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Real Estate Development, Urban Design and the Tools Approach to Public Policy

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Introduction

Urban design and place-making involves two key challenges – the first involves *recognising* what makes 'good' urban design and what constitutes 'better' places. The second involves *delivering* good urban design and creating better places on the ground. The first challenge involves, *inter alia*, developing and reflecting on normative theory about what constitutes a 'good' place. The second challenge typically requires close engagement with the real estate development process. This book deliberately focuses on the role and significance of design in the real estate development process, on the decision-making of key development actors and on the relationship between developers and designers. Its overarching object is to explore how higher quality development and better places can be achieved in practice through public policy (i.e. by state actions). It does not, however, interrogate the meaning of *higher quality* development, or of *better* places, which have both been addressed at length elsewhere. Instead, for the purpose of analysis, we intend to set aside these issues and focus clearly on delivery. We therefore make the assumption that, in any particular circumstance, 'higher quality' and 'better' can be defined and agreed and, in turn, made the object of public policy and design processes.[1] If we know – or think we know – what better places are, it then becomes essential to understand how best to achieve them.

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Urban design can be considered a process of enabling better places for people than would otherwise be created – this is becoming more commonly referred to as 'place-making'. In this study, the primary concern is with urban design as public policy (Barnett 1974; 1982), reflecting its increasing prominence as a policy area in the UK and in many other countries. Although, in the narrowest sense, public policy on urban design might be equated to a planning or zoning system, we see it as a much wider activity, encompassing a fuller spectrum of state activities.

Urban design can be understood as a direct design and as an indirect design activity. George (1997) termed these design activities first-order and second-order design. In first-order design, the urban designer is a direct designer or 'author' of the built environment or a component of it – that is, the designer of a building, a public space, a floorscape, street furniture, an urban event or festival etc – in other words, a relatively discrete 'project' of some sort.[2] In second-order design, urban designers design the decision environments within which other development actors – developers, funders, sundry designers, surveyors etc – necessarily operate.[3] Decision environments are typically designed by means of plans, strategies, frameworks etc, but also by deployment and modulation of incentives and disincentives, such as financial subsidies, discounted land or infrastructure provision. Generally (though not exclusively) undertaken by the public sector, second-order design is similar to planning and to governance.

Second-order urban design occurs before the design of the development proposal/project, and is both proactive and place-shaping. It shapes the design and development processes by creating a frame for acts of first-order design. By setting design constraints and potentials, second-order design can thus give public policymakers significant influence on first-order design.[4]

As a second-order design activity, urban design can be considered similar to much contemporary governmental practice in which, as (Salamon 2002: 15) suggests, public managers must devise incentive systems that obtain cooperation from actors over whom they have only limited control. Those who see governments as hierarchies believe that power flows downwards and outwards from the top or centre, and consider that policy decisions can be implemented through 'command-and-control'. Increasingly, however, this is an outdated view of the relationship between policy and implementation. Instead, the contemporary focus is on the processes of governance, with network metaphors frequently employed to describe and explain the institutional structure and operation of governance systems. Seen as systems of interacting networks of state and non-state actors, power is diffuse, with all actors having some resources with which to bargain in pursuit of their own ends.

The concept of governance means that state actors must operate in new ways: rather than command-and-control, their primary operating mechanism becomes bargaining and negotiation: 'Instead of issuing orders, public

managers must learn how to create incentives for the outcomes they desire from actors *over whom they have only imperfect control*.' (Salamon 2002: 15, emphasis added). Arguing that network governance shifts the emphasis in policy delivery from (direct) management to (indirect) enablement, Salamon (2002: 16–17) highlights three enablement skills:

(1) *Activation skills* – those required to activate the networks of state and non-state actors in order to address public problems.
(2) *Orchestration skills* – analogous to those required of a symphony conductor in getting a group of skilled musicians to perform a given work in harmony and on cue so that the result is a piece of music rather than a cacophony.
(3) *Modulation skills* – those required to manipulate rewards and penalties to elicit cooperative behaviour from interdependent actors.

This is highly significant for urban designers working in or for the public sector, because it closely resembles the task they face and, in turn, the skills they need.

