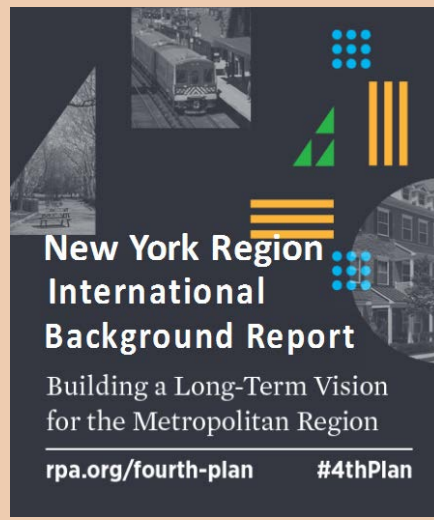
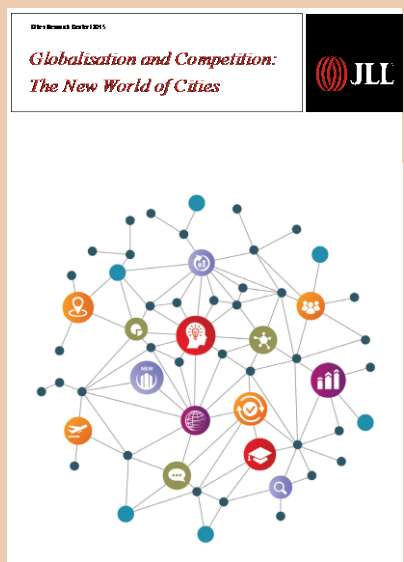
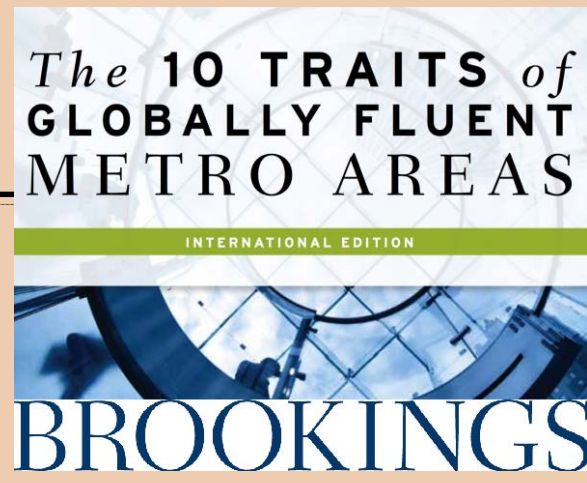
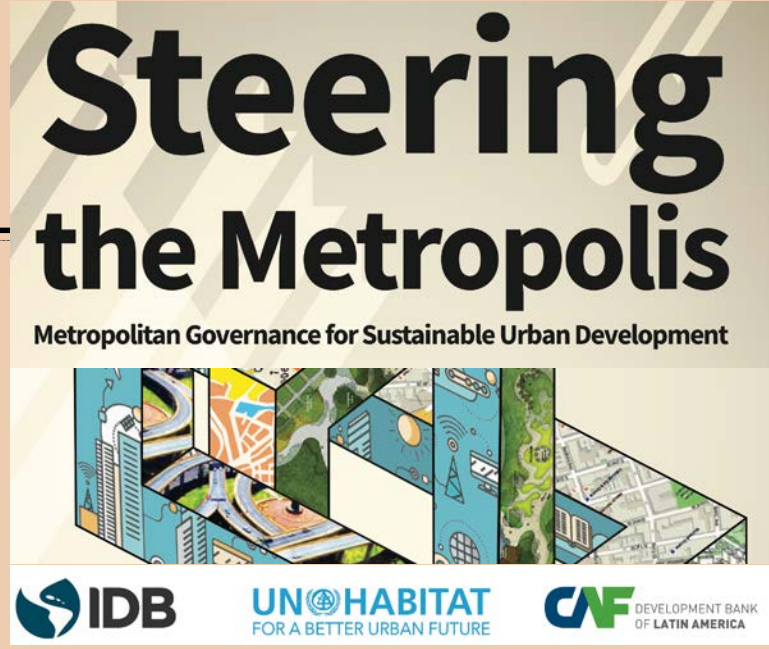
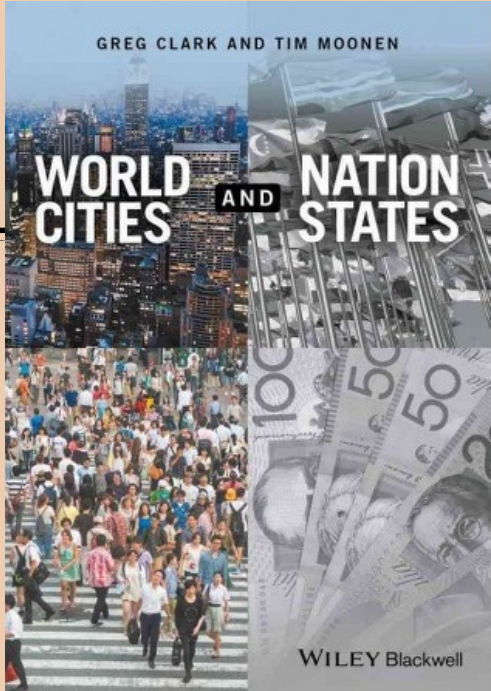


