

15.11.16 - Living by the Water_Part 2.mp3

[Commence 01.07.38]

Q: Carl, thank you so much. I think everybody in the room has been hugely stimulated by that and particularly the last part of your discussion which really began to identify and characterise what is New York City strategy for climate change resilience - How are you gonna deal with sea levels rising? Where are you gonna retreat from the waterfront? Where are you going to strengthen the defences? Where are you going to build more carefully and what mix of things you're gonna put in place. Probably your city more than any other has really thought about that because of Sandy and the other things that have followed from it.

Let's invite our other guest to come up and take a seat now. The great news is that because they've been so frugal with the time we have plenty of times for the conversation, and this is the Auckland conversation so we really like that. The way we'd like to do this is this. I'd like to take three or four points from the room, have our panel comment on one or two of them each, take another three or four, do it again, do it again, as many times as we can until the time comes at about 7.15 when I'll introduce our closing speaker.

So, to get the ball rolling let me show you how to do this. So, I have a question which is: Tell us what the real mechanisms are for achieving affordable housing on your waterfront. How do you really make the housing affordable? So, there's a question. Let's have three or four more from you. If you raise your hands. Thank you. Are the microphones gonna come around? Yes, okay. So, you have to keep your hand up. Have we just got the one mic? Where's the other one? Okay. So, if you could bring the other mic to this gentleman and if this lady could have the microphone here that would be great. Okay. So over to you.

A: The question was regarding the parks, how the New York gentleman was discussing how they're self-sufficient in the funding. I was wondering how the cities of Copenhagen; Glasgow in Scotland fund their public spaces - if they require citizens or private sector or how they do that?

Q: Can we also generalise the question and say: What do you think is the best way to finance public spaces? Is that okay to put it that way as well?

A: Yes, thank you.

Q: So, we want to know more about that. Yes, sir?

A: My name's Mark Graham. I have a question for Richard and for and it regards the Alps Philharmonic Concert Hall and the conference centre that was built. In the first instance Jürgen mentioned that the city was going to be paying for it for a long time and I wonder whether the city regrets having to be paying for it. And the second thing is to both of you: How central do you see those developments being to the success of the waterfront? And perhaps the final thing is what perhaps could we do here around that?

Q: Okay, very clear. Very clear. Does Hamburg regret paying for the Philharmonic Concert Hall? You said it's gonna pay for it for a long time. Does the city regret? Don't answer yet, just think about it. Then how do you use those kinds of developments to spur the waterfront and any views about what Auckland should do.

Okay, let's take a couple more if we can. Who else? Yes, sir. Keep your hand up and the microphone will come to you. And there's a gentleman there as well. Good. Where's the microphone on this side of the room? Okay. Have you got it sir? Off you go.

A: Hi. A number of you have talked about how crucial access to the waterfront is. Are you aware of and do you have an opinion on building transport infrastructure along the waterfront? We're looking at the East West Link at the moment which will be on the northern side of Manukau Harbour.

Q: Is that road or rail?

A: It's road. It's potentially a motorway in scale.

Q: Let me just get a sense of the room. How many of you like the idea of the East West Link then along the waterfront as just described by this gentleman? If you do, raise your hands. If you don't, raise your hands. Okay. If you're shy and timid and not telling us what you really think, raise your hands. Okay, there's a few of them. Good. Okay, thank you. Yes. Who was the gentleman over here? Did you get the microphone? No. That was your question too. Okay, let's deal with these panel if we may.

So, there's a question about what are the real mechanisms for achieving affordable housing. How are parks financed and public spaces financed in your city? What makes them affordable and sustainable? What about the role of concert halls and convention centres? Jürgen and Richard, if you could pick that up. And then is it important to have transport on the waterfront? If so, what kind? So, pick up two points each. Rita, would you like to begin?

A: Yeah.

Q: By the way, this is Richard's weather that he brought with him from Glasgow. It's quite loud, isn't it?

A: I will start with the question about public spaces and how to finance or fund public spaces. For this in Copenhagen the municipality owned all streets and all public spaces. But as we do have that much development, they cannot afford to do that. What we are doing, the developments we are doing? We are only doing development projects inside the border of the city of Copenhagen. The only areas that we have been given by the city and the state in common, most of them are formal industrial areas. So, the economical value of those were very low. And now that we are allowed to transform them into city districts, we higher the value. That's the way that we can afford to finance public spaces and public spaces with equality.

Q: Does that mean that you finance them through the taxes you get from the increased value?

