first group, the discussion resulted in different strategies for different types of dog neighbourhoods. In the more remote dog areas, successful development should be realised by creating a critical mass that is able to provide a new product: e.g. large, flexible apartments. Important opportunities were identified in the quieter, greener areas at the fringes of the city, the edges of the central areas near the ring road, and the public transport nodes.

Conclusions
The discussions took place in an open atmosphere and stimulated the expression of different viewpoints. The portfolio maps mostly confirmed, but also contested some of the participants’ perceptions regarding the difference between Amsterdam neighbourhoods within and outside the ring road. The portfolio maps revealed some
dogs within the ring road, and, while the participants did not disagree with these positions, they still felt that sooner or later these neighbourhoods would upgrade relatively easily. Hence, it was decided to focus discussion on the more challenging dogs outside of the ring road. Further, another distinction between less and more attractive dogs was made, based on amenities as perceived by participants. These distinctions appeared during the workshop and thus could not have been made beforehand. The portfolio maps could only provide a general distinction of the neighbourhoods’ positions, explicit information that served as a common ground. By linking it with more tacit information, the opportunities for dog neighbourhoods were then further elaborated.

During the steps moving from analysis to opportunities to strategies, the link from analysis to ambitions appeared somewhat problematic. Mostly general statements were made, mostly uncontested (at least in the Amsterdam context). More concrete and contestable ambitions were shared for the dog neighbourhoods. The connection was made with the portfolio maps, rather than the trends and developments analysed earlier.

Although it was not the explicit aim of the workshop, the findings of the workshop did not lead to significant commitments on part of the participants. This appears to be related to the fact that the workshop was not an integral part of an existing project and thus remained an informal exercise.

Some notable substantive insights that emerged about neighbourhoods were the relative weak position of Buitenveldert, the question marks in the east, and the somewhat disappointing notion that the investments in Zuidoost had not (yet) produced the desired changes in position. The portfolio map demonstrated that most of the neighbourhoods within the ring road had good positions: stars, cash cows, and question marks. The few dogs there, due to the fact that they are surrounded by stronger areas, were seen as having more potential than dogs outside the ring road. This is why discussion of strategies focussed mostly on the latter. Collectively, the participants identified different types of dogs and the accompanying ideal type strategies.

5.10 Workshop no. 5: The Regional Portfolio

The city of Amsterdam is characterised by its hand shaped demarcation, with ‘fingers’ running to the north, east, south, and southeast. Even though it was not explicitly developed as such, this concept has been one of the most important guidelines for urban planning in Amsterdam on the urban scale. With the ongoing urbanisation of the Amsterdam city and region, the awareness came that the finger city concept may have to be adapted to this new situation. This led to a project named Stadsvorm (see Gieling, 2006), a study conducted by the planning department about the future form of Amsterdam and the region.

With the development of the portfolio approach taking place at the same time, it seemed useful and interesting to expand the portfolio approach to the regional scale. What would the regional portfolio of neighbourhoods look like? The problem for realising this mapping was a lack of data on property values from surrounding

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8 The workshop was organised on 27 June, 2005.
municipalities. Still, a workshop was organised, with the participation of civil servants from the planning department of Amsterdam and other municipalities, such as Zaanstad and Almere.

Analysis
After introducing the portfolio concept, all of the larger municipalities surrounding Amsterdam were discussed in two groups. Representatives from the concerning municipalities gave their rough estimates on the position of each neighbourhood, either as stars, cash cows, question marks, and dogs. These were then sketched on large maps, followed by a discussion on the reasons behind this pattern.

In the Haarlemmermeer, the main difference was found between the older neighbourhoods, consisting of ‘ribbon’ developments along old roads and waters, and the more recent large scale expansions. Both the suburban Amstelveen and Abcoude were considered parts of the Amsterdam housing market. As a suburb of Amsterdam they should probably be qualified as cash cows. Within the municipalities themselves, there would be a difference mostly between the pre-war and post-war areas: the former are stars or cash cows, while the latter are dogs.

When discussing Zaanstad, Purmerend, Almere, Hilversum and Bussum, the patterns largely appeared similar to the previous workshops. Pre-war neighbourhoods, closer to the centre, and the more rural parts further away were mostly expected to be cash cows (and sometimes stars). More recent expansions, ranging from apartment blocks built in the 1960s to single-family dwellings built in the 1990s, were usually considered relatively less attractive.

An important difference between the municipalities and neighbourhoods was also noted. It appeared that older, more fragmented parts of the city are more dynamic. Such fragmented areas, with their ‘raw edges’, leave room for interesting new developments, gentrification and changing land uses. Examples include neighbourhoods around the Zaan river in Zaanstad, and pre-war areas in Haarlem, as well as various parts of Amsterdam. In contrast, cities such as Hoofddorp, Purmerend, and Almere largely consist of urban expansions from the 1970s, 80s, and 90s. These larger, mono-functional chunks were considered less dynamic.

With respect to Amsterdam as a ‘finger city’, it was noted that the fingers appear to be among the great dog areas in the region: Nieuw West, Noord, and Zuidoost. This raised discussion about the success of the fingers and the spatial concept in general. However, Amstelveen and Zaanstad, which are also considered as ‘fingers’, are completely different. Amstelveen was generally perceived as a cash cow. So rather than a problem of the finger city, the dog positions of Nieuw West, Noord, and Zuidoost were attributed to the general unpopularity of early post-war neighbourhoods.

The issue that emerged was that these three large dogs (together with Schalk- wijk, a large scale early post-war area in the west of Haarlem) result in what could be called four large ‘dog cities’. Is this desirable? Because it was suggested that on a regional level this appears to be almost an ‘inversed donut city region’: the strong centre of Amsterdam, surrounded by large dog areas, followed by the stronger cities and stable suburbs. There was no broad consensus on this conclusion. First, there was the notion that there will always be dogs in a portfolio. The real question is whether this constitutes a problem. Second, because of the lack of data, it remains to be seen whether these perceived patterns are real. This also involved the question whether the
neighbourhood’s position should be identified by looking at the municipal average of the cities or at the regional average. Because of the lack of data on property values, it was agreed that one should be careful when drawing conclusions and formulating strategies.

Conclusions
In an open discussion, an interesting analysis was made of the neighbourhood positions in the region. The workshop did not have the same structure as the other portfolio workshops. Instead, after analysing the region in two groups the perceived portfolio positions were presented. This led to a general discussion. As previously mentioned, it was difficult to translate this into conclusions and possible actions, although it must be said that the workshop was a free exploratory exercise, without the explicit aim to turn results into action.

In this workshop, there could be no integration between tacit and explicit information, as there was simply no explicit information available. With help from the participants’ tacit knowledge, the workshop could produce only broad sketches of a collective perception of the region in terms of property values. More specifically, in terms of current property values, a pattern could be made with reasonable confidence. In terms of (differences in) value increases, there was significantly less knowledge among the participants. As a result, discussions mainly involved cash cows and dogs, rather than stars, and particularly little was said about question marks. Apparently, there was more knowledge about the current positions of neighbourhoods than about their dynamics; in particular the dynamics seem to require more explicit information. Although the discussion was interesting, the portfolio approach could not be applied fully without the proper data and portfolio maps.

5.11 Workshop no. 6: The development of Amsterdam neighbourhoods: past and future

This workshop was a shared initiative of the planning department and ING Real Estate. The latter was interested in discussing the strategic positions, their opportunities and strategies for development of some specific areas where they operated, notably the Northern IJ banks and the Zuidas. ING Real Estate saw the portfolio approach as a way to analyse the development opportunities of these areas, whereas DRO was interested in examining how these and other neighbourhoods had evolved over time. At this time, the portfolio approach had just been altered to allow for a longitudinal view of neighbourhood’s positions. The statistical tests that found some correlation between property values and neighbourhood characteristics did not provide sufficient understanding of all of the possible influences, nor did they provide adequate guidelines about interventions. Therefore, it was deemed useful to organise a workshop to provide a forum for discussing the main driving forces behind the life cycles of Amsterdam neighbourhoods. The insights gained in the workshop were used as background material for the ‘portfolio workbook’. For this reason, this workshop is described a little more extensively than the others.

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9 The workshop took place on 6 October, 2006.
While the planning department was more interested in understanding the driving forces that influenced the developments of neighbourhoods in Amsterdam, on the other hand ING Real Estate was interested more in the future developments of their specific areas and sought to understand the driving forces that could stimulate these areas.

The participants included the ING (2) and the planning department (3), other municipal agencies (3), other private developers (1), housing associations (2), and the university (1).

Figure 5.15: Map marking the areas to be discussed in the workshop

Steps in the workshop
The workshop started with a demonstration of the portfolio maps, followed by the discussion of a number of pre-selected areas. These areas were selected because of their supposedly dynamic position, a lot of current or planned development, or because their position in the portfolio required more analysis. They included the 19th century belt, and the Indische buurt, Buitenveldert, and Amsterdam-Noord (Figure 5.15). Analysing these areas resulted in a more general overview of developments and possible interventions. This was followed by an exercise where participants had to indicate on a map their preferred attractive investment areas. Finally, the opportunities and possible strategies were discussed, in particular for the Zuidas area where ING had a large stake.

Analysis of specific areas: 19th century neighbourhoods and East
This workshop was the first where residential portfolio maps were available not just for one year, but for an extensive period, i.e. from 1979 until 2005. The workshop
Mapping the Market

started by displaying the sequence of portfolio maps a number of times, followed by a discussion of the development of different neighbourhoods.

In the portfolio maps, there was a distinction between the development of the southern/western part and the eastern part of what is known as the 19th century belt. Whereas neighbourhoods in the first part, such as De Pijp, Oud-West, and Westerpark, have seen considerable increases in property values (especially during the 1990s) neighbourhoods in the east, such as the Oosterparkbuurt and Indische buurt, appear to be lagging behind (see Figure 5.3 and the maps in Appendix IV). The participants openly wondered about the reasons behind this difference.

The difference in ownership between the areas was seen as the first (combined) explanation. The south and the west part of the city had higher shares of private rented dwellings; these can be sold relatively easily to new and more affluent groups. Interestingly, this trend started in a period of economic recession. In addition, these areas consisted of small dwellings that fitted well with these lifestyles. Since demand continued to exceed supply, this development spread from the centre outwards: first to the Jordaan in the late 1980’s, then south to De Pijp, and from here in a north-western direction to Oud-West and Westerpark, and now to the Baarsjes. Such development is possible in neighbourhoods with good spatial and psychological accessibility to the centre, and a fine-grained urban fabric. If these conditions are met, neighbourhoods can lean and build on the image of the adjacent neighbourhood.

There was a consensus that these conditions are largely absent in the eastern part of the city, blaming in particular the large-scale basis of urban renewal in these areas. This intervention was held responsible for the loss of the typical 19th century authenticity, and – due to the technique of using concrete instead of bricks – reducing the flexibility of use, which is blamed for the flight of many small-scale non residential activities from the area. Furthermore, the renewal consisted largely of social housing, housing many immigrant families, while the area was less accessible to smaller households, due to the housing allocation system Overall, the area was seen as currently being standing at a transition point. After the initial wave of pioneers, risk-avoiding households are moving into the area as well. Housing associations are selling houses at still relatively low prices. The net result is that the population is expected to significantly change in the coming years. However, the Indische buurt also has some significant handicaps to overcome as well. The elevated railway track was considered an annoying barrier between the area and the city centre, and the neighbourhood still has a troublesome reputation. The opportunities in the east are rising and ready to be unleashed.

**Buitenveldert**

Buitenveldert, located in the south of the city, used to be a traditional cash cow in the portfolio maps, which fell to a dog position at the end of the 1990s. Interestingly the area still has the reputation of a stable cash cow, which is precisely why Buitenveldert was chosen to be subject to further analysis.

When trying to understand this discrepancy between the reputation and property values, the group first asked some critical questions about the data on the property values. It was suggested, as dwellings are relatively large in Buitenveldert, that values in absolute terms are above the city average, even though values per m² are not proportionally high. However, this not a valid explanation, as the portfolio tool corrects this
5 Description of the portfolio workshops

effect: if transaction values per m² are below city average but above in absolute terms they are not assigned a dog position in the portfolio maps. An alternative cause was its position in contrast to neighbourhoods in and around the centre, which experienced rapid property value increases. However, no similar developments followed in Buitenveldert, which lost its good position as a result.

Nonetheless, some problems in Buitenveldert itself were mentioned as well. Many of the dwellings have not been modernised by the senior citizens living there and now are outdated: ‘large-scale renovation is impossible since we are in effect dependent on the decease of the occupant’ (Participant). At the same time, the neighbourhood has a dreary image because of the functionalist urban morphology. Is Buitenveldert indeed sliding in a downward spiral? Most found this a bit too extreme. Compared to other areas built in the same period, such as Nieuw West, Buitenveldert still has a better position in terms of safety and reputation. Moreover, the development of the adjacent Zuidas was thought to offer significant opportunities.

Even so, Buitenveldert should be seen as part of the regional housing market, and from this perspective it has difficulties competing with greener and more spacious suburbs, such as Hoofddorp or Almere. This is why the area needs to be renewed. The image of Buitenveldert as a neighbourhood for the elderly should be altered more towards one attractive for ‘empty-nesters’ with a more urban lifestyle. These could be people who currently live in the suburbs and who are tired of every-day congestion and are looking for a more urban yet still relatively quiet neighbourhood. Still, some serious restructuring would have to take place first. Ideally, some of the private developers are in favour of demolishing the outdated flats and replacing them with spacious apartments surrounded with more ‘green and blue’.

Noord

Amsterdam-Noord, across the IJ, is a very large and diverse area. It consists of more urban, suburban and ‘rural’ parts, and has neighbourhoods from virtually every decade of the 20th century. Particularly in the portfolio maps of recent years, this fragmented pattern is hardly visible: most of the neighbourhoods have a dog position. The point to be discussed is whether the area has the potential to become more popular, particularly now that an array of urban developments is planned or underway: redevelopment of the docklands, and the central area along the new metro line connecting Noord to the centre.

Noord has two reputations. On the one hand, there is the much appreciated almost village-like atmosphere along the original ribbon development running through the area. The more dominant, negative image is caused by the large blocks of social housing. In any case, there was the general notion that Noord never really belonged to Amsterdam. Furthermore, the housing market in Noord is seen as quite separate from Amsterdam. A lot of migration takes place within Noord itself, as well as from and to suburban cities north of Amsterdam, such as Purmerend, Zaanstad and Hoorn. The development of the former docklands on the northern IJ-banks was seen as serious potential for bridging the psychological barrier between Noord and the city centre. The general agreement remains that the barrier of the IJ is still a persistent boundary. Although the view of the water, especially after the redevelopment of the banks, was seen as an asset, some thought that a visual connection by means of a bridge should be made.
In neighbourhoods further away from the water and the centre, urban development takes place as well, but these parts will have to compete with regional suburbs. One of the participants stated that in some of these neighbourhoods the housing association he represented has been selling houses since 1999. Although not visible in the portfolio maps, this had led to rising property values according to him. In some of these neighbourhoods there are still some problems, and improvement is expected to take longer.

Other areas
After discussing these key areas, the positions and opportunities of some of the more remote parts of Amsterdam were considered. The poor position of the Nieuw West was addressed through large-scale renewal programs, aimed at more diversity and quality of the housing stock. According to some participants, this has not (yet) resulted in increased property values of apartments (although single-family houses are rented and sold without problems). The perceived problem was that the groups that should be attracted to these areas still prefer more centrally located neighbourhoods. It remains to be seen whether this remains a problematic market, or that it is merely a matter of time for these areas to gain the trust of new groups, particularly the potential buyers. Judging by the changing image of IJburg, the latter may indeed be the case. Initially, it was expected that expensive units could be easily sold there, but the program had to be altered due to the negative image in the media and the notion that people who buy expensive houses usually are not very keen on ‘pioneering’. Now, among other things thanks to a new city beach, its reputation changed and apartments are selling well.

In Zuidoost, somewhat similar to Noord, two types of developments were distinguished. On the one hand, development of the large-scale entertainment, sports and leisure activities in the Bijlmer area was seen as a major impulse for some of the adjacent neighbourhoods, most of which have a poor position. However, the residential neighbourhoods more to the east were thought to be part of a simultaneously internal and regional housing market, separated from the rest of Amsterdam. And like Noord, it was perceived that improvement in these areas should build on the strong identity and social cohesion of the people living there now: mostly with a Surinamese, Antillean, or Ghanaian background.

Role of infrastructure
Does large-scale infrastructure influence the patterns in the urban portfolio? Some affirmative answers in Amsterdam were the Amstelstation and the Zuidas. This is why the new metro line to Noord was seen as very important. Equally, and sometimes even more, important was the quality of public space, which is often still inadequate. An interesting (ideal typical) distinction was made. If areas are inhabited by inhabitants who spend most of their day within their neighbourhood, then emphasis should be on the quality of public space. If people have a wider orientation (by working elsewhere and using services further away) then public investments should focus more on accessibility. In general, it was suggested that the need for investments in public space and infrastructure increases with the distance from the centre.
Forces driving neighbourhood change
The analysis described above generated a non-exhaustive list of aspects that can influence the course of neighbourhoods. A distinction was made in spatial and physical characteristics of the housing stock and the neighbourhood, trends and developments in the housing market, and public interventions.

Table 5.4: List of possible influences on neighbourhoods

<table>
<thead>
<tr>
<th>Spatial and physical characteristics</th>
<th>Housing stock</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Neighbourhood characteristics</strong></td>
<td><strong>Size of the dwellings and the grain of the urban fabric</strong></td>
</tr>
<tr>
<td>- Location and adjacent neighbourhoods</td>
<td>- Type of housing</td>
</tr>
<tr>
<td>- Safety</td>
<td>- Physical state</td>
</tr>
<tr>
<td>- Green space and water</td>
<td>- Divisibility</td>
</tr>
<tr>
<td>- Vicinity of the centre</td>
<td>- Authenticity</td>
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<tr>
<td>- Image</td>
<td>- Ownership</td>
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<tr>
<td>- Identity</td>
<td>- Accessibility</td>
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<tr>
<td>- Accessibility</td>
<td></td>
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<tr>
<td>- Level of services</td>
<td></td>
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<tr>
<td>- Spatial barriers</td>
<td></td>
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<tr>
<td>- Population</td>
<td></td>
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<tr>
<td>- Extent to which people are orientated at their own neighbourhood (such as in Noord and Zuidoost)</td>
<td></td>
</tr>
<tr>
<td><strong>Housing stock</strong></td>
<td></td>
</tr>
<tr>
<td>- Size of the dwellings and the grain of the urban fabric</td>
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**Developments in the housing market and social-economic trends**
- Increasing general demand for housing with increasing number of jobs and economic growth
- Increasing supply of owner-occupied dwellings, largely by housing associations and the increasing competition
- Changing incomes, lifestyles and demands
- Poor maintenance by current inhabitants
- Fiscal treatment of mortgage rates
- Financial autonomy of housing associations

**Public interventions and policies**
- Urban renewal: large or small-scale
- Rent policy and policy on division of apartments
- Investments in public space
- (Visible) investments in infrastructure
- Public services: library, swimming pool etc.
- Zoning

Identifying opportunities
During the break, participants were asked to identify on a map their preferred areas for investment. Stickers of three colours were handed out: green for investing ‘without reservations’; blue for expressing interest, provided that some actor would ‘do something’ there; and red indicating a complete disinterest for the next ten years (Figure 5.16).
Judging by the map, there was hardly any interest shown in the city centre and Oud-Zuid. This did not imply complete lack of interest, but due to the limited number of stickers other areas were simply preferred more. At the same time, it was said that these two popular areas have relatively little room left for development, both in physical terms, as in terms of increase of property values.

Although IJburg (green) and the Zeeburgereiland (blue) were much appreciated, there were some doubts about investing there. In these areas of urban expansion, producing and particularly supplying a large number of houses at once was considered problematic. Another concern was the poor accessibility to the centre by bicycle. Closer to the centre, parts of the Indische buurt were seen as interesting, particularly the parts where there was small scale urban renewal rather than large chunks.

**Figure 5.16: The sum of development opportunities as identified by the participants**

Despite earlier positive remarks made about the opportunities in the Zuidoost, most of the area was covered with red stickers. Neighbourhoods such as Venserpolder and Holendrecht were seen as gliding in a downward spiral, but at the same time the blocks are simply not old enough to demolish and rebuild. The low property values in these areas showed some upgrading potential, but only in the long run and in combination with an improved reputation of the area. For now, only a few parts in Zuidoost that offered some special amenities were indicated as interesting. Around the lake at Gaasperplas, there is room to generate sufficient critical mass to create a new living environment.
More to the west, the Amstel III area raised some discussion. According to one of the housing associations, the area should be used for office construction as it is not suitable for residential use. A private developer on the other hand stated that she has so much confidence in the entertainment and leisure developments near the Bijlmer station that building a high-rise apartment building there was being seriously considered (even though it might be difficult to find dwellers). Others saw an opportunity to transform some of the many vacant office buildings around the station into apartments.

While Oud-West and Westerpark, closer to the centre, have already been upgrading, there is still a large number of small households looking for accommodation. Directly to the west, De Baarsjes and Bos en Lommer were seen as the most logical candidates for this process of upgrading. One of the private developers was already developing there. Opportunities were found in the large size of houses and gardens. At the same time the area was said to require more than simple renovation and resale of houses: in particular the public space would need more attention.

To the north, there is the railway station Sloterdijk and the surrounding office-sites. Despite its good location (near the water) most participants did not want to invest there for the next ten of twenty years, if ever at all: ‘too little amenities to connect with’.

Along the western ring, a mixture of red, blue, and green was created on the map. Whereas the area around the fashion centre is close to a railway and has a lot of green space, the Delflandplein area on the other hand was seen as difficult to develop, as it is ‘stuck’ between existing blocks. But, according to a developer in the workshop, ‘if it were bombed, you could build a nice shopping centre here, with apartments on top of it’. Someone else responded that it is a matter of picking the specific target group. Families would indeed require more green space. Yet for urban oriented households, the location of these types of neighbourhoods – Delflandplein, Bos en Lommerplein, Plesmanplein – holds a great opportunity to pull the urban environment into the west. This would require a lot of investment: hence the blue stickers.

According to a city official, in Overtoomse Veld development took place in exactly the wrong way. Apartment blocks were built further away from the centre, where low-rise buildings should have been built. The apartments should have been built closer to the ring road. Others agreed. Particularly the larger streets in Nieuw West provide for good access by public transport and by bicycle to the centre, in turn also providing room for development both terms of the market and in physical terms.

More to the west, opportunities were scarcely found. Similarly to Zuidoost, the Sloterplas lake was said to provide room for generating critical mass, developing a new type of environment in this otherwise weak area. Both Geuzenveld and Osdorp were not seen as very interesting, even though some of the projects realised by housing associations there were appreciated.

‘No reservations’
Some areas hardly raised any discussion, as they were appreciated virtually ubiquitously. This concerned mostly former industrial or harbour areas, all within the ring road, that sooner or later are to be transformed into residential neighbourhoods. Examples are Overamstel and Houthavens, where development is already planned, or
the Food Centre area, where development is still uncertain. The military site in the centre as well as the adjacent neighbourhood Kattenburg (with its generally detested urban renewal architecture) were also considered great locations for redevelopment.

**Strategies for redevelopment in Noord and the Zuidas**
Since the workshop aimed to achieve more clarity about possibilities, particularly for Noord and the Zuidas, the opportunities and possible development strategies for these two areas were discussed more extensively.

**Amsterdam-Noord**
Directly across the IJ are the docklands on the IJ-banks, covered with green stickers. Some of the participants, including those already investing there, stated that the large-scale redevelopment is aimed principally at attracting new residents into Noord. The docklands were considered to have more than enough room to build a new environment that can compete with the existing neighbourhoods in and around the city centre. Apart from the new metro line, a new bridge was said to enhance opportunities even more, particularly with respect to the parts further away from the ferry terminal. Here, accessibility by public transport should be improved. In spite of the huge opportunities there, it was commented that development of the area should also contribute to the quality of neighbourhoods behind the IJ-banks.

Two of these neighbourhoods are the Van der Pekbuurt and Vogelbuurt, built in the first two decades of the 20th century. Both neighbourhoods had been suffering from social problems and a bad reputation, but all participants expected the two neighbourhoods to benefit heavily from the developments at the IJ-banks. In the words of participant representing a housing association, ‘Ten years ago, everyone wanted to get out of the Van der Pekbuurt, and no intervention plan could be radical enough. This changed with plans for the new metro line and the redevelopment of the northern IJ-banks’. Meanwhile, housing associations and the local borough are still investigating possible strategies, and some participants complained about the lack of clarity and ambiguity. This raised discussion about whether to renovate these and whether several small houses should be combined into one, as was done in the Spaarndammerbuurt.

Further away from the IJ is the CAN-area, located along the new metro line. Whereas the IJ-banks, as well as the Van der Pekbuurt and Vogelbuurt, are aimed at new groups from outside, the CAN-area aims at providing accommodation for (young) people from Noord itself. Judging by the lack of stickers placed here, it was apparently not considered to be the most exciting place to invest. Nevertheless, according to some participants who are familiar with the area, housing development appeared successful, with some expressed doubts about the feasibility of office development.

More to the west, Molenwijk was considered to be one of the worst neighbourhoods in the city. It has similar architecture to the Bijlmer flats and is plagued by social problems. A restructuring program similar to the Bijlmer would sound logical, but it was commented that the Bijlmer is located far more strategically on the south side of the city and is better accessible by public transport as well. It would be more difficult to implement a similar approach in Molenwijk.
Finally, the more rural part of Noord was briefly discussed. Although development of the open space there is considered taboo in Amsterdam, some were thinking of realising housing oriented at the IJsselmeer.

Zuidas

There was no discussion about the general potential of the Zuidas, one of the largest urban redevelopment projects in Amsterdam and the Netherlands. The area is to become the new CBD – a multifunctional, high-density urban environment with numerous facilities and housing. There were some doubts about the latter: will the area indeed become sufficiently attractive so that people will want to live there? The so-called ‘dock model’ (where most of the infrastructure is brought underground) provides opportunities, but then a lot still depends on the quality of the public space and the types of shops and facilities: ‘Hence a blue sticker’. Considering the amount of people who use the railway station and work in the offices, it was thought that there will surely be entrepreneurs opening bars and restaurants. A more challenging issue was how to ensure the good quality of quality of shops that will entice people to live there, i.e. how to prevent the inevitable show rooms and chain stores.

Another challenge was the quality of the area in general during the redevelopment process, which was expected to span around two decades. If internationally operating businesses and the expats employees are to (re)locate to the Zuidas, they want to locate to a good quality environment. ‘They do not want to work and live on a building site’ (private developer). If the goal is to attract people and businesses now, then the quality of the place has to be upgraded now as well. For instance, the area around the railway station is currently considered as a dreadful place; therefore, it was seen as crucial to take on and finish redevelopment piece by piece, instead of ‘everything at the same time’.

With respect to the issue of housing, the question was asked which kind of housing should be realised and for which target group. Expats had been mentioned earlier, but it was agreed that one should aim for a wider group. Moreover, there is no need to live at the Zuidas if one works there, especially with the new metro line being constructed, so the location needs to attract inhabitants in its own right. This goal was perceived as even more difficult than attracting business.

The discussion then shifted to the influence of developments at the Zuidas on Buitenveldert, located directly south of it. It was mentioned that Buitenveldert will only benefit from the Zuidas developments in about twenty years. The city should act in Buitenveldert now, but since this could hamper developments at the Zuidas, a more integrated plan is needed. But this line of reasoning could be reversed as well: ‘How can the Zuidas benefit from Buitenveldert?’ One of the answers was that, whereas the Zuidas will mostly consist of expensive housing, Buitenveldert might provide the necessary supply of affordable housing for less well-paid jobs at the Zuidas. This strategy would imply renovation instead of redevelopment. This was not a unanimously supported strategy; with the excellent accessibility one does not need to live nearby.

Whether the large investments in development of the Zuidas by means of the ‘dock model’ would be justified in terms of increasing property values, was still deemed as uncertain. It depends on how the city centre will develop: whether it will remain within the current area or shift more towards the south. Yet it was argued that
a city like Amsterdam can easily have multiple centres, and the Zuidas should find its own ‘flavour’, which housing facilities in the old centre cannot offer. In the end, however, it was believed that all development will depend on the Zuidas’ ability to attract business.

After the workshop, the driving forces and the strategies were distilled and integrated in the portfolio workbook developed for the planning department. Some of the strategies are described in Chapter Seven.

Conclusions
The presentation of the portfolio maps was used as input material to analyse the way Amsterdam neighbourhoods had been developing throughout the years. According to the respondents of the survey, the patterns did not present many surprises. All indicated that they were either mostly confirmed (3) in their perceptions, or sometimes surprised/sometimes confirmed (4). The position and analysis of Buitenveldert was of particular interest during the workshop. This was a clearly visible example of how the portfolio approach provided explicit information that did not fit with the dominant existing perceptions. The participants were surprised by the relatively weak position of the area and were eager to analyse and discuss it further. This collective analysis changed the perception about this neighbourhood, as well as the intervention approaches for this area. In this example, one could speak of a collective learning process, which also enhanced the individual insight after the workshop. More generally, with respect to the outcome of the workshop, this also holds true for other areas and neighbourhoods. The specific positions of other neighbourhoods may not have been as remarkable as Buitenveldert, but the analysis of the driving forces behind these positions did lead to lively discussions and insights, (as confirmed by the participants’ responses to the evaluative survey).

According to the survey, the insights gained were limited to the content. With respect to the perceptions or ideas among other actors, hardly anything notable was mentioned. Public, semi-private and private actors were all said to ‘behave’ in a predictable fashion, i.e. private developers had a clearly commercial view of things, as opposed to the more socially-oriented attitude of the (semi-) public participants.

This workshop was a shared initiative of DRO and ING Real Estate. For the planning department, the workshop was meant to provide a better understanding of the driving forces behind neighbourhood developments. For ING Real Estate, it was important to connect such understanding to their development plans in some of the analysed areas. The workshop was not explicitly integrated in an existing project, other than the further development of the portfolio approach itself.

Several respondents in the survey appreciated the fact that discussion was open, broad, and substantive. This allowed for ‘a dialogue, a mutual understanding among actors and the discovery of common interests’. It seems that this broadness and openness did come at the expense of the structure of the workshop, as indicated by two respondents. Indeed, analysing and indicating opportunities for investment did not converge into an evenly structured discussion of strategies. In this case, however, this was not so problematic. The workshop was seen as a ‘free exercise’, not part of an existing project, and there was no need to reach mutual commitment or agreement about further strategies.
During the workshop, the portfolio maps provided an image of how Amsterdam neighbourhoods had developed to their current positions. This type of explicit information was then used to start a collective analysis of how the neighbourhoods reached this position, based on more tacit forms of knowledge. The maps were used as a visual reference point, often confirming what most already knew; however, sometimes they did provide valuable new insight.

5.12 Workshop no. 7: Opportunities for value increase in Rotterdam Oud-Zuid

The first workshop in Rotterdam focused on what is known as Oud-Zuid. It is the part of the city south of the Maas river, consisting of mainly two boroughs: Charlois and Feijenoord. Figure 5.17 illustrates the specific neighbourhoods that were discussed in the workshop. Oud-Zuid’s neighbourhoods are mainly pre-war constructions, with the exception of Carnisse, which has a significant share of early post-war apartment blocks. The Afrikaanderwijk, Katendrecht, and Kop van Zuid, located near the river by and large are a combination of 1980s and 1990s renewal and more recently augmentations.

The main reason for selecting Oud-Zuid for this workshop was the fact that for the last years, several stakeholders (municipality, housing associations) had been investing heavily in the area. Apart from offering insight into the general developments and patterns in Rotterdam and Oud-Zuid, the portfolio approach was also seen as potentially providing valuable evaluation to which these investments resulted in value increases. The workshops focussed on three main questions:

1. Why did value increase occur (or not) in certain neighbourhoods in Oud-Zuid, and due to which causes?
2. Where are the current opportunities for value increases?
3. What should happen in order to realise value increases? Which interventions are necessary and who should initiate them?

Five individuals represented the planning department (DS+V), which organised the workshop. Other municipal agencies included the borough of Feijenoord and the municipal development agency. Four different housing associations were represented by five participants, and there was one private developer.

The workshop started by introducing the portfolio concept and the maps, followed by a discussion of the portfolio positions of all neighbourhoods in Oud-Zuid. The participants then identified and discussed where they would be interested in investing, resulting in a discussion of opportunities and interventions for each of the neighbourhoods.

The portfolio of Oud-Zuid

Although the south of Rotterdam was popular early after WWII (Gemeente Rotterdam, 2007), most neighbourhoods in the south, apart from a few exceptions, are dogs in the portfolio maps from 1991 to 2005 (see Figure 5.4 and the maps in Appendix IV). This was a general observation that came as no surprise to the participants. However, since the workshop was about finding opportunities within Oud-Zuid, it was

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10 The workshop took place on 9 July, 2007.
more interesting to look at the differences within the area. Therefore, (before the workshop) the facilitators made maps that showed the positions of the neighbourhoods not from a citywide perspective but from the perspective of an ‘Oud-Zuid portfolio’. By identifying whether property values and their increase rates are below or above the Oud-Zuid average, a new portfolio of stars, cash cows, question marks and dogs was generated (Figure 5.17).

In this portfolio, the main distinction appeared to be between the cash cows and stars in the borough of Feijenoord, and the dogs in the Charlois borough. Only in 2003 did the neighbourhood of Carnisse appear as a question mark. In Feijenoord, the most eye-catching development was the star and cash cow positions of Afrikaanderwijk, Kop van Zuid and Entrepôt. Bloemhof transformed from a dog to a question mark (2003) and finally into a star (from 2004). Hillesluis has been shifting back and forth between star and cash cow.

**Figure 5.17: Portfolio of Rotterdam Oud-Zuid in 2005**

*Analysis*

The sequence of portfolio maps in Oud-Zuid was shown several times, so that participants had some time to reflect on the changing patterns. Then, one by one, the (changing) position of each neighbourhood was discussed.

Oud Charlois used to be a cash cow but it has been a dog since 1995. The reason for the weakening position was identified as the very limited renewal and new developments there, in contrast to other parts in the south. ‘Stagnation apparently means decline’, was the conclusion.
Despite the many investments made there, Tarwewijk remained a dog since 1992. Participants agreed that it has simply too many negative developments that maintain its very negative reputation, such as drug dealing, the arrival of dubious landlords, and illegal immigrants. Although the physical housing stock was considered to be of relatively good quality, it seemed that people had completely lost faith in the area.

Katendrecht appeared in the maps only in 2005, because of a very limited number of transactions in the course of the previous years. Its question mark position was recognised by all; the potential of Katendrecht was seen as obvious. Still one of the participants, a private developer currently investing heavily in the area, stressed that this ‘obvious enthusiasm’ had been present for only about two years. There was still a lot to be done in Katendrecht, if one wanted to attract families there, and the municipality was not doing enough. New services, shops, and particularly schools were needed.

Carnisse had been a dog until 2003, when it turned into a question mark. However, the participants did not feel that this value increase represented an actual upgrading of the neighbourhood. A possible explanation for the demonstrated value increases could have been the recent sale of about one hundred social dwellings, which increased the transaction values. Nonetheless, the reputation of Carnisse was considered much better than for instance the Tarwewijk, particularly in regard to attracting families.

