Mega Metropolitan Areas
Planning for Growth, Managing for the Future

Dr Tim Moonen
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Overview

• The Metropolitan Century

• How do Metropolitan Areas Make Progress?

• What makes the difference?
The metropolitan century

Urbanisation to rise from 45% in 2000 to 85% in 2100

Cities remain the hubs of productivity, innovation, goods and services. Agglomeration set to continue despite technology disruptors.

135 biggest metropolitan areas = 37% of global GDP (Source: Brookings GMM 2015).

Usually the choice is not between growing or not growing but between managed or unmanaged growth.

Metropolitan planning is often trumped by:

- politics
- fiscal systems
- regulation
- transport investment
- land-use deals
- incentives
- the preferences of capital
- slow processes.
Metropolitan Areas provide:

- Scale
- Clout
- Productivity
- Visibility
- Diversity
- Coherence

But only if they are organised. Growth management or growth mis-management.
Most metropolitan areas:

- do NOT have the right boundaries.
- do NOT raise enough tax and lack access to capital.
- do NOT control the main levers of development.
- do NOT have integrated land-use/transport planning.
- do NOT have responsive higher tiers of government.
- do NOT have mandates to address long term issues.
- do NOT have non-cynical voters and media.
Different types of metropolitan geography
Population of core cities vs metropolitan areas

- **Singapore**: 5.5 m (100%)
- **Auckland**: 1.4 m (100%)
- **Vienna**: 2.4 m (79%)
- **Moscow**: 19 m (63%)
- **Sao Paulo**: 21 m (56%)
- **London**: 22 m (39%)
- **New York**: 23 m (37%)
- **Tokyo**: 38 m (37%)
- **Johannesburg**: 14 m (31%)
- **Buenos Aires**: 13 m (21%)
- **Paris**: 12 m (20%)
- **Sydney**: 4.6 m (3%)
## Metropolis Off or On?

<table>
<thead>
<tr>
<th>Metropolis Off</th>
<th>Metropolis On</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madrid</td>
<td>Barcelona</td>
</tr>
<tr>
<td>Perth</td>
<td>Melbourne</td>
</tr>
<tr>
<td>Atlanta</td>
<td>San Diego</td>
</tr>
<tr>
<td>Bogota</td>
<td>Bucaramanga</td>
</tr>
<tr>
<td>Toronto</td>
<td>Vancouver</td>
</tr>
<tr>
<td>Birmingham</td>
<td>Manchester</td>
</tr>
<tr>
<td>Brussels</td>
<td>Antwerp</td>
</tr>
<tr>
<td>Mumbai</td>
<td>Ahmedabad</td>
</tr>
<tr>
<td>Metropolis Off</td>
<td>Metropolis On</td>
</tr>
<tr>
<td>----------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Co-ordination</strong></td>
<td><strong>Integration</strong></td>
</tr>
<tr>
<td>Low co-ordination equilibrium. Many voices for the region. Weak vertical relationships.</td>
<td>High co-ordination equilibrium. One voice for the region. Strong vertical relationships.</td>
</tr>
<tr>
<td><strong>Cohesion</strong></td>
<td></td>
</tr>
<tr>
<td>High socioeconomic and racial disparities and segregation. Perverse incentives have greater impact.</td>
<td>Potential to equalise disparities and reduce poverty. Correlation with faster per capita income growth.</td>
</tr>
<tr>
<td>Land and development patterns</td>
<td></td>
</tr>
<tr>
<td>Growth management decisions are highly politicised. Price and supply of housing is a barrier against co-operation. Land assets are under-utilised.</td>
<td>Lower levels of sprawl. Higher public transport satisfaction. Higher population density and lower levels of air pollution.</td>
</tr>
<tr>
<td><strong>Project pace and scale</strong></td>
<td></td>
</tr>
<tr>
<td>Active planning is internally difficult and sporadic. Delays to key transport upgrades.</td>
<td>Cost sharing, and sometimes cost-saving. High value capture. Capacity to negotiate for financial devolution.</td>
</tr>
<tr>
<td><strong>Financial relationships</strong></td>
<td></td>
</tr>
</tbody>
</table>
## What do the global indices tell us?

