

# Sustainable urban developments have become financially unfeasible?

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Research about sustainable urban developments, finding consensus between discourse coalitions and value capture as possible solution in the Netherlands



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Master thesis

Land, planning and real estate development

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## Master Thesis

### **Sustainable urban developments have become financially unfeasible?**

Research about sustainable urban developments, finding consensus between discourse coalitions and value capture as possible solution in the Netherlands

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## Preface

After obtaining my bachelor's degree and writing my bachelor thesis about the issues in the housing market I wanted to continue on this topic with my master thesis. I personally see this as one of, if not the biggest challenges we have in the Netherlands when it comes to planning and development. This short paragraph is a short thanks you to the people that have helped me along the way.

First, I want to thank Klaas Kresse for helping me as my supervisor and giving feedback to help improve my thesis. Secondly, I would like to thank all my interviewees that were so helpful and friendly to help me out and make me understand their perspectives and goals that allowed me to conduct this research.

I hope you enjoy reading my master thesis.

## Summary

The Netherlands is in a demanding situation and is experiencing an extreme housing deficit. To combat this the Netherlands is trying to build a lot of additional housing. One solution is to intensify urban areas through sustainable urban (re)developments. Besides increasing the total housing supply there are many other challenges in these urban developments which complicate the developments. Factors such as sustainability, quality of life and space, biodiversity, climate change, waste disposal, mobility, and air pollution, among others. It is important to factor in these additional aspects when realizing sustainable urban developments, but it also leads to a lot more expenses. To add on to this there is an increasing number of municipalities that are having, or are expected to have in the near future, financial shortcomings and are realizing losses on their developments. They are becoming increasingly more dependent on governmental subsidies to bail them out of financial shortcomings. So this combination of higher ambitions with regards to urban developments and policies in combination with a decreasing financial position of the municipalities leads to the following research question and sub-questions:

### **How is an urban sustainable development reached between discourse coalitions, analysed through the ADA framework, and how can value capture potentially improve this?**

To answer the research question there is also several sub questions formulated,

- What are the prevailing discourses, challenges, and rationales per actor?
- How do all these discourses and other factors translate into storylines and eventually form a discourse coalition?
- How did the negotiation process go and where is the zone of possible agreement for the discourse coalitions?
- What are the obstacles in the current value capture framework?

Qualitative research through a case study approach was chosen to answer this research question. The chosen cases were Hoorn, Eindhoven, and Rotterdam. All the relevant actors that were participating in the negotiations and discussions around the sustainable urban development were incorporated and interviewed which includes: Municipalities, developers, housing corporations and the community (council). Furthermore, the relevant policy documents were also analysed and incorporated into the analysis.

To first reach an agreement there needs to be clear parties with their own ambitions and goals for which they are striving. There are actors specific per case that have their own discourses, challenges, goals, and rationales that eventually are concentrated in multiple storylines. Then based around these storylines there is discourse coalitions that are formed which consist of actors that align with these storylines and push them.

The first discourse coalition is striving for great ambitions for the urban sustainable development with certain policy goals that are specific per case, the actor in this discourse coalition consists of solely the municipality. The opposing discourse coalition is those of the other involved actors with the urban development which mostly consist of housing corporations

and developers that argue against some of the policy ambitions, due to a disagreement about prioritizing of policy goals but also a disagreement about the financial feasibility of the policy goals.

These discourse coalitions must come to a consensus through a process which is usually through negotiable developer agreements. Both discourse coalitions make certain compromises which translates into a possible zone of agreement where there is an acceptable outcome for all actors involved. For the cases in this study thus far it has been shown that both discourse coalitions are unwilling to make many compromises if any at all. For the municipality this is mostly because they are unwilling to reduce their policy goals and ambitions because they think the development is still realizable through external financial contributions which are mainly subsidies through the national government. For the other discourse coalition, which are mainly the housing corporations and developers, the developers only want to start developing when there is a profitable business case or at least break even for the housing corporations while they also have additional disagreements about the policy goals. In these cases, the discourse coalitions were usually not making many compromises therefore little progress was made. Municipalities were generally quite tenacious on their demands and priorities, partly because they are presuming that subsidies from the government will bail them out eventually. The other discourse coalition are dependent on a profitable development and if there is no profitable business case they will not be able to develop at all, plain and simple. So ultimately the urban sustainable developments were reliant and dependant on additional financial contributions, mostly governmental subsidies, to fill the financial shortcomings.

Value capture is used to a limited extent but is not sufficient to cover the financial shortcoming that is created in these urban developments. Mostly because municipalities are choosing to go for other options to realize the urban developments, mostly through NDO's and in this case also public tenders. They prefer these methods to agree on favourable conditions for the development to take place without much use of value capture. Additionally, value capture is used up to a certain limit because of several reasons which includes the lack of knowledge, expertise and knowhow of the use and optimisation of value capture in the Netherlands at municipalities. Other obstacles in the Dutch legal framework seem to hinder the value capture as well through the long development processes, many opportunities for appeals and difficult requesting process of subsidies. On a last note, the extension of the Dutch value capture framework about plan benefit levies is generally viewed with a positive outlook by all parties for the introduction of this. However, with an important restriction that developments are already under a lot of financial pressure which should be taken into account. There could however be an argument made that the plan benefit levies are not priced in with the current land developments so hence why the developments would be put under a lot of additional financial pressure. If this were to be priced in this could be a different case.

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## 1. Introduction

The introduction will consist of four distinct parts where first of all the contextual background about the research is provided. Followed up by the research problem statement which is based on a scientific gap in the literature. Then follows the research aim and the relating research questions. Lastly the scientific and societal relevance of the proposed research is discussed.

### 1.1 Contextual background

The Netherlands has a growing population, especially municipalities with medium to large cities, cities in the Randstad primarily, are forecasted to grow significantly from now until 2035 (CBS, 2022a). At the same time the household size in the Netherlands is decreasing, which ultimately results in a need for more housing (CBS, 2022b). In combination with the shortage of housing supply, a deficit of 317.000 houses is expected at the peak around 2024, there is a significant problem for the Netherlands to solve (ABF, 2023). Furthermore, there is an expected 981.000 houses that need to be realized in the period 2022-2030 (ABF, 2023). This shows the need to intensify and urban redevelopment in the major cities in the Netherlands. The Dutch housing challenge, *Woningbouwopgave* in Dutch, translates this need into some clear goals such as 900.000 new housing by 2030, growing 100.000 units per year and finally have two-thirds of it as affordable housing (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2023). Next to increasing the housing supply in the urban area it is of course of major importance to take other factors into account such as quality of life and sustainability. Cities are facing lots of challenges socioeconomically as well as environmentally such as the following, reduction of biodiversity, depletion of natural resources, climate change, waste disposal and production together with recycling problems, land use air pollution and many more related challenges (Michalina, Mederly, Diefenbacher, & Held, 2021). So, realizing an urban development is not limited to creating more housing but involves many other challenges that come along with it.

Sustainable urban redevelopment is a solution to provide more housing, while ensuring high quality of life, in already existing dense urban areas. In 2021 22% of the municipalities in the Netherlands had a shortcoming of 249 million euro in total, the majority of municipalities did manage to make a profit (Jongsma et al., 2023). While these results look quite positive, the underlying causes certainly do not. Most of these profits were caused by a combination of increased government subsidies that only became available towards the end of the year. Partially because of the impact of covid which caused work to be held up longer due to the restrictions and tightness in the labour market amongst other things. So, while these results in 2021 might look quite promising they are in fact not that good as they seem. Furthermore, there is an expected shortcoming of 600 million euros for 2026 with 60% of the municipalities realizing a loss. Other organisations such as COECO are predicting the shortcomings to be far worse with forecasted losses of almost four billion euros in 2026 (Allers, 2022).

Next to the housing shortage and (potential) financial shortcomings of municipalities there is also an increasing amount of policy goals that is consistently changing and adapting as well. The overarching policy goals for the Netherlands are stated in the Sustainable Development Goals (SDG's) which were created at the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012. These are not specifically focused on dense urban development, but these goals always must be taken into account (Rijksoverheid, 2023).

Especially SDG 11 is directed to urban development which prescribes safe, resilient, and sustainable cities and settlements (Hölscher & Frantzeskaki, 2021). Next to these more broad and overarching goals there is a variety of other factors and goals that municipalities prioritize such as transportation, sustainability, and safety & accessibility (CBS, 2018). These goals are clearly incorporated in current urban developments such as the cases that will be discussed later in this research (Gemeente Eindhoven 2021, Gemeente Hoorn 2020, Gemeente Rotterdam, 2022). All the aspects as mentioned before are clearly identifiable in these cases, mobility wise it is primarily focused on walking, bicycles, and public transportation (through mobility hubs) while being a car free zone in most of the inner-city area with a low amount of parking spots. Sustainability is an important goal as well where lots of different sustainability measurements can be incorporated from long lasting and quality buildings, building climate neutral and well isolated buildings to circularity, biodiversity, and Natura-2000 areas. Important is to keep the area diverse and not solely realize housing, diversity in housing supply as well as a variety of public space, working areas and housing areas that promote inclusivity in the area. The areas are also designed to be incorporated with green, public spaces, water, and other public facilities to improve the quality of space and liveability. These policy goals are in line with the general trend in sustainable urban developments in the Netherlands.

Ever since 2008 when the financial crisis happened the Dutch municipalities have taken a more passive approach to land development, and their ownership of land has declined over time. Municipalities used their land ownership to cover any financial shortages in the past which they cannot or will not do anymore because of their new approach (Buitelaar, 2015). The lack of active land policy by municipalities has led to a decline in influence and a weaker position for municipalities when it comes to negotiations about urban developments. At the same time there is other major issues other than the housing shortage such as the energy transition and ongoing climate change which ask for different policies and plans. This complicates the challenge for municipalities since they now have to factor in all these extra factors and policy goals while also keeping it financially viable in order to develop. Value capture can potentially be used to improve the financial feasibility of the development while at the same time realizing more policy goals.

## **1.2 Research problem statement**

There are several underlying reasons which are causing a need for urban development. A growing population, a decrease in household size, a rise in housing prices all lead to a goal of 900.000 houses to be built by 2030 as mentioned in the Dutch housing challenge. Especially since most of these houses need to be realized in existing urban areas so urban development is necessary (Rijksoverheid, 2021). Also important to note that sustainable urban developments are much more than just providing more housing, it is also the public infrastructure which must be provided by the municipality such as sustainability measures, roads, mobility solutions, parks, greenery, and other amenities (Muñoz Gielen & Lenferink, 2018).

Sustainable urban development therefore is expensive while, as mentioned previously, an increasing amount of municipalities are already struggling financially. To still be able to realize urban sustainable developments there needs to be a consensus found between all stakeholders, the municipality, the developers, and housing corporations. The interrelation between planning and real estate therefore is significant, to gain better insight into what drives

the real estate actors in developing urban projects (Heurkens, 2012; Heurkens et al., 2018). Furthermore, they argue that this interrelation, and the field in general, is under researched despite being part of the daily practice. Therefore, it is important to illustrate each actor's perspective and clearly define their discourses, goals, and priorities to be able to study the interrelation between these actors.

Furthermore, through value capture a part or all the economic value increase of land can be captured, there is several different instruments that can be used for this in the Netherlands (Alterman, 2012. Muñoz Gielen & Lenferink, 2018). Developer agreements, *antérieure overeenkomst* in Dutch, are most used in the Netherlands. Municipalities indicate they are not trying to recover all the possible costs on developers. The vast majority of municipalities (81%) states that they want to recover as much of the internal costs as possible, *Binnenplanse kosten* in Dutch (De Leve, Geuting & Temming, 2021). Only half of the municipalities indicates they want to recover as much costs as possible for the suburban costs (*Bovenwijkse voorziening*) and only 35% of the municipalities states they want to maximize the external costs, *buitenplanse voorzieningen* (De Leve, Geuting & Temming, 2021). This is primarily because close to 80% of the municipalities want to achieve a balance between income and expenses for public investments such as urban development (De Leve, Geuting & Temming, 2021). Even though the municipalities make a concession they are not making any demands in return such as more affordable housing or quicker development. The reasoning is that cheaper housing yields the developers less profits and the cost recovery is calculated as a proportion of the potential yield of developers. If there are no profits generated by the developers, or a very minimal amount, there is also no value to capture here for the municipalities. Interestingly bigger municipalities, mostly dense urban areas, tend to recover a relatively higher percentage of the costs due to a combination of high scarcity of housing and high demand for housing which leads to more expensive housing which is also more profitable.

So, research shows that municipalities are not maximizing the value capture opportunities in the current Dutch land-based finance framework. Most municipalities are not maximalizing the possible value capture because they indicate that they are striving for a balance between income and expenses for public investments (De Leve, Geuting & Temming, 2021). Therefore, it is interesting to see which policy goals and public investments are prioritized by the municipality and how this differs from the discourses and goals of other actors per case. It is unclear whether finding this balance is the only reason municipalities are opting not to maximize the possible value capture or if there are other considerations that the municipalities consider. The process around value capture is most often achieved through anterior agreements in the Dutch context. Using anterior agreements comes with its own risks, they are reliant on the developers to keep to their agreement so the municipality can fulfil the housing supply goals and other policy goals (O'Brien et al., 2020). To combat this municipalities will use development plans if voluntary plans cannot be met so they can maintain control, also they use the land-use plans and their ability to modify it as a bargaining tool (Muñoz Gielen & van der Krabben, 2018). The developments plans are used as leverage to get a better negotiating position as municipality compared to the developers, if they cannot come to a voluntary agreement, they will be able to use these developments plans to force the developers.

The value capture rationale to achieve urban sustainable developments has not been researched yet in the Dutch context. The development process with negotiations and conflicting interest of actors has also not been researched much, more specifically in the Dutch context. These priorities and goals from each actor all vastly differ from each other, but they still need to reach a consensus in the current value capture framework in the Netherlands. Therefore, it is interesting to look at the discourses and goals per actor to understand how these translate into storylines and eventually form different discourse coalitions. This provides a clear overview of all the actors and their respective positions inside the development process.

### **1.3 Research aim and research questions.**

The research aim is both explorative as well as descriptive (Van Thiel, 2014). The research question is mainly about giving new insights into the discourse coalitions and respective discourses and goals, whether that be policy goals or other goals such as generating profits. The discourse coalitions are formed based on discourses and storylines that are similar to other actors. These different discourse coalitions will ultimately try to find consensus with each other to be able to realize a sustainable urban development. Therefore, this research is aimed at clearly analysing and illustrating these actors and discourse coalitions so that the respective discourses, goals, and priorities of them can be understood. Gaining a better understanding of the thought process and considerations of the actors makes for a better understanding of the development process as a whole. Additionally, the research question also incorporates the finding of new information about potential use of value capture as solution to the financial shortcomings in urban sustainable developments. The use of, or lacking use of, value capture instruments can be understood through the discourse coalitions. This will provide better understanding of the actor's considerations when it comes to value capture. It is important to find out what the potential shortcomings or obstacles are in the current value capture framework. This way a clear overview of the value capture framework can be constructed so this can be used for future policies, also keeping in mind the possible introduction of plan benefit levies.

Based on the research objective the following research question is formulated,

**How is an urban sustainable development reached between discourse coalitions, analysed through the ADA framework, and how can value capture potentially improve this?**

To answer the research question there are several sub questions formulated,

- What are the prevailing discourses, challenges, and rationales per actor?
- How do all these discourses and other factors translate into storylines and eventually form a discourse coalition?
- How did the negotiation process go and where is the zone of possible agreement for the discourse coalitions?
- What are the obstacles in the current value capture framework?

The sub questions are all more descriptive of nature, they try to identify the different discourses, positions, and narratives for example. The study has a case-driven approach, therefore the theoretical framework in combination with the methodology are used to explain the cases.

Through the approach of Argumentative Discourse Analysis there are three key concepts distinguished which are the discourses, the storylines, and the discourse coalitions. These three concepts are used to analyse the data. First, the discourses, these are the ideas, concepts and categorizations that are produced, reproduced, and transformed in a particular field or practice. These will primarily be identified and categorized through the first sub questions which will consider the discourses, challenges, and value capture rationales. Then after the discourses have been identified the storylines can be formed, these are the narrative constructs that bind different discourses together to simplify and condense a complex narrative. The storylines are important for the second sub question and the eventual formation of discourse coalitions. Lastly the discourse coalitions can be formed, these are the groups of actors that are attracted to the specific storylines which can be for a variety of reasons, so these coalitions are not actor centric but rather centred around similar positions. These discourse coalitions are formed in the second sub questions and are central in the third sub question where the discourse coalitions are trying to find a consensus with each other through a negotiation process. This framework will be further discussed and explained in the literature review but is important to mention briefly to provide some context for the drafting and understanding of the sub questions.

The last sub question is not directly related to the ADA approach but rather focuses on potential obstacles in the current Dutch value capture framework. This includes the missing components in this framework that could potentially increase the usage of value capture, such as the possible introduction of plan benefit levies. Additionally, this also includes finding the challenges and difficulties that the current framework offers to potentially change and prevent these obstacles.

## **1.4 Scientific and societal relevance of the proposed research**

This section will cover both the scientific relevance as well as the societal relevance.

### **Scientific relevance**

This research is scientifically relevant because practice-based research always, directly, or indirectly, contributes to the field of research (Verschuren & Doorewaard, 2015). As mentioned previously the interrelation between planning and real estate actors in developing urban projects, and the field in general, is under researched despite being part of the daily practice (Heurkens, 2012; Heurkens et al., 2018). This research will focus on this interrelation, specifically about the relationship and differences between the involved parties which in this case are the municipalities, developers, and housing corporations. Furthermore, value capture could potentially help in realizing a sustainable urban development since it can provide additional funding. There is certainly research that has been done about financing urban development through public value capture with different measures and how to capture as much value as possible, even though often not extracting the maximum value (De Leve, Geuting & Temming, 2021). Still there are some uncertainties as to why Dutch municipalities either cannot or will not maximize the current public value capture methods. Are they deliberately choosing to not use certain value capture instruments since they think they are better off using DO's or is it the case that they do not have the experience and know how to use these instruments? It is important to illustrate the different actors with their discourses and goals so the differences per actor become clear. Eventually these discourses and storylines translate into discourse

coalitions which eventually must try and find a consensus together. The main topic of this research is to find how sustainable urban developments can be realized, keeping in mind both the spatial quality with respective policy goals on the one side as well as the financial feasibility on the other side, additionally how value capture could potentially contribute to this.

Another important distinction is that past research has mainly been quantitative with larger data sets where this research focuses more on qualitative data only. Surveys and policy documents are the primary source of data for this quantitative research such as the research about the role of negotiated developer obligations in financing public infrastructure by Muñoz Gielen & Lenferink (2018). The focus is more on results that can be measured, not necessarily focused on how these results come to fruition with the development process and negotiations that happen beforehand. So, it does not illustrate the perspectives of the actors and their discourses and narratives, it just focuses on the outcome and not the process itself. This research however does focus on the individual perspectives of actors as well as the process they go through together. The most used tool in Dutch planning for public value capture are the negotiable developer agreement (antérieure overeenkomst, in Dutch). These agreements are almost never made public because it is not obligatory by law, which is another reason this topic is under researched since this leads to a lack of insight into the actual outcomes of public value capture (Janssen-Jansen & Woltjer, 2010). The results will give more insight and understanding in decisions between achieving policy goals through public value capture. With a better understanding of the underlying discourses this could help value capture processes to achieve better outcomes in terms of finances as well as quality of urban development. There has been a shift in the approach of spatial planning especially regarding more sustainable solutions; to understand this it is important to understand the discursive components in planning documents which are conceptualised by discourses and sustainable development narratives (Mendes et al., 2020). Especially more environmental discourses in policy making and planning show multiple conceptualizations of definitions coexisting and struggling (Leipold et al., 2019). Discourse analysis has not been applied much in sustainable urban development research, especially at the national level of comparing specific projects in the Netherlands. Not only understanding the discourses and institutions are important but especially understanding the different value capture rationales, negotiating positions and obstacles per actor will help in giving new insights to improve the value capture process in the Netherlands. So, the translation of discourses and institutions that explain the position of all the involved actors is key because without understanding the underlying causes the actor's positions cannot clearly be explained or understood. This understanding is also essential for understanding the obstacles or potentially missing regulations that actors are facing in the current value capture framework.

### **Societal relevance**

The societal relevance of research lies in the relation between research and practice, current trends or issues are key for society (Verschuren & Doorewaard, 2015). This research focuses on improving sustainable urban development in the Netherlands regarding all the actors that have a different position and potential use of value capture. Therefore, the research focuses on a variety of relevant contemporary issues. First, the severe housing shortage in the Netherlands currently (ABF, 2023) in combination with both the forecasted population growth especially in urban areas (CBS, 2022a) and the decreasing size of households (CBS, 2022b) this societal issue is expected to persist. Furthermore, there is also the financial shortcomings of

municipalities that is an ongoing issue in the Netherlands. While there are already some municipalities with financing issues (22%) most of the municipalities are still profitable (Jongsma et al., 2023). A variety of research has been done that all expect different deficits, but the consensus is that the financial issues will grow as mentioned previously. Research by Rebel group (2021) has shown that the deficits can be as high as €27.500 per dwelling for certain housing projects. Local deficits of municipalities are often compensated by the state through subsidies like the Woningbouwimpuls that supports the municipalities to achieve their housing construction goals (rvo, 2022). This however is not a long term and sustainable solution and therefore a better understanding and more efficient urban sustainable development process could solve both the housing shortage and improve the financial situation of municipalities.

Next to the necessity to realize urban transformations and the financing of it there is also a need to maintain a high quality of life in these urban areas. It is essential in urban transformations to ensure the vitality and liveability in the area is of high quality (Bosselmann, 2012). Urban developments can be defined as a dynamic process of interplay between social, environmental, and economic processes of the urban system. The goal of each city is to achieve an equilibrium of human well-being and the environment, both natural environment and built environment (Yang, 2010). If this is achieved, it could be considered a successful urban transformation. As previously mentioned, there is an increasing focus on aspects such as transportation, sustainability and safety which have become increasingly important for society.

Although value capture is already being used in the Netherlands there is an argument to be made that it is not being used sufficiently and there is a potential need for additional value capture instruments. Currently there are several instruments to perform value capture such as a property tax, profit tax, property tax in business investment zones, developer contributions plan and developer agreements (Muñoz Gielen & Lenferink, 2018). Especially the developer agreements are most used in the Dutch context. This however has shown to be insufficient in certain cases if we consider the (prospected) financial shortcomings, continuing housing shortage and ever-growing amount of policy goals. That is why recently there has been a lot of discussion about implementing a new value capture instrument, namely the plan benefit levy (planbatenheffing). The plan benefit refers to the increase in the value of the land because of a (expected) zoning plan change. These benefits largely accrue to the original landowners and the municipalities currently do not get any of these land value increases; by implementing the plan benefit levy they can actually tax the land value increase and capture part of this value increase (Krabben, 2024). It is not just being talked about by planners but there is a majority in the house of representatives that is for the introduction of the plan benefit levy (Tiekstra, 2024). So, there is a realistic chance of this value capture instrument being introduced which has not happened since the 1970's. The Dutch ministry of Finance has conducted research to the Erasmus Study Centre for Local Government Taxation (ESBL) about the introduction of a plan benefit levy (Erasmus University Rotterdam, 2023). This study shows the societal relevance in the Netherlands concerning value capture since it is clearly a much-debated topic and could realistically have new instruments introduced such as the plan benefit levy soon.

So, all in all there are multiple contemporary issues and trends in society that relate to this research. This research could also provide more insights into the decision-making process of developing sustainable urban projects, also related to value capture, by the municipality and

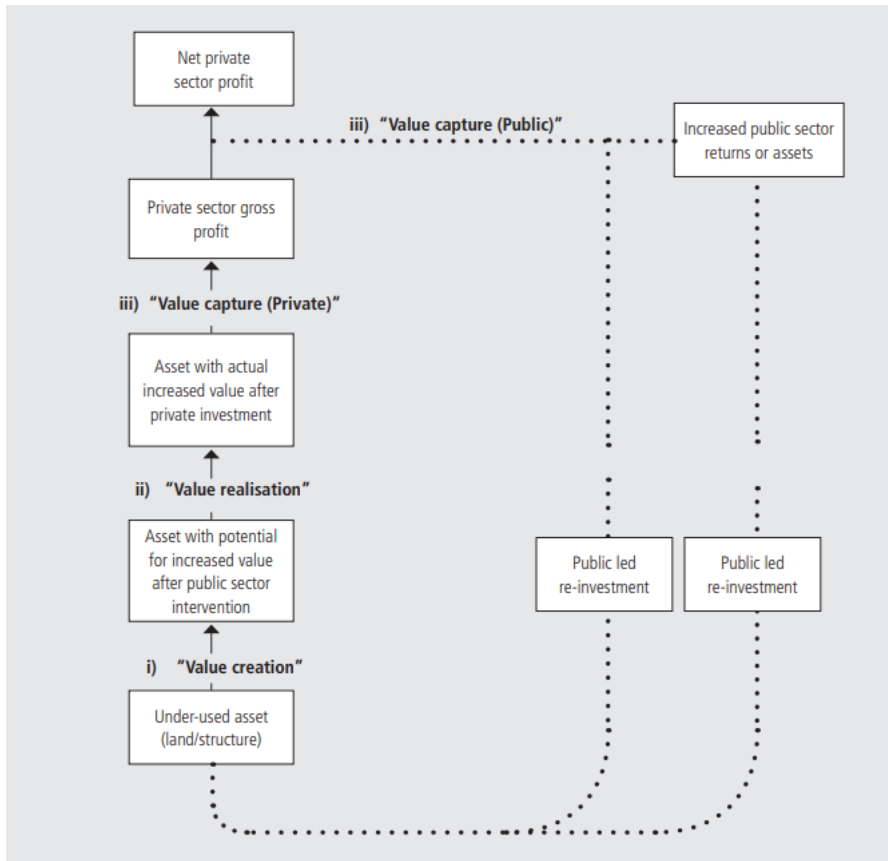
the other involved actors. Understanding the actor's position, goals, and obstacles that they are facing will lead to a better understanding and ultimately finding possible points of improvements that could be made to achieve better results, in terms of financing as well as reaching their respective policy goals.

