

Chapter 28

Co-creative planning approaches inspiring high-quality growth

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Abstract

In the Dutch province of Limburg, the prospect of growing problem of unoccupied houses and buildings, resulting from demographic and economic changes, has led the provincial authorities to develop a new approach to the transformation of the building stock. New modes of governance are being developed using co-creative approaches, which have brought about the integrated Provincial Environmental Plan (PEL) Limburg. A new policy concept of dynamic stock management is being developed in a co-creative process with stakeholders and local authorities. The process continues beyond the adoption of the plan: it also stimulates stakeholder and (local) government cooperation in the region. Starting from the shared desire for a high-quality physical environment in Limburg and through processes of co-creative visioning, implementing a regional agenda, and travelling along a shared learning path, new modes of working are being jointly discovered and developed.

28.1 Demographic change as a driver for a new policy approach

European demography is changing dramatically, as demographic development in recent decades has shown a shift from population growth to ageing. Demographics show an increasing share of older persons and a declining share of young and working-age people in the population. Prognoses show that this trend will continue in the coming decades, and the population is projected to continue to age (Eurostat, 2014).

The same trend is seen in Limburg, the southernmost province of the Netherlands. On top of the ageing trend, Limburg is also the first Dutch province to show a long-term population decline (live births minus deaths < 0), a trend that has begun in the south-eastern part of the province and is progressing towards the northern Limburg communities (NEIMED, 2014).

In Limburg, these demographic trends, combined with the economic crisis and developments in sustainability and innovation, are reflected in dwindling and changing demands for properties, land and real estate, causing an growing level of vacancy. This applies to industrial sites as well as to dwellings, offices, and retail properties. Although the developments appear to be very different in the various regions of Limburg and the effects are most apparent in the Southern Limburg region, the symptoms are felt throughout the province. The same pattern is also seen in other parts of the Netherlands and Europe (Janssen et al., 2012).

By way of example, this development is discussed below for the housing and retail property stocks.

The Limburg housing market shows an intriguing paradox. In terms of sheer numbers, there are too many houses available (see Figure 28.1). But there is a deficiency of houses with the required quality features. This implies that, although the changing population is resulting in a housing surplus, there is a need for a new construction boost to meet the changing quality requirements of future housing consumers in terms of life course and sustainability. The housing market does not live up to these consumer requirements, resulting in shortages in specific market segments. This effect is becoming clearly evident in the current period of economic crisis, but is in fact structural and connected to:

- decreasing growth in household numbers but growing share of single-person households;
- increasing share of aged people in the population;
- increasing demand for rented housing, not only cheap but also in the higher price categories;
- increasing demand for sustainability and energy efficiency;
- surplus of houses that were built in the post-war period and no longer meet present-day quality standards.

Province of Limburg region	Existing housing stock		Additional housing requirement (until 2020)	Planned and legally committed stock	Surplus (until 2020)
	total	vacant			
Northern Limburg	120,000	3,700	4,100	9,900	5,800
Central Limburg	104,000	4,200	3,800	10,700	6,900
Southern Limburg	291,000	10,900	1,000	12,100	11,100

Figure 28.1 Housing stock in Limburg in 2012. The Limburg housing stock is monitored on a yearly basis by the provincial authorities.

To redress the present unbalance, additions to the Limburg housing market should provide the right type of dwellings and be simultaneously accompanied by demolition of existing stock which lacks the desired consumer and sustainability quality features. This implies a major transformation by restructuring residential areas and substantial renovations of existing housing stock, including sustainability investments which significantly extend the lifespan of dwellings.

This “transformation without growth” distinguishes the Limburg situation from other Dutch regions, such as Amsterdam and Utrecht, which still require increasing numbers of dwellings and new residential areas, thus providing opportunities for a more gradual pathway towards new quality standards.

