

Urban governance in the Low Countries; from managerial urban development towards entrepreneurial (Flanders) and financialized (Netherlands) forms.



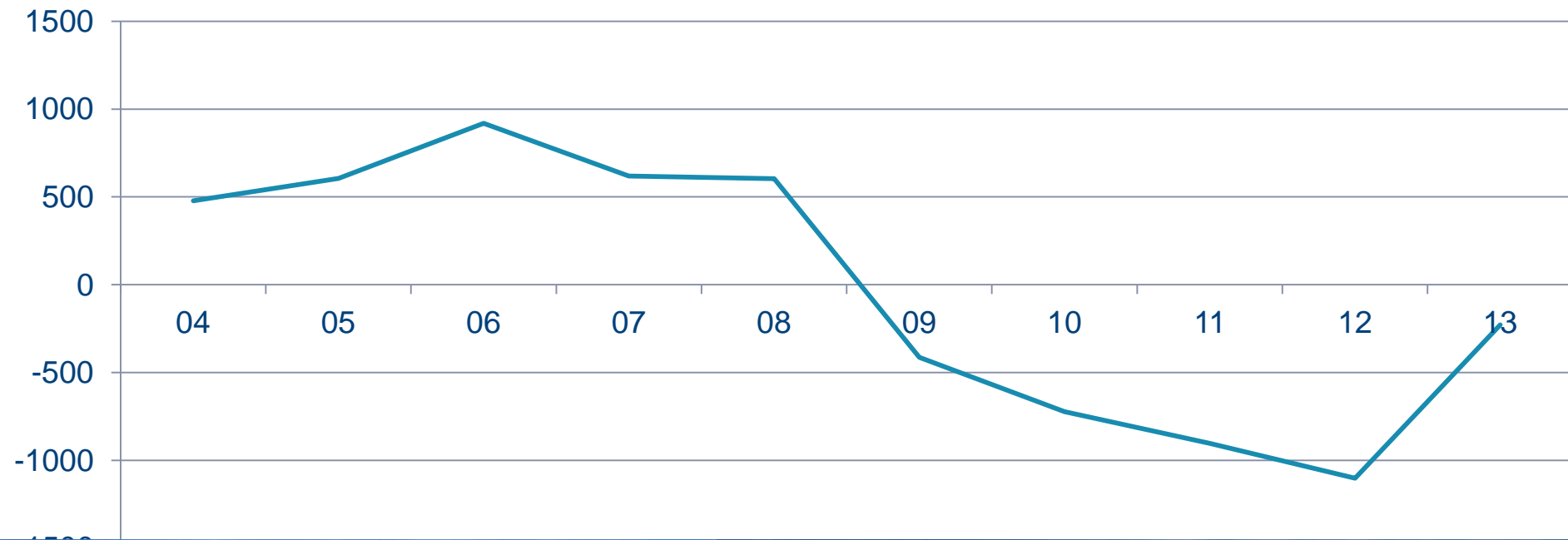
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Presentation is based on a draft chapter of my PhD, please, contact me on jannes.vanloon@kuleuven.be when you want to receive a copy



Aggregated income Dutch municipal land banks (mil €)



Structure

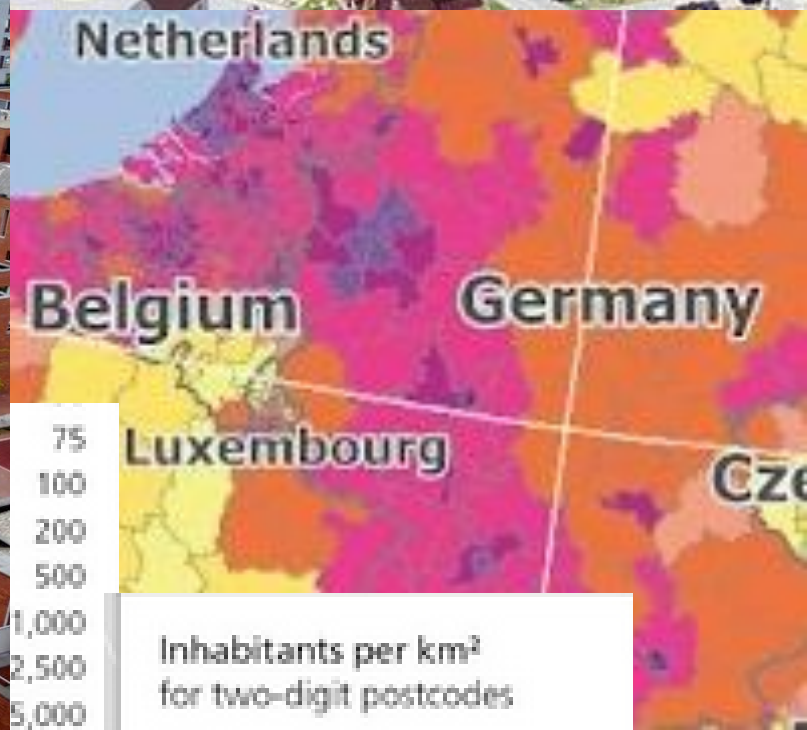
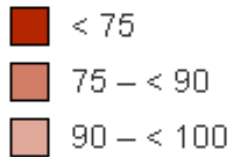
- Neo-liberalisation and UG
- NIL & Flanders compared
- Flanders, Entrepreneurial UG: Antwerp
- The Netherlands, Financialized UG: Apeldoorn
- Conclusion

Population:

NL: 16,8m.