## 2. Literature review and theoretical framework

### 2.1 Critical review of the academic literature of the policy context

#### 2.1.1 Value capture

Value capture done right could ideally lead to a positive feedback loop, this is a mechanism where a variable change results in either an amplification or dampening of that change (Salat, Bourdic & Kamiya, 2017).



**Figure 1: Idealized public value capture positive feedback loop. Source: Salat, Bourdic & Kamiya, 2017.**

According to Joe Huxley (2009) urban development can pay for itself, he defines value capture finance as the appropriation of value, generated by public sector intervention and private sector investment in relation to an underused asset (land and/or structure), for local reinvestment to produce public good and potential private benefit. This creates a situation where the incentives of both public intervention and private investments are aligned, and they share the costs of developments. Investments in land or infrastructure will improve the quality of the urban space and land values will rise because of these public investments. Part of this financial increase will then be captured by the local government and re-invested in even more improvements in the urban developments and further increase in quality of life and therefore increasing land values.

This positive feedback loop of capturing value from public investments has also been defined as the virtuous value in recent literature (Lord et al., 2019). The flipside however is that when bad public investments are made there is also a possibility of a vicious cycle. This is the exact

opposite of the virtuous cycle, so in the case of a vicious cycle the investments in public infrastructure decreasing the quality of life which therefore decreases the land value. There is less value to be captured and therefore the investments that go back to try and improve the public infrastructure again will also be lower.

### 2.1.2 Land value capture instruments in the Netherlands

The basic idea of Land Value Capture (LVC) is that unearned increase in land value due to government action should be shared with the rest of society (Loo, 2019). Unearned increase in land value is when the government causes the land value increase on its own and the landowners profit the most even though they did not contribute themselves at all. There are multiple ways to capture this land value either direct or indirect as illustrated in the figure underneath (Offermans, 2004).

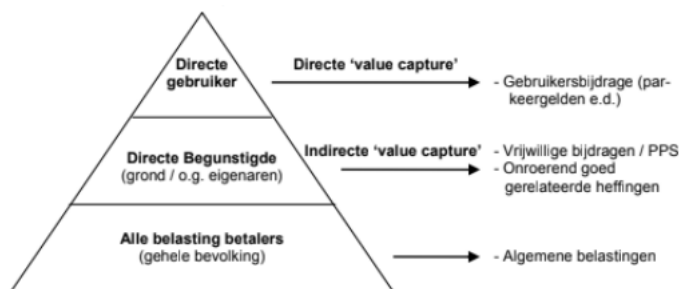


Figure 2: Financial basis for land value capture in the Netherlands (Offermans, 2004)

This research focuses solely on the Netherlands and therefore it is important to focus on the current LVC instruments and the prevailing legislation. There is almost no direct value capture in the Netherlands, there is no legislation that gives the public any right to the value increase of privately owned land. Therefore, all the value increase goes to the landowners (Needham, 2007). The current legal framework is limited to cost recovery, however via an indirect rationale it can be argued that capturing land value increase is needed only for the sake of ‘cost recovery’ (Muñoz Gielen & Lenferink, 2018). The possible introduction of plan benefit levies however changes this since the increase of land value can now be captured through this new instrument with a direct rationale (Krabben, 2024).

#### Active Land Policy

Active land policy is when the government itself sells land that is ready for construction to the market (Offermans, 2004). Municipalities function as land developers and use part of the profits for recovering costs. This method was commonly used by Dutch municipalities before the financial crisis of 2008. However, after the financial crisis the risks of active land policy became very apparent and criticism towards this approach grew (Buitelaar, 2015). Since then, the number of municipalities using active land policy has only been decreasing.

#### Property Tax

The only instrument that could be considered as direct rationale is the property tax, translated it is onroerende zaak belasting (OZB) in Dutch (Muñoz Gielen & Lenferink, 2018). There is an ongoing discussion if this can be considered as a direct tool since it does not explicitly support an indirect rationale. This property tax provides 8% of the municipality’s income in the

Netherlands, however it is limited in financing because of certain limits in tariffs, exceptions for certain infrastructure development as well as properties.

There are four more public value capture tools other than the ones mentioned above, three of them find their legal basis in public law and are almost unused in practice.

### ***Profit Tax***

The profit tax (Baatbelasting in Dutch) can be imposed by Dutch municipalities when property owners have received help from public infrastructure that directly serves them (Muñoz Gielen & Lenferink, 2018). There are a lot of restrictions and shortcomings with the profit tax, it can only be used for local, on-site, and site-specific infrastructure. In practice this profit tax is barely used or not at all and is unanimously seen as too complex, risky, and insufficient (Muñoz Gielen & Krabben, 2019).

### ***Property tax in Business Investment Zones***

This property tax is based on the Experimental Act on Business Investment Zones. The property tax works the same as explained before but now it can be increased in specific areas, business areas, to capture more value. This experimental act has not been particularly successful since it has not been applied often at all (Schep, 2012)

### ***Developer Contributions Plan (N-NDO)***

A Developer Contributions Plan (exploitatieplan in Dutch) was introduced together with the Physical planning act in 2008 which is a new framework for value capture where municipalities can solely recover the costs (Muñoz Gielen, 2019). Municipalities now must approve a development contribution plan together with the land-use regulation which they can modify. A developers contribution plan however is limited to local on-site infrastructure costs and off-sites costs only to a limited extend. Because of these restrictions this instrument has shown to be unpopular with Dutch municipalities and not used regularly at all (Buitelaar et al., 2012). Municipalities prefer to use negotiated developer agreements since they can recover more costs with this instrument.

### ***Developer agreements (NDO)***

The most popular instrument are the negotiable developer agreements (anterieure overeenkomst in Dutch) they are mainly regulated in private law but also partially in public law. The municipality and developers negotiate and eventually agree on a contract which states who is paying for the public infrastructure. Municipalities should introduce specific policy that underpins the contributions. The 2008 Act and Decree gives certain vague indications about the scope of NDO's which gives municipalities more room to negotiate, even for off-site infrastructure. The Netherlands is a special case in the sense that the Dutch rule of law does not give the municipalities the right to refuse modifying land-use regulations if developers are not willing to negotiate, furthermore developers cannot be forced to use such contracts. For this reason, the Dutch municipalities will not modify land-use regulations before the developer agreement negotiations are finished.

### **2.1.3. Value capture rationales**

The value capture rationale argues for the reasoning behind the value capture. The increasing value of land is often hard to pinpoint to one or multiple exact origins, therefore a value capture

rationale can be used to argue where the price increments came from and consequently what part of that can be recovered through value capture (Alterman, 2012). It is important to understand which rationale municipalities are striving for so the goals and argumentation of the municipality can be better understood.

In most cases there are only three different rationales used, cost equivalency, externality mitigation and skimming of the development gains (Kresse et al., 2020). The cost equivalency is simply arguing that all costs made by the municipality inside the area that has been redeveloped should be able to be captured. The external mitigation rationale takes the possibility of value capture to a higher level by not only recovering the costs but also mitigating externalities, so costs and consequences outside of the development area are also taken into account. Lastly there is the skimming of development gains, this rationale does not only look at cost recovery but also at skimming part of the gains of developers by arguing that the land increase has been provided (largely) by land use modifications of the municipality.

#### **2.1.4 Potential (future) use cases of value capture**

Negotiable developer agreements are most often used in the Netherlands, municipalities prefer the use of NDO's to come to an agreement as this allows them to negotiate for more contributions (Muñoz Gielen & Lenferink, 2018). Even with the negotiable developer agreements there is still several issues that remain, shortage of housing remains, and development is not rapid enough while there is a growing concern about financial shortcoming in conjunction with the increasing amount of policy goals such as sustainable urban development. As mentioned earlier there is an ongoing debate in the house of representatives in the Dutch parliament to combat these issues with the introduction a new value capture tool, the plan benefit levy (planbatenheffing in Dutch). Especially in greenfield locations there is a big difference in the residual value and current value of the land which means that most of this value increase is not captured with the current value capture tools (Krabben, 2024). According to some rough calculations from Van Der Krabben (2024) the plan benefit levy could potentially net the Dutch government 1,1 billion euro's a year which can then again be used in financial deficits that mainly occur in dense urban areas. In these dense urban areas, there is not that much potential for plan benefit levies since the difference in the residual value and the current value is not that large so there is not much value to be captured in that sense. Another important note is that introducing new value capture instruments such as the plan benefit levy will take some time since current developments cannot be taxed with this new instrument and there needs to be some kind of transitional arrangement.

## **2.2 Brief introduction to relevant theoretical frameworks**

A brief introduction on relevant theoretical framework is provided in each paragraph, additional theories are discussed in more detail under individual headings.

### **2.2.1 Epistemological paradigm**

According to Guba & Lincoln (1994) there is a distinction between four paradigms, positivism, post positivism, critical theory, and constructivism. All these paradigms offer a different epistemological view, this could be viewed as the theory that is used behind the research. Both the positivism and the post positivism paradigms are best suited for quantitative research. They focus on reality where there is only one 'truth' which can be discovered (Sale et al., 2002).

This research however focuses on qualitative research which could be categorized more as idealism where there is not just one single truth or reality, but reality is constructed in perceptions of people (Guba & Lincoln, 1994). Thus, either critical theory or constructivism is best fit for qualitative research. Critical theory is a social theory that describes and analyses social norms and society with the goal of creating emancipation through critique and eventually transform society. Constructivism on the other hand states that humans construct knowledge through their own interactions, experiences, and knowledge of the world with the goal of exploring the concept of reality and knowledge. For this research, the paradigm of constructivism is the most appropriate. The research is based on qualitative data and will make use of people's views and experiences in making decisions, negotiating, and finding consensus. The results of this research will therefore not be generalizable on a large scale, but it will however give more insight into the decision-making process that all involved actors face while realizing urban development. The goal of qualitative research and its respective research paradigm is to get a better understanding of a phenomenon from the viewpoint of research objects (Bryman et al., 1988).

### **2.2.2 Consensus making**

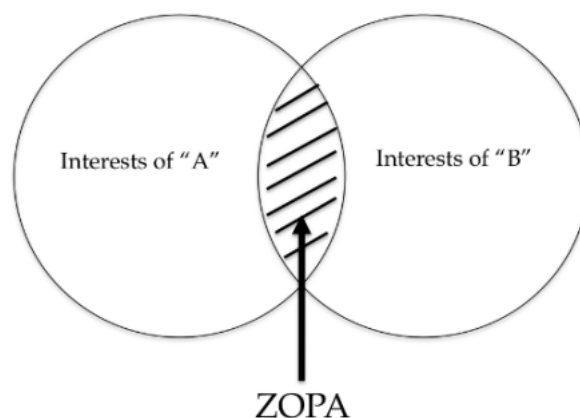
This section provides a theoretical approach of consensus making which is critical in reaching agreements between various actors. As previously mentioned NDO's are most used in the Dutch value capture framework so most sustainable urban developments are achieved through a negotiating process between the involved actors. Therefore, it is important to understand the theory behind negotiations and consensus making to answer the research question.

Consensus making is a technique to reach an agreement in a larger model such as collaborative planning. The role of planners has gradually changed over the years, planners are now mostly facilitators and mediators that consider the different positions of the involved parties (Brooks, 2002). Successful collaborative planning requires participation at grass root levels and political and professional support at the top (Fisher, 2006). Consensus making can then be used in this larger model to come to a plan which everyone had influence on and agrees to. Reaching a consensus in spatial planning is a difficult task and often there needs to be compromises from all parties involved (Poplin & Vemuri, 2018). All parties are driven by self-interest, and these are often conflicting with the interest of other individuals or groups which makes it hard to find common ground.

Negotiation theory describes the process of how consensus can be formed through negotiation (Caputo, 2015). There is a further distinction between negotiations, integrative negotiations are described as win-win situations and tend to focus on the interest of all actors (McCarthy & Hay, 2015). Distributive negotiations on the other hand are described as win-lose situations where one party clearly wins while the other loses. Within negotiation theory there are multiple factors that can influence the results of the negotiations. First, trust is a key factor in the success of negotiating (Kong et al., 2014). A higher level of trust will lead to more transparency and more success at an integrative negotiation, therefore creating a win-win situation. On the contrary, a situation with a lack of trust is more likely to lead to a distributive negotiation which ends up with a win-lose situation. Trust is therefore a prerequisite for successful negotiations, without trust it is difficult to make any progress in the negotiations. Besides trust there is another major factor which determines the success of negotiations which is the skillset of the negotiating

parties. This includes the competence to negotiate and willingness to invest time and effort into the negotiations (Holsen, 2020). These factors are also influenced by the before mentioned trust between the involved parties, bounded rationality, and information asymmetry. Bounded rationality is a concept which describes the not completely rational, or even irrational, behaviour by the negotiating parties. No party will ever behave completely rational because of human emotional and cognitive limiting factors (Caputo, 2015). Information asymmetry describes the discrepancy between the amount of information every party has, less information gives you a disadvantage in the negotiation process. All these factors are important for this research since it determines how successful the sustainable urban development will be.

Even if all the factors mentioned are accounted for there can never be any certainty that an agreement will be made. Even more so if an agreement has been made its most likely not the optimal agreement. This is represented visually by the Zone of Possible Agreement (ZOPA) as shown in figure 3, the overlapping zone is the area where the parties can reach an agreement (Caputo, 2015). So consequentially the more overlapping area the more likely the parties are to reach an agreement. In this research the “interest of A” and “interests of B” could be replaced by the “Discourse coalition A” and “Discourse coalition B” where the overlapping area is the zone of possible agreement where a sustainable urban development can be achieved.



**Figure 3: Zone of Possible Agreement (Caputo, 2015)**

### **2.2.3 Discursive theoretical approaches**

This section is about analysing different discursive approaches that explain the effects of discourses and other concepts that are essential to understanding the discursive theoretical approaches and the theoretical context. After the analysis of a variety of discursive approaches that all focus on different aspects, which do not quite fit the research, the argumentative discourse analysis is eventually chosen. This approach is chosen to be able to analyse all the actors that are involved in the urban development, and it is suited best for policy making and argumentative discourse interactions such as urban developments with NDO's.

#### ***Discursive institutionalism***

This approach distinguishes three levels of discourse: policies, programs, and philosophies (Hall, 1993). The first level of discourse is the policies, policy solutions, which are proposed by policy makers to be adopted and debated. The second level is more general about the programs

that underpin the policies, this level could also be called paradigms or narratives which include the underlying assumptions for the policy. These programmatic ideas are at a more basic level than the policies because they define the problems that exist in the first place which in turn then the policies must solve. Lastly at an even deeper level there is the public philosophies or the public sentiment which frame both the policies and programs by deeply enrooted values, ideas, and principles. So, these philosophies are generally not questioned or debated as much as the other two levels which act more on the foreground. Other than the levels there is also two different forms of discursive institutionalism namely the coordinative discourse among policy actors and the communicative discourse which is between political actors and the public (Schmidt, 2008).

The institutions of discursive institutionalism are structures in itself and the “background ideational abilities” within a given context explain how the institutions are created and either change or persist by the foreground discursive abilities and logic of communication. This ‘background’ and contextual approach about discourses and the creations of institutions is also the reason this approach does not quite fit this research. Although the communicative discourse form between political actors and the public is better suited for this research it still does not fully cover the relevant actors as they are not limited to political actors and the public.

#### ***Discursive agency approach***

The discursive agency approach consists of four elements, (1) policy discourses, (2) political institutions, (3) agents defined via a set of characteristics and (4) strategic practices (Leipold & Winkel, 2017). This approach tries to tackle the question how policies are constructed through agency under a discourse perspective. According to the DAA societies are formed through dominant discourses, a collection of ideas, beliefs and practices that influences how certain issues are framed and understood. All the involved stakeholders should define who they are in relation to the discourse and why they should have a voice in the discourse. It is important to recognise that the discourses and institutions are closely related to each other (Kaufmann & Wiering, 2022). Discourses constitute and constrain the (patterns of) behaviour which ultimately results in ways of thinking and doing. These ways of doing and thinking can then be considered as institutions, representing more sedimented discourses (Philips & Jorgensen, 2002).

This theory describes how the policies materialize as rules and regulations which govern behaviour, institutions, and practices. This theory does not fit particularly well with this research since it is more focused on the limitations of regulations, rules, values, and norms that are influencing behaviour and practices. This research however is less focused on the policies and their influence and limitations on formal or informal institutions but rather focused on the understanding of involved actors and their respective discourses, goals, and priorities.

#### ***Critical discourse analysis***

Discourses are an important part in every element of public policy but too often the definition of discourses are unclear, this is a complicating factor especially for the analysis of the discourses as Arts and Buizer (2009) point out because of the loose and free-floating meanings. To still be able to analyse the discourses the Critical Discourse Analysis (CDA) tries to address the (institutional) agents as both a reflection and the producers of discourse (Mendes et al, 2022). This also aligns with discursive institutionalism as mentioned before. The methodological

approach of CDA can consist of three levels which can be used simultaneously or separate. First is the macro level, analysing how the discursive practice shapes the social world by understanding it is challenges or reproduction of the discourses of the social practice. The second level is about the analysis of discourse and the discursive practice level, so how are texts produced and interpreted. Lastly is the textual level which focuses on the analyses of linguistic structure which is not particularly relevant for this research. So CDA is not a clear fixed methodology, but it is more a framework for analysing discourses. Furthermore, the approach consists of four analytical phases which are the clarifying concepts, mapping relevant planning and policy documents, applying macro discourse analysis, and analysing institutional context.

This approach initially seems to fit quite well with this research through the different levels, especially the first two levels of the analysis. However, the focus of this approach is primarily on the way that language is used and the effects of language as social practice on power relationships and social hierarchies. This is not particularly relevant since the focus is on the different actors and discourses, goals, priorities and how they can find consensus between each other.

#### **2.2.4 Argumentative discourse analysis**

After analysing the different discursive approaches that were mentioned in the literature review there is one last discursive approach which is best suited for this research, namely the Argumentative Discourse analysis (ADA). This approach originates from the 1990's where there was an 'argumentative turn' discovered in the field of policy analysis (Fischer and Forester, 1996). Different concepts and frameworks have been created since then which create new ways to analyse policy making. Argumentative discourse analysis is originally derived from the field of interpretive policy analysis in political science. The discussions can be seen as 'political' as the actors or group of actors are pushing for their discourses to be dominant and control the decision and policy making. Hajer (1995) analyses the dominant political 'truth' through argumentative discourse analysis. This dominant and political 'truth' legitimizes the intervention in terms of policies and policy instrument, so public policy conceived in this way is a product of argumentation between actors (Winkel & Leipold, 2016). So, this approach is especially suited for policy making where the different actors discuss and argue about their position in certain issues, hence why this approach suits the developer agreements with the ongoing discussions and negotiations that take place with a land value capture process. Hajer (1995) describes the argumentative interaction as the key moment of discourse information, actors reproduce their discursive positions here so which side they are choosing and what their arguments are. The Argumentative Discourse Analysis approach consists of three key concepts which are the discourses, storylines, and discourse coalitions.

#### **Discourse**

The definition of discourse can differ slightly from different authors, but the discourses are defined by Hajer (1995) as

*“a specific ensemble of ideas, concepts, and categorizations that is produced, reproduced, and transformed in a particular set of practices and through which meaning is given to physical and social realities”* (Hajer, 1995. pp. 44, 263–264).

So, the ideas, concepts and categorizations that are used in a particular situation of field, it goes deeper than just the discourses since these are just the consequences of the social structures that are happening in the background. Also, the (re)production of discourses through practice is an important part that is included in this definition, this can be through text, speech, culture, and all sorts of ways. There are also different levels of discourse where it can be at a global or international level, national level or even local level. This research focuses on the national level and the local level, all selected cases are in the Netherlands so they will be compared at national level, but it is the local level of discourses that are evaluated and compared.

### **Storylines**

The storylines are the narrative constructs frequently reproduced to bind elements of different discourses together. These condensed statements summarize a narrative that actors use as a 'shorthand' in discussions. It is a simplified version of the complex narrative which are often used together with metaphors. They are often used vaguely, with different actors attributing varied meanings to them rather than examining their semantic core. They typically consist of a short story about

*“How problems came to be (or came to be overcome) and what should therefore be done (or not done)”* (Stevenson & Dryzek, 2012: 191)

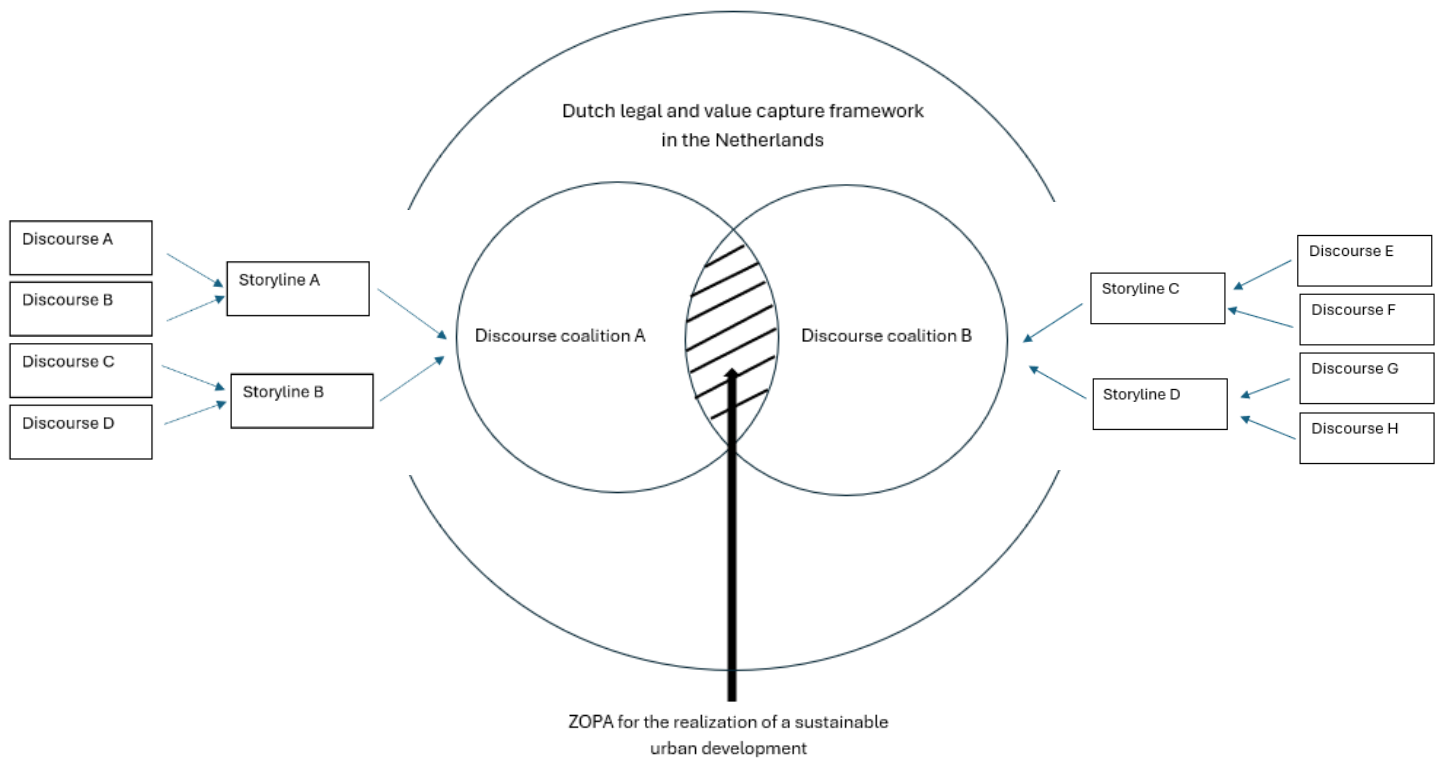
Hajer (1995) argues the storylines make it possible for actors to understand each other and find consensus based on these simplified narratives. In practice these storylines contain different sets of issues or problems and following solutions which stem from different discourses.

### **Discourse coalitions**

In political struggles actors aim to achieve dominance in the discursive space by forming discourse coalitions. These coalitions consist of groups of actors who are attracted to specific storylines for various reasons. As described, "Storylines are seen as the discursive cement that keeps a discourse-coalition together" (Hajer, 1995, p. 65). So, the discourse coalitions exist of three parts, the set of story lines, the actors that voice the same storylines and lastly the practices in which this discursive activity is based. The discourse coalitions are not actor-centric but rather centred around similar positions and storylines from different actors. Also, Hajer (1995) mentions that even if actors do not know the specifics about certain topics they tend to go for the same cognitive or discursive structures that 'make sense' for their position.

## **2.3 The conceptual framework**

The conceptual framework is based on the theoretical framework in the last paragraph which represents the different variables involved in the research. The model underneath shows the successfulness in realizing sustainable urban developments and balancing the goals and priorities, balance of policy goals and the financial feasibility, of the discourse coalitions involved per case. The conceptual model is based on the Zone of Possible Agreement by Caputo (2015) which describes the interests of both parties in separate circles, the overlapping area represents the zone of possible agreements where the discourse coalitions in this case can find consensus. The consensus in this research being an agreement on the, although adjusted based on interests, goals and priorities of both discourse coalitions, sustainable urban development.