A: Yeah. We finance them because we do not build anything ourselves. We develop the areas until we have an approved plan and then we sell the building rights. And from that money we have the money to finance the public spaces and all the recreational activities, and besides that, the big purpose is that we are going to finance all Metro [1.14.38] in Copenhagen. That what we use most of the money.

Q: Is it a leased system that you're selling?

A: No. No, it's not a lease.

Q: You're selling freehold rights?

A: Yeah.

Q: So, they own all of the land and they sell it. They sell the development rights and that gives them the money to finance the public space.

A: Yeah.

Q: Do you want to pick up another point Rita? What about affordable housing in Copenhagen?

A: Yeah. Affordable housing. I think it's the same thing in Copenhagen as in many cities. The prices are going up and the only way that prices of housing in general that you can keep down is

that you have enough residential projects. So, that means that you have to build enough so that you do not have this huge demand on housing. And in Denmark we do not have that thing affordable housing. We have social housing. It just means that it's special associations that are allowed to build them. They have to build them, keep to a special frame. They are cheaper than private built housing but they aren't cheap. So, I do not have the right answer for that.

Q: So, they're a bit more affordable but not really affordable?

A: Yeah.

Q: Got the idea. Carl, will you pick up now and maybe start with transport and pick up something else then that you'd like to discuss?

A: Yeah. I'd like to make just a general point which is that we're talking about issues like affordability and public access to the waterfront and concert halls and the like. These are good things in and of themselves but I think the important thing to also remember is that they have a double benefit. Increasingly these are public investments that attract and retain talent in a city and business increasingly, business almost entirely now, is going where the talent is; talent is not going where the business is. So, these investments are not just public goods in a general sense and a value sense but they're also good economic investments because they are the kinds of investments that attract people of talent to come to a city and stay in the city.

Let me talk just briefly about some of these issues. Transport and the waterfront. New York City has essentially its public transport, which is very dense, is a hub and spoke system. Everything leads into Manhattan because historically that's where the jobs were. And now we're growing jobs at a faster rate outside of Manhattan than we've got growing into Manhattan and our public transportation system is not built for that. So, we have now implemented actually a five-borough citywide ferry system that is actually gonna be formally and fully in operation next year. It will be subsidised by the City of New York because it's not financially doable on an unsubsidised basis, but that is for us crucial.

I'm not quite sure what the East West connector is but we're undergoing our own debate right now called the BQX which is a fast line, essentially surface rail line that would go along the Queens and Brooklyn waterfront. It is highly controversial. I don't know if it will happen. But it's again another effort to not only link the waterfront but link boroughs that are increasingly now dependent on each other more than they're dependent on Manhattan.

And I'll just say a word about affordable housing. Just mandatory just getting developers to requiring them to produce a certain amount of affordable housing in order to build market rate housing is in our view a good idea with housing prices rising. I don't believe that the laws of supply

and demand really work anymore with respect to affordable housing. Obviously the greater the supply the better we are. But unless we can actually produce and subsidise affordable housing, I don't think we're gonna be able to address this problem.

So, New York City now is spending \$8 billion over the next 10 years simply to subsidise affordable housing because we think it's that important.

Q: Great Carl. Thank you very much. Feel free to applaud, and you'll hear an interesting story from Jürgen in a minute about affordable housing in Hamburg I think. But just to pick up on your very first observation, you're saying that these kind of waterfront amenities are not just a kind of cost benefit analysis of do you get back more in revenues than they cost you, but actually it's about a new kind of urban liveability which you have to have if you want to attract and retain a talent pool. That's the point you're making.

A: Yeah.

Q: Richard, can we come to you then? Can you pick up firstly on the question asked about congress centres, convention centres, live entertainment, and then pick up another point?

A: Yeah. I think in terms of the conference centre, it was a big change for Glasgow. We brought a conference centre into the city in the mid-1980s and we started to go out and attract business conferences. It was an area we had never been in before. We did it because of ground conditions. The docks had been infilled by tenement buildings so they weren't fit for certain types of development. So, it was basically a big industrial shed. It was cheap to put up. But it gave us the opportunity to diversify the type of economy that Glasgow had, this kind of a moving face [01.20.49] and it added something to the city that we didn't have before. It's been a huge success for us because not only did it get us conference business and get us into that area but it started to put Glasgow on the map as being a place where events took place. That's evolved over a period of time.