Mega Metropolitan Areas

Planning for Growth, Managing for the Future

Dr Tim Moonen
December 2017



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



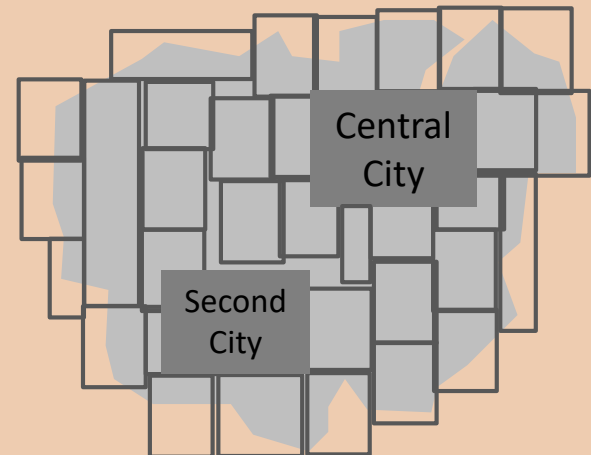
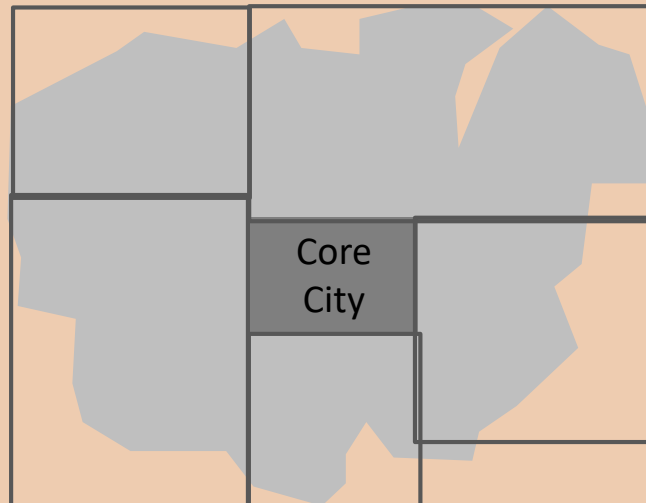
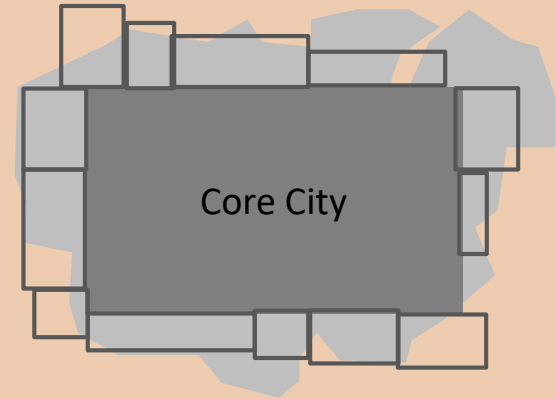
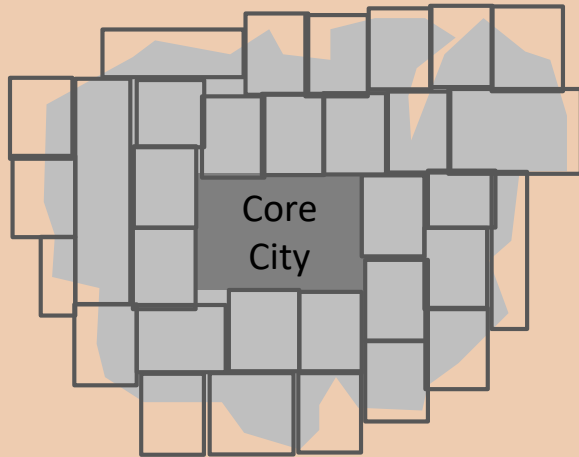
Coherence

But only if they are organised. Growth management or growth mis-management.

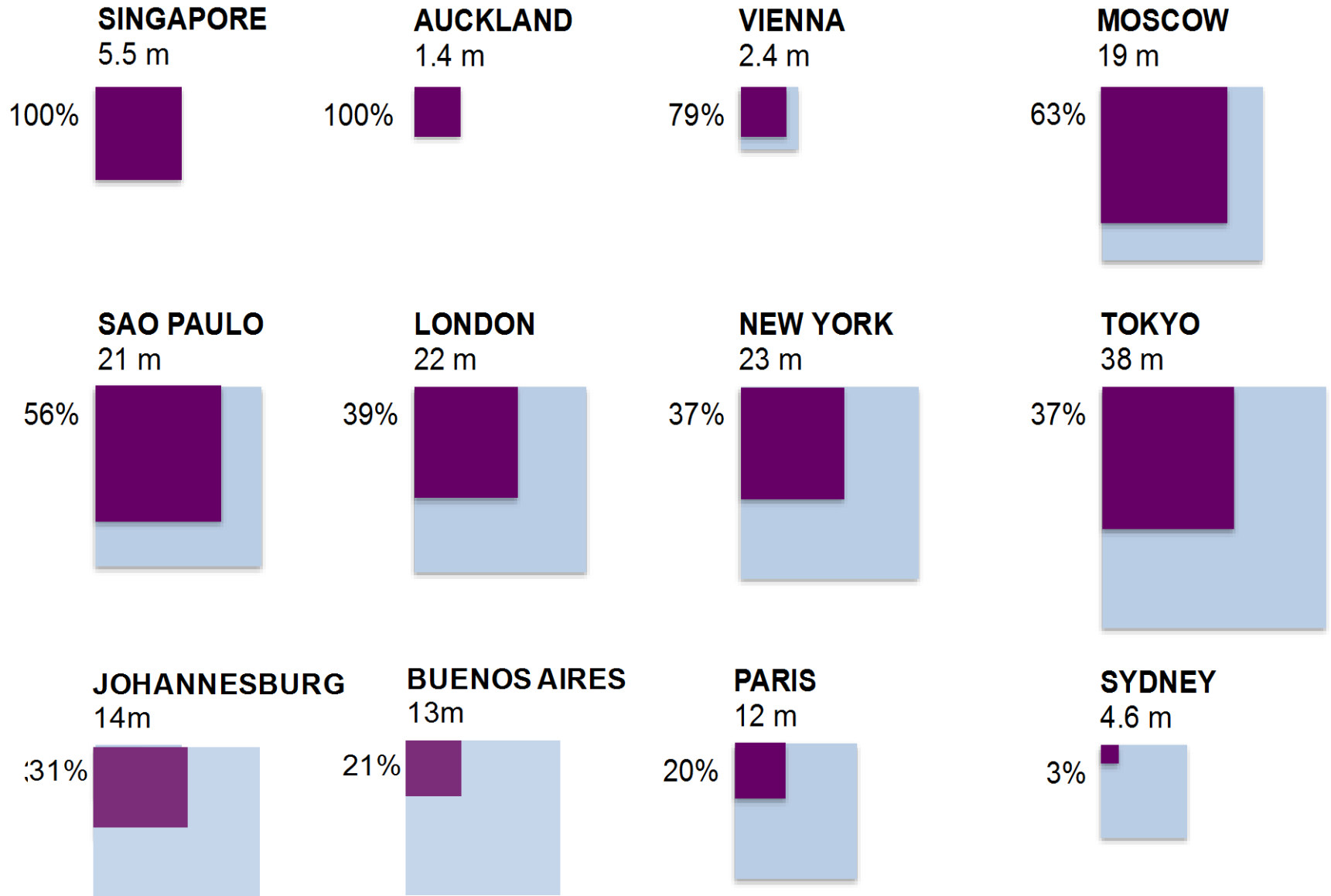
Most metropolitan areas:

- 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



Metropolis Off or On ?