Providing the context for the book, this chapter is in four main parts. The first explores the real estate development process. The second discusses opportunity space theory. The third introduces the tools approach in public policy, discusses urban design policy instruments and presents a new typology. The fourth part discusses developers' decision environments, and then outlines the structure of the book.

Real estate development

The real estate development process is a production process that creates the built environment. Acting as a form of intervention, public policy is a means of managing – 'steering' – real estate development, in pursuit of *policy-shaped*, rather than merely *market-led*, outcomes. To operate effectively, such policies and policymakers must have knowledge of the real estate development process, the calculus of risk and reward that drives it, the interests of and constraints upon key development actors – developers, designers, landowners, investors etc – and, as explained later, the likely impact of policy instruments on key actors' decision environments.

Real estate development is highly cyclical and volatile. The old adage of 'location, location, location' oversimplifies the factors that make a successful development: both the design quality of the product and the timing of delivery are now recognised as being equally important to development success as the right location (Adams & Tiesdell 2010). In recent years, the neat separation between public and private-sector development has also begun to break down: very few

development projects occur entirely within the private sector, unmediated by any form of public regulation and intervention, and development is increasingly a process of co-production between public and private sectors.

State–market relations in real estate can be approached from various disciplinary perspectives. At a simple level, it is possible to identify the various tasks or events involved in the process of development and to pinpoint those occasions when state and market interact (Barrett *et al*. 1978). At a more advanced level, an agency-based form of analysis recognises the way in which important roles within the development process – landowner, developer, designer, financier and regulator etc – are played out by a range of people and organisations, sometimes separately and sometimes in combination. Such forms of analysis also begin to highlight the power relations involved in development, and to explain how these actors come together in complex networks to constitute and reconstitute the structural context within which development takes place (Doak & Karadimitriou 2007).

As previous reviews of models of the development process have shown (Gore & Nicholson 1991; Healey 1991), state–market relations in real estate are not the exclusive possession of economics, but have been addressed across the social sciences, showing that the real estate development process is not simply an economic process but is also highly social (Guy & Henneberry 2000; 2002a). As Michael Ball's 'structures of building provision model' emphasises, development is a function of social relations specific to time and place involving a variety of key actors – landowners, investors, financiers, developers, builders, various professionals, politicians, consumers etc (Ball 1986; 1998). At the same time, the state – both local and national – is an important actor both in its own right and as a regulator of other actors. Ball stresses how these relations must be seen in terms of both their specific linkages – functional, historical, political, social and cultural – and their engagement with the broader structural elements of the political economy.

Actors become involved in development to the extent that it contributes to achieving their basic objectives. Table 1.1 examines the motives of the main actors in the development process in terms of five considerations – timescale, financial strategy, functionality, external appearance and relation to context. The nature of development means that these objectives are bundled, with each actor internally trading-off between objectives. The objectives are also traded-off *between* actors. The latter cannot be taken as an unproblematic process – actors have different strengths and powers, 'quality' may be interpreted differently and achieving 'better' design may not be an objective shared by all participants. Examination of Table 1.1, for example, indicates a mismatch between supply and demand sides. Supply-side actors typically have short-term, financial and economic motives and tend to see the development as a financial commodity. Demand-side actors typically have long-term and 'design' objectives and tend to see the development as an environment to be used.

Table 1.1 Motivation of development actors.

	Factors of motivation				
	Cost		Design issues		
Development roles	**Timescale**	**Financial strategy**	**Functionality**	**External appearance**	**Relation to context**
Supply-side actors – those who 'produce' the development or contribute to its production					
Landowner	**Transient**	**Profit maximisation**	**No**	**No**	**No**
Developers	**Transient**	**Profit maximisation**	**Yes** But only as a means to financial end	**Yes** But only as a means to financial end	**Yes** To extent that there are positive or negative externalities
Funders (short-term development finance)	**Transient**	**Profit maximisation**	**No**	**No**	**No**
Builder	**Transient**	**Profit maximisation**	**No**	**Yes**	**No**
Adviser I e.g. Managing Agent	**Enduring**	**Profit maximisation/ seeking**	**Yes**	**Yes** But primarily as a means to financial end	**No**
Adviser II e.g. Designer	**Transient**	**Profit maximisation/ seeking**	**Yes**	**Yes** But indirectly, to the extent that external appearance reflects on them and their future business	**No**
Demand-side actors – those who 'consume' the development					
Investors (long-term investment funding)	**Enduring**	**Profit maximisation**	**Yes** But primarily as a means to financial end	**Yes** But primarily as a means to financial end	**Yes** To extent that there are benefits to making positive connections
Occupiers	**Enduring**	**Cost minimisation**	**Yes**	**Yes** But only to the extent that external appearance symbolises/represents them and their business	**Yes** To the extent that there are benefits to making positive connections