In the Netherlands, and also in Limburg, the retail sector is suffering from “unhealthy” outlet vacancy rates, which in recent years have increased to about 10% (see Figure 28.2). Prognoses show that in the years to come, these rates will grow to 25%, due to both the demographic shift and changing shopping habits, such as internet shopping. Some traders and retailers are anticipating these expected future developments by coming up with new shopping concepts and looking for new environments and real estate to match their requirements. They are also looking for cheaper business formulas and outlet options in view of the very high rents in major shopping streets. Municipalities face a growing demand to establish stores on business parks and industrial sites, which often have space available. Yet such a development is deemed undesirable, because it causes more shop vacancies and the risk of urban decay in city centres and shopping streets.

Province of Limburg region	Existing retail property		Planned retail property
	m ²	vacancy	m ²
Northern Limburg	511,000	10%	50-60,000
Central Limburg	502,000	9%	20-30,000
Southern Limburg	1,132,000	9%	230-300,000

Figure 28.2 Retail property in Limburg regions in 2012. The retail stock in Limburg is monitored on a yearly basis by the provincial authorities.

This state of affairs results in entirely new policy issues. Planning in an era of declining spatial requirements is not simply a matter of reversing previous growth. The challenge is to increase quality in terms of sustainability and consumer requirements without adding stocks such as houses, offices, retail properties and business estates. The challenge is to transform existing poor stock into business parks, retail areas, dwellings, and offices and to ensure that present and future needs will be met. The perspective is not one of growth and stock enlargement; it is about redesigning and reducing surplus without a clear prospect of short-term financial profit.

28.2 From planned development to co-creative path finding

In 2001, Limburg was the first Dutch province to integrate the various compulsory policy documents, such as spatial and environmental plans and plans for water management and mobility, in an integrated policy plan, the Provincial Environmental plan Limburg (PEL). This PEL argues from the perspective of integrated value creation and is based on a model of stocks and flows in the social, economic, and ecological domains. The principal idea is that growth in one domain, usually the economic domain, should not occur at the expense of the other domains; there should be balanced development.

In the past decade, the dominant policy challenge was to allocate space to all kinds of initiatives to develop sites into business or residential areas, thus adding financial value to available locations, mainly to increase investor profit. The issue here used to be “programmes looking for locations”. Today, we are dealing with the opposite issue, which is “locations looking for programmes”, and it is difficult to create financial value by developing a site in the traditional way (Janssen et al., 2012). In this situation, development is grinding to a halt, and instead of creating financial or public value, value is being lost.

In the present-day built environment, we are witnessing a surplus in stocks but a shortage of desired quality features. Since a high-quality built environment is considered a major factor for the residential and business climate in Limburg, a significant transformation is required. As there is no clear prospect of financial profits in the short term, traditional market parties are passive, waiting for better times to come, and this present standstill does not contribute to the desired transformation. The provincial and municipal governments are therefore exploring new ways to stimulate dynamics without adding to existing surpluses. A dynamic is required for tearing down or restructuring poor quality real estate and creating a new and different built environment. This dynamic includes the joint creation of public value as well as the distribution of short-term financial losses, and calls for creative solutions, new revenue models and financial arrangements and, as it turns out, new stakeholders and partnerships.

In this situation the old ways no longer work, neither the traditional prescriptive and regulating planning methods, nor the processes of producing (regional) development plans, nor the content of such plans, nor the institutions we know today. So there is a need for new policy approaches. For this reason, PEL2014 is not a plan based on the conception that the authorities “make” environmental quality by imposing regulations and restrictions. PEL2014 is based on the philosophy that the quality of the environment is created in day-to-day decisions by citizens, business communities, institutions, and authorities. Regional development is seen as a result of all these actors’ activities, and actors are regarded as partners.

This is why the PEL2014 integrated plan for the Limburg physical environment has been developed in a co-creative process with these various stakeholders. PEL2014 aims to provide an integrated vision of regional development and environmental and spatial quality, inviting and inspiring stakeholders to add and co-create public value. The central theme is that of improving the quality of the physical environment, thus creating the physical constituent of an excellent residential and business climate in the province of Limburg.