Flanders 6,2m; Wallonia
3,5m; Brussels 1m

GDP per inhabitant (%)



The neo-liberalisation of Urban Governance

Neoliberalisation UG: re-scaling & restructuring supra-local funding spurring competition; variegation; blurring private/public roles; state agencies attuning to 'more-market orientated' practices/ideologies (Peck and Tickell 2002; Brenner 2004; Springer 2012)

Entrepreneurial UG: prioritizing competition for 'flows' over provision of public services/goods (Harvey 1989; Molotch 1993)

Financialization of UG: adoption of excessive complex layers of debt (Kirkpatrick 2016); financialisation of public assets and systems (Ashton et al 2014); "finance governs" (Gotham 2014); facilitating desires financial actors (Guironnet et al., 2015)

Variegation: represents systematic change (i.e. neoliberalisation) in context-specific varieties:

	<i>Entrepreneurial UG</i>	<i>Financialized UG</i>
<i>Steering forces:</i>		
1)Domestic political economy	“After-Fordist flexibilization and internationalization; weak and uneven growth; deflating downtown property markets” (P&W)	“Speculative and predatory finance; low growth; real estate bubbles” (P&W)
2) Inter-governmental : financial	financial and fiscal municipal autonomy; supra-local funding ‘competitive’ projects;	“procyclical budgeting; systemic public sector austerity” (P&W)
3)Inter-governmental: urban planning	Prioritizing entrepreneurial activities; more market oriented policies	Facilitating financialization processes
<i>Crucial dimensions:</i>		
5)Governing Rationalities	“‘Growth machine’ consensus; exchange-value driven; publicly subsidized development; speculative construction of place” (P&W)	Municipal financial creativity/risk taking? “ring-fenced”, but Reregulation opening municipalities up for financialisation processes?
6)Techniques	“Corporate subsidization and place marketing; experimental privatization; enterprise zoning and deregulation” (P&W);	Creative ways to adopt financialisation techniques and tools?
7)Political dynamics	“growth coalitions, democratic deficits” (P&W)	“Post-democratic technocracy: emergency management” (P&W)

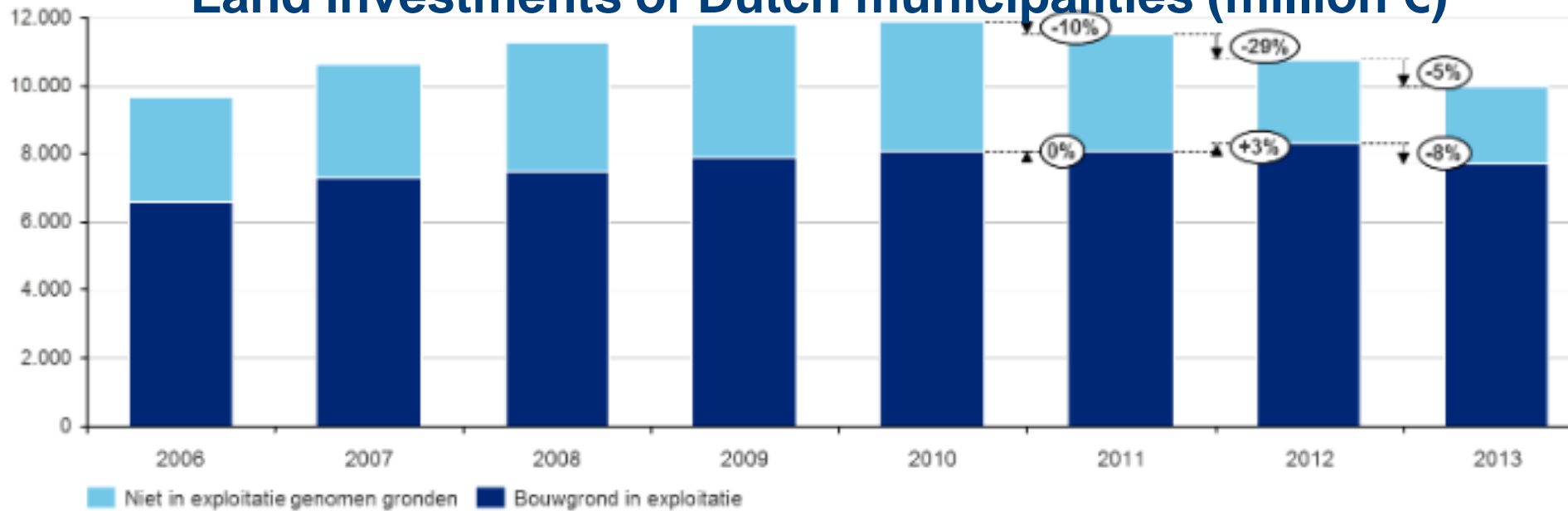
Table 2 Indicators for the financialisation and entrepreneurialisation of urban governance related to urban development (3 year averages)

	Flanders			Netherlands		
	90-'92	'05-'07	11-'13	90-'92	'05-'07	11-'13
Entrepreneurialization of UG						
X.1 % central/federal statet funding towards urban policy with ‘entrepreneurial’ goals (total funding urban policy in million)	(0€)	100% (118€)	100% (138 €)	0% (34€)	22% (1041 €)	67% (238€)
X.2a total amount PPP-projects	0	27 (max)	48	0	23	14 (min)
indicators for the financialization of UG						
X.5 real estate bubbles: housing price to income*	44%	115%	143%	30%	106%	95%
X7b housing equity as % of households asset portfolio*	No data	41%	49%	34%	48%	47%
X8a municipal borrowing to total municipal budget (total outstanding debt)	103% (€8)	80% (€8)	76% (€8)	182% (€75)	78% (€39)	101% (€52)

