Mapping the market: a portfolio approach for informed deliberation of urban development strategies
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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 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.
ronment, 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
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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 ethnical 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 klaswoningen, 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 downturn 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

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.
Mapping the Market