Metropolis Off		Metropolis On
Madrid	<input type="checkbox"/>	<input checked="" type="checkbox"/> Barcelona
Perth	<input type="checkbox"/>	<input checked="" type="checkbox"/> Melbourne
Atlanta	<input type="checkbox"/>	<input checked="" type="checkbox"/> San Diego
Bogota	<input type="checkbox"/>	<input checked="" type="checkbox"/> Bucaramanga
Toronto	<input type="checkbox"/>	<input checked="" type="checkbox"/> Vancouver
Birmingham	<input type="checkbox"/>	<input checked="" type="checkbox"/> Manchester
Brussels	<input type="checkbox"/>	<input checked="" type="checkbox"/> Antwerp
Mumbai	<input type="checkbox"/>	<input checked="" type="checkbox"/> Ahmedabad

	Metropolis Off	Metropolis On
Co-ordination	<p>Low co-ordination equilibrium. Many voices for the region. Weak vertical relationships.</p>	<p>High co-ordination equilibrium. One voice for the region. Strong vertical relationships.</p>
Integration	<p>Sectoral policies lead. Systems ownership is fragmented. No joined-up approach to resilience.</p>	<p>Integrated solutions. Enables the pooling of resources. Manage wider risks and vulnerabilities.</p>
Cohesion	<p>High socioeconomic and racial disparities and segregation. Perverse incentives have greater impact.</p>	<p>Potential to equalise disparities and reduce poverty. Correlation with faster per capita income growth.</p>
Land and development patterns	<p>Growth management decisions are highly politicised. Price and supply of housing is a barrier against co-operation. Land assets are under-utilised.</p>	<p>Lower levels of sprawl. Higher public transport satisfaction. Higher population density and lower levels of air pollution.</p>
Project pace and scale	<p>Active planning is internally difficult and sporadic. Delays to key transport upgrades.</p>	<p>Proactive approach towards development agenda. Ability to assemble large infrastructure projects.</p>
Financial relationships	<p>Unequal tax base. Low value capture. 'Free rider' governments. More costs for specialised staff and facilities.</p>	<p>Cost sharing, and sometimes cost-saving. High value capture. Capacity to negotiate for financial devolution.</p>

What do the global indices tell us?

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

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

Source: The Business of Cities (2017) – ELO Algorithm

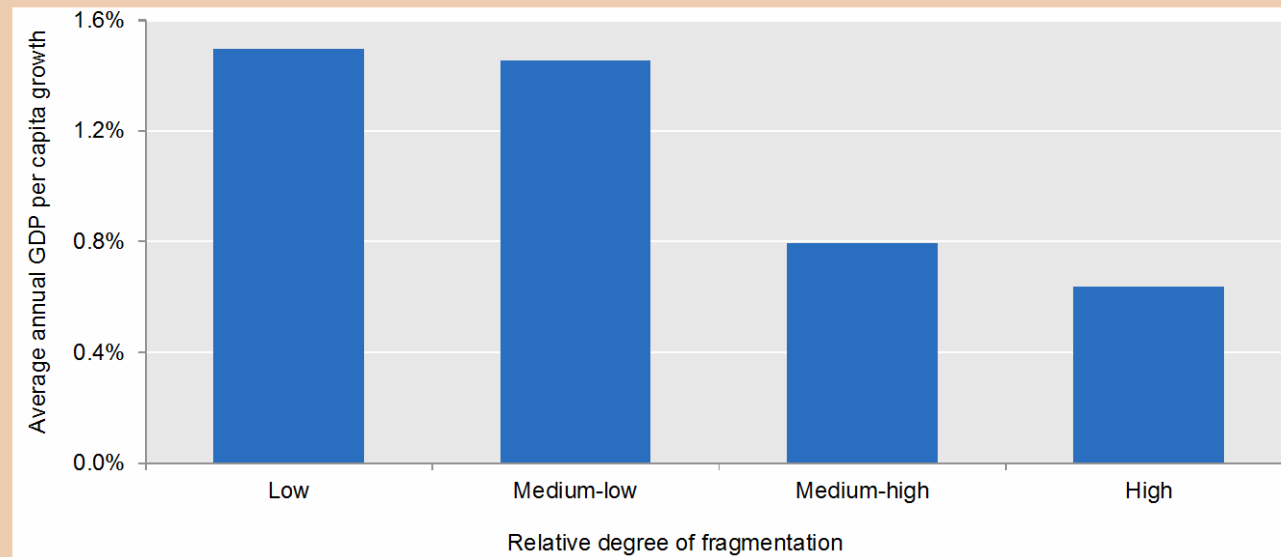
Opportunity costs of ignoring metropolitan dynamics

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

Figure 2.7. **Less fragmented metropolitan areas have experienced higher growth**

Annual average GDP per capita growth, 2000-10



Source: Ahrend, R. and A.C. Lembeke (2015b), “Economic and demographic trends in cities”, *OECD Regional Development Working Papers*, OECD Publishing, Paris, forthcoming.