Bloemhof made a move from a dog to a question mark to a star, and even has a question mark status in the ‘total Rotterdam’ portfolio. This was seen as a surprise. The value increases were attributed mostly to the investments in the physical housing stock made by several housing associations. Although the changing position of the adjacent Hillesluis is less dramatic, a similar analysis was provided for this change, which attributed improvements to the investments in the housing stock.

Where to invest?
The participants were asked to demonstrate where in Oud-Zuid they would be interested to invest, by placing stickers on a map. A green sticker indicated ‘unconditional’ willingness to invest in the area, yellow indicated ‘willingness to invest provided that something happens first’, and pink/red meant that one had no intention to invest there whatsoever (Figure 5.18). It was stated that everyone should take the perspective of his/her own organisation, as there was some confusion about what viewpoint to take: investment aimed at pure profitability or (also) investment for public goals. As in the previous step, the findings for all neighbourhoods were discussed one by one.

The Kop van Zuid did not generate much interest. This seemed remarkable, but the area was seen as doing well on its own and not requiring substantial public investments. To the east of Kop van Zuid however, in Feijenoord, there was more potential waiting to be ‘unleashed’. Its location at the river banks, and the good reputation of the Kop van Zuid practically guaranteed a return on investment. Particularly some housing associations that already own property there saw good opportunities to sell (some of their) social housing.

There was a broad agreement that Katendrecht and the Afrikaanderwijk were clearly upgrading, as illustrated by the many green stickers. The portfolio maps demonstrated that property values were rising there, and the participants indicated that...
they expected this positive trend to continue. Still, this would require some necessary measures to be taken by the local government. The level of services would have to be raised, and the quality of the ‘entrance’ of the area – now occupied by industrial uses – needs to be improved. Together with the Kop van Zuid, developments on Katendrecht were expected to have a positive effect on the Afrikaanderwijk. Some mentioned the possibility of building a new residential island in the Maashaven, as a way of connecting Katendrecht to the more problematic Tarwewijk.

**Figure 5.18: One of the maps indentifying the participants’ investment preferences**

The neighbourhoods Bloemhof and Hillesluis are located directly south of the Afrikaanderwijk, and this was seen as an opportunity to try and connect them to the ongoing upgrading process there. There were some reservations however. In order for Bloemhof and Hillesluis to become attractive, the city was expected to provide more clarity about its intended interventions. Will the city continue investing in the south (Parkstad)? Will the city construct a third Maas bridge and thus connect the south to the eastern part of the city? And will public space at the ‘southern boulevard’ be upgraded? One of the possibilities for improving the quality of the living environment in Bloemhof was to decrease the housing density.

None of the participants were keen on investing in Tarwewijk. The south as a whole already had a relatively poor reputation, with Tarwewijk as its low point. Only a drastic change in Tarwewijk’s image might return some investor faith there, but this was not expected to happen soon.

In Carnisse, one housing association had committed itself to improving the privately rented housing stock and was thus already investing heavily. Other actors
who lacked a direct stake in the neighbourhood were more sceptical about its opportunities and looked at local government to take the initiative, principally in improving the level of services and the quality of public space. Like Bloemhof and Hillesluis, the city should state its intentions regarding infrastructural measures more clearly. In the end, Carnisse was seen as having some potential (also due to its proximity to the Zuiderpark and the Zuidplein), but there was no broad agreement on this matter.

There were less differences of opinion about Oud Charlois, which had a dog position and mostly yellow stickers on it. Particularly the authenticity of the old village centre was seen as an important asset that provides opportunities, as well as a possible connection with Katendrecht and the harbour area. Upgrading was however believed to require a lot of effort. First, the area should be clean and safe, and the privately rented housing needs improvement.

Finally, there was a discussion about the Zuidplein area, which consists of a shopping centre with large retail stores and a theatre. Despite the fact that further development of the area was seen as interesting (it could also have a potential spin-off effect on the adjacent neighbourhoods), most participants were not interested in investing there.

**Implications**

After the workshop, the planning department distilled some key issues and lessons learned. Apart from some more specific findings for specific neighbourhoods, the main lesson appeared to be the awareness that participating (non-municipal) organisations wanted the city to make clear decisions about future large-scale interventions. More clarity and certainty was sorely needed about constructing a new bridge or tunnel, about where a new railway station would be built, or investments in the renewal of certain areas for the coming period. More certainty will significantly contribute to increasing the willingness of other stakeholders to invest. As stated by a developer: ‘No decision = no certainty about the future of the area = no commitment to invest by other actors’.

**Conclusions**

The aim of the workshop was to find answers to the questions identified above. Why did value increase occur in certain neighbourhoods in Oud-Zuid, and due to which causes? Where can one find opportunities for value increases? What should happen in order to realise these value increases? Which interventions are necessary and who should initiate them?

The portfolio maps served to provide more insight into the positions of the neighbourhoods in the south and their development, thus providing the input material for answering the first question. Since the far majority of the south appeared as a dog in the complete portfolio of Rotterdam and since the workshop was about finding opportunities within the area, the partial portfolio of the south was used the most. These two levels of scale, according to the respondents of the survey, presented a reasonably complete image of neighbourhoods’ positions. For five out of the eight respondents these were mostly recognisable patterns. The other three respondents indicated that they were sometimes surprised, and sometimes saw their perceptions confirmed. There were some interesting shifts. For example, the Afrikaanderwijk, which appeared as a dog in the Rotterdam portfolio, was a cash cow in the partial
portfolio. One of the respondents said to be glad to see some evidence of development taking place in the area. This was attributed to the stronger neighbourhoods directly north of it: Kop van Zuid and the upgrading Katendrecht. Another interesting neighbourhood that had a surprisingly strong position was Bloemhof.

Indicating investment opportunities resulted in a more tangible result and fueled discussion about who would or should intervene. The others’ perceptions of the neighbourhoods were largely as expected, with some surprises. Respondents from both the municipality as well as a private developer were surprised about the fact that some housing associations did not show any interest in investing in the Kop van Zuid. In the words of a municipal agent, ‘in contrast to what some may think, it is not like everything is simply improving there by itself’. In turn, a respondent representing a housing association was surprised by this reaction. Discussion of the Kop van Zuid area apparently did not result in a shared analysis of the area, but rather led to some insight into others’ views of the area. One of the insights, both during the workshop and in the survey, was the importance of proper services, in particular schools. Another lesson learned was the expressed need for clarity about the foreseen large public investments in infrastructure and public space.

The workshop took place against the background of a generally increasing attention paid to property values by the Rotterdam municipality, which is related to a municipal programme of acquiring some of the badly rundown properties (not in the least in Oud-Zuid). This was reflected in the workshop, where knowledge about property values was desired. At the same time, the workshop was also compatible with the ongoing project ‘Profilering Oud-Zuid’, where some of the participants participated.

In the end, it seems that the increased attention given to property management and value developments in Rotterdam created a suitable background for application of the portfolio approach. The workshop did contribute new insights about neighbourhood developments, maybe more for the public stakeholders than for private actors. The workshop did not lead to refined strategies for neighbourhoods, but this was not its explicit purpose. Some of the respondents shared that the portfolio tool provided them with a fresh perspective on Oud-Zuid, which generated enthusiasm and an open and lively discussion about the area and its opportunities. During the discussions, the neighbourhood positions in the portfolio were continually used as reference. That is, the approach did not only provide a new way of looking at neighbourhood relationships and positions, it also provided valuable explicit information. The participants used this information as evidence when justifying their ideas about opportunities and strategies.

Suggestions
Some improvements to the portfolio approach were suggested. One concerned the perspective when making investment choices, i.e. should such investment have purely commercial motives or should one indicate where development is desirable? Another point was that more detailed information about neighbourhoods was needed in order to have more evidence based strategies. The respondent did realise that this would be difficult to supply for all the areas considered in the workshop.
5.13 Workshop no. 8: Gentrification in Rotterdam

Several municipal reports in Rotterdam have demonstrated the municipality’s ambition to stimulate processes of gentrification, in various neighbourhoods (Gemeente Rotterdam, 2004; 2007, Van der Zanden, 2007). Looking at the development of property values through the portfolio approach, and discussing these in a workshop, was seen as a good way to provide more clarity on the subject of gentrification and where it might appear in Rotterdam. Building on these insights, more focused plans or policies could be further developed.

I jointly organised the workshop with the Rotterdam Planning Department (DS+V), inviting representatives from housing associations, private developers, the planning department, the city development agency, and city boroughs (in total 21 people attended).

After discussing gentrification in general, the portfolio of Rotterdam was discussed, analysed, and compared with the Amsterdam portfolio. Then, the participants indicated their investment preferences on maps, which fuelled the final discussion on strategies for each area. Since the workshop focussed on gentrification, the parts of Rotterdam outside of the ring road (as well as the neighbourhoods south of the river) were seen as mostly irrelevant and therefore left out of the discussion.

What is gentrification?
The workshop started with a short discussion on gentrification and its connection to planning. Particularly the latter revealed some differences of opinion. Whereas most of the participants agreed that local government can provide some of the conditions necessary for gentrification, some believed that principally gentrification should be ‘left alone’ in order to blossom.

Most participants argued that in its essence gentrification is an autonomous process; it is not steered by public intervention, but rather by interplay of pioneers, gentrifiers and landlords. Furthermore, most considered gentrification (at least in Rotterdam) as a positive phenomenon; there was no significant debate about its effects on the social order or the issue of displacement (see e.g. Uitermark et al., 2007). As for the latter, it was argued that in the Netherlands, due to existing rent protection mechanism, gentrification is to a much lesser extent accompanied by direct displacement of existing tenants.

The Rotterdam and Amsterdam portfolios compared
One of the ways of finding opportunities for gentrification in Rotterdam was to understand the differences and similarities with gentrification in Amsterdam. Therefore, next to the portfolio of Rotterdam, the Amsterdam portfolio was shown as well. First, the changing patterns in Amsterdam were introduced, followed by those of Rotterdam. This comparison fuelled discussion about the different ways in which both cities had developed. The first and foremost noted difference was the relative lack of dynamics in Rotterdam. Whereas in Amsterdam, many neighbourhoods had been gentrifying or upgrading, particularly in the 1990s, the patterns in Rotterdam mostly remained the same: ‘No matter how fast you play the film, nothing really happens!’ (Private developer). Several reasons for this difference were discussed. First, as put for-

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11 The workshop was held on 22 August, 2007.
ward by the same developer, there is the problem of scale. Since the neighbourhoods used in the Rotterdam portfolio are larger in size than those in Amsterdam, small-scale increases in property values were harder to pinpoint in Rotterdam. It was argued that these types of developments do in fact occur. However, others argued that in spite of the maps being too coarse-grained, these examples of value increases take place on a much smaller scale in Rotterdam than in Amsterdam. The urban economy of Rotterdam, which is more industry-oriented than Amsterdam, was singled out as an explanation. Rotterdam does not attract the high number of households with urban lifestyles as Amsterdam. As a result, the demand of ‘like-minded’ households for living in lively urban neighbourhoods does not reach the same critical mass. Another reason was the position of the city centre. The bombing in WWII deprived the city of its organic, fine-grained centre. There was a general agreement that rebuilding it according to modernist standards had not resulted in a city centre with an urban fabric that possesses the same ‘undisputed’ status and power of attraction characteristic of Amsterdam.

Figure 5.19: Participants indicated where they would be interested to invest

This shared observation led to the discussion of two main challenges. On city-scale, it was argued that there is a need to continue to stimulate employment, particularly in the creative knowledge economy. At the same time, on a micro-scale the city needs to select certain areas and invest heavily in enhancing their urban quality and appeal. Entrepreneurship (notably for starting cafes, restaurants, or galleries) should be facilitated: ‘bureaucratic’ barriers should be removed. This should be accompanied by investments in the quality of public space and good architecture: ‘no mediocrity, please’. Some good and bad examples were discussed. The accumulated effects of these interventions could provide the conditions for gentrification.
Although there was no dispute about the latter, one of the city officials stressed the limitations of this type of planning for gentrification. For instance, the newly built ‘Montevideo building’ in the Kop van Zuid was originally planned for ‘urban lifestyle’ households, but ultimately was populated mostly by elderly inhabitants. For him, this implied that ‘before we plan for it, we first need to understand it, which apparently is not always the case’ (Rotterdam city official). Someone else then responded that this example clearly demonstrated the volatility of the market, which cannot be steered in this fashion.

One of the main conclusions was that, bearing in mind the limited demand for living in urban neighbourhoods (when compared to Amsterdam), there can be only small-scale gentrification. Rather than gentrification as a large-scale process that ‘washes over a neighbourhood from elsewhere’, gentrification in Rotterdam starts from small-scale developments in certain streets. Just around the corner the picture may be different altogether. A strategy called ‘gentripuncture’ would be suitable: small-scale interventions, like acupuncture, should target strategic spots and provide an impulse for further development in that area. ‘Therefore we should not compare ourselves to Amsterdam’, as one participant put it. This statement was met with agreement but also with some criticism: ‘I think we do have to compare ourselves to Amsterdam! The city of Rotterdam is finally maturing and if we are able to attract more people, it can happen’. Some more specific similarities in terms of stimulating gentrification were mentioned as some of the participants who live Amsterdam mentioned that also there gentrification sometimes started with such small-scale interventions.

Identifying opportunities for development

Similar to the previous workshops, participants were asked to use green and yellow stickers to signify their investment preferences for different parts of the city: green for investment without reservations and yellow for interest, provided that some conditions are met. In the previous workshop there was some confusion about the perspective from which to make these choices. Whereas this was a straightforward exercise for private developers, i.e. ‘simply’ looking for profitable investments, participants from municipal agencies and housing associations did not exactly know from which angle to approach the maps. Therefore, all were asked to place stickers on a total of six maps.

On three maps, for the areas centre (Figure 5.20), Delfshaven (Figure 5.21), and Oude Noorden (Figure 5.22) each identified where he/she would invest, approaching the exercise first from their particular professional angle, not simply looking at maximising profit. On the other three maps for the same areas, everyone demonstrated their personal preference for investment: ‘where would you consider buying a house yourself?’ Furthermore, a distinction was made between participants representing private and semi-private organisations (they used round stickers) and city officials (who used square stickers).

The maps demonstrated opportunities in Delfshaven and North, and to a lesser extent in the centre. This was related to the notion discussed earlier that the centre does not have the type of urban fabric with the required flexibility that can accommodate a mixture of various interesting activities. Only a scarce few parts of the centre did provide these assets and they were among those indicated on the maps.
Again, this exercise emphasised the general agreement that the city centre still requires a lot of improvement.

**Figure 5.20:** The appeal for investment in the city centre, as identified by the participants from a professional viewpoint (left) and personal viewpoint (right)

More enthusiasm was demonstrated in Delfshaven and North. In Delfshaven, interests concentrated around Coolhaven, parts of Middelland, and Nieuw West. Some indicated immediate interest in these areas, which was grounded in the proximity of these areas to the centre by bicycle, the presence of large houses, or the presence of nice shops. Others, however, felt that in Middelland and Nieuw West the level of services and facilities should be improved first, or that a number of rented apartments should be sold.

**Figure 5.21:** The appeal for investment in Delfshaven, as identified by the participants from a professional viewpoint (left) and personal viewpoint (right)

Earlier in the workshop, there was the general agreement awareness that stimulating gentrification in Rotterdam meant that one has to be selective about where to focus investment. The large amount of stickers on the maps however suggested otherwise. Therefore, the participants were asked to look at the maps again and indicate the most
attractive parts. Coolhaven and Middelland were seen as most interesting, even though for Middelland this was not ubiquitously. Whereas some would invest or buy a house here ‘today’, others were not so sure about the area yet.

Figure 5.22: The appeal for investment in Oude Noorden, as identified by the participants from a professional viewpoint (left) and personal viewpoint (right)

Noord generated an even more enthusiasm, particularly around and west of the Hofpleinlijn, which was considered as a location of enormous potential. In this area, four housing associations had acquired this elevated track, which had become obsolete with the construction of the RandstadRail. Inspired by similar cases, such as the Promenade plantée in Paris or the High line in New York, the track was thought to inject a major impulse, creating opportunities for all kinds of creative land-uses both on top and below the track and the surrounding neighbourhoods: Oude Noorden, Bergpolder, Liskwartier and Agniesebuurt. The poor connection of Noord with the city centre in spatial terms (for example by bicycle) was perceived as a serious problem. Opportunities for gentrification were found in the authenticity of the architecture there (mostly late 19th century) and the flexibility that these buildings offer (they allow for multiple uses on street level).

The shift of perspective from a ‘professional’ to a possible ‘house buyer’ did not result in significantly different patterns on the map. From a personal point of view participants seemed a bit more hesitant in investing in North (yellow), whereas the same area was covered with green stickers in the ‘professional’ map. The motives for possible investment did not seem to differ either: vicinity to the centre, authentic architecture, and the presence or expected arrival of nice cafes, shops, and restaurants.

Conclusions
As in the previous two workshops, all of the participants indicated that their perceptions about the neighbourhood positions were either ‘mostly confirmed’ (4) or met with ‘partly surprise, partly confirmation’ (2). Particularly the fact that property values in the city centre had dropped below the city average for a few years was considered remarkable. Some respondents found it difficult to give examples of other neighbourhoods that had an unexpected position in the portfolio maps. This may be due to the relatively coarse scale of the maps, and the fact that during the introductory presenta-
tion of the maps the focus was more on the whole portfolio rather than on particular
neighbourhoods.

Through a discussion about the details of gentrification, the extent to which it can be steered and where it can be found in Rotterdam improved understanding of the issue was generated. There was a clear convergence about the subject: the differences and similarities of gentrification in Rotterdam compared to Amsterdam, and the way gentrification manifested itself in Rotterdam. Crucially, this should not be confused with interventions in terms of urban renewal, which are taking place as well. Contrary to many renewal programs aimed at improving the weaker parts of the city, the idea of the gentrification project was to invest in areas with good opportunities to become the most interesting and exciting neighbourhoods of the city. Although processes of gentrification and urban renewal may overlap, these should still be seen as two different types of investments. This distinction sometimes became blurred during the workshop, as illustrated by the participants’ identification of opportunities. Nonetheless, even confusions like these contributed to providing improved insights into the perceptions and viewpoints of other types of stakeholders. For instance, the municipal respondents mentioned that they were surprised by the different perceptions about the city centre and the passive attitude of other stakeholders in some areas. One of the points of consensus, which was repeated throughout the afternoon, was the need to set priorities. Since the opportunities for gentrification are limited (particularly when compared to Amsterdam) the city should make clear choices.

The notion that gentrification could be facilitated by less instead of more policies, suggested by private stakeholders, was also mentioned as an important lesson learned. At the same time, however, a private developer was surprised by the municipality’s ‘laissez-faire’ attitude with respect to gentrification. A representative of a housing association referred to this approach as pragmatic, yet ‘lacking a bit of focus’. Some lessons about the opportunities of neighbourhoods were learned as well. One participant representing a housing association mentioned in the survey how the workshop inspired him to take another look at his organisation’s strategy for selling social housing units.

Based on informal reactions shared after the workshop and the survey responses, one can conclude that there is a clear need to continue discussing the issue of gentrification in Rotterdam in a similar setting. As stated by a participant representing a housing association,

in my opinion this was the start of a longer process in which eventually all stakeholders in the city should have a role. This will work only if we commit ourselves to it together, with the municipality taking the lead. (Account in survey by respondent working for housing association).

Or in the words of a private developer’s answers in the survey,

these kinds of sessions are fun, but too little is done with them. Continue by appointing concrete projects, have stakeholders add a budget to it and go! This is Rotterdam, this should be possible here. (Account in survey by private developer).
However, due to several practical challenges, not much was done after the workshop. According to a city official, the enthusiasm of the workshop was ‘heard around the department’, but the issue lacked someone ‘owning the problem’, who could lead the effort in further elaborating the items discussed in the workshop: ‘This is what can happen in a large, amorphous organisation like this’ (city official). This pitfall can be avoided by being better prepared: ‘You never know whether workshops like these will generate energy and enthusiasm, but if it does like it did, you should have prepared the possible next step beforehand’ (personal communication, 2008).

It was clear that the scale of the portfolio maps posed a problem for pinpointing gentrification in Rotterdam. This was mentioned during and after the workshop. Data at a lower level were simply not available. Apart from the fact that more disaggregated data and more detailed maps are principally always better, this was also related to the concerning subject of gentrification in Rotterdam. Because gentrification in Rotterdam was thought to take place on a micro-scale, it remains to be seen whether it produces visible effect on the portfolio maps. In Amsterdam on the other hand, data on property values were both available on a lower level of scale and, at the same time, gentrification processes were easier to identify in the maps, even in less detailed maps. Nevertheless, if the portfolio approach were to be applied in Rotterdam again, more detailed maps would be preferable.

There were some contextual factors that influenced the chances of successful application of the approach. First, there is the combination of two aspects: a relative lack of knowledge about where to find gentrification opportunities in the city, This brings a sense of urgency: the planning department and the municipal development agency require more insight in this matter. The workshop (which was a joint initiative by the planning department and the land development agency) helped to combine knowledge of public and private experts about the subject.

There appeared to be an open atmosphere among the participants, which resulted in a lively discussion about gentrification, but also about each other’s roles, i.e. what public and private actors expected from each other. After the workshop, there were compliments on the way the workshop was chaired: specifically about the questions that were asked. This generated an effective pace of discussion, avoiding ‘irrelevant’ distractions and stimulating speedy progress from analysis to opportunities for gentrification.

Regarding the integration of tacit and explicit knowledge, there were some doubts and complaints about the level of detail of the explicit information, i.e. the neighbourhood positions in the portfolio. The maps demonstrated that large scale gentrification apparently did not take place in Rotterdam; however, they could not show the small-scale pockets where it did occur. Because of this, the limited accuracy of the explicit information had to be (and successfully was) compensated by the participants’ tacit knowledge. The explicit information provided by the maps could only set the stage for further discussion. In particular, the participants found the comparison with gentrification in Amsterdam useful.

According to several respondents, a possible follow-up of the workshop should feature more detailed information to support further discussion about specific neighbourhoods and/or strategies. The portfolio maps presented a general image of the dynamics of Rotterdam neighbourhoods; the next level requires information on a more precise smaller scale. More generally, the portfolio approach stimulated the par-
participants to view the city as a portfolio of neighbourhoods. Based on the participants’ reactions during and after the workshop (as well as from the survey responses) this was seen as a new and urgent perspective that stimulated discussion. Several respondents indicated the portfolio maps and matrix, along with the discussion they generated, as the most positive aspect of the workshop. Yet, it seemed also important to simply discuss the opportunities of the neighbourhoods, as mentioned by one of the participants: ‘Individually, we may all perceive an area as interesting, but we need to say this to each other.’

5.14 Conclusion: no conclusion yet

The portfolio approach was applied to eight cases in total, with varied success. With each workshop increased the understanding of the approach, the manner of its application and the appropriate situations/context for applying it. The conclusions and reflections were made only within the context of individual workshops and have only internal validity. More general statements can only be made by means of a cross-case analysis, by examining the differences and similarities between the cases. More evaluation is needed in order to discern the essential aspects of context, mechanism and the outcome of the approach, and the development of the approach. This evaluation should also demonstrate why the current version is better than the earlier versions, which is discussed more extensively in the next chapter.
6 Deconstruction of the portfolio approach

All generalizations are false, including this one
Mark Twain

6.1 Introduction

This chapter will present different types of evidence to test the hypothesised mechanisms of the portfolio approach. Applied in eight cases, the development of the approach was an iterative process. During the development of the portfolio approach, the emphasis in the research gradually shifted from trying to accurately identify and present neighbourhood positions, towards trying to accommodate a collective learning process with experts and stakeholders. Along with this shift grew the understanding that the evaluation of the approach is more a matter of searching for evidence of learning processes, rather than evaluating the ‘accuracy of the model’.

In the previous chapter, the individual cases were described and analysed as single cases. In this chapter, a cross-case analysis is used to test the two main hypotheses of the portfolio approach. First, the approach is seen as useful for generating knowledge about neighbourhood positions, opportunities and possible intervention strategies. Secondly, it is believed that this can be attributed to the specific combination of content and process that provides the information input and the learning platform. More specifically, it is hypothesised that the portfolio concept (consisting of the matrix, the maps, and the distinction between current position of neighbourhoods and their potential) provides a useful representation of the city’s market dynamics and a good starting point for discussion. These hypotheses are deconstructed to the elements outcome, mechanism, intervention and context. Following the concept of design science discussed in Chapter Four, the aim of the entire research endeavour is to conclude with a number of technological rules about the approach.

Before discussing the hypotheses, I will start by describing the development (or the evolution) of the approach, in order to provide a better understanding of how and why the approach changed, both in conceptual and procedural terms. Consequently, these changes will be related to the evaluation of how the approach performed in the different workshops.

6.2 Evolution of the portfolio concept

The phrases ‘evolution of the portfolio concept’ as well as ‘evolution of the portfolio workshops’, discussed in the following section, could simply refer to a description of how the approach developed. However, the term evolution embodies more than this: it implies that the portfolio approach can be seen as an artefact. Its devel-
Development is similar to processes of mutation, variation, and selection, all taking place in a changing environment. Obviously, the analogy with variation and selection does not nearly go as far as used in biology, where numerous variations over many years are ‘tested’ by what Dawkins (1986) described as a ‘blind watchmaker’. In contrast, different aspects of the portfolio tool were tested and altered only a few limited times. In addition, the approach was consciously adapted, rather than blindly, which is another major difference with the biological mechanism of evolution (see also Koen, 2003).

The aim of this chapter is to find direct and indirect evidence of why the approach did or did not work in the different cases. An evolutionary perspective however also provides a different type of evidence of at least some degree of success. The fact that the approach is still utilised, means that the tool works ‘here and now’, with needed adaptations to accommodate changing circumstances. It also means that sooner or later it will come to an end. The sections that follow discuss the ‘evolution’ of the conceptual and procedural aspects of the approach into the current version.

The first application of the portfolio approach took place in 2003, the most recent in the summer of 2007. The most recent version of the approach is described at the beginning of Chapter Five. In the years in between, the approach cycled through Kolb’s learning cycle a number of times: from hypothesising how the approach might work best; to testing and experiencing it; to observing and reflecting upon it; further towards generating more abstract ideas about the approach; which in turn is used as input again for further hypothesising about how to apply it; and so on. In the course of these cycles, some elements of the approach changed, while other aspects remained the same. Characteristics of the approach have been altered, removed, replaced, or added, in a process that to some extent was guided by trial and error. Changes to the approach were made during the preparation of workshops, during the workshops themselves, while reflecting on them afterwards, and through reconceptualising (parts of) the portfolio concept. As described in Section 4.8, Kolb’s learning cycle did not progress according to its ideal-typical manner.

The evolution involves both procedural aspects about how to organise the workshops, as well as more substantive issues regarding the application of the portfolio concept. Changing the content influences the process and vice versa. In order to better understand its hypothesised mechanism, the section below will describe and analyse the evolution of the approach, both in terms of context and process.

Initial idea
The evolution of the approach started with the idea that the city can be seen as a portfolio where decisions about where and how to invest should be based on information about the neighbourhoods’ strategic positions. Neighbourhoods, similarly to other products, go through a life cycle; local governments could utilise or intervene in these cycles. It was decided to identify the neighbourhoods’ positions, inspired by the Growth-share matrix, and to make a distinction between the neighbourhoods’ current ‘performance’, and their potential.

In the first version of the urban portfolio, the performance of neighbourhoods was identified by looking at real estate valuations and whether these fell below or above the city average. The potential, on the other hand, was based on about
ten interviews held with individuals active in the Amsterdam real estate business: investors, brokers, housing associations, and developers. The potential for development was based on spatial characteristics that were mentioned most often in the interviews. For residential use these included social status, the age of the buildings, the amount of open space, and the urban atmosphere of a neighbourhood. For commercial use these included accessibility by car and by public transport, social status, and the presence of other commercial functions. Based on a combined measurement of these characteristics, neighbourhood positions in the portfolio were identified: stars, dogs, cash cows, and question marks (Figure 6.1).

**Figure 6.1: The initial version of the portfolio concept**

![Diagram of the portfolio concept](image)

However, a conceptual problem emerged. Since property values obviously correlate with the opportunities in terms of spatial characteristics, the neighbourhoods’ positions on both axes are not independent as they are in the original Growth-share matrix. As expected, in this version of the approach, most neighbourhoods were indeed found along an imaginary diagonal axis (Figure 6.3). I found that the concept deviated too much from the Growth-share matrix, precluding the use of the same names for the four types of neighbourhoods. Hence, instead of stars, cash cows, dogs and question marks, the terms strong, vulnerable, weak, and talented were used respectively. The concept implied the intrinsic idea that in most neighbourhoods, both strong and weak, the prices and the potential were in balance: high values were mostly accompanied by high potential and low values by low potential. Most neighbourhoods thus were found in the weak and strong category, along a diagonal axis. Talented and vulnerable neighbourhoods could then, sooner or later, be expected to shift to a more balanced position. This resulted in a portfolio matrix as depicted in Figure 6.2, which was applied in the first three workshops.
Before, during, and after these workshops, other conceptual problems appeared. One of the explicit aims of the organising workshops was to trace these weaknesses, in order to test and improve the tool. One of these weaknesses appeared to be the way opportunities for development were identified, i.e., by measuring the average score on four characteristics: neighbourhoods’ potential. Although maps demonstrating opportunities in this manner presented a recognisable picture of Amsterdam, they were not seen as the single right indicators in the workshops; a variety of other characteristics were identified. These included a neighbourhood’s reputation, liveability, and presence of parking space, shops, bars, and others. One option was to add these variables and indicators and to try to combine them in an integral variable for potential. Yet considering the differences between neighbourhoods, it was deemed unlikely that any such combined, measured variable would be able to grasp the complex ways in which (and reasons why) neighbourhoods provide opportunities. This is particularly true as these opportunities are, at least partly, highly subjective. The workshops and interviews already demonstrated how different (types of) actors have different perceptions of different areas in the city and the opportunities they offer.

The static nature of this indicator was a problem of more conceptual nature. The spatial characteristics showed (an approximation of) which areas are considered attractive by private and semi-private investors; these choices highly correlated with current property values. If the two were out of balance, this indicated that a neighbourhood was either talented or vulnerable. Although this makes sense, it does not demonstrate what makes neighbourhoods ‘really’ interesting for investing, i.e., a new or increasing opportunity. A stable neighbourhood with high property values and a good score on the pertinent spatial characteristics is not necessarily attractive.
for investment, since most or all of its potential has already been capitalised.

Therefore, it was decided to indicate potential by a dynamic variable, similar to the Growth-share matrix, which proved very difficult. It was challenging enough to construct a combined variable from spatial characteristics, let alone to develop a tool to measure the change in these characteristics. Therefore, similar to the way neighbourhood performance was measured, it was decided to identify potential by value increases, which can be measured regardless of the driving force. Thus, the matrix featured a distinction between ‘potential’ (increase rates) and ‘capitalised potential’ (property values).

Figure 6.3: Relative market value and development opportunities for residential neighbourhoods in Amsterdam

With this adaptation, the idea of striking a balance between property valuations and potential disappeared. Although obviously property valuations and their increase are interrelated, this converges only after some time has passed. Only after several years of above average increase rates, property values also shift into another segment. Crucially, values and increase rates are not inherently interdependent: high or low values ‘now’ do not imply a high or low increase ‘now’ or vice versa. As a result, there will be neighbourhoods in all four categories. This conceptual difference, because of the dynamic variable, and the decreased interdependence between ‘x and y’ brought the approach back to the Growth-share matrix. Therefore, the names for the four ideal types of neighbourhoods were changed back to star, cash cow, dog and question mark (Figure 6.4).
In the next workshop, about ‘finding room for 50,000 houses’, the distinction between property valuations and their increase was used. As the comparison of the maps in Figure 6.5 shows, the portfolio map provide a more coherent image of the city. The previous map was more fragmented, which is not by itself a problem but in this case the new map appeared to correspond better with the participants’ ‘tacit’ perceptions of the city.

**Figure 6.5:** Portfolio maps with development opportunities as indicated by four variables (left) and as indicated by the increase of property valuations (right)

A longitudinal overview
As the residential property valuations were not up to date and also structurally lower than real life transaction values, it was suggested to start using the latter. Since valuations were only estimated every four years, whereas transaction values were collected every year, the added value of this approach was that a series of portfolio maps could be made. This longitudinal overview offered some advantages. First, the series of data allowed for some corrections to be made in the collected property values. Data may show strange outliers that remain invisible if one looks at just one
year. Having data available from multiple years makes it easier to find and ‘smooth-out’ such outliers. Second, whereas one portfolio map gives a snapshot of the city for one year, a longitudinal overview provides a much more enriched view of how the portfolio developed over time. It demonstrates the neighbourhood’s historical path to its current position. By itself, this was a significant contribution to understanding and analysing the driving forces behind the neighbourhoods’ paths. This can be concluded also by the observation that displaying the sequence of portfolio maps in the later workshops raised more enthusiasm than the snapshot portfolio map from the earlier workshops. The sequence of portfolio maps can be seen in Appendix IV.

The main disadvantage of using transaction values, however, is the fact that the portfolio maps use only owner-occupied dwellings, which leaves out the rented housing stock. In some of Amsterdam’s neighbourhoods the share of rented housing is close to a hundred percent. In these neighbourhoods, there are almost no real estate transactions; thus, these maps remained blank. With the recent change in measuring property valuations (they are measured more frequently and realistically), valuations have become a useful alternative again and may be used in the future.

The use of transaction values may produce a distorted pattern in some neighbourhoods, due the sale of social housing by housing associations. On average, social housing units are sold at lower prices than other units (Dienst Belastingen Gemeente Amsterdam et al., 2008). One of the reasons for lower prices can be discounts, often offered to current tenants or other buyers, which may bring the price down below ‘market value’. Also, social houses may be sold for less because they are (perceived as) less attractive: social housing often comes in large estates, part of renewal schemes, and buying a former social dwelling house often means living next to social housing which is yet to be sold. In this case, the distorted effect is the result of a different type and quality of housing entering the market in a neighbourhood. The average quality and the average prices may decrease. Whether lower values create a distorted image in the portfolio maps depends on the share of social housing that enters the owner-occupied market in a short period, and the differences in quality (and thus price) between the social housing and the owner-occupied housing stock in a neighborhood.

For this reason, houses sold directly from associations to individuals were excluded from the data. It means that discounts and large-scale sales at one time take little effect in the portfolio maps. Transaction values of these houses only ‘enter’ the data when they are sold for the second time to other individual buyers. By then, there may still be an effect due to the different quality of the property, but I expect this to be marginal; in none of the workshops participants pointed at this effect as a possible explanation for ‘strange’ neighbourhood positions. If it were expected to be relevant for a neighbourhood still, then the effect should be discussed, rather than to try and correct this in the model.

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1 One could also argue that in fact social housing entering the owner-occupied market does not bring about a distortion, but in fact a correction of the measured market value of a neighbourhood.
‘Partial portfolio’
Part of the evolution of the portfolio approach is the idea of the so-called partial portfolio, illustrating only a part of a city in a separate portfolio. In 2005, DRO organised a small workshop about the city centre in which, combined with some other maps, the portfolio maps. While the portfolio maps show the complete city, in this workshop there was a need to look at the differences between neighbourhoods within the city centre. In the portfolio maps of Amsterdam however, the city centre was almost completely saturated with stars and cash cows.

