

# The Process of Urban Restructuring

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This essay is the written assignment for the workshop: Urban Restructuring, and its institutional position, as part of the course Land Management. In this essay I will focus on urban restructuring in Land Management especially on the process.

## 1. Introduction

The urban environment is always changing. Some examples are: existing buildings that are reused, unusable buildings are demolished and rebuilt and new buildings are also constructed on land not previously in urban use. Many cities are changed like this last century. This changing process is called urban reconstruction, regeneration, re-imaging or restructuring. In my opinion these words are synonymous and according to Roberts (2000, p. 17) defined as:

“A comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change.”

In an urban restructuring process many actors and actions are involved, next paragraph treats the urban restructuring process, and below I will list the most important actors involved:

- *Landowners*: Before the restructuring takes place land has to be owned by a party, which wants to develop the land. This is not always the case. If a developer wants to develop, but he has not got the land, he will be confronted with the original landowner. In extreme cases it is possible to compulsorily purchase the owner of the land.
- *Developers*: When urban restructuring is a comprehensive project, a developing agency is needed. It is possible this agency is public, private or a mixture of both public and private. Next workshop is about public private partnership.
- *Investors*: Because urban restructuring is expensive, often capital is needed. Insurance companies as well as pension funds or banks or even authorities can fund the project.
- *Authorities*: Different authorities influence the process of urban restructuring; not only municipalities but also regional and national government. Authorities have many roles in the urban restructuring process.
- *Market*: If there is no market it is not possible to invest in urban restructuring, because indirectly it is paid by the market, used by the market and a building will also be demolished by the market, if it has no worth anymore.

## 2. The process of urban restructuring

In many cases, like Greenwich (Adams, 1994, p. 38-44) and Rotterdam (McCarthy, 1998, p. 339-341), a variety of activities have taken place over several years of anticipation of eventual development. Because the process is important for the economic, physical, social and environmental condition of the area, it is essential to understand what happens behind the scenes. Many researchers in this area have tried to put all processes and actors in a model. According to Adams (1994, p. 45): “One of the best event-based models of the development process employed the concept of a development pipeline to categorize relevant research

(Barrett et al., 1978).” This model reduces many activities in the development process to three broad sets of events, each of which forms one side of a triangular pipeline and external factors shown as “black boxes” generate *development pressure and prospects* in the first side, *development feasibility* is tested in the second side and the third side contains the *implementation* phase.

### **Development pressure and prospects**

Economic growth, taxation incentives and the impact upon land requirements of long-term trends may all create development pressure and prospects. Whether or not suitable land is allocated in a development plan, by the end of this phase, a site is identified and a planning application is submitted.

### **Development feasibility**

Development feasibility is tested in five specific ways. The sequence of these five ways is not significant and all ways are of the same importance. But all five streams must be successfully negotiated, if development is to occur.

- *Ownership*: Within a land a variety of ownership rights may exist. Developers must either acquire or respect all such rights. In some cases, problems can arise in identifying or tracing original owners. Such constraints particularly affect the feasibility of urban development. For development to prove feasibility, the developer must hold the land at the end of this phase.
- *Public procedures*: The first phase ended with an application for planning permission. If permission is refused, there may be grounds for appeal. Approval may have been sought in the first instance for the principle of development, in which case an outline planning application would have been submitted.
- *Project viability*: For private-sector development, a viability study will be undertaken to determine whether expected revenues are likely to exceed expected costs by enough to produce the desired rate of profit. If development appears viable, external sources of funding will be sought, unless a developer has sufficient internal reserves.
- *Physical conditions*: A developer must ensure that the site identified can accommodate the proposed development in physical terms.
- *Market conditions*: Market conditions need to be monitored right up to the start of development. If consumer demand changes, the development mix may be altered. Macroeconomic conditions can change rapidly, casting doubt on the feasibility of proposed developments. By the end of this phase, market conditions must be such to encourage early construction.

### **Implementation**

Despite all work earlier, the spanning period of construction and subsequent occupation of the completed development is almost never without difficulties.

- *Construction*: Although house-builders usually undertake their own construction work, most commercial developers rely instead on building contractors. The fortunes of the construction industry are particularly susceptible to the development cycle. Any discovery of unexpected ground conditions or any late alterations to the design can render the construction process highly problematic.
- *Transfer into new use and occupation*: Development not build for owner-occupation will be available for sale or lease, following its completion. Every effort will normally be made before the development is finished.

Once the development is constructed, marketed, disposed and occupied the full cycle in the development process has been completed. In due course, the property may become obsolete, fall vacant and be demolished, with the site entering the first phase of the development process again.

### **References**

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