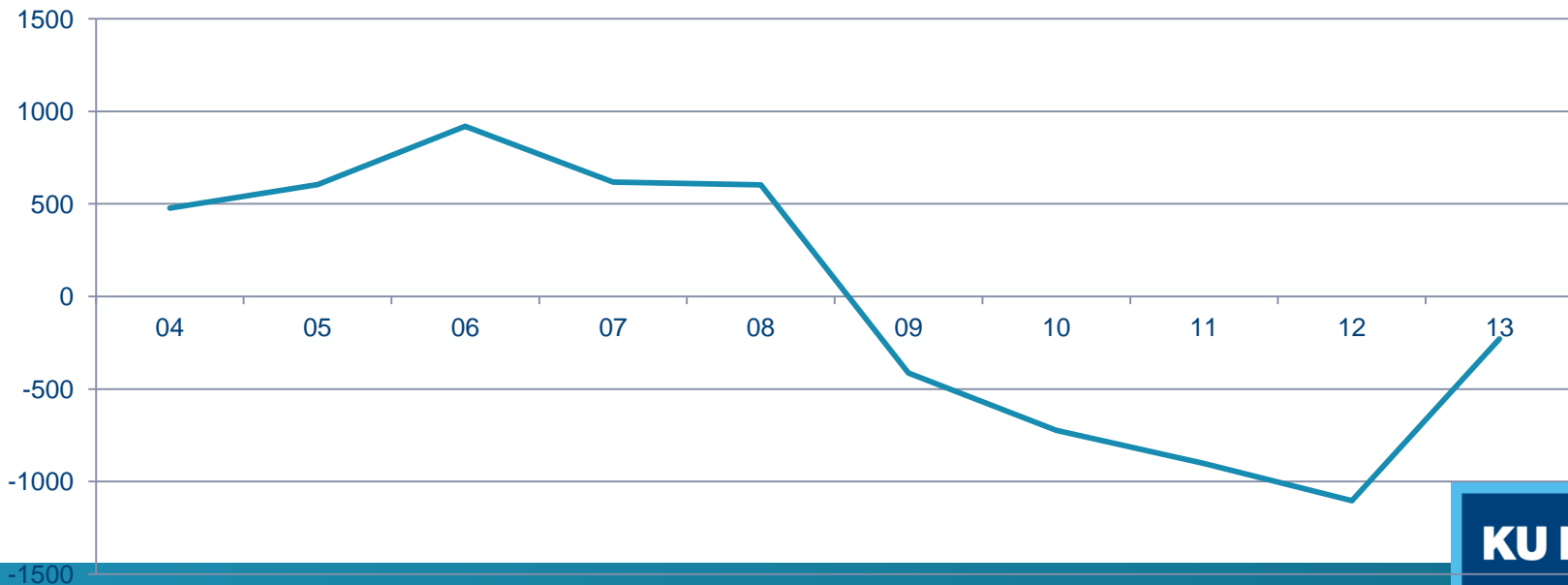
Dutch UG related to urban development, transformations 1990s/2000s

- 1980s/early 1990s: 'Public Land Model'
- Decentralization
- Reregulating real estate markets: long debt fuelled boom → shift from profits construction works towards land develop.
- Privatising and/or financializing important actors related to urban development
- Developers 'capture' municipal-led development model
- Municipal land banking

Land investments of Dutch municipalities (million €)

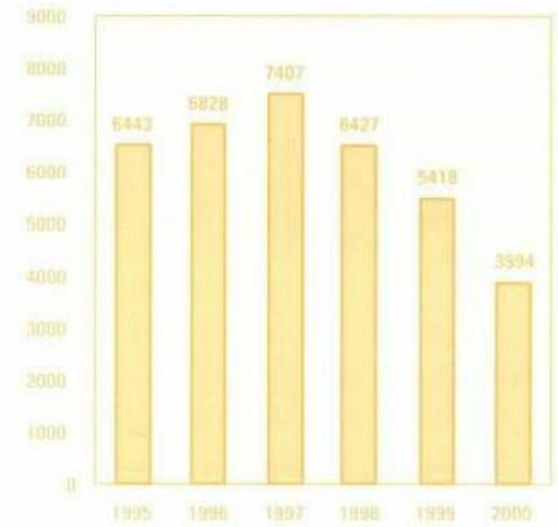


Aggregated income Dutch municipal land banks (mil €)