In order to address this problem, the idea emerged to make a portfolio map of only the city centre. Instead of looking at whether property values and their increase are below or above the city average, we looked at whether they were above or below the average of the city centre. This produced a new, partial portfolio of stars, cash cows, dogs and question marks (Figure 6.6). This ‘partial portfolio’ idea was used in similar workshops for the southern part of the city and for the urban renewal areas in West. Later, these were used in the workshop in Rotterdam about the opportunities in Oud-Zuid, where we also wanted to find the differences within the area, consisting mostly of dogs.

Figure 6.6: Partial portfolio of Amsterdam city centre

One could say that this distinction is artificial, as neighbourhoods do not function in isolated sub markets. Yet a similar argument can be made for the Amsterdam portfolio, the neighbourhoods are obviously not only ‘competing’ just within the city

2 As I did not attend and co organise this workshop, it is not described in Chapter Five.
limits, but also in a wider area. There are no isolated property markets at any level, only nested markets. In addition, the size of property markets varies for different persons. Many people in Amsterdam for instance look for housing only within the ring road. Others may compare Amsterdam neighbourhoods with others in the region or even further away; the Amsterdam property market is partial or nested, like many other markets. Practically, the municipality can decide only about where to invest within its own jurisdiction, despite the wider range of the property market.

Similarly, the idea of making a partial portfolio for the city centre was geared at gaining more insight into the relative market dynamics within the centre, which forms the portfolio for the local borough. Nonetheless, the maps showing these positions were shown only after the maps of the complete portfolio, and they were always accompanied by the caveat that the positions in these partial should not be taken ‘for granted’, and that the neighbourhoods’ positions in the larger portfolio should always be kept in mind. This duality was confirmed by a participant in Rotterdam Oud-Zuid, who appreciated the idea of zooming in through the ‘Oud-Zuid portfolio’; it offered a refreshing optimistic view, in contrast to the gloominess otherwise associated with the area.

Commercial portfolio
In addition to identifying the urban portfolio of neighbourhoods in residential terms, a commercial portfolio was also identified. Similar to the housing market, neighbourhood positions change for offices and business premises as well. In the first three workshops, both the residential and commercial portfolios (not including shops) were demonstrated and discussed.

Like the first version of the residential portfolio, the commercial portfolio was mapped by looking at real estate valuations, set off against the combined variable of four characteristics: (1) accessibility by car, (2) accessibility by public transport, (3) the social status of the neighbourhood, and (4) the presence of businesses. For exactly the same reasons as within the residential portfolio, the indicators for neighbourhood positions were similarly altered. While market value was still measured by real estate valuations, the potential was indicated by their increase rates.

A problem that appeared in the ‘creative/knowledge city workshop’ was the notion that one cannot distinguish one unique property market for offices and another for businesses and industry. Participants commented that within this market, one should make a distinction between office space and business premises, as well as between large and small premises. Based on these comments, four commercial portfolios were identified: (1) offices smaller than 500 m², (2) offices larger than 500 m², (3) business premises smaller than 500 m², and (4) business premises larger than 500 m². Since the subsequent workshop (about finding room for 50,000 housing units) involved the residential portfolio more than offices and businesses, these four commercial portfolios were not applied there. Neither were they relevant for the topics discussed in the following workshops.

Whereas looking at property values for houses provides an up to date overview of the neighbourhood’s position, for offices this is less useful. As commercial real estate is usually in the hands of property investors for a longer period, and with many more houses changing property than offices, it was deemed more interesting to look at the rent values and increase rates. Since these are more volatile, they gen-
erally present a more accurate image of an area’s position (Figure 6.7). Overall however, the office portfolio was used much less, due to the specific topics of the subsequent workshops, which were related more to the housing market.

**Figure 6.7: The office space portfolio**

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### 6.3 Evolution of the portfolio workshops

Not only did the portfolio approach change in terms of content, but also how we organised the workshops changed as well, due to additional insights into the best ways to facilitate a collective learning process. Reflecting and theorising on what happened in the workshops, the aim shifted to seeing how such a learning process could be stimulated. With this in mind, some aspects of the workshops were altered or replaced, while others remained the same. These changes are discussed below, presented in the order of the subsequent steps followed in the workshop.

**Introduction**

All workshops started with a discussion of the topic at hand and the presentation of the portfolio maps. This was followed by general or specific questions about the maps, data or the approach. In the first two workshops, which involved single neighbourhoods, the portfolio positions of the concerning areas were hidden from the screen. This allowed the participants to first think about its position by themselves, than to share this view with the group, and then finally to confront the tacit and explicit information with each other. Although this successfully generated discussion, it was seen as suitable only for workshops that focussed on a single
neighbourhood, i.e. the first two workshops. Hence, in the subsequent workshops that focussed on large levels of scale, the portfolio maps were shown directly; the participants did not first give their perceptions.

Analysis
In the first four workshops, an inventory was made of influential trends and developments within and outside of the neighbourhood or the city (depending on the scale of the workshop). In the workshops on the neighbourhood level, these trends and developments were distinguished and put in a matrix, depicted in Figure 6.8. This demonstrated the differences between developments within and outside of the concerning neighbourhood and the larger scale interventions. These developments and interventions, which lie outside of one’s control, could then be related to ‘one’s own’ possible interventions within the neighbourhood. This way of analysing was suitable for workshops focussing on a single neighbourhood or area. For workshops that involved a larger level of scale, however, this appeared too abstract to be useful.

Figure 6.9: Process protocol on city and area level, as developed and used in this research Template of the matrix for grouping trends and developments, which was filled out in the workshops

<table>
<thead>
<tr>
<th>Within the neighbourhood &amp; autonomous</th>
<th>Interventions within neighbourhood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentioned by participants</td>
<td>Given</td>
</tr>
<tr>
<td>Outside the neighbourhood &amp; autonomous</td>
<td>Interventions outside of neighbourhhood</td>
</tr>
<tr>
<td>Mentioned by participants</td>
<td>Given</td>
</tr>
<tr>
<td>Given</td>
<td></td>
</tr>
</tbody>
</table>

The fifth workshop looked at the driving forces behind neighbourhood change, and this was the first workshop to feature portfolio maps that changed over time. Hence, the driving forces were discussed by successively discussing a number of different areas in Amsterdam, in particular how to explain their changing positions in the portfolio over time. This resulted in a distinction of factors that drive neighbourhood change, an explicit aim of the workshop, which could be then used in the portfolio workbook (Combé, 2007). It seemed that the combination of the changing patterns in the portfolio maps and a discussion of the area generated a more tangible understanding of the neighbourhoods’ progression, instead of the more abstract analysis of trends and developments as depicted in Figure 6.8. These were seen as more relevant when the workshop focused on a single area, rather than (a large part of) the portfolio. Therefore, this analytical approach was subsequently also applied in the last two workshops in Rotterdam.

Ambitions and opportunities
In the first two workshops, the identification of possible ambitions was an explicit step in the process. Particularly in the case of the first workshop in Holendrecht, the
ambitions were not clear. Disagreement among stakeholders about the preferred future of the area hampered the ongoing planning process. By discussing these different ambitions and elaborating two strategies, it appeared that the disagreement did not need to stand in the way of continuing the planning process. In this case, discussing ambitions was an important step towards the development of strategies.

In the following three workshops (the Chassébuurt, the ‘creative/knowledge’ city, and siting 50,000 dwellings), ‘discussing ambitions’ was again included in the agenda. In two of these workshops, disagreement about possible ambitions was much less of an issue. Rather, differences of opinion about ambitions came to the front when more specific issues were addressed. Discussion revolved around specific questions, such as ‘whether one should aim to attract small-businesses in this street’, or ‘what should be the goal in dog areas at the urban fringe’.

In the next workshop (about finding the driving forces behind neighbourhood change), the step of identifying ambitions was replaced by a more tangible exercise of identifying opportunities. Each participant identified their investment preferences on maps, further clarifying why and under which conditions they would invest in a particular area. Apart from the fact that this fuelled interesting discussions about ambitions, interdependencies and eventually strategies, one of the more procedural advantages was that it resulted in a wider shared view of the diversity among the participants’ ideas, not just the contributions shared during the discussion session. This exercise was repeated in the subsequent workshops in Rotterdam.

Ultimately, the exact protocol of the workshops should be adjusted to the specific topic and level of scale. Whereas in workshops that focus on larger scale issues it seems suitable to discuss opportunities in the portfolio, it is more useful to explicitly address ambitions in cases such as Holendrecht or the Chassébuurt, where ambitions may pose a crucial hurdle.

**Strategies**

The objective of every workshop was eventually to work towards ideas about effective intervention strategies, based on an improved understanding of the neighbourhoods’ positions and the different actors’ perceptions of their opportunities. The idea of ending the workshop by discussing strategies, regardless of the topic remained unchanged in the subsequent workshops.

**Procedural aspects**

During the workshops, the importance of some practical procedural aspects emerged. They do not need to be mentioned in greater detail, since most of them are well-known elements necessary for conducting any type of meeting. Nevertheless, it was important to follow some basic guidelines. For example, workshops generally cannot take longer than half a day (a morning or an afternoon). The number of participants should be somewhere between six and twenty. Most importantly, one needs an experienced facilitator to host the workshop. He/she needs to steer discussion, to ask the right questions, and crucially should not be the same person who documents and observes the research objectives.
Fitness & appropriateness

The above two sections described the conceptual and procedural changes to the approach. The conclusion is that the current evolved form of the approach is arguably ‘fitter’ than the one applied at the beginning. What remained throughout the research project, however, is the basic idea that neighbourhoods’ positions are identified by looking at their current popularity, set off against their potential for development. The way the urban portfolio is currently mapped is considered an improvement – it is more logical, more accurate, more dynamic, and more tangible for participating experts – thus it can better support the discussion with relevant explicit information. The way the workshops are organised changed to lesser extent. Some changes, particularly with respect to the analysis of the neighbourhood(s) and the discussion of ambitions to opportunities, were considered more suitable for a large scale issue. These procedural changes were deemed necessary for adapting the approach to the concerning scale or to a specific issue. There are two types of adaptations to the approach: those that make the approach ‘fitter’ and those that make it more appropriate for different cases. The more conceptual changes are general improvements that making the approach fitter. The (mostly smaller) changes make the approach more appropriate for certain themes or areas, whether the creative city, the regional portfolio, or the Oud-Zuid area in Rotterdam. The result is a general robust framework consisting of several tested and established elements, which at the same time is sufficiently flexible to adapt to different – but not all – circumstances.

6.4 Deconstructing the CIMO-logic (Context, Intervention, Mechanism, and Outcome)

The following sections will evaluate the portfolio tool, deconstructed into evaluations of the outcome, the intervention and the mechanism, and the influence of context. This is combined into the CIMO-framework introduced by Denyer et al. (2008).3 The analysis will start with the evaluation of the outcome of the instrument. Particularly the more tangible outcomes can be identified or ‘measured’ more directly than the hypothesised mechanism behind it. Finally, the possible influences of the context are analysed. Evidence for the evaluations comes from observations, surveys, interviews, and documents, which were conducted before, during, and after the workshops. Deconstructing the cases should reveal how and why the approach did or did not result in the desired and hypothesised outcomes. Based on these evaluations, some more general conclusions can be made about the approach.

6.5 Outcome

The application of the portfolio approach in a workshop embodies only a fragment of the various arenas where planning strategies are generated, deliberated, debated, and realised. One should be aware that the majority of decisions are not made in such workshop formats. Moreover, with the workshops being positioned somewhere between practice and experiment, it is questionable whether the workshops

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3 Building on Pawson and Tilley (1997)
can be seen as part of ‘practice’ in the first place. For this reason, it is hazardous to attribute the outcomes to the workshop or the portfolio approach. More specifically, the approach and the workshops are not meant to directly lead to plans or policy decisions. The aim is to facilitate a collective learning process, which hopefully contributes to more informed deliberation of planning decisions elsewhere.

Rouwette et al. (2002) distinguished a number of outcomes that apply for the individual, the group, the organisation, and the method. These types of outcomes are discussed here, using a division slightly different from the one proposed by Rouwette et al. For example, while they see ‘commitment’ as an individual outcome, in the portfolio approach this is a (possible) outcome at the group level. More generally, there is an overlap between the outcomes for the individual and outcomes on the level of the group; the difference between the two can be difficult to identify. Here, I will distinguish between outcomes for the group and the individual (communication, language, individual and shared insights, reactions, and behaviour/commitment); outcomes regarding the method (i.e. proposed changes to the portfolio approach); and outcomes with respect to the concerning organisations. In sum, the outcomes discussed in this section are: communication and a shared language among the workshop participants; insight into neighbourhood positions, ambitions, opportunities, possible strategies; insights into the views and perceptions of other stakeholders and the interdependencies between them; changing behaviour and commitments by participants; and outcomes with respect to the method and the organisation.

**Communication & shared language**

The first requirement for learning is to establish communication between the participants, i.e. to exchange information. It seems plausible to state that communication did take place in all of the cases. The participants generally paid attention to each other’s viewpoints, and commented by contributing their views to the discussion. One of the indicators of such communication and collective learning is the shared language used. Terms and notions such as the ‘city as a portfolio’, ‘neighbourhood life cycles’, ‘oil stain development’, and the typology of neighbourhoods (stars, cash cows, dogs and question marks) were generally picked up by the participants and used repeatedly in the discussions. Some terms were more problematic though, for example, for some of the participants ‘gentrification’ lacked a clear and common definition.

**Insights about the positions of neighbourhoods**

The surveys asked participants to evaluate the extent to which the patterns showed at the beginning of the workshops were surprising, or whether they confirmed their existing ideas. In all three surveys the respondents were either ‘mostly confirmed’ in their perceptions, or ‘sometimes confirmed, sometimes surprised’. That is, nobody indicated to be ‘completely confirmed’ in their perceptions, nor ‘mostly surprised’ or ‘completely surprised’. Several examples of surprises or confirmations about specific neighbourhoods or patterns were mentioned, for example this account shared by a civil servant from Rotterdam Oud-Zuid:

The oil stain from Kop van Zuid came as no surprise, but I was happy to
see this confirmed in the portfolio. The trust and confirmation of this oil stain development towards [the adjacent neighbourhoods] Bloemhof, Hilllesluis, Katendrecht, and the Afrikaanderwijk was surprising though, particularly if related to [the other neighbourhoods] of Charlois where hardly anything was happening. Despite all the efforts there, hardly any increase in property values can be seen.

Looking at all three workshops, there were more surprising conclusions about the patterns in Amsterdam than in Rotterdam. Considering the limited number of respondents this is not a sufficiently large difference to consider. However, with respect to the type of respondents there is an interesting difference. In all three workshops, participants working for municipal agencies indicated to be more ‘surprised’ by the neighbourhood positions than participants working for the private or semi-private sector (Table 1). This difference, although based on a very small number of observations, might be explained by differences in age, position, and (correspondingly) the knowledge and experience of participants. Looking at the participants however, the private and semi-private organisations were not represented by older, more experienced people than those representing municipal agencies. When inviting the participants, they were usually selected for their knowledge of the city. There is another, perhaps more fitting explanation. The representatives of the (semi-) private sector may possess more, or different knowledge than the municipal agencies about the (changing) neighbourhood positions; this can be attributed to structural differences, e.g. in outlook and interests of their organisations.

Table 6.1: Answers to the question: ‘Did the maps confirm your perceptions of the relative positions and developments of neighbourhoods in the city, or did they surprise you?’ (Results combined from three surveys and grouped by types of stakeholders)

<table>
<thead>
<tr>
<th>Respondents representing:</th>
<th>Municipality</th>
<th>Housing association</th>
<th>Private developer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very surprising</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mostly surprising</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sometimes confirming, sometimes surprising</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Mostly confirming</td>
<td>3</td>
<td>6</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Merely confirming</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Don’t know / no opinion</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10</td>
<td>7</td>
<td>4</td>
<td>21</td>
</tr>
</tbody>
</table>

Insights about influential trends, driving forces, ambitions and opportunities
The portfolio maps by themselves do not offer an explanation for why neighbourhoods have a certain position. Usually, introduction of the portfolio maps would automatically trigger discussion about the reasons behind these positions, which in turn allowed for the assumptions of the participants concerning the driving forces.
to be contested by the viewpoints of other participants. In the workshops that focused on a single neighbourhood, this led to a shared inventory of influential aspects, such as the importance of location, of nearby facilities, architecture and many other aspects (as shown in Figure 6.8). More importantly, this created ideas and insights about how neighbourhoods may be improved and where in the city interesting potential can be unleashed. In the first city-scale workshops, also these types of aspects were collected, while in the latest three workshops, the driving forces were discussed according to individual neighbourhood, thereby linking directly the neighbourhood’s position to a discussion of the reason behind this position. The outcomes in this respect are far too many to illustrate here and are further addressed more extensively in Chapter Seven.

**Insights about possible strategies**

Strategies were discussed in all workshops (save the Chassébuurt one), but in different manner, according to the subject and the scale of the workshop. In workshops that concerned only one area, such as Holendrecht, the strategies discussed were relatively specific; for instance, one question was where and how to redevelop a shopping centre. The higher the level of scale the workshops the more abstract the strategies became.

The focus lies in the learning process. Particularly in workshops that dealt with the entire city, the discussion of potential strategies generally did not lead to tangible commitments and actions. For some workshops this may be related to a lack of urgency, but some of the participants remarked that despite the informative value of the workshop, they would need more detailed information and deliberation before developing actual strategies. However, this does not make the discussion less relevant, as witnessed by a private developer:

> This is very relevant for determining the strategy for an area. With the [portfolio] method you can, one the hand, think broadly thinking of creative solutions, but also learn from other experiences and apply these. (Private developer’s response in survey following the Rotterdam Oud-Zuid workshop)

She continues:

> It is difficult to change common thoughts about strategies for the city and its neighbourhoods. We can and we have to change the approach particularly in the ‘dogs’, the problematic neighbourhoods. More attention should be paid to regaining the confidence in neighbourhoods as good living environments, as well as how and under which conditions this can be done. (Ibid.)

For other participants, however, the added value appeared to be not so much new insights about new strategies on a portfolio level. Rather, the portfolio way of thinking was new.
Insights about the perceptions and attitudes of other types of actors

The extent to which people were surprised by the perceptions and attitudes of other types of stakeholders varied in each workshop. In the Amsterdam workshop on analysing the driving forces for neighbourhood change, respondents from both the private, semi-private and municipal agencies all observed that generally everyone acted according to expectation: private developers from a commercial viewpoint, the housing associations from a wider perspective and the civil servants acted with public interest in mind. The Rotterdam workshop in Oud-Zuid demonstrated that this does not necessarily have to be the case. Here, civil servants expressed their surprise about the unexpected difference in attitudes at the table. For example, some of the housing associations were considered uncharacteristically passive, in contrast to the proactive approach of a private developer, whom they felt they could do business with:

‘[I was surprised to see] the progressive, proactive attitude of the commercial actor versus the very cautious attitude of the housing associations’ (Civil servant’s response in survey following the Rotterdam Oud-Zuid workshop).

In the other Rotterdam workshop, there was some surprise about the municipality’s attitude about the subject of gentrification. A respondent working for a housing association was bothered by the high ambitions of the municipality concerning this subject, which in his view lacked a proper definition. A private developer was surprised by the municipality’s laissez-faire attitude towards realising these ambitions.

It is difficult to explain exactly why one workshop raises so much surprise about the attitudes of the other participants, while others do not. It may be related to the extent to which people in the workshops are already familiar with the subject, the area under discussion, and particular the frequency with which they discuss these topics with each other. In the Rotterdam workshops, looking at opportunities instead of problems (both within Oud-Zuid and in terms of gentrification) appears to be a relatively new way of looking at the city (as mentioned in the surveys). Looking for opportunities in the Amsterdam area, on the other hand, appeared to be a bit more common occupation, and the participants were more familiar with each other’s attitudes. This may be related to an overall difference between the two cities: the heated housing market in Amsterdam generates more opportunities than the relaxed Rotterdam market. At the same time, however, the differences may be more contingent: they might also be attributed to differences between the individual’s personal viewpoints of the city, or their organisations.

Behaviour/ Commitment

To what extent were the new insights translated into more tangible results? This is difficult to pinpoint. First, the main objective of the workshops was educational. Facilitating a collective learning process does improve the chances of taking (collective) action or changing behaviour, but whether this actually happens depends on many additional factors (e.g. Pawson and Tilley, 1997). Second, the (changing) behaviour and actions of people are extremely complex and are therefore not easily demonstrated as simple outcomes of a workshop. Participants may say they will take action and then do not take any action, or vice versa. Participants may change their
behaviour but maintain the belief that nothing has changed, or vice versa. Participants may not take action or change their behaviour immediately, but act differently in a later project. And participants in the workshops may commit themselves to something where they have no real authority. In some of the cases, there were some indicators that the participants are committed to do something with the lessons learned, while in other there was no noticeable commitment.

It appeared that the first two workshops in Holendrecht produced a change in the attitude of participants towards the problem and towards each other. In the months before the workshop, several stakeholders had indicated that they were considering leaving the project. But at the end of the second workshop, the participants committed to continue cooperation, by developing a strategic framework with the existing stakeholders, which eventually led to a set of design requirements. This seems to be one of the most tangible results of the workshops.

There are other examples of participants expressing willingness to do something with the insights gained. In Rotterdam Oud-Zuid, one of the conclusions was the need for the municipality to communicate more clearly its intentions regarding future investments, as well as the importance of good schools for neighbourhood revitalisation. More than six months after the workshop, municipal participants still indicated these as important lessons: ‘the municipality has to be clear and make decisions on time about large scale interventions (e.g. in infrastructure), because otherwise private actors will not invest. If there is no clarity there is no investment’.

The workshop on gentrification in Rotterdam concluded with the participants’ expressed wish to continue discussing the issue with the group. However, due to several reasons, in particular the lack of a clear ‘problem owner’, this has yet to take place. A private developer already warned against this outcome; based on his experience too often nothing is done with otherwise very interesting findings.

Observations in the other workshops indicate that there were some learning effects, in terms of understanding the neighbourhoods’ positions, ambitions, possible strategies, as well as understanding the other participants’ ideas about these topics. The learning effects could have subsequently influenced the participants’ behaviour elsewhere. There is however little or no hard evidence that these supposed learning effects were followed by actions or altered behaviour.

‘Institutionalisation’ of the approach

In addition to outcomes at the level of the individual or the group, it is interesting to look at the outcomes with respect to the organisation and the method itself (Rouwet et al., 2002). Does the portfolio approach change the organisations that use it? It is unlikely that this is the case. Although during its development, the portfolio idea did catch the attention of an increasing number of people in the Amsterdam Planning Department (DRO), it would be a gross overestimate of the approach to say that it actually changed the organisation. The same holds true for Rotterdam.

With respect to the method, however, one can say that to a certain extent the approach has been institutionalised. Based on the evolution of the approach in Amsterdam, the university and the planning department developed a workbook featuring the latest version of the approach. It explains how data are collected and processed, and it further explains how the portfolio maps are made. More importantly, it explains when and how one could decide to use the instrument and how to
organise a workshop.

In addition, the latest adaptation of the approach – which is still in progress as of writing and does not make part of this research – was the development of portfolio maps which show much more detail than the maps using neighbourhoods as units; the new maps can show the differences within neighbourhoods. This allows one to identify the market dynamics within neighbourhoods in much more detail (see Appendix III).

6.6 Intervention & mechanism

What were the mechanisms that produced the outcomes identified above? This will be discussed by looking at assumptions and hypotheses about the workings of the approach.

*Assumption: the need for a communicative and structured process*

The importance of communication in planning has been the dominant topic in much planning research of the past two decades. Often it is accompanied by the normative idea that one of the main tasks for planners is to facilitate communication between the relevant stakeholders. Whether this communicative turn has become part and parcel of planning practice and whether one can speak of an actual communicative paradigm (Healey, 1996; Innes, 1995) remains object of debate (e.g. Huxley and Yiftachel, 2000). Considering the aim of contributing to an informed deliberation of a shared future for the city and its neighbourhoods, effective communication is a crucial and intrinsic ingredient. During the initial development of the portfolio approach it was clear that the portfolio concept by itself, i.e. the identification of the neighbourhoods’ strategic positions in the city, could never generate sufficient knowledge for informed investment strategies. It is explicitly not meant to provide ‘the rigorous truth about the market dynamics’ and eliminate the discussion. On the contrary, in order to generate rich knowledge, the approach clearly needs some kind of forum where the portfolio analysis can be contested and discussed. Apart from the abundant literature arguing for open, communicative planning processes, this hypothesis was also confirmed in all the workshops, as indicated by some of the respondents’ comments in the surveys. When asked about what they regarded as most positive in the workshops, some of the participants mentioned this aspect:

- The emergence of dialogue and the mutual understanding among the actors, and the discovery of mutual interests in certain developments (private developer, Amsterdam);
- To think and share knowledge together (private developer, Amsterdam);
- The informal sharing of knowledge and thoughts among the different actors (civil servant, Amsterdam);
- The open and substantive discussion (housing association representative, Amsterdam);
To hear the different opinions of the present stakeholders (civil servant, Amsterdam);

The exchange between the various actors (civil servant, Rotterdam);

The involvement, the enthusiasm and the participant’s willingness to take action (private developer, Rotterdam);

The positive energy – the belief that we can do it if we work together (civil servant, Amsterdam).

It may seem obvious that communication took place during the workshops; however, there are several ways to impede communication, most notably when Habermas’ requirements for the ‘ideal speech situation’ are not met. People may be (partially) excluded from discussion, the viewpoints of some may overpower the viewpoints of others, and there may be hidden agendas that keep participants from openly sharing their attitudes. As argued by authors such as Tewdwr-Jones and Allmendinger (1998), these requirements are virtually never met.

In the workshops, differences of power and possibly hidden agendas most likely influenced the participants to some degree; I certainly cannot assume that they always revealed their true beliefs or intentions. Chances of such communicative distortions seem to increase when workshops involve discussions about tangible actions and investments by specific actors. When more direct interests are at stake, the chances of strategic behaviour in the discussions increase, for example, in order to preserve a competitive advantage, actors may prefer to conceal some of their plans. Giving away ‘undiscovered treasures’ in workshops like these might be seen as poor strategy, especially if the participant had not yet acquired the land.

However, this did not seem to impede meaningful communication in the workshops; rather the opposite. That is, the development and developers of an area can actually gain if actors make their intentions public instead of keeping their cards close to their chest. Schön (1983) demonstrated how strategic behaviour (withholding negative information, testing assumptions not publicly but privately, and seeking unilateral control over the other) in the end can work against the actors’ own interests. In fact, one of the main assumptions behind the value of the portfolio approach is the perceived benefits of making explicit the interdependencies between the different actors. The positive participant testimonies above, clearly confirm the value of generating an open, informal atmosphere during the discussions. Thus, a sense of trust and the feeling that one can freely speak one’s mind is an important element.

The presumed openness of the discussions also meant that some critical or politically incorrect things could be said. In the case of the Chassebuurt for instance, a private developer stated how the presence of a mosque made one side of a block significantly less appealing than another side. In another workshop in Amsterdam, a

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4 In short: (1) everyone should be equally able to participate in discussion; (2) differences in role, status or power should not constrain dialogue; and (3) everyone should have a genuine motivation to reach consensus about the truth of arguments and validity of norms.
private developer mentioned the negative influence of high concentration of public housing, making areas less interesting for investment. Both examples provided information that some city officials were not pleased to hear, but that was nevertheless useful. In a Rotterdam workshop, there were also some critical remarks made about the lack of effort put into schools and other services by the city. Again, a private developer complained how this threatened her investments in the area. What is important about this kind of openness is that it allows, at least to a certain degree, insights into other actors’ perspectives, perceptions and intentions.

**Figure 6.9: Process protocol on city and area level, as developed and used in this research**

<table>
<thead>
<tr>
<th>Visualisation</th>
<th>Explicit information</th>
<th>Steps in workshop</th>
<th>Tacit input</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maps &amp; charts</td>
<td>Maps &amp; charts</td>
<td>State of the portfolio</td>
<td>Finetuning by experts &amp; stakeholders</td>
</tr>
<tr>
<td>Expected and current and developments that can be visualised: demographic trends, accessibility, etc.</td>
<td>Archetypes of possible trends and developments of possible influence</td>
<td>Analysis &amp; Expectations</td>
<td>Driving forces behind position &amp; expected developments and their influence on the city / the area.</td>
</tr>
<tr>
<td>Archetypes of possible trends and developments of possible influence</td>
<td>Archetypes</td>
<td>Ambitions/Opportunities</td>
<td>City: participants indicate where they see opportunities for investment Area: issues, priorities and dilemmas in the area</td>
</tr>
<tr>
<td>Archetypes City: e.g. priority to weak / strong / decaying areas / investment efficiency, etc. Area: current vs. new inhabitants, short vs. long-term ambitions, etc.</td>
<td>Archetypes Area: seizing opportunities for renewal / improve in current form / let area ‘degenerate’ / deregulation, etc.</td>
<td>Strategies</td>
<td>Suitable strategies &amp; interventions</td>
</tr>
</tbody>
</table>

In addition to the assumption about the need for communication by open dialogue, it is presumed that the application of the portfolio approach in workshops requires a certain logical structure and organisation. In general, the workshops aimed at finding feasible intervention strategies, based on a shared analysis of an area’s position, a problem or a theme. They were organised and structured accordingly, essentially in a four step protocol, in order to assure that some steps deemed necessary did occur (Figure 6.9).
The aim of the protocol is to generate a collective, structured mental model of what is going on in a city or a neighbourhood, based on the integration of information available at the table. Using the protocol is believed to contribute more to achieving this goal than is possible during a ‘normal’ meeting. That is, whereas the latter would be structured by an agenda, the protocol above is made up of a hierarchical structure that allows for knowledge and information to accumulate (hopefully in a logical way).

Following this schedule largely assured that the intended discussions would take place. The participants in the most part agreed with this format, silently or explicitly. Still, in the workshop on finding driving forces behind neighbourhood positions, there were some who felt that the discussion should have been more structured. Others felt that there should have been more flexibility. In any case, if a workshop is meant to produce ideas about possible strategies, then the format depicted above (or a variation of it) has to be followed. This became clear very clear already during the first workshops of the project.

In the case of Holendrecht, there was no time left to discuss strategies, because of a time consuming session on analysing trends and developments in the area. Based on the insights gained in these steps, participants expressed the need to proceed by discussing possible strategies. Therefore, a second workshop could be organised to discuss these strategies. The second case, i.e. the workshop in the Chassébuurt, featured the same problem of time constraints; however, there was no opportunity for organising a second workshop there. The result was that any interesting findings and discussions in the workshop remain fragmented; they were not crystallised in a concluding consensus about how to proceed in terms of possible actions.

Assumption: the need for insight into market dynamics
Chapter Two discussed the changing relationship between the public and the private sector, as part of the new context for planning. The need for information about market dynamics can be derived from this literature. However, application of the portfolio approach itself has added to this evidence of the need for such information. First, there is the simple fact that providing this kind of insight was the main question posed by the Amsterdam Physical Planning Department in the research project. This may sound like a circular line of reasoning. Even so, the observation that a tool does indeed provide an answer to the question posed by the client can be seen as a simple indication that a tool is effective. As obvious as this may sound, Chapter Four showed that many planning support systems do not meet this criterion. There is an expressed need for gathering and presenting more information about the market dynamics, both in practice as well as in the literature. A second indicator comes from the workshops. It is the observation that, while various questions and sometimes critical remarks were made about the maps and the data (which data were used and how they were used), the suggestion that property values were not a relevant type of information was never made.

The surveys support this expressed need for insight into the market dynamics. In all three of the last workshops, the municipal respondents were more surprised by the portfolio patterns than private and semi-private respondents (see Table 6.1). The (semi-)private actors often remarked that they, in contrast to civil ser-
vants, already use this kind of information about property values. It seems that this approach may hold a higher added value for the public sector, providing information about property values, the way they change, and market dynamics in general.

The need to know more about market dynamics not only speaks from the expressed participant interest in the portfolio maps, but also the clients’ (DRO and DS+V) wish to invite a number of private and semi-private stakeholders to the workshops. Hearing the viewpoints of participants working for (semi-)private parties was considered valuable information for the municipal officials (as well as vice versa). In most of the workshops however, there were more municipal officials than participants representing private (particularly) and semi-private agencies. It often proved too difficult to bring together a more balanced group, even despite the expressed wish for more diversity by the participants.

This is related to the fact that insight into real estate dynamics does not only come from the portfolio maps. As discussed above, a better understanding of the dynamics in the city is attained by confronting ‘objective’ information with the knowledge of participants: in the analysis of the portfolio, its opportunities and strategies. The added value of these discussions is twofold. Representatives of the municipality learned more about the rationales for investments of private investors. After the workshops, civil servants would often return to the lessons learned there. Furthermore, it also generated an understanding of the possible investments or interventions the public sector could or should do in order to trigger private investments (one of the key public sector goals). Interestingly, this could also reveal information about which (kind of) public interventions would not stimulate private investments.

Hypothesis: the combination of process and information

More specific than the assumptions discussed above are the hypotheses about why the portfolio approach works the way it does, i.e. the way it combines process and content in order to stimulate the process of collective learning. Chapter Three and Chapter Four extensively discussed the need to connect different types of knowledge and information. In particular, they stressed the importance of generating more experiential forms of knowledge and information, as part of the literature on communicative planning approaches. In Chapter Three it was argued that often explicit and tacit forms of knowledge remain separated. Processes often appear to be driven by either the ambition to be democratic and inclusive or by a more technocratic approach that focuses on hard data and models. A pressing challenge is to find ways to organise the meeting of these two types of knowledge (Owens et al., 2004). The hypothesis of the portfolio approach is that informed deliberation requires the integration of different types of knowledge, which in turn requires the combination of process and content.

The workshops clearly demonstrated that explicit and tacit knowledge are complimentary, both in workshops where the two types of knowledge were available and those where this was not the case. As mentioned earlier, there was no doubt that the explicit information provided by the portfolio maps and data by itself would be sufficient for achieving the objective of better deliberated strategies. It was also clearly demonstrated that tacit knowledge alone is simply insufficient. A municipal official’s response to the survey in the last workshop in Rotterdam illustrates
this point:

[In the workshop] we had facts about which neighbourhoods are developing well or less well, which is now based on opinions. It generates insights and provides basis for discussion about where to intervene or give a push.

This notion became particularly manifest during the workshop on the dynamics of the regional residential portfolio. Despite the lack of data and despite the fact that the workshop was deemed interesting and relevant, a lot of time was spent on ‘guessing’ property values and their rates of increase. As a result, discussions the regional ambitions and portfolio strategies could not be supported by any explicit information. The participants explicitly indicated the lack of data and maps as a regrettable impediment for well-substantiated analysis and discussion. In terms of research, however, this workshop was a very useful – yet unplanned – ‘negative case’; it explicitly demonstrated the need for explicit information.