The conceptual framework visualizes the discourse coalitions that try to find a consensus to be able to realize an urban sustainable development, this takes place within the wider context of the value capture and legal framework in the Netherlands. The Dutch legal and value capture framework provide the preconditions that discourse coalitions are dependent on, also the limitations or obstacles that prevent value capture from occurring. Inside the Dutch legal and value capture framework in the Netherlands there are the discourse coalitions. These discourse coalitions are formed through the ADA approach, the operationalization of this approach is provided and expanded upon in the next chapter. In short, the discourse coalitions are formed through discourses, an ensemble of ideas, concepts, and categorizations, which form the basis of the storylines. Storylines are simplified narratives that bind multiple different elements of discourses together. Subsequently these storylines are then used to form the basis for a discourse coalition, so the storylines are the ‘cement’ that keeps the discourse coalitions together. So, the discourse coalitions are not actor centric but rather based on similar storylines and positions. Once the discourse coalitions have been formed, they will negotiate and discuss with each other to find consensus between the discourse coalitions and their respective storylines and discourses. This consensus can be found in the zone of possible agreement where both discourse coalitions overlap and find a zone of possible agreement on the sustainable urban development. This zone will provide the conditions, requirements, and terms where an agreement from both discourse coalitions can be found.

## 3. Methodology

### 3.1 Operationalisation

The ADA approach of Hajer offers an extensive theoretical framework but there is little focus on the operationalisation and practical side of it. Therefore, there is multiple different articles and academic literature about discourse theory that were used to develop a fitting operationalisation for this research. First, the conceptual approach and the operationalisation of the ADA approach, the first four steps are combined into two phases. This operationalisation paragraph will go into further details about operationalising these phases further with additional literature to provide a holistic approach to the entire research.

#### Operationalisation of the adjusted ADA approach

A discourse analytical study is a 'wholeness' of analysis and can be referred to as the 'complete package' of theory and method of discourse analysis (Jorgenson & Philip, 2002). The main analysing method of this research is through argumentative discourse analysis by Hajer (1995) which is the most appropriate approach for this case. Maarten Hajer made a conceptual approach for ADA in his book *Doing Discourse Analysis* (2006) which consists of ten steps.

Ten steps of Argumentative Discourse Analysis

"1. Desk research: general survey of the documents and positions in a given field; newspaper analysis, analysis of news sections in relevant journals. This all to make a first chronology and produce a first reading of events.

2. 'Helicopter interviews': interviews with three or four actors ('helicopters') that are chosen because they have the overview of the field be it from different positions. They might comprise a well-informed journalist, a key advisor to the government, an expert-policy maker.

3. Document analysis: analysing documents for structuring concepts, ideas, and categorizations; employment of story lines, metaphors, etc. This should result in a first attempt at defining structuring discourses in the discussion. At this stage one would get a basic notion of the process of events as well as the sites of discursive production.

4. Interviews with key players: on the basis of the proceeding steps interviews can be conducted with central actors in the political process. The interviews can be used to generate more information on causal chains ('which led to what') that will always be the assumed core of the meeting on part of the interviewees, but the interviews might also be used to get a better understanding of the meaning of particular events for the interviewees. [...]

5. Sites of argumentation: searching for data not simply to reconstruct the arguments used but to account for the argumentative exchange. Examples might be parliamentary debates, minutes of inquiries (a very rich source), presentation and interpretation of evidence presented to a particular research commission, panel discussions at conferences.

6. Analyse for positioning effects: actors can get 'caught up' in an interplay. They might force others to take up a particular role, but once others are aware of what is going on, they might also

try to refuse it. This positioning not only occurs on the level of persons but can of course also be found among institutions or even nation-states.

7. Identification of key incidents: this would lead to the identification of key incidents that are essential to understand the discursive dynamics in the chosen case. As much as possible, these key incidents are then transcribed in more detail allowing for more insights in which determined their political effects.

8. Analysis of practices in particular cases of argumentation: rather than assuming coherence on part of particular actors, at this stage one goes back to the data to see if the meaning of what is being said can be related to the practices in which it was said.

9. Interpretation: on this basis one may find a discursive order that governed a particular domain in a particular time. Ideally, one should produce an account of the discursive structures within a given discussion, as well as an interpretation of the practices, the sites of production that were of importance in explaining a particular course of events.

10. Second visit to key actors: discourses are inferred from reality by the analyst. Yet when respondents are confronted with the findings, they should at least recognize some of the hidden structures in language. Hence to revisit some key actors is a way of controlling if the analysis of the discursive space made sense.”

While Hajer (2006) provided the 10-step conceptual approach to ADA this approach is only partially used, more specifically the initial four steps of the approach are followed. These steps are in line with the type of data that this research is based on so these steps can be followed. Important to not it that all the ‘produced data’ is seen and treated as discursive interactions or language in use and therefore relevant to analyse in the argumentative discourse analysis. So, both the primary data, all the interviews, as well as the secondary data, mainly policy documents and reports, are relevant for the analysis. So, while there is no data being used of discursive interactions between actors debating each other the data that is collected and analysed is still equally treated as discursive interactions, in other words the language in use. The following steps in this 10-step approach are based on argumentative exchanges between several actors where they argue or discuss their positions with each other. Because this research does not include the argumentative exchanges between the involved actors it does not make sense to include these steps, it only includes the argumentative discourses but not the exchanges. Both the primary and secondary data is considered as language in use and therefore are discursive interactions. Although there is not a direct interaction between actors, the data is still relevant and sufficient for this research albeit in a slightly different approach.

For the first phase of the research, the desk research and document analysis will be combined into one phase, which will be the first phase of the research. Since both of these phases include text analysis, albeit different kind of documents. The first phase is more about general documents like news articles for example to get an initial idea about the development project. After this first general survey the document analysis follows which includes document such as policy documents that can already provide some structuring and categorizations in the discourses. Then for the second phase of the research the helicopter interviews and interviews with key players will also be combined into one phase which is the second phase. Just like the

first phase the two steps are quite similar which makes it able to combine the steps together. The first step is more general about helicopter interviews to have an initial overview in the positions of several actors, the second phase is where interviews with key players are conducted. So rather than keeping these steps separate these are combined and the key players are interviewed since these have already been identified in the first phase.

### **Preparation**

This step consists of establishing research questions, guiding questions, select relevant documents, test readings and reviewing guiding questions. The guiding questions are simply the first three sub questions in this research since these are based on the research question which help to analyse the text into certain categories (Esaiasson et al., 2017). This aligns with the first phase of the adjusted ADA approach, desk research and (policy) document analysis is central to this phase. So, the sub question provides the structure and categorization in this step. Only the last sub question is not used in the categorization since it is more focused on finding potential issues in the current value capture framework or improving this framework rather than categorizing the actors and their discourses. This way the focus is still on the argumentation where actors can argue their position and rationale, as well as what they think other actor's rationale and positions are.

### **How is an urban sustainable development reached between discourse coalitions, analysed through the ADA framework, and how can value capture potentially improve this?**

To answer the research question there is also several sub questions formulated,

- What are the prevailing discourses, challenges, and rationales per actor?
- How do all these discourses and other factors translate into storylines and eventually form a discourse coalition?
- How did the negotiation process go and where is the zone of possible agreement for the discourse coalitions?
- What are the obstacles in the current value capture framework?

The research question and sub questions together will give an initial understanding of the different discourses and reproduction of ideas, problems, and solutions through argumentation. Some questions might not be able to get answered depending on the actors since their positioning is not documented as much as the position of the municipality which is initiating all these policy documents.

However, most of the information is obtained through the interviews so these questions can be asked to all the involved actors. The interviews are also based on the same sub questions, but these are far more extensive in the interview guide with additional clarifying questions and follow up questions, this is provided in the [Appendix](#).

### **Coding and categorising**

While the preparation provides the structure and categorizations through the different sub questions this only sets the basis to distinguish different subjects. The actual discourses must be found through coding and eventually categorizing the data (Esaiasson et al., 2017). In this

step there is also multiple phases, colour coding text, sort, and record findings, find themes, sort themes into discourses, storylines and eventually discourse coalitions.

Because the discourses, storylines and discourse coalitions are not yet defined the coding process is done inductively, the findings are then sorted later since there is no way to pre-emptively categorize certain storylines or discourse coalitions. In this step both phases of the adjusted ADA approach are taken into account as both the primary and secondary data need to be coded and analysed to find the discourses and other variables that eventually will form the storylines and discourse coalitions. It is difficult to analyse qualitative data such as discourses and to be able to quantify these discourses, but it is possible through an analysis following certain steps.

First, colour coding is used to categorize the data, the colour coding is based on the sub questions, this goes for both the documents and the interview transcripts. The categorizations are based on the sub questions which results into the following variables: discourses, challenges, value capture rationales, negotiating goals and positions. A short overview of these variables to be able to sort the findings is provided underneath:

- **Discourses:** Indicates on what grounds and underlying assumptions, core themes, and discourses they argue for. The storylines later are built upon these assumptions.
- **Challenges:** Perspective of different actors on the difficulties and problems that occur during the urban redevelopment.
- **Rationales:** Indicates what their value capture rationale is, cost equivalency, externality mitigation or skimming of the development gains.
- **Negotiating goals and positions:** Indicates what the goals per actor are and what subjects are under negotiation and priorities per actor, also the negotiating position is of importance since this indicates the influence each actor has in the negotiations.

Once the data has been categorized based on the variables the qualitative coding process can begin. Bottom-up coding is used to begin with the sorting of findings and eventually form these into themes and storylines (Glaser, 1992). ATLAS.TI is used for the coding of the data, first the important pieces of text are selected, and quotations are added based on the importance of the text. The codes are then assigned inductively based on systematically assigning labels (codes) to the data which are the texts, consisting of policy documents and transcripts of the interviews. These codes then all fall under specific code groups which were already colour coded as previously described. This coded data is required since there is a sizeable amount of qualitative data and the coding provides answers to the research questions with a systematic approach (van Thiel, 2014). This also tackles the first premise of van Thiel (2014) of having a systematic approach to analysis in order to achieve the desired level of reliability and validity, the second premise however is that qualitative data analysis is an iterative process. This premise also met because the process involves the analysis of qualitative data inductively as well as deductively (Creswell & Poth, 2018). In this research the coding process is done inductively because the discourses and other variables are not yet known so these will be found within the coding process and dominant discourses will be found through quantifying their occurrence. The analysis of the codes and code groups however will be done deductively since this is based on

the ADA approach. This approach further analyses the codes and these are formed into storylines and discourse coalitions.

### **Analysis**

The last step is to analyse the findings through the ADA framework according through the three main concepts which are the discourses, storylines, and discourse coalitions. So, the initial coding process has already been completed in the previous phase where codes have been assigned to the important quotations in the text. Since the text was already categorized through colour coding in the first phase the codes all fall into a certain code group, categorized through colour coding.

The application of codes makes it so that the qualitative data can be quantified, the more times a specific code occurs the more dominant this code is. Through the quantification process the dominant codes per code group will arise. Certain codes that are occurring regularly, in different occasions and examples, will therefore stand out in their respective code group. The codes that have a significantly higher number of occurrences than other codes in their code group and therefore be considered the dominant codes. These codes will form the basis for all the variables as mentioned before and dominant discourses will arise. Additionally, the storylines can eventually be identified by combining similar dominant discourses and look for specific framing such as metaphors that try to simplify the narrative that is being pushed (Núñez, 1999). At last, after the dominant discourses are analysed through quantification and the storylines have been formed the actor's position is now known. Thus, the positioning of actors is analysed based on the dominant discourses and storylines, if these overlap to a certain extent this means they are aiming for similar approaches and results. In the case that two or more actors have overlapping discourses and storylines it makes sense for them to work together to achieve their shared goals as a discourse coalition.

## **3.2 Research methods**

### **Research methods**

Best suited for this research is a case study design since the goal is to gain specific insight into a certain topic (Harrison, 2017). So, it suits this research very well where the focus lies on a specific area where the process of a land value capture is taking place. Creswell (2007, p. 33) gives the following definition of a case study or multiple bounded systems (cases), "Case study research is a qualitative approach in which the investigator explores a bounded system (a case) or multiple bounded systems (cases) over time through detailed, in-depth data collection involving multiple sources of information (e.g., observations, interviews, audiovisual material, and documents and reports) and reports a case description and case-based themes".

The bounded systems, so multiple cases, is the approach that will be used in this research as well. The research however will differ slightly from a regular case study because it will just look at certain areas where the land value capture takes place. Using case areas is better suited for this research since the case areas do not need to be analysed completely as with a regular case study and solely the relevant factors need to be analysed (Van Thiel, 2014). The different cases are in dense urban municipalities which all have a rapidly growing population with a housing shortage and therefore need to perform an urban development within their city limits. This also goes hand in hand with national policy that strives to develop new urban spaces and housing

inside already existing urban areas (Rijksoverheid, 2021). This study will therefore have a case-driven approach which means that the adopted theoretical framework (ADA) is used to explain the cases, like regularly happens with the general problem-driven approach of interpretive policy (Glynos et al., 2009).

### Cases selection

To select the area cases there is certain selection criteria to ensure the three selected value capture projects are relevant and comparable to a certain extent (Van Thiel, 2014). This type of selection is called information-oriented selection which can be used to maximize the utility of information from small samples such as this research where only three cases are analysed (Flyvbjerg, 2011).

The first criteria of area cases are that they are all densely populated areas within a municipality that is anticipated to keep growing rapidly, 10% or more until 2035 (CBS, 2022a). This is done so the new insights and understandings are applicable for the municipalities with the biggest necessity to learn and gain insight from this research.

Bevolkingsgroei tussen 2021 en 2035 (prognose)

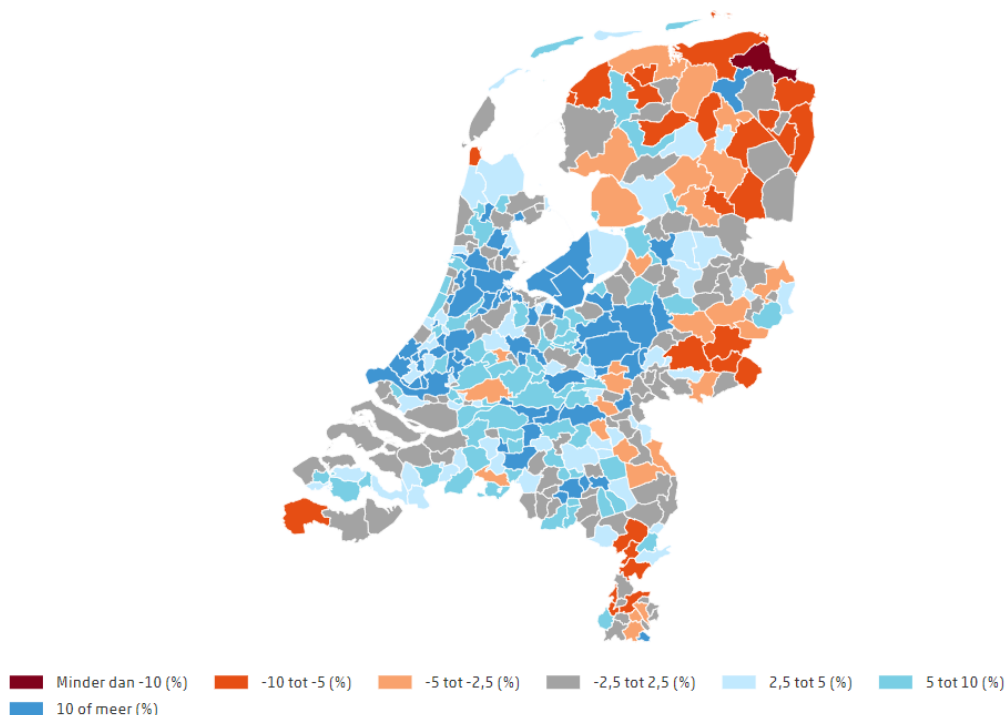


Figure 4: Population growth between 2021 and 2035 (prognosis) CBS, 2022a

The next criteria is about the size of the municipalities, the bigger municipalities like previously mentioned tend to recover a relatively higher percentage of the costs, due to high scarcity in dense urban areas and high demand, compared to smaller municipalities (De Leve, Geuting & Temming, 2021). Therefore, there is three categories to divide the urban municipalities based on the population size, the G100.000-minus which is all the municipalities with less than 100.000 people (CBS, 2024). The G 100.000-plus which is all the municipalities with more than 100.000

people. And then there is a special category called the G4 which includes the four biggest municipalities in the Netherlands with more than 250.000 people, all located in the “Randstad”.

The last criteria is that the negotiations between the involved actors need to be ongoing so the discourses, perspectives, positionings and goals of each actor can be clearly conveyed in the interviews. This also describes the issues when discussing an urban development regarding the policy goals and financial feasibility, what are the specific trade-offs and issues per case as well as the different actors involved in the case. So, none of the urban development cases that are picked have been developed yet, they are all in a negotiating process to some extent which varies per case. It varies from the cases where some have started with developing initial parts of the urban development yet while another case is still in ongoing discussion about the initial development. Whereas in Hoorn the first development phase has already been agreed upon by all actors, there is Eindhoven which are in their initial negotiations with all relevant actors. Lastly there is Rotterdam which are still in the land sprawling process and are not having any negotiations although they have started the participation process with the community (council). More details about the cases and their progress are provided later under each specific case. These different cases in different phases will contribute to additional information about the different perspectives from all the involved actors in different phases of negotiations and discussions around sustainable urban developments and possible value capture.

Important to point out is that Rotterdam with the Rijnhaven is an exception to the other cases, since they are performing active land development and are even creating new land through land sprawling while also opting to go for a public tender. So, while the other cases are very similar this case is quite different which can lead to the ruling out of certain variables or exploring of other and new explanations (Vogt et al., 2011). This could provide additional information about the discourses and successfulness of the municipality with active land policy to realize as much policy goals as possible while still financing the urban development through the use of a public tender. Because of a different approach with the public tender there will not be any negotiations in this case. However, this allows for a different perspective on the choices and considerations that the municipality has when going for a public tender rather than through negotiable developer obligations, not to mention a different perspective regarding the value capture that they can realize through this approach.

In total there is three different cases that are chosen, all in a different size category. In the G-100.000 minus category the municipality Hoorn is selected with its ambitious plans of the “Poort van Hoorn” which will be a big urban redevelopment around the station area in the inner city. Hoorn was chosen because this is one of the only G-100.000 minus municipalities, total inhabitants in Hoorn is ~75.000, that are expected to grow a lot in the coming years and have ambitious urban redevelopment plans which are being implemented currently. The Poort van Hoorn will in total add ~6000 new houses to the city of which 500 will be in this before mentioned station area most of the other houses will be built in less dense or rural areas. Most municipalities in this category do not have any real urban (re)development plans as they are still able to expand on the outskirts of the city. The second category is the G-100.000 plus category which the municipality of Eindhoven was chosen, total inhabitants is ~250.000, the urban (re)development is called Fellenoord which is an area next to the central station of Eindhoven. Fellenoord is a huge project which will offer housing for close to 15.000 people through the

development of 7500 new houses. Then the last category for the G4 municipalities of the Randstad the municipality of Rotterdam was chosen, in particular the Rijnhaven, a big urban development will take place here. An old harbour in Rotterdam will be redeveloped to new housing, close to 3000 new houses will be built in this area.

The cases all vary from each other in different aspects such as size, phase of the development and specific priorities in their urban developments but there is also a lot of factors that are quite similar in their urban development plans and the pace at which the municipalities are expected to grow. Furthermore, there are only three cases, and the actors are mostly represented by one single interviewee, so the research is certainly limited in that sense. The different phases of development per case also make it so the urban sustainable development has not been realized yet. However, they do provide a perspective from all relevant actors through the discourses and storylines, what they are concerned with and the accompanying challenges and considerations in this entire process. This also includes all the actor's perspectives and consideration about value capture. A brief overview with general information about all the cases is provided underneath.

### **Hoorn**

Hoorn is a relatively small municipality and city, with ~75.000 inhabitants, in the northwest of the Netherlands located in the province of Noord-Holland. The development progress in Hoorn is already ongoing where the first phase of the development is agreed upon and development for that phase has already begun. This first phase mostly consists of housing and the municipality's aim was to make a profitable development here to use these funds in other parts of the urban development. This will be used in other areas, mainly the station area, where there is a need for more financial contributions since providing infrastructure and improving mobility is not profitable in itself. This is important since the Poort van Hoorn is the major mobility hub in the region West-Friesland with close to 300.000 inhabitants, thousands of these inhabitants pass through Hoorn every day to Amsterdam or other cities in the Randstad.

As for the actors that are incorporated for the research of the Poort van Hoorn it is the municipality of course, the developer that is involved in the development of the first phase of the Poort van Hoorn and the housing corporation that is also involved in this first phase. There has been participation and information events where, current and future, residents could be informed and express their concerns and opinions. There is no representative group or organization in the Poort van Hoorn hence why it is not incorporated in this research as actor but rather the documentation of these information events has been added in the document analysis. Further information about the Poort van Hoorn, the vision, policy documents and the financial framework are provided in the [Appendix](#).

### **Eindhoven**

Eindhoven is a large municipality with ~250.000 inhabitants located in the South-east of the Netherlands in the province of Noord-Brabant. Eindhoven, also called Brainport region, is recognised as one of the three main economic areas of the Netherlands. This Brainport region is also the reason Eindhoven is, already experiencing, and expecting major growth in the area. They are especially focused on the urbanization tasks in the Netherlands and use this as a guiding document for their entire vision. The development of Fellenoord has not started yet as

the municipality is still in ongoing discussions with the other actors about the developments and the layout of the area. So, in this case there has been no agreements or developments yet, so it is interesting to look at the current discussion points and issues that they have not figured out yet.

The interviewed actors in Eindhoven are the same as in Hoorn, so this includes an actor from the municipality, an actor from one of the developers and an actor from the housing corporation. These are the only actors that are currently involved in the negotiations and there has not been any form of participation yet while the negotiations are still in an early stage, however the municipality does indicate that they are going to engage in participation in the future. Additional information of Fellenoord such as the vision, policy documents and the financial framework are provided in the [Appendix](#).

### **Rotterdam**

The last case is the municipality of Rotterdam which has more than 650.000 inhabitants, Rotterdam is the second largest city in the Netherlands after Amsterdam. Rotterdam is known for their harbour which was the largest harbour in the world for a long time and remains one of the most important and biggest harbours in Europe to this day. The urban development for Rotterdam is the one of Rijnhaven, a former harbour near the city centre. One-third of the harbour basin is being pumped dry and filled with land to create extra living space for housing as well as public spaces such as parks. The initial developments of the Rijnhaven have started already with active land policy through land sprawling, this is a slow process that takes a long time. Like mentioned before this is quite a special case since the newly created land is owned by the municipality. Therefore, this active land policy differs from the other cases so it is interesting to see in how far they can influence the development of the project, regarding their policy goals and financing side with possibly utilizing value capture in this case. The municipality is therefore planning to do a public tender for this new land they have created, therefore there is no negotiable developer obligations in this case.

So, Rotterdam is a clear outlier and different from the other cases. First because they are using active land policy and creating new land in the Rijnhaven. Additionally, there are no ongoing negotiations at all since there is no developer or housing corporation involved yet, they are planning to do a public tender. Therefore, instead of using the same actors as the other cases there are two actors of the municipality incorporated and the community (council) is taken as third actor to also provide an additional perspective on the matter. The municipal actors are both in different functions which provide a different perspective on the case as well. One is a contract and market specialist of the municipality of Rotterdam and the other is an area operation consultant, focused on value capture, at the municipality of Rotterdam. Lastly, there is the community council, a representative council for the residents and community in the specific neighbourhood where the Rijnhaven will be developed. So, the actors in this case are quite different from the previous ones which makes for an interesting comparison and different results. For the Rijnhaven it is interesting to point out differences in their approach compared to the other cases, the different perspectives and discourses, reasoning for a public tender and their general approach to value capture for Rotterdam as a whole also considering this could be transferred over to provide funds for the Rijnhaven. The focus in this case is therefore on the initial phase of the development, finding a balance the policy goals and financial viability with

the public tender and additionally incorporate the participation that is involved in this process. , The vision, policy documents and the financial framework of the Rijnhaven are provided in more detail in the [Appendix](#).

### **3.3 Data collection and data analysis**

#### **Data collection**

This research is mostly based on primary data, but secondary data is also used. Primary data is data that is collected by the researcher, in this case through semi-structured interviews with all the actors from the different cases. The secondary data in this research primarily consists of government policy documents and government reports which are used mostly for the desk research phase as well as the document analysis where the different discourses and variables can be distinguished and categorized.

For the secondary data, the documents that will be used are primarily the policy documents that are made specifically for that value capture project, more so focused on the local level of discourses. These policy documents are all published by the municipalities, so the secondary data is mostly focused on the municipality as main actor for this. The urban development projects are extensively documented and explained in development visions and urban development plans. These plans are specifically made for the urban development project and therefore the most important and fitting for this research. These development visions and development plans are often (partially) based on other international, national, or provincial documentation. International agreements such as the DSG's could influence the development of national policy such as the Spatial planning policy (Beleid Ruimtelijke ordening), National Livability and Security Program (Nationaal Programma Leefbaarheid en Veiligheid) and the National Environmental Vision (Nationale Omgevingsvisie). These National policies are then again translated and partially used in the development plans of municipalities, so while international or national policies are not analysed directly these are included in the policies of municipalities and therefore still included under these development plans.

Central to this research is to gain a better understanding of the development process of sustainable urban developments and the actors that are involved, a semi-structured interview is ideally suited for this purpose (Hay, 2010). It is necessary to conduct semi-structured interviews to understand the thought process and to get a deeper level of understanding of the discourses from all actors. It is important to have specific questions prepared and have the possibility to ask more in depth and clarifying questions although the semi-structured interview should not deviate too much from the topic (Bryman, 2008). Another important notion for the interviews is to avoid any guiding questions or questions that steer the interviewee in a certain way. To prevent this, open-ended questions are used so the interviewee can give his unbiased and honest answer (Bryman, 2012).