The 100 largest metropolitan areas’ relative position across 200+ global indices, 2012-2017

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Score (1=max)</th>
<th>Rank since 2015</th>
<th>Rank pre-2015</th>
<th>Change in rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>London</td>
<td>0.90</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>New York City</td>
<td>0.85</td>
<td>2=</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Paris</td>
<td>0.84</td>
<td>2=</td>
<td>4</td>
<td>+2</td>
</tr>
<tr>
<td>4</td>
<td>Singapore</td>
<td>0.84</td>
<td>4</td>
<td>3</td>
<td>-1</td>
</tr>
<tr>
<td>5</td>
<td>Tokyo</td>
<td>0.82</td>
<td>5</td>
<td>6</td>
<td>+1</td>
</tr>
<tr>
<td>10</td>
<td>Seoul</td>
<td>0.76</td>
<td>8</td>
<td>15</td>
<td>+7</td>
</tr>
<tr>
<td>28</td>
<td>Buenos Aires</td>
<td>0.59</td>
<td>30</td>
<td>31</td>
<td>+1</td>
</tr>
<tr>
<td>44</td>
<td>Cape Town</td>
<td>0.48</td>
<td>44</td>
<td>51</td>
<td>+7</td>
</tr>
<tr>
<td>57</td>
<td>Jakarta</td>
<td>0.43</td>
<td>59</td>
<td>50</td>
<td>-9</td>
</tr>
<tr>
<td>65</td>
<td>Izmir</td>
<td>0.40</td>
<td>49</td>
<td>79</td>
<td>+30</td>
</tr>
<tr>
<td>68</td>
<td>Ho Chi Minh City</td>
<td>0.39</td>
<td>58</td>
<td>75</td>
<td>+17</td>
</tr>
<tr>
<td>76</td>
<td>Colombo</td>
<td>0.34</td>
<td>67</td>
<td>85</td>
<td>+18</td>
</tr>
<tr>
<td>77</td>
<td>Cairo</td>
<td>0.33</td>
<td>77</td>
<td>71</td>
<td>-6</td>
</tr>
<tr>
<td>93</td>
<td>Karachi</td>
<td>0.18</td>
<td>96</td>
<td>88</td>
<td>-8</td>
</tr>
<tr>
<td>97</td>
<td>Dhaka</td>
<td>0.15</td>
<td>95</td>
<td>95</td>
<td>-</td>
</tr>
<tr>
<td>98</td>
<td>Kinshasa</td>
<td>0.14</td>
<td>98</td>
<td>97</td>
<td>-1</td>
</tr>
<tr>
<td>100</td>
<td>Baghdad</td>
<td>0.03</td>
<td>100</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: The Business of Cities (2017) – ELO Algorithm
Opportunity costs of ignoring metropolitan dynamics

Organise the metropolitan space or suffer from:

• **lack of scale** and critical mass needed to succeed

• co-ordination and capacity problems

• **internal competition** and waste

• incoherent messages

• missed opportunities

How do the big metropolitan areas make progress?
**Fundamentals**

- Long-term strategic planning
- Integrated authorities
- Metropolitan co-ordination

**Execution**

- Catalytic cross-border transport
- Development of new CBDs and Centres
- Re-activation of metropolitan core
- Housing supply innovation
- Financing and land-use instruments

**Momentum**

- Institutional adaptation to avoid lock-in
- Diversifying the base of leadership
- National policies for metropolitan agenda
- Ongoing integration across silos

= Successful metropolitan growth management
Examples: New York Region

**Fundamentals**
- L-T strategic planning
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**Fundamentals**
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Integrated authorities
Metropolitan co-ordination

**Execution**
Cross-border transport
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**Momentum**
Institutional adaptation
Diversifying leadership
National policies
Integration across silos
Examples: Johannesburg City Region

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**Examples:** Greater London