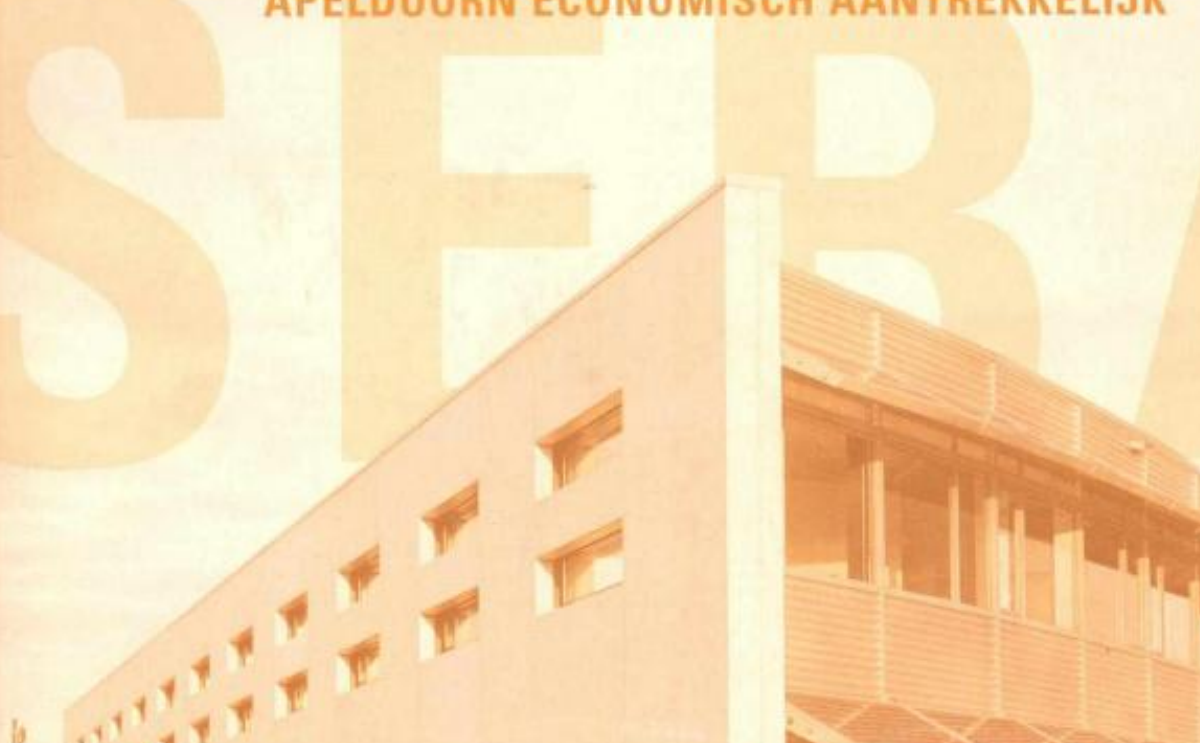


Aantal werklozen in Apeldoorn

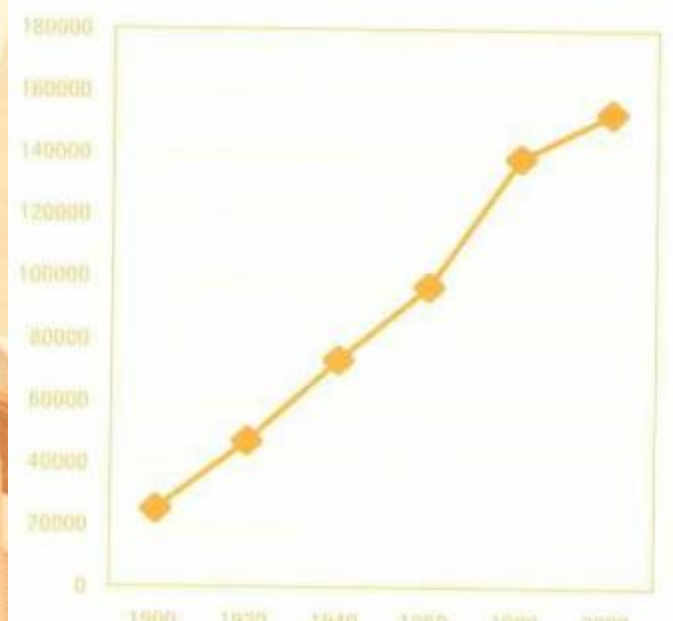


STRATEGISCHE ECONOMISCHE BELEIDSVISIE APELDOORN 2000-2020

APELDOORN ECONOMISCH AANTREKKELIJK



Ontwikkeling inwoneraantal



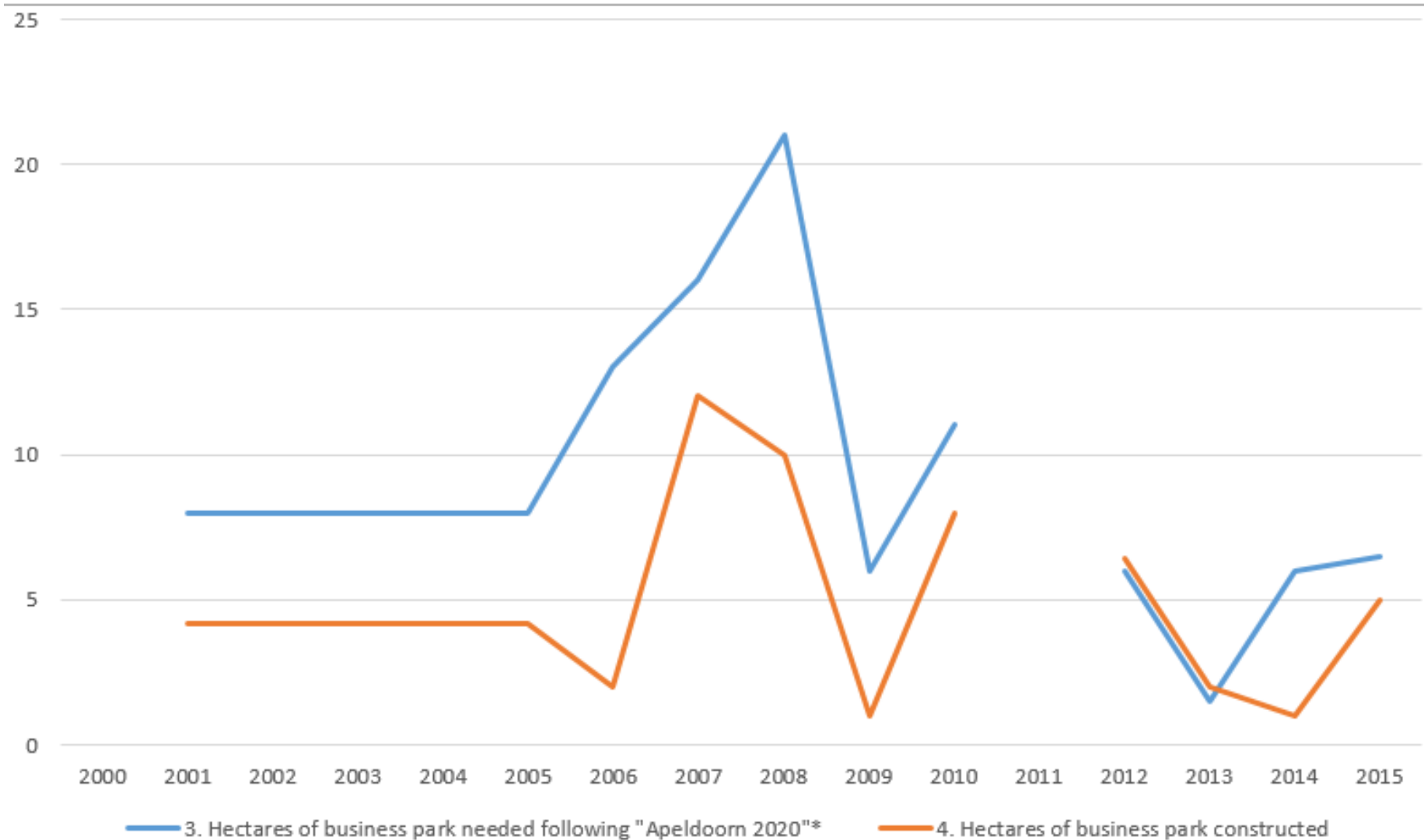
Programma bedrijventerreinen 1998 - 2020

in netto hectares

SEGMENT	NETTO BEHOEFTE
mengbaar (milieucategorie 1 + 2)	15 ha.
regulier (milieucategorie 1,2,3,4)	45 ha.
representatief (milieucategorie 1,2,3,4)	40 ha.
grootschalig (milieucategorie 3,4,5)	10 ha.
Kanaalzone etc.	50 ha.
totaal	160 ha.



Over-optimistic planning: semi-industrial real estate



The financial dimension of over-optimistic planning: cummulative costs and revenues of Apeldoorn's municipal land bank (in million euro)