Quality, credibility and transparency of the information
The mere presence of both types of information is not enough; integration also depends on their credibility. Because both explicit and tacit information are always correct or incorrect to a certain extent, both were contested during the workshops: one participants’ tacit knowledge was confronted by that of the others, as well as by the explicit information of the portfolio maps. The explicit information in turn was contested by the participants’ experiential knowledge. Showing the portfolio maps generated informative or critical questions about the data behind the maps, the assumptions, and the limitations: about how the maps were made and the data that were used. Particularly when the maps showed patterns or positions that did not directly correspond to the participants’ perceptions, the maps and the data on property values were contested. The surprisingly weak position of neighbourhoods in Buitenveldert in Amsterdam is an example of this conflict. Before uncovering the reason for this peculiar position of the area, participants had to be convinced that this was not due to incorrect data. Only then were they willing to challenge their own perceptions. Participants thus appeared to assess the value of the information presented and this seemed to have an influence on the role of the portfolio maps in the following discussions. If one suspected serious limitations, or if one did not ‘trust’ the data, the maps and the portfolio idea would serve ‘only’ as an interesting or useful conceptual framework for discussion. This was the case in the workshop on gentrification in Rotterdam. Here, the portfolio positions of neighbourhoods themselves were not so much contested; instead, the complaints were levelled at the overly coarse level of scale of the presented information. By showing that large scale gentrification had not taken place, the maps were valuable for setting the stage; however, they could not exactly pinpoint where small scale gentrification occurred. In the case of the regional portfolio workshop, the complete lack of good – in this case any – explicit information was even more problematic. In cases when the data would be considered reliable and useful, the portfolio approach could be used not only as a conceptual framework, but also the substantive patterns themselves could be used as ‘evidence’ and reference for discussion. This was the case in most of the other workshops, where the portfolio maps were continually used as refer-
ence of evidence during the discussions. When for instance the neighbourhoods in Rotterdam Oud-Zuid were discussed one by one, this was continuously related to and supported by the ‘film’ demonstrating the sequential portfolio positions.

During the development of the portfolio approach, the maps were altered several times, by using different variables and different data (see Section 6.2). Questions and discussions about these in the workshops changed accordingly. In the first workshops, participants asked mostly conceptual questions. After changing the variables, this shifted towards questions regarding the data on property valuations, which were contested for not being sufficiently accurate and up-to-date. Hence, valuations were replaced by transaction values. This also allowed them to map neighbourhood positions for longer periods, instead of just a snapshot for one year: an improvement of the explicit information input, which allowed for neighbourhood positions to be analysed more thoroughly. Visualising a longitudinal pattern resulted in more enthusiastic reactions than a single portfolio map. Furthermore, an improved insight into the changing patterns over longer periods of time contributed to discussions about what generates neighbourhood change.

There was substantial variety in the workshops: some offered explicit information while some did not; some offered lower quality explicit information than others; and the explicit information was accepted and used with varying extent by the participants. The conclusion is that a meaningful integration of tacit and explicit information appeared to be possible only (1) if both were present and (2) if the quality of both was largely accepted by the participants (after being assessed and contested if necessary). If the explicit information was deemed unreliable, then the discussion continued based on tacit information only. Since the workshops were attended by knowledgeable and experienced professionals, the opposite situation did not occur, i.e. discussion based on explicit information alone.

The specific need for the portfolio approach

Chapter Four illustrated that, following Rittel and Webber (1973), it is not possible to positively confirm hypotheses about the portfolio approach by using a crucial test. Instead, one should test the plausibility of the hypotheses. After confirming a plausible hypothesis, then the next question concerns the added value of the portfolio approach. One might argue that the same kind of learning processes, shared knowledge, and strategic discussions can be generated by analysing and presenting market dynamics in a different way. It is safe to say that to a large extent this is possible: the portfolio approach is not the single instrument to generate these types of strategic discussions.

There are, however, some characteristics of the portfolio approach that seem to give the approach an added value in the type of workshops described. First, there is the portfolio idea itself, which stimulates or compels a strategic way of thinking at the urban scale, in the same way that a business portfolio provides an overview of the company’s products. Reduced to one (series of) image(s), the state of affairs is presented both in terms of current property values and their increase rates. Particularly the availability of data on property values for longer periods, which allowed for longitudinal picture of the urban portfolio, proved an asset.

The portfolio approach was used as a discussion tool for intervention strategies. This particularly applied to the workshops that focussed at city scale or a
large part of the city. It is certainly possible to imagine other tools or approaches that can stimulate similar discussions about changing neighbourhoods, opportunities and strategies. In the surveys about the portfolio concept without exception, the respondents assessed the portfolio idea as a useful approach and the portfolio matrix as a logical conceptual model. This pattern is reinforced by other specific comments in the surveys, such as the following:

The value of the tool was empirically proven: we had a good discussion (civil servant, Amsterdam);

Especially insight into the dynamics of more years gives a nice image (civil servant, Amsterdam);

The model makes you think in certain way (civil servant, Amsterdam);

Yes, [the approach] raised discussion about where we are spending our money (civil servant, Amsterdam);

It provides an image of the potential of locations and urban developments (private developer, Amsterdam);

It demonstrates differences between areas, based on which one can look at what is going on in there and what is the preferred further development (civil servant, Rotterdam);

It questions the effectiveness of the [currently used strategy of stimulating a] gentrification process (housing association representative, Rotterdam);

It focuses on the determinants of long term developments of property values (private developer, Rotterdam);

There is insight into the changes over time. And you can draw conclusions if you put these data next to other available data (housing association representative, Rotterdam).

One may conclude that when workshops are focussed on the complete city or a large part of it the portfolio approach is a suitable approach, because it offers just that: a portfolio approach.

On a lower level of a single or select few neighbourhoods, the portfolio maps provided useful information about the concerning neighbourhood’s position, which was then followed by discussion about the neighbourhood itself, rather than a discussion about the portfolio. In these cases, it appears that rather than the portfolio concept (the maps and matrix), it is the structured workshop supported with substantive, explicit information that contributed to generating a fruitful discussion. The structure of the substantive discussion, from analysis to ambitions to strategies, seems to contribute to the result, but it should be noted that another type of workshop or meeting might have produced a similar result. In other words, in this case
the portfolio approach may be seen as a sufficient but not necessary instrument.

6.7 Context
Several contextual aspects that influence the outcome can be distinguished. Some of these relate to more general, institutional matters of context for the portfolio approach, whereas others are more intertwined with the mechanism of the approach itself.

Place
One of the possible contextual factors that can influence the effectiveness of the mechanism is place. Initially, the approach was developed for identifying the urban portfolio of Amsterdam. After a number of workshops, the extent to which this was bounded to the city of Amsterdam could be examined by applying the approach elsewhere. One workshop in the Amsterdam region and two in the city of Rotterdam demonstrated that other cities (or regions, or other areas at different scales) may benefit from the approach as well. Although the lack of data in the regional workshop impeded a well-informed discussion, the idea of a regional portfolio was received with enthusiasm. In both cities there is a clear need for more insight into the dynamics of the property market. As noted earlier, the civil servants were more surprised with the portfolio maps than private and semi-private participants.

Due to differences in economic positions and particularly in their housing markets, Rotterdam may be a little more eager to stimulate private investment, urban development and gentrification. The pressure on the Amsterdam housing market always brings up the discussion of how to retain sufficient affordable housing. It seems that discussions in Rotterdam mostly revolve around where and how to step on the gas pedal, while in Amsterdam considerations on where and how to use the brakes are also frequent. Their differences aside, both cities fundamentally want to create attractive and diverse neighbourhoods, and stimulate urban development. Both feel the need to include the private sector, or at least insight in its rationales, and both therefore feel the need to know about the opportunities for development of different areas and neighbourhoods in the city. Differences in their spatial structures and their housing markets do not seem to alter this notion.

Yet the different lay-outs and patterns did seem to moderately influence the discussions. The relatively simple pattern in Amsterdam, featuring gradually decreasing property values from the centre outwards and the oil stain development in the same direction was generally known by the participants. Particularly the exceptions to the perceived patterns, such as Buitenveldert, did generate interest and were discussed. The more fragmented pattern in Rotterdam appeared to be less ‘self-evident’ than its Amsterdam counterpart.

If the conclusion is that the approach works in Amsterdam and Rotterdam, can it be expected it to work in other cities as well? As discussed in Chapter Two, the majority of cities in the post-industrial economy face the challenge of ‘doing more with less’: simultaneously attracting private investment, striving for diverse and liveable neighbourhoods, retaining sufficient affordable housing, proving a proper level of public services, and other challenges. Mapping the urban portfolio and contributing to the deliberation of urban planning strategies, could be also useful in
other Dutch and foreign cities. One should make such statements with caution; the extent to which this is the case highly depends on the kind of relationship between the public and the private sector and the roles they play in urban developments. This reserve note, in most cases there is a clear relationship of interdependence: the government needs the market and vice versa. In order to see whether the portfolio approach can be useful in other cases, particularly for other countries with other institutional contexts and planning systems, it would have to be further tested.

Who is the client and who takes the initiative?

It makes a difference for whom the workshop is actually organised, which is related to who takes the initiative to organise a workshop. A distinction can be made between DRO, as the client and initiator of the portfolio project, and the ‘individual’ clients (i.e. participants) for each workshop. The influence of the client and initiator can be assessed best by looking at how this differs for different workshops.

The first four workshops were primarily organised to develop and test the portfolio approach; the planning department and university together searched for a theme or area. The contacts made in Holendrecht, the Chassébuurt and the Bureau Woningbouwregie, all resulted in workshops. Some initiatives for workshops in other areas faced a lack of time, urgency or local enthusiasm; therefore, no workshops were organised in these locations. In the later workshops (i.e. the ‘regional portfolio’ workshop, the workshop co-organised with ING Real Estate, and the two workshops in Rotterdam) the initiative lay more with the people associated with the concerning area or project. That is, the workshop was more like a co-production, instead of the planning department and the university organising a workshop with stakeholders ‘for’ e.g. the Chassébuurt. This had a positive effect on the enthusiasm during the workshop, and the commitment of the participants, particularly those co-organising the workshop. The case of Holendrecht, however, was somewhat of an exception. Although the workshop was initiated in a relatively top-down manner, the workshop occurred at just the right time. It may also demonstrate the need for an external, mediating agent, in this case the university acting together with the planning department, to (re)activate substantive discussion.

Problem, scale and timing

Related to the role of the client and initiative is the role of the problem or issue for discussion. The portfolio idea initially was developed based on the need for more insight into the market dynamics of the city. In most of the workshops, this issue returned in different ways and as such formed the trigger for applying the portfolio approach. More specifically, the workshop on neighbourhood level started with the notion that some kind of development was planned or preferred, but without a clear strategy or clear ideas about which actions to take or which actors to involve. In this case, the portfolio workshop can provide a structured framework for discussion, based on the strategic position of a neighbourhood as a starting point.

On a larger scale, the idea of the city as a portfolio, workshops involved more actual ‘portfolio discussions’ about where to find opportunities, where to invest, and how to invest in a certain area, site or neighbourhood. Notwithstanding the use of the approach at the neighbourhood level, one can therefore say that principally the portfolio idea is more appropriate for levels of scale beyond the
neighbourhood: one or more boroughs, the city, or the region. It informs and stimulates discussion about where to intervene and invest in the city, considering the challenge for local governments to be more selective. At these levels, it is a tool that can help making investment choices between different neighbourhoods or areas (similar to the Growth-share matrix that inspired it).

Another important point is the timing. A wide discussion on how or where to invest is useful mostly if there is still a lot of uncertainty about the ‘what, when, how, and who’ of possible developments, i.e. before a (detailed) plan is prepared. This is the preferred stage of intervention, when different actors have a lot to learn about each other’s viewpoints, interests, and the mutual interdependencies. There has to be a certain amount of room left to make plans or to manoeuvre. This was usually the case if the initiative and topic for a workshop was proposed by the concerning stakeholders themselves. However, the initiative of the Polderweggebied workshop did not succeed because it was a ‘top-down’ initiative by the planning department and university and because the ‘how’ of the redevelopment project was already more crystallised.

**Urgency**

Urgency is an important factor determining whether a portfolio workshop can lead to a collective learning process and also whether a workshop can or should be organised in the first place (see also Roberts, 1978). Apart from a lack of time, the lack of urgency appears to be one of the main reasons why some intended workshops were not organised. It is probably also why the intended follow up of the workshop in the Chassébuurt did not take place. The element of urgency is therefore connected with the above mentioned aspects of initiative and timing. If the initiative for a workshop emerges in a bottom-up way, it usually indicates a sense of urgency; however, if a workshop is organised primarily through a top-down initiative, it is less certain that the portfolio approach is the right tool at the right time.

**Integration with existing project**

It appears that the chances of collective learning increase when the portfolio approach and the workshop are part of some sort of existing project for an area or topic, with an already engaged group of stakeholders: it makes the workshops more relevant for the participants. At the same time, the Holendrecht case seems to demonstrate that a workshop taking place outside of the regular project meetings – yet with largely the same people – can also be beneficial. It can stimulate people to think out of the business-as-usual-box. As the Holendrecht workshop was no ‘official’ meeting, participants felt there was more room for open, substantive discussion, in contrast to more procedural discussions. In the end, it seems that one needs to find a proper distance from the existing project: neither completely integrating nor completely disconnecting from it.

### 6.8 The learning mechanism

Based on reflections on the approach, by looking at the single cases as well as by

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5 The Polderweggebied is a redevelopment area in the east of Amsterdam.
comparing them, a CIMO-logic (context, intervention, mechanism, and outcome) for the portfolio approach can be constructed. That is, one can conceptualise how in a certain context the intervention can trigger a mechanism of learning, which in turn will resulting in various possible outcomes.

Chapter Three discussed the Nonaka and Takeuchi’s SECI-model (socialisation, externalisation, combination, internalisation), featuring the ‘spiral of organisational knowledge creation’. In Figure 6.10, the spiral is depicted in different manner, along epistemological and ontological dimensions.

**Figure 6.10: Knowledge generation along epistemological and ontological dimensions**

An important characteristic of the scheme is the integration and confrontation of tacit and explicit knowledge. The SECI-model and particularly the spiral of organisational knowledge creation are a useful synthetic conceptual mechanism for describing the learning processes that are intended to take place in and after the portfolio workshops. Figure 6.11 depicts a conceptualisation of this learning mechanism, based on Nonaka (1994, p. 20). Similar to the original scheme, knowledge is distinguished in epistemological terms, i.e. explicit and tacit knowledge, and in ontological terms. However there are differences with Nonaka’s model, where the learning process spreads and ‘increases in scale’: from the individual to the group, the organisation and beyond. On the other hand, the learning mechanism of the portfolio approach is set within a group of participants in one workshop. The emphasis in the workshops is on bringing together explicit and tacit information and knowledge. In the workshops, the portfolio maps (and possibly other codified information) are the explicit information input, whereas the participants bring in their practical, experiential knowledge. Through a process of externalisation, participants share their experiences and perceptions with others:

the externalisation mode is triggered by successive rounds of meaningful
‘dialogue’. In this dialogue, the sophisticated use of ‘metaphors’ can be used to enable team members to articulate their own perspectives, and thereby reveal hidden tacit knowledge that is otherwise hard to communicate. (Nonaka, 1994, p. 20)

**Figure 6.11:** The mechanism of knowledge integration of the portfolio approach within a workshop (inspired by and adapted from Nonaka, 1994)

‘The sum of the individuals’ intentions and ideas fuse and become integrated with the group’s mental world’ (Nonaka et al., 2000, p. 13). The information present, i.e. the maps and the participants’ knowledge, is then contested and confronted back
and forth during the discussion. Through combination this process produces a new, shared knowledge base. By exchanging, confronting and combining tacit and explicit information, i.e. moving in epistemological terms, progress can be made in ontological terms. In the portfolio workshops, this process takes place a number of times, working from analysis towards strategies. Discussion is fuelled not only by the tacit and explicit knowledge that existed prior to the workshop, but also by the findings and knowledge created in the previous discussion. The shared analysis should help formulate ambitions, which in turn should contribute to the generation of strategic alternatives. At each subsequent step, the amount of knowledge accumulates. In the end, this newly created knowledge should increase the chances of better informed deliberation planning strategies.

Figure 6.12: The ‘CIMO-logic’ of the portfolio approach placed in a wider context of learning processes in practice
The learning process and planning practice

The workshops are neither the (single) platform where decisions about planning strategies are made, nor the core location of all learning and knowledge creation, both individual and collective. In terms of the SECI-model, the workshops are a place for externalising the participants’ tacit knowledge, and for combining their tacit knowledge with the presented explicit knowledge.

The learning process continues elsewhere by means of internalisation of the combined knowledge in daily practice. It means that combined knowledge is put into practice, given practical meaning, but it is also reshaped again by practice. Schön (1983) named this ‘learning by doing’. It is also where knowledge is transferred through socialisation, thought shared experiences in practice. In workshops, such as the ones described here, or in other groups and discussions, knowledge can be externalised again.

Figure 6.12 demonstrates how the portfolio approach can be part of a wider learning process. Ultimately, different types of learning – both within and outside of the portfolio workshops – contribute to better informed deliberation of planning strategies. Hence it is important to connect the learning process in the workshops to the projects and daily practice outside of the workshops.

In the end, it remains difficult to actually demonstrate the mechanism of learning that take place in the portfolio approach, both in the ‘smaller’ and ‘wider’ mechanism. This difficulty in demonstrating that learning effects lead to altered behaviour and/or action is related not only to the difficulty of simply demonstrating this effect. The practical transfer of learning into action or change itself is also very difficult. Although the individuals who take part in a workshop may in fact be learning, they may often not be the ones who make the decisions, at least not by themselves. Others, who did not take part in the learning experience, will have to be involved, and they will have to be convinced that a certain change or action is necessary. This means that the participants have to try and transfer the lessons learned to their colleagues, a manager, or an alderman. But even if he/she is interested, telling someone else what has been learned at a workshop or reading the minutes is not the same as experiencing the group learning process (Vennix et al. [1996] clearly demonstrated this problem). Verbalising the knowledge gained cannot recreate the distinct way in which knowledge and information were communicated during the process, how insights were gained, nor the atmosphere and energy that are so important to the learning process. To disseminate and link the knowledge to possible action may take time, and it may require others to experience the learning process directly.

Another explanation for the absence of change or action is that change or action may not (yet) be the necessary or useful outcome. It is only an assumption that learning should in fact be followed by action, or a change of behaviour. A valuable outcome of a learning process may in fact be that things are fine the way they are, i.e. the status quo. The current long term strategies generated by a planning department may fit well with what comes out of a portfolio workshop. Save a few exceptions, this was the dominant perception in the case of the Amsterdam workshop on finding driving forces behind neighbourhood change. In the Chassébuurt, insights into the changing positions of the area did not seem to require a radical change in planning practices.
Mapping the Market

**Context**

An important element, not included in the scheme but omnipresent within and outside of the mechanism from the beginning and throughout the whole process, is the context. One can make a distinction between the wider (institutional) context and the context at the micro-level. The first are general conditions situated mostly outside of the mechanism, such as the planning system and the type of relationship between the public and private sector. They set the stage and largely determine the extent to which the portfolio approach can be useful in a specific environment. The other, smaller-scale aspects exercise more influence within the intended ‘learning mechanism’ itself, such as the level of uncertainty about an area’s position. They are believed to influence the chances that – if application is the case – the portfolio approach is successful at generating a collective learning process.

Wider contextual influencing conditions:
- A city (or urban region) is a part of a larger economic playing field, where local governments (perceive to) have less control over urban (re)developments in general; and
- A public sector organisation feels that the ‘where, how, and who’ of urban (re)development is increasingly influenced by the (semi) private sector.

More specific and important aspects for successful application of the approach:
- A public sector organisation feeling the need for insight into the dynamics of neighbourhoods and the property market;
- There is a certain urgent challenge at hand (i.e. [re]development of an area, a neighbourhood, some issue at the urban or regional level) that can be characterised as a portfolio challenge to some extent; and
- There is (still) relatively high uncertainty about how to deal with this issue or area.

If the portfolio approach is indeed applied, then the following aspects appear to be important:
- Those involved with this issue take the initiative for applying the portfolio approach; and
- The portfolio approach is connected to an existing project about this issue.

### 6.9 Technological rules

Even though there is a basic understanding about how (through a mechanism of collective learning), the portfolio approach can still greatly contribute to the deliberation of planning strategies; to quote Van Aken (2004, p. 220), ‘understanding a problem is only halfway to solving it’. Although nothing may be as practical as a good theory (Lewin, 1945), in design science such a theory needs to be accompanied by a useful heuristic, something like a technological rule, i.e. ‘if you want to achieve Y in situation Z, then perform something like action X’ (Van Aken, 2005, p. 23). The translation of the CIMO-logic of the portfolio approach into a technological rule is described below.
To start with the outcome – Y – there are several things to be achieved. The ‘ultimate’ objective of the approach is to work towards more effective and efficient planning strategies that can contribute to achieving goals as defined by the stakeholders, such as a healthier and wealthier city in general or the development of a certain part of the city. Effective and efficient planning strategies require a shared understanding of the how and the why of urban dynamics, of the location of opportunities, and of the manner in which different stakeholders look at all of these issues. Consequently, such understanding requires a process of (collective) learning among various stakeholders. The portfolio approach thus aims at generating this learning process.

Learning takes place in different ways, in different places throughout the daily work of practitioners. It is a matter of socialising, externalising, combining, and internalising knowledge. The portfolio approach is concerned only with a small part of these learning processes, i.e. it aims to accommodate the externalisation of tacit knowledge and combine this with explicit knowledge and information. Ideally, the integrated and externalised knowledge will find its way to the wider mechanism of learning in daily practice. However, this lies outside of the CIMO approach (compare Figure 6.11 and Figure 6.12). Therefore, Y can essentially be defined as a collective learning process that can contribute to the informed deliberation of planning strategies for the city and urban neighbourhoods.

X
X is the intervention deemed useful for attaining this learning process. In terms of technological rules, there is a difference between ‘X’ and ‘something like X’. That is, X is the specific intervention undertaken in a specific case, and is always slightly different to suit the specificity of different cases. ‘Something like X’ however is what remains the same in every instance. Application of the portfolio approach should thus be seen as ‘something like X’ and essentially consists of the following:

- Identifying the neighbourhoods’ positions in the property market for a longer period of time, by looking at of property values and their increase, and mapping these according to the identification of four ideal typical neighbourhoods: stars, cash cows, dogs, and question marks; if one is concerned with only a part of a city, identifying the relative positions in a ‘partial portfolio’ is an option;
- Preparing and organising a (series of) workshop(s) – connected but not fully integrated with an existing theme or project – with experts and stakeholders representing a mix of different public and private actors, in order to discuss the dynamics of the urban portfolio;
- In the workshop, subsequently analysing the positions, patterns and driving forces of neighbourhoods in the portfolio, discussing possible ambitions and/or opportunities for certain areas, and concluding with discussions on possible strategies;
- Before the workshop, thinking about how to use the possible outcomes of the workshop, in particular the shared knowledge gained and the energy generated, in order to achieve progress in the project at hand or in other initiatives.
- After the workshop, thinking (potentially together with the participants) about how to translate or combine the generated knowledge with other types of
knowledge and about how to diffuse it to other actors and how to relate it to other processes (see Figure 6.12).

As suggested above, the portfolio approach is not the appropriate approach for facilitating the deliberation of planning strategies. Neither X nor ‘something like X’ is the ultimate answer. There are alternative ways and approaches to address the same or similar issues: other maps showing the same information, similar maps showing market dynamics differently, or workshops organised in a different way. So in terms of technical rules, if the current portfolio approach is ‘something like X’ then other approaches might be characterised as ‘something like something like X’.

Z
As discussed before, the context of situation Z consists of aspects that determine the general environment of the approach, making it less or more appropriate to apply the approach. On the other hand, Z indicates matters of context that influence the chances of success, i.e. a collective learning process. Put together, Z can be characterised as a situation where
- A city (or urban region) is part of a post-industrial economy, where local governments see themselves as exercising less control over urban (re)developments;
- A public organisation feels that the ‘where, how, and who’ of urban (re)development are increasingly influenced by the (semi) private sector;
- An organisation feels the need for obtaining insight into the dynamics of neighbourhoods and the property market;
- There is a certain urgent challenge at hand, for example the (re)development of an area, a neighbourhood, or some other issue at the urban or regional level that can be characterised as a portfolio challenge to some extent;
- There is (still) a relatively high share of uncertainty about how to deal with this issue or area;
- Practitioners involved take the initiative to apply the portfolio approach;
- The portfolio approach is connected to an existing project about this issue.

These matters of context cannot be separated from X. Like X and ‘something like X’, Z should be distinguished from ‘a situation something like Z’, which relates to the extent to which the approach can be generalised. If X is performed in situation Z, then ‘something like X’ should be performed in ‘a situation something like Z’. To conclude then, combining X, Y, and Z results into a technological rule that, in concise form, looks like this:

*If you want to achieve a collective learning process that can contribute to the informed deliberation of planning strategies for the city and its neighbourhoods (Y), with an urgent urban development challenge at hand, with relatively high uncertainty about market dynamics in general and uncertainty about the who, what, and how of intervention (Z), then apply something similar to the portfolio approach (X).*
7 Emerging findings in the urban portfolio

If unslumming did not exist, we would have to invent it. However, since it does exist, and does work, the point is to help it happen faster and in more places.
Jane Jacobs

7.1 Introduction

Based on the evaluation of the several cases, there is an understanding of how the portfolio approach works, as well as when and how to apply it for achieving an informed discussion about the neighbourhoods’ changing positions and possible intervention strategies. The integration of tacit and explicit information provided a better understanding of how neighbourhoods change, which type of areas are considered appealing, what kind of strategies are possible, and how different experts perceive these developments. Apart, however, from the main objective of this research, i.e. to find evidence of whether and how the portfolio approach works, the substantive insights themselves are worth discussing. Similar to the evaluation of the portfolio approach, one can distil these substantive findings throughout the various workshops, even though they are not as important as the evidence collected in Chapter Six. Nonetheless, I find it meaningful because these substantive findings provide an illustration of how a knowledge base can grow each time a workshop is organised. The fact that the portfolio workbook used at the Physical Planning Department in Amsterdam uses a substantive synthesis similar to the one discussed in this chapter is testimony to its usefulness. In addition, the substantive findings can be seen as a tangible illustration of the kind of knowledge base that can be constructed in learning processes taking place in the portfolio workshops. Furthermore, the findings may be related to the altered urban planning context, discussed earlier in Chapter Two, where it was concluded that (local) governments have to find ways to implement market-conscious planning. The substantive synthesis discussed in this chapter is an illustration of what such market-conscious planning could look like on the local level.

It should be emphasised that these substantive findings do not provide widely applicable rules about neighbourhood change and successful urban strategies. Instead, these findings provide a synthesis of what has been mentioned as important elements in the workshops. In some instances, some interesting relations with existing theory are touched upon and some of the strategies could possibly be framed as substantive technological rules. However, since these strategies are, in contrast to the findings about the portfolio approach itself, neither tested nor grounded, these would be technological rules only of a more speculative nature.
7.2 Factors of influence

The types of forces that influence neighbourhoods’ positions, particularly property values, is a topic that has been studied extensively and in different ways. Often hedonic price models are used to explain how property values are the result of different characteristics (Rosen, 1974; a more recent example is Visser and Van Dam, 2006). Notwithstanding the usefulness of hedonic price models for confirming, invalidating or discovering relations, I did not employ them in this research, primarily because they do not fit well with the aim of the portfolio approach. In order to explore and understand the possible ways in which the neighbourhoods’ positions are influenced, one needs to understand the causal mechanism at work. Hedonic price models only demonstrate statistical correlations. Hence they are unable to uncover delicate causal mechanisms, nor do they reveal the direction of the mechanism. For example, does an increasing number of (certain types of) restaurants make a neighbourhood more popular? Or was the neighbourhood already becoming more popular, making it more attractive for opening a restaurant, in turn attracting different types of residents? An additional problem is that strong correlations between dependent and independent variables carry the inherent risk of generalising effects, while neighbourhoods change is highly context-specific.

For this reason, during the course of this research, the attention soon shifted away from trying to accurately measure neighbourhood positions, opportunities, and correlating characteristics, towards trying to understand and discuss the mechanisms between these elements. Discussions with experts appeared more useful than modelling in achieving useful understanding of these issues. More importantly, the workshops demonstrated that such an approach is more prone to yield more useful ideas about the possible strategies in neighbourhoods.

The following sections will cover the main substantive findings, starting with neighbourhood and dwelling characteristics considered important for their strategic positions in the city, and the ways in which neighbourhoods were believed to change. This is followed by the participants’ ideas about where opportunities are found and the best way to capitalise on these opportunities. The chapter concludes with some of the ideas about more general portfolio strategies.

Context

First, one can say that a neighbourhood’s position is grounded in its wider environment: the area surrounding a neighbourhood, the city, region, country and the continent. As demonstrated by Savitch and Kantor (2002) or Newman and Thornley (2004), a city’s or region’s position in the (inter)national economy sets the general envelope. Even though every city has its popular areas as well as its skid rows, it generally helps if the starting point is an economically thriving urban region. For example, the position of one of the weakest Rotterdam neighbourhoods, Tarwewijk, would be quite different if it were hypothetically moved to a similar location in Amsterdam. Without going into deep analysis of the path dependent differences in the urban and regional economies or the physical structure of the city, one can say that Amsterdam, both as a region and a city, is more attractive than Rotterdam. This puts more pressure on its housing market. Particularly the demand for living in urban neighbourhoods is higher in Amsterdam than in Rotterdam.
Location
It will come as no surprise that the importance of location (and location and location) was repeatedly mentioned in all of the workshops. In general, good location implies proximity to amenities seen as desirable for living or working: public transport nodes and highways (though not too close), parks and open space, water, services, and others. Most of all, the vicinity of the city centre primarily determines the quality of the location, at least in Amsterdam. The Amsterdam city centre is among the most popular areas, with decreasing popularity and prices with increasing distance from the centre, see Figure 7.1. From the perspective of residential property values, the pattern of property values in Amsterdam resembles the pattern of Alonso’s bid-rent curve\(^1\) (Alonso, 1964). According to Alonso, the demand for land and thus also property values, decreases with increasing distance from the city centre. Different types of land use feature different curves, thereby making one more dominant than another. The increase of house prices in Amsterdam, particularly in the 1980s and 1990s, resulted in a ‘steeper’ residential bid curve, thereby making residential land use dominant over office use in parts of the city centre (Van de Ven and Westzaan, 1991).

Figure 7.1: Travel time to centre and property values for Amsterdam neighbourhoods in 2005 and 1975

![Figure 7.1: Travel time to centre and property values for Amsterdam neighbourhoods in 2005 and 1975](image)

Figure 7.1 also demonstrates that the distance to the centre was not always as important as it is today. Property values of 1975 show that the neighbourhoods surrounding the centre were in fact the weakest part of the city, in contrast to the more distant areas. Only in the late 1980s, due to a combination of – among other things – an increasing attractiveness of the centre as a production and consumption envi-

\(^1\) In Alonso’s model, the city centre’s attractiveness is due to it being the centre of production, whereas the centre of Amsterdam is also or rather a centre of consumption.
enronment, selective urban renewal and an increasing demand for ‘urban living’, did the prices in these locations substantially increase. This seems to indicate the increase in scale of patterns in the urban/regional housing market of Amsterdam. That is, in 1975 property values decreased around the city centre, increasing again in the post-war areas further away. In 2005 a similar pattern can be seen, but on a larger scale; now property values are lowest mainly in the post-war areas and increase again only in the suburban regions.

Interestingly, this hierarchical ‘concentric’ pattern cannot be seen in Rotterdam. In terms of location, the city centre does not appear to be the undisputed magnet it is in Amsterdam (and in many other cities). The most popular and expensive areas in Rotterdam are found along the outskirts of the city, where houses are larger and the neighbourhoods are greener. One of the reasons mentioned in the Rotterdam workshop on gentrification was the poor urban quality of the city centre. Despite the fact that it contains all the relevant functions, the functionalist way in which the centre was rebuilt after it was destroyed by bombing in WWII, apparently did not produce the most popular housing area. Whether it is the attraction of other neighbourhoods, in or outside of the city, or the push-factor of the city centre, apparently people in Rotterdam prefer more remote neighbourhoods. This seems to have an effect on the position and potential of neighbourhoods adjacent to the centre. Some parts of these mostly 19th century neighbourhoods are quite popular, with pockets of gentrification, but the areas cannot lean on the popularity of the city centre the way their 19th century counterparts in Amsterdam can.

7.3 Neighbourhood characteristics

Apart from location, the various characteristics of neighbourhoods were mentioned in different workshops. The participants in the workshop acknowledged that understanding what makes neighbourhoods attractive is closely connected with one’s subjective feeling/view of the neighbourhood. More often than not characteristics are interrelated and combined, and the whole is more than the sum of its parts. Below I will present the most talked about characteristics (in italics) and the way in which they are (believed to be) connected.

Some of these interrelated elements are the social status of a neighbourhood, the kinds of people living there, and the share of social housing as a negative factor (the latter particularly in Amsterdam). Although social housing in the Netherlands does not carry the stigma it often does in other countries, in Amsterdam – particularly when concentrated – it is negatively correlated with property values (Figure 7.2). Some developers mentioned it as something that makes a neighbourhood less attractive. Although perhaps not themselves personally, but their customers are said to associate the concentrations of social housing with poor social status and image, high shares of immigrants, and (perceived) safety problems. Yet it is the concentrations of low-priced housing that makes the difference, rather than the type of ownership, a point clearly illustrated in Rotterdam. Here, privately rented housing does not provide a better position, since some of the weakest areas are predominantly privately rented. Rather, in Rotterdam, the presence of social housing was said to hold more potential for improvement since housing associations are expected to invest, in contrast to some of the private landlords who are less keen on investing.
Location and the architecture add to the negative image of social housing. Much of the large-scale social housing was built after WWII, remote from the city centres, according to functionalist principles with *monofunctional land-use*. This is generally not where other mentioned qualities such as a *small grain urban fabric* and (often perceived) *authentic architecture* are found. Evidence of the importance of the latter can be found closer to the centre of Amsterdam. Whereas many parts of the centre and its surroundings have seen upgrading or gentrifying, neighbourhoods where *large-scale urban renewal* has taken place – often a combination of social housing and unpopular architecture – are lagging behind. At the same time, due to the rigid Dutch system of appointing tenants for social housing, which restricts the *access* for different groups, social housing is held responsible also for impeding upgrading processes. A neighbourhood may have perfect conditions to be upgraded, but if it consists of mainly social housing, typical gentrifiers have limited or no access to the neighbourhood; their income may be too high or their position in the social housing sector too weak.

**Figure 7.2:** Share of social housing and property values in Amsterdam for neighbourhood combinations, 2005

Another often-heard element that contributes to the popularity of a neighbourhood is the *level of services*. Bars, restaurants, coffee-stores, and boutiques are crucial elements that make neighbourhoods popular. As said earlier, whether this process starts with the services attracting the residents or the other way around is not always clear. Apart from the more cultural-recreational services, families in particular seek neighbourhoods with good basic services: schools, childcare, and daily shopping facilities. Most parents prefer ethnically mixed or ‘white’ schools. Also the presence of perceived upscale businesses (for example *Albert Heijn*, an upscale supermarket) makes a big difference.

One of the interesting outcomes, at least in Amsterdam, was the idea that at first sight *accessibility* by car or public transport did not seem to be very important.
This may be due to the notion that accessibility by public transport (rather than by car) is regarded as very important, but of relatively the same high quality across the city, therefore, making it relatively less important. However, when considering accessibility as the distance to the centre (Figure 7.1), particularly by bicycle, its relationship with the popularity of neighbourhoods is evident. With cycling being a dominant transport mode in Amsterdam, this comes as no surprise.