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

Integrated authorities

Metropolitan co-ordination

Execution

Cross-border transport

New CBDs and Centres

Re-activation of core

Housing supply innovation

Financing/land instruments

Momentum

Institutional adaptation

Diversifying leadership

National policies

Integration across silos



The Fourth Regional Plan

Making the Region
Work for All of Us

Examples: New York Region

Fundamentals

L-T strategic planning

Integrated authorities

Metropolitan co-ordination

Execution

Cross-border transport

New CBDs and Centres

Re-activation of core

Housing supply innovation

Financing/land instruments

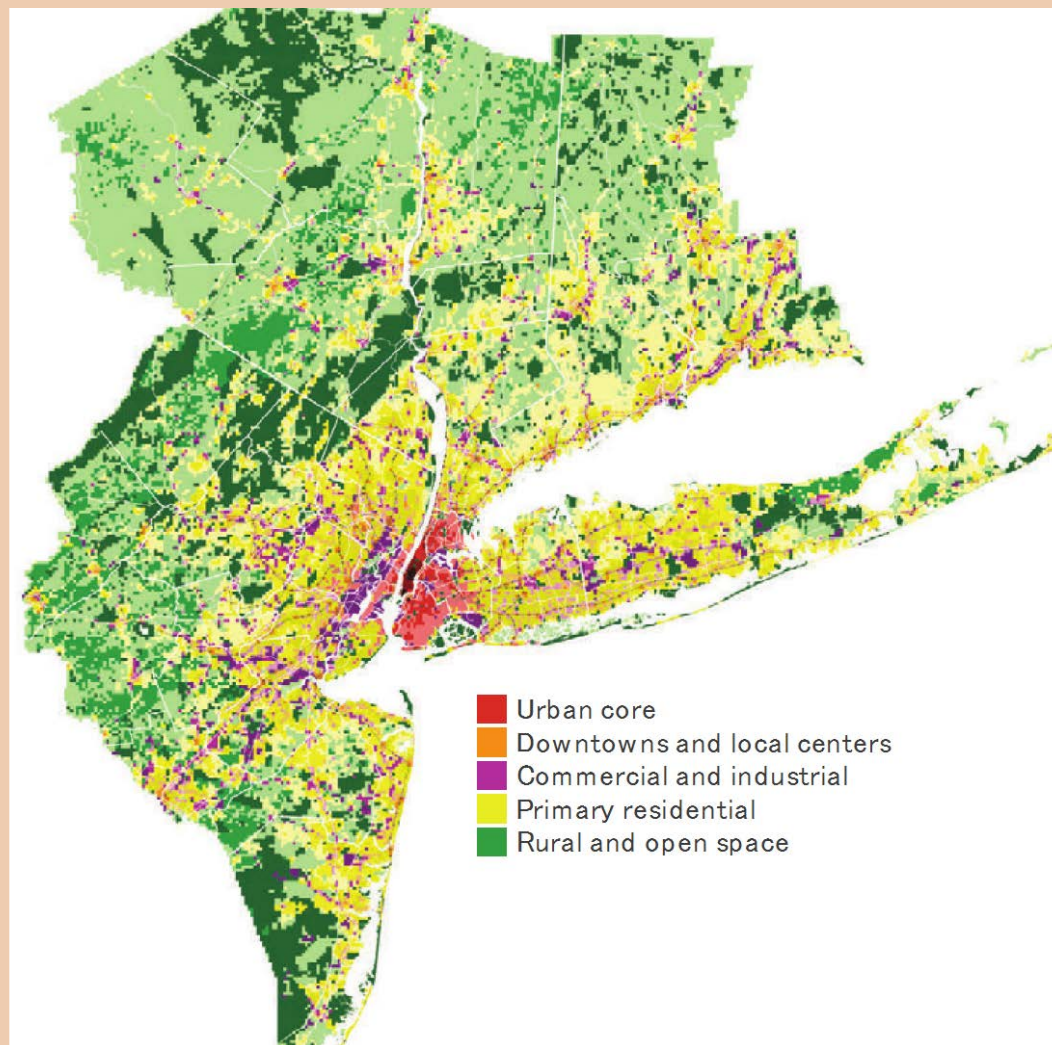
Momentum

Institutional adaptation

Diversifying leadership

National policies

Integration across silos



Examples: Johannesburg City Region

Fundamentals

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Metropolitan co-ordination

Execution

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Re-activation of core

Housing supply innovation

Financing/land instruments

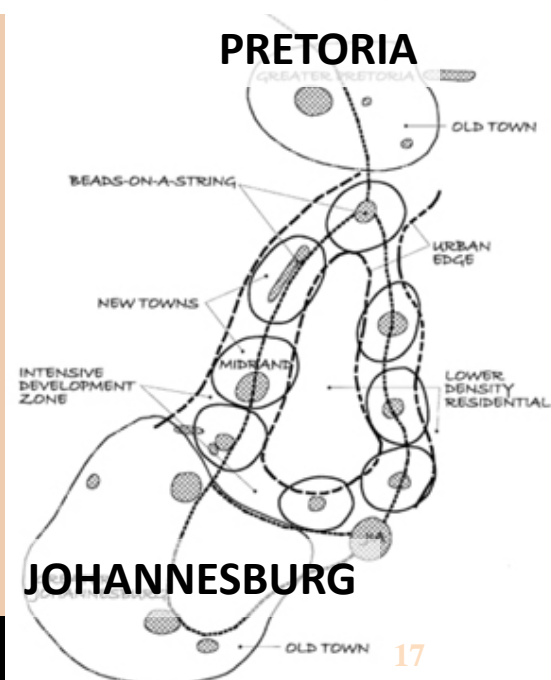
Momentum

Institutional adaptation

Diversifying leadership

National policies

Integration across silos



Examples:

Greater London

Fundamentals

L-T strategic planning

Integrated authorities

Metropolitan co-ordination

Execution

Cross-border transport

New CBDs and Centres

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Financing/land instruments

Momentum

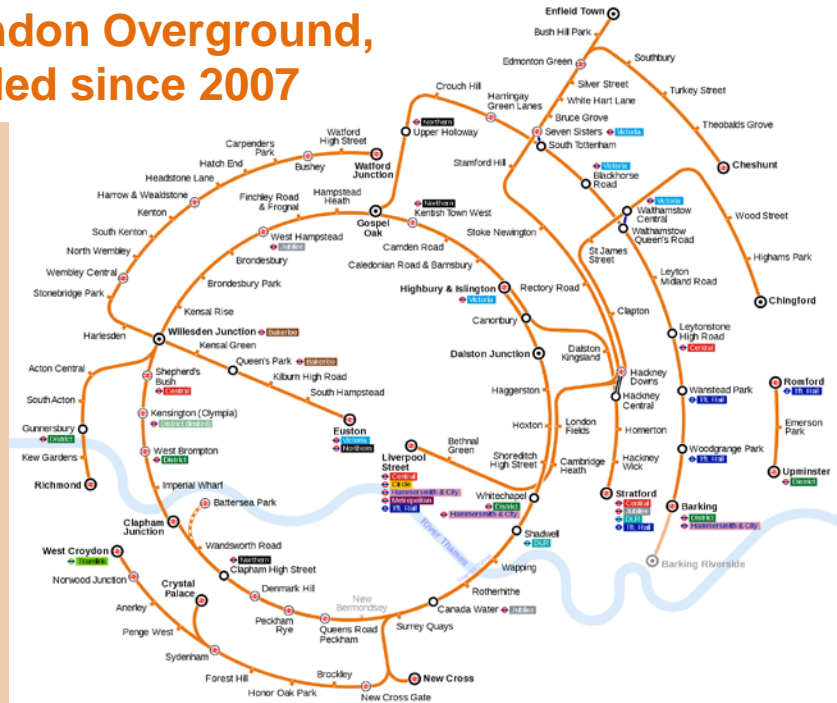
Institutional adaptation

Diversifying leadership

National policies

Integration across silos

London Overground, added since 2007



Transport for London

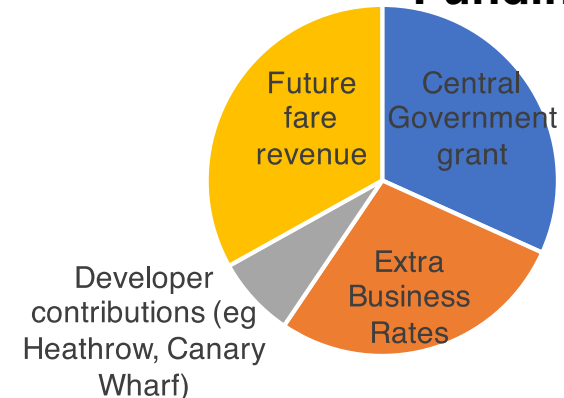
Public transport share of trips up from 30% to 46% since 1993

Examples: Greater London

Crossrail (and Crossrail 2?)