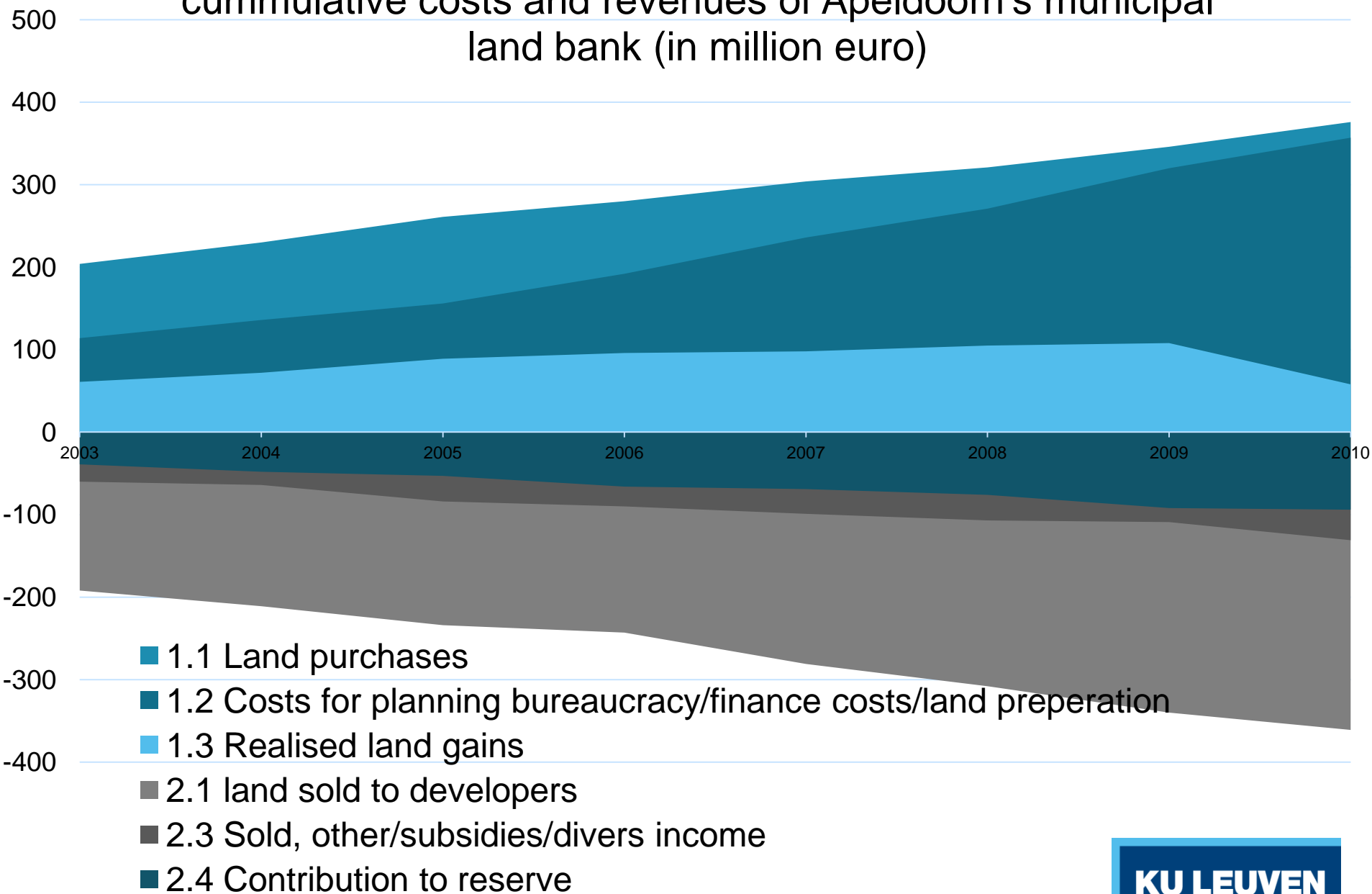
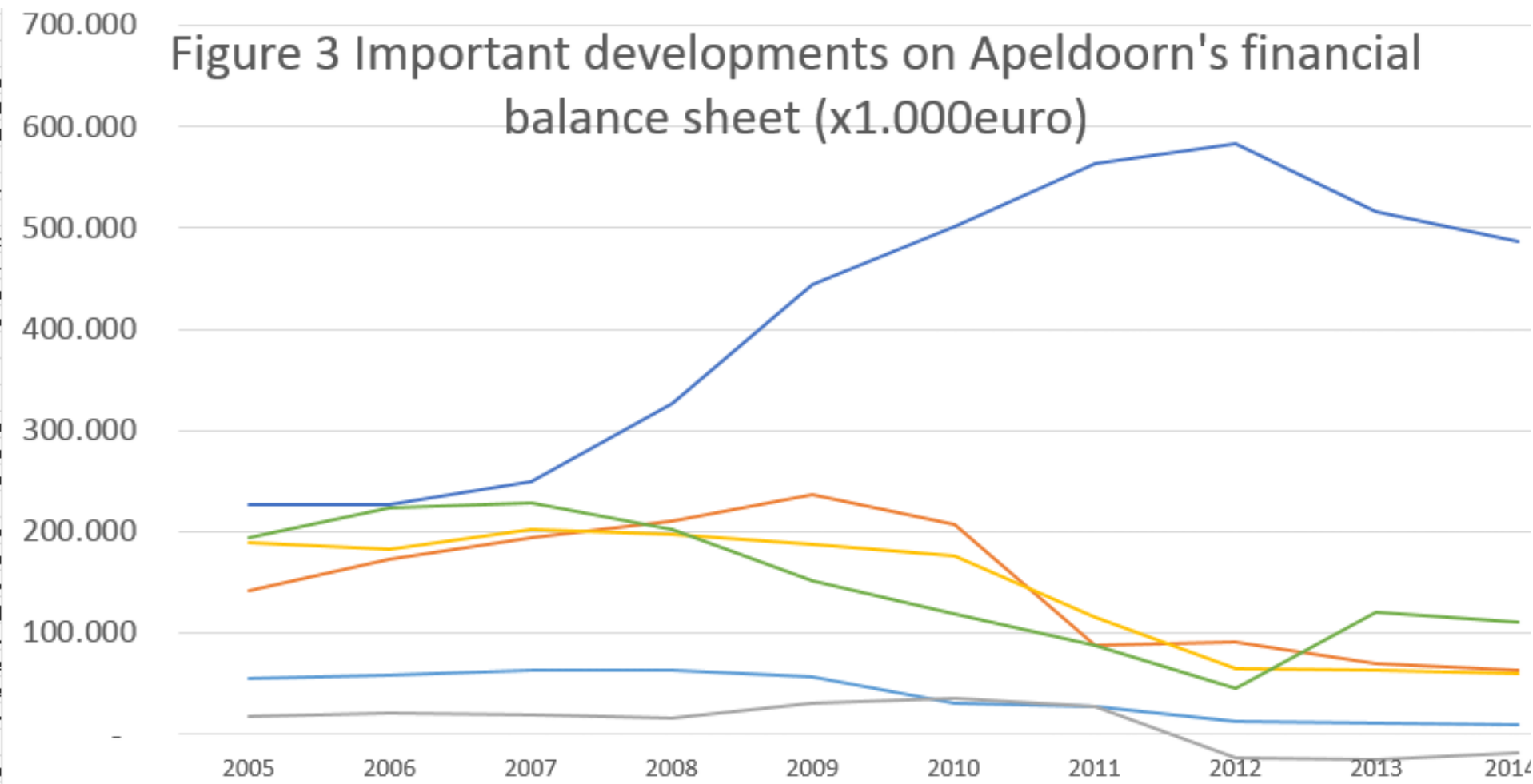


Figure 3 Important developments on Apeldoorn's financial balance sheet (x1.000euro)