For the value capture projects there will be three projects selected within a municipality which fit the selection criteria. The municipality is the first actor and the most dominant actor when it comes to the secondary data that is used, since this is mostly policy documents. Next to the municipality there are typically several other actors involved in an urban development, usually through a NDO (anterieure overeenkomst), such as the developer(s), private individuals, resident boards, housing associations, organisations and any other people that have

involvement with the particular development (Muñoz Gielen, 2014). So, the actors can differ depending on the specific development and the location but some actors such as the municipality, developers, housing associations and private individuals living in the area will always be involved.

So, all relevant actors per urban development project have been interviewed depending on which phase they are in so different actors are involved. For every relevant actor there has been at least one interview held with a representative for this group to be able to cover all the perspectives per urban redevelopment. In the table underneath the different interviewees are showed with their respective function or job title. All the interviewees will remain anonymous so only their job title will be shown in the tables with their respective employer.

Table 1: Interviewees and policy documents of urban redevelopment in Fellenoord, Eindhoven

<b>Interviewee Eindhoven</b>	<b>Job title</b>
#1	Project manager municipality of Eindhoven, sector spatial planning
#2	Asset manager for a housing a corporation in Eindhoven
#3	Commercial director at a developer
<b>Policy Document</b>	<b>Name of the document</b>
#1	Development vision Fellenoord

Table 2: Interviewees and policy documents of urban redevelopment in Poort van Hoorn

<b>Interviewee Hoorn</b>	<b>Job title</b>
#1	Program manager at municipality of Hoorn
#2	Team manager at housing corporation in Hoorn
#3	Area developer
<b>Policy Document</b>	<b>Name of the document</b>
#1	Urban development plan Poort van Hoorn
#2	Updated strategic plan Poort van Hoorn
#3	Participation, discussion with inhabitants of Poort van Hoorn

Table 3: Interviewees and policy documents of urban redevelopment in Rijnhaven, Rotterdam

<b>Interviewee Rotterdam</b>	<b>Job title</b>
#1	Market and contract specialist at municipality of Rotterdam
#2	Area operation consultant at municipality of Rotterdam
#3	Member of the community council in Rotterdam
<b>Policy Document</b>	<b>Name of the document</b>
#1	Urban development plan Rijnhaven

### Data analysis

The methods of data analysis are dependent on the data collection and cases (Harrison, 2017). To be able to analyse a large set of qualitative data ATLAS.TI will be used. This tool has lots of

options to be able to systematically analyse the data through quotations, codes and code groups which then can be further split up and analysed inside ATLAS. Like mentioned in the methodological approach this data will be categorized according to the variables of the sub questions, eventually analysed further according to the argumentative discourse analysis. This process has already been described in more details in the analysis under the operationalisation.

The variables are case dependant and very specific, especially the variables such as discourses, challenges and solutions. Every actor gives their own perspective per case which leads to a lot of answers that significantly differ from each other. Therefore, there are a lot of individual codes that cannot be categorized under a more general code which leads to lots of different individual codes. Some individual codes therefore are not frequent at all but still coded to analyse every perspective. In total the analysis in ATLAS.TI includes 14 documents with 751 codes, 647 quotations, 211 individual codes which are categorized under 6 different code groups. Some quotations have been coded multiple times and therefore there are more codes in total than there are quotations.

Table 4: table of code groups, individual codes, and number of codes in ATLAS.TI.

<b>Code group</b>	<b>Different individual codes (per code group)</b>	<b>Number of codes assigned in total (per code group)</b>
Challenges	36	105
Discourses	74	319
Negotiations	29	114
Regulations	8	15
Solutions	47	123
Value capture rationale	17	75

The amount of data that has been collected from each case is relatively similar to each other. Poort van Hoorn has 229 total amounts of codes, Fellenoord has 267 total amount of codes and the Rijnhaven has 255 total amounts of codes from all the analysed data. More specifically the cases can be split into the secondary data and primary data. For the secondary data, the amount of data that has been analysed from Fellenoord and the Rijnhaven is very similar with respectively 115 and 120 number of codes in total. However, the Poort van Hoorn is not as similar since the development plan of this case is less extensive, leading to a number of 58 codes. Therefore, additional secondary data is added, apart from the development vision as in the other cases, as seen in the data collection such as an updated strategic plan to gather more secondary data for this case. This has led to an increase in the number of codes to 76 which makes it more comparable to the amount of codes in the other cases. Last there is the primary data, the interviews, which is actually fairly similar for all the cases. The average number of codes per interview for the Poort van Hoorn is 51, Fellenoord is exactly the same at 51 and the Rijnhaven is slightly lower with 45. So, the difference in average codes per interview for all the cases is low, this indicates that the amount of useful information that is retrieved from all the interviews per case is similar, and the information density is comparable which is good.

### 3.4 Validity and reliability of the research

#### Validity

Validity means that the findings and conclusions of the research are integer. Furthermore, there is a distinction between internal and external validity. Internal validity is about the integrity of the research itself and external validity is about the generalizability of the findings of the research (van Thiel, 2014). Important is that the measurements also reflect what the research is trying to measure otherwise this could lead to incorrect findings. Therefore, the internal validity of the research is improved by using triangulation, according to Hales (2010) there is several methods for triangulation which are all used in this research. First, data triangulation, this refers to a variety of sources of information to answer the research question which in this research consist of literature, reports, policy documents as well as the primary data which consist of interviews with a variety of actors. First is the method triangulation, this is used to ensure the use of multiple research methods, in this study there is a variety of methods used namely the desk research, document analysis and semi-structured interviews. Second is the investigator triangulation, this refers to the research or peer reviews during the research process. This has been done, albeit to a lesser extent, through the consultancy and coordination with the supervisor in this research process. Last there is the theory triangulation; by viewing the research question from multiple theoretical perspectives it can lead to different results. This has extensively been discussed and reasoned in the theoretical approach already. Furthermore, the external validity, the generalizability of this research might be limited of scope because it is limited to Dutch municipalities of medium to big sized cities and the method of qualitative case studies makes for a rather small sample size. Large scale studies will usually have a higher external validity than this research, however the goal of this research is to research a few case studies extensively and gain new insight in these cases. Even if the external validity is on the lower end the results of the study could be useful for other municipalities or stakeholders in the Netherlands, which are facing similar situations.

#### Reliability

Reliability is the repeatability and accuracy of the research (van Thiel, 2014). This is also split up in internal reliability which is the consistency in data collection and external reliability, consistency in results and findings. With qualitative research however it is often hard to replicate the exact same results because of interpretations from the researcher as well as various external factors it is often not possible to conduct the exact same interview (Guba, 1994) However there are procedures to improve the reliability of the research significantly. Because of this an interview guide is used for the semi-structured interviews, this will form a consistency in the data collection by asking the exact same question to all interviewees, this interview guide can be found in [Appendix 1](#). At the same time, it is important for the interviewer to be able to go into further detail and ask clarifying questions because gaining new insights is ultimately the goal. Also, by avoiding probing questions this will lead to the actual answers of the interviewees without any influence or biases because of the interviewer.

## 4. Results

For this chapter, the results are structured like mentioned previously in the conceptual framework. The variables form the structuration of the coding process where each variable is represented by a code group. The cases are then analysed in more detail and all the differences in variables are compared to give a clear overview of all the cases.

### 4.1 Discourses

The discourses and underlying assumptions indicate on what grounds, which core themes and discourses they argue for their value capture rationale. The storylines are built upon these assumptions.

For this paragraph, the secondary data is used to be able to identify dominant discourses in the documentation which is not used as much in different paragraphs. Most of this secondary data consists of policy documents so the discourses stemming from the municipalities are quite prevalent and dominant. Especially compared to the other actors of which their discourses are mainly retrieved from the interviews as they do not have specific published (policy) documents about every project they are involved in whereas the municipalities have extensive documentation about all their urban development projects. On top of that the other actors, especially the developers, have less specific policy goals if any at all since they focus on different priorities and goals. Despite these policy goals not being the focus of developers, or housing corporations to some extent, they are still concerned with them since it is inevitable when developing projects. They are always dealing with a range of goals that municipalities and the government in general is aiming for which makes it so that they are used to more general sustainability and quality requirements.

#### 4.1.1 Poort van Hoorn

##### *Connectivity*

The most mentioned discourse in the Poort van Hoorn is the importance of connectivity. So, the connectivity and the accessibility are of great importance for this urban development. The discourse of creating a mobility hub is often mentioned together with the connectivity and is mostly about creating a mobility hub through public transport and the train station so the city is well connected to the surrounding area and rest of the country. Interesting is that all different interviewees and the vision documents mention the connectivity of the area as a priority and think it is an important aspect of the redevelopment. In the vision documents it is more spoken of as an important hub to the wider region “It is literally the mobility hub of Hoorn, West Friesland and the entire upper region of Noord Holland with 300.000 inhabitants” (Policy document Hoorn, #1).

The Poort van Hoorn is also described as “The multimodal hub where all traffic flows come together from public transport to cars, bikes and pedestrians” (Policy document Hoorn, #1). This is something else that is mentioned frequently in the policy documents which is the sustainable mobility. This discourse of sustainable mobility often revolves around less cars and more focus on walking, biking, and public transport as primary ways of transportation. This is also clearly important as it is often mentioned in the policy documents and mentioned in some of the interviews, especially by the municipality. The interviewees also mention the connectivity

but also put an emphasis on the extra inhabitants that will come from the redevelopment which also demands more connectivity for the region “The city is growing and the extra 6000 houses in total with around 12.000 extra inhabitants is a cause for concern with regards to the mobility and connectivity, we need to make sure the different ways of transport are well connected and there is a smooth transition possible” (Interview Hoorn, #1). The station area with the trains as well as the bus station is deemed very important even by other actors that are not directly connected to the station area “You can clearly see the focus is on the station when you look at the bigger picture” (Interview Hoorn, #3).

### ***Sustainability***

This discourse about sustainability is very common and used in a variety of different contexts. One of the most frequently used discourses that is used for justifying the importance of sustainability is the climate change that is happening, and this is noticeable in the analysis where all the participants mention this at least once. Housing corporations mention that “the sustainability is really important, especially looking at the climate change and building for the future we want to build in a way that is climate neutral” (Interview Hoorn, #2). But also, the developers express their concerns about “climate adaptation” and “heat stress in urban areas” (Interview Hoorn, #3). The sustainability discourse is also very common because of the European regulation such as the sustainable development goals together with the national policy in the Netherlands as the coalition agreement that are mentioned “for example the biodiversity is important as well even in the city, we have national guidelines we have to adhere to and we cannot possibly legally get our zoning plan approved without all these aspects” and later on the interviewee mentioned “Those guidelines then result in Natura 2000 areas with certain regulations” (Interview Hoorn, #1). Especially the addition of more greenery and green areas is mentioned often. This is especially something that is frequently brought up in the urban development plans where “the first look towards the city from the station should be a sustainable and a ‘Hoorns’ visiting card with plenty of greenery, public spaces and biodiversity where exercising is stimulated by focusing on biking and walking” (Policy document Hoorn, #1). Here as well the sustainable mobility that was mentioned in the connectivity discourse earlier is touched up on again as the mobility and sustainability perfectly combine and could be put into both categories.

### ***Liveability & mixed functions***

Keeping a high level of liveability in the urban redevelopment while intensifying the amount of housing in the area is a big challenge and is mentioned quite often, especially in the urban development plans and updated strategy. Often, it is referred to as an “attractive place” and a “place to stay.” Especially the public spaces are important in this aspect with a high quality of liveability is essential, this includes the additions of public parks, public squares, and other greenery (Policy document Hoorn, #1 & #2). The interviewees do not specifically mention the liveability of the redevelopment as a key factor although they of course aim to keep a high liveability they tend to mention other discourses first or indirectly talk about improving the liveability.

Something that adds to the liveability is the mixed functions, these are the different functions that buildings and houses have in the city, this can be mixed between housing specifically so a mix of social housing, rental housing and owner-occupied housing. But also, the different

functions overall so housing, working, public spaces and other functions. Mixed functions are often mentioned in the Poort van Hoorn around the station area “The station area is the main opportunity to connect the city and there is a clear choice for areas with certain qualities and identities” and “the surroundings of the station benefit from a good mix of functions, next to connectivity it is also about the quality of the areas and getting people to stay rather than just move through the area” (Policy document Hoorn, #1). The interviewees, mainly the municipality, also view the mixed functions as an important discourse. “It is way more than just building more housing, there is 15.000 m<sup>2</sup> of amenities and public space which ranges from public services to offices, retail, and catering industry. It is important to have mixed functions in this area and be an extension of the city centre” (Interview Hoorn, #1). Another discourse that is often mentioned together with the mixed functions is the discourse of creating/keeping the identity of the place. Most of the times this is in relation to the old identity, which is also the case in Hoorn. It is an interesting discourse since the identity is often referred to as a “feeling” and “character of the place” which are quite vague and subjective (Policy document Hoorn, #1).

### ***Expectations in line with each other***

Something that comes back in all the interviews is that the cooperation was quite smooth and successful for the first phase of the development. A big part of this is the expectations of the municipality that are in line with the other actors, the developer already knows what is expected of him with regards to the social needs and general liveability requirements. This is also shown in the previous discourses which mostly stem from the municipality but there is also additional comments and support for some these discourses, up to a certain extent, from other actors. Furthermore, the actors confirm that they are aware of these needs “We as well as developer have a social responsibility, for example with sustainability. Within our company there is certain KPI’s that have been set which we agree to and consider with all developments” (Interview Hoorn, #3). Another contributing factor to these expectations that are in line with each other is the actors in this case have all worked together previously therefore the expectations are more adjusted to each other.

### ***Municipality has high ambitions (station area)***

Whereas the negotiations and cooperation between all the actors were quite smooth and successful for the first phase of the development there is other phases, especially the station area, which are more difficult. The other actors indicate that the municipality is setting a high ambition which in their perspective brings many difficulties with it. First of all the financial feasibility is reduced by the implementation of a large amount of requirements and infrastructure which leads to even more expenses and worries for the developers if they are striving for too much “Well financially speaking the Poort van Hoorn is really hard for them, especially if you consider an extra tunnel underneath the railway which is a huge expense” (Interview Hoorn, #3). The housing corporation also supports these financial worries about the development and also adds worries about the extra workload this will bring “Not just the financial aspect but the personnel capacity as well, can they suffice the ambition that they are aiming for right now” (Interview Hoorn, #2). The developer also underpins this issue about personnel capacity, furthermore they both believe that time for the development should also be considered an important factor in the development process “I think there are enough development plans but if you see how much time passed before it can finally be developed. See, that is a big issue” (Interview Hoorn, #2).

### ***Provide fitting housing***

This discourse of providing more fitting housing supply stems specifically from the housing corporation. Depending on the development area there could be different needs for housing, the housing corporation is just focused on adding the types of housing that are needed for the area and representative for the future residents that will live here. In this case for the housing corporation, it is solely adding more social housing, especially focusing on younger people as well that have less monetary resources to work with “In this location it is purely adding social housing. In other locations though we could have more of a mix of social housing and healthcare housing for example” (Interview Hoorn, #2).

#### **4.1.2 Fellenoord Eindhoven**

### ***Inclusivity & affordable housing***

The inclusivity is an important theme as well for Fellenoord and Eindhoven, especially concerning the affordable housing. The municipality is aiming very high with 85% affordable housing. Inclusivity is not just about housing and affordable prices but also about the mix of certain types of houses and other functions in neighbourhoods and the social tasks and needs of the area “Inclusivity, this includes the housing program, social amenities, taking care of societal problems and needs” (Policy document Eindhoven, #1). The affordable housing in Fellenoord with 85% is a huge task and something the municipality is really focused on in this development. The municipality thinks this discourse of providing a lot of affordable housing is a priority and this will help to “provide affordable and fitting housing for the regular civilians” (Interview Eindhoven, #1). The other actors do not necessarily agree with this, and their discourse therefore is that 85% affordable housing is too much and does not benefit the area. The housing corporations do not see 85% affordable housing as a correct representative for the inhabitants of Eindhoven “It is a really high percentage, almost unheard of. You also must look at supplying the right kind of housing and fitting housing with a mixed supply of housing and varying houses and inhabitants.” Additionally, they also worry about the quality of the housing “It is also important to look at the sustainability and the liveability of the neighbourhoods you create. Not to mention the quality of the houses and the materials that are used as well as the space of the houses, they are all on the smaller side” Interview Eindhoven, #2). The developers are more worried about the financial feasibility of a project with 85% social housing “That is the major requirement we are struggling with since we do not have a positive business case if we are just looking at the development right now” (Interview Eindhoven, #3).

### ***Liveability & mixed functions***

The liveability of the area is an important theme within Fellenoord and to provide a high liveability it is often combined with the mixed functions of the area. The municipality is very much aware of the need for mixed functions to keep the environment’s liveability high “This requires a government that invests in the development of a liveable, healthy and attractive region to live, work, study and stay” (Policy document Eindhoven, #1). The municipality wants to provide the highest quality and liveability possible “We as municipality focus on the quality and liveability of the area but are constricted by the financial feasibility etc.” (interview Eindhoven, #1). Other actors notice this as well “It is also the combination and mixture since it is not just housing. The municipality is trying to shuffle and think about what has to go where? Living, studying, shopping and all of that” (Interview Eindhoven, #3).

### **Connectivity through mobility hub**

As Fellenoord is located around the station area it makes sense that the connectivity and mobility is key. Eindhoven is also focusing on being an international mobility hub rather than just local or national “Internationalisation leads to more demand for connectivity, improving the international connectivity is therefore wishful as well. It is important to extend the railways over the borders to allow easy traveling to Germany, Belgium, and England” (Policy document Eindhoven, #1). All the interviewees view this as an important factor, a developer mentions that “It has to be sufficient, from a planning point of view and looking at the walking routes to the neighbourhoods nearby and not just focus on building more housing without thinking about how people will actually get to their homes” (Interview Eindhoven, #3). The larger scale of Eindhoven makes it stand out as Fellenoord is a very large project and Eindhoven is also amongst the larger cities in the Netherlands with an airport and many international immigrants that come to work in the brain port and at companies as ASML. These are all reasons for Eindhoven to focus on international mobility and being a mobility hub for Noord Brabant and the Netherlands in general “So to create one big mobility hub with Knoop XL (Fellenoord) not just in the Netherlands but also with connections internationally to Brussel for example. We are aiming for a large jump in scale here with the entire project” (Interview Eindhoven, #1).

### **Sustainability**

Sustainability is a very common discourse in Fellenoord. It is mentioned in the urban development plans as well as by all the interviewees. Sustainability can be applied to a wide range of subjects “Sustainability, greenery, climate adaptation, circularity etc.” (Policy document Eindhoven, #1). For more concrete examples of sustainability measures the municipality is focused on several measures “For example the big underground heat regulation network that the municipality is developing. Other sustainable solutions such as solar generated energy, isolating buildings and re-using old infrastructure and buildings” (Interview Eindhoven, #1). Not only should the developments be minimizing the effect on the surroundings but providing a very high-quality development is key “This development is not for the next 10 years but rather the next 100 years, maybe even longer. That is why I think the quality of the development is priority. In my opinion sustainability is very widespread, but the main criteria is the life cycle durability of the development” (Interview Eindhoven, #2). The interviewees and policy documents both mention the national environmental vision or national guidelines such as the coalition agreement as an underlying discourse for the sustainable goals they have set “In response to the national environmental vision it is important to fulfil the social tasks such as climate and sustainability” (Policy document Eindhoven, #1).

Sustainability and mobility are both common discourses in Fellenoord and mentioned together frequently. Sustainable mobility therefore is an important discourse to distinguish on itself. In general, this means the absence and disincentivizing of cars in cities and promoting the use of public transportation, shared mobility, walking and cycling “With such an urban development it is important to strive for healthy sustainable mobility. Cars are environment-unfriendly and pollute the city, therefore we want to stimulate healthier and more sustainable ways of transport” (Policy document Eindhoven, #1). It is clear to see that this is an important discourse for Fellenoord “Cycling for example is clearly an important theme for this development” (Interviewee Eindhoven, #3).

### ***Too much affordable housing***

Both the developer and housing corporation are in a major disagreement with the municipality about the amount of affordable housing at 85%. The developer sees this as an issue regarding the financial feasibility, with the 85% affordable housing in place and no additional financial support the development is not financially viable for them “Eventually to realize a viable development the municipality will have to make some financial contributions to realize their ambitions, there is no other way to make it financially viable” (Interview Eindhoven, #3). For developers it is relatively easy as they are a profit driven company and simply will not develop unless there is a profitable case “As it stands we cannot develop as there is no business case yet, we are looking to find some solutions where we can both benefit and achieve a result we are all content with but the municipality will have to change some things before that is a possibility” (interview Eindhoven, #3).

The housing corporation also disagrees with the 85% affordable housing but not for the same financial feasibility reasons. Instead, they argue that the amount of affordable housing is too much for the area and a more representative and fitting housing supply is better. They argue the amount of social housing that is added should be representative of the society, provide a good mix of types of housing and should also be of high quality “They keep pushing for the 85% affordable housing while that is not representative and on top of that they are just focused on the quantity of housing and not the quality of it” (Interview Eindhoven, #2). So, they argue that adding more fitting housing that benefits the area through a variety of housing that are of high quality is more important than hitting an arbitrary number.

### ***Municipality not always reliable***

Both actors also mention that the municipality is not reliable, mostly because certain previous agreements have not been upheld and the changes in terms of policies and plans make it so the actors cannot fully trust upon the municipality. The housing corporation mentions previous agreements about quality of housing “I think it is a shame that the municipality pushes this affordability so hard while we agreed to set some quality requirements a couple years ago for the housing developments with the municipality and housing corporations” (Interview Eindhoven, #2). The housing corporation furthermore mentions that they are missing the ‘bigger picture’ plan of the municipality and are not sure why they are focusing so much on certain aspects while neglecting others. The developer had similar experiences with the municipality that plans keep changing which makes it hard for them to plan accordingly “We have had things happen in the past where the municipality is changing plans. But of course, they have their reasoning and also the political and administrative affects” (Interview Eindhoven, #3). This is mostly because the municipality is the official apparatus that implements the decisions that are made in politics. For example, the new regulation regarding the affordable rent act is something that is decided in politics and therefore this could be seen as unreliable, especially in earlier phases where the regulation was not yet clear.

#### **4.1.3 Rijnhaven Rotterdam**

##### ***Intensification***

The Rijnhaven is focusing on the intensification of the area, first through land sprawl and transforming water areas into new land. This causes for more land area to be developed, second

of all the development is with a very high density of housing. The urban development plan uses words as “highly- urban,” “great size and scale” and “high density” to describe the development and the intensification of housing that is realized. The intensification is mostly realized through high rise buildings. With the limited amount of space available and the huge demand for housing it is a logical consequence “We are going to develop with really high towers, so we have to be aware of how we fit this in with the rest of the environment. Look we can build up to 250 meters high, so it is a lot” (Interview Rotterdam, #1). So, the municipality is choosing to develop with super high-rise buildings in order to provide a lot of housing, but they are also aware of the issues that come with the high towers. The community council also describes the development of the Rijnhaven as really dense and with a lot of high-rise buildings but is not very positive in his perspective “When it started out it was around 40 floors high but now, we are already up to 80” (Interview Rotterdam, #3).

### ***Mixed functions & inclusivity***

Just like in the other development the mixing of different functions and mixed housing is of importance here as well. There is a lot of different areas and functions that come together in the Rijnhaven which makes it both challenging and interesting “the great location, considerable size and unique character offer the chance to create a special combination of city, water and park where the Rijnhaven can become a beloved place for living, working and residing” (Policy document Rotterdam, #1). This is clearly visible in the urban development plans and the municipality also underpins this even more “It is really a mixed block, the towers are huge, but it is not just housing. On the lower levels there is many other functions, so it really is focused on mixed functions in the area” (Interview Rotterdam, #1). Next to the mixed functions within the area there is a mix within the types of housing to keep the supply of housing diverse. The urban development plan goes into more details about the different limits and distribution “circa 50% of 50-65 m<sup>2</sup> circa 25% is 65-85 m<sup>2</sup> and 25% is bigger than 85 m<sup>2</sup>” (Policy document Rotterdam, #1).

Expanding upon the mixed functions is the inclusivity of the Rijnhaven, this means that people can freely participate in the area, meet each other, and feel free and welcomed. So, an inclusive city centre encompasses a lot of different aspects “it should not matter who you are or where you grow up to have the same possibilities of good education, housing and employment. It should be accessible for everyone, a connecting destination and be shared together” (Policy document, #1). The municipality describes the inclusivity as “one of the main themes of the Rijnhaven” (Interview Rotterdam, #1). It is important as well when looking at the inclusivity, to fit the new development in the surrounding area. It should connect and flow into one area to another so there is no clear divide between certain neighbourhoods that are older and typically not as wealthy.

### ***Retain the identity of the area (water)***

It is considered really important and one of the big themes within the Rijnhaven development to retain the character and identity of the Rijnhaven. So, the development will take place considered the cultural history of the place “The characteristic shapes of the harbour and the sphere of the harbour with the big open water space as special point” (Policy document Rotterdam, #1). It is also important for the municipality with this development to keep the Rotterdam culture and history of the harbour “We want to justice to the history of the place; we

are in the old port basins. 20 years ago, there would be a lot of ships here and we still have four pillars to resemble this” (Interview Rotterdam, #1). The identity and character of the Rijnhaven are mostly based on, like the name suggests, harbour and therefore the central point of it is the water. So even though part of the water is being transformed to land and more housing and living space it remains the central point of the development “The whole basin is 21 acres of space. The basin is an asymmetrical pentagon shape with high rise buildings surrounding the water which makes it open and sheltered at the same time. The water is accessible from all areas and with a perimeter of only 2,2 kilometres it is the perfect distance for a short walk” (Policy document Rotterdam, #1).