A recurring aspect throughout the workshops, one that is related to virtually everything mentioned above, is the image of a neighbourhood. Image, like property values, is the outcome of many influences and often it can be (partly) based on prejudice rather than reality. The Tarwewijk in Rotterdam and the Bijlmermeer in Amsterdam have some of the weakest reputations in the Netherlands; both are strongly associated with crime, drugs, poverty, and high shares of immigrant residents. The poor reputation of the Tarwewijk was seen as highly problematic for its long term perspective, even hopeless by some. In the Bijlmermeer however, much urban renewal has taken place and some participants in an Amsterdam workshop said to be positively surprised by the improvements. In both cases, image can be persistent and difficult to change. The area of Buitenveldert in Amsterdam demonstrates how image and property values can sometimes be contradictory. Although the area has the reputation of a stately neighbourhood inhabited by senior citizens, it has below average property values.

**Dwelling characteristics**

At a yet smaller scale level than the neighbourhood, the characteristics of the individual dwellings themselves are important. Overall, all things being equal, large houses are preferred over smaller ones. On average, however, property values per m² drop when the size of the dwelling increases. Above a certain size, people are less willing to pay the same amount of money for the extra square metres. Yet again, larger houses are obviously still more expensive than smaller houses, making it more exclusive to live in areas consisting of large houses. As such, with help from the social status attached to this, a certain positive effect on the values per m² may be the result all the same. To some part, the high property values of parts of Amsterdam Oud-Zuid with a high share of large houses may be the subject to this effect.

Also the type of housing is important. Both in Amsterdam and Rotterdam, the parts of the city closer to the centre mainly consist of apartments. Not surprisingly, the few single-dwelling units here – particularly if they come with private backyards – are extremely popular. The more single-dwelling units, the higher the value increasing effect it has on the neighbourhood. Further away from the centre, densities decrease and there are more single-dwelling units. Still, in cities such as Amsterdam and Rotterdam they remain relative scarce and popular, thus with a positive effect on the neighbourhoods’ position and property values. The more remotely such neighbourhoods are located, the more they are regarded as ‘ordinary suburbs’. This means that they become more popular with households looking for these types of milieus, rather than the ‘urban dwellers’, and consequently compete in a different and more regional market.

Related to the type of housing is the situation of ownership. Both in Amsterdam, Rotterdam, and the rest of the Netherlands, single-dwelling units have a relative high share of owner-occupied houses, which is generally regarded as a charac-
teristic of popular neighbourhoods; it can be related to the social status and income level of the residents.

### 7.4 Change: there goes the neighbourhood

What makes neighbourhoods popular is not the same as what makes them attractive for investment. In the words of a private developer: ‘It’s mainly about the difference between buying and selling, so for that matter we’re just like a bar that buys and sells beer’. More interesting is finding opportunities by looking at things changing, and seizing the opportunity before the value increase tapers off.

Looking at the elements mentioned above, at first sight one might expect that change in one or more of these things would result in a (proportional) change of the property values, depending on the importance of a particular factor. If for instance the number of restaurants increases, this may indeed result in increasing popularity and property values. However, there are many different forces, processes and effects, making things more complicated.

Changes in the context can change neighbourhoods. In Amsterdam, the upgrading processes of many neighbourhoods can be seen as a spin-off of the economic flourish of the urban economy, particularly in financial and cultural industries. In the 1990s, it reinforced the position of Amsterdam as the financial and cultural centre of the Netherlands, increasing its attractiveness and thus the demand for housing. This demand was enhanced by the demographic trend of in-migrating predominantly younger but also older households with urban lifestyles (e.g. Van Engelsdorp Gastelaars and Vijgen, 1990).

At a more local level, a neighbourhood’s relative and ‘absolute’ position is affected by other neighbourhoods. Like cities, neighbourhoods are in constant mutual competition. The improved position of one neighbourhood by definition means a relative decline of others. A filtering mechanism can sometimes occur; this was perceived to be the case in Holendrecht, in Amsterdam Zuidoost. In contrast to the high-rise development of the Bijlmermeer, Holendrecht used to be a relatively green, friendly neighbourhood, and perceived as more attractive. However, as the large-scale urban renewal in the Bijlmermeer largely replaced block flats with the more popular single dwelling units, Holendrecht lost this relatively favourable position. That is, people living in Holendrecht started to move into these single-dwelling units while often being replaced by people from the Bijlmermeer whose houses were demolished. This is how a neighbourhood can keep losing its position in the market, until it becomes the so-called ‘gutter’ (*in Dutch: putje*) of the market.

**Oil-stain development**

Property values and popularity of neighbourhoods are typical examples of ‘spatial autocorrelation’, i.e. the position of a neighbourhood is influenced by the position of adjacent neighbourhoods and vice versa. A neighbourhood near a popular neighbourhood has a chance of becoming popular as well, thanks to the so-called oil stain development. If an area, like the city centre of Amsterdam, becomes popular and property values increase, adjacent neighbourhoods can profit from the improvement in nearby amenities. Also, it can function as an ‘overflow area’, accom-
modating people looking for more affordable housing. These types of oil-stain development were often discussed in the workshops.

A number of things determine the extent to which oil-stain development can take place. First, there has to be a demand for living or working in areas similar to those where the oil stain originated. In the high-pressure market of Amsterdam, there is more than enough such demand. In the Rotterdam case, the demand is smaller, which partially explains its slower and smaller-scale process of upgrading.

Secondly, oil-stain developments require a certain degree of conductivity, as developments can be impeded in different ways. Important to the conductivity of the urban fabric seems to be its flexibility. Neighbourhoods can change colour more easily if for instance premises on the ground floor accommodate multiple types of land use, e.g. shops turning into bars or vice versa. Flexibility applies for dwellings as well. Pre-war buildings that used bricks can be altered (i.e. made larger or smaller) more easily than more recent blocks constructed with concrete walls.

Apart from inflexibility, there can be physical barriers in the form of large roads, waterways, tracks, or parks. Most notable examples in Amsterdam are the ring road motorway and the IJ River. Many people looking for a place to live specifically indicate they look within the ring road and below the IJ. To a large extent, the ring road divides the part of the city built before WWI from the part built later. As for living north of the IJ, Noord is sometimes even dismissed as ‘not being part of Amsterdam’, although it seems this view has started to change. On a smaller scale, an area for food distribution (Food Center Amsterdam) appears to form a similar barrier, hampering an upgrading process in the western direction from Westerpark to Bos en Lommer. Although oil-stain developments in Rotterdam are difficult to pinpoint, the Maas River is the well-known counterpart to the IJ. Like Noord in Amsterdam, Zuid in Rotterdam refers to the ‘other side of tracks’ of the city. However, for both Amsterdam Noord and Rotterdam Zuid (Kop van Zuid) things are changing. Strategically located at the river banks and near the city centre, redevelopment that started in the 1990s already has made the Kop van Zuid a popular neighbourhood. The same development can be expected for the ‘near part’ of Amsterdam Noord. To help break the physical and particularly the psychological barrier of the Maas River in Rotterdam, the Erasmus Bridge was built, as well as a new metro station. The North-South metro line in Amsterdam, running underneath the IJ, is meant to do the same for Amsterdam Noord.

Apart from having an image of being located ‘far away’, a neighbourhood’s social status can also form a barrier. In Amsterdam, the Transvaalbuurt for instance is not far from the Amsterdam city centre, but is has a relatively poor (yet improving) reputation compared to its surrounding neighbourhoods. This image is related to concentrations of social housing. Since social housing is accessible primarily to lower-income groups, it can be a barrier of another type. This may – depending on one’s viewpoint – frustrate the development of a neighbourhood’s potential or safeguard a certain degree of access for lower income groups. Whether barriers like these hold their ground, depends on the gatekeepers’ decisions, i.e. the housing associations’ decisions and municipal policies related to the sale of houses or the increases in rent levels.
Thresholds and critical mass

The changing popularity and property values of a neighbourhood do not always correspond proportionally and gradually with its changing characteristics. As heard by practitioners, as well as demonstrated by scholars, sometimes certain thresholds have to be crossed after which neighbourhoods—often literally—rapidly change colour. The essence of crossing a threshold is that at a certain moment a critical mass is reached or lost, which triggers an accelerated change. While this critical mass may also include land use and types of housing, it usually concerns the demographic composition of a neighbourhood.

One of the well-known examples is the theory of tipping, according to which once a share of a particular (usually racially defined) group is reached, the neighbourhood tips and other groups quickly move out (often phrased as ‘white flight’, e.g. Goering, 1978). It is usually associated with the decay of neighbourhoods and was sometimes (implicitly) referred to during the workshops. The workshops generally focussed more on how to upgrade neighbourhoods and therefore ideas about thresholds primarily involved creating critical mass for upgrading.

The idea that neighbourhood upgrading requires a certain critical mass of (usually more affluent) people was heard in most of the workshops. A current debate in the Netherlands revolves around the successfullness of policies of mixing and whether they should be aimed at improving the neighbourhood (i.e. tackling the concentration of problems as a problem in itself) or focus on addressing problems of poverty, education and unemployment (e.g. Musterd and Anderson, 2005). It is linked with socialisation theory and the idea that a concentration of e.g. crime or (un)employment provides negative role models, with the associated negative effects. The workshops focused more on the (changing) positions of neighbourhoods rather than on poverty issues.

The prevailing view in the workshops centred on the idea that in order to change the neighbourhoods’ demographic composition requires pioneers. In literature, the role of pioneers, such as students and young artists, is discussed as part of the demand-side explanation of gentrification (Ley, 1986; Zukin, 1987). Mostly young, educated urban dwellers are regarded as possible gentrifiers, because they look for attractive yet still affordable urban neighbourhoods. A growing population of this demographic can shift a neighbourhood’s image from boring to hip, from shabby to authentic.

Pioneers were also seen as necessary in urban expansion areas such as IJburg in Amsterdam. In this case the pioneering role is performed more by middle-class families, rather than students or yuppies. Similar to gentrification, more affluent residents arrive only when a neighbourhood has established a positive reputation.

Where to find opportunities?

Based on the workshops, there are some apparent converging patterns with respect to the kinds of neighbourhood that hold potential for development or upgrading. There seems to be, however, a hierarchy in the types of characteristics that make certain neighbourhoods ‘diamonds in the rough’. Particularly the spatial-physical characteristics of neighbourhoods (such as the location, accessibility, the urban fabric and the architecture) appear to be ‘longer lasting’ qualities that set the envelope.
These are characteristics that are relatively stable and change only over longer periods of time. The types of land use and the inhabitants determine the status and property values of the neighbourhood, but these are more volatile characteristics that can change relatively fast.

Often, the physical qualities, the socio-economic status of the land-use and the economic value go hand in hand. Land and property that are well located, with attractive architecture will usually attract more affluent residents and businesses. Investors appear to become interested in an area when it has particular physical qualities which are not yet reflected in the ‘highest and best use’ and in property prices. The larger the disparity between the current and the potential profit of a piece of land and/or property – one example is Smith’s rent gap (Smith, 1979) – the more interesting the area. The actual capitalisation of the potential depends on the moment when the estimated potential profits exceed the costs of redevelopment or the change of land use. This in turn depends on the pressure on the housing market (e.g. Zukin, 1987) and the local government’s housing and zoning policies.

In Amsterdam and Rotterdam, two types of ‘diamonds in the rough’ were mentioned in the workshops. First, these are urban neighbourhoods, located relatively close to the city centre, that have large portions of pre-war architecture. Here, development would take place in the form of young urban dwellers replacing blue-collar residents. In Rotterdam, there are several such neighbourhoods available, participants particularly considered the Oude Noorden and Delfshaven favourable for gentrification. In Amsterdam, the few pre-war neighbourhoods that remain within the ring road were expected to be upgraded shortly, notably Bos en Lommer and the Indische buurt. The most pressing question among practitioners is whether the barrier of the ring road can be crossed. Not only is it a psychological barrier, it is also where the pre-war urban fabric and architecture generally turns into less attractive post-war, functionalistic urban design.

Second, there are the ‘blank’ redevelopment sites and areas, in particular the abandoned harbour and industrial areas. With increasing urban expansion, these areas have lost their original functions but have attained a new central enhanced location. Often these are old harbour areas, but also the Food Center area in Amsterdam Westerpark is sure to tantalise many potential developers.

Although not explicitly considered ‘diamonds in the rough’, there are also areas further away from the city centre that also offer opportunities due to their unique qualities, for example because they are located near the park or the water. But since they are often part of less popular areas, mostly post-war neighbourhoods, the participants felt that their successful redevelopment would require a certain critical mass.

7.5 Strategic considerations for neighbourhoods through the eyes of ‘urban managers’

Many different things were said in the workshops during the discussion of possible strategies, mostly relating to the various considerations that make up the strategies. One of the basic questions when discussing interventions in a neighbourhood should be whether change and intervention are necessary, useful, and preferable in the first place. What is the overall aim? Often, but not necessarily, the ‘dog’
neighbourhoods have concentrations of poor quality housing stock and socio-economic problems. Problematic neighbourhoods will indicate low property values, but the opposite does not automatically apply; by definition every city will have its share of dogs. Moreover, in some instances it is not desirable to achieve increased property values, because they can make neighbourhoods less accessible for some groups, e.g. low income groups or students. This is a recurring theme in the debate on the city centre of Amsterdam.

Still, there are many areas – particularly dogs – that call for some sort of intervention that fits the standard type of problem: a combination of social, economic, or physical policies. However, the proper intervention and the policy goal behind it are subject to debate and often called into question by critics. Typically, local governments and property owners are often criticised for taking physical measures – demolishing and reconstructing housing – when problems are of a socio-economic nature (Uitermark, 2003; Musterd and Andersson, 2005). The desired goal and the type of intervention are related to this debate. Many problems can be addressed without drastic physical interventions: improving education, employment, emancipation, cleaning public space to name a few. These sorts of measures may be sufficient for improving the quality of life in a neighbourhood, without requiring a profound shift of a neighbourhood’s competitive position. In other areas, however, a more profound improvement in the position of a neighbourhood may be desirable. Some of the ways this can be triggered are discussed below.

**Attracting new groups**

There is a wide agreement that transformation requires the attraction of new groups of inhabitants, businesses and shops. The question revolves around which groups are to be attracted, and how to connect their relocation to the physical environment in an area. In Amsterdam neighbourhoods within the ring road, the aim is predominantly to attract urban dwellers. These groups will mostly look for a place to live within the ring road. Further away, more suburban-oriented groups are often seen as desirable, but these neighbourhoods have to compete in a regional housing market, rather than with inner city neighbourhoods. For example Amsterdam Noord is competing with other cities in the region such as Purmerend and Zaanstad, while Amsterdam Zuidoost is competing with the new town of Almere. Roughly the same applies for the Rotterdam context, albeit with the important difference that both the urban and suburban-oriented groups are much harder to attract, making redevelopment in general more difficult.

Attracting new groups almost always requires pioneers, i.e. people willing to take a certain risk by moving somewhere or those who cannot afford to live in the more established neighbourhoods. A strategy to attract more affluent, risk-averse residents at the beginning of the transformation process is prone to fail, both in existing neighbourhoods and urban expansion. This was the important lesson learned from the negative experience of IJburg in Amsterdam.

**Hitching or starting from scratch?**

Neighbourhoods often develop through an oil-stain development, spreading from one popular neighbourhood to the next. If preferred, these developments can be accommodated and reinforced by hitching onto the qualities of the other area and by removing certain physical or judicial barriers, such as selling social housing and changing the land
use. This is how many of the 19th and early 20th century neighbourhoods in Amsterdam were upgraded. In Rotterdam, the improving position of Afrikaanderwijk in Oud-Zuid was believed to be related to the success of the adjacent waterfront developments of the Kop van Zuid.

To initiate successful redevelopment by itself, i.e. by introducing a new type of environment, is more difficult and requires a different approach. It is crucial to create a critical mass of a certain type of housing and services, which bring with it a crucial mass of residents. To install only a handful of middle- or high-income housing in a dog area produces little change and will be difficult to fill. This is apparent in large-scale redevelopment schemes, for instance in Noorderhof in the Amsterdam Nieuw West (an ‘enclave’ near the Sloterplas), and the Kop van Zuid in Rotterdam. The same applies for the plans to realise new housing in Amsterdam Zuidoost, in the ‘Arena area’ and around the Gaasperplas.

Critical mass is crucial both in case of connecting to existing qualities and in starting from scratch. In order for a neighbourhood is to successfully hook onto the qualities of the adjacent neighbourhood, a certain number of new groups of residents have to move there. In the case of new development this critical mass is created instantly and ‘artificially’, rather than a gradual ‘change of colour’.

**Infrastructure**

There is of course much to say about accessibility, the role of infrastructure and its connection to urban planning and redevelopment. With respect to the position of neighbourhoods, infrastructure can be seen the main way to improve the relative location of an area. In dense urban areas it is particularly important to increase accessibility by public transport and by bicycle, preferable through clearly visible infrastructure. The further away from the centre, the more important this accessibility, particularly the connection with the centre. This is why the North-South metro line in Amsterdam is seen as more important to the distant parts of Amsterdam Noord than to the redeveloped area close to the city centre. Another example of influential infrastructure is the Erasmus Bridge in Rotterdam, which connects the city centre to the south. Although both improved the accessibility of the south, the psychological barrier was overcome only by the visible bridge, not by the underground. Likewise, the redevelopment of Katendrecht is also said to depend on the construction of a new bridge (to the Kop van Zuid). In Amsterdam, the idea of building a bridge over the IJ is mentioned sometimes, but the chances of it seeing the light of day are generally considered small.

### 7.6 Urban portfolio strategies

What is a sensible large-scale strategy for an urban portfolio? Various strategic considerations on the scale of the portfolio (or a substantial part of it) were heard in the workshops. When related to an analysis of current projects taking place in Amsterdam, they give indications about the participants’ ideas concerning the various implications of urban strategies in terms of a portfolio perspective, or the types of strategies to be generated from a portfolio perspective.

In the field of business, portfolio strategies generally aim at achieving a balanced, diversified portfolio; a company needs cash cows to generate the necessary income to further invested in other products. Accordingly, companies will generally
Emerging findings in the urban portfolio

aim to find an optimal cash flow from cash-generating products to cash-using products. Since for cities financial profit maximisation is not the primary aim, its portfolio perspective is different in a number of ways. In business unprofitable dogs are generally sold off, whereas in urban planning poorly performing (dog) neighbourhoods traditionally have received a lot of attention, and continue to occupy the top of both the political and professional agenda, at least in the Netherlands.

In general, the idea of obtaining an ‘optimal cash flow’ in a balanced urban portfolio appears as a suitable planning strategy. It can have different implications. Does a balanced portfolio mean striking a balance between dogs, stars, question marks and cash cows? If so, what does a proper balance look like, and what sort of strategy does it imply? Should not one instead focus most of the energy on improving the position of dogs, bridging the gap with more expensive areas? Different sites and situations generate different questions that need to be answered. Nonetheless, it seems that a balanced portfolio strategy would aim at some type of optimal cash flow. Unlike in business, resources generated from tax or land revenues, particularly from the more successful areas (i.e. the city’s cash cows and stars), can be invested elsewhere, particularly in dogs or question marks.

Urban projects in Amsterdam

If one relates the urban projects in Amsterdam, analysed in Chapter One, to the portfolio maps, they seem to ‘make sense’ in terms of a portfolio strategy. Projects are located in or near the areas with dogs and question marks; i.e. there are many urban renewal projects in the north, west and southeast of the city. These are mostly dogs with large social housing estates in post-war neighbourhoods currently on the urban renewal agenda. As discussed in the Amsterdam workshop on finding room for 50,000 houses, as well as in the workshop on Oud-Zuid in Rotterdam, one should look for opportunities within these areas. Parts of these predominantly dog neighbourhoods offer interesting leads: certain amenities that may carry potential to turn things around, like interesting ethnic restaurants or authentic architecture. In terms of location, there are two such opportunities for redevelopment in dog areas.

On the outskirts of the city, it is the ‘green’ relationship with the landscape that provides opportunities for redevelopment in relatively low densities, particularly with the current high demand for single-family dwellings. There is a large contrast with the pre-war neighbourhoods in Amsterdam, closer to the centre. These areas, most of them stars or cash cows, hardly have any large scale projects; a large contrast with the 1980s, when there was mass scale urban renewal and when many of these areas were dogs.

Closer to the ring road, there are opportunities in the excellent accessibility by car and public transport, but particularly in the possibility to hook onto the ‘outward wave of upgrading’ which is currently about to reach the ring road. More or less the same applies for the areas just north of the IJ. Judging by the map showing where urban projects are currently located – many of them in areas near the ‘outward wave’ – this strategy seems to have been put in practice. Nonetheless, it seems that these projects are the result of a gradually developing approach in Amsterdam that is increasingly focussing on polycentric urbanisation at transport nodes. It does not seem to be a conscious, explicit portfolio strategy of ‘riding the outward wave of upgrading’, more likely to be used by (semi) private actors.
Selectiveness

What is important about the portfolio idea is that, like in business, it reminds people that choices have to be made. Not every neighbourhood can be rejuvenated, nor does every site offer the same opportunities. Moreover, local government is often not the one to decide which sites and neighbourhoods are to be developed in the first place; it is dependent on the private sector.

The notion that choices have to be made became apparent particularly during the discussion of opportunities for gentrification in Rotterdam, where only scarce pockets of gentrification potential were identified. Hence, if this is to be stimulated, potentially effective measures would have to be strongly focused on these specific places, rather than a general dispersal of interventions. The same can be said for the investments in urban renewal. With the relaxed housing market in the Rotterdam region, it is difficult to find demand for redevelopment projects in the weaker parts of the city. This makes it very hard to find leads for regeneration, particularly in very weak neighbourhoods like Tarwewijk. It is perhaps due to this reason that an unorthodox project like the *kluswoningen*, where the municipality offered people dwellings for free provided they renovate them themselves, emerged in Rotterdam.

Yet when looking at the map of the current large scale urban projects in Amsterdam, the sheer amount of projects stands out. It almost seems as if there is no need to be selective and limit the amount of projects in Amsterdam. Large-scale urban renewal is taking place in all of the boroughs outside of the ring road, redevelopment takes place at many transport nodes (central station, Zuidas, Arena area), and the northern and southern IJ banks are still being redeveloped.

A striking contrast with Rotterdam is the position of the areas within the ring road. The pressure on the housing market in Amsterdam has provided much of the fuel for upgrading most of the pre-war neighbourhoods. The dog neighbourhoods within the ring road are generally expected to see upgrading sooner or later, without requiring much public investment. On the contrary, discussion sometimes involves the extent to which the market should be allowed to roam free, whether upgrading or gentrification should be facilitated or allowed at all by local government and housing associations. In the workshop focussing on the creative/knowledge city, it was the general opinion that some of the areas near the centre should remain affordable for low income groups, not only for socially sensitive reasons, but also to attract the ‘young creative workforce’. To be able to discuss where and how to step on the brake, instead of the gas pedal is quite a luxury, particularly when compared to the situation in Rotterdam.

With respect to the urban projects, it appears that Amsterdam has to be more selective as well. Many residential projects in Amsterdam, especially investments in social housing and their spatial quality in general (e.g. infrastructure and public space), have been financed with resources generated by issuing land for office development (Haan, 2006). Since the Amsterdam office market has been in a down-swing for some years, a ‘cash flow problem’ compels local government to look for ‘profitable’ residential projects, an argument made by the local development agency (Ontwikkelingsbedrijf Gemeente Amsterdam, 2006).

These sorts of discussions demonstrate that portfolio strategies can range from straightforward, i.e. distinguishing ‘cash-generating’ and ‘cash-using’
neighbourhoods, to strategies based on more abstract ‘costs and benefits’ of
neighbourhoods. But the costs and benefits of neighbourhoods are more than just
financial and there is obviously more affecting the finances of local government
than considerations on the upgrading costs and resources of neighbourhoods.
Hence, the optimal cash flow idea should be seen from other, more indirect angles
as well. That is, stars and cash cows can also be seen as ‘profitable’ in the sense that
by ‘doing fine’, they may require less public resources than other, weaker
neighbourhoods. Resources ‘saved’ in one location can be invested elsewhere. As
indicated by the map of urban projects, most of the investments take place in the
weaker parts of the city (Figure 7.3).

**Figure 7.3: Large scale urban projects in Amsterdam in 2004 and the residential port-
folio of 2004**

![Image of urban projects map](image)

Source: adapted from DRO, 2004

Even more indirectly, investments in stars and cash cows may be considered of
importance to the city as a whole, for example due to their ability to attract busi-
nesses and high-income residents, which is important for the creation of jobs and
consumption. These are the trickle-down effects often used as justification for pub-
lic investments in seemingly pretentious office sites or high-income apartments. In
Amsterdam, the Zuidas is an example of such a project. By itself, the area was a
sufficiently attractive site for offices. However, the city and national government
decided to invest heavily in the spatial quality of the area, with the aim of making it a
hot spot for national headquarters and internationally operating businesses. Their
goal was to enhance the international competitive position of Amsterdam, the
Randstad, and the Netherlands in general. The latter is explicitly used to justify the large public investments here (see e.g. Majoor, 2008).

7.7 Conclusions: thinking out of the portfolio

Projects such as the Zuidas demonstrate the more complex considerations and forces that fuel decisions about the desirable investment locations in the city. Sophisticated market-conscious planning informs that decisions about investing and intervening in urban projects are based upon many more considerations and forces than the relatively narrow portfolio strategies described above. It should be clear that the aim of the portfolio approach is to stimulate and structure these discussions, not to limit them to the ‘mere portfolio’. The portfolio positions of urban neighbourhoods should be seen as one of the inputs for such market-conscious planning.

In cases such as the Zuidas, rather than improving the position within the urban portfolio, investments are aimed at improving the position of Amsterdam in the (inter)national marketplace. A city’s position in the wider playing field is of significant influence for the possible (portfolio) strategies and the sort of discussions, as demonstrated by Savitch and Kantor (2002). This effect is plainly visible in Amsterdam and Rotterdam. In Rotterdam, strategies are aimed attracting more affluent and educated people to the city: families, seniors, yuppies and students. With its relaxed housing market, the discussion first and foremost revolves around how to attract people in the first place. This narrows down the number of areas that can be developed and thus compels the city to be selective. Amsterdam, on the other hand, has the luxury of being able to think about how to steer and utilise the current demand for housing for different purposes.

In the end, the different starting positions of the cities influence the sort of urban strategies that are discussed and applied. Apart from contextual differences, particularly the way local governments obtain their resources, strong cities generally have more negotiating power to steer private investments towards serving public goals, in terms of both where and how urban projects are realised. This competitive position, however, does not automatically imply more market-centred or social-centred strategies, nor does it imply that dog neighbourhoods should receive more attention. This also applies to the trend of more project-based planning, which also does not necessary imply a more market-oriented or neo-liberal way of planning. A more project-based planning approach does not seem to keep urban planners from finding room for social housing projects, in the same opportunistic and fragmented ways as market-driven projects operate (Fainstein, 1994). This is related to the notion that in the end, discussions of how and where in the city to invest (or not to invest) are highly value-laden. Actors and approaches aimed at attaining more social goals, as well as those focussing more on economic objectives, will argue that their approach is well-balanced. Planning is politics; applying a portfolio perspective does not depoliticise it nor does it seek to depoliticise it.

Instead, the portfolio approach aims to facilitate the generation of a shared knowledge base, which can provide a better informed deliberation of planning strategies that are nevertheless inherently political. In this chapter I have demonstrated the kind of knowledge that can be created through such a process. It would
be interesting to see whether these substantive insights could be tested and grounded more systematically, which could lead to the development of a knowledge base consisting of grounded and tested technological rules for ‘urban development’. An example of such a technological rule could be the how and where of initiating development in post-war neighbourhoods in the context of an e.g. relaxed housing market, and the types of interventions to consider. The interesting question would be how to disseminate such knowledge and how to make it accessible for practitioners elsewhere.
8 Conclusions

Planners should make their contribution *around* strategy-making processes rather than *inside* it. They should supply the formal analyses or hard data that strategic thinking requires, as long as they do it to broaden the considerations of issues rather than to discover the one right answer. They should act as catalysts who support strategy making by aiding and encouraging managers to think strategically. And finally, they can be programmers of a strategy, helping to specify the series of concrete steps needed to carry out the vision.

Henry Mintzberg

8.1 Introduction

The portfolio approach was developed as a cooperative research project, commissioned by the Physical Planning Department of Amsterdam, with the aim of providing more insight into the opportunities for development of Amsterdam neighbourhoods. The case of Amsterdam is illustrative of the challenge planners face in today’s changing context (Hajer and Zonneveld, 2000; Albrechts and Mandelbaum, 2005; Gualini, 2005). In this new landscape, the spatial range on which many economic and socio-cultural activities take place has highly increased. People, firms and organisations have become more footloose, as discussed in Chapter Two. The difficulty for urban governments is not that this development reduced the importance of cities – cities have only increased in importance (e.g. Sassen, 1991; Amin and Thrift, 1992) – but rather it is the increasing scales on which activities take place. Individuals, firms and organisations have many attractive locations to consider for their residential or commercial relocation, which creates fierce competition between and within countries, regions and cities. In light of processes of privatisation, liberalisation and budget cuts, cities are increasingly challenged to do more with less.

In terms of urban development, this changing context is reflected by the growing awareness that initiating and realising urban projects and the realisation of public goals more generally are increasingly dependent on private and semi-private actors and initiatives. It raises questions about how local governments and in particular urban planners should cope with this environment, i.e. how to attract and use private means that are increasingly necessary for achieving public goals. One of the implications of this fundamental challenge, central to this research, is the need to understand where, how and why (semi-)private actors are stimulated to invest in the city. This was the starting point for the development of an instrument aimed at generating insight into the market dynamics of urban neighbourhoods, in order to inform and stimulate the deliberation of planning strategies. The expressed preference was for an instrument that can provide robust insight into the position of urban neighbourhoods and that can be adapted to suit the particularities of different issues and areas.
As such, the portfolio approach was developed as an instrument for the Amsterdam Physical Planning Department. Hence, development of the instrument took place by applying and testing it with practitioners in planning situations. This had important methodological implications. Building on the design science approach (Van Aken, 2004, 2005), the object of research was not an existing phenomenon, but the instrument that was being designed, tested and evaluated during the process. In terms of the research process, it means that instead of the more common sequence of formulating hypotheses and subsequently testing them, the research followed a reflective cycle, building on the learning cycle by Kolb and Fry (1975). The research consisted of subsequently hypothesising about what could work; testing and applying these ideas in practice; observing and reflecting on what happened and examining the reasons why; consequently constructing more abstract ideas about the approach; further hypothesising about possible improvements, and applying the adapted approach again. This sequence was repeated several times (Figure 8.1).

**Figure 8.1:** The learning cycle, with the specificities of the portfolio approach added in italics

In Amsterdam, the approach was applied in six workshops: two workshops focused on a single neighbourhood, three workshops looked at the whole urban portfolio and one workshop focussed on the Amsterdam region. After following the reflective cycle a number of times, applying and adapting the approach, it was time to see to which extent the usefulness of the approach was limited to the city of Amsterdam. Therefore, the approach was applied twice in Rotterdam as well.

This chapter will start with a short discussion of the main conclusions of this research regarding the evaluation of the portfolio approach: how it was developed and how it can be framed as a technological rule (Van Aken, 2004; 2005). In addition, the main substantive conclusions about the urban portfolios of Amsterdam and Rotterdam will be briefly discussed; the chapter will close by discussing the implications in terms of knowledge creation and strategic planning.
8.2 The generative mechanism of the portfolio approach

The general hypothesis about the added value of the portfolio approach is that it provides a specific combination of process and substantive ingredients by which a shared, integrated knowledge base about market positions of urban neighbourhoods, their driving forces, possible ambitions, perceived opportunities and possible strategies can be generated. This increases the chances of better informed deliberation of planning strategies, which in turn would provide a stronger base for more successful (collective) action. More specifically, the hypotheses tested in the research follow the idea that building a shared understanding of the market positions of urban neighbourhoods, their driving forces, possible ambitions, perceived opportunities and possible strategies requires an integration of explicit and tacit (implicit) types of knowledge and information. This follows insights from knowledge management, which are related to the dominant communicative planning paradigm and stipulate that building a shared knowledge base requires an open, communicative process.

In terms of content, it was assumed that local governments face the task of realising public goals while becoming increasingly more dependent on private means. With private investment being more footloose, for many local and many regional and national governments, attracting investments has become a serious challenge. Hence, to understand the rationales and dynamics of the market is a precondition for effective public (or public-private action). Building on this assumption, it was hypothesised that the portfolio matrix and portfolio maps, featuring the distinction between current position of neighbourhoods and their potential, provide a concise conceptual model representing the city’s property market dynamics.

Context, intervention, mechanism and outcome (cimo)

The portfolio approach was evaluated on the extent to which it succeeds in providing an instrument that can facilitate and stimulate the generation of shared knowledge about the dynamic positions of urban neighbourhoods, opportunities and possible strategies for development. The first conclusion, in line with the first hypothesis, is that in general the approach is useful for facilitating a collective learning process that can generate additional insight about the changing positions of neighbourhoods in the property market, development opportunities and potential strategies. The workshops generally succeeded in generating such (shared) knowledge. This conclusion is based on observations, reactions by participants and the continued application of the approach in Amsterdam. It concerns knowledge for instance about how neighbourhoods have evolved, why value increase did or did not take place, about differences in opportunities between areas, or the possible leads for redevelopment strategies.

The second main conclusion concerns the how of the approach. The iterative research process of applying and evaluating the approach, particularly in and after the workshops, resulted in an increased understanding of the functioning of the approach. It also demonstrated some of the conditions that influence the chances of achieving the desired knowledge generation, such as the urgency of the issue at hand or the availability of adequate data and maps.

Based on empirical insights from the eight cases, it seems plausible to conclude that the collective learning process about the neighbourhoods’ positions, op-
opportunities and strategies was effective due to the specific combination of process and content ingredients. More specifically, the portfolio approach provides a platform for discussion, where different types of explicit and tacit knowledge and information about the market dynamics meet, are confronted and combined with each other. It generates a richer understanding of the situation and the possible interventions.

Below, I will summarise the findings about the generative mechanism that emerged from this research process and the technological rule that ensues. These findings are discussed more extensively in Chapter Six. Building on Pawson and Tilley (1997), the evaluation of the portfolio approach (as in fact any tool, instrument, or program) should be based on distinctions made between the elements of context, the mechanism and its outcome. Denyer et al. (2008) add the element of intervention to this equation, resulting in the so-called prescriptive CIMO-logic:

in this class of problematic Contexts, use this Intervention type to invoke these generative Mechanism(s), to deliver these Outcome(s). (Denyer et al., 2008, p. 395-396)

As its primary outcome, the portfolio approach generates learning processes about the city and the changing positions and opportunities of its neighbourhoods, as well as about possible strategies. The first required outcome is establishing good communication and constructing a common language among the participants in the workshops (Rouwette et al., 2002). Finding a common language is important and this may sometimes be difficult when participants work for different types of organisations. With respect to the content of the approach, the outcomes involve the individual and particularly the shared insights about neighbourhoods, how and why one or more neighbourhoods change and the useful interventions. It is interesting to note that the neighbourhoods’ positions in the portfolio generally raised more surprise among local civil servants than among participants working for the (semi) private sector. This suggests that there is a larger added value for the primary client, the local planning department. Discussions among the different types of actors sometimes resulted in another type of insight, i.e. into the way other (types of) stakeholders look at the city. It reflects the interdependent relationship between the different actors in the city and the importance of knowing each other’s viewpoints and interests.