— Asset: passive land holdings

— Asset: land to be developed/in development

— Liability: general reserve

— Liability: funds labeled for specific expenses

— Liability: debt to domestic financial institutions

— Liability: other debt

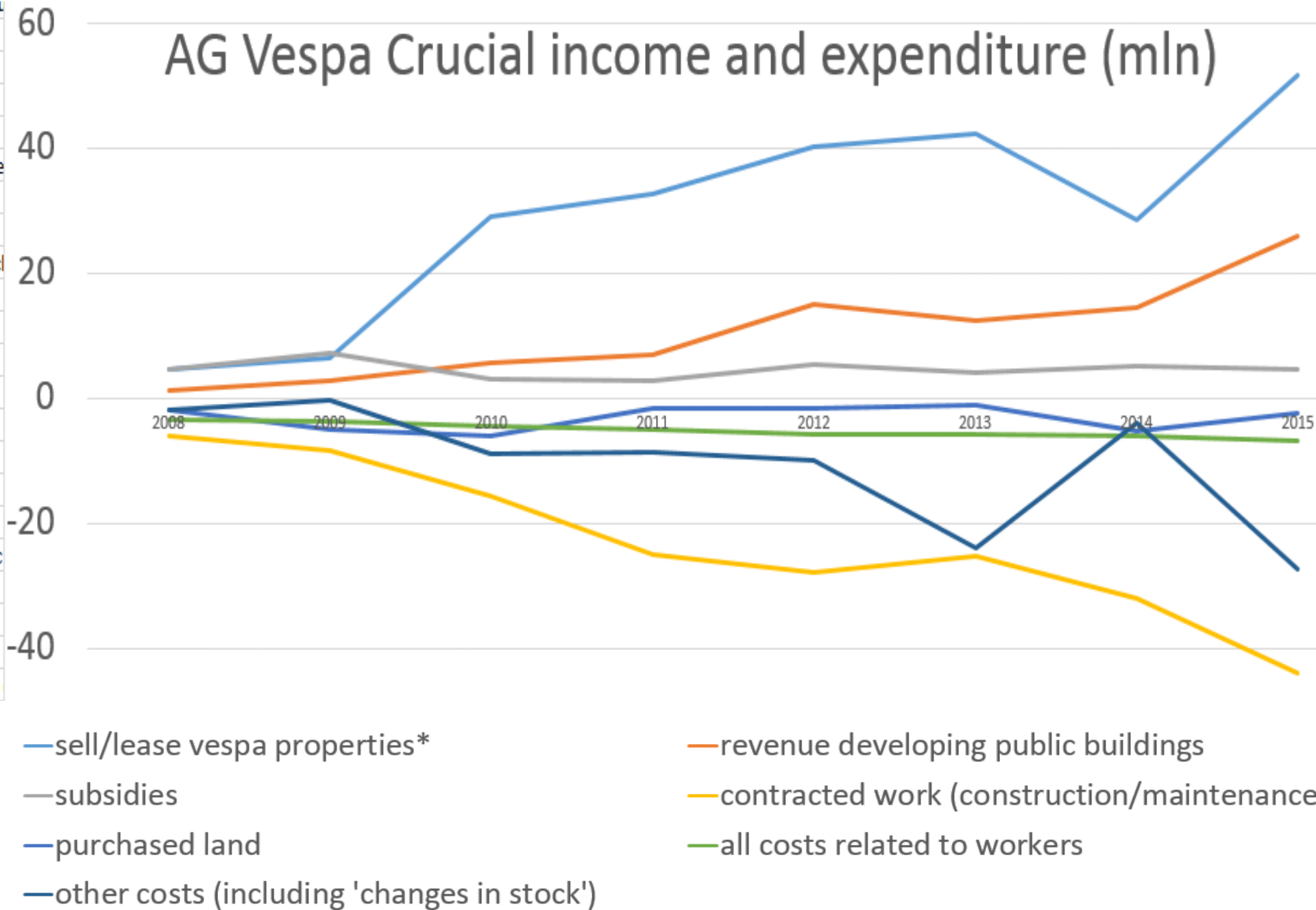
Flemish UG related to urban development, transformation 1990s/2000s

- Electoral victories Vlaams Belang (>'88)
- 'urban revival' ('appartementization of Flanders') as competitor for ever-expanding sprawl (late 1990s)
- 'municipal real estate corporations' (late 1990s)
- Restructuring public funding from social support to supporting gentrification projects (2002)
- Reregulation making PPP-constructions possible (2002)