### ***Create a visually appealing development***

It is a key component to the Rijnhaven to intensify like mentioned before but it is also key to still keep the area appealing and be an addition to the rest of the city “according to the growing ambitions, stated in the Rotterdam environmental vision, not just to densify the area but also to contribute and enrich and enhance the surrounding neighbourhoods and entire inner city” (Policy document Rotterdam, #1). This is definitely something the municipality is thinking about a lot and also struggling with the financial consequences “Well, you have the building code where you have to oblige to, but you can of course build more sustainable or visually more appealing but it is also more expensive of course” (Interview Rotterdam, #1). Next to the water as central point for the Rijnhaven it is also important to look at the greenery in the city to make the development more appealing for inhabitants. The urban development plan speaks a lot about “enhancing the green-blue connections and networks in the city to make it more appealing and biodiverse” (Policy document Rotterdam, #1). Especially considering the huge influx of new people and high density of housing it is important to have these green areas for people to go to relax and enjoy their free time. It is difficult for the municipality to provide this since creating housing also brings in money but providing greenery and parks only costs them money “It does not get financed by the government, or maybe just partly. The whole park which we plan to develop, they just say well you are going to develop a lot of housing, so you also have to make it a liveable environment. So that is public spaces and parks etc.” (Interview Rotterdam, #1)

### ***Connectivity***

The connectivity in the Rijnhaven is important although it is not the main focus of the development, it is essential for the area to be well connected and easily accessible “good mobility to the rest of the city, through the metro, the tram network but also through slow moving traffic such as walking and biking” (Policy document Rotterdam, #1). In the interviews the connectivity is not mentioned as much as it is not one of the major focus points of the development itself, but it is rather a basic need in every development. The community (council) however does find the lack of focus on connectivity, amongst other factors, a concern.

### ***Increasing financial stress***

A regular discourse in this development is the rising financial stress. Because of high ambitions and the high quality of space that they want to realize in the Rijnhaven this brings additional costs with them. The plan itself was already quite ambitious to start off with, the land sprawling is a long and expensive process which is combined with the rising development costs “We certainly are experiencing financial stress because we see that the quality requirements keep

increasing and the profitability, under current market conditions with rising development costs, is reducing further” (Interview Rotterdam, #1). The area operation consultant of the municipality underpins this message and refers to the Rijnhaven as an “all or nothing development” referring at the risks of this development which undergoes a process of land creation and long development which brings additional risks. They do however still try to mitigate the risks “You cannot leave this development to the market, and you also cannot complete the land sprawling in phases since it has to be done completely. However, the development process can be done in phases and the risk of these types of projects can also be spread in the entire city, so we have some risk management and spread” (Interview Rotterdam, #2).

### ***Pretence participation process***

The community council can only influence the development through the participation process where the voice of the community and (future) residents is heard. However, they refer to this participation as “seeming participation” or “pretence participation” since the participation process does occur, but the input of the community is not actually considered at all in their experience. They have pointed out several issues in the current plans like the traffic safety, mobility and connectivity, parking areas and negative effects of the high-rise buildings but these are all not actually taken into account. Hence why the community council feels neglected and not heard by the municipality, they refer to the municipality as “unreliable and not trustworthy” (Interview Rotterdam, #3). Additionally the bureaucracy in the municipality is also seen as a big issue, someone needs to take accountability and responsibility according to them “they are waiting for it to go wrong but nobody dears to speak up” and he even refers to the municipality as a “wasp nest” to describe the situation (Interview Rotterdam, #3).

## **4.2 Challenges**

The main challenges in the development plan are put in perspective and views of different actors on the challenges that occur during the urban development process are illustrated. These can be relatively similar, or be a consequence of certain discourses, which were stated in the last paragraph. It is important to state the challenges and issues that are specific to every project and will be analysed in further details in the negotiations paragraph.

### **4.2.1 Poort van Hoorn**

#### ***Intensification***

The strong intensification of Hoorn is the main challenge that results into several more specific issues and challenges. First, it causes issues with regards to the liveability and lack of quality public space in the area “The whole area is recognized by a lack of quality in comfort and urban spatial quality” (Policy document Hoorn, #1). Also the citizens worry about this which results in complaints about the amount of amenities in the area “inhabitants worry about the amount of amenities, suggesting to add another supermarket in the direct environment”, high rise building which they are not used to “Causes issues regarding privacy as well as blocking the view and sunlight”, more greenery and worries about petrification “More greenery is necessary for the inflow of more inhabitants, also needed for children to play and for walking dogs” (Policy document Hoorn, #3).

### ***Mobility***

Mobility is also a big challenge since there will be a lot of extra inhabitants which will cause issues regarding the mobility of these extra people and less space to work with. Like before in the discourses the challenge is to have less cars and more sustainable mobility “The area is currently dominated by cars which we want to reduce by parking underground or off the streets and locating this on the North side of the station” (Interview Hoorn, #1). On the other hand, the inhabitants themselves are worried about reducing the number of cars and parking places in the area “Worries about the available parking places for the new housing as well as extra visitors” (Policy document Hoorn, #3). Clearly there is a challenge of not stimulating the use of cars in these urban areas while at the same time keeping inhabitants happy and offering some solutions such as underground parking which is expensive.

### ***Financial feasibility***

This challenge is very broad and comprehensive as it is about a lot of factors together and all working together to develop in an efficient and effective manner. It is mentioned in the urban development plan that it is based on a clear, well organized, functional spatial and sustainable plan. Also, because the municipality and city are smaller while developing a relatively large project it is important to manage the resources well “Hoorn is not a city like Amsterdam. I am curious to see how they will manage this development, not just financially but also regarding the workload and employees they have since it is a high ambition” (Interview Hoorn, #2). Financially it is also key to manage the budget they have efficiently “The board committee has been asked to review the financial plans again and potentially solve the shortcomings of the station area in particular” (Policy document Hoorn, #2). These are some of the factors that stand out in particular but overall, it is of course important to manage the development as effectively and efficiently possible in every regard.

## **4.2.2 Fellenoord Eindhoven**

### ***Improving the liveability***

The liveability in Fellenoord is already a big challenge in itself and the intensification of the area adds more difficulties to this challenge since a large amount of space is occupied for housing in the plans. There are several factors that are accounted for “a shortage of amenities in culture, sports and other areas for current and future residents has a lot of negative consequences” and “an attractive city is green, not grey. Green connected areas and public spaces are essential” (Policy document Eindhoven, #1). Part of the mobility and parking could be moved undergrounds to free up space and create an environment with a high liveability “Moving the bus station underground has been an ongoing challenge for a long time while it is clear to me that it would result into more quality of space in the most central place in the city and you can create the city boulevard there” (Interview Eindhoven, #2). This is a difficult challenge since most improvements to the liveability either cost a lot of money or take away from potential returns.

### ***Providing a lot of affordable housing***

It is a reoccurring factor, the affordability of housing in Fellenoord, the 85% of affordable housing just like in the discourses proves to be an important factor in this redevelopment. The municipality is very persistent on this requirement “Yeah for us the affordability of the housing is the biggest focus, 30% has to be social housing and 85% has to be affordable housing”

(interview Eindhoven #1). Now the challenge for the municipality is how to realize all these affordable housing since the developers cannot realize a profit on this type of housing, especially when almost the whole project is affordable housing. Like mentioned in the discourses the developers do not agree with this much affordable housing because of financial reasons while the housing corporations do not agree because of quality and sustainable reasons.

### ***The bigger picture view and goals***

This challenge is from the other actors outside of the municipality that are not sure about the long-term goals and the bigger picture of Eindhoven as a whole. Especially the housing corporation mentions this a lot where they do not get where certain goals are originating from “Now it is just a number that has become the goal but why is it the main goal to reach in the first place?” and the overall vision of the municipality “I do not get the vision and the bigger picture, maybe it is a lack of vision or I just do not know the whole story yet. Either way I think it is important that it is clear for everyone where it is going and what they want to achieve, also to reach these goals together” (Interview Eindhoven, #2). For the developers there is more of an issue with the bigger picture and goals in terms of consistency and clarity with certain requirements. If the municipality decides upon some strict requirements and does not change them anymore then the developers can see if the development is financially feasible and what could be needed to solve it but with constant changes, there is no certainty for them at all.

### ***Large scale project***

Fellenoord is a huge project and definitely a lot bigger than previous developments that Eindhoven as a municipality has not done project at this scale yet so it is new for them “This is a new level of size and definitely a jump in scale compared to previous project we have done” (Interview Eindhoven, #1). This new scale also causes a lot more work and more expertise “This development is huge. Look Amsterdam might have experience with these kind of huge developments for over 20 years but Eindhoven not yet so that is difficult” (Interview Eindhoven, #3). Also, the municipality of Eindhoven is just a lot smaller relatively to other bigger cities and therefore they have less employees “They set a very high ambition, but you can see that the municipal apparatus is not ready to handle this workload yet” (Interview Eindhoven, #2). So, the municipality also realizes that they are facing a big challenge and therefore recognizes “We’ll need to bring in more people and especially more expertise into the project to be able to successfully develop” (Interview Eindhoven, #1). At last, because there is a significant jump in scale the development will also take place over a much longer timespan and that brings additional challenges “You’re never sure how the future will develop and certain developments can have huge consequences for the development and feasibility of the project” (Interview Eindhoven, #3).

## **4.2.3 Rijnhaven Rotterdam**

### ***Financial feasibility***

The first challenge is the financial feasibility of the Rijnhaven. For the municipality this is mostly because of the long development process, even with lots of forecast for the costs it is difficult to project what will happen over a long timeframe of 10 years or more. In recent years, the building costs have dramatically increased which has led to a gap with regards to the feasibility of the

project and rising prices for the housing. This has major consequences for other areas as well such as the public spaces that are left behind because of this “With all the developments in the city centre we lose track of the bigger picture a bit. In the case of investments in the public spaces there is definitely a lack of that. But in times of financial difficulties those are the things that are left behind since developing housing is priority” (Interview Rotterdam, #2). To increase the heights of the buildings to create more housing is a solution since it will result in more profitable development but only up to a certain point before the costs are marginally increasing too much, not to mention other negative effects that could occur of extreme high-rise buildings.

### ***Mobility and connectivity***

The mobility and connectivity of the Rijnhaven are of course an important aspect of the development. In the urban development plan, it is said that the square metres in the Rijnhaven are scarce and expensive therefore should be used efficiently “combining different functions and amenities to prevent stigmatization and lower the barrier of use” (Policy document Rotterdam, #1). Especially the community council is worried about the mobility in the area with the addition of all the new housing and therefore extra inhabitants in the neighbourhood making it even busier “We already notice that the traffic is just very busy and cars are standing still most of the time, also the public transport is very congested. Now they want to increase the inhabitants of this neighbourhood even more by creating more land and building high towers on it” (Interview Rotterdam, #3). Not to mention the further comments of the neighbourhood council about the increase of floors on the towers while reducing the parking space and attracting even more visitors to the area through the city beach. All these aspects together make it, so the mobility of the development is a serious challenge. This is also in contrast to the municipalities’ idea of more sustainable mobility through public transport and less usage of cars while the community often does not want to reduce the usage of cars and parking space.

### ***Safety and maintenance***

The safety is a big concern from the community council. They refer to other places in the city with similar features that have already caused issues “The other city beach has had a lot of issues and nuisance, and I know the police is already looking at this, how to prevent damage etcetera. They also have to deploy extra agents to keep it safe” (Interview Rotterdam, #3). Furthermore, there is other issues such as the littering of the beaches where a lot of people go to eat food and drink alcohol. This is seen as a big issue as well since the maintenance and upkeep of the neighbourhood is already lacking and by adding more public spaces this will only worsen the community council fears “Look we are already walking and cleaning up the mess with litter pickers ourselves because it wouldn’t get done otherwise” (Interview Rotterdam, #3).

## **4.3 Value capture rationale**

Indicates what the value capture rationale of the municipality is, cost equivalency, externality mitigation or skimming of the development gains. Important to note is that none of the municipalities are choosing to maximize the value capture, they are rather choosing to negotiate and cooperate with other actors to try and find a balance between the goals they have set and the financing of these goals. Value capture is not used much but the rationale that is behind it is still relevant and important to study. Hence why additional external funding is needed in all the case studies so the development is financially feasible, and this is usually provided by the

national government through subsidies, but it can also be provided by the provincial government or companies that benefit from the realization of certain developments as well.

#### **4.3.1 Poort van Hoorn**

##### ***Subsidized from government.***

The municipality has high ambitions and seeks additional funds through subsidies by the national government or province. The municipality has already been granted a subsidy from the house building impulse from the national government “We already got the house building impulse subsidy like I mentioned, the province is providing an additional contribution” and the province is also helping with extra funds (Interview Hoorn, #1). Next to the house building impulse they are also actively seeking to bring in additional subsidies for other parts of the project such as the infrastructure and mobility needs “The access road is already a project of 75 million euros, half of which is covered by the national government” (Interview Hoorn, #1). Other actors also validate that the municipality is actively and successfully bringing in extra subsidies from the national government “I must say they are successfully bringing in extra capital through the government” (Interview Hoorn, #3).

##### ***VC included in land price***

The municipality in this case is a large owner of the land and the value capture that is needed is included in the price of the land “It is the legal cost recovery in the Netherlands he? We just calculate the costs of the public space and connection to existing infrastructure etc. We then estimate these costs and make agreements about it which are included in the land price” (Interview Hoorn, #1). The housing corporation also provided a plot of land for the development “So we had these conversations about providing the plot of land we owned, and we agreed on a price that covered the costs for the municipality” (Interview Hoorn, #2). Lastly the developer indicates the land is from the municipality, so they are not involved with the value capture at all “In this case we had nothing to do with it since the land was from the municipality already” (Interview Hoorn, #3).

##### ***Make profit in cluster to use in other cluster***

In this case the entire development is split up in certain clusters so that it is more manageable, the goals and approaches to clusters are also vastly different “For Pelmolenpad it was a relatively easy development of about 600 houses, we can easily make a profit here as municipality” (interview Hoorn, #1). So in this case an area can be used to generate a profit since it is not that complex of a development and this profit can then be used in other clusters “You could see in the plans that the cluster of Pelmolenpad was used as residential area to generate a profit which can be used for the station area to partially fund that development since there is no profits to be generated there and the investment still needs to be covered” (Interview Hoorn, #3).

##### ***VCR cost equivalency***

Although the value capture is just through included costs in land prices and additional subsidies from the government the municipality indicates to be aiming to break even in total with the entire development “In principle it should be able to develop the Poort van Hoorn cost neutral, with some land politics we can make profits in certain clusters and shuffle that around to cover other losses” (Interview Hoorn, #1). Housing corporations are not focused on making a profit

either but rather on adding more fitting housing to the housing supply and therefore are willing to contribute financially to fulfil certain goals “As housing corporation that wants to develop there are certain limits that you face, the maximum price for example because we cannot develop if we go above certain price levels. We are willing to think along and contribute with the municipality and developers if we can achieve the goals we have set and not take losses” (Interview Hoorn, #2).

#### **4.3.2 Fellenoord Eindhoven**

##### ***Subsidized from government and financial contributions of companies***

Because of the high costs and lack of profits in the current development plans the municipality is forced to look for other ways to bring in more funding to actually be able to develop with the plans as they stand currently. One way to do that is through subsidies from the national government “We eventually have to end up at a minimum of break even, this can be reached through several ways like with the financial impulse from the national government this seems to be achievable for now” (Interview Eindhoven, #1). Other projects especially infrastructural projects surrounding the station are very expensive “Like with the underground bus station they’re taking a serious risk, although there has been a significant financial contribution from the government on the other hand” (Interview Eindhoven, #3). Next to just the government there are other parties that are willing to contribute financially to make certain developments take place in this case which is quite unusual. Big worldwide companies such as ASML have a significant dependency on Eindhoven doing well and making sure there is enough housing, sufficient mobility to the city and their company “We can also look at other ways to fill that gap, for example ASML is able to help with that but we need to make it concrete in how far they are willing to do that” (Interview Eindhoven, #1).

##### ***VCR combination of cost equivalency and external mitigation***

In the development plans and vision of Fellenoord there is a combination of value capture rationales where both cost equivalency and external mitigation are used depending on the context and situation. For the development clusters themselves there is a cost equivalency rationale “There is a public business case for the clusters, all costs that the municipality make are recounted on the new housing developers” (Policy document, #1). This is the base case for all the clusters that will be developed for housing purposes mainly.

In other cases, the value capture rationale changes “Outside of the development clusters there are some big above-neighbourhood facilities. These can only partially be funded by the area development and additional (public) funds are needed. They’re justifiable because these are area transcending investments and the wider region and city will benefit from it” (Policy document, #1). These mainly include the larger infrastructural projects such as the road network, development of new passages and the station entrance, so there are multiple projects that are area transcending which justify the external mitigation rationale.

##### ***Non profitable business case so no additional value to be captured***

Because of high ambitions of the municipality for Fellenoord such as the 85% affordability with regards to housing there is many cases where the business case is not profitable yet for developers. So this leads to the developers choosing to not develop the land with the current

business case, the municipality therefore has to offer additional funds to the developers to actually realize the developments “So for now we as a municipality are choosing to keep up our ambitions and goals and provide the additional funds ourselves through various ways” (Interview Eindhoven, #1). The developers cannot make any profits other than the additional funds that are provided that account for the profits so there is only the costs that are made by the municipality that can be captured in this case “Yeah so the only thing we can really pay for are the working hours that the municipality makes to work on the zoning plan, now the environmental plans” (Interview Eindhoven, #3).

#### **4.3.3 Rijnhaven Rotterdam**

So, like mentioned earlier the Rijnhaven is an outlier from the different cases where the municipality is actively developing the land, they are even creating the land through land sprawling. Later, they plan to do a public tender in three different phases to let the land be developed by the winning developer. Despite that there are still some value capture rationales that the interviewees mention and ways that they are attempting to finance the entire development.

##### ***Subsidized from government***

Due to rising development costs and other factors that make the development less financially viable so there is a need for additional funds from the national government. Especially for aspects other than housing such as public spaces and infrastructure, like mentioned previously in the challenges, there is a need for additional subsidies “They are reliant on subsidies and money to be able to develop the metro station for example. They are negotiating about it but there is no concrete agreement yet and if there is no subsidy it is over” (Interview Rotterdam, #3). The municipality also indicates that with rising building costs it has become increasingly more difficult to develop other aspects next to housing due to financial shortcomings “We really think that the government is lacking in this. Back in the day there was several investment opportunities, with much larger credits from the government to fund stuff like this and there is none of that anymore” (Interview, #2).

##### ***External mitigation to some extent***

There is also an external mitigation rationale through area transcending investments in the Rijnhaven. The so called ‘city projects’ are part of the coverage system and are included in the annual investment proposal as part of the spring note. Projects such as the park, metro station and city boulevard are included in these city projects “The layout of the Rijnhaven park and the floating parts of the park are financed through the city projects” and “The transformation of the Postumalaan/Hillelaan to a city boulevard and the development of the metro station in the Rijnhaven are important for the mobility on the wider scale of the city” (Policy document, #1). The value capture rationale is external mitigation since “This development is paid for by the general resources of the city since not only the development area is profiting from this development, but the entire city is” (Interview Rotterdam, #1). The community council also argues based on this rationale “I do not have any issues with that as I think everyone in the city profits from such a development” (Interview Rotterdam, #3).

### ***Skimming of development gains through land deeds (in other areas)***

So, while skimming of development gains through land deeds is not actually used in the Rijnhaven it is interesting to see how the municipality of Rotterdam utilizes these land deeds in other areas to skim the development gains. On top of that, the additional funding that is brought in through the land deeds can be used to fund other projects and areas, in this case the Rijnhaven could partially be funded by this.

Rotterdam is in quite a unique situation where they have a lot of value capture through ground lease (erfpacht in Dutch) and land deeds (grondaktes in Dutch). Rotterdam is unique in this because of its history which goes back to the second world war and the consequences of the entire city being bombed “Back then the biggest exchange of parcels that you can imagine happened. There were so many land deeds that were given out which indicate what you could build or were not supposed to build and which functions. So, from there it started off and if you want to change the function of the land you need to come by the municipality and they will calculate the surplus value of the land” (Interview Rotterdam, #2). So, land that is owned by the municipality or has been issued through ground lease have certain limits and restrictions that are stated in the land deeds “We always set limitations in the land deeds, so it literally says in the deed for example that you can only build 1000 square metres of office buildings here. Based on this office space the land is taxed so it is important what the purpose of the land is” (Interview Rotterdam, #1). So, the purpose of ground lease with restrictions to the functions of the land through ground deeds is like the plan benefit levies that might be introduced in the Netherlands in the future, they both try to capture some of the increase of land valuations when the land function changes. In this sense the municipality of Rotterdam is already working with plan benefit levies but just arranged in a different way. Because of the way that the municipality in Rotterdam is managing the ground lease and land deeds they are not using traditional ways of value capture much, if not at all “Value capture is not really applicable here, we call it otherwise insured so that means we have covered it through the land lease and land deeds already so there is no point of other value capture” (Interview Rotterdam, #2). Through this unique system Rotterdam is able to skim part of the development gains that have occurred through the modification of the land’s function by the municipality in other areas than the Rijnhaven. These skimmed gains can be used to fund certain aspects in the same area, or it can be utilized for different areas such as the Rijnhaven in this instance.

## **4.4 Negotiating goals & position**

This variable indicates what the goals per actor are, the priorities per actor, the progress of the negotiations and the negotiating position since this indicates the influence each actor has in the negotiations.

### **4.4.1 Poort van Hoorn**

#### ***Good relationships and trust***

Having a good relationship and trust within all the actors involved is key for the negotiations and the end result of a development. Since all the actors involved in this development are experienced in working with each other they are all fairly happy with the negotiating process and cooperation between the parties. All the actors are clear and consistent on the fact that it is important to know each other, be familiar with each other’s way of working and trust in their

capabilities “It is also important for us to work together with people that we have worked with before ideally. Look, we’ve worked with a lot of different developers, but we clearly notice the difference between one developer and the other” (Interview Hoorn, #1). Like mentioned in the first point it helps to set the baseline of the development and also trust in the involved parties “I think it mainly has to do with the experience with the involved parties and everyone knowing what’s expected of the plan and all the parties beforehand” (Interview Hoorn, #2). Since the actors involved in this development have all worked with each other plenty of times they all looked at the negotiations and development as a relatively smooth and easy process because of their experience and relationship they can take this even further “In an ideal situation we can all agree to be completely transparent in our process and show our books and numbers to each other without judging each other for it” (Interview Hoorn, #3).

### ***Basic thresholds narrowed down the negotiations***

All the actors indicate that some basic thresholds and expectations from each other help speeding up the negotiations a lot. This also has to do with the relationship that all actors have built up over time and experience of working with each other which is a factor that will be expanded upon separately. If everyone has a good initial understanding of the basic needs and thresholds then it is much easier to negotiate about the rest which are most likely smaller themes and details “All the parties know the frameworks in which the development needs to take place, 30% social housing and other requirements are known pre-emptively and we all benefit from keeping these up in one way or another” (Interview Hoorn, #2). It proves to make the negotiating process a lot more efficient and therefore quicker “When we know the requirements and frameworks we can try and implement all of these while still keeping a positive business case which is profitable for us relatively easily” (Interview Hoorn, #3).

### ***Contradictory goals of quality of space versus financial feasibility***

All actors mention the main discussion points are the contradictory goals in the negotiations when trying to find solutions with each other, the main contrast is in reaching the highest quality of space versus reaching a financially feasible outcome. In this debate the higher the spatial quality and liveability is the higher the costs, generally, are. Higher costs are not beneficial for the financial feasibility and to actually realize the development the financial feasibility is key since developers will not develop at all if there is no profit to be made. Even if developers are aware of certain requirements and goals for the spatial development the financial side is still a limiting factor “In our experience the developers are aware of the social goals and want to achieve these together with us. But still the main issue remains the financial aspect and the feasibility of these plans” (Interview Hoorn, #1).

The housing corporation is also severely limited by the financial limits and describe this as a constant field of tension “In terms of welfare there are certain requirements we need to hit. If the financial feasibility allows it, we can go for more, but we are very much limited by the end price of the houses, not just the land prices” (Interview Hoorn, #2). The developer mentions it is a matter of cooperating with the municipality and trying to find the optimal solution for both parties “We want to work together with this. Like: How can we optimize this plan? Let’s say the municipality needs extra funds through selling the land we can try and factor that in with our plans” (Interview Hoorn, #3). So, the cooperation between developers and municipalities can be very beneficial for both parties.

### ***Large developer brings in extra benefits***

The developer in Hoorn is one of the largest developers of the Netherlands and that brings additional benefits with it which also give them a stronger negotiating position “We have a tremendous amount of knowledge and expertise in house. We have our own legal, ecology, sustainability, financial department and basically have everything in house that is needed. That is a big advantage since that is something we have to offer that even municipalities, especially smaller ones do not have themselves” (Interview Hoorn, #3). The other actors also mention that it is beneficial to work with a large developer “This developer is very competent, and they have a lot of expertise in this field, next to that they are also a reasonable party which also has to do with their background” (Interview Hoorn, #1).