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Public transport share of trips up from 30% to 46% since 1993
Examples: Greater London

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**Crossrail (and Crossrail 2?)**

**Funding model**
- Future fare revenue
- Central Government grant
- Developer contributions (e.g., Heathrow, Canary Wharf)
- Extra Business Rates
Examples: Greater Sydney

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SOURCE: GREATER SYDNEY COMMISSION
Examples: Hong Kong

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9 New Towns
- Achieved critical mass (>250,000)
- Avoided becoming ‘dead-ends’
- Prevent enclaves of social segregation
- Full audits on other potential enablers/asset
- Build a strong regional framework and story
Examples: Hong Kong

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**Value capture around MTR stations**

- ‘Suburbs’ and New Territories
- Historic Core

- Development right ("before-rail" market price)
- Co-development ("after-rail" market price)

- "Profit sharing"
  - Profits in agreed proportions
  - Assets in-kind
  - Up-front payments

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The BUSINESS of CITIES
Examples: Tokyo

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Sale of Air rights

Tokyo Station
– Marunouchi project

Roppongi Hills
– Minato project
Examples: Paris Region

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New ‘Grand Paris’ Metropole made real by metropolitan transport project

New metropolitan authority created
Examples: Paris Region

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The BUSINESS of CITIES
Examples: Cape Town

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Gov as main investor, private sector operates
Examples: Sao Paulo metropolitan area

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Urban operations as a form of value capture
Types of financing instruments used in metropolitan areas

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**Financing/land instruments**

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<th>National transfers and public institutional investment</th>
<th>Paris, Grand Paris Express, Arc of Innovation</th>
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<tr>
<td>Own source revenues</td>
<td>New York City, Sao Paulo, Madrid</td>
</tr>
<tr>
<td>Sale of air rights</td>
<td>Hong Kong MRT, Sao Paulo CEPAC</td>
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<tr>
<td>Business rates, betterment levies</td>
<td>London Crossrail, Grand Paris Express</td>
</tr>
</tbody>
</table>
| Re-zoning for density in return for Fund contributions | New York East Midtown, Barcelona 22@
| Tax Increment Financing | London Northern Line Extension, Atlanta Station |
| Tax exempt zones in return for tax equivalency payments | New York Hudson Yards |
| Business Improvement Districts | London, Hong Kong, New York, Singapore |
| ‘City Deal’ packages with national government | Sydney, Manchester, Lyon |

**Momentum**
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- Integration across silos
Examples: Barcelona Metropolitan Area

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Combined leadership of
- City of Barcelona
- Chamber of Commerce
- development agencies
- business leadership bodies
- civic groups
- metropolitan municipalities
Examples: 

Bogota Capital Region

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- **Diversifying leadership**

**Building public-private collaboration around**
- Vision for 2038
- Education
- Mobility and public transport
- Job creation
- Public safety

**Integration across silos**
The 4 dimensions of relationship between the big metropolitan areas and national government

<table>
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<tr>
<th>Mega-metropolitan area success in its own right</th>
<th>Mega metropolitan area contribution to the national economy</th>
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<tr>
<td>Role of national government in helping the mega-metropolitan area succeed and compete</td>
<td>Role of national government in managing the consequences of the mega-metropolitan area for the rest of the nation</td>
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### The 4 dimensions of relationship between the big metropolitan areas and national government

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The basis of reciprocity between mega metropolitan areas and their national governments

- National trade and supply chain development
- Net fiscal contribution to national budgets
- 'Escalator' region to talent and firms
- Gateways for visitors
- Improve 'business brand' for nations

Access to global capital, markets, processes, expertise

The Mega Metropolitan Area

- Customised housing market reform
- Competitive tax and immigration framework
- More devolved metropolitan powers
- Support and finance for major projects

The National Government

Sectoral ministries gain territorial lens

Broker institutional reform
An equation for success

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Success = Successful metropolitan growth management
So in summary…

1. Get the equation right

2. Inspired leadership to recruit higher tiers of Gov, promote change.

3. Identify and optimise the catalysts and reforms.