(*continued*)

Table 1.1 (*cont'd*).

	Factors of motivation				
	Cost		Design issues		
Development roles	**Timescale**	**Financial strategy**	**Functionality**	**External appearance**	**Relation to context**
Adjacent landowners	**Enduring**	**Protect property values**	**No**	**Yes** To the extent that new development has positive or negative externalities	**Yes** To the extent that new development has positive or negative externalities
Community (local)	**Enduring**	**Neutral**	**Yes** To the extent that buildings are used by general public	**Yes** To the extent that it defines and forms part of public realm	**Yes**
Regulatory actors – those who 'regulate' the development					
Public sector	**Enduring**	**Neutral** (in principle)	**Yes**	**Yes** To the extent that it forms part of a greater whole	**Yes** To the extent that it forms part of a greater whole

Source: Adapted from Carmona *et al*. 2003*:* 221; Tiesdell & Adams 2004.

The conflicting objectives of producer and consumer sides can lead to producer–consumer gaps. When traded-off between roles effectively played by a single actor (i.e. where a single actor is both 'developer *and* funder', or 'funder, investor *and* occupier'), conflict over objectives is internalised, producing the most satisfactory outcome subject to budget constraints. When different actors' objectives and motivations have to be reconciled externally (i.e. through market transactions), there is scope for significant mismatch or gaps between supply and demand. Development quality frequently falls through these producer–consumer gaps. Such gaps can be closed or narrowed in any of three main ways:

(1) Through regulation[5] – developers *'have-to'* provide better quality development.
(2) Through remunerative means – developers calculate that it is *'worth-it'* (financially beneficial) to provide better-quality development.
(3) Through normative preferences – developers *'want-to'* provide better quality development.

It is important to note that the first of these is coercive and the other two voluntary.

Closing producer–consumer gaps is a necessary but not sufficient condition of 'good' design. Responding to investors' and occupiers' needs, developers can exclude the general public's needs. Segregated housing estates, gated communities and inward-focused developments, for example, provide what purchasers and occupiers purportedly want, but may contribute little to the wider public environment. The broader challenge is thus to encourage or compel developers to look across site boundaries, at their development's impact on the wider context and, more generally, to contribute to making better places. Public intervention through judicious deployment of policy instruments *might* be a means of compelling or encouraging this.

Opportunity space theory

Drawing on Giddens' structuration theory, Bentley (1999) argues that all development actors operate by rules and command 'resources' – finance, expertise, ideas, interpersonal skills etc – which other actors want and need. As Bentley argues, various webs of rules create 'opportunity space' – or scope for autonomous action – within which actors necessarily operate. The rules are internal (i.e. those actors place on themselves) and external (i.e. those placed upon them). For private developers, the external rules relate to budget constraints, appropriate rewards, the amount of risk to be incurred and the need to make a saleable product. Such rules are not arbitrary, cannot simply be ignored and are enforced through sanctions, such as bankruptcy. All development actors thus act within constraints – their opportunity space is not limitless but bounded.