### ***All actors motivated to develop***

A positive factor for the negotiations is that all actors want to develop more housing and agree that this is the priority. With all the actors striving for the same goal, although there are some disagreements that remain, it helps to focus on reaching the end goal through cooperation “During the negotiation process and development you can see that sometimes we take a step back to form a new baseline and we can get caught up in that process. Eventually though we all have the goal to start developing so we figure it out and get back on track” (Interview, Hoorn #2). When discussion points arise, the actors try, and both compensate for each other in certain areas maybe offsetting the effects of another area “We are here to develop liveable areas. We develop and do not just build houses and that is it. Yes, we want to build more houses to accommodate to the total housing supply because of the housing crisis but we are also very much involved with the development of the entire area” (Interview Hoorn, #3). So, it really helps in the case of Hoorn that all actors want to develop more housing and agree that it is priority but still remain cautious of the fact that solely building houses is not the solution and they keep in mind the quality and liveability of the space.

## **4.4.2 Fellenoord Eindhoven**

### ***Building relationships and trust***

The relationship and trust in the involved actors are again an important factor during the negotiating process. The actors in this case have not been working together for a long time, if at all. So, it cannot be expected that they have a great relationship yet, so it is still important to keep working and improving this. Building a relationship and trust takes time and it is a constant process “It is like a marriage, it is a working process and you do not constantly change around the people you work with because you just have gotten the experience and get to know people for some time and then you should keep working with them to build something together. I hope we can continue on this path keeping the same people working together since then we are all willing to work for each other and make it a success” (Interview Eindhoven, #2). At the same time though the goals per actor are still different from each other so it is not realistic to have complete cooperation “There is a certain degree of trust but at the end of the day we are a free-market party, and they are the government. 100% trust will never happen and that is also not necessary, but we try to work together in a good way” (Interview Eindhoven, #3).

### ***Contradictory goals***

The main discussion points and contradictory goals in Eindhoven were again about the quality of space versus the financial feasibility “Yeah so for us there is two ways to look at it. On the one hand you want to realize the best possible development that fits the city and the needs which might lead to a less profitable development. On the other hand, you can look at it from a financial standpoint where you try to minimize your costs which might lead to less ideal developments for the city and its inhabitants” (Interview Eindhoven, #1).

In Fellenoord specifically the affordable housing versus the quality of housing and the need for profitable housing development is a big point of discussion since there is so much affordable housing that needs to be build. The quality of housing versus the financial feasibility is mainly the developers that argue “the amount of affordable housing is too much which does not allow for any profits to be made, a business case with a projected loss will not be developed at all” (Interview Eindhoven, #3). The housing corporation on the other hand is more worried about the quality of housing “Well first of all the 85% is not in line with what the population requires, neither is it financially feasible but most important of all is that I do not think it is a good idea just looking at the quality of these houses that will be developed” (Interview Eindhoven, #2).

### ***All actors motivated to develop***

Despite all the disagreements and discussion points that the actors have with each other they are all clear that they really want to develop in Fellenoord and think that it is priority to provide extra housing in this development. So, this is a key motivation to work out their differences to eventually be able to develop in Fellenoord “We are all striving for the same social target at the end of the day which is to provide more housing” (Interview Eindhoven, #2). Every actor is limited by different factors, but it is important they are ultimately all trying to achieve the same goal “We try to do as much as possible to eventually be able to develop at our own plot of land” (Interview Eindhoven, #3).

### ***Municipality provides extra funding***

Within the negotiations it is clear that the municipality will have to provide additional funds to the development of Fellenoord since the requirements and goals they set make it, so the development is not profitable without it. Since the municipality is still prioritizing the goals, they set and ambitions they have they therefore need to provide additional funding, so the plan is financially feasible “At this moment we are clearly choosing to uphold the goals and ambitions we have set” (Interview Eindhoven, #1). The other actors are also clear on this as they will not be able to develop current plans without extra financial support from the municipality. The additional funding does not have to be provided by the municipality themselves but they are responsible for attracting this funding from the national government, province or other parties such as companies that benefit from the development of the city “There are several ways to go about it, through financial contributions such as the housing impulse but also, they could give discounts on municipal contributions or help out with development of public areas or greenery” (Interview Eindhoven, #3).

### ***Housing corporations bad negotiating position***

While the other actors both have a good negotiating position with a significant impact on how the development will turn out the housing corporation does not think they have much influence

at all. The housing corporation has certain requirements for social housing they need to oblige to, and the municipality and developers work out the plans while they feel like they have no say “We barely have any influence on the development. We are dependent on their decisions and which buttons they push and what the outcome of that is” (Interview Eindhoven, #3). They have a different view regarding the quality of housing and type of housing that needs to be fitting for the population but they also want social housing that is permanent and not just for a certain time span “On top of that they also build all these small studios for the social housing sector but it is only temporarily, after 15 years they’re no longer social housing and they can just be sold in the free market” (Interview Eindhoven, #3).

#### **4.4.3 Rijnhaven Rotterdam**

Similar to the other variables the Rijnhaven differs significantly from the other cases here as well. Even though there will not be any negotiations, since there will be a public tender, it is interesting to see what aspects and considerations the municipality has regarding the public tender.

##### ***Municipality makes financial contributions***

Because of the long development process and sand suppletion process the costs of the development, specifically building costs, have increase significantly. Therefore, calculated ground exploitations that were feasible at first are left with a financial shortcoming now “depending on the state of the market at the time of constructing we will see how much money we have to add to the project. Thus far the costs have risen a lot and therefore as municipality we are dependent on this and must add a significant amount of money to keep the quality of the development high” (Interview Rotterdam, #1). At the same time though the municipality has a limited number of general resources as well and must set certain limits for themselves since they cannot keep adding financial contributions to every development.

##### ***Contradictory goals of quality of space and financial feasibility (also quality of housing versus affordability)***

The municipality can already indicate which major discussion points they will face when drafting up the public tender. Similar to previous cases they expect it to be a consideration of financial feasibility and quality of space “Something that always comes back is the municipality that of course looks at social and societal goals that do not align with the goals of a project developer or other stakeholders” (Interview Rotterdam, #1). So it is a constant balance between these two aspects and especially when the costs are rising for a certain development it is hard to provide amenities “When we look at the investments in the public spaces in times of financial difficulties there is just no budget for it” (Interview Rotterdam, #2).

Other than the quality of space versus financial feasibility there is also a fine balance between the quality of housing and affordability of housing. There are certain requirement that need to be fulfilled with every development but there is also room for adjusting the types of housing and distribution of social, affordable and free market housing “It is always an iterative process where you just start calculating and from there you calculate the results and if it is possible. Then you go back to the drawing board again to change or optimize it” (Interview Rotterdam, #2). The community council thinks the focus should be on fitting housing for the community at hand

“We need more housing of which there is actually demand for, not to build types of housing just to make it financially feasible as a project” (Interview Rotterdam, #3).

#### ***Municipality’s priority is providing more housing***

The last point of discussion from the community council is that the municipality prioritizes building more houses at any cost. While the community council also agrees that providing more housing supply is important, they think it is equally as important to look at the housing that is being provided and all the other factors and consequences that come along with such a large-scale development. They are very clear in this as they see their own concerns being wiped away “The municipality only cares about realizing more houses, all the other demands are neglected. It is their end goal and priority” and “They must, and they shall build even if it all turns out to be too expensive” (Interview Rotterdam, #3).

### **4.5 Key storylines**

Like mentioned previously the storylines indicate how they would preferably solve the problems that they face and which narratives, metaphors, or examples they use. The main storylines are the base of which discourse coalitions are formed on.

#### **4.5.1 Poort van Hoorn**

##### ***Mobility hub***

This storyline is mostly from the municipality, as well as the other actors to a lesser extent, the dominant discourses attest to this. Connectivity is a discourse that is pushed a lot by the municipality and the narrative that the Poort van Hoorn is the mobility hub of the city, the municipality, and the entire upper region of Noord Holland. This is a clear storyline that is being pushed by the municipality which justifies why there is such a large development and investment needed for the Poort van Hoorn. So, a lot of the focus is on the station and the area surrounding the station where they describe it as “multimodal hub where all traffic flows come together” again hinting at the importance of the mobility and connectivity of the Poort van Hoorn. To add on top of this mobility discourse they are also combining this with the sustainability discourse and promoting sustainable mobility where cars are disincentivized and public transport, bikes and walking are promoted. This is another clear discourse in this storyline that the municipality is pushing for.

##### ***Good cooperation***

This is an interesting storyline since all the actors fall under this storyline to a certain extent. They all indicate that the discussions for the first part of the development were quite easy-going and smooth because of a combination of discourses such as trust and experience of working with each other. All actors knew each other before this development and have worked with each other and their respective employee plenty of times before which they all attested helped with trusting each other and knowing what to expect. Knowing what to expect is definitely an important factor and also refers to the basic thresholds where the municipality indicates it is much easier to work with these parties since they have the experience, know-how and a good understanding of requirements that need to be in every development. There are more contributing discourses such as the developer being a large national developer which has a lot of expertise and experience in house already, this is seen as a big positive from the municipality as they are a relatively small municipality and can benefit from this large developer. One last

important discourse is that the development is relatively easy to develop because the majority is housing, and it is intended to be profitable even by the municipality.

#### ***Business case must be profitable***

Developers and corporations push this storyline a lot where they really emphasize that the development must be profitable, or at least break even for housing corporations, to be able to develop in the first place. This seems like a prerequisite, but it is a storyline that keeps coming back since it is a constant problem when discussions about the development occur. The bottom-line for these actors is that there is no development at all if it is a losing business case. So, whenever there are discussions about mixed functions, mixed housing, and sustainability there is the storyline from both developers and corporations that there needs to be a business case that is “feasible.” This could be reached in a variety of ways which is for the municipality to decide but their main priority is to make sure that there is a financially feasible plan and the way to get there, by reducing the sustainability or other factors, is of lesser importance since there will not be a development at all if this has not been taken care of.

#### ***Ambition is high from the municipality.***

Developers and housing corporation agree that the municipality is aiming high with this development, especially around the station area, but they do not necessarily think it is unachievable. They are aware of what is needed for the development and are willing to provide this up to a certain point. They mention two main difficulties they foresee is that there are various aspects of the plan which cannot all be fulfilled while still maintaining a positive business case. So, they conclude there must be something that is scraped, here they fall back on the profitable business case storyline as well. On top of that they also mention the increased workload of this development since it is on a bigger scale than the municipality, which is fairly small, is used to. So, in this storyline they are mostly bringing awareness to the difficulties and challenges of this development and pointing out that it is not an easy task to fulfil.

#### ***VCR cost equivalency and municipality attracts subsidies from government***

This storyline refers to the municipality that is aware that the current plans around the station area are not feasible as they result in a substantial loss which needs to be covered in some way. The preferred solution from the perspective of the municipality is to fill this gap through subsidies from the national government and province. This storyline combines nicely with the storyline of the mobility where they argue for the Poort van Hoorn to be a multimodal hub for the wider region and therefore should also qualify for subsidies from the government for infrastructural changes. So the municipality tries to push this narrative a lot, next to mobility and infrastructural subsidies they are also focusing on housing subsidies because they are providing a lot of extra housing in Hoorn, subsidies such as the building impulse subsidy that they already managed to secure together with additional contributions from the province as well. So, the municipality prefers attracting more financial support from other governmental institutions through these narratives so they can keep as many of their ambitions as possible while keeping it feasible as well.

Other than through subsidies the municipality is mostly using the cost equivalency rationale through including the costs of the public space and infrastructure in the land price so that this is taken care of. This goes for the first development area where they are deliberately making profits

to fill financial gaps in other areas, specifically around the station area where there is a financial shortcoming. So, all in all the municipality is generally trying to break even while delivering the highest quality development possible.

#### **4.5.2 Fellenoord Eindhoven**

##### ***Provide as much affordable housing as possible.***

The inclusivity is an important discourse for the municipality in the development of Fellenoord, inclusivity consists of multiple factors such as the affordable housing and mixed housing aspect but also the other functions in a neighbourhood, social tasks, and needs. Despite other factors they primarily focus on the affordable housing regarding the inclusivity. The municipality is very strict and determined to develop as much affordable housing as possible which is set at 85% in this case. They argue this is justified because it helps the normal civilians to be able to get a house in Eindhoven which is a big problem for civilians that are earning an average amount or even under average which makes it very tough for them to get housing.

##### ***Provide as much fitting housing as possible***

The housing corporation argues that it is priority to look at fitting housing, not only to look at what the civilians require but also look at what is best for the neighbourhood and people that will eventually live there. So, they argue rather than providing as much affordable housing as possible, which will also lead to a low variety of housing as well as housing of lower quality, that it is more important to provide as much fitting housing as possible. They mention that 85% affordable housing is unheard of and emphasize the importance of mixed housing types, mixed functions, and different kind of inhabitants in the neighbourhood.

##### ***Provide different types of housing for profitability***

Developers also acknowledge the importance of affordable housing but are more focused on the real options considering the financial implications of the different types of housing. They use the financially feasible discourse as well since they argue that there will not be any development at all if there is no positive business case. They would therefore rather start with looking at the financial considerations when certain types of housing are developed. This is done to find a balance where the development can be realized financially with a mix of different types of housing rather than setting an arbitrary target of affordable housing which is unattainable in their view.

##### ***Municipality is not reliable***

This storyline is pushed by both the developer and the housing corporation where they both view the municipality as unreliable. For the housing corporations this is mainly because previous agreements and terms have not been complied with by the municipality. The main issue for them is the quality requirements that were set previously and have not been upheld while the municipality focuses fully on affordable housing suddenly. In addition to the unreliableness the housing corporation mentions another discourse which is that the municipality loses the bigger picture of the development by setting such strict goals about affordability for example. They feel like a clear path forward has not been established and if certain goals are set there needs to be a proper explanation for this, especially if they are that persistent about it. The developer mentions here that the municipality is unreliable since the plans keep changing which makes it hard for them to develop. Requirements keep changing over time and therefore solutions that

were feasible at first are not possible or attainable anymore, partly caused by political decisions as well.

#### ***Municipality in a strong financial position***

The municipality indicates that they are not enduring any financial stress or problems now. This is because the city and municipality are growing in population and are successfully expanding on the business front as well as the educational front with the whole brain port area, so therefore they are more willing to take certain risks within the development of Fellenoord. On top of that there is also the possibility of raising additional funds for this development through governmental subsidies as well as from free market parties within Eindhoven that can benefit from certain developments as well. Therefore, this combination of these two discourses makes for a storyline of a strong financial position for the municipality. This financially strong position causes the municipality to be confident in setting high ambitions such as the high amount of affordability regarding the housing supply.

The value capture rationale depends on the area, in certain areas where it is mostly housing developed there is a cost equivalency rationale since they only want to make back the costs that are made by the municipality. In other areas where there are above-neighbourhood facilities there is an external mitigation rationale since they argue that these developments are beneficial for the wider region so it should be funded by the general budget of the municipality or additional funds that are attracted. These discourses together all lead to the storyline of a municipality that is confident in their position and ability to set high standards and ambitions for the development of Fellenoord.

#### **4.5.3 Rijnhaven Rotterdam**

##### ***Complete and ambitious plan***

Municipality has an ambitious plan for the Rijnhaven that encompasses a lot of different discourses. The main discourse and focus of the municipality are to really intensify in the Rijnhaven through creating new land in combination with extreme high-rise buildings. Some other common discourses that are included are the mixed functions and mixed housing, inclusivity, connectivity. Something different than other urban developments is the central place of water in the Rijnhaven which is deemed as important for the municipality. As the Rijnhaven is originally a harbour they want to retain this character of the area and let water remain the focal point as well as combining this with more green areas and parks.

##### ***Challenging development with high risk for municipality***

This storyline is also in line with the previous storyline of a complete and ambitious plan which ultimately leads to a challenging development with a financial risk involved for the municipality. So, the development is financially challenging because of a variety of factors. First there is the ambitious and complete plan that is mentioned previously. Furthermore, there is the increasing financial stress in the municipality of Rotterdam which is caused by the state of the market where building materials, housing and land prices keep rising. This financial stress can be mitigated for the municipality as a whole by spreading the risk and risk profiles over different areas where the Rijnhaven is seen as higher up on the risk and even describes as 'all or nothing development.' This market state combined with the extremely long development process in the Rijnhaven, the land sprawling alone already takes a few years minimum while there is no

construction happening yet, leads to financial difficulties.

### ***Community council and participation not taken seriously***

This storyline is about several discourses and issues that are encountered by the community council. First, the fake participation as described by the community council. There is a lot of disagreements and issues by the community, but they are not taken seriously by the municipality and its thought of as only 'seeming participation' to make it look like they have something to say about the development while it is not actually used or even considered at all. Then the community council also describes the municipality as not trustworthy and even metaphors as "wasp nest" are used to describe the bureaucracy and how the municipality really operates according to them. Lastly the community council also indicates that the municipality is solely focusing on intensification and providing more housing. This is also connected to the first discourse where they are not listening to the community council's feedback and foreseen issues. In this case the community council is more referring to all the suggestions and feedback they give which is not used at all since they feel like the municipality wants to develop housing and all the other factors are inferior to that goal.

### ***Financially unfeasible***

The municipality indicates that they are indeed under some financial stress and the financial problems are increasing due to a combination of factors as mentioned in the complete and ambitious plan storyline. However, they still see the plan as feasible while the community council considers the plan unfeasible. The community council therefore is of the opinion that the project's development is not feasible, and the municipality will have issues with developing any of the other functions other than housing in the current development plans. Not to mention additional side effects such as the maintenance of the development and the safety which are both going to increase but these are not considered so there needs to be more focus on this in their view.

### ***Subsidies from government and external mitigation***

So, for this new land there is a public tender for the development and an agreement must be found via that process rather than cost recovery. The municipality tries to provide extra financial contributions through governmental subsidies for infrastructural investments as well as public facilities investments. Additionally, albeit for only a small part of the development, the external mitigation rationale is used for the Rijnhaven. The city park, city boulevard and metro station are partially funded by the general investments of the municipality of Rotterdam as a whole. Furthermore, the municipality of Rotterdam finds itself in a rather unique position because of the history of Rotterdam that made it, so all of the land is in ground lease and rising value is capturable due to land deeds. Through these land deeds the municipality is usually able to skim some of the development gains in other areas of Rotterdam, not applicable in the Rijnhaven, to use in developments elsewhere such as the Rijnhaven.

## **4.6 Discourse coalition**

The discourse coalition lists the actors that fall into the same discourse coalition based on certain storylines that they are attracted to due to a variety of reasons. So, the discourse coalitions are not actor centric but rather centred around the positions and dominant storylines.

### 1.6.1 Poort van Hoorn

#### ***Mobility hub realized through subsidies***

This discourse coalition is for the development of the Poort van Hoorn to a multimodal mobility hub and argues this should at least partially be funded by other governmental institutions since it is a valuable addition to the entire area around Hoorn. The most important aspects for this discourse coalition are the realization of the mobility hub in combination with attracting subsidies to make sure this is achievable. This discourse coalition is driven by the municipality as these are their primary storylines and discourses.

#### ***High ambitions need to be financially feasible***

The main storylines in this discourse coalition are the perception of these actors that the municipality has a difficult and ambitious plan and the prerequisite that the business case of this development must be profitable. These are two of the main storylines that developers and housing corporations push for together since they are conflicting with each other as the high ambition of the municipality translates into financially unfeasible plans which means they will not be able to develop. So, although the developers and housing corporations have different rationales and reasonings they both need to keep the ambitions of the municipality in check to make sure that the development does not become unrealisable.

#### ***Successful cooperation in the first phase***

This is an interesting discourse coalition since all the involved actors agree on this, so it is not really a typical discourse coalition in that regard since they are not arguing their perspective and storylines that disagree with others. Instead, it is more of an affirmation of successful cooperation regarding the negotiations, specifically in the first phase, as successful and easy going and smooth. This discourse coalition of successful negotiations and cooperation can be attested to a variety of factors including the previous experience of working with each other that built trust and experience, clear understanding of basic thresholds that need to be developed and a relatively easy development where majority is housing. So, this discourse coalition shows the importance of all the previously mentioned discourses and storylines to be able to provide a successful cooperation through negotiations.

### 4.6.2 Fellenoord Eindhoven

#### ***High ambitions justified by strong financial position municipality***

This discourse coalition is a combination of storylines and discourses which stem from the municipality. One of the main storylines for this discourse coalition stems from the inclusivity discourse and is especially focused on realizing a lot of affordable housing in Fellenoord. Additionally, another main storyline is around the strong financial position of the municipality, caused by the growth of Eindhoven in population as well as growth of the whole brain port area. This combined with attracting additional funds from companies in this brain port area and the subsidies from the government make it so that the municipality has some room to play with financially. Next to these two storylines there is still a variety of other discourses that the municipality is focused on. The municipality is aiming for an all-encompassing development with some dominant discourse such as improving the national and international mobility through the mobility hub around the station area, considers the sustainability as well as liveability together with mixed functions and more.

### ***Municipality sets unnecessary, unfeasible, and inconsistent goals***

This discourse coalition consists of different storylines by both the developer and housing corporation. First is the disagreement with the municipality about certain ambitions that they set, mainly the required amount of affordable housing. Although both actors in this discourse coalition have different reasons for disagreeing with the municipality, they both disagree and therefore form a discourse coalition against the discourse coalition of high ambitions with a lot of affordable housing. Whereas the housing corporation mainly disagree on the amount of affordable housing because it is not representative and fitting for the population as well as the quality of these houses, the developer mainly disagrees because of financial reasons and currently has no positive business case to start developing with such high percentage of affordable housing.

Next to the high ambitions with regards to the affordable housing there is also an issue with the reliability of the municipality in the view of this discourse coalition. Again, here the actors in this discourse coalition come to the same conclusion but for different reasons. The housing corporation thinks the municipality lacks a clear direction going forward and mentions that previous agreements and terms have not been upheld by the municipality which makes them unreliable. The developer argues the municipality is unreliable since they keep changing their plans and once, they as developer have found a solution for a certain task or requirement it then gets changed by the municipality which makes it an unreliable actor. It is important to note that this last argument is more so due to political decisions than the municipality itself.

### **4.6.3 Rijnhaven Rotterdam**

#### ***Plan is ambitious and challenging***

This discourse coalition is based around multiple story lines that follow up on each other. First there is the all-encompassing plan of the municipality that is quite ambitious to develop, all regularly occurring discourses are incorporated in this storyline. Following up on this storyline is the, financial, challenges that come along with this ambitious development that carry a significant amount of risk for the municipality. Then lastly there is the value capture rationales which is through subsidies from other governmental institutions and the external mitigation rationale through general purpose municipal funds that are used for overarching developments within the Rijnhaven. All these storylines together belong to the municipality as a whole, the discourses and storylines of both municipal interviewees attest to this discourse coalition.

#### ***Municipality is not realistic and does not listen to community's feedback***

This discourse coalition is based on similar storylines that are pushed by the community council. In general, the community council is quite negative about the municipality and its plan around the Rijnhaven, this is clear in the participation where they do not feel like they are taken seriously, and it does not have any impact on the actual plans. On top of that the municipality is not trustworthy in their view and there is so much bureaucracy inside the municipality that it is a hopeless task to begin with. Additionally, the community council thinks that the entire plan is not realistic and even if they do not consider the feedback and concerns there is just no financially feasible plan at all.

## **4.7 Lacking regulations**

Lists the issues that actors face in the current Dutch value capture framework or missing regulations that could improve the framework. Furthermore, actors indicate what they think of the possible introduction of plan benefit levies and if this would be an addition to the Dutch value capture framework.

### **4.7.1 Poort van Hoorn**

#### ***Speeding up the development process***

A clear reoccurring theme is the speeding up of the development process. The time it takes to actually start developing can be quite long since the current regulations allow for many protests and appeals to be made before a zoning plan or environment plan. The time it takes until the development can start is important since it is such a long process and there is also a lot of costs occurring during this process “Before we can actually start building, we have to go through so many procedures and objections etcetera. This is a big pain point with the current legislation where we must see if we can speed up this process and less chances for appeal all the time” (Interview Hoorn, #2).

#### ***Plan benefit levies***

Interesting is that the interviewee of the municipality mentions he is not too familiar with the value capture framework, especially the plan benefit levies so there is no strong opinion regarding this. For the housing associations they are not strongly against it but they are also not too keen on the introduction of plan benefit levies since they are afraid of the financial feasibility side of projects already and they think this will make more projects unfeasible “At the moment the tension is already quite large and if we start to take away more of the profits of the developers than there will not be any profit margin left while we still want to realize more housing” (Interview Hoorn, #2). As for the developers they point out the issues regarding the shrinking profits and business case as well “We as market party are asked to develop and take certain risks so there should be a profitable business case for us as well” (Interview Hoorn, #3). However they also mention that they are not necessarily against the implementation of plan benefit levies if it is in the benefit of the whole development “We do not have any problem with the plan benefit levies as long as there is a profit at the end of the development we can hopefully contribute more to the development this way” (Interview Hoorn, #3).

### **4.7.2 Fellenoord Eindhoven**

#### ***Speeding up development process***

Speeding up of the development process to start the development is perceived as a major issue in Eindhoven a well. Especially in Eindhoven where the development is of a very large scale and there is lots of high rise buildings involved the development process takes even longer “When you look here you notice that almost every high rise building there is an appeal procedure which all take a long time, could easily take a year or two every time. Not to mention all the money that is needed for it as well” (Interview Eindhoven, #2).

#### ***Take the market conjuncture into account***

The municipality mentioned quite a unique perspective with taking the market conditions into account. In times where the economy is doing well there are no issues but then when the

market conditions turn around the issues start occurring “In good times the developers are all good and want to develop so there are no issues. In the bad times however they’re of course going to knock on our door at the municipality when the development is no longer profitable, and the costs have risen etc.” (Interview Eindhoven, #1).