Funding model



Fundamentals

L-T strategic planning
Integrated authorities

Metropolitan co-ordination

Execution

Cross-border transport

New CBDs and Centres

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Integration across silos

Examples:

Greater Sydney

Fundamentals

L-T strategic planning
Integrated authorities

Metropolitan co-ordination

Execution

Cross-border transport

New CBDs and Centres

Re-activation of core
Housing supply innovation
Financing/land instruments

Momentum

Institutional adaptation

Diversifying leadership
National policies

Integration across silos

3rd CBD

2nd CBD

1st CBD



Examples: Hong Kong

Fundamentals

L-T strategic planning
Integrated authorities
Metropolitan co-ordination

Execution

Cross-border transport

New CBDs and Centres

Re-activation of core
Housing supply innovation
Financing/land instruments

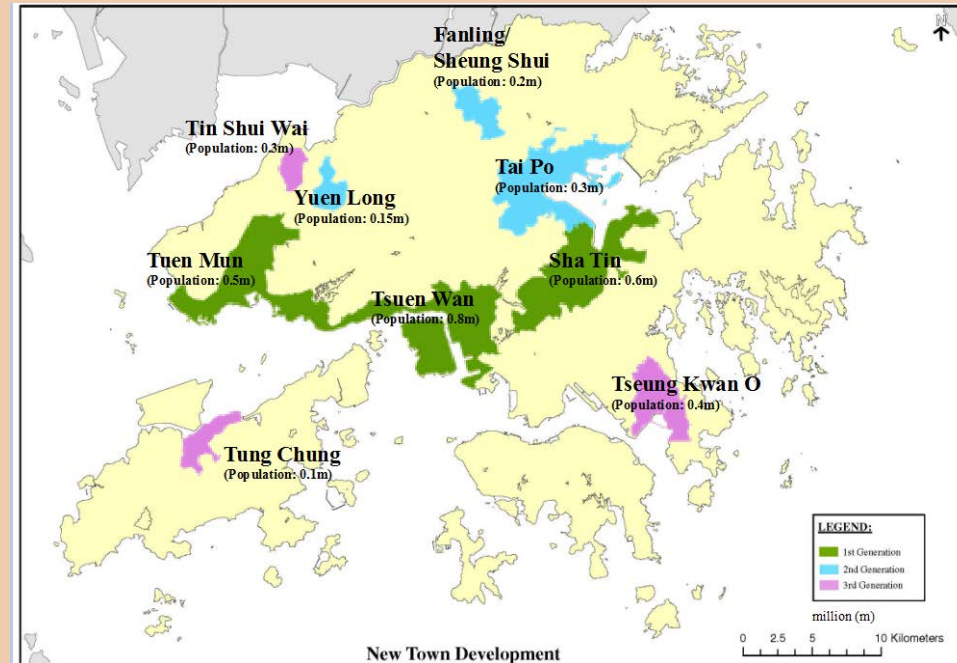
Momentum

Institutional adaptation

Diversifying leadership
National policies
Integration across silos

Hong Kong

New Territories



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

Fundamentals

L-T strategic planning
Integrated authorities
Metropolitan co-ordination

Execution

Cross-border transport

New CBDs and Centres

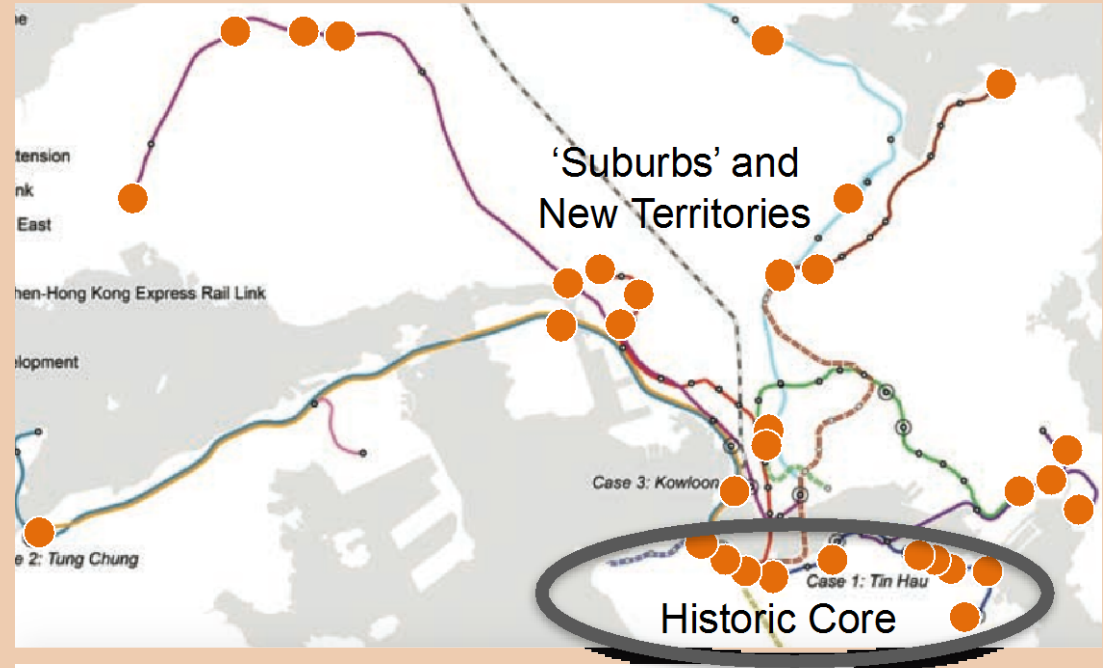
Re-activation of core
Housing supply innovation
Financing/land instruments

Momentum

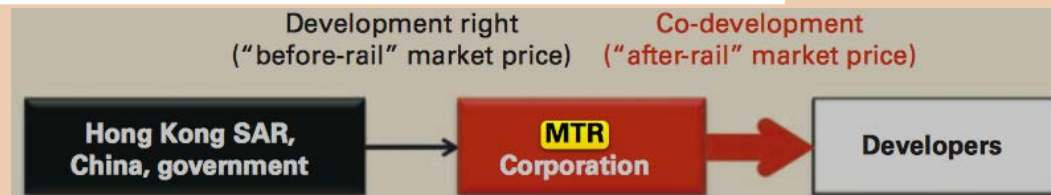
Institutional adaptation

Diversifying leadership
National policies
Integration across silos

Value capture around MTR stations



● = site where rail property development has been used to capture value



"Profit sharing"