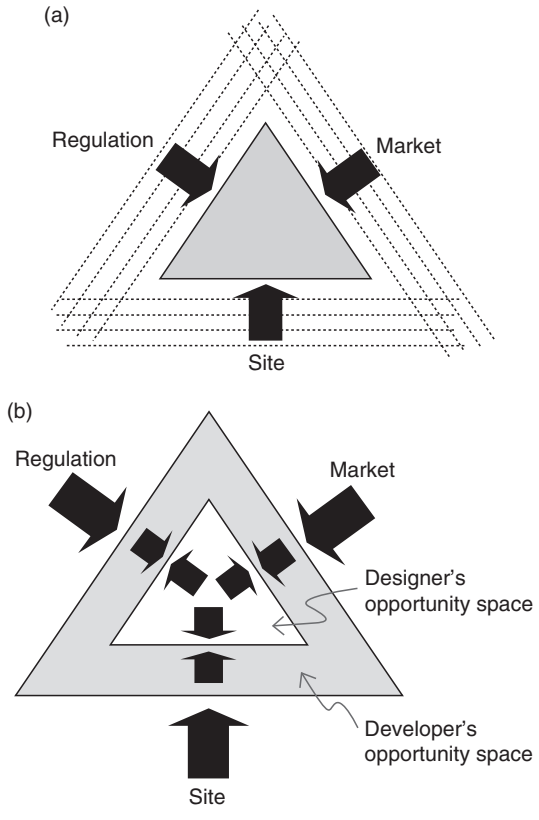

Figure 1.1 (a) Developer's opportunity space; (b) Developer's and designer's opportunity space.
The developer's opportunity space (room for manoeuvre) is constrained by three forces or contexts:

(1) *Site context* – the more problematic, difficult or constrained the site the smaller the developer's opportunity space.
(2) *Regulatory context* – the more demanding the regulatory context the smaller the developer's opportunity space.
(3) *Market context* – the more demanding or competitive the market context the smaller the developer's opportunity space.

A larger opportunity space gives the developer more autonomy to carry out development in his/her own direct interests – a situation of producer sovereignty. If external forces eradicate the opportunity space, then development is not feasible or viable at that particular time. The designer's opportunity space is contained *within* the developer's opportunity space and is constrained by the same forces constraining the developer's opportunity space, by how the developer filters those forces and by the other development actors' agency. *Source:* Adapted from Tiesdell & Adams 2004.

This is conceptualised in Figure 1.1a. Here, the developer's opportunity space is substantially determined by three major external forces or contexts – the development site and its immediate context; the market context (e.g. the need to create a saleable product); and the regulatory context (e.g. the need

for compliant development). The boundaries of the opportunity space are best conceived as fuzzy rather than hard-edged and ultimately depend on the respective negotiating abilities of the development actors and on the social dynamics between them. Furthermore, while relatively fixed at any particular time, they are dynamic and open to transformation as policy and markets change. Hence, alongside opportunity space, we can identify changing 'windows of opportunity'.

Within the developer's opportunity space, other development actors – surveyors, designers, landscape designers, engineers etc – negotiate and compete for space. For current purposes, the critical relationship is that between the developer and the designer. This is conceptualised in Figure 1.1b. Here, the designer's opportunity space is contained *within* the developer's opportunity space and is constrained or determined by the same external forces, by how the developer *filters* those forces, and by other development actors.

The designer's opportunity space will grow in size (relative to the developer's opportunity space) where the developer needs the designer's skills to create viable or more profitable development. For developers, the key issue is the freedom they are *willing* to give and the freedom they *must* give to designers. Factors that make the design task more difficult – those requiring more design expertise such as a more difficult or demanding site (including the challenge of putting a required quantum of floorspace on a site within a preset budget), more exacting public regulatory expectations or requirements, a greater need to respond to user or investor needs etc – mean that the developer must yield opportunity space to the designer because in such circumstances the developer needs a skilled designer to unlock development potential. Thus for example, the designer's opportunity space is generally larger on more-constrained brownfield sites than on less-constrained greenfield sites (Tiesdell & Adams 2004). The larger the designer's opportunity space, the greater the scope for the designer to influence or determine development design. But this is only potential for better design, since a larger opportunity space for design does not necessarily result in better design since designers may (mis-)use it to impose their own 'heroic' view. Interpretations of better design will also vary.[6]

By negotiating with developers, designers try to enlarge their own opportunity space – both to create the opportunity for better design and, less nobly, to further their own self-interest. The negotiations are continuous, often subconscious and implicit. The development site, the developer's brief (or programme) and the available budget (based on anticipated end values and available capital) set the initial agenda and broad parameters for design. These provide the starting point for discussion and negotiation about design. In some situations, designers may be permitted freedom to interpret the developer's brief – and, indeed, may have been involved in drawing it up. This is, in effect, a crucial part of exploring the design problem. In others, the opportunity space for design may be severely constrained, with designers expected merely to provide 'packaging' or 'styling', perhaps because all the fundamental design

decisions have already been taken according to a preset formula. This happens, for example, with 'standard' real estate products (see Leinberger 2005; 2008) since the designer's task consists of merely arranging standard units.