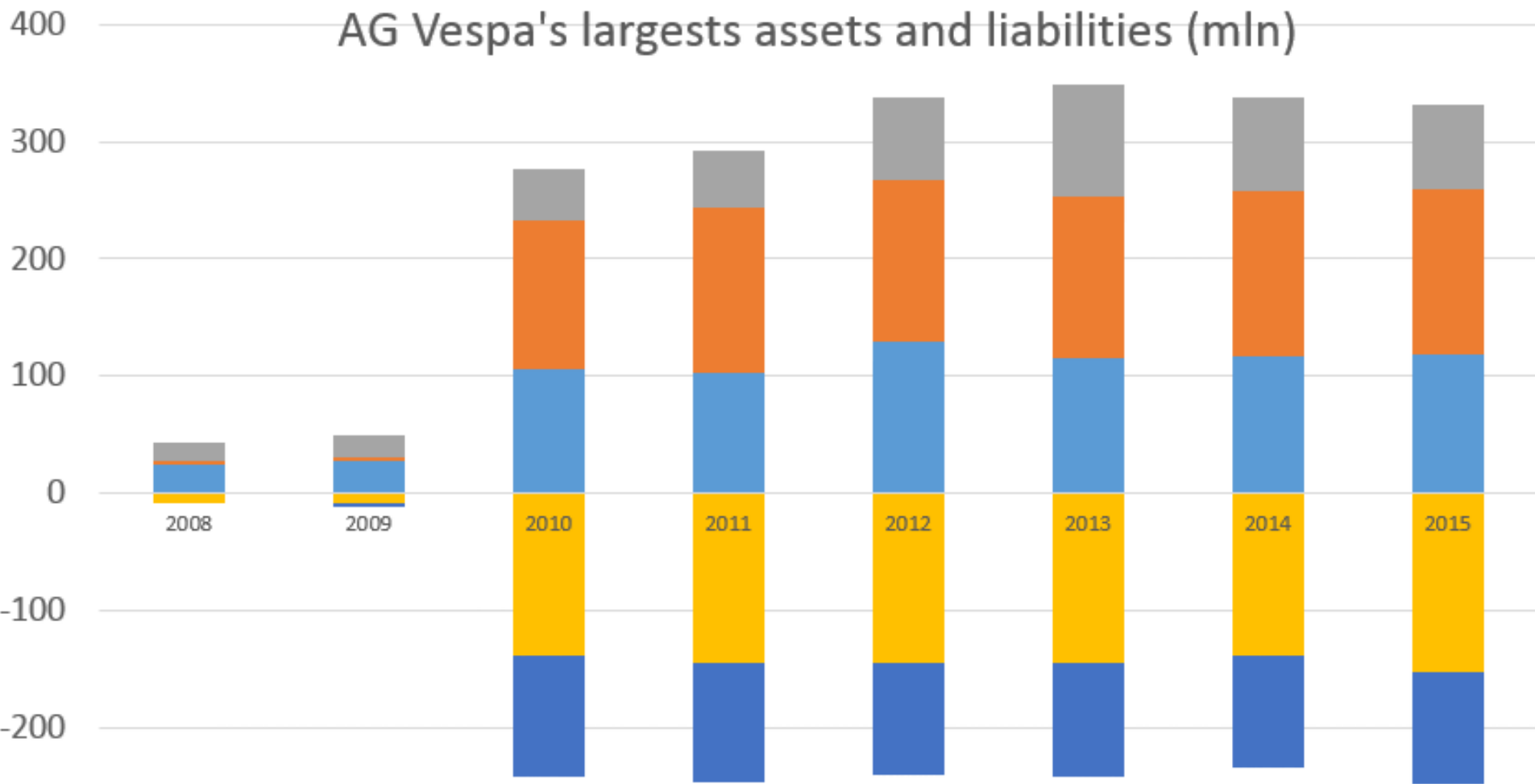
Table 4 Antwerp's instruments for urban (re-)development

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	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	2016		
4.1 dominant mode of urban development	social innovative urban (re)development										entrepreneurial: spatial quality					entrepreneurial: real estate interests						
4.2 city council	Chr./liberal/soc./green				Chr./soc./green						Soc./chr./lib.				Flemish nationalist/chr./lib.							
4.3 debt costs to total municipal budget	21%		17%		16%		15%		15%		14%		10%		5%		4%		3%			
4.4 Supra-local funding for urban planning																						
European	95: Urban I (3,4€,0%)*				Urban II/Objective II (..€,..%)						EVRO (..€,..%)				INTERREG (..€,..%)							
Belgian					Big City Policy (..€,..%)																	
Flemish	SIF 1 (..€,0%)				SIF 2 (..€,..%)				CITY FUND (55€,..%)													
4.5 instruments for urban planning	institutional experimentation								autonomous City-units/vision mayor						coalitions politicians/developers							
(municipal)organisations			Stadsbouwmeester																			
			'99 panning unit '00-'03 Urban development unit										AG Stadsplanning (STAN)									
	BOM, in 2005 it partly integrates into AG VESPA and partly merges with 'NFP-organisations; AG VESPA (2003)																					

AG Vespa Crucial income and expenditure (mln)



AG Vespa's largest assets and liabilities (mln)



■ debt >1 year**

■ capital' provided by City

■ Treasury (includes funding available from big city policy)

■ land and properties

■ land and properties in development/to be sold

AG Vespa: 'urban accupuncture'

Panden te koop / te huur



Alle panden te huur

Alle panden te koop



B;

N

European variegations of instruments central to urban development

- **Dutch case:** “ring-fenced” (Allen and Pryke 2013) from predatory finance, but connected with financialized real estate markets through *municipal land banks* as “an commercial entity within a public house” (Interview Ap3); over-optimistic planning combined with ‘bureaucratic’ accountancy techniques.
- **Flemish case:** entrepreneurial coalitions: crucial role of *municipal real estate corporations* connecting municipalities to booming real estate markets; comparable risk neglects (masked by booming real estate markets?)

Put bluntly: “The private developers goes to the alderman and get’s what he wants” “*de projectontwikkelaar gaat bij de schepen en krijgt eigenlijk zijn goesting*” (Interview An5)

Thanks!

Recent work:

Loon, J. van (in print) Patient versus impatient capital: the (non-)financialization of real estate developers in the Low Countries. In: *Socio-Economic Review special issue on patient capital*.

Aalbers, M.B., Loon, J.M. van, and Fernandez, R. The Financialization of a Social Housing Provider. *Minor revisions*

Loon, J.M. van, and Aalbers, M.B. How Real Estate became 'Just Another Asset Class': The Financialization of the Investment Strategies of Dutch Institutional Investors. *Under review*

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