- Profits in agreed proportions
- Assets in-kind
- Up-front payments

Examples: Tokyo

Fundamentals

L-T strategic planning
Integrated authorities

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Execution

Cross-border transport

New CBDs and Centres
Re-activation of core

Housing supply innovation

Financing/land instruments

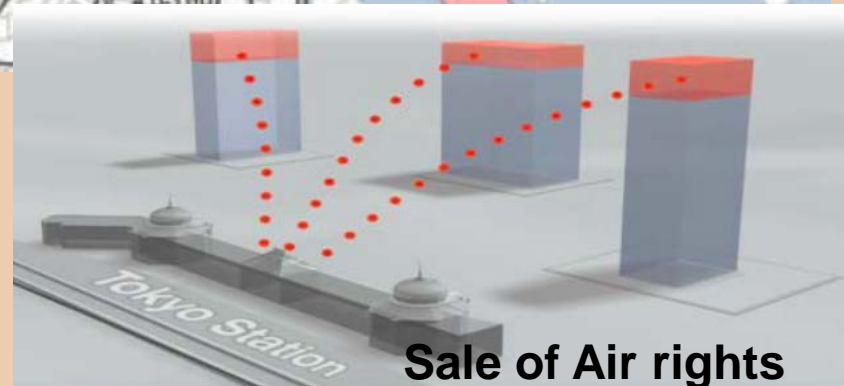
Momentum

Institutional adaptation

Diversifying leadership

National policies

Integration across silos



Sale of Air rights

Examples: Paris Region

Fundamentals

L-T strategic planning
Integrated authorities

Metropolitan co-ordination

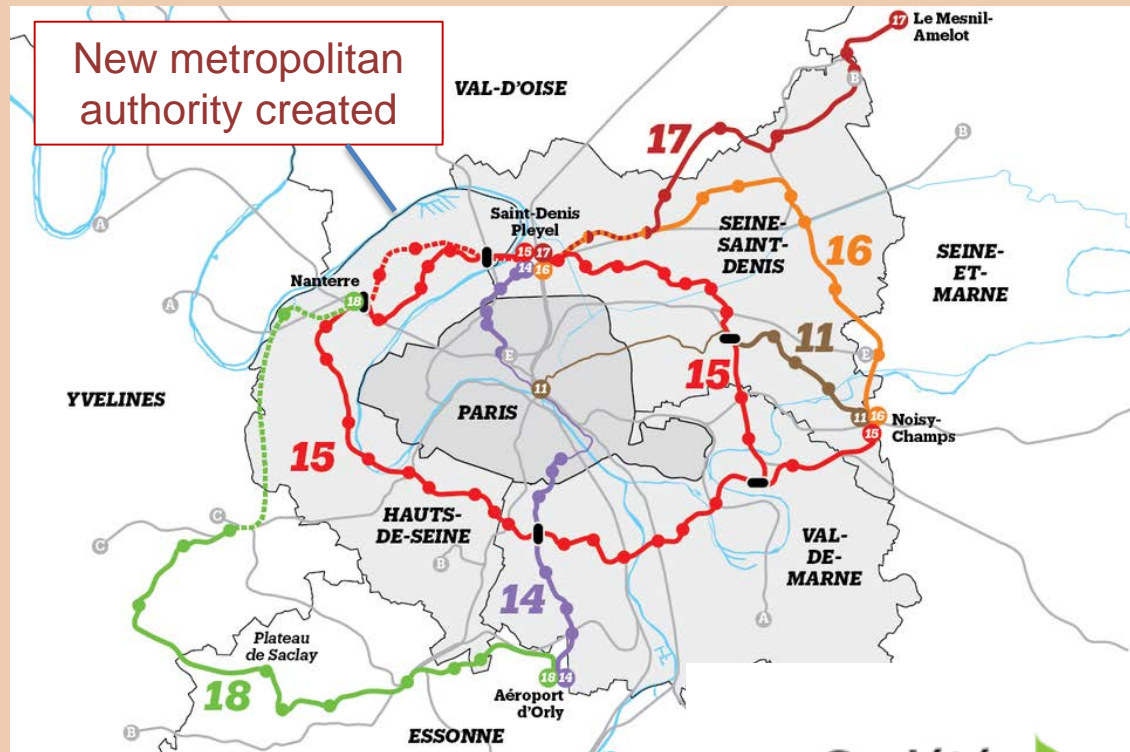
Execution

Cross-border transport
New CBDs and Centres
Re-activation of core
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Financing/land instruments

Momentum

Institutional adaptation
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National policies
Integration across silos

New 'Grand Paris' Metropole made real by metropolitan transport project



Examples: Paris Region



Fundamentals

L-T strategic planning
Integrated authorities

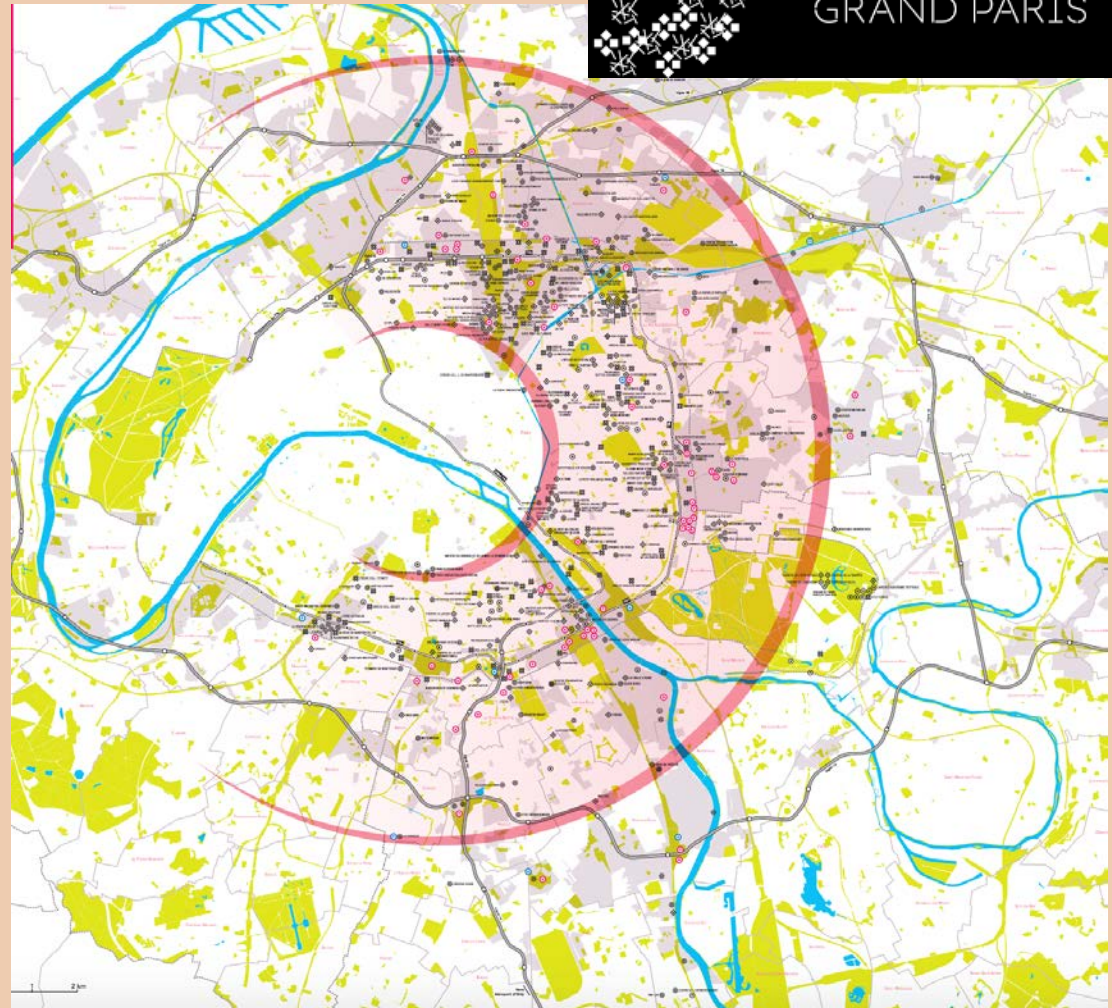
Metropolitan co-ordination

Execution

Cross-border transport
New CBDs and Centres
Re-activation of core
Housing supply innovation
Financing/land instruments