And I should have said that in terms of the Hydro, the music venue, the specially built music venue which is about 13,000 seats, that was paid for partly by the city as well. That was an investment decision that the city took and it was to grow from that because what we were finding was that the conference space was in huge demand and then we were maybe trying to attract some music artists into the city and there was competing demands and we actually started to cancel out the business of both sides of that business. By investing in that we've managed to grow the conference capacity in the city and grow the conference business, and at the same time attract international music stars who are very, very selective about the venues that they play in. So, it was designed by Fosters Architects, internationally renowned architectural practice. It was done on the basis that it was there for acoustics and making sure it was a base sound and the way it was

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designed around the stage and flexibility. These international artists like to come, set up in a day, have the concert and then derig that night and go to the next venue. So, all of that was taken into account. That makes it such a commercially successful venue.

I think going back to Carole's point, what it's done for the city has again put us on that international map. It drives visitor tourism but also the citizens of Glasgow really take full advantage of it and they've got memberships of the Hydro that every concert tends to be very full, full to capacity no matter who that artist is. And it adds to that quality of life within the city. We find that too that the businesses and they're attracted to where the talent is rather than the other way about. We've even seen some strange things happening that businesses who are maybe located about 10 miles from the city centre can't get staff. So, what's happened is they're coming to the city centre 'cause the staff don't want to leave the city centre 'cause they really enjoy the nightlife scene. On a Friday night in Glasgow for instance about 100,000 people come into the city centre because of the range of pubs, clubs and entertainment venues that we have. So, it really is about that quality of life and the vibe of the city.

?: [1.23.14] provided that -- for it to develop.

A: Yeah, the venue; the particular Hydro added another layer to that because now it was about concert goers, it was about the live music and it was all part of that ecology, the ecosystem that existed around the nightlife around the city.

?: So, there's [1.23.34] regret, the fact that...

Q: We're gonna come onto Jürgen in a minute. Let's just Richard finish. We're coming to that.

A: Just on that, it was a gate investment for the City of Glasgow. It's been really transformative. It was something different on the waterfront. At the time Glaswegians had turned their back on the waterfront and this reinvigorated that sense of the River Clyde being important to the city and that's been a journey that we've been on since the mid-eighties.

I think there was a question about parks?

Q: Parks and open public space.

A: Parks and open public space. Maybe pick up on that. In Glasgow, there's over 90 formal parks in the city. It's known as the Dear Green Place amongst many other things it's known as, but it's called the Dear Green Place, and we invest a lot in our parks. It is publicly funded. We're looking at new ways of doing it - community trusts and working with partners and potentially

sponsorship of some of these parks. But in the main the parks were gifted to the City of Glasgow by benefactors many years' ago. So, there's an obligation on us to maintain that.

And in terms of developers, planning process is designed that developers have to contribute towards the public realm in open spaces. So, as part of our planning and development and our new city plan which will hopefully be developed next year, we're very much focused on place making and we put that responsibility on developers as well as some public funding, a leverage funding to make sure that we can [?? 1.24.57] as buildings and communities and new regeneration projects develop, that we build open space into the heart of it. It's about connectivity. It's about making sure the transport links don't kill regeneration but they complement regeneration. So, all of that's part of the ecosystem we're trying to develop.

What we're finding actually is that rather than developers being adverse to that, developers buy into it because what it's doing is actually driving their profits up because they're seeing more demand for better quality design-led development than they were before. So, it's a mixture of public funding, private funding, and it's a constant pressure for us but it's really worthwhile because it creates that level good feel city if you like.

Q: Great. Thank you, Richard. So, Jürgen, now the question. Does Hamburg regret having the concert hall and also can you say a little bit about affordable housing and anything else you want to say?

A: I think I find the question difficult in terms of so to say population voting on this question because we know all that votes can have very unexpected outcomes! And I would be reluctant saying that with regard to Hamburg because we saw it so to say we would participate in the next summer Olympics and we lost the vote by 52% to 48% which actually no one expected.

So, while explaining a little bit of the background, I think still that our philharmony is very much accepted and that has so to say macro political and financial reasons but also nano political aspects to it.

The first one is that in the last five years or six years in Hamburg tax income has been increasing very much, so the disposable tax income from the city - because it is not only a city but it's a state - has been growing significantly.

The second point is there was a political management strategy related to the shift in terms of local government from Conservative to Labour basically. That implied strengthening of social welfare components - social housing and affordable housing to a very significant degree. So, one-third of our housing is financed as affordable housing now and it has basically tripled in terms of amount of the housing in comparison to before the Social Democrat started. So, that is felt or that there is a

demand for housing still very strong, that there is a lot of effective effort. And the same things have happened, for example, in childcare and other aspects. So, the feeling of the population is that there is no crowding out effect I might say from this major investment and that it is subjectively felt that you have to pay almost 800 million Euro from the city budget. So, that's one part of the answer.