PEL2014 presents an integrated vision which includes problem definitions, ambitions, and challenges shared by stakeholders and local and provincial governments. It outlines a robust framework designed to meet basic needs such as housing and leisure, regional economy, work and innovation, transport and energy, food production, water supply and flood protection, biodiversity, landscape and tranquillity. The vision generates many opportunities for initiatives and autonomy for municipalities, market partners, and other stakeholders. In addition to this framework, PEL2014 articulates guiding principles for the desired regional development. These include both principles that apply to the quality of the physical environment and principles that apply to the quality of the process and decision-making. PEL2014 also provides an agenda and a process for cooperative action by partners for a joint approach to the regional issues. This joint approach also extends to the deployment of instruments.

Thus, PEL2014 is an example of “planning by invitation”, which is regarded as a new step forward in Dutch planning history.

The guiding principles are meant to guide decision making in concrete projects based on the long-term vision. Hence there are principles for the meaning and interpretation of “quality” in the physical environment and principles for governance (Province Limburg, 2014). See Box 28.1.

Box 28.1 Guiding principles for decision making

The main quality principles for the physical environment are

- real cities and real countryside, fostering variety;
- inclusive sustainability;
- trans-border (Netherlands, Belgium, Germany) daily urban systems offering opportunities;
- re-use of existing sites and buildings; and
- dynamic stock management.

Principles for governance are:

- inspire and invite;
- involve stakeholders from the start;
- involve provincial authorities selectively;
- utilise instruments in the service of the policy network;
- experiment with new practices and habits.

The main challenge on the action agenda is coping with the transition from financially driven land and property development to customer- and quality-driven restructuring of the built environment. This challenge requires joint problem framing and a shared awareness among both stakeholders and governments that development opportunities at the local level must be understood not only in financial and local terms but most importantly also in a broader regional context of service provision and sustainable levels of quality.

28.3 Dynamic stock management

In the current situation of little economic growth, market parties are not coming up with sufficient initiatives to solve the contemporary problems of decay and falling value in the built environment, accompanied by financial losses. This situation justifies public intervention. Since markets exceed municipal boundaries, regional intervention is required. PEL2014 offers the new policy concept of dynamic stock management at regional scale as a guiding principle.

The key idea in dynamic stock management is to stimulate sustainable quality by bringing about renewed market tension. This tension is to be induced by a government intervention at the regional scale level, delimiting determining the various regional stocks and formulating binding agreements on partners' joint vital interventions. Fundamental to these agreements is a clear and shared vision of the desired regional profile, based on common insights into trends and developments, and the state of present stocks of houses, offices, retail properties, industrial sites etc.

As Figure 28.3 shows, the stock is to be divided into three segments:

- existing stock (actual buildings or business sites);
- legally committed plans (stock that will be added if financially beneficial to the developer);
- legally uncommitted plans and ideas (this segment requires a procedure to become legally committed in public spatial plans. Sometimes there are contracts under private law);

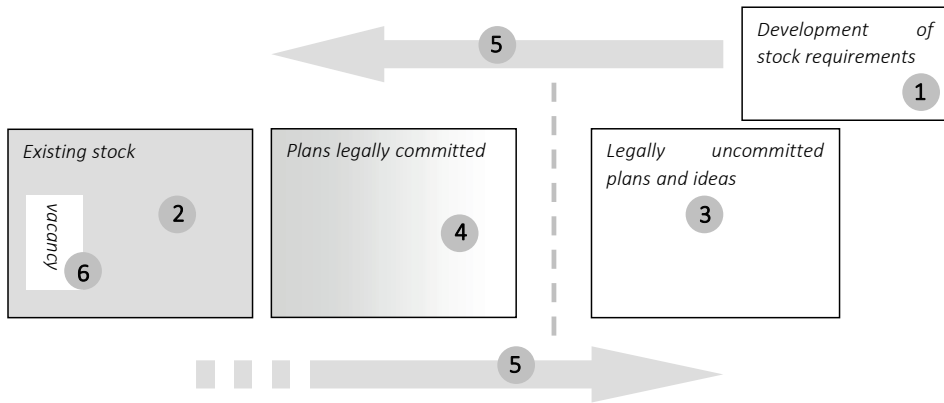


Figure 28.3 Dynamic Stock management

Possibilities for intervention:

1. attracting new companies, residents, etc.;
2. increasing quality of existing stock;
3. cancelling legally uncommitted plans and ideas or changing them to plans that add the required quality to stock;
4. changing or cancelling plans that do not serve (future) requirements;
5. adding new stock and simultaneously cancelling inadequate stock by means of legal and financial measures (balancing);
6. solving vacancy problems by re-use, repurposing or demolishing.