An advantage in negotiation lies in knowing the limits of the other actors' opportunity space. Bentley (1999: 39) thus argues that the more designers understand other actors' opportunity space (e.g. their financial feasibility calculations), the more effectively they can target their own resources. Designers may thus be able to operate more effectively (at least, in terms of achieving their own objectives) by knowing how far developers can be pushed. Bentley then identifies three specific types of power that designers could deploy in negotiating with developers:

(1) *Knowledge and expertise* is a product of their learning, professional experience and, more generally, detailed and extensive awareness of precedents and technological possibilities. Here, the designer has expertise and knowledge that the client-developer wants and requires in order to undertake a successful development.
(2) By making proposals for physical designs, designers have the *power of initiating* and then developing design proposals.
(3) A designer's reputation constitutes a form of *reputation capital*. A designer will be hired in part because this reputation is valuable to the developer. In theory, a designer can exploit this capital by (say) threatening to resign. However, this 'works' only to the extent that the developer wants a building or project designed by that particular designer and is prepared to forestall their resignation. It is debatable how many designers have sufficient reputation capital to deploy in negotiation, so the real power may derive from the developer's reluctance to incur the costs and inconvenience of appointing a new designer.

To explore the developer–designer relation further, Bentley (1999: 30–39) suggests four metaphors to characterise the designer–developer relation:

(1) *Heroic-Form-Giver* – This metaphor suggests that development form is generated primarily through the creative efforts of designers. Bentley dismisses this as a 'powerful myth' that vastly overstates the role of designers. This is 'the Fountainhead' scenario (Rand 1993), where the designer is the creative genius to which other players look in an unquestioning way for the correct design solution.
(2) *Master-and-Servant* – This metaphor suggests that development form is determined by powerplays, where decisions are dictated by those with most power (reflecting McGlynn's (1993) 'Powergram'), whereby those with most power (the masters) can issue orders to those with less (the servants). In practice, this results in developers making the fundamental decisions which designers then package. This view understates the autonomy of designers, which derives from their expertise and knowledge, and that of

other built environment professionals, which developers need. In practice, power is diffused among development actors.

(3) *Market Signals* – This metaphor suggests that resource-poor actors such as designers are acutely conscious of who pays their salaries, and so produce what they think the market wants, even if they personally disagree with the product. In short, the designer makes a passive response to the market, rather than a creative response to the context or to his/her design philosophies.

(4) *The Battlefield* – which Bentley argues is the most common scenario. This metaphor recognises that as the different development actors bring different professional expertise to the table, the resulting development is shaped by how these actors negotiate with each other to achieve their objectives.

For Bentley, the first metaphor is illusory, while the second and third understate or ignore the practicalities of controlling the development team and the inherent uncertainties of the development process. As principal-agent theory suggests, where complex knowledge is needed, detailed control of experts requires equally well-qualified controllers. The transaction costs of such controls and supervision are frequently prohibitive, making autonomy and discretion for professionals unavoidable. This will not be checked merely by professionals knowing 'on which side their bread is buttered'. Bentley also highlights how problems can arise when members of the development or design team have incentives to emphasise their own contributions and operate according to their own value-systems, while ignoring those of others. For example, architects may stress only the 'art' dimension, surveyors only the 'financial' dimension. This may be difficult for the developer to control, especially since designers and other professionals might use their discretion to act against the developer's real interests. Bentley argues that this makes a battlefield metaphor more appropriate rather than a 'friendly-and-bustling' marketplace. Indeed, he suggests that actors variously negotiate, plot and scheme with, and against, each other to achieve the built form they themselves want, making the character, personality and interpersonal skills of the various actors crucially important.