#### ***Plan benefit levies***

Interviewee from the municipality mentions that he is also not too familiar with the plan benefit levies and thinks it is not as relevant for him as he is operating in urban areas only. The housing corporation is familiar with the plan benefit levies and thinks that it could be a good addition to the value capture framework however only if parties are more transparent and open to each other as well as the condition again that it has to be a profitable development first “It can certainly help but only if everyone opens up. It is about financing and commercial parties as well as social parties, but I can see that bigger developers in the Netherlands have made steps towards being more open, on how they work, their returns and how it would negatively influence their business case. And of course there should be a positive business case with profit, that goes for us as well” (Interview Eindhoven, #2). The developer in this case is also not that familiar with the plan benefit levies but is not against the implementation of them since he thinks it primarily affects greenfield developments and his development firm is solely focused on brownfield developments, furthermore he mentions “I think it is good if it is regulated to some extent, there is so many cowboys speculating over the agricultural lands. Look when we buy land, we want to develop we always have a back-up plan so if we cannot develop housing, we can fall back on office buildings” (Interview Eindhoven, #3).

#### **4.7.3 Rijnhaven Rotterdam**

##### ***Simplifying the requesting process of subsidies***

There are certain subsidies available by the national government which can be requested by municipalities. The issue however is that the requesting of these subsidies is very detailed and extensive which causes multiple issues and, in many cases, leads to not being able to request a subsidy “Those are very labour-intensive subsidies and information is needed at such a detailed level. That is usually not possible because the plan is not that developed yet, it is more on a surface level at the time we would need to request. So, there is definitely demand from municipalities for this which, we as Rotterdam, are pushing ourselves as well” (Interview Rotterdam, #2).

##### ***Lacking expertise and knowledge on value capture in the Netherlands***

Another potential explanation for a lack of usage of value capture, or not used in the optimal manner, is because of a lack of experience, expertise, and general knowledge about value capture. The first interviewee of the municipality indicates that it is hard to use value capture in general as she does not know the exact potential or boundaries “It is a grey area for me. What are the proportions of value capture and limits” later she adds “It is not used a lot in the Netherlands because it is difficult to use” (Interview Rotterdam, #1). The explanation of this missing knowledge could be found in the second interview with the municipality where it is pointed out that a lot of the knowledge and expertise about value capture has been lost over the last years. He mentions it is the knowledge around area development in general that has decreased but the value capture in specifically “If I were to name one obstacle it would be the

knowledge and knowhow regarding area development itself. Mainly because of the first building crisis I think a lot of knowledge got lost since then” he does also add that it is dependant per municipality “I notice sometimes that it is really pathetic when it comes to the knowledge around value capture, but it differs per municipality” (Interview Rotterdam, #2).

#### **Plan benefit levies**

Municipality is overall in agreement that plan benefit levies could be helpful in capturing more value and are for the introduction of this new tool. They are already using this type of value capture through their system with land deeds so for them it is not particularly relevant but they mention it can help in the Netherlands in general “I’ve been saying it for a while but it is actually really similar to the system we have here in Rotterdam” (Interview Rotterdam, #2). The community council is not up to date or aware of the ongoing discussions about this new value capture instrument, so they have no opinion about the matter.

### **4.8 Discussion**

In this section the results are discussed in relation to the literature review, the results are then discussed in further detail in the conclusion and reflection chapter.

#### **Value capture rationale**

Literature has shown that municipalities are often not aiming for the maximum amount of cost recovery, since almost 80% of the municipalities indicates that they want to achieve a balance between the income and expenses for public investments and therefore aim for internal cost recovery only (De Leve, Geuting & Temming, 2021). This also aligns with the results of this research since none of the cases in this study have aimed for the highest amount of cost recovery. In Hoorn they are trying to fulfil the ambitions, around the mobility hub, through a cost equivalency rationale. Fellenoord has other ambitions around affordable housing that are the main discussion point, the municipality is not trying to extract the maximum cost recovery and is mostly going for cost equivalency as well. For the Rijnhaven the possible value capture is limited by the fact that the land is newly created and already owned by the municipality, and they are trying to balance the ambitions and finances through a public tender process rather than cost recovery. Here as well they indicate that providing a balance between the ambitions of the plan and the financial feasibility is their goal, not the maximum value capture.

It could even be said that the municipalities are not focused on cost recovery at all, in general they are prioritizing their ambitions and goals of the development over the financial feasibility or cost recovery. Although financial feasibility is not the priority of the municipalities, they do feel the financial stress increasing, however there is certainly a degree of stress that differs from all three cases. The rising financial stress is caused by a combination of factors including high ambitions, long development process and rising building costs. This is in line with previous research that shows the shortcomings for municipalities regarding sustainable developments are increasing and it is forecasted to get worse (Jongsma et al., 2023, Allers, 2022). So at least in these three cases this is also happening where the sustainable urban developments are harder and harder to realize without government subsidies or other external financial contributions. As for Hoorn and Rotterdam they also indicate that there is already financial stress and problems to a certain degree and the situation is worsening, and they need governmental subsidies to cover parts of the development. For Eindhoven the situation is different as they also are effected

by the rising building costs and long development processes but they are still in a relatively strong financial position as municipality and have more options than just government contributions as they have options from the municipal budget as well as financial contributions from companies in the Brain port area.

### **Discourse coalitions**

Even with the different cases there are clear similarities in the different variables and there are even more similarities in the discourse coalitions. Although the underlying ambitions and causes differ from each other there is an evident divide between the municipality as a discourse coalition and the other involved actors forming a discourse coalition, these vary from housing corporation, developer, and community (council). This is also described in the theory since the discourse coalitions are formed by actors who are attracted to specific storylines for various reasons (Hajer, 1995).

So certain actors can all fall into the same discourse coalition since they have comparable positions and storylines, even though it is because of different underlying causes. In all the cases it is the municipality that is a discourse coalition on their own and producing certain plans and ambitions that are not particularly viable financially. The only way to be able to realize the plans is if there are additional financial contributions which almost always have to be provided by the government through subsidies. Then there is the other discourse coalition which consists of the remaining actors, developer, housing corporations and the community (council). This discourse coalition is clearly against the discourse coalition of the municipality and advocates for a change of plans because they either do not agree with certain ambitions or the ambitions are set too high and are not financially feasible. The financial feasibility of the project, most of the time advocated for by developers and partially by housing corporations. This can be achieved by bringing down the ambitions of the municipality and finding solutions that are less expensive and more cost effective. Next to financial feasibility there is also disagreements with certain ambitions and goals that the municipality is focusing on, or rather not focusing on enough, according to housing corporations and the community (council) in this discourse coalition. So even though the underlying reasoning differs for the actors in this discourse coalition they have similar storylines and are both in disagreement with the discourse coalition of the municipality and are advocating for a change together. Important to note is that storylines make it possible to understand each other and find consensus based on the simplified narratives according to Hajer (1995). Therefore even if there is disagreements in discourses or storylines to a certain extent it is more important to look at the storylines or parts of it that do align with each other and focus on the essence *“how problems came to be (or came to be overcome) and what should therefore be done (or not done)”* (Stevenson & Dryzek, 2012: 191). In this case they usually agreed on the problems at hand, the unfeasibility, different goals and ambitions and the manner in how to solve it. However, it is important to note that most discourses that were mentioned by the municipality were generally agreed upon by other actors as well such as the liveability, sustainability, mobility and other re-occurring discourses. The other discourse coalitions usually acknowledge the importance of these discourses as well. It is not the case where other actors do not want to realize a sustainable and high-quality urban development however developing all these discourses completely without compromises is not feasible so there are choices to be made, and the priorities here differ between discourse coalitions.

## Negotiating process

Compliant with theory as discussed earlier the municipalities tend to prefer the negotiable developer agreements in the Netherlands since they have more room to negotiate and utilize value capture (Muñoz Gielen & Lenferink, 2018). So, you see this tendency in all these cases as well where they prefer to avoid the 'forced' track through exploitation plans for example. Municipalities also have the ability to adjust land use plans and functions as a negotiation tool when negotiating on developer agreements in their favour.

So, the negotiation process is interesting since all the cases are in different phases of the negotiation process, so it is important to distinguish the different cases. Particularly the first phase of the development of the Poort van Hoorn stood out from the other developments. It has already been agreed upon by all the actors involved and there was a smooth and successful negotiation described by all the actors. Important to note here is that the first phase of this development was easy to develop and incorporated a lot of housing, also it was intended to be developed with a profit for the municipality. Therefore, it is easier to come to an agreement as there is more financial room to deviate and compensate for certain aspects. This is a good example of integrative negotiations as they are typically defined as a win-win situation with a clear goal to reach a mutual beneficial agreement for all parties involved negotiations (McCarthy & Hay, 2015). All the parties in this case had a clear goal to successfully develop more housing in this development while also realizing a profitable business case. Another factor that contributed to the successful negotiations of the Poort van Hoorn is the trust between all the actors involved, this is a key factor in successful negotiation according to the theory as well (Kong et al., 2014). Also, in line with this is that a high amount of trust in public institutions which leads to favourable informal institutions and make it, so the value capture policies are more efficient, flexible, and effective which is clearly the case for this development phase in Hoorn (Kresse et al., 2020). Especially in this negotiation all the actors involved trust each other a lot because of the experience of working with each other many times before and the relationship they have built over the years. This has contributed significantly to the success of the negotiations in this first phase since all the actors mention it and indicate they have a good relationship and look back at the negotiations as successful and relatively uncomplicated. Another important factor that contributed to this is the certain baselines and basic thresholds that all the parties are aware of from the start which makes it easier to reach consensus since it is already narrowed down.

This first phase of the Poort van Hoorn turned out to be an exception to the rule as other negotiations in different phases in Hoorn as well as the other cases could be described as laborious and difficult. Reaching consensus in spatial planning is difficult and often there is a compromise from all the actors involved needed to reach that consensus, the actors are driven by self-interest, and these are often conflicting with other actors which makes it hard to find common ground (Poplin & Vemuri, 2018). This turned out to be true for all the cases here as well, with the first phase of the Poort van Hoorn as exception, with the ongoing negotiations there has not been any big and significant compromises made. These compromises are required to find some common ground and reach the zone of possible agreement (Caputo, 2015). For all the cases it is a matter of balancing out the development's goals and ambitions with the financial feasibility of the development. For the station area of Hoorn this is about the financial shortcomings in the current plan around the mobility hub, this can only be solved by

adjusting the plans to make it cheaper or gather more subsidies. For Fellenoord it is mostly about the high amount of affordable housing that makes the development financially unfeasible unless more external financial contributions are raised, they will have to adjust this down as well to make it more financially attractive. Lastly the Rijnhaven is an ambitious plan, and the development is quite financially challenging as it is a very time consuming and expensive process. Therefore, all the municipalities will have to invest more money themselves, attract more subsidies or change their plans so it is more financially attractive.

Other than reaching consensus through making compromises from all the parties involved, the trust between these parties is also key for the successfulness of the negotiations (Kong et al., 2014). Where the negotiations were indeed successful with actors that had a good relationship, as the first phase in Hoorn showed, the opposite is also true for the negotiations between actors with a low amount of trust. Within Fellenoord there is also a confirmation of the importance of trust between the actors, although there is not that much trust yet between the actors this is something that they all acknowledge to be important and something they are trying to improve through working with each other and building on their relationships. Still though there is a certain distrust in the municipalities and even regarded as 'unreliable' or 'untrustworthy' because the bigger picture is not clear and there is constant changes of plans and adjustments from the municipalities in Eindhoven and Rotterdam. This is a clear obstacle in the negotiations as this hinders the ability to be transparent, trust each other and eventually find common ground.

Interesting is that there is not any mention of the skillset of the negotiating parties mentioned in the cases. In theory the skillset of the negotiating parties should have an influence on the successfulness of negotiations, skillset including the competence to negotiate and willingness to invest time and effort into negotiations (Holsen, 2020). So, this factor of skillset of negotiating parties is not mentioned in any of the cases, they are focused more on the relationship and trust between the parties as well as the expectations from each other which can be set through basic thresholds and requirements.

Lastly Fisher (2006) mentions that successful collaborative planning requires participation at grass root levels and political and professional support at the top. The cases in this study do not follow this principle or theory since there is not much participation at all, even if there was participation the participants do not view it as actual useful or successful participation. Therefore, it could be argued that these cases are not regarded as successful in the view of collaborative planning.

### **Obstacles in the value capture framework**

It is important to take into account current developments in the Netherlands around the value capture framework and the possible introduction of plan benefit levies. Therefore, it is relevant to consider the perspective of the actors in this case study to illustrate their view of the current value capture framework and how this relates to the theory (Krabben, 2024. Tiekstra, 2024).

As far as the introduction of plan benefit levies goes, there is really no actor that is strongly against the introduction of it and most actors generally think there is some positives to the introduction of the plan benefit levies although under some conditions. An issue that is often mentioned with the plan benefit levies is that it takes away some of the profit for the

development and could therefore make the development unfeasible since the business cases are often already under a lot of financial pressure. To add on to this there is also some additional comments about the openness and transparency that is needed from all the actors involved so that especially the financial aspect is clear and understood by everyone so appropriate solutions and terms can be provided. There are also some parties that think this introduction of plan benefit levies will not affect them since they are only operating in brownfield areas, and it is not applicable there at all. This understanding is not completely correct, although there is more appreciation of agricultural land when the function changes from agriculture to housing, there is still an appreciation of land prices when the function changes from office to housing but it is indeed a much smaller appreciation (Krabben, 2024). The municipality of Rotterdam showcases how skimming of development gains can be applied in urban developments, even without the plan benefit levies through the use of land deeds.

In addition to the introduction of plan benefit levies there is an issue around the use of value capture in general, caused by a lack of knowhow, experience and knowledge that relates to the theory. This is mainly pointed out by the municipality of Rotterdam since they are aware of the possibilities through value capture and have the expertise and knowledge within the municipality. Hence why they point this out as an issue in the value capture framework in the Netherlands because if the possibilities, limitations or even the general use of value capture is not properly understood within Dutch municipalities it will be hard to utilize it at all, let alone optimal usage of it. An explanation for this lack of understanding of value capture could be found in the decrease of active development of Dutch municipalities after the first house building crisis which is in line with previous literature as well (Muñoz Gielen, & Lenferink, 2018). It also adds that the legal framework is vague and there is no jurisprudence or clear directives from national government on this matter.

## 5 Conclusion & reflection

### 5.1 Conclusion

The research question in this research was:

**How is an urban sustainable development reached between discourse coalitions, analysed through the ADA framework, and how can value capture potentially improve this?**

To answer the research question there is also several sub questions formulated,

- What are the prevailing discourses, challenges, and rationales per actor?
- How do all these discourses and other factors translate into storylines and eventually form a discourse coalition?
- How did the negotiation process go and where is the zone of possible agreement for the discourse coalitions?
- What are the obstacles in the current value capture framework?

First all the sub questions will need to be answered before the research question can be answered and a conclusion can be drawn.

- What are the prevailing discourses, challenges, and rationales per actor?

There is certain clear differences of discourses, challenges, and rationales per actor. However these factors seem to be consistent for all the cases to a certain extent, there is always differences in priorities and specificities per case but the overall view per actor is quite comparable.

For the municipalities in different cases the discourses are quite similar and comparable, some of the most common ones are mobility, connectivity, intensification, sustainability, mixed functions, inclusivity, and liveability. So, these discourses are significant in all the cases while some are prioritized over others per case. Connectivity and mobility are priority for the Poort van Hoorn, Inclusivity and affordable housing is priority for Fellenoord, and intensification is priority for the Rijnhaven. The challenges for the municipalities in these cases are also similar and usually proceed from the discourses but are also related to the financial feasibility. So, the most challenging aspect of Hoorn is how to intensify while also creating a mobility hub and make this financially feasible. Rotterdam is similar where the intensification and mobility are the main challenges especially the financing, considering the long process of land sprawling. Eindhoven in this sense it a little different since their challenge is not necessarily a financial shortage to start off with but since they feel comfortable in their financial position as municipality they are setting very high ambitions with regards to affordable housing goals which then puts them in a financial challenge to actually realize this as well.

As for the value capture rationales these are only relevant to the municipalities, and these are relatively similar as well as they are all not striving for maximum value capture but prioritize ambitions and policy goals. Value capture does not sufficiently cover the financial shortcomings that are created by municipalities choosing certain policy goals and additional funding is needed which is usually sought in subsidies from the government. So, there is not much value capture occurring hence why most of the value capture rationales are limited to cost equivalency only like the Poort van Hoorn where value capture is incorporated in the land prices and Fellenoord where only municipalities' labour costs are covered by developers. The Rijnhaven is a different case since there is a public tender for the development so there is no value capture possible in this case specifically. Even in this case with active land policy of the municipality the financial feasibility of the project is in danger due to a long land development process and rising costs, so financing all the policy goals of the municipality remains a huge challenge.

The discourses for the housing corporations are similar from the different cases: more fitting housing, faster developments needed, make plans financially feasible and build quality housing. There are differences per case as to what the housing corporations are specifically focusing on but in general, they are trying to accomplish the same thing and that is to provide fitting housing for the inhabitants that reflect the needs. As far as the challenges are concerned, they are quite comparable with the municipality as they are trying to find the best solution together. The main challenge again is to develop fitting housing while making it feasible financially. In Hoorn the corporation is mostly focused on providing more housing for the starting generation that wants to move out of their parent's house and in Eindhoven the corporation is more worried about providing fitting housing that is representative of the inhabitants, more affordable housing is not always better than a good mix of housing.

The discourses for the developers are straight forward and the same in the cases: business case needs to be profitable, and they are eager to develop. The developers are not against providing certain social needs and quality of space and housing but the priority for them is that there needs to be an expected profit in the development otherwise there will not be any development taking place at all. The challenges of the developers are basically a consequence of these discourses where they are mostly trying to change the current development plans to find more financially profitable solutions and still maintain the important aspects of the plan, so the municipality agrees. Another solution to this challenge is that the municipality provides extra funding themselves which can be accomplished through various ways so that they take on some extra costs which provides a profitable business case to the developer.

Lastly there is the community council which is only incorporated in the case of the Rijnhaven. The main discourses of this actor are quite different from other actors: seeming participation, unwanted high-rise buildings, and municipal bureaucracy. There is a lot of challenges that the community council foresees, and they are generally not that positive about the development. They worry about the effects of the new development and intensification, the mobility and liveability that is at risk but also the maintenance and safety of the Rijnhaven.

- How do all these discourses and other factors translate into storylines and eventually form a discourse coalition?

So, all these discourses and contributing factors that are mentioned in the first sub question all contribute and are compressed into certain storylines, the storylines then are used to form discourse coalitions around. So, although there are some minor differences per case the general discourses and challenges tend to remain constant between the actors in different cases.

The first discourse coalition in Hoorn is around the storylines of creating a mobility hub while intensifying the housing in the Poort van Hoorn and attracting subsidies for the financing of the development and this discourse coalition consists of the municipality themselves. On the other side of the debate, you have the housing corporations and developers with their own discourse coalition and storylines that go along with this. Their discourse coalition is mostly formed around the prerequisite that the business case must be profitable, and the ambitions of the municipality have to be kept in check.

The first discourse coalition in Fellenoord is about the high ambitions of the municipality of Eindhoven because of their strong financial position. These high ambitions include a lot of factors that are all mentioned in the most occurring discourses to develop an all-encompassing development and specifically the extreme policy goals about the affordable housing. The municipality aims for these high ambitions because they are in a strong position as municipality where they are growing a lot and in a financial surplus as well as they feel confident to attract more external financial contributions to realize the development. On the other hand, there is the discourse coalition formed by the developer and housing corporation. They do not agree with the policy goals that are set and think these are unnecessary, unfeasible, and inconsistent. Unnecessary is because of the extremely high amount of affordable housing which is not representative for the community and unfeasible because the high amount of affordable housing and the inconsistency refers to the constant change of plans and goals by the

municipality which makes it difficult for this discourse coalition to deal with and develop.

Here again the discourse coalition of the municipality is about the former discourses that make for a complete plan for the Rijnhaven and the financial challenges this brings along. Primary storylines to overcome this challenge is governmental subsidies and partly funded by general resources of the municipality. In this case the opposing discourse coalition is the community council that feels neglected and thinks the municipality is making an unrealistic plan for the Rijnhaven. There is participation involved with the plan, but it is not actual useful participation since all their suggestions are neglected. The community council has already warned about many issues regarding connectivity, mobility and many safety and maintenance issues which have not been considered.

- How did the negotiation process go and where is the zone of possible agreement for the discourse coalitions?

So now we know the different discourse coalitions per case there is a consensus that needs to be reached between these different discourse coalitions so a sustainable urban development can take place. Therefore, since the actors are already incorporated in a discourse coalition that is concentrated around their main storylines it is relevant to look at the individual cases and then find out where a possible consensus could be found by comparing the different discourse coalitions.

Within the first phase of the development of the Poort van Hoorn there has already been a consensus reached about a sustainable urban development. However, this is only the first phase, and the rest of the development has yet to be agreed upon. So, it is important to make a distinction between these phases as Hoorn is the only case where a consensus is already reached for part of the development. In this case all the actors are reflecting on the first development phase which there is no clear discourse coalitions that were formed. This could partially have to do with the fact that there has already been an agreement reached between the actors and they all experienced the negotiating process as successful, smooth, and relatively easy. This has to do with a couple factors that were highlighted in the negotiation theory. First, the development of this phase consisted of mostly housing and the municipality wanted to make a profit with this development, albeit to use this profit in other phases of the development. This is key since this is different from the other cases where the municipality prioritizes ambitions and other policy goals over the financial gains of the development, leading to a larger zone of possible agreement. Therefore, there is no clear discourse coalitions that disagreed with each other since this ultimately led to integrative negotiations where all of them wanted to develop housing with a profitable business case. Some other contributing factors that helped the negotiation process were the high amount of trust, the experience and good relationship they had with each other and the expectations and requirements for the development were in line from the start.

Contrary to the first phase of the development of the Poort van Hoorn there is also other phases which are more complicated especially regarding the station area. So, Fellenoord, Rijnhaven and the later phases of the Poort van Hoorn are similar here with regards to the negotiations and conflicting interests between discourse coalitions. The municipality is prioritizing their policy goals and is not so much focused on developing a profitable business case while the other discourse coalition is disagreeing with them on both fronts. They are at

least partially not aligned in the policy goals the municipality is striving for and are also very much focused on the financial feasibility of the business case since there will not be any development without it. It has been stated in the previous sub questions that the policy goals and priorities differ from case to case, it has however been consistent in the negotiations between discourse coalition that do not agree in terms of the goals and financial feasibility of the projects. While these negotiations are ongoing the municipality is not making any compromises for their policy goals yet, this makes the development unprofitable for the other discourse coalitions and therefore there is no consensus found. Even with value capture that is used up to a certain degree, this just accounts for a minor amount of the costs and is certainly not enough to finance the developments. The only solution that is presented by the discourse coalition of the municipality is attracting external financial contributions, mostly subsidies from the national government, so they can be used to fill the financial shortcomings while still realizing the policy goals. The municipality is not adjusting their development plans and policy goals yet since they are confident in their ability to provide these subsidies and still develop the original plans, for the other discourse coalition it is really simple as they will not develop with an unfeasible business case especially if they also do not agree on certain policy goals. So, unless both discourse coalitions start to make compromises to try and find a possible zone of agreement where an acceptable outcome is reached for both discourse coalitions the only solution seems to be to rely on subsidies from the government.

- What are the obstacles in the current value capture framework?

The obstacles in the current value capture framework are quite clear and there are several obstacles that are mentioned plus some additional suggestions for new regulations such as the plan benefit levies.

First, the amount of value that can be captured is already limited because the developments are not profitable to begin with, mostly due to certain policy ambitions that are case specific. When there is no profitable development case there is also no value to be captured, other than the municipalities' labour costs. Even more so there will not be a development at all if there is no positive business case to start off with. So, this is the biggest obstacle when it comes to using value capture, it is not applicable because municipalities are prioritizing other aspects which are mainly the policy goals for which they are striving.

Another obstacle that has been found is the lack of value capture due to the lack of experience, knowledge, and knowhow of value capture in general. This is pointed out by one municipality specifically, but it is also seen in other cases where the municipalities and other actors are also indicating that they are not using or certainly not optimizing the value capture since they do not have the educated knowledge to do so. This insight is also confirmed in the discussion about plan benefit levies where municipalities, in some of the cases, together with other actors indicate that they are not too familiar with the plan benefit levies or value capture and regulation in general. Therefore, these municipalities do not have a substantiated opinion on the matter but generally do not see direct issues with the introduction of plan benefit levies. Other actors have their main critique about the plan benefit levies as it will decrease the profitability of the development which are already in a difficult situation to start with.

When it comes to the actual changes to improve the value capture framework there is first a major issue with the time it takes to develop in the current Dutch legal framework. This is

caused by the many opportunities there are to file appeals by civilians and other stakeholders. This causes many issues such as delays, a longer development process and rising costs in the meantime. Other than the long development process there is also a long process for the requesting of subsidies. It is not only a long and slow process but also requires a lot of labour and details which are not always clear yet, especially in early stages when it already has to be requested. This is seen as an obstacle for municipalities since it is labour intensive and slows down the development progress.