The second part is, and I think that's more a learning experience, because our philharmony has been all the time also very much a public project. So, there has been a programme now for four or five years where the music activities have very much increased in the city for young people, for students and so on.

The second point is there has been a commitment by the city basically to subsidise part of the seating so that the citizens actually do not pay via horrendous entry prices. So, part of them will at least all the time have a low fee access to it.

And the third point is it is actually a public space which I didn't explain because in between, between the historical building and the new one there is a big plaza, and this plaza is open to the public. Normally every day you can have only 10,000 visitors due to fire regulations but still it is open as a public plaza and you can see half the city; you can see the harbour, you can see historical storage [1.29.32] city. It is an integrating mechanism for the city because you have a tremendous view from there and it will be a tremendous successful visitor's place to basically re-focus the identity of the city from the historical harbour area into a new so to say cultural use. I think that has created already a lot of inspiration and positive feeling about this building.

So, you could have a very intelligent architectural building but having not this public space character from the building would naturally have undermined that argument. And a concert hall is in itself very much enclosed, so to say, small venue even if it has 2,150 seats. So, you have to generate actively the public character and I think that has been happening.

Q: So, you've said three things Jürgen and I'm just gonna repeat them for emphasis. (1) You said it wasn't presented as a choice between a concert hall, public housing, childcare because the city government was investing in everything. (2) Big efforts were made to subsidise entry so that it wasn't just an elitist project; everyone could enjoy it. And (3) it created a lot of public space that everyone's enjoying.

Talk to us a bit about social housing in Hamburg if you don't mind.

A: I think the answer in terms of social housing is very easy. The system works via two mechanisms. One is that the city has a state-owned development bank and from the city state's budget the budget is subsidised with a certain amount every year and when you build roughly

1,000 affordable housing units it means roughly 100 million Euro of subsidy which is going from the city budget to the state-owned bank in order to have credit agreements and lower the interest rates. That's one mechanism.

The other one is based on land ownership because not only the rent is capped but also the investment cost for the buildings, the size of the residential units and that implies also the land price. So, when I'm selling land for example in HafenCity, I achieve maybe 25% of very expensive good locations in HafenCity for free financed housing. So actually, I'm subsidising in a second way, so by reducing the land price the land price is roughly between 400 and 600 Euro per square metre and they could naturally for tradeable housing in another way be significantly higher. But we do it on purpose and I think it is an important point.

I think Greg, we think that that generates a lot of encounter capacity of generating a community and not that there is a place where in Hamburg HafenCity is so close to the inner city that it is only a luxury environment. And we think that that will help people live together, meet people, send their children to same kindergarten, to the same schools, and that is absolutely necessary to keep the integrity of the social environment of a city and not to argue for segregation. And I think that's a tremendous necessary benefit which actually is evolving from that. That's not only social housing, we have to do it in educational sphere, in other areas of social services, but also we have to do that maybe in the long-term by social community activities integrating people and I think you can set up a very successful programme in such a project to achieve those targets.

Q: Great. Thank you very much Jürgen.

A: I would just say in answer to what Jürgen said because our mandatory housing programme actually requires that the affordable housing be onsite integrated into the market rate housing for the very reason that Jürgen indicated, that social integration, economic integration is really important. And the social data makes it compellingly clear, at least in the United States, that poor children who grow up in a diverse economic environment do a lot better than poor children who grow up in a non-diverse economic environment.

Q: So, mixed income communities is a key outcome that people are pushing for here. We're nearly out of time here and what I wanted to do was see if anybody else in the room was really waiting to ask a question 'cause I don't want to shut you down if you are. Okay, so you sir and you sir. So, what we're gonna do is quick question, quick answer, just one question. Don't ask the whole panel three questions.

A: If one of you could address the idea that if you have older parents or young children or young grandchildren, whether you feel comfortable having them use the public spaces in each of your cities and/or public transports facilities?

Q: Great. Rita, will you pick that question up and then could the microphone come down here because we've got one more gentleman waiting? Great. So, Rita, just pick that up straight away. So, do you feel comfortable with older people and very much younger people using the public spaces in Copenhagen, and, if so, what makes that work?

A: In fact, at first I didn't understand the question because we do not have any problems on that in Copenhagen; and it is even so, when you put benches into the public spaces you have to do them with different heights so there are heights for both higher and smaller people. That's the same thing with all the interiors you put into the public spaces.

Q: So, it wouldn't even register as a problem in Copenhagen?