28.4 The next steps towards dynamic stock management

Dynamic stock management is a policy concept that provides common ground for local and regional authorities and private parties in the quest for solutions to the problems concerning the surplus of housing, retail, and other real estate and business sites. It offers a shared analysis of trends and a common problem definition which provides room for various individual interpretations. Although the problem is still rather unstructured, as different dimensions are relevant to the various stakeholders, the

concept of dynamic stock management is robust enough to involve actors in a collective regional agenda.

In the co-creative process of establishing PEL2014, local authorities and stakeholders have acknowledged that they are all facing surplus problems, that these problems are not unique to municipality x or y, but that they are ubiquitous in the region and in fact in the province, and that they cannot be solved at local level. This joint understanding boosts local authorities' readiness to engage in regional cooperation.

In implementing the concept of dynamic stock management, all sorts of legal, financial, social, administrative, and political issues need to be resolved, concerning the reduction of excess planned capacity and at the same time the improvement of quality and future value. This task calls for new modes of working that are not simply the reverse of the strongly financially driven facilitation of project development in the past decades. It concerns new challenges such as doing away with excess existing stock and legally committed plans, choosing the most promising areas and plans in terms of sustainability and customer and future value, and it implies turning around or ending developments that build on the ways-that-were and do not improve public value.

The regional implementation of dynamic stock management for the various themes has been characterised as a political and joint learning process. Politicians have to choose what areas and plans add future value in the regional context, but to do so they need to be informed about options and their consequences. This requires input of knowledge from disciplines such as economics, sustainability science, law, financing, and sociology, both from experts and practitioners, and possibly from scientists, in a transdisciplinary approach (Lang et al., 2012).

Knowledge-related questions that have arisen at the start of these processes concern exact inventories of existing stocks and plans, as well as questions on urgent issues like "what does our socio-economic cost-benefit analysis look like and what would happen if we find ourselves unable to cooperate?" The stakes have proved to be high: for retail alone, an estimated value of about 1 billion euro is found to be at stake. (STEC groep, 2015)

The process will involve the development of new instruments and arrangements or new deployment of existing communicative, legal, and financial instruments, as well as a need for new institutions for dynamic stock management at the regional level, such as regional counselling structures, frameworks for binding agreements, and monitoring systems.

To deal with this type of challenge, more relational and reflexive forms of governance have been proposed (Meadowcroft, 2007; Healey, 2007; Jordan, 2008). The situation requires a process design that provides for structured evaluation and reflection on the practices, progress, cooperation, and goal achievement, as well as reflection on the ways in which the choices made are actually guided by the principles formulated in PEL2014.

In addition policymakers, professionals, municipal councils, aldermen, and municipal and provincial policy advisors have embarked on an overarching joint learning process called “Expedition on Spatial Development”, which was designed in collaboration with Wageningen University. This expedition aims to offer on-the-job learning experiences regarding the intended new approaches and working methods through inspiring knowledge inputs, venues, and discussion of real-life cases. It also aims at strengthening the networking capacity of all actors involved. In the interpretation by Jordan and Turnpenny (2015), PEL2014 can also be viewed as an experiment in applying novel sets of policy formulation tools.

Thus, PEL2014 not only provides common policies for pressing challenges in the improvement of the Limburg physical environment. It also stimulates stakeholder and (local) government cooperation in the region. Starting from the shared desire for an excellent quality of the physical environment in Limburg, and using processes of co-creative visioning, implementing a regional agenda, and proceeding along a joint learning path, new ways of working are also expected to be jointly discovered and developed. Thus by its co-creative approach, PEL2014 hopes to inspire high-quality growth, both in the physical environment and in public administration.

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