It is important to stress that although the portfolio intends to support deliberation and decision-making about planning strategies, these workshops are not the arenas where decisions are generally made. Decision-making in general, and also specifically in planning, usually is a fragmented process consisting of different phases, streams, or rounds, with the participation of various actors of differing power levels (Teisman, 2000). It is therefore difficult to pinpoint specific times and places where actual decisions are made or initiated. The portfolio workshops have an interesting position in this respect. On the one hand, the chances of taking actual decisions are smaller there, as the approach was (at least in this research) not an integral part of existing projects. A workshop is more of a ‘free exercise’, connected but not fully integrated with a project. On the other hand, this distance from the ‘daily practice’ of managing a specific project can also provide the open environ-
ment and the freedom to think out of the box, which is sometimes crucial for achieving a breakthrough. The learning process may provide the momentum that can lead to more immediate outcomes.

Following Simon (1969), one can say that another type of outcome of the portfolio approach is the portfolio approach itself. Through a process of experimentation, various versions of the approach were applied, tested and redesigned. The current version of the approach is used in the Amsterdam Physical Planning Department, along with an instructional workbook. This is an indicator for the usefulness and the applicability of the approach ‘here and now’.

Figure 8.2: Discussion of the portfolio maps in a workshop in Amsterdam

The intervention of the portfolio approach is the part of the mechanism which is consciously manipulated by the design scientist. In the case of this research, it is the input of explicit information in the form of portfolio maps and the portfolio concept, together with the organisation of the workshop. This involves deciding with the ‘client’ on several operational details, for example who to invite, how to set up the workshop, or selecting the areas of interest to be covered. The mechanism is based on the notion that explicit and tacit knowledge are confronted and integrated in order to create new knowledge. The so-called SECI-model, introduced by Nonaka and Takeuchi (1995) and discussed in Chapter Three, was adopted as a conceptual mechanism. The concept was used to look at knowledge exchange and knowledge generation in the portfolio approach.

With respect to the SECI-model, the workshops accommodated the externalisation of tacit knowledge, which is combined with other tacit knowledge and with the explicit information provided by the portfolio maps. Based upon Nonaka

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1 SECI: Socialisation, Externalisation, Combination, and Internalisation
(1994), the scheme in Figure 8.3 represents the mechanism by which portfolio workshops generate knowledge.

**Figure 8.3:** The mechanism of knowledge integration of the portfolio approach within a workshop

In each phase, the tacit information brought to the table by the participants is externalised and combined with explicit information. The latter consists of the portfolio maps, as well as ‘archetypes’ of analyses, opportunities, ambitions, or strategies. People are invited to reflect and react upon the explicit knowledge of the portfolio.
maps, in order to challenge, specify, correct, and enrich the information with their experience, stories, and ideas. Establishing a richer knowledge base should produce several desirable outcomes: improved quality of the analysis, more realistic ideas about ambitions and opportunities, and more sophisticated ideas about strategies. It is an iterative process of discussion that can create new knowledge, thus increasing the overall level of knowledge in ontological terms and providing the input for the next discussion. Eventually, the chances of better informed deliberation of planning strategies should improve. The workshop is intended to function as a ‘social construction site’ for new knowledge, where ideas can be discussed, tested and generated (Healey, 2007). The SECI-model distinguishes two other types of learning, i.e. the socialisation and internalisation of knowledge. These are not considered less important, yet they are more likely to take place in daily practice, outside of the workshops as seen in Figure 6.12.

The evaluation of the workshops also demonstrated in types of situations and contexts suitable for the application of the portfolio approach. Application in Amsterdam and Rotterdam revealed that the approach generally appears suitable for large Dutch cities facing the changing (inter) national context of urban planning that is increasingly shaped by the private sector. The differences in the urban economies of the two cities and the profoundly different situation in their housing markets create different types of urban portfolios, and pose different types of challenges. Even despite the marked challenges, the approach was useful in both cases.

What does seem to make a difference is who takes the initiative for applying the approach. Chances of success are much higher if there is a client, i.e. if application is based on a clear demand for the type of knowledge discussed. Added to this is the question whether the specific ‘problem’ or issue suits the portfolio approach. In terms of scale, the idea of the city as a portfolio is most suitable for problems at this level, rather than the level of a single neighbourhood. The portfolio approach appears in particular well suited for discussing quintessential portfolio issues, e.g. where and how to invest in (parts of) the city. Particularly at a relative early stage of the planning process, when options are still open, the conditions for applying the approach are more favourable. In addition, it is clear that a certain degree of urgency is required in order to organise a workshop and attract people in the first place. It can also be helpful if the application is connected to an existing project, with an existing organisation and stakeholder network. At the same time, a certain distance from business as usual is beneficial for creating a ‘social construction site’, where the participants will feel free to experiment with new ideas.

The conclusions above present an understanding of why, when and how the approach works better. Following the design science approach, as discussed in Chapter Four, these understandings should be translated into a useful heuristics for practitioners, called technological rules. Already in the 1970s Van Lohuizen pointed at the importance of this notion for planning research:

Science tends to give preference to the scientific problems of knowing, thinking that practical problems will be solved accordingly. It thus fictionally claims that problems are solved by uncovering and explaining them. (Van Lohuizen, 1977, p. 6, author’s translation)
Therefore, the outcome of the prescriptive research and development of the portfolio approach was shaped into a grounded and tested technological rule: a prescription for when and how to use the instrument (Van Aken, 2004; 2005). It is a prescription which is neither universally valid, nor unique for a single case, but one which, based on testing and evaluation, advocates a type of solution for a type of problem in a type of situation. The portfolio approach is thus suggested as a type of instrument for the type of problem practitioners face ‘here and now’. Chapter Six outlined this technological rule:

*If you want to achieve a collective learning process contributing to the informed deliberation of planning strategies for the city and its neighbourhoods (Y), with an urgent urban development challenge at hand, with relatively high uncertainty about market dynamics in general and about the who, what, and how of intervention (Z), then apply something like the portfolio approach (X).*

One of the limitations of this research is the lack of the so-called ‘β-testing’. That is, even though the portfolio approach was tested and evaluated with others, the developing researcher (me) was always a part of it. Therefore, this research primarily consists of ‘α-testing’. Like any other research it should be replicable in order to confirm or falsify conclusions; in design science β-testing is done by other actors in other cases. This increases the insight into the wider domain to which the functionality of an instrument can be generalised, but it also increases chances of more objective evaluation. As I mentioned in Chapter Four, real β-testing took place only to a limited extent. In this research, the researcher constantly tried to take a critical view on the approach and to adapt the approach based on the critical comments by others. This process of observation and reflection was made explicit and documented as much as possible in this report.

**Further research**

The challenges in urban planning are neither universal in the sense that solutions can be simply copied and pasted from elsewhere, nor unique in the sense that nothing can be learned from successful (and failing) practices. Searching for grounded and tested technological rules is a way to strike a proper balance. As such, it helps to attain an understanding of the types of solutions that may work for types of problems, and why this is the case. In this research, the design science approach allowed me to develop a way of generating shared knowledge among practitioners. But if one considers that planning research is a science that is concerned with developing solutions (similar to engineering, medicine, management, or law), then the design science approach should deserve a more prominent position.

This would require some further methodological elaboration of the design science approach, in order to understand the ways in which it may be useful in strands of planning research. Doing research in close cooperation with practice puts constraints on the freedom to experiment with solutions. Unlike laboratory experiments in the natural sciences where ‘variables’ can be altered at will, such free experimentation is impossible in planning research.

When one takes a step further towards implementing actual interventions in the city, this raises the question how to apply a design science approach in this context. In light of the wickedness and uncertainty of many current urban problems,
experimentation may in fact be the only way to find successful solutions. In these situations it is policy-makers and politicians who experiment; the researchers evaluate the results afterwards. Rigorous ex-post evaluation at a distance is needed for valuable insights. Being at least partly a solution-oriented science, planning research should offer more than that. This would require further exploration of the extent to which planning research, following the design science approach, can engage with practice in cooperative processes of developing solutions (see e.g. Balducci and Bertolini, 2007). It would be interesting to examine the possible ways of combining the design science approach and experiential research approach, based on the learning cycle of Kolb and Fry (1975). This might allow for more structural relationships between research and practice. It could imply more structural reflection on practice by practitioners with researchers, together with a more scientific feeding of practice, both with the aim of producing more effective solutions (Straatemeier et al., forthcoming).

8.3 Market-conscious planning

This research focused on developing, testing, evaluating, understanding and adapting the portfolio approach, with the aim of generating insight into the positions and development opportunities of urban neighbourhoods. In turn, it also aimed at contributing to building a knowledge base for the deliberation of (collective) action. Testing and evaluating the approach resulted in an understanding of when and how to apply the portfolio approach, as summarised in the technological rule given above.

However, the workshops also have generated some interesting substantive insights, where from the different issues, places, and scales, several recurring elements can be distilled. Chapter Seven discussed these elements: factors that influence the neighbourhoods’ positions, how they can change, what gives them potential for development and what kind of strategies should be applied on a neighbourhood, a part of the city, or the urban portfolio in general.

There is an abundant body of literature that discusses how neighbourhoods are affected by (combinations of) socio-economical, physical and cultural characteristics, in relation to other neighbourhoods. Many studies also incorporate the wider institutional and economical contexts, as well as the roles of various agents and organisations: residents, landlords, real estate agents, governments, developers, investors and the media. Scholars often put forward one or a few factors as essential for driving neighbourhood change, either as individual influences or as part of a larger model incorporating different variables (see e.g. Grigsby et al., 1987). What distinguishes the substantive insights gained in our workshops from much of these studies is that, instead of being obtained by rigorous analysis of one or a number of variables, they are based on reflexive interpretations of the discussions in the workshops. They thus represent the participants’ substantive – sometimes conflicting – viewpoints.

First, these (perceived) insights into how neighbourhoods change are connected to insights about the possible strategies for public and/or private interventions in these neighbourhoods and the city. These insights can be seen as technological rules that, in contrast to the technological rules about when and how to apply the portfolio approach, were neither tested in this research nor grounded by evalua-
Conclusions

These insights are important as they are part of the workbook for the portfolio approach. They provide the archetypical input for Figure 6.9. They also provide an illustration of the type of substantive knowledge sought by the portfolio workshops, as well as an example of what market-conscious planning may look like in the light of the wider, changing urban planning context.

This considered, what is behind the neighbourhoods’ positions and what makes them change? A simple answer, often mentioned in the workshops, is ‘supply and demand’. Clearly, the real estate market is not a perfect market, because of the inelasticity of supply, the limited insight into supply and demand, the heterogeneity of real estate as a product and the high transaction costs. Still, in the end property values and the positions of neighbourhoods generally seem to follow the logic of supply and demand. In the workshops, discussions about neighbourhoods, houses, the market, opportunities and strategies could generally be put in terms of where and how to improve the supply of ‘living in a certain type of housing and neighbourhood’, in relation to understanding and stimulating the demands of different groups. This is what makes the discussions interesting: where does demand come from, how will it develop, where and how to adapt the supply in order to match and anticipate the demand?

The synthesis of the substantive outcomes of the workshops is limited to urban neighbourhoods in large Dutch cities, with important differences, most notably between Amsterdam and Rotterdam. The post-industrial economy of Amsterdam is characterised by high share of financial and cultural industries, which attracts many (young and educated) people to the city. Rotterdam on the other hand, characterised by a more industrial based economy, has more difficulty in attracting these groups. The result is the high demand in the housing market in Amsterdam, which stands in contrast to the more relaxed market in Rotterdam. This affects the supply and demand for living space in certain neighbourhoods, as well as the opportunities for urban development or regeneration.

With respect to the differences within cities, location is by far the most important aspect; in particular the proximity to amenities (such as shops and parks) is a valuable asset. In Amsterdam the distance to the city centre is the most dominant factor. One of the crucial differences is being located within or outside of the ring road as well as being on the north or south side of the IJ River. Sometimes, this dominance of location almost seems as an accepted, natural state of affairs. As demonstrated however by the portfolio maps, this pattern was completely different in the 1970s and 1980s, when the now gentrified neighbourhoods surrounding the centre were among the most problematic areas in the country. Rotterdam (and many other cities) gives a clear example that city centres do not have an automatic undisputed high status in the hierarchy of neighbourhoods.

Rather than their distance from the centre, the popularity of neighbourhoods in Rotterdam is related more to the specific, interrelated characteristics of the neighbourhood itself and the housing stock. This is also applicable in Amsterdam to a certain extent. Apart from characteristics of the housing stock, such as the size and the type of dwelling, other important aspects include the status and image of neighbourhoods. Furthermore, neighbourhoods are assessed by the availability and quality of daily services, particularly shops and schools.
Elements that give neighbourhoods a certain urban atmosphere are also very important. The urban fabric (particularly when consisting of older, ‘authentic’ architecture, with mixed-use in the streets) generates a whole that is more than the sum of its parts. In Amsterdam, it is the vibrancy of the city centre with the wide variety of amenities that makes the surrounding areas very popular for living or investment. Their popularity in turn is the base for other adjacent areas to become more popular. Yet for this oil-stain like development to occur, some conditions have to be met; in this matter, the differences between Amsterdam and Rotterdam clearly stand out. The attractiveness of the city centre provides a much stronger ‘base’ for this outward development in Amsterdam then in Rotterdam. Secondly, there has to be sufficient housing demand in such urban neighbourhoods in order to ‘keep the oil-stain development going’, which is more problematic in Rotterdam.

This process can be hampered or stimulated by various agents in the property market, the so-called gatekeepers. Private developers are in particular quite keen to accommodate and stimulate this process, since this is where value increase is likely to occur. Housing associations or governments on the other hand may also hamper it, for instance by limiting the selling of social housing. There are also physical conditions that influence the extent to which oil-stain developments are possible, i.e. the ‘conductivity’ of the urban fabric. Barriers in the form of large roads, rail tracks and water may form real or psychological obstacles, with varying persistence.

To a large extent it seems that opportunities are found in the areas adjacent to locations that are already upgrading. This is where private developers see good opportunities to buy low and sell high. For local governments, these are the areas where (re)development or regeneration is relatively easy. In Amsterdam, the areas most often mentioned are Bos en Lommer and Indische buurt.

The main question in Amsterdam is usually whether the barriers of the ring road and the IJ River can be overcome, with the dog neighbourhoods on the other side of this barrier standing out as the real ‘question marks’. So far, upgrading and gentrification have been limited generally to the pre-war neighbourhoods within the ring road. ‘Colonising’ the areas beyond would require more than conquering the sheer distance to the centre. Since these areas are essentially different in terms of architecture, urban fabric and the way different types of land-use are separated, it remains to be seen whether and how they can be turned into popular, urban (or more suburban) neighbourhoods.

Again, there is a large contrast with Rotterdam. The pre-war neighbourhoods in the direct vicinity of the centre exhibit only scarce pockets of gentrification. Delfshaven and the Oude Noorden offer several favourable conditions for upgrading: attractive pre-war architecture, a fine grain urban fabric, waterfront development (Delfshaven), an abandoned railroad track inviting innovative urban design (Oude Noorden). In addition, the vicinity of the centre appears to become more important, considering the growth of cultural activities. However, Rotterdam’s relaxed housing market does not help their development, so the question whether these areas will actually see gentrification raised mixed opinions.

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2 Built before WWII, the Vogelbuurt and Van der Pekbuurt in Amsterdam Noord are interesting exceptions that may provide an advantage for these neighbourhoods.
Both in Amsterdam as in Rotterdam, urban development and regeneration are generally aimed at attracting new groups of residents to certain areas. In essence, there are two strategies to accomplish this goal, either by stimulating an oil-stain development from elsewhere, by connecting to the amenities of the adjacent areas, or by initiating development directly in the location. In both cases, a main condition for success often mentioned in the workshops is the realisation of a certain critical mass. In the first case, development often needs no public interventions at all, but simply happens by neighbourhoods gradually or rapidly changing colour. This is a process driven by demand and facilitated by supply. Starting from scratch, i.e. trying to develop a popular neighbourhood without the help from adjacent popular neighbourhoods, generally requires more interventions. In this case, gathering a critical mass of new groups of residents requires an almost instant realisation of a critical mass of new housing, services, parks, and infrastructure. Even more than the first strategy, it principally requires pioneers, whether for instance it concerns new development in IJburg or redevelopment in the distant post-war areas.

Considering the sheer multitude and complexity at various levels of ambitions, issues, problems, interests and opportunities to be addressed in cities and neighbourhoods, it would seem ridiculous to make a sharp and concise statement or recommendation about the proper ‘meta-strategy’ for the urban portfolio. Most of such oversimplifications are discredited by the complexities of the real world; this is the core of criticism of the portfolio concept introduced by Henderson (1979). Even so, in the light of the current competitive environment in which cities find themselves where public goals are increasingly dependent on private means, aiming for a balanced urban portfolio would be a useful guiding principle for ‘managing the urban portfolio’. As urban development and real estate in general gains importance in urban policy-making (e.g. Fainstein, 1994), it would seem useful to strike a balance between developments using and those generating public resources. The portfolio concept demonstrates that not every site and neighbourhood can be developed. It compels local governments to think about their priorities and to connect their considerations to the priorities of private investors. In terms of urban policies, the more traditional ‘public administration’ approach should be reconciled with the entrepreneurial approach. The goals should be both economic competitiveness and equity (Gualini, 2005). It also implies the need to reconcile long-range visioning with an ad-hoc opportunism to capitalise on opportunities as they appear.

The idea of the city as a portfolio of neighbourhoods should not be misunderstood as a fragmented perspective on the city, one consisting merely of bits and pieces (Healey and Williams, 1993). I hope that this research clearly asserted that the portfolio approach does not stimulate, let alone advocate, such a fragmented perspective. Urban projects are increasingly the result more of ad hoc opportunities than of comprehensive strategic plans, and the portfolio approach was founded and developed on the idea that local governments must adapt to this reality. Crucially, this adaptation may not be at the expense of a wider view of urban challenges that require comprehensive perspectives and strategies. It should also be made clear that, even though the portfolio approach maps the dynamics of the property market and it originates from business literature, it is not a market-oriented instrument. In David Harvey’s terms, the portfolio approach could be understood as a typical product of urban planners leaning towards the interests of private capital. Yet the
workshops demonstrated that taking into consideration the developments in the property market is not the same as letting the market have its way with the city. They also demonstrated that consciously deciding where and how to intervene (or not) in the urban portfolio does not make planners ‘cold-blooded stockbrokers’ of the urban portfolio. Instead, it helps them to explore the possible synergy with public goals by making decisions based on improved insights into what moves private actors and why. The portfolio approach seeks to facilitate market-conscious, not market-oriented planning.

8.4 Informed deliberation of planning strategies

The research provided evidence that supports and articulates insights in existing strategic planning literature. It is more than safe to agree with Albrechts (2004) that strategic planning cannot be reduced to a single tool or concept. Strategic planning should be (among other things) about establishing several crucial links: process to content, long-term perspectives to short-term projects, knowledge to action, and one’s own ambitions to external opportunities. It needs to result in a mobilising, workable, embedded framework, one that can be altered and if necessary discarded (e.g. Mastop and Faludi, 1997).

The reason behind the success of some strategic planning tools, such as the Growth-share matrix, is their simplicity: they are easy to work with. Yet this simplicity is also the basis for severe criticism. The real problem is not their simplicity, but that too often strategic planning was reduced to only these tools. In any case, this is a terrible misunderstanding, one which makes strategic planning very ‘un-strategic’. As stated by Jessop,

> attempts to build effective governance should include (...) simplifying models and practices which reduce the complexity of the world but are congruent with real world processes and relevant to governance objectives. These models should simplify the world without neglecting significant side-effects, interdependencies, and emerging problems. (1998, p. 37)

The practitioners who worked with the portfolio approach seemed to understand this point. Simply showing them the market dynamics in the city contributed to creating a shared image of what is happening, which in turn triggered more sophisticated knowledge building. The portfolio maps can demonstrate the changing positions of urban neighbourhoods, but they cannot grasp the complexities of how neighbourhoods developed, why they differ, the driving forces and the opportunities for development. Therefore, it makes little sense to say that the portfolio maps can serve as evidence for grounding policies or strategies. The same is true for the original portfolio tool, the Growth-share matrix. For instance Seeger (1984) convincingly demonstrated that it is a far too simplified tool to base the entire company strategy and actions on: ‘the matrix picked the strategy – let the matrix implement it!’ (Wilson, 1994, p. 13).

One might conclude then that the relative simplicity of the portfolio maps should be blamed; they cannot offer a sophisticated model of how neighbourhood development and property values correlate with various characteristics and possible
interventions. More sophisticated modelling might result in more detailed knowledge of how such aspects correlate. However, such more sophisticated tools are not equipped for strategy making either. For example, highly complex hedonic pricing models are able to explain or maybe even predict the extent to which property values are connected to e.g. the proximity of shopping facilities or a park. Although this is valuable information, it does not automatically inform urban planners of the preferred course of action. This requires far richer types of knowledge and ideas about why something would work in a particular context. Models and instruments cannot and should not be expected to provide clear-cut strategies. Hence, as noted in Chapter Four, they should not be developed with this aim in mind.

One of the main issues in this research was the treatment of knowledge and information, as discussed in Chapter Three. The success of the portfolio approach depends on the extent to which it contributes to the exchange of knowledge and the generation of new knowledge. The awareness that different types of knowledge and information are important can, in light of the current ‘paradigm’ of communicative planning approaches, hardly be called a remarkable conclusion. In different ways, leading scholars such as Friedmann, Forester, Healey and Innes demonstrated that building sustainable planning strategies requires the construction of shared knowledge that, instead of the traditional view that the ‘expert knows best’, incorporates more local, tacit and experiential types of knowledge of the various stakeholders.

This would seem to apply to two relationships: (1) that between the explicit information of the (academic) researcher/modeller and the more tacit knowledge of the practitioner and (2) the relationship between the practitioner’s information and the tacit knowledge of e.g. local residents. In both relationships, both types of knowledge are important. From a knowledge management perspective, this is not so much aimed at ideas of democratic participation and inclusiveness, but rather the awareness that different types of knowledge are needed to generate a richer base for new knowledge.

The distinction of tacit and explicit knowledge and the way they reinforce each other should make clear that the involvement of the community or local experts does not make tools, instruments, or hard expertise obsolete. There is no necessary division between communicative versus instrumental planning approaches (e.g. Owens et al., 2004). Such a division only hampers processes of strategic thinking, because it overlooks the necessity of bringing together different types of knowledge and, more importantly, it overlooks the challenge of organising ways of exchanging and integrating different types of knowledge. This proved to be essential for the development of the portfolio approach in this research where explicit information, such as the neighbourhood’s positions in the urban portfolio, is combined with the practitioner’s tacit knowledge of the city, its neighbourhoods and the strategies that proved successful.

It can be argued that it is essential for the development of any planning tool or instrument (and even for sophisticated urban planning in general) to organise such knowledge exchange and generation. Knowledge management should be seen as a crucial part of planning practice as well as an important topic of research. In this particular research, the SECI-model by Nonaka and Takeuchi (1995) provided a useful concept. Yet considering the numerous different types of challenges in planning in different contexts, as well as the debates in the field of knowledge manage-
ment itself, it remains to be seen what the other possible translations of knowledge management to planning may look like. It would be therefore interesting to further explore the ways in which insights from the field of knowledge management, including concepts such as the SECI-model, can contribute to the field of planning.

In the end, the portfolio approach, like any other strategic instrument, should be seen as a possible aid for strategic deliberation. If a neighbourhood appears as a dog on a map, this should trigger the affected stakeholders to pose questions: what is going on there, why is this the case, can something be done, and should something be done? These questions should be answered before deciding about it ‘just because it is a dog’. A neighbourhood’s position should be related to other information, such as the area’s demographics or socio-economic structure. Most importantly, this information should be discussed and confronted with practitioners’ (and depending on the situation, with residents’ and other stakeholders’) ideas about the neighbourhood, in order to get a rich understanding of what is going on, and what could or should be done.
8 Conclusions
References


References


References


Appendix I  How to make portfolio maps

Introduction

At the beginning of chapter five, the portfolio approach is discussed the way it has been applied in the last three workshops. This is the version to which the approach has evolved during the research project, an evolution which is described chapter six. This appendix describes the way portfolio maps are made in its most recent version: which data are used and how these are processed in order to make the maps. Three types of portfolio maps can be made: a residential portfolio for the whole city, a residential portfolio for only a part of the city and a portfolio for offices.

By following the procedure described below, the portfolio positions of neighbourhoods can be determined, to be represented in the portfolio maps. If the focus is not on the whole city, but a ‘partial portfolio’ of only a certain part of the city, neighbourhoods positions are calculated and determined in exactly the same manner, yet all in relation to not the city average of property values and value increase, but of the average of the concerning part looked at. Appendix IV shows these partial portfolio maps for Rotterdam Oud-Zuid, as well as the series of residential portfolio maps for Amsterdam, Rotterdam and the portfolio for offices in Amsterdam.

Origins of data

Data on property values, both in Amsterdam and Rotterdam come from the municipal statistics agency, provided by the cadastre. The level of aggregation at which data are available in Amsterdam is the neighbourhood, of which there are 355 in total, whereas in Rotterdam data are aggregated for 87 neighbourhoods. Property values in Amsterdam are available from 1975 and in Rotterdam they are available from 1987. Data on rents for offices come from a real estate monitor of the office market provided by PropertyNL.

Measuring the current market value: the position on the x-axis

A neighbourhood’s market value is measured the average property value per square meter, based on actual transactions. In order to attain a certain reliability of the property values, data are processed in the following ways:
- Removal of extreme values;
- Interpolation for ‘missing years’;
- Smoothening of the values.

Removal of extreme values

For reasons of privacy, average transaction values are not available if there a less than 5 observations for a neighbourhood in a year. Yet having less than 5
observations would mean a rather unreliable amount of observations to calculate the average with in the first place. In addition, to prevent distorted average values, the highest and lowest 5 percent of the values for each neighbourhood are removed before calculating the average values. So-called package deals, where a number of houses are transferred from one to another real estate agency, have a distorting effect as well and therefore these have been removed as well.

**Interpolation for missing years**

If values are missing for one or more years, values are interpolated. The easiest way of doing this is so-called linear interpolation, where the ‘gap is bridged’ by drawing an imaginary straight line generating a value for the missing year(s). Since property values usually do not follow this linear pattern, interpolation has been done by making use of data on a more aggregate level. In the case of Amsterdam these are the so-called neighbourhood combinations (**buurtcombinaties**) and if these are lacking as well the boroughs (**stadsdelen**) and in Rotterdam only the boroughs (**deelgemeenten**). The rate by which values change are used to calculate a fictional value for the neighbourhood. It is thus assumed that the increase rates at the higher level are representative for the neighbourhood. At least partly this is obviously the case, since values on a higher level are made up of sublevels. The example in the table below illustrates the interpolation method.

<table>
<thead>
<tr>
<th>Value at the level of the neighbourhood (B)</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>900</td>
<td>Missing</td>
<td>1600</td>
<td>1800</td>
</tr>
<tr>
<td>Value at the level of the neighbourhood combination (C)</td>
<td>1000</td>
<td>1400</td>
<td>1700</td>
<td>1900</td>
</tr>
</tbody>
</table>

The missing neighbourhood value for year 2 (B2) is calculated using the ‘surrounding’ data:

\[
B2 = \frac{(B1+B3)}{(C1+C3)} * C2, \text{ or: } B2 = \frac{(900+1600)}{(1000+1700)} * 1400 = 1296
\]

The same calculation is done when two or more years are missing. If in the table above not only year 2, but also year three (1600) were missing, the calculation is:

\[
B2 = \frac{(B1+B4)}{(C1+C4)} * C2, \text{ or: } B2 = \frac{(900+1800)}{(1000+1900)} * 1400 = 1303
\]

and:

\[
B3 = \frac{(B1+B3)}{(C1+C3)} * C3, \text{ oftewel: } B3 = \frac{(900+1800)}{(1000+1900)} * 1700 = 1583
\]
If instead of values ‘in between’, values at the beginning or at the end are missing, then these ‘loose ends’ are calculated in a similar manner, as depicted below.

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value at the level of</td>
<td>1000</td>
<td>1400</td>
<td>1700</td>
<td>1900</td>
</tr>
<tr>
<td>the neighbourhood (B)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value at the level of</td>
<td>Missing</td>
<td>1300</td>
<td>1600</td>
<td>1800</td>
</tr>
<tr>
<td>the neighbourhood combination (C)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ B_1 = \frac{B_2}{C_2} \times C_1, \text{ or:} \]
\[ B_1 = \frac{1300}{1400} \times 1000 = 929 \]

And when both year 1 as year 2 are missing:

\[ B_1 = \frac{B_3}{C_3} \times C_1, \text{ or:} \]
\[ B_1 = \frac{1600}{1700} \times 1000 = 941 \]

and:

\[ B_2 = \frac{B_3}{C_3} \times C_2, \text{ or:} \]
\[ B_2 = \frac{1600}{1700} \times 1400 = 1318 \]

These calculations could be done for more missing years as well, but obviously the more years are missing, the less accurate the calculations will become. Therefore, the outcome of these calculations have been checked for their credibility by looking at the values of the surrounding neighbourhoods.

In the case of missing values on the level of the neighbourhood as well as at the level of the neighbourhood combination, the above interpolations can be executed by using the data on the level of the borough (which in Rotterdam is the immediate next level). Since the values on the level of the borough are less representative even more, interpolations have only been made in case of missing values that lie ‘in between’ and not for the ‘loose ends’.

‘Smoothening’ the data
After removal of the extremes and interpolation of missing values, data are still rather ‘unsteady’. Particularly when measuring the value increase this is problematic, as increase rates are above city average in one year, below the next year and above again the next year. As this is not how the pace by which neighbourhoods’ positions in the city generally change, data are ‘smoothened’.

Of the several ways by which smoothening can be done, the so-called ‘T4253H smoothing’ has been used, since no years are ‘lost’, in contrast to using

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1 From the SPSS handbook: ‘T4253H Smoothing starts with a running median of 4, which is centred by a running median of 2. It then resmoothes these values by applying a running median of 5, a running median of 3, and hanning (running weighted averages). Residuals are computed by subtracting the smoothed series from the original series. This whole process is then repeated on the computed residuals. Finally, the smoothed residuals are computed by subtracting the smoothed values obtained the first time through the process.’
for instance a running average. Figure I.1 demonstrates the result of the smoothening procedure.

**Figure I.1 Example of the result of smoothing procedure for an Amsterdam neighbourhood: the yellow line represents the values which are used to identify the neighbourhood position.**

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**Continuity**

The average transaction values of some neighbourhoods are close to the city average. Sometimes neighbourhoods then cross the average in one year and go back in the next year, yet without an actual significant change of their position. In the maps, however, neighbourhoods would change colour. To prevent such a distorted image, i.e. we want neighbourhoods to change colour only if something actually changes, the condition is set that a changing position is only shown on the map if it lasts for at least three consecutive years. So a neighbourhood crossing the city average for two years and going is not made visible in the maps.

This does not work for the first and last two years in the period. Therefore, for the first and last year, the condition above does not apply and for the second and second to last year, a changing position has to last two consecutive years instead of three.

**Absolute transaction values**

Looking at the relationship between size of the houses and property values per m², shows a pattern of prices per m² dropping when the average size of the houses increase. Not every added m² thus is valued proportionally. Even so, despite of relatively low property values per m², neighbourhoods with large houses generally do have above average property values in absolute terms; obviously for every added m² still has to be paid. It would be unrealistic to treat neighbourhoods with above
average property values in absolute terms as dogs or question marks, just because of a decreasing added value when houses are larger, when in reality these are often neighbourhoods with a strong position in the housing market. Therefore, another condition for neighbourhood property values to be designated as above average is that, in addition to the transaction values per m², transaction values in absolute terms have to be above average as well. If a neighbourhood thus shows below average values per m² but above average values in absolute terms, it is designated not a dog or question mark, but a star of a cash cow.

The absolute transaction values used here show a comparable amount of gaps, which are interpolated in similar way as the transaction values per m². The same goes for the smoothing procedure, which is done here as well.

**Measuring the value increase: the position on the y-axis**

The increase in property values is an indicator of the potential of a neighbourhood. Here, we look at the increase in absolute terms over the previous four years. A period of four years in considered a proper balance; looking only at the increase of the last one or two years results in too many unsteady changes, whereas longer periods demonstrate too little of the dynamics taking place. The value increase for instance for the year 2000 is thus measured as the average transaction value per m² of 2000 minus the average transaction value per m² of 1996.

The assumption that is made here is that value increase of the recent past indicates some further increase. Obviously, this needs not be the case, since a neighbourhood may have reached its peak already. Hence, the condition is set that in order to have a value increase characterised as above average, not only the increase of the last four years, but also the single last year has to be above average. Still, whether or not a neighbourhood has reached its peak is something to be discussed in a workshop rather than predicted on base of the measured value increase.

Value increase is looked at in absolute terms, rather than in percentages. The reason for this is the idea that in the portfolio approach we want to see whether and how neighbourhoods’ positions change in the city by moving to or away from the city average. Looking at the increase in percentages, however, does not indicate whether or not this is the case. If a neighbourhood at the bottom of the property market shows an above average value increase in terms of percentages, this does not mean that the gap with the city average is getting smaller; it may even widen. If the same neighbourhood shows above average value increases in absolute terms, on the other hand, this indicates an actual move towards the city average. Hence, the value increase for 1999 is simply measured as the average property value per m² for 1999 minus the average property value per m² for 1994.

**Continuity**

Value increases, like the property values, are sometimes close the city average. Likewise, neighbourhoods can change colour without much actually changing. Here too therefore, a changing position is shown only when an above or below average increase lasts for at least three consecutive years. And here too, for the first and last
year, the condition above does not apply, while for the second and second to last year, a changing position has to last two consecutive years instead of three.

*Above zero*
In addition to the above condition, value increase also has to be above zero. If property values are above the city average, but decreasing, a neighbourhood may be improving its position in relative terms. It might therefore be designated as a star or a question mark. Still, in such a situation one can hardly speak of interesting opportunities for investment. Hence, although there is something to say for the alternative, value increase has to be above zero.

**Measuring the portfolio positions for office areas**
The portfolio positions for offices in Amsterdam, although not used to much lesser extent than the residential portfolio maps, are measured in roughly the same manner. There are some important differences.

First, instead of looking at transaction values, the average rents per m² are used, as these provide a more realistic and timely image of the market position of a neighbourhood. With every new lease contract, the rent is valued according to its current position in the market, whereas a transaction of the real estate object occurs much less often.

Second, there is no interpolation of missing neighbourhood data with help from data on a more aggregate level. This is because office sites, more than residential neighbourhoods, are individual sites. Rents at the level of the neighbourhood are correlated to lesser extent to the rest of the area. Hence, missing values are interpolated in linear manner. After this, values are smoothened like the residential property values.
Appendix II  Survey questionnaire

The last three workshops organised, i.e. the workshop about the development of Amsterdam neighbourhoods: past and future, the workshop on Rotterdam Oud-Zuid and the workshops on gentrification in Rotterdam, were followed by a survey into the participants’ experiences. Below, the survey, the accompanying email and a short explanation about the portfolio approach are given. The email and survey, both translated from Dutch, are the ones sent after the workshop for Oud-Zuid in Rotterdam. For the other two workshops followed by a survey, the same email and survey were sent, but with names and dates adapted to the specific workshops.