Momentum

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Diversifying leadership
National policies
Integration across silos



Examples: New York Region

Fundamentals

L-T strategic planning
Integrated authorities
Metropolitan co-ordination

Execution

Cross-border transport

New CBDs and Centres
Re-activation of core

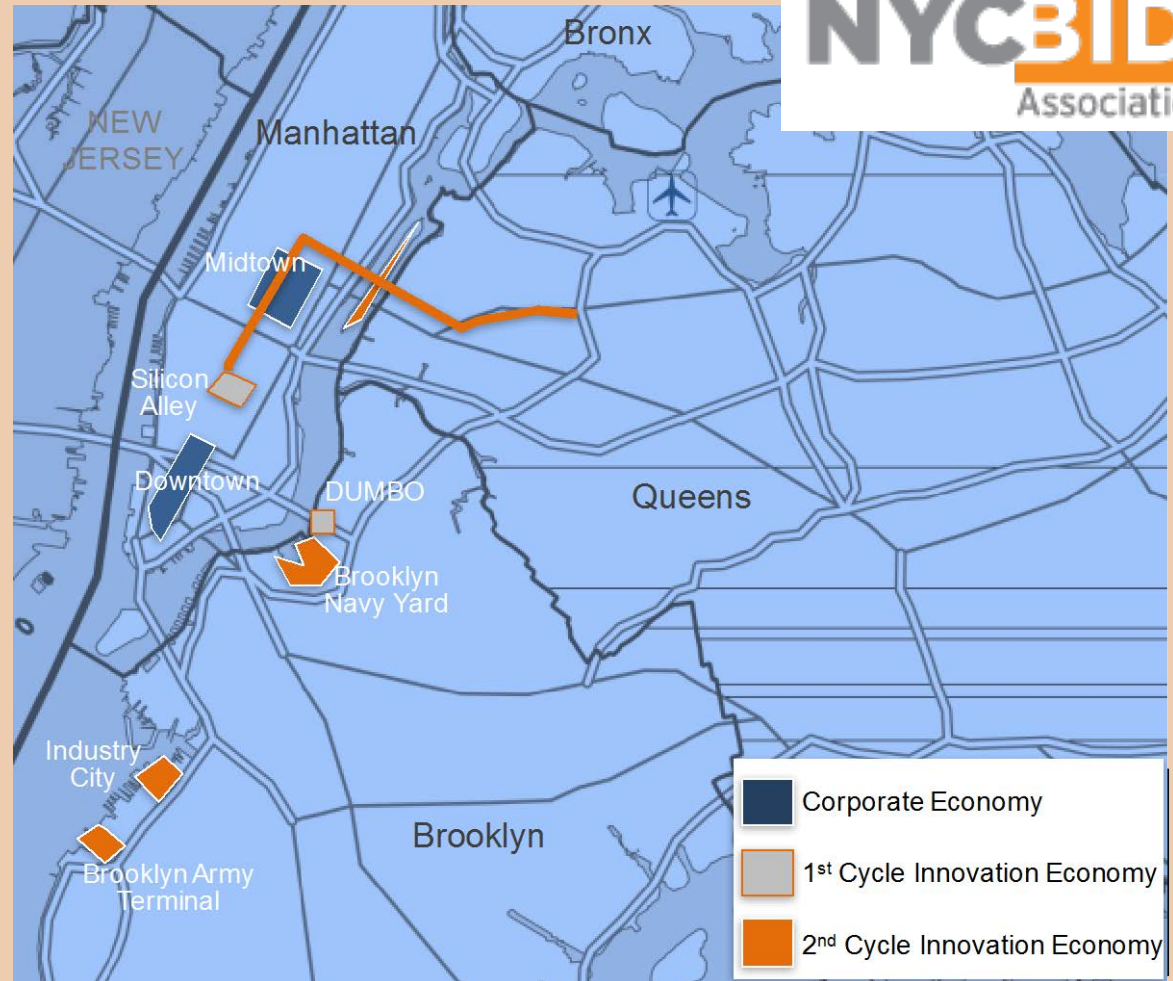
Housing supply innovation
Financing/land instruments

Momentum

Institutional adaptation

Diversifying leadership

National policies
Integration across silos



Examples: Cape Town

Fundamentals

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

Execution

- Cross-border transport
- New CBDs and Centres

Re-activation of core

- Housing supply innovation
- Financing/land instruments

Momentum

- Institutional adaptation
- Diversifying leadership
- National policies
- Integration across silos

V&A Waterfront



Gov as main investor, private sector operates

Examples:

Sao Paulo metropolitan area

Fundamentals

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

Execution

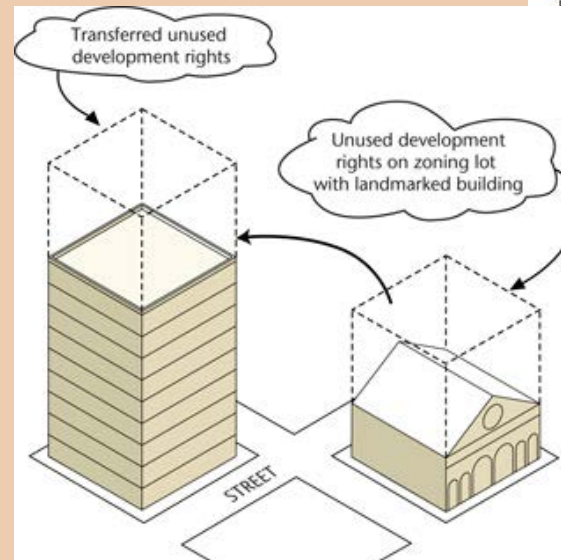
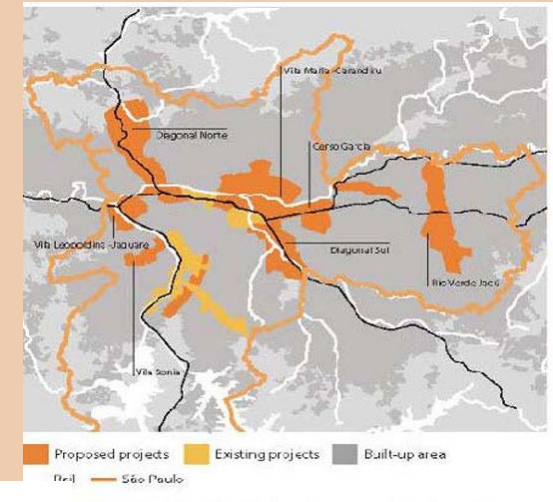
- Cross-border transport
- New CBDs and Centres
- Re-activation of core
- Housing supply innovation