After answering all the sub questions the research question can be answered adequately:

**How is an urban sustainable development reached between discourse coalitions, analysed through the ADA framework, and how can value capture potentially improve this?**

To first reach an agreement there needs to be clear discourse coalitions with their own discourses, ambitions, and storylines. There are actors specific per case that have their own discourses, challenges, goals, and rationales that eventually are concentrated in multiple storylines. Then based around these storylines there is discourse coalitions that are formed which consist of actors that align with these storylines and push these simplified narratives. The first discourse coalition is striving for high ambitions for the urban sustainable development with specific policy goals per case, the actor in this discourse coalition consists of just the municipality. The opposing discourse coalition is those of the other involved actors with the urban development which mostly consist of housing corporations and developers that argue against some of the policy ambitions, due to a disagreement about prioritizing policy goals but also a disagreement about the financial feasibility of the policy goals. These discourse coalitions must come to a consensus through a negotiating process where both discourse coalitions make certain compromises which translates into a possible zone of agreement where there is an acceptable outcome for all actors involved. Thus far it is shown that both discourse coalitions are unwilling to make many compromises if any at all. For the municipality this is mostly because they are unwilling to reduce their policy goals and ambitions because they think the development is still realizable through external financial contributions which are mainly subsidies through the national government. For the other discourse coalition, which are mainly the housing corporations and developers, they only want to start developing when there is a profitable business case or at least break even for the housing corporations. Next to a profitable business case there are some minor disagreements about the policy goals because the actors disagree with these policy goals. This is not because of financial feasibility issues, but rather because of having a different perspective and priorities about the goals and ambitions which is mostly the case for the housing corporations and the community (council). When none of the discourse coalitions are making any compromises there is no progress in finding a consensus which ultimately results in a dependency on governmental subsidies, provincial subsidies, or financial contributions from market parties in specific cases. Value capture is used to a limited extent but is far from covering the financial shortcomings that are created in these urban development projects. Value capture is not used regularly because of several reasons which includes the preference of other ways to develop such as NDO's and public tenders and a lack of knowledge, expertise and knowhow of the use and optimisation of value capture in the Netherlands at municipalities. Other obstacles in the Dutch legal framework hinder the value

capture as well through long development processes, many opportunities for appeals and difficult requesting process of subsidies. On a last note, about the extension of the Dutch value capture framework about plan benefit levies there is generally a positive outlook by all parties for the introduction of this with the restriction that developments are already under a lot of financial pressure which should be considered.

## 5.2 Recommendations & reflection

### Recommendations

Based on the different cases that were researched there is a general trend of the discourse coalition from the municipality, which consists solely of the municipality themselves pushing their own discourses and storylines. Then there is another discourse coalition with the remaining actors that have similar discourses and storylines and work together to a certain extent to have more influence and push their agenda. It would be interesting to see if future research also finds that the municipality is a discourse coalition on their own or they might be working together with other actors such as the community (council) or housing corporations in certain cases.

Additionally, this research has also shown that it has become increasingly difficult to realize a sustainable urban development and it is often not feasible without governmental subsidies. This is caused by the high baseline requirements of sustainable urban developments combined with additional ambitions of municipalities and rising costs of among others the building costs and land prices. The municipalities in the cases from this research are not willing to adjust their policy goals and ambitions since they think that they are able to attract external financial contributions, and the other discourse coalition is clear that they will not develop without a positive business case. This results into an impasse where no compromises are being made by either party and there is no consensus found at all. So, in all these cases it is not yet clear how the sustainable urban development is eventually realized since they are still ongoing but there is clearly a need for governmental subsidies to be able to make the developments financially feasible. This case study is however limited to only three cases, it could be interesting for future research to find if there are sustainable urban developments that are financially feasible without governmental subsidies.

One way to finance a sustainable urban development is through value capture. The amount of value capture in the researched cases was very limited because of several reasons. First, the urban developments did not have profitable business case to start off with because municipalities are prioritizing other aspects, this results in a very limited amount of value to be captured at all. On top of that there are several other obstacles which include the lack of knowledge, knowhow, and expertise about value capture in the Netherlands, the long development process and extensive process for requesting subsidies. So, it is clear that value capture alone was not sufficient for the cases in this study. Therefore, more research could be conducted about using value capture with the growing financial shortcomings in urban developments recently. Can it potentially prevent financial shortcoming from occurring if used correctly, especially with the potential introduction of plan benefit levies?

## Reflection

This research has made it clear that finding a balance of policy goals and financial feasibility is difficult and is becoming increasingly more difficult recently. Like the research concludes there are several reasons for this trend and its very case specific as to what the issues exactly are which makes it hard to generalize the findings of this research. An added difficulty in this research is that there are not only multiple cases to analyse but also multiple different actors to analyse. This was needed to understand, visualize and eventually analyse the negotiating process and understand all the actor's perspectives. This made the research more complete, and it is necessary to answer the research question, but it also complicates the drawing of conclusions and the generalisability. Even with these case specific variances there is still a clear trend visible where urban developments are financially unfeasible, and the development has become increasingly more difficult.

There is also a clear trend regarding the solution to this as all the municipalities opt to attract external financial contributions which are mostly from national governmental subsidies. Value capture does not seem to be used as a solution very much as there is not much value to capture in the first place if the developers are left with a negative business case. Even if there is a positive business case the amount of value capture is limited due to a variety of obstacles in the current value capture framework and lack of knowhow in municipalities.

Furthermore, the actors mention that they are generally quite positive about the introduction of plan benefit levies but also mention that this will be restricted due to the developments already being under a lot of financial pressure. While this is true for the current developments that are ongoing since these have not considered the plan benefit levies and therefore this has not yet been priced in. This could however be different if the developments were planned with the plan benefit levies taken into account which could potentially results in a different scenario.

Last of all there is the addition of the community (council) as an actor in the negotiations of one of the urban developments. It was interesting to see this participation was perceived as useless by this community council while the other cases did not have any representative for the community yet. This raises the question if participation is useful in the first place, if it is not happening at all or if there is nothing that being done with the feedback and results of it, or is it just done to make the participants feel like they are heard and taken into account?

There are certainly some limitations to the research that have clearly occurred. First, the interviews were quite limited as most of the cases only one representative of all the actors could be interviewed for the sake of time and workload. This is quite limited as there is more than one perspective from each actor and opinions can differ from one employee to the other. Furthermore, the argumentative discourse analysis preferably looks at the discursive argumentations, but it was not possible in these cases to actually be present during the negotiations and discussions therefore the decision was made to only use interviews to gather info about the discussions and negotiations per actor. This is sufficient but not ideal, therefore limiting the research results to some degree. Since most of the urban developments have not been completed yet or fully agreed upon the results are often not yet known which can be a limitation for the research since the outcome has not been reached yet. However, it is more important in this research to visualize the different actors and their discourses and goals to

eventually form discourse coalitions and get an insight into the consensus making of urban developments and weighing the policy goals and financial feasibility.

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## 7. Appendix

### 7.1 Interview guide

Date:

Interviewee's organisation:

Interviewee's profession/title:

#### Introduction

I am Hugo Megens, master student land, planning and real estate development on the Radboud University in Nijmegen. My master thesis is about value capture in urban redevelopments, specifically how to reach both a financially feasible urban development while at the same time achieving the policy goals and sustaining a high quality of urban space. The research includes all the relevant actors in the realization of an urban redevelopment, their discourses, value capture rationales, negotiating positions, (policy) goals and obstacles they face in the current value capture framework. Furthermore, there is three cases selected for this research: Hoorn, Eindhoven, and Rotterdam.

#### Aks for consent:

Do you mind if I record the interview for future data analysis?

#### *Start the recording*

The audio recordings will not be shared publicly, only my supervisor and I will have access to the data. You will remain anonymous in the study; can I share your job title in the research though?

You may stop the interview at any time, and you can pass any questions if you are not comfortable answering them.

#### Introduction:

1. What is your official position or job title?
2. How are you involved within the negotiations and management of the urban redevelopment?

#### Sub question 1: What are the prevailing discourses per actor?

3. What are the most important themes of this urban development in your view?
4. Do you know what is meant by discourses?
5. What do you think are some of the prevailing discourses in your urban redevelopment?
  - Why do you think of these (mentioned) discourses?
  - Where do these discourses stem from?
6. What do you think are discourses from other actors where you disagree upon?

Sub question 2: What are the negotiating positions of the actors in the negotiations and what are their specific (policy)goals?

### Negotiating (position)

7. Does the municipality suffer from financial stress and difficulties (in your view)?
  - Why and where do you base this upon?
8. How are the negotiations usually with the developers?
  - Is there enough expertise, trust, information asymmetry etc.?
  - What is going well and what is not going well?
9. What do you think of your own negotiating position? (NDO's)
10. What do you think of the negotiating position of the other actors? (in contrast to yours)

### (policy) goals

11. What would you say are the primary (policy) goals for you or your organisation?
12. How do these goals relate to the, before mentioned, discourses?
13. How do your goals differ from other parties, where are the main disagreements?
14. Do you think the maximum cost recovery is achieved?
  - If no -> why not? What are the main obstacles?
15. Do you think the maximum quality of urban space is achieved?
  - If no -> why not? What are the main obstacles?
16. What do you think about the balance between financial feasibility and quality of urban space?
17. Which of these two gets prioritized, depending on the circumstances?
18. What happens when there is a financial shortcoming during or at the end of the development?
19. What happens when the quality of space has not met the level that was initially expected?
20. How willing is the municipality to take risks within developing urban redevelopments?

### Sub question 3: What is the value capture rationale?

21. How would you justify the value capture in your specific development?
  - What is the amount of value capture in terms of area and costs/profits?
22. Do you know what is meant by a value capture rationale?
23. Which VC rationale fits best for your specific urban redevelopment project?
24. In how far were/are you able to achieve this chosen rationale?
  - What part went well and how could this be explained?
  - What part went bad and how could this be explained?

### Sub question 4: What are the main obstacles that actors are facing with the current value capture framework? (Also considering the possible introduction of plan benefit levies?)

25. What do you think are the main obstacles you face during negotiations about a developer agreement for urban redevelopment projects?
26. Is this because the current value capture framework, legislation and laws are limiting the capabilities?

27. What could be improved upon the current value capture framework and legislation in the Netherlands?
28. What do you think about the possible introduction of plan benefit levies?
- Why are you either for or against this?

## 7.2 ATLAS.TI codes

◊ Challenges (problems to solve)	36
◊ Discourses (underlying assumptions)	75
◊ Negotiations	29
◊ Regulations	8
◊ Solutions (proposed/preffered)	47
◊ Value capture rationale	17

## 7.3 Case introductions

### Poort van Hoorn

Hoorn is located in the province of Noord Holland, directly next to the Markermeer which is a large lake in the Netherlands, because of this location it is an historic port city with a rich history in the past involving the VOC and many old and monumental buildings from this golden era. That is also what makes it interesting to see how Hoorn will handle the new urban redevelopment and combine this with the old and monumental buildings in the city centre.

### *Vision and policy documents*

The leading document for Hoorn is the urban development plan of the Poort van Hoorn (Gemeente Hoorn 2020). They are clear about the ambition to grow as a city, especially surrounding the station area and become more important as mobility hub as well. The area is split up in certain sub-areas, but all areas are held to the same core ambitions. There are three core ambitions in total which consist of certain theme cards:

#### 1. “Welcome to Hoorn”

The gateway of Hoorn should be the outward expression of Hoorn, this should reflect the identity and experience of Hoorn (Gemeente Hoorn, 2020). The area should feel welcoming to its visitors through sustainability, greenery, good accessibility with the bike as well as public transport. The theme cards of this ambition include: the treasure map of the Gateway of Hoorn, climate-robust landscape structure and sophisticated system of connections and dwellings.

#### 2. “An Attractive destination and residential environment to Hoorn”

The area should have its autonomous modern qualities while still remaining a logical connection to the historical inner city. The focus is mostly on the quality aspect of this, the living

areas should all be of high quality with mixed functions as well (living, working and recreation). There will be ~1000 houses added in this area, so the challenge is to keep the liveability high while realising this new housing task. This ambition has four different theme cards: pedestrian and cyclist central, comfortable, and convenient interchange, good area access and parking facilities and careful incorporation of rail-related facilities.

### 3.” Multimodal Hub”

The Gateway of Hoorn should function as a multimodal hub for the whole region of West-Friesland. All different modes of transportation should connect here and logically flow over into each other, from public transport to bikes and walking. Especially the north side will be used for a redevelopment of the bus station as well as providing new parking areas for bikes and cars. Even though there is a lot of focus on the mobility side of things in this area the goal is to not let this be reflected in the atmosphere of this area and still keep it of high quality and liveability. The last ambition also consists of three theme cards which are: making more city areas with their own unique qualities, attractive plinths and urban size and scale.

After the urban development plan of Hoorn (2020) got published the zoning plans got published and finally in October of 2023 the visual quality plan of the station area of Hoorn was released (Beeldkwaliteitsplan). This is essentially a more detailed and more advanced version of the urban development plan which aims to showcase the character and atmosphere of the area more. So, it builds upon the basis that the urban development plan has provided and does not deviate from these core principles and ambitions, therefore there is not much added information compared to the urban development plan of 2020.

#### ***Financial framework***

There is no mention of a financial framework or financial measures/expectations in the urban development plan (2020) or the visual quality plan (2023) yet, so this part is something that needs to be documented further in the future while some decisions are still not decided upon. There seems to be a financial shortage of ~37 million euros with the current plan so there is some big decisions to be made shortly (OnsWestfriesland, 2023). Several measures are on the table such as transforming more non-dwelling areas to dwellings, changing underground parking areas to a parking garage above ground and also an additional government contribution.

On the 13<sup>th</sup> of December in 2023 the city council approved the zoning plan, financial plan, and the visual quality plan (Gemeente Hoorn, 2024). The financial plan is not released to the public yet, they do however mention that an additional total of 200-300 million euros is needed for the development of the station area and the surrounding infrastructure. The majority of this will be provided by market actors and the rest will be taken care off by the municipality together with their partners, which include the Province of Noord-Holland, ProRail and NS stations.

One decision of the updated plan, which more information about is released, is about the location Dampden (Gemeente Hoorn, 2024). An extra 120-140 dwellings are built here specifically for young people, students, and young professionals. Oosterbaan Projecten BV is the company that took initiative in the realisation of this new apartment building in the Gateway of Hoorn.

## **Fellenoord Eindhoven**

The Brainport region of Eindhoven is crucial, with world-renowned companies such as ASML and Phillips but also the presence of the technical university of Eindhoven, it provides many employment opportunities both nationally and internationally. Hence why Eindhoven is anticipating a lot of growth in the coming years and the city needs to be prepared for this new influx of inhabitants, therefore they have created the development vision of Knoop XL. This vision describes the development plans of Eindhoven for the area around the central station, in particular the north side of the development around Fellenoord where the housing will be provided.

### ***Vision and policy documents***

The most important document for Fellenoord is the Development vision and development framework Fellenoord – International Knoop XL (Gemeente Eindhoven 2021). In here they mention the Urbanization task for the Netherlands is a guiding document and vision for Fellenoord and Knoop XL in general. What this task exactly entails is among others outlined in 'Urbanization task for the Netherlands' commissioned by IPO, G4 and G23, in response to the National Environmental Vision. This urbanization task for the Netherlands consists of seven focus areas:

#### **1. Growth + shrinkage > cohesion**

Focus on better regional connections with smaller communities and more attention to (e)-bikes and public transportation.

#### **2. Housing task > inner-city**

Urbanization within city areas allows space for recreation, agriculture, biodiversity, and the energy transition in the outskirts, and leads to more effective use of public transportation.

#### **3. New economy > interaction environments**

Urban interaction environments, where a new urban economy emerges through the mixing of functions, must be well connected at urban, interurban, and international levels. Continued urban growth is combined with the desire to stimulate compact interaction environments with more mixed functions, providing benefits in terms of climate resilience and energy use.

#### **4. Urbanization > accessibility**

Accessibility at all scales has become a prerequisite for economic development, interaction potential, and new urbanity. Stations often develop into places for residence and meeting within the city.

#### **5. Internationalization > connectivity**

Where urban transitions are needed to strengthen the economy, improving international public transport connections is always desirable. An important national task is to extend intercity connections across borders to ensure routes to Germany, Belgium, and England.

#### **6. Landscape > business climate**

The landscape is of increasing importance as a condition for establishing a knowledge economy. Additionally, large transition tasks in the areas of climate, energy, circular economy, and the sustainability of agriculture impact the landscape: an integrated approach is needed to prevent fragmentation.

## 7. Energy + climate adaptation + circular economy > linking

Linking major transition tasks to existing programs, frameworks, and policies increases the likelihood of realization.

With the integral approach to the area development Eindhoven can play a pioneering role in the field of major social transition tasks such as climate and new economy, keeping in mind the focus areas of the before mentioned urbanization task. International Knoop XL gives a quality impulse to the liveability and accessibility of Eindhoven and thus contributes to the business climate of Brainport. Based on the analysis of Fellenoord the of the Delta Metropolis have been translated to the local situation, with the human/user as 'software' for five guiding themes for Eindhoven and International Knoop XL:

### 1. Knoop XL: international and social

While internationalizing the entire Knoop XL area it is important to still create a social and inclusive space for a diverse mix of residents, sufficient social amenities, a meeting area, and a mobility hub. Also considering the effects of this area to other parts of the city, surrounding neighbourhoods, and the city. The mix of residents that will live here is important, not just current residents of Eindhoven but also the new residents, young and old as well as poor and rich. The improvement in terms of mobility opens new opportunities and possibilities since the connectivity of the entire area and surroundings will improve dramatically. The better connectivity is key for the schools and universities, for people and families without a car, for elderly people that can use the public transport and other facilities and for many more residents in Eindhoven.

### 2. Interaction environments for the new economy.

To foster innovation and a new economy, creating an environment that encourages interaction is essential. Fellenoord offers the chance to develop an urban innovation district that facilitates connections among design, knowledge, technology, market, education, and government. Strengthening the link between the Technical University and Knoop XL will enhance Eindhoven's role in the Brainport ecosystem. Currently the innovation hotspots are scattered and reliant on car infrastructure, with the city centre playing a minor role. Fellenoord can consolidate this by providing space for densification and connecting hotspots into a cohesive district. The station area is envisioned as a vibrant space for collaboration, requiring a mix of functions and sectors not yet seen in Brainport.

### 3. Landscape as location factor

The metropolitan landscape surrounding the station presents a unique opportunity to enhance quality of life and improve the area's appeal for workers and businesses in the knowledge

economy. Strengthening this landscape and integrating green spaces into a robust metropolitan park is essential. Green areas will serve as a key quality factor and a connector between the Technical University and the station area. Additionally, reimagining the connection between the city and landscape addresses significant challenges such as heat stress, water management, and energy needs. The Dommelzone can play a crucial role in this transformation. A metropolitan park should feature exceptional stay quality and urban programming, exemplified by the new station entrance along the Dommel, creating a linear city park that serves as a park, nature reserve, water buffer, and potential energy source.

#### 4. High-urban living environment

Eindhoven's rapid growth requires effective management through high-density residential development near amenities and public transport, enhancing the city's appeal and service support. This growth will improve the quality of life with more green spaces and inviting public areas. Furthermore, the city centre will expand beyond its current boundaries, including areas like Fellenoord, with the station acting as a key connector featuring two equal squares. Transit-oriented development (TOD) is vital for sustainable urbanization, focusing on building around transport hubs. The low density on the north side of the station indicates a need for densification and mixed-use developments, along with improved accessibility through better connections and enhanced walking and cycling routes.

#### 5. Hub of sustainable mobility

Accessibility is crucial for urban growth, and Eindhoven's station area strategically connects various transport networks. Developing a high-density, mixed-use environment around the station will encourage a shift from car dependence to public transport, cycling, and walking. There are several plans to enhance this key transport hub include increasing rail capacity and expanding the bus station to accommodate future demand from regional and international services. This presents an opportunity to create a new regional entrance for Brainport. Collaboration among government entities aims to develop Eindhoven Central as a multimodal hub, improving the area's spatial quality. The station area will also serve as a nexus for high-quality walking and cycling routes, reducing the car's role, and transforming Fellenoord into a space that promotes liveability and sustainable mobility.

#### ***Financial framework***

In the chapter development framework, there is more focus on the financial side of the development and how feasible the plans are. The financial organization of area development consists of two blocks: (1) the financial calculations and (2) the underlying financial ground rules for the real estate developments by the market. Important to note is that for the exploration of the major urban-regional infrastructure tasks, a Cooperation agreement between the state and the municipality has been established in the SBO MIRT 2019 (Strategisch Bestuurlijk Overleg Meerjarenprogramma Infrastructuur, Ruimte en Transport). The municipality and province are currently working on a Framework Agreement, which lays the foundation for cooperation between several important themes, namely the urbanization and accessibility in and around Eindhoven. The framework they have created consist of three scales: (1) framework – area level, (2) development clusters – sub-area level and (3) individual plots – plot level.

Fellenoord is the only case to have included the value capture rationales in their development vision with a brief explanation as well.

There are different calculations based on the scales as mentioned above. Outside the development clusters the government is implementing a number of large, supra-urban investment projects in the area this the (1) framework – area level. These can be paid for only in part from the area development; they require additional (public) contributions. These are justifiable because these are area-transcending investments from which the entire city and region also benefit. So, these supra-district facilities do not only benefit the specific area they are in, but they effect a broad area around these developments. Hence their value capture rationale for this level is external mitigation.

For the (2) development clusters – sub area level, this is the public business case. All the costs that are incurred by the municipality here are recovered from the new developments through cost recovery on development clusters. This is based on the cost equivalency rationale where the municipality argues they have the right to recover the costs they made in this specific area.

Lastly there is the (3) individual plots – plot level which plot owners or developers will only develop the plots if there is a net positive business case. In this case the municipality is already the majority owner in this area but there are certainly some private parties that own plots as well. The municipality tries to solve this through combining plots to create smart solutions or waiting to develop the plots until the real estate value has gone down.

### **Rijnhaven Rotterdam**

The Rijnhaven is an old harbour, consisting mostly of water that will be transformed into land with a sustainable urban development on top of it. On this new site there is going to be 3000 new dwellings which will consist of social rental, middle-rent, owner occupied housing and high-end expensive housing as well. In addition to the housing there is a clear focus on the liveability resulting in a lot of greenery, a city park as well as some floating parks on the sides of the Rijnhaven.

### ***Vision and policy documents***

The most important document for Rotterdam and the Rijnhaven is their urban development plan, which was released on July 5<sup>th</sup>, 2022, which describes how the municipality of Rotterdam wants to develop the Rijnhaven area (Gemeente Rotterdam, 2022). This plan is the updated and more detailed version of the previous Masterplan Rijnhaven of 2020. Overarching policy documents such as the environment vision of Rotterdam focuses on five perspectives: Compact, productive, sustainable, inclusive, and healthy. These are all key to other policy documents which should align with these perspectives as well.

The urban development is based around four key values:

1. highly urban

This means mixed usage in the Rijnhaven with compact and intensive uses of the area and its functions. Living is mostly in high rise apartments and transportation is by walking, biking, public transportation, or shared mobility. Also, the activity in this area is high through 24/7 nightlife, active plinths, and city lounges.

## 2. Robust

This mainly refers to a resilient city which is adapted to climate change, the flood and tide in the harbour, has efficient energy usage and circularity while also being flexible and adaptable. Lastly there is also a need to be informative and amusing through adding city beaches and possible swimming areas.

## 3. Rotterdam-like

Keep it Rotterdam-like is all about staying true to your roots, so de Rijnhaven is perfect with regards to the delta city and world port city that Rotterdam was and still is. But also referring to the past where after WW2 Rotterdam had to rebuild most of the city again and there is both an old and new identity present in the city. Then there is also the Rotterdam culture which is very much multicultural as well as the people in Rotterdam are known for their raw edge and boldness in the Netherlands.

## 4. For everyone

Ensure the Rijnhaven is accessible and a good place to be for everyone in the city. The area should act as meeting place and be a place where people connect and share. Here again it is important to have a mixed use of functions, the nature in the floating parks and city park also needs to have no barriers to enter so the whole area is public and free to enter.

### *Financial framework*

The urban development plan does provide a chapter with the development strategy which is quite short, however it does include the financing and land exploitation. First, it is important to note that the municipality is the owner of both the land and the water in the Rijnhaven. The municipality therefore is taking an active approach in the realisation of this urban development which brings a certain amount of additional risk with it. This suits the traditional land politics in the Netherlands where the municipality provides the building site which is ready to be developed and then offers different plots to be developed by developers over separate phases. So, the plot will be developed through public tenders which the municipality will have to design and structure, so the best fitting developer for that specific case wins and can develop the plot. While the municipality realizes the city park on their own. This way the municipality is in control of what happens with the development, in quality of the development and liveability as well as the financial aspect of it. This can provide for an interesting perspective that clearly differs a lot from the other cases in this research. The development is phased out to three phases with all have their own building block with residential towers and a public space development as well. The municipality plans to offer the plots of lands through public tenders to find the right partners for the development. Also, the municipality is working together with social housing corporations, the municipality has agreed to deliver 20% social housing in the Rijnhaven, and the housing corporations will take these houses turnkey.

Based on the urban development plan there has been a land exploitation established to test the financial feasibility of the development. This plan is quite ambitious but also offers a lot of flexibility which offers the ability to change certain aspects in the urban development plan later. The municipality has done this on purpose to be able to steer the development a certain

direction and ensure the financial feasibility of the development. The direct environment of the development and new buildings will be financed through the land exploitation, the same as the complete land requirement. There is not much more information or clarification in the current plan about value capture rationales, but it seems to be based on the cost equivalency rationale since they solely want to recover the direct costs that are made for this land exploitation process. The development of the Rijnhaven city park as well as the floating parks will be financed via the coverage system of city projects Rotterdam and included in the yearly investment proposal. So, for the development of the parks the municipality is arguing that it should be paid by the city since it adds value for the entire city and its inhabitants, this aligns more with an external mitigation rationale. Lastly the transformation of the Posthumalaan/Hillelaan to a city boulevard and development of metro station Rijnhaven is important for the accessibility of Rotterdam on the city level. The decisions on financing this development are still ongoing and the municipality of Rotterdam is in talks with the metropolitan region Rotterdam and The Hague, RET (public transport company in Rotterdam) and the national government to co-finance this development.