Email to the participants

Dear participant,

On July 9, the workshop ‘Portfolio Rotterdam – Opportunities in Oud-Zuid’ was held, organised by dS+V. The aim was to identify the market dynamics and opportunities in Oud Zuid, in order discuss possible investment strategies.

We kindly ask you to answer some questions about the way you experienced the meeting. Which particularly interesting things do you recall from the workshop? This information is very useful to us, as it allows us to improve the organisation and substance of workshops to come. In addition to this, this evaluation is part of a doctoral thesis about the portfolio approach and its application.

Hopefully you can find the time (approximately 10 minutes) to express your experience in the questions. The findings will of course be handled confidentially.

Please follow the link below to start the web survey. Here, to refresh your memory, you will also find a short explanation of the portfolio approach¹, as well as the sequence of maps which you have seen in the workshop:

www.linktotheportfoliosurvey.html

Thank you very much,
Perry Hoetjes, Universiteit van Amsterdam

¹ This explanation is given at the end
Survey questionnaire

About you
It is interesting for us to know how experiences differ for participants representing different types of organisations.

Question 1
I work for:

<table>
<thead>
<tr>
<th>Municipal agency</th>
<th>Private sector</th>
<th>Housing association</th>
<th>University</th>
<th>Other, i.e.:</th>
</tr>
</thead>
</table>

A In general about the organisation of the workshop
These are questions about how you experienced the structure and organisation of the workshop

Question 2
How often and how structured do you discuss spatial strategies in the city and opportunities of areas? (More than one answer is possible here)

<table>
<thead>
<tr>
<th>Structure →</th>
<th>Frequency ↓</th>
<th>Very structured and with the help of information and data</th>
<th>More or less structured</th>
<th>In an informal manner</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequently</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Every now and then</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hardly if ever</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Additional comments:

Question 3
The starting point of the workshop was to identify opportunities based on the market dynamics in Rotterdam Oud Zuid and to translate these to possible strategies. Did you find this a relevant topic?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>Not really</th>
<th>Neutral</th>
<th>Relevant</th>
<th>Very relevant</th>
<th>Don’t know/no opinion</th>
</tr>
</thead>
</table>

Additional comments:
Question 4
The workshop was attended by participants representing various organisations. To what extent did the workshop have a proper balance of organisations?

<table>
<thead>
<tr>
<th>Organisations</th>
<th>Too many</th>
<th>Good</th>
<th>Too few</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal agencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing associations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missing organisations?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Additional comments:

About the portfolio approach
Do you find the portfolio approach a logical and comprehensible concept? For a short explanation click here.

Question 5
What do you think of the idea of the city as a portfolio of neighbourhoods?

<table>
<thead>
<tr>
<th>Useless</th>
<th>Not very useful</th>
<th>Neutral</th>
<th>Useful</th>
<th>Very useful</th>
<th>Don’t know/no opinion</th>
</tr>
</thead>
</table>

Additional comments:

Question 6
What do you think of the internal logic of the concept? (i.e. the 2x2 matrix, by which he current market value and potential are distinguished)

<table>
<thead>
<tr>
<th>Incomprehensible</th>
<th>Rather confusing</th>
<th>Neutral</th>
<th>Logical</th>
<th>Very logical</th>
<th>Don’t know/no opinion</th>
</tr>
</thead>
</table>

Additional comments:
Question 7
What do you think of the data that were used? (i.e. average transaction values per m² and their increase over 4 years)

<table>
<thead>
<tr>
<th>Completely unsuitable</th>
<th>Problematic</th>
<th>Partially suitable</th>
<th>Suitable</th>
<th>Very suitable</th>
<th>Don’t know/no opinion</th>
</tr>
</thead>
</table>

Additional comments:

Question 8
Do you think the approach triggers a relevant strategic discussion?

<table>
<thead>
<tr>
<th>No, because…</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, because…</td>
<td></td>
</tr>
<tr>
<td>Don’t know/no opinion</td>
<td></td>
</tr>
</tbody>
</table>

C. About (shared) knowledge that was generated and other results
The next questions are about the possible results of the portfolio approach

Question 9
Did the maps confirm your perceptions of the relative positions and developments of neighbourhoods in the city, or did they surprise you?

<table>
<thead>
<tr>
<th>Very surprising</th>
<th>Mostly surprising</th>
<th>Sometime surprising, sometimes confirming</th>
<th>Mostly confirming</th>
<th>Merely confirming</th>
<th>Don’t know/no opinion</th>
</tr>
</thead>
</table>

Question 10
Can you mention one or some examples of patterns that confirmed or surprised you in particular?

Question 11
Have any new or remarkable things been said with respect to possible or feasible strategies on neighbourhood or city level? If so, can you give an example. If not: Why not?

<table>
<thead>
<tr>
<th>Very surprising</th>
<th>Mostly surprising</th>
<th>Sometime surprising, sometimes confirming</th>
<th>Mostly confirming</th>
<th>Merely confirming</th>
<th>Don’t know/no opinion</th>
</tr>
</thead>
</table>
Question 12
How did you experience the way other organisations looked at the patterns showed and strategies discussed? Did this correspond to, or differ from your perceptions and ideas? Can you give one or more examples of things you noticed?

Question 13
Did anything in particular about the possible role of the municipality, the private sector, housing associations or other actors strike you as remarkable in terms of the (re)development of urban areas? If so, what?

Question 14
What did you find the most positive about the workshop in terms of substance?

Question 15
What could be improved in terms of substance?

Question 16
Would you like to make any additional comments?

This was the last question. Thank you very much for answering these questions!

Explanation of the portfolio approach
The portfolio approach is based on the idea that the city can be seen as portfolio of neighbourhoods. Since private and semiprivate actors have an increasing influence on urban developments in the city. Local governments need to realise that neighbourhoods’ opportunities are largely dependent on their appeal for private investors. Local government will sometimes try to join these private interests, but also invest in those areas the market is not interested in. In any case, these type of considerations requires a strategic approach In business literature, a similar problem has to be addressed: in which products should one invest or not? Here, portfolio instruments can be used, demonstrating how products perform and what are opportunities for growth. In this case, a translation of the so-called Growth-share matrix has been made and applied to the city and its neighbourhoods, as depicted in the figure below.
In this urban portfolio approach, the city is made up of neighbourhoods which are mapped by their position in the property market relative to other neighbourhoods. Property values are used as indicators of how neighbourhoods are doing now, while the value increase gives an image of their opportunities for development. Every neighbourhood is positioned either above or below the city average in terms of current property values and value increase. This results in a matrix with four ideal typical neighbourhoods: stars, cash cows, dogs, question marks:

- **Stars**: above average property values, above average value increase;
- **Cash cows**: above average property values, below average value increase;
- **Dogs**: below average property values, below average value increase;
- **Question marks**: below average property values, above average value increase.

Click [here](#) to see these four ideal typical neighbourhoods in portfolio maps from 1991 to 2005.
Appendix III  A more detailed portfolio

A comment sometimes made in workshops was that there can be significant differences within neighbourhoods in terms of their position. Since the portfolio maps did not show these differences, they were discussed in the workshops when relevant. However, with help from more sophisticated GIS techniques it is possible to map portfolio positions for smaller areas than single neighbourhoods. As of writing, the production of these more detailed maps by DRO is in progress. The figure below demonstrates a recent (not final) version of a more detailed portfolio map. Whether this adaptation is an improvement remains to be seen until they are used.

Figure IV.1: Detailed portfolio map for Amsterdam
Summary

This research deals with the *portfolio approach*, an instrument that supports planning by mapping the positions of urban neighbourhoods in the property market. It accomplished this support by facilitating discussion among stakeholders about the property market dynamics and possible strategies for where and how to intervene in the city. This discussion is part of the approach. It should contribute to an informed deliberation of urban planning strategies. This study reports on the development, application, testing and evaluation of the portfolio approach, focusing on two central questions:

1. To which extent is the portfolio approach a useful approach for generating knowledge about positions of urban neighbourhood in the property market, their opportunities and possible intervention strategies?

2. Why and how does the portfolio approach succeed (or not) in generating knowledge about the positions of urban neighbourhood in the property market, their opportunities and possible intervention strategies?

The first question concerns the testing of the approach (does it work?), while the second question is about evaluating and understanding the approach (why does it work?) Both questions are answered by means of an iterative research process of hypothesising about how the approach might work, which is then applied, tested, observed and evaluated in order to understand how it generates the types of outcomes in different types of situations, and to improve it. The practical use and theoretical understanding and background are two sides of the same coin in this research.

The development of the portfolio approach was commissioned by and carried out in cooperation with the Amsterdam Physical Planning Department (DRO). The starting point for this research was the identified challenge faced in Amsterdam, as in many other cities, by urban planners and urban governments to achieve public goals in the environment of increased dependence on private means. With private investments and initiatives increasingly shaping urban development, local governments have to be selective about where and how to invest and intervene. Not every neighbourhood can be upgraded and not every site can be developed. The portfolio approach aims to provide insight into which areas are interesting for private investors; not so that local government should necessarily target interventions here as well. Rather, it helps to understand in which areas it may expect other private or semi-private actors to participate and where development is a matter of public initiative predominantly.
How to do more with less in urban planning

The portfolio approach can be seen as a product of fierce changes in the spatial and institutional landscape in which urban planning takes place. Changes of technical, socio-economical, cultural and political nature have taken large, interrelated effects on cities and regions: it affected the way cities have developed spatially, the role of (local) governments and, of particular interest in this study, the ways in which urban developments come about. How this relates to strategic planning in general and strategic spatial planning, as well as how this leads to the idea of the portfolio approach is discussed in this research.

In a nutshell, spatial innovations, particularly the highly increased mobility of people, goods and information, have facilitated the transformation of cities from relatively well-defined physical entities to more polycentric urban areas, with unclear boundaries. Mobility allowed people and organisations to move to the suburbs and beyond and increased the consumer and production markets for business. The increasing scale and scope on which all sorts of activities are taking place has facilitated, but also been driven by economical and political developments. Particularly the increased mobility of capital (enabled by the internalisation of [financial] markets, the removal of trade barriers and the emergence of new markets) is the crucial driver, if not the embodiment of globalisation. With the unprecedented possibilities to communicate and share information instantly and globally and the ability to outsource large parts of production, cities have only increased their importance, providing the spaces and places for consumption, communication and coordination. Still, many cities were and still are struggling to adapt to the post-industrial economy, to find a competitive position in the ‘international market place’. This need to be competitive has been fuelled by the changing (fiscal) relationships between national and local governments, with the latter generally becoming financially more independent. As a result, the health of urban economies increasingly depends on the extent to which cities succeed at attracting private business to invest or locate there. This, in turn, depends on the extent to which cities offer the ingredients of the knowledge-economy: a strategic location, a (young) educated workforce, various local amenities and a high quality of life.

These ingredients give cities a bargaining position for attracting private investments. The stronger the city’s position, the more conditions in terms of public goals it can attach to developments. Weaker cities or local governments may feel the need to make conditions more favourable at the expense of equity goals or living standards. There is, however, increasing evidence that in fact the economic objectives in terms of competitiveness benefit from (investments in) the cities’ quality of life and cohesion, implying that sophisticated strategies require more than a simple choice between competitiveness or cohesion. A main question is what strategic spatial planning in the new context should look like. The need to mobilise stakeholders, develop new ideas, organise decision-making to get to action, and to collect and organise qualitative relevant information about opportunities and threats are just some of the required ingredients.

It is particularly difficult to balance, on the one hand, long-term visions aimed at safeguarding comprehensive development of e.g. infrastructure and the environment, while at the same time on the other hand retaining the flexibility to seize emerging opportunities.
The city as a portfolio of neighbourhoods

In light of the new planning context and the limited resources at their disposal, urban governments and urban planners have to be selective in terms of where to target their interventions and investments. In order to use resources effectively and efficiently, some sort of strategy is required. This is where ideas from business (literature) can help, as companies there are faced with a similar challenge. Large companies owning a portfolio of different business units and products continuously have to decide which of their products to invest in or dispose of. For this purpose, several portfolio management tools were introduced from the 1970s. Of particular interest for this research is probably the most well-known portfolio management tool, introduced by the Boston Consulting Group, the so-called Growth-share matrix. By measuring the market share of a company’s products and setting against the growth rate of the particular markets, the Growth-share matrix identifies the position of all products in a portfolio matrix. The position in the matrix is related to the idea that products go through an economic life cycle of growth, maturation and, albeit not inevitably, decline. Typically, a product starts as a dog or question mark, gains market share to become a star, then a cash cow when the market settles down, and hopefully it does not end as a dog.

In essence, what the tool does is identify and set off against each other the current performance (indicated by market value) and the potential (indicated by market growth) of products. It has been this idea of identifying ‘performance’ and ‘potential’, together with the idea of neighbourhood life cycles which was the inspiration for translating the Growth-share matrix to the city and its neighbourhoods. It means that the main conceptual idea put forward in this research is that the city can be seen as a portfolio of neighbourhoods with their distinctive position. There are some important differences, however, between the original tool and the urban portfolio approach. Instead of measuring market share, the current performance of neighbourhoods in the urban portfolio is mapped by looking at property values per square metre. And instead of using the market growth rate as a proxy for the neighbourhoods’ potential, the increase of property values in neighbourhoods are used. In addition, there is a clear difference in perspective between corporate business and urban planning using a strategic portfolio tool; since the objectives of the latter go beyond mere profitability, so too will strategies and interventions differ. Yet similar to the Growth-share matrix, the score (above or below average) on the two indicators used in the matrix (generates four ideal typical types of neighbourhoods with the following names, depicted in the figure below: stars, cash cows, question marks and dogs. Like products, neighbourhoods can go through life cycles as well. Dog neighbourhoods can become question marks, question marks can become stars, then cash cows, and then finally may fall down to the position of dogs again. Contrary to some deterministic strands of research, however, this is by neither an unambiguous nor inevitable process.

The identification of these neighbourhood positions provides some general ideas about neighbourhood strategies:

- Stars are neighbourhoods with high property values. Judging by property values, they are performing well and the value increase indicates more potential. Yet some of these neighbourhoods may have seen most of their value increase and they may about to enter the cash cow stage. In general, one would try to
capitalise upon their star position. This means the attractiveness of these areas for private investors puts local government in a relatively strong bargaining positions vis-à-vis private investors. The strong position of these areas can be utilised by local government in order to realise public goals in this location or elsewhere.

- Cash cows are neighbourhoods with high property values, but their below average increase rates indicate that they have more or less ‘settled down’; relatively little development may be expected there and also little public resources are generally needed there. Nonetheless, in order to conserve this position and to prevent some of these areas from falling to a dog position, attention and investment may be necessary. In the urban portfolio, cash cows live up their name in the sense that the can generate resources for local government by means of (high) property taxes, land revenues, but also indirectly by requiring less resources and thus liberating resources to be used elsewhere.

- Dog neighbourhoods, with below average property values and rates of increase, are generally the weakest parts of the city. In many dog neighbourhoods, low property values may go hand in hand with relatively poor living conditions. Improving the liveability may thus be necessary and preferable for all kinds of reasons, but one should be aware of the fact that, considering the lack of value increase, they will attract little private sector interest.

- Question marks are perhaps among the most interesting areas in the city, as they are showing signs of substantial change. In some instances a lot of developments may already be taking place. For local government this could implicate that it should try to facilitate and steer these developments in preferable ways. In such cases, the strategy may be similar to that in a star neighbourhood. In other question marks, the private sector may not yet be fully convinced of the potential (hence the name question mark). In case of such uncertainty about whether and to how to stimulate development, public investments and experiments could lead the way.

Figure 1: The identification of neighbourhoods in the portfolio approach

One can think of a more general strategy on the level of the portfolio as well. To some degree similar to the strategy usually associated with the Growth-share matrix, one might say that resources made or saved in star and cash cow neighbourhoods
may be used to improve dog areas or in further enhancing the position of question marks, in order to stimulate their development. It is important to stress, however, that the above are merely very general ideas about strategies. Actual strategies and interventions are and should be the result of much more sophisticated analysis and deliberation. The identification of neighbourhood positions in the portfolio matrix does by no means generate a ‘the right’ strategy. This is the main point of criticism of strategic planning tools, such as the Growth-share matrix, i.e. that the products’ positions in a portfolio automatically imply a certain course of action. For example it could stipulate to ‘dispose of all dog products’, when in fact some dogs may be very useful. It illustrates a wider body of criticism of strategic planning tools, i.e. that they claim to provide solutions, at the expense of driving out strategic thinking.

This is why the portfolio approach is made up of more than the mere identification of neighbourhood positions in maps and in the matrix. In order to achieve the intended strategic thinking process among stakeholders, the portfolio approach is applied in workshops which follow a certain structure of discussion. First, the portfolio concept and maps showing the neighbourhood positions are presented (1). Then this is used as input for shared analysis of the patterns presented (2), in relation to a specific part of the city or a certain issue at hand. The next step is to look for development opportunities or to formulate ambitions (3), followed by a discussion of possible intervention strategies (4).

**Knowledge and information**

So rather than providing a perfect answer or a strategy by itself, the effectiveness of strategic planning tools such as the portfolio approach depend on the extent to which they can inform and assist strategy-making by providing content and process. This is a notion related to the treatment of knowledge, information and rationality.

Up to the early 1970s, planning practice and theory were generally dominated by technical-instrumental rationality. In oversimplified and ideal typical terms, planners were regarded as value-free professionals who would collect and analyse data as the input for the generation of optimal solutions. Many scholars in various disciplines, however, have demonstrated the technical rational model is flawed and bounded: there are too many uncertainties precluding the effective processing and analysis of all the necessary information. Also people, whether consciously or unconsciously, have trouble making value-free decisions, particularly since the goals to be achieved rationally are neither value-free nor self-evident. Contextual differences in terms of problems and solutions over time and place only add to the problematic status of the rational paradigm.

As a response, several alternative planning approaches appeared that paid more attention to the ideas and opinions of ‘those planned for’. Approaches such as participatory planning, transactive planning or communicative planning differ in many ways, but they share the idea that planning is a social process where communication with and between a wide variety of stakeholders takes a central position. Oversimplified, the epistemological treatment of knowledge in communicative planning approaches is that if the traditional experts do not have the value-free answers, then planning should be an inclusive process with room for local or ‘lay’ knowledge, in addition to technical, professional knowledge. What seems to be a
problem, however, is that the (disputed) paradigmatic status of communicative planning approach in planning research is not fully echoed in planning practice. Although perhaps sympathetic to the idea of participation, many practitioners also feel that there should be room for the ‘old fashioned’, professional type of knowledge. What seems to be lacking in particular are ideas or guidelines about how to integrate different types of knowledge into a rich and shared knowledge base.

This is where the field of knowledge management can help, in particular the work of Nonaka and Takeuchi. With help from Polanyi’s distinction of explicit (the traditional scientific, codified, formal type of knowledge) and tacit (which is intuitional, context-dependent knowledge, picked up by experience), Nonaka and Takeuchi introduced the so-called SECI-model for learning. The concept and the acronym are based on the notion that there are four types of learning: socialisation, externalisation, combination, and internalisation. By means of exchange and conversion of tacit and explicit information, new knowledge can be generated in a cyclical process. Socialisation of knowledge is the sharing of tacit information between individuals or in a small group, particularly by means of shared experiences, such as observation and imitation. Such tacit knowledge can be made explicit by externalisation, where tacit knowledge is codified, from the individual to a group. It requires words, images, concepts, narratives and metaphors, which fosters the generation of ‘meaningful dialogue’. This type of learning can be related to much of the planning research on communicative approaches. The externalised knowledge can then be reconfigured and linked with other bodies of knowledge by combination. Finally, through internalisation individuals convert this collectively generated and combined explicit knowledge back into a tacit form, similar to Schön’s idea of ‘learning by doing’.

Even despite some of the shortcomings of the now widely-known SECI-model it is an interesting and useful heuristic for the field of planning, as it provides both a descriptive and possibly normative mechanism for the integration of different types of knowledge and information and as such the generation of new knowledge. More generally, it seems that knowledge management, whether in the form of the SECI-model or not, should be a key aspect of planning, particularly considering the challenge of using and integrating different types of knowledge brought to the planning arenas by key stakeholders: planners, residents, politicians, or the private sector.

**Methodology: planning research as a design science**

With the aim of facilitating a knowledge generating process among planners and other stakeholders, the portfolio approach can be seen as a so-called planning support system (PSS). In general, following Klosterman, a PSS should be considered as some sort of system that supports planning by providing a framework for the integration of relevant information. PSS are generally associated with software-aided planning, which took off with the development of computers from the late 1960s. Yet in spite of the enormous increase of the technical possibilities of collecting, analysing, mapping and representing all sorts of (geographical) information relevant for planning, PSS remain scarcely used by practitioners. In spite of their educational value, many PSS turn out to be insufficiently helpful when it comes to supporting
the daily practice of making decisions in planning, which always prove to be more context-specific than ideal typical situation that underpin the PSS design.

The main reason for this utility problem is the supply-side, technology-driven orientation and development of most PSS. Yet in order to be helpful, tools should rather be developed bottom-up, from the user’s perspective and his/her practical problems; thus it would seem more logical to apply a more demand-oriented way of developing more relevant PSS. However, the aim of producing tools that try to help solve practical, context-specific problems is often believed to stand in contrast to the supposedly superior scientific ideal of producing rigorous, universally applicable knowledge or instruments. Rigour mostly seems to be preferred to relevance. This is a notion that appears applicable not only to the development of PSS, but to planning research more generally, as well as other disciplines. To deliver research products which are practically relevant, without going at the expense of scientific rigour is a classic dilemma, and this research on the portfolio approach is no exception to this dilemma.

The methodological approach used in this research which is to tackle this dilemma is the concept of design science, introduced by Van Aken. In design science, the researcher takes on the role as a designer who, in contrast to explanatory science, actively takes part in the process of developing prescriptions aimed at solving practical problems. Instead of trying to merely understand and explain natural or social phenomena by a causal model or a quantitative law, design science aims to find heuristics that provide types of solutions for types of problems in specific types of situations. The portfolio approach (consisting of both the maps, matrix, and the way these are discussed) is thus seen as a design for generating informed deliberation about where and how to invest in the city. The methodological implication of this is that the researcher has to test his/her design in practical situations (relevance) as well as ground the design theoretically, by (rigorously) evaluating it. Understanding how and why a certain intervention triggers a mechanism which, in a certain context, does or does not lead to the desired outcome, allows for a certain degree of generalisation of the prescription that goes beyond a useful solution for a specific case. This is one of the main aspects that distinguishes design science from much of the research that follows the methodological approach of action research.

When following this design science approach, research becomes a process of what can be called ‘experiential learning’, based on the learning cycle introduced by Kolb and Fry. Research takes the form of a cycle consisting of testing a hypothesised solution to a certain problem, then applying the design in a situation as ‘real life’ as possible, followed by observing and reflecting on whether and how the design works, followed by more abstract conceptualisation about the mechanism. This is the input for new hypothesising and the subsequent testing of this improved design. Clearly, such a research approach requires a close cooperation with practitioners. If one considers planning research as a science that is (similar to medicine, law, or engineering) at least partly occupied with finding types of solutions for types of practical problems, then one can argue that a design science approach should to some extent be part planning research.

It has provided the methodological building blocks for testing and grounding the portfolio approach in a cyclical manner. In this research, the research cycle started with the observation that in Amsterdam, there is a need for more obtaining
Mapping the Market

more insight into the market dynamics of the property market. This need was underpinned by the (at least perceived) notion that the where and how of urban development is increasingly subject to private sector interests. These reflections led to the initiative for a cooperative research project with the Amsterdam Physical Planning Department, which resulted in the abstract concept of identifying neighbourhood positions as if they are part of an urban portfolio. The next step was to develop, test and apply the first version the portfolio approach in workshops. What happened in these workshops was then observed and reflected upon, in order to understand the mechanism responsible for how and why the approach did or did not work. Evidence was provided from the researcher’s own observations, the survey questionnaires and the interviews with the users participating in the workshops. This served as the input for adapting the approach, whether in terms of content or process. As such, the approach has – although not always as orderly as described here – gone through the research cycle a number of times, until a certain ‘saturated evidence’ of the approach’s mechanism was achieved. It means that at a certain point, more testing and adaptation of the approach would have provided little added value. At the same time, it means that the most recent version of the approach is deemed suitable for application ‘here and now’.

In design science there is the inherent risk of the active role of the researcher. Being heavily involved with the development of something which is supposed to work in practice, there is the risk of research bias. Since the design scientist is not a distant observer, he/she has to be very conscious of this risk. It means that the design should be tested not only by the researcher but by other, more neutral observers as well. In addition, particularly the grounding of the design, i.e. unraveling the mechanism of the approach should leave as little room as possible for black box explanations, so that the researcher as well as others can point at possible flaws.

**Applying the approach: Does it work? Why does it work? How can we make it work (better)?**

With the aim of developing, testing and understanding the portfolio approach, the instrument was applied in eight workshops. Six workshops took place in Amsterdam, followed by two workshops in Rotterdam, organised with the Amsterdam and Rotterdam Planning Departments respectively. The workshops were organised around either a specific neighbourhood or a part of the city (this was the case for Holendrecht and the Chassébuurt in Amsterdam, and Rotterdam Oud-Zuid), or they involved a certain issue at hand: the ‘creative city’ in Amsterdam, the portfolio of the Amsterdam region, or the topic of gentrification in Rotterdam. An important condition for discussing an area or topic with the portfolio approach would be a certain degree of uncertainty about the issue: e.g. where opportunities can be found, where and how to start, or the interdependencies between stakeholders and ultimately which kind of strategy to adopt. The portfolio workshops were meant to stimulate discussion and raise more insight among stakeholders about these types of aspects. Groups of 8 to 20 stakeholders and other experts were invited to participate, representing the planning department or other municipal agencies, private investors and developers, housing associations and other affected organisations.
The first workshop where the portfolio approach was applied (and which was part of this research) took place in 2004 in Amsterdam, the last one in Rotterdam in 2007. In between, the approach was adapted – one might say evolved – based on the experience with applying it, observing and reflecting on how it worked and thinking about possible improvements. The main adaptation in terms of how to map the neighbourhood positions was applied is connected to the way it identified opportunities for development. At first, these opportunities were ‘measured’ by looking at some neighbourhood characteristics that were dominant in interviews with professionals working for private and semi-private organisations in the Amsterdam property market: neighbourhoods’ social status, the age of the buildings (the older the better), the amount of open space and the urban atmosphere of a neighbourhood. Although these are sensible characteristics, they appeared to be all but universally valid as indicators of development opportunities: neither in time, space, nor by different investors. In addition, opportunities were said to be a matter of changing conditions, making a dynamic indicator more preferable over a static one. The variable that indicates opportunities regardless of the different (subjective) reasons and that also indicates change, is value increase. The average property values together with value increase were the indicators for the subsequent identification of neighbourhood positions. Another adaptation, however, i.e. using actual transaction values instead of valuations was an additional improvement, since this allowed for a longitudinal insight into the changing portfolio positions of neighbourhoods.

To find out whether and particularly how the portfolio approach and its adaptations work or not, the so-called CIMO-logic is used as an evaluation method, based on Pawson and Tilley’s concept of ‘realistic evaluation’. The evaluation of the approach is deconstructed in the elements of Context, Intervention, Mechanism and Outcome. To start with the latter: the intended outcome of applying the portfolio approach is a collective learning process, which hopefully contributes to more informed deliberation of planning decisions. This may sound like a modest objective, but since actual planning decisions are generally not made in the workshops, one can only aim to contribute to the deliberation process. The extent to which the intended learning process occurred, is ‘measured’ by looking at a number of indicators. First, learning in a workshop requires good communication among the participants; the use of a ‘shared language’ is a clear indicator. Generally, as mentioned by participants in the surveys, this worked well and terms such as cash cows, dogs, or oil-stain development were picked up and used repeatedly. A second indicator is the generated insight into some aspects: the changing positions of urban neighbourhoods, the driving forces behind these patterns, the location of development opportunities, possible strategies and – not in the least – insights into the viewpoint of other stakeholders of these issues. As such, the interdependencies between stakeholders became clearer. Other indicators for the success of the workshop are the behaviour and commitment of participants. In some cases, there were clear signs that some participants changed their attitude towards the project at hand, based on the lessons learned: the shared commitment to focus more on certain elements of a plan (more emphasis on the metro station as the centre of the neighbourhood), or to pay more attention to certain aspects (the importance of good schools to attract other people to the area). Whether people actually change the way they think or work after the workshop, however, remains difficult to assess and even more diffi-
cult to prove; even if they say they do. Finally, the ‘institutionalisation’ portfolio approach in the Amsterdam Physical Planning Department can be seen as an outcome as well. Based on the evolution of the approach in Amsterdam, a workbook has been developed which explains how to apply the approach in certain cases: how to make portfolio maps and how to organise a workshop.

Contextual elements for a large part influence the chances of successful application of the portfolio approach. It means that one should assess these elements in order to see whether applying the approach is useful in the first place. First, considering the importance of property market dynamics for urban planning, any place or planning system where market dynamics are important would be suitable for the approach. Amsterdam and Rotterdam are examples of this, but this applies to many other cities both in the Netherlands and abroad. Of more specific influence are elements, such as who is the client, who is taking the initiative for a workshop, the degree of urgency, the scale and timing of problem and its linkage to an existing project. Preferably, the initiative should come from a client who is the actual ‘owner’ of the problem to be addressed in the workshop, rather than top-down by the researcher or others. This is related to the element of urgency: a bottom-up initiative indicates the urgency for some sort of strategic discussion about an issue or a neighbourhood, which increases the commitment to get something useful out of the workshop. It also helps to connect the workshop to an existing project, which makes the workshop less of a ‘free exercise with no strings attached’. At the same time, the fact that the portfolio workshop is not an ‘official meeting’ generates room for more open and substantive discussion. Whether this is possible depends on the timing or the stage of a project; there should still be sufficient room to make strategic choices that could take implementation in different directions.

In terms of scale, the portfolio approach appears suitable for discussing issues at the level of a single neighbourhood, where the relative market position of the area provides a starting point for discussion of realistic opportunities and strategies. This noted, the approach is considered more suitable for discussing issues on a larger scale: the city, a borough, or the region. At these levels the instrument works even better, because here the portfolio approach provides exactly what portfolio tools are meant to do: a framework for making choices between different areas and neighbourhoods.

The central part of the evaluation is how the intervention triggers a mechanism that makes the approach work in a certain way. The intervention is the part of the mechanism deliberately manipulated by the researcher, or by anyone applying the approach. It involves several steps: making portfolio maps as input for discussion, organising a workshops, deciding who to invite, how to structure discussion, and what to do with the outcomes. A more specific intervention in terms of content is that the approach requires qualitative, credible and transparent information of explicit nature, to be brought together with the more tacit information and knowledge of stakeholders. These are the main interventions that should steer and set in motion the mechanism of the approach, which in essence is a learning mechanism. Building on the SECI-model, two types of knowledge are brought together. On one side of the table the explicit information of the portfolio maps is presented, while on the other side participants externalise their tacit knowledge (i.e. they share their ideas of how neighbourhoods change, where development opportunities can be
found and what could be useful strategies). The two types of knowledge are constantly confronted and combined with each other in order to increase the quality of both and generate more insight into the subject matter. In the end, this should stimulate the informed deliberation of planning strategies, thereby increasing the chances of successful action. In terms of the SECI-model, the portfolio approach thus aims to feed strategy-making particularly by means of externalisation and combination. Naturally, also internalisation and socialisation are considered just as important as input for strategy-making, but these modes of learning are thought to occur mostly outside of the workshops, in daily practice.

The aim of design science is to develop types of solutions for types of problems in types of situations; understanding a problem is not enough. Accordingly, research should result in some kind of prescription, called a technological rule. Based on testing and evaluating in eight cases, the general prescription for applying the portfolio approach is as follows:

If you want to achieve a collective learning process that can contribute to the informed deliberation of planning strategies for the city and its neighbourhoods, with an urgent urban development challenge at hand, with relatively high uncertainty about market dynamics in general and uncertainty about the who, what, and bow of intervention, then apply something similar to the portfolio approach.

**Market-conscious planning in dynamic neighbourhoods and urban development strategies**

The main aim of this research was to develop, test and evaluate the portfolio approach. By making portfolio maps and applying the approach in workshops, it generated several substantive insights. Finding these types of insights was the aim of the individual workshops. They are interesting to mention here, as they provide a tangible illustration of the type of knowledge that the portfolio approach can generate. Eight workshops, although focussed at different problems, scales and cities, provided the material for a substantive synthesis of the key elements of the participants’ knowledge: how neighbourhoods change, where interesting sites can be found, and where and how to intervene. Although these substantive beliefs have not been tested nor evaluated in the same way of the approach, they can be seen as substantive technological rules. This synthesis is also part of the portfolio approach workbook made with DRO.

Countless studies have looked at the possible influence of all types of variables on neighbourhoods in different types of cities. I do not pretend this research has provided the single explanation, particularly since finding this ‘answer’ was not the main research objective. The interesting thing about the workshops, however, is that rather than looking at the influence of one or a few variables, they involved a more holistic discussion about what drives neighbourhood change and what makes them interesting for investment (based on tacit and explicit knowledge).

So what can be distilled from these discussions? What makes neighbourhoods popular, what makes them change, and what makes them interesting to investors? Not surprisingly, the main and virtually undisputed factor determining the neighbourhoods’ popularity is location. Location generally means being close to amenities such as shops, schools, parks or highways. In Amsterdam, however, good
location is almost synonymous with the proximity to the city centre. With distance from the centre increasing, property values generally drop. In Rotterdam, however, the city centre does not have this undisputed top position. Just being located near the centre is not enough; it the vibrant atmosphere and qualities that are important. In the centre of Rotterdam, these are generally either not available or appreciated to the extent they are in Amsterdam: in particular the historic ambiance and (cultural) facilities, but also the reputation and the social status of the area in relationship to the people living there. To have these types of qualities in one’s neighbourhood or nearby makes them popular. Also important, however, is the quality of the dwellings themselves, such as authentic architecture and the availability of a private garden.

Although it is interesting to discuss the elements above, it is much more important to see where and to understand how the position and popularity of neighbourhoods change, as this is what actually makes neighbourhoods attractive for investment (provided that change is for the better). Opportunities for upgrading are generally found in neighbourhoods adjacent to already popular areas, particularly if they have similar physical conditions. If there are little or no legal or spatial barriers, an oil-stain like development can occur by which upgrading gradually spreads to other neighbourhoods. It is this type of pattern that, in spite of some barriers, can be seen in Amsterdam from around the late 1980s, and which is continuing still. The main question today is whether this oil-stain can wash over the ring road. One of the criteria for this oil-stain to grow is a continuous demand on the urban market, which is necessary in order to generate a critical mass in the concerning neighbourhoods. The much smaller demand in Rotterdam is considered the main reason for the its slower upgrading rate and low number of affected areas.

Two main upgrading strategies were frequently discussed in the workshops. The first is oriented at stimulating this oil-stain development, by connecting to the amenities of the adjacent areas. In this case, development often needs only slight public interventions in the direction of facilitating this process, driven by demand and accommodated by supply. The alternative and more difficult strategy is to ‘start from scratch’, which means that one tries to upgrade neighbourhoods not with help form adjacent neighbourhoods, but rather by realising something new instead. Generally this requires more interventions. Here, a critical mass of new groups of residents requires an almost instant realisation of a critical mass of new housing, services, parks, infrastructure, and last but not least, of pioneers.