A: I just wanted to know from perhaps Jürgen and Carl did you have any issues with cooperating with the local port or the port authorities? How did that work out for you?

Q: Jürgen? Relationships with the port.

A: I think one of the issues is not only in terms of cooperation but to legally and physically deal with it due to the fact that we are close by. We have a very sophisticated system of noise regulation with regard to make that basically compatible in terms of putting a noise cap on all the harbour-related activities, so when investment is coming in it must be staying within the cap in spite of the fact that it might be in technical terms louder for example.

Secondly, we direct our design of the residential housing in a way that the noise from the harbour activities is reduced. We have technical solutions here that you can sleep even with open windows so that a lot of the noise is absorbed in the windows. We have an agreement for example with the Environmental Agency that we can measure in the rooms and not in front of the rooms. That helps with a lot of other issues combined, legal ones, easements, to make that actually compatible.

Second question, it is difficult. It is difficult and I am very happy because that the port authority is not doing urban development but the port authority is probably also very happy that I'm not doing port development. Nevertheless, I mentioned that the starting point is naturally ports can be far more efficient and that's a tension point. They are wasting a lot of land because the efficiency of operation is so low. Only to give you an example, I am now planning a vertical cruise ship terminal where a lot of activities are not spread out horizontally but vertically integrated. I need maybe 5,000 square metres for a big ship with 3,600 passengers. In the harbour they need 10 hectares for that. So, I just wonder because...

Q: So, you are doing port activities?

A: Yes. But no one recognised that yet. Don't tell me.

Q: Don't tell them, right.

A: So, the issue is to come up with a productive discussion not to infringe on the port but to argue for a far more efficient so to say operation of the port because our port is in the inner city. It's an inner-city port with 75 square kilometre of city land. So, where do we expand? Do we expand at the periphery with our housing or commercial activities while the port is inner city wasting land? So, that is one of the conflicts [?? 1.39.36].

Q: Very good point Jürgen. How many people here think that ports optimise the use of their land? If you think they do, raise your hands. If you think they don't, raise your hands. Quod erat demonstrandum.

Rita, a quick comment from you and then a last word from Carl. She is developing ports and urban development by the way.

A: Yes. Copenhagen City and Port Development. We are also the port authorities of Copenhagen. So, we manage all the port activities. We have interests in both development and the port activities and we need to balance it and we need to be efficient in both.

Q: Richard, do you think that ports optimise the use of land?

A: Yes, really.

A: They should, yeah.

Q: We believe you in everything you say but maybe not this. Carl.

A: I will give a very short answer. The port authority of New York and New Jersey is governed by two governors - the governor of New Jersey and the governor of New York. It is an entity in chaos at the moment. So, dealing with it is virtually impossible for the City of New York. Some decades ago the city did trade its working port. Most of the working port is now not in the City of New York and that's one of the reasons why we do have land that is potentially usable and is being used for other uses. At the time that trade was made I think there was a lot of criticism of it at the New York side but I think it turned out to be a very wise trade in as we've seen, especially over the last few years, our port authority has become virtually ungoverned.

Q: There are even people in Carl's city who are proposing to close it down aren't there?

A: That is correct.

Q: There are. So, ladies and gents, I can't I'm afraid add in any more questions.

A: Affordable housing, does everybody talk about [?? 1.42.01] housing?

Q: When you were talking about affordable housing, were you talking about rental?

A: I should say in New York City; New York City is a renter city. I think affordable housing on the ownership side is much more difficult in many ways. Two-thirds of our households rent. Mixing rental and ownership housing and providing affordable housing we have found an insurmountable problem. So fortunately, or unfortunately most of our households are renter households and I think it's easier for us to deal with affordability from that perspective.

Q: Richard?

A: The vast majority of the social housing in Glasgow is to rent but we have a number of rent-to-buy schemes for social housing working with our housing association cities. It's a mixture. It still involves subsidy. It still involves all of the things that you heard Jürgen say but it is a mixture in the city.

Q: I would just make the point that at least for some governments it's been easier to prove that assisting with affordable ownership is a way of increasing supply, whereas affordable rental is often about churning the existing stock in different ways. We'll come back to that.

A: I have a question since I represented the cause [1.43.22].

Q: I'm gonna have to say that I'm late introducing our final speaker so we're gonna have to stop. So, sorry about that.

A: [?? 1.43.32] backed by politicians seeking short-term objectives to meet the interests of the different states separately from a regional [?? 1.43.43]. That's my view.

Q: So, there you have your view. A good organisation made bad by politicians.

[End of Part 2 - 01.43.47]