Financing/land instruments

Momentum

- Institutional adaptation
- Diversifying leadership
- National policies
- Integration across silos

Urban operations as a form of value capture



Types of financing instruments used in metropolitan areas

Fundamentals

L-T strategic planning
 Integrated authorities
 Metropolitan co-ordination

Execution

Cross-border transport
 New CBDs and Centres
 Re-activation of core
 Housing supply innovation

Financing/land instruments

Momentum

Institutional adaptation
 Diversifying leadership
 National policies
 Integration across silos

National transfers and public institutional investment	Paris, Grand Paris Express, Arc of Innovation
Own source revenues	New York City, Sao Paulo, Madrid
Sale of air rights	Hong Kong MRT, Sao Paulo CEPAC
Business rates, betterment levies	London Crossrail, Grand Paris Express
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

Examples:

Barcelona Metropolitan Area

Fundamentals

L-T strategic planning
Integrated authorities
Metropolitan co-ordination

Execution

Cross-border transport
New CBDs and Centres
Re-activation of core
Housing supply innovation
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Momentum

Institutional adaptation

Diversifying leadership

National policies
Integration across silos



Combined leadership of

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

Examples:

Bogota Capital Region

Fundamentals

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

Execution

- Cross-border transport
- New CBDs and Centres
- Re-activation of core
- Housing supply innovation
- Financing/land instruments

Momentum

- Institutional adaptation

Diversifying leadership

- National policies
- Integration across silos



Building public-private collaboration around

Vision for 2038

Education

Mobility and public transport

Job creation

Public safety

The 4 dimensions of relationship between the big metropolitan areas and national government

Mega-metropolitan area success in its own right	Mega metropolitan area contribution to the national economy
Role of national government in helping the mega-metropolitan area succeed and compete	Role of national government in managing the consequences of the mega-metropolitan area for the rest of the nation

The 4 dimensions of relationship between the big metropolitan areas and national government

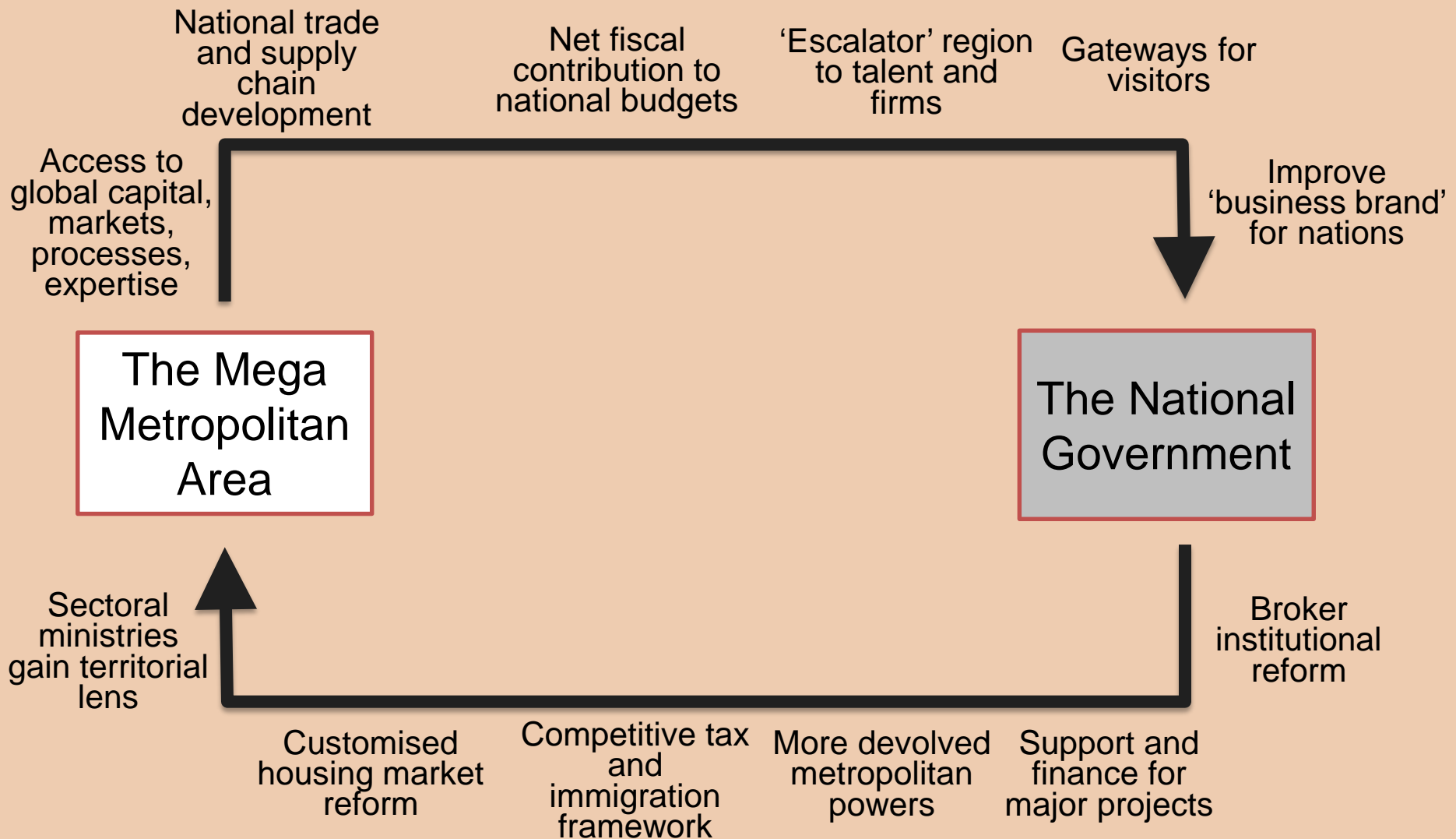
Mega-metropolitan area success in its own right

Mega metropolitan area contribution to the national economy

Role of national government in helping the mega-metropolitan area succeed and compete

Role of national government in managing the consequences of the mega-metropolitan area for the rest of the nation

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



An equation for success

Fundamentals

Long-term strategic planning

Integrated authorities

Metropolitan co-ordination



Execution

Catalytic cross-border transport

Development of new CBDs and Centres

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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



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.

Fundamentals + Fundamentals + Fundamentals