As with strategies for individual areas, one has to be careful when making general statements in terms of a meta-strategy on a portfolio level. Even though it is dangerously easy to make oversimplifications, one point does stand out. Similar to the idea of a balanced business portfolio, local government should find a balance between the costs and benefits not of individual urban developments, but also between developments. Favourable market conditions may generate resources that can be allocated to areas less attractive for private investment, yet still in need for improvement. The approach cannot provide answers about what constitutes a proper balance, since this is an inherently political and subjective matter. It should rather contribute to the informed deliberation of finding such a workable balance. It should thus be clear, as it was in the workshops, that the approach, although borrowed from business literature, should not be mistaken for a market-oriented instrument.
In the end, the portfolio approach thus should contribute to the informed deliberation of planning strategies. The main lessons learned by developing and applying the portfolio approach are that it should be developed with rather than for practitioners, that it should contribute to strategic thinking and deliberation more than strategic planning, that it should contribute not to market-oriented but to market-conscious planning and that it should not settle but stimulate discussion.
Nederlandse samenvatting

Dit onderzoek gaat over de portfoliobenadering, een instrument waarmee de marktposities van buurten in de stad in kaart worden gebracht. Het biedt een platform voor discussie over de marktdynamiek en over mogelijke interventies in de stad. Met behulp van die kennis kunnen planningsstrategieën beter ondersteund worden. In dit onderzoek wordt beschreven hoe de portfoliobenadering is ontwikkeld, toegepast, getest en geëvalueerd. Hierbij staan twee vragen centraal:

1. In hoeverre is de portfoliobenadering een nuttig instrument om kennis te genereren over de marktposities van buurten in de stad, hun ontwikkelingskansen en mogelijke interventiestrategieën?

2. Hoe en waarom slaagt de portfoliobenadering er al dan niet in om kennis te genereren over de marktposities van buurten in de stad, hun ontwikkelingskansen en mogelijke interventiestrategieën?

De eerste vraag gaat simpelweg over het testen van de portfoliobenadering: werkt het? De tweede vraag is echter even belangrijk, namelijk: hoe en waarom werkt het wel (of niet)? Deze twee vragen komen telkens terug in het onderzoek, dat een cyclus doorloopt van het doen van hypothesen over de werking van het instrument, het testen van die hypothesen in de praktijk, observeren, reflecteren en evalueren van wat daar gebeurt; allemaal om te begrijpen waarom het in welke situaties werkt en om daarmee het instrument te verbeteren. Het praktische nut en de theoretische onderbouwing zijn dus twee zijden van dezelfde medaille.

De portfoliobenadering is ontwikkeld in opdracht van – en in samenwerking met de Dienst Ruimtelijke Ordening van de Gemeente Amsterdam (DRO). De aanleiding bij DRO voor dit onderzoek was de observatie dat in Amsterdam, zoals ook in andere steden, succesvolle planvorming in toenemende mate afhankelijk is van ‘de markt’: private investeerders zoals projectontwikkelaars, beleggers en woningcorporaties. Om publieke doelen te bereiken zijn dus private middelen nodig. Niet elke buurt kan worden opgestuwd en niet elke locatie kan ontwikkeld worden. Lokale overheden moeten dus selectief zijn met hun interventies en investeringen. Doel van de portfoliobenadering is het bieden van inzicht in welke gebieden voor de markt aantrekkelijk zijn om te investeren, zodat de overheid hierop kan anticiperen in haar strategieën. In sommige gebieden kan met de markt worden opgetrokken, terwijl de ontwikkeling van andere gebieden grotendeels afhankelijk is van publieke investeringen.

Plannen en projecten: meer met minder

De portfoliobenadering en de wens van DRO om meer inzicht in de stedelijke marktdynamiek te krijgen komt niet uit de lucht vallen. Het is een behoefte die voortkomt uit allerlei veranderingen in de ruimtelijke en institutionele wereld waarin
planning plaatsvindt. Technologische, sociaal-economische, culturele en politieke ontwikkelingen zijn van grote invloed op de vorming van steden en stedelijke regio’s, alsmede op de rol van de (lokale) overheid. Met name van belang is de invloed hiervan op ruimtelijke planontwikkeling. In hoofdstuk twee van het onderzoek wordt beschreven wat dit betekent voor strategische ruimtelijke planning en hoe dit leidt tot het idee van de portfoliobenadering.

De basis voor de transformatie van ‘ouderwetse’, duidelijk begrenste steden naar de polycentrische, stedelijke gebieden van nu werd feitelijk gelegd door technologische innovaties. Vooral de enorme toename van mobiliteit – van mensen, goede- ren en informatie – ligt daaraan ten grondslag. Verschillende economische en politieke ontwikkelingen zijn hand in hand gegaan met deze enorm toegenomen ruimtelijke actieradius. Door mobiliteit konden mensen en organisaties de stad verlaten, konden productie- en consumptiemarkten groeien en het maakte toerisme op grote schaal mogelijk. Zo is met de internationalisering van (financiële) markten een proces van globalisering op gang gekomen met een enorme groei van de mobiliteit van kapitaal. Ondanks echter dat à la minute mondiaal gecommuniceerd kan worden, of dat productieprocessen naar het buitenland verplaatst worden, zijn steden alleen maar belangrijker geworden: steden zijn nog steeds de belangrijkste plaatsen voor communicatie, coördinatie en consumptie.


Een belangrijke uitdaging is het vormgeven van strategische ruimtelijke planning in deze nieuwe complexe context en waar die strategische planning allemaal aan moet voldoen: het mobiliseren van verschillende partijen, het ontwikkelen van nieuwe ideeën, het inrichten van de besluitvorming om tot actie te komen, en het verzamelen van juiste en relevante informatie over kansen en bedreigingen in de omgeving zijn slechts enkele vereisten. Vooral het vinden van een balans tussen enerzijds integrale lange termijnplanning die zaken als de kwaliteit van de infrastructuur en milieuwaarden waarborgen en anderzijds de flexibiliteit om snel in te spelen op kansen die zich voordoen is lastig.
De stad als een portfolio van buurten

In bovengenoemde context, en met immers beperkte middelen moeten planners en lokale overheden selectief zijn met waar ze hun interventies en investeringen op richten. Om dat op een effectieve en efficiënte manier te doen vraagt om uitgekiende strategieën. Dat is niet uniek voor de overheid: bedrijven staan voor hetzelfde type vraagstuk. Er moeten keuzes gemaakt worden over welke producten in hun portfolio afgestoten kunnen worden, waar geïnvesteerd moet worden en waar het geld vandaan moet komen. Om hier een antwoord op te geven zijn vanaf de jaren zeventig van de vorige eeuw verschillende portfolio-tools vanuit de bedrijfsliteratuur geïntroduceerd en die kunnen van nut zijn voor de ruimtelijke planning. In dit onderzoek wordt met name gekeken naar één van de bekendste van deze portfoliомodel, de zogenaamde Growth-share matrix van de Boston Consulting Group. Het model is gestoeld op de economische levenscyclus van producten: van groei naar volwassenheid en (niet noodzakelijk) naar verval. Door van alle producten van een bedrijf het marktaandeel te meten en dit uit te zetten tegen de groei van de betreffende markt worden producten gepositioneerd in vier categorieën: *stars*, *question marks*, *dogs* en *cash cows*. In een ideaal-typische cyclus begint een product als *question mark*, wordt het een *star* door een groeiend marktaandeel, een *cash cow* wanneer de markt tot rust komt en hopelijk vervalt het tussentijds of uiteindelijk niet in een *dog*positie.

De essentie van het model is feitelijk het uitzetten van het huidige presteren tegen de potentie van een product. Die gedachte, in combinatie met het idee van de levenscyclus vormt de inspiratie om de Growth-share matrix te vertalen naar de stad. Het basisidee van de portfoliobenadering in dit onderzoek is dus dat de stad beschouwd kan worden als een portfolio van buurten met verschillende posities. Uiteraard zijn er belangrijke verschillen tussen de portfoliobenadering en de Growth-share matrix waarop het geïnspireerd is. Zo wordt voor het huidige presteren van buurten niet naar marktaandeel gekeken, maar naar vastgoedwaarden per m²; en de potentie van buurten wordt gemeten door de stijging van die vastgoedwaarden in plaats van marktgroei. Een ander belangrijk verschil zit hem in het perspectief: waar de Growth-share matrix uiteindelijk bedoeld is om de winst te maximaliseren, gaat de portfoliobenadering in de stad uit van een bredere taakopvatting.

Net als bij de Growth-share matrix echter worden vier typen buurten onderscheiden op basis van een boven- of ondernemiddelde score op de twee indicatoren: *stars*, *cash cows*, *question marks* en *dogs* (zie onderstaande figuur). Net als andere producten kunnen buurten een cyclus doorlopen: van dog naar *question mark*, naar *star* en *cash cow*, maar een buurt kan ook stabiel zijn en zijn positie behouden.

Op basis van de buurtposities in de portfolio zijn een paar algemene strategieën denkbaar:

- Stars zijn buurten met bovengemiddelde waarde die ook bovengemiddeld stijgen. Ze doen het goed en de waardestijging laat zien dat er nog meer ontwikkeling mogelijk is. In sommige stars zal de waardestijging echter over hun top heen zijn en komt een *cash cow*-positie in zicht. Een logische strategie voor stars is het benutten van de sterke positie: private interesse en ontwikkelingen in deze gebieden kunnen dan gebruikt worden om bepaalde publieke doelen te bereiken, of winst te maken;
- Cash cows hebben een hoge vastgoedwaarde, maar de ondergemiddelde stijging impliceert dat deze buurten in relatief rustig vaarwater zijn gekomen. Daarmee is relatief weinig ontwikkeling te verwachten en er is relatief weinig aandacht nodig voor deze gebieden. Toch moet opgepast worden dat cash cows niet dreigen af te glijden naar een dog-positie. In de stedelijke portfolio kunnen cash cows hun naam eer aan doen door inkomsten te genereren, o.a. in de vorm van hoge onroerend-zaakbelastingen of erfpachtcanons, maar ook indirect omdat ze relatief weinig middelen vereisen;

- Dogs kennen lage vastgoedwaarden en een lage stijging en ze vormen daarmee doorgaans de zwakkere gebieden in de stad. De lage waarde gaat vaak samen met leefbaarheidsproblemen. Overheidsingrijpen kan dus nodig en wenselijk zijn in deze gebieden, maar men moet beseffen dat marktpartijen meestal niet zullen staan te springen om hieraan mee te doen;

- Question marks zijn misschien wel de interessantste gebieden in de stad; hier zijn namelijk tekenen van daadwerkelijke verandering zichtbaar. In een aantal van deze buurten is ontwikkeling al aardig gevorderd en is het aan de overheid om deze in wenselijk richting te sturen en begeleiden, vergelijkbaar met de strategie in stars. In andere question marks (vandaar de naam) is het vertrouwen minder groot en hier kan de overheid een leidende rol aannemen bij het stimuleren van ontwikkeling.

Figuur 1: Buurten gepositioneerd in de stad als portfolio

Op het schaalniveau van de gehele portfolio is eveneens een algemene strategie denkbaar. Enigszins vergelijkbaar met de strategie die doorgaans voor de Growth-share matrix wordt gepropageerd, is een strategie voor te stellen waarbij de middelen die gegenereerd of bespaard worden in stars en cash cows, ingezet worden in dogs en/of in question marks om ontwikkeling te stimuleren. Uiteraard is dit een grove strategie die in werkelijkheid om aanzienlijk meer nuance vraagt; de portfoliobenadering schrijft geen strategieën voor die het strategisch denken uitbannen. Dit is één van de belangrijkste kritiekpunten geweest op de Growth-share matrix en andere strategische planningtools uit de bedrijfsliteratuur. Om die reden bestaat de portfoliobenadering uit meer dan het identificeren van buurtenties in de portfolio. Om
het strategisch denken bij partijen te stimuleren, wordt de portfoliobenadering toegepast in workshops bestaande uit een aantal stappen. Eerst wordt het portfoliobenadering uitgelegd en de portfolioposities van buurten op kaarten getoond (1), in relatie tot een bepaald thema of gebied waarover meer duidelijkheid over gewenst is. Dit vormt de input voor een gezamenlijke analyse van de getoonde posities (2), gevolgd discussie over investeringskansen en mogelijke ambities (3), en mogelijke strategieën (4).

**Kennis en informatie**

De effectiviteit van instrumenten als de portfoliobenadering is meer afhankelijk van de mate waarin ze strategievorming ondersteunen met een combinatie van inhoudelijke informatie en een platform, dan van de mate waarin ze zelf een nauwkeurig antwoord of een eenduidige strategie bieden. Het is dus belangrijk om de rol van kennis, informatie en rationaliteit te begrijpen; dit is de reden voor een verdere theoretische beschouwing in dit onderzoek.

Tot het begin van de jaren zeventig van de vorige eeuw werden zowel de planningspraktijk als de theorie gedomineerd door het ideaalbeeld van technisch-instrumentele rationaliteit. Simpel gezegd werden planners gezien als professionals die geacht werden data te verzamelen en bewerken, als input voor mogelijke oplossingen, waaruit objectief de optimale variant kon worden gekozen. In verschillende disciplines echter werden de problemen van dit rationele ideaal steeds beter zichtbaar: de overmaat aan informatie die – gekenmerkt door allerlei onzekerheden – onmogelijk in zijn geheel bevat kan worden en de naïviteit dat professionals volledig waardevrij oplossingen kunnen genereren. Bovendien weten de rationele modellen moeilijk raad met de plaats- en tijdgebonden verschillen van de complexe dagelijkse werkelijkheid.

Als reactie hierop ontstonden planningsbenaderingen die de aandacht verschoven naar de mensen die tot dan toe weinig te zeggen of te vinden hadden. Participatieve planning, interactieve planning en communicatieve planning zijn voorbeelden van benaderingen die onderling verschillen, maar die gemeen hebben dat planning in essentie een sociaal proces is waarbij communicatie tussen verschillende belanghebbende partijen centraal staat of zou moeten staan. Wat betreft kennis en informatie heerst het idee dat als de professionele experts het eenduidige antwoord niet hebben, dan hoort planning een proces te zijn waarin naast de technische kennis ook ruimte moet zijn voor lokale kennis van niet-professionals. Het probleem is echter dat die gedachte in de praktijk minder populair lijkt te zijn dan in de wetenschap. Planners kunnen in de praktijk best voorstander zijn van het betrekken van niet-professionals, maar dat neemt niet weg dat de ‘ouderwetse’ professionele vormen van kennis nog steeds belangrijk zijn; het ontbreekt met name aan handvatten om de verschillende vormen van kennis te integreren om zo tot rijkere, gedeelde kennis te komen.

Hier kan het vakgebied van kennismanagement van pas komen, in het bijzonder het werk van Nonaka en Takeuchi. Met behulp van Polanyi’s onderscheid tussen ‘expliciete’ kennis (kennis die formeel, gecodificeerd, wetenschappelijk van aard is) en ‘tacit’ kennis (‘stille’, intuitieve kennis die in de praktijk wordt opgedaan door ervaring), hebben Nonaka en Takeuchi het vermaarde SECI-model geïntrodu-

Het SECI-model heeft zo zijn tekortkomingen, maar kan desondanks een nuttige heuristiek bieden bij de rol van kennis en informatie in de planning. Het biedt een descriptief en mogelijk normatief mechanisme voor het integreren van verschillende typen van kennis en het genereren van nieuwe kennis. Maar ook los van het SECI-model kunnen we zeggen dat kennismanagement een cruciaal aspect zou moeten zijn van planning, gezien de uitdaging om in de complexe werkelijkheid de uiteenlopende kennis en visies van partijen op een zinvolle en constructieve manier bij elkaar te brengen.

**Methodologie: planningsonderzoek als ontwerp wetenschap**

Dit geldt bij uitstek voor instrumenten als de portfoliobenadering, bedoeld om kennis te genereren die ontwikkelen van planningsstrategieën ondersteunt. De portfoliobenadering is dus te beschouwen als een planning supportsysteem (PSS) met als doel om kennisontwikkeling te stimuleren tussen planners en andere partijen. Een PSS kan gezien worden als een systeem dat een kader biedt voor het bij elkaar brengen en integreren van relevante informatie. Bij een PSS wordt dan meestal gedacht aan software die planningsaspecten ondersteunt. Met de opkomst van de computer zijn vanaf de jaren zestig steeds ingewikkeldere programma’s ontwikkeld om allerlei (geografische) informatie te verzamelen, analyseren en in kaart te brengen. Ondanks de toegenomen mogelijkheden worden dit soort systemen in de praktijk echter maar beperkt gebruikt. De belangrijkste reden daarvoor is dat ze teveel vanuit de technologische mogelijkheden zijn bedacht en ontwikkeld en met te algemene oplossingen komen. Om werkelijk de praktijk te ondersteunen zouden ze echter juist de dagelijkse problemen van planners als beginpunt moeten nemen, om daarvandaan een instrument te ontwikkelen. Een meer vraaggestuurde, bottom-up ontwikkeling van planning supportsystemen zou dus voor de hand liggen. Toch aarzelen veel onderzoekers om die weg in te slaan; men lijkt te vrezen dat daarmee het wetenschappelijke ideaal om harde, universele kennis en modellen te ontwikkelen moet worden opgeofferd. Dat verschijnsel beperkt zich niet tot planning supportsystemen, maar is zichtbaar in meer planningsonderzoek, alsmede in andere disciplines. Het is een klassiek dilemma: hoe onderzoeksproducten te leveren die én relevant zijn voor de praktijk, én aan de wetenschappelijke eisen voldoen. Dit onderzoek over de portfoliobenadering is hier een voorbeeld van.
De methodologie waarmee dit dilemma in dit onderzoek wordt aangepakt is die van het ontwerpergericht onderzoek. De onderzoeker heeft in deze benadering de rol van een ontwerper die actief deelnemt bij het zoeken naar oplossingen voor praktische problemen. Het doel is niet om bestaande sociale of natuurlijke verschijnselen te begrijpen of verklaren, maar om prescriptieve heuristieken te ontwikkelen. Het moet de praktijk voorzien van een receptuur: soorten van oplossingen worden ontwikkeld voor soorten van problemen in soorten van situaties. Zoals een arts bij een bepaald type aandoening aan een bepaald type behandeling denkt, zo is dus ook de portfoliobenadering als een type oplossing ontworpen. Methodologisch betekent het dat de onderzoeker zijn/haar ontwerp enerzijds in de praktijk moet testen, anderzijds wetenschappelijk moet onderbouwen door het grondig te evalueren. Het gaat erom te achterhalen óf, hoe en waarom de benadering erin slaagt om via een bepaald mechanisme in een bepaalde context tot een bepaald resultaat te leiden.

Het onderzoeksproces volgt geen rechte lijn van hypothesevorming naar empirisch onderzoek naar conclusies, maar doorloopt een zogenaamde leercyclus: men doet een hypothese over hoe een bepaald instrument zou kunnen werken; het instrument wordt vervolgens toegepast in de praktijk om te testen, waarbij de onderzoeker observeert en reflecteert op de werking. Op basis daarvan wordt geëvalueerd hoe en waarom het wel of niet werkt in bepaalde situaties, om met dat inzicht het instrument te kunnen aanpassen, verbeteren en wederom te testen. Een dergelijk proces vraagt dus om nauwe samenwerking met de praktijk.

In dit onderzoek begon deze cyclus met de observatie in Amsterdam dat er behoefte was aan meer inzicht in de marktdynamiek van buurten. De toegenomen invloed van de private sector op stedelijke ontwikkelingen ondersteunt deze behoefte. Op basis daarvan is het onderzoekproject met de DRO opgestart, leidend tot het idee van de stad als een portfolio. De volgende stap is het testen en toepassen van de eerste versies van de portfoliobenadering in workshops. Hoe het instrument werkte in die workshops werd geëvalueerd met behulp van observatie, vragenlijsten voor deelnemers en interviews. Op basis hiervan werd de portfoliobenadering aangepast: soms inhoudelijk, soms procesmatig. Op die manier doorliep het instrument de onderzoeckscyclus een aantal maal – niet altijd precies volgens dezelfde volgorde – totdat er voldoende bewijs was voor de werking van de huidige versie van het instrument; verder testen en evalueren krijgt dan een steeds lagere toegevoegde waarde.

Een risico van ontwerpergericht onderzoek is dat de onderzoeker vanwege de actieve en participerende rol niet voldoende objectief naar zijn/haar eigen ontwerp kijkt. Nu is volledige onderzoeksobjectiviteit überhaupt nooit haalbaar, maar ontwerpergericht onderzoek vraagt om extra aandacht hiervoor. Bij voorkeur wordt het ontwerp daarom niet alleen door de onderzoeker zelf getest, maar ook door anderen. Ook cruciaal is het zo goed mogelijk ontrafelen van het mechanisme achter het ontwerp, zodat aannames en conclusies optimaal zichtbaar en toetsbaar zijn.

**Toepassing van de portfoliobenadering: Werkt het? Waarom werkt het? Hoe kan het beter?**

In totaal zijn er acht workshops georganiseerd om de portfoliobenadering te testen en verder te ontwikkelen. Zes workshops vonden plaats in Amsterdam, gevolgd
door twee in Rotterdam. Onderwerp van discussie was ofwel een bepaald gebied of deel van de stad (zoals Holendrecht en de Chassébuurt in Amsterdam en Oud-Zuid in Rotterdam), of een actueel thema (zoals de kennisstad in Amsterdam en het thema gentrification in Rotterdam). Belangrijk was dat er een zekere kennisvastheid aanwezig was die het nodig maakte om het gebied of onderwerp te bespreken in het kader van de portfoliobenadering: waarbij bijvoorbeeld kansen liggen, hoe en waar in te grijpen, of de afhankelijkheidsrelaties tussen partijen. In groepen van 8 tot 20 personen, afkomstig van met name verschillende gemeentediensten, projectontwikkelaars en woningcorporaties, werden dit soort aspecten bediscussieerd met stad als portefolio als startpunt.

De eerste workshop vond plaats in 2004 in Amsterdam, de laatste in 2007 in Rotterdam. Daartussen is de portfoliobenadering aangepast – geëvolueerd zou men kunnen zeggen – op basis van de ervaringen in de workshops. De belangrijkste inhoudelijke aanpassing heeft te maken met de manier waarop de ontwikkelingskansen van gebieden werden gemeten. Uit interviews met verschillende kenners van de Amsterdamse vastgoedmarkt kwamen een aantal buurtkenmerken naar voren die belangrijk werden geacht voor de ontwikkelingskansen: de sociale status, de ouderdom van de gebouwen (hoe ouder hoe beter), de hoeveelheid open ruimte en de mate van stedelijkheid. Ondanks echter dat dit belangrijke kenmerken zijn, zijn het geen universele factoren die overal en voor iedereen gelden. Daar komt bij dat verandering van bepaalde kenmerken pas echt kansen oplevert. Een variabele die die verandering laat zien, ongeacht de precieze reden daarvoor is waardeverandering. Vandaar dat de posities van buurten in de portefolio bepaald worden door te kijken naar de huidige vastgoedwaarde en de waardeverandering. Een andere aanpassing die hiermee mogelijk werd was het gebruik van waardegegevens voor meerdere jaren, waardoor de veranderingen in de stedelijke portefolio in beeld gebracht kunnen worden.

Om te onderzoeken of en hoe de portfoliobenadering werkt, is het fungeren van het instrument uiteengerafeld in de elementen context, interventie, mechanisme en uitkomst. De portfoliobenadering is dan de interventie die in een bepaalde context een bepaald mechanisme in gang moet zetten om tot een zekere uitkomst te leiden. Om met de laatste te beginnen: de beoogde uitkomst van de portfoliobenadering is feitelijk een gezamenlijk leerproces dat uiteindelijk de kansen op een beter geïnformeerde afweging van planningsstrategieën verhoogt. Dat lijkt misschien een bescheiden doel, maar daadwerkelijke strategische keuzes worden in het algemeen niet in de portfolioworkshops gemaakt. Dergelijke besluitvorming vindt op verschillende plekken plaats en het doel is om dat proces te voeden met kennis over de stad en de buurten, kansen en mogelijke strategieën. In hoeverre het beoogde ondersteunende leerproces plaatsvindt, kan worden 'gemeten' door te kijken naar een aantal indicatoren. Zo is onderlinge communicatie en gedeeld taalgebruik een goed teken. Termen als cash cows, dogs, en olievlekwerking werden in de workshops goed opgepikt en gebruikt in de discussies. Een tweede indicatie is dat er een gezamenlijk inzicht ontstaat over belangrijke aspecten: hoe buurten van positie veranderen, de drijvende krachten daarachter, welke plekken interessante ontwikkelingskansen bieden, mogelijke strategieën en, niet in het minst, hoe andere partijen daarover denken. Dat laatste brengt namelijk ook belangrijke afhankelijkheidsrelaties aan het licht. Een andere mogelijke uitkomst is dat deelnemers hun gedrag ten aan-
zien van een thema veranderen, of toezeggingen doen voor het nemen van actie. In een aantal workshops waren er duidelijke signalen dat deelnemers hun houding veranderden op basis van inzichten in de workshops, of een gezamenlijke inspanning toezegden om dingen anders te doen, zoals het ontwikkelen van een winkelcentrum of het bevorderen van betere onderwijsvoorzieningen in een gebied. Of mensen uiteindelijk ook werkelijk hun gedrag of ideeën veranderen blijft echter moeilijk om aan te tonen, ook als ze dat zelf aangeven. Tot slot is een ander type uitkomst dat de portfoliobenadering een plek heeft gekregen bij de DRO. Op basis van toepassing in de workshop is het instrument geëvolueerd tot de huidige versie en in een werkboek wordt uitgelegd hoe de portfoliobenadering gebruikt en ingezet kan worden: onder andere hoe kaarten te maken en hoe een workshop te organiseren.

Veel hangt af van de context waarin de portfoliobenadering wordt toegepast. Het betekent dat vóórdat besloten wordt om het instrument toe te passen eerst bekeken moet worden of de situatie daar geschikt voor is en er überhaupt om vraagt. Omdat de portfoliobenadering een product is van de toegenomen marktwerking in de stedelijke ontwikkeling, is het in de eerste plaats de vraag of er daarom ook sprake is van behoefte aan inzicht in de marktdynamiek. In Amsterdam en Rotterdam is dat inderdaad het geval en naar verwachting geldt dat voor meerdere steden in Nederland en daarbuiten. Van meer concrete invloed op het welslagen van de portfoliobenadering is de vraag wie het initiatief neemt om een workshop te houden, wat samenhangt met de mate van urgentie, de mate waarin een workshop verbonden is met een bestaand project en de fase waarin een project zich bevindt. Hoe meer het initiatief bottom-up ontsaat, des te meer urgentie er lokaal blijkbaar is, en behoefte aan strategische discussie over een thema of gebied. Dit vergroot de kans dat de workshop ook leidt tot de eerder genoemde uitkomsten. Het is daarbij zaak een balans te vinden in de mate waarin een workshop verbonden is met een bestaand project: als het er te ver vanaf staat kan het teveel een vrijblijvende exercitie blijven, terwijl enige afstand juist ook de ruimte biedt voor inhoudelijke discussie buiten de gebaande paden. Waar die balans ligt hangt af van de fase van het project en of er nog voldoende ruimte is voor strategische keuzes.

Wat betreft de schaal is de portfoliobenadering geschikt voor discussies op buurtniveau, waarbij de positie van de buurt in de stedelijke portfolio een nuttig startpunt vormt voor discussie over realistische ambities, kansen en strategieën. Niettemin is de portfoliobenadering bij uitstek geschikt voor discussies op hogere schaalniveaus: de stad, een deel ervan, of de regio. Op deze schaalniveaus werkt de portfoliobenadering beter, omdat het hier precies biedt waar portfoliomodellen voor bedoeld zijn: een kader voor het maken van keuzes tussen verschillende gebieden.

Centraal bij het evalueren staat de vraag hoe de interventie een mechanisme in werking stelt dat leidt tot de gewenste uitkomst. De interventie is dan het deel van het mechanisme dat door de onderzoeker of hij/zij die het instrument toepast bewust wordt gestuurd. Voor de portfoliobenadering gaat het dan om het maken van de portfoliokaarten als input voor discussie, het organiseren van workshops, hoe uit te nodigen, hoe de discussie te structureren en wat te doen met de uitkomsten. Meer specifiek gaat het erom kwalitatieve (geloofwaardige, transparante en relevante) expliciete informatie aan tafel te krijgen, en deze te confronteren met de ervaringskennis van de deelnemers. Met deze interventies dient het mechanisme, in dit geval een gezamenlijk leerproces, op gang te komen. Met in het achterhoofd het SECI-model
worden twee typen van kennis en informatie bij elkaar gebracht. Aan de ene kant van de tafel worden (voornamelijk) de portfoliokaarten als expliciete informatie naar voren gebracht; aan de andere kant worden deelnemers uitgenodigd hierop te reageren vanuit hun ervaringskennis: wat hun ideeën zijn over de buurtposities, hoe ze veranderen, waar kansen liggen en mogelijke ontwikkelingsstrategieën. Deze twee vormen van kennis en informatie worden telkens met elkaar geconfronteerd en gecombineerd om zo tot een rijker inzicht te komen over het betreffende thema en uiteindelijk beter geïnformeerde afweging van strategieën. Wat betreft het SECI-model gaat het in de workshops vooral om externalisatie en combinatie van kennis. Internalisatie en socialisatie zijn weliswaar net zo belangrijk als input voor strategievorming, maar deze zullen eerder buiten de workshops plaatsvinden in de dagelijkse praktijk.

De elementen context, interventie, mechanisme en uitkomst zijn daarmee uiteengerafeld, maar voor ontwerpergericht onderzoek is het slechts begrijpen hiervan niet genoeg. Om van praktisch nut te zijn moet de werking van de portfoliobenadering worden omgevormd tot een soort recept. Voor de portfoliobenadering ziet dat er als volgt uit:

Als je een gezamenlijk leerproces wilt genereren dat bijdraagt aan de geïnformeerde afweging van planningsstrategieën voor de stad en haar buurten, in een geval waar sprake is van een urgente opgave met relatief veel onzekerheid over de marktdynamiek in het algemeen en over wie er hoe en waar moet interveniëren, pas dan iets als de portfoliobenadering toe.

Het recept om iets als de portfoliobenadering toe te passen betekent dat de portfoliobenadering dus niet gezien moet worden als de enige en beste manier om het beoogde leerproces te stimuleren. Er zijn andere, vergelijkbare instrumenten denkbaar die bijdragen aan dit type vraagstuk.

Marktbewuste planning in veranderende buurten en stedelijke ontwikkelingsstrategieën

Het hoofddoel van dit onderzoek is het ontwikkelen, testen en evalueren van de portfoliobenadering. Dat heeft geleid tot inzichten over hoe het instrument werkt en hoe het toe te passen. In de workshops kwamen echter verschillende inhoudelijke inzichten tot stand die ook het vermelden waard zijn. Ze illustreren namelijk concreet wat voor soort kennis er kan ontstaan. De in totaal acht workshops hebben interessant materiaal opgeleverd voor een synthese van inhoudelijke inzichten van de deelnemers: over hoe buurten veranderen, waar kansen liggen en hoe in te grijpen in de stad. Deze inhoudelijke ideeën zijn niet getest en geëvalueerd zoals de portfoliobenadering zelf, maar kunnen op vergelijkbare manier als een soort recepten worden beschouwd. Op die manier staan ze ook in het werkboek voor DRO. Ik pretendeer niet dat dit onderzoek dus een eenduidig antwoord geeft op hoe buurten precies veranderen of wat nu de juiste ontwikkelingsstrategieën zijn. Dat is tenslotte ook niet het hoofddoel en talloze onderzoekers hebben dit bovendien al veel uitgebreider onderzocht. Het interessante aan de workshops is wel dat holistische discussies plaatsvonden: over hoe buurten veranderen en welke krach-
ten in welke situaties van invloed zijn en hoe dit buurten kansrijk maakt voor private of publieke investeringen.


Interessanter dan bovenstaande factoren is om te zien en begrijpen hoe de posities van buurten veranderen, omdat dit ze aantrekkelijk maakt om in te investeren (als verandering tenminste verbetering betekent). Kansen voor verbetering zijn doorgaans te vinden in de omgeving van reeds populaire gebieden, met name als de fysieke omgeving vergelijkbaar is. Als er geen of weinig barrières van ruimtelijke of andere aard zijn, kan een proces van updrading zich als een olievlek door buurten verspreiden. In Amsterdam is dit patroon duidelijk te zien vanaf eind jaren tachtig. Dat proces verloopt nog steeds en de vraag die op ieders lippen ligt is of en waar die ontwikkeling de ringweg over kan steken. Eén van de criteria voor zo’n olievlekwerking is dat er een continue vraag moet zijn naar wonen in een stedelijke omgeving, om zodoende voldoende kritische massa te genereren in de betreffende buurten. Het feit dat die vraag veel kleiner is in Rotterdam kan gezien worden als de belangrijkste reden dat dit proces hier langzamer en op kleinere schaal plaatsvindt.

Twee typen strategieën voor updrading kwamen regelmatig naar voren in de workshops. De eerste is gericht op het stimuleren van de olievlekwerking, waarbij wordt aangehaakt op de kwaliteiten van nabijgelegen buurten. Soms is hierbij maar weinig overheidsingrijpen nodig, behalve het faciliteren van dit proces door vraag en aanbod bij elkaar te brengen. De tweede, meer ingrijpende strategie is om een gebied aan te pakken zonder ‘hulp’ van aanliggende buurten. Hoe verder weg van het centrum, des te meer deze strategie in beeld komt. Om een kritische massa nieuwe bewoners aan te trekken – daar gaat het feitelijk altijd om en in eerste instantie om pioniers – moet een flink pakket van nieuwe kwaliteiten in de buurt worden geïntroduceerd: een nieuw type woningen, voorzieningen, en infrastructuur.

Zoals bovenstaande strategieën per situatie verschillen, zo geldt dat ook voor metastrategieën op portfolioniveau. Het is gevaarlijk simpel om hier eenduidig geldende uitspraken te doen. Als er toch één punt genoemd kan worden dat overeind blijft, dan is het de note dat een balans gevonden moet worden tussen de kosten en opbrengsten niet allen binnen maar ook tussen projecten en stedelijke ontwikkelingen. Gunstige marktposities in het ene deel van de stad kunnen benut worden om elders in minder populaire gebieden te investeren. Waar die balans ligt is een
grotendeels politieke vraag en hier geeft de portfoliobenadering geen antwoord op. Het maakt mensen wel bewust van de noodzaak om selectief te zijn en dus strategisch na te denken bij het vinden van die balans.

Uiteindelijk is de portfoliobenadering bedoeld om bij te dragen aan het goed geïnformeerd afwegen van planningsstrategieën. De belangrijkste lessen die in dit onderzoek zijn geleerd bij het ontwikkelen en toepassen van de portfoliobenadering zijn, in een notendop, dat men dit soort instrumenten moet ontwikkelen met en niet voor de praktijk, dat ze moeten leiden tot strategisch denken, meer nog dan strategische planning, dat het moet leiden niet tot marktgerichte maar marktbewuste planning en dat ze discussies daarover moeten oproepen in plaats van ze te beslechten.