Against this background, we now consider how public policy can influence the relationship between developers and designers.

The tools approach to public policy

The 'tools approach' in public policy focuses on the range of instruments, mechanisms, tools and actions that policymakers can deploy in response to particular problems and challenges. It thus concentrates on the *means* rather than the ends of government and of policy. In the literature, the terms 'tools' and 'instruments' are used interchangeably – in this book, we will generally

use the term instrument (though we shall still refer to the 'tools approach').[7] Instruments should be distinguished from 'policies': in this context, Elmore (1987: 175) draws an analogy with chemistry where compounds (policies) are made up of elements (instruments).

Within this field, a key task has been to identify and categorise available policy instruments. There are two main reasons for classifying policy instruments. The first is to provide a frame for empirical research on the impact of policy actions – that is, to discover what works, where, how and why? The second is to create a resource or heuristic for policy design, since knowledge of a fuller repertoire of possible policy actions reduces problems of path dependency and 'tunnel vision' (i.e. reliance on familiar tools regardless of whether they are successful). Urban designers unaware of the full range of tools available, will tend to use those readily available or those with which they are already familiar. The limitations of such approaches are nicely encapsulated in Mark Twain's epigram: 'If your only tool is a hammer, all your problems are nails.'

Vedung (2007: 22) suggests two paired approaches to classifying policy instruments. The first approach contrasts maximalist with minimalist methods. Simply listing all possible policy instruments with little attempt to arrange them into groups, the maximalist method is of limited interest. Of more value is the minimalist method, which involves creating a small number (i.e. analytic parsimony) of fundamental and generic types under which all specific kinds of policy instrument can be categorised (i.e. comprehensive coverage). This method usually involves building a typology (i.e. a conceptual or top-down grouping) or taxonomy (i.e. an empirical or bottom-up grouping) (see Smith 2002).

The second approach compares choice and resource methods (see Howlett 1991). Later in this chapter we offer a variation on the resource method. Choice methods involve classifying tools according to the basic choices open to governments. Taking the amount of coercion as an example, the choice may range from complete freedom from government intervention to total government coercion. In urban design terms, this is a choice between the state 'designing' everything and the state allowing a 'free-for-all'. Choice approaches are not, however, classifications of policy instruments per se, so for the purpose of this book, the most useful classifications are resource methods. A brief review of one well-known resource classification illustrates existing work in this field.

In his 1983 book, *The Tools of Government* – republished in 2007, co-authored with Helen Margetts and retitled, *The Tools of Government in the Digital Era* (Hood & Margetts 2007) – Christopher Hood began with a cybernetically based categorisation of policy instruments, and then identified four basic social resources ('detectors') normally available to government for 'gathering information' from its citizens and for modifying their behaviour ('effectors'):

(1) *Nodality* – the capacity of government to operate as a node in information networks.

(2) *Authority* – the government's legal power and other sources of legitimacy (i.e. power officially to demand, forbid, guarantee, adjudicate etc).
(3) *Treasure* – the possession of stocks of money, assets or other 'fungible' resources (i.e. the capacity to be freely exchanged).
(4) *Organisation* – the government's capacity for direct action, for instance, through armies, police or bureaucracy, including the creation of, and change to, the built environment (Hood & Margetts 2007: 5–6).

In a subsequent paper, Hood (2008: 129–130) identified three limitations of his own work:

(1) It deliberately analysed government instruments in an institution-free and technology-free way, treating government as a 'single undifferentiated actor'.[8]
(2) It looked only at the point at which 'government' (in all its various institutional forms) came into touch with citizens at large – in other words, the state was effectively a black box.
(3) It was restricted to only two of the standard analytic components of any control system, detectors and effectors, and had not considered a third element, the 'director' (i.e. the means for setting a standards or target).

These issues are of interest but, for the present, they form the background, rather than the foreground, to our enquiry. Instead, this book is primarily concerned with how urban design objectives are formulated, how appropriate instruments within the state apparatus are selected to achieve those objectives, and how those instruments impact on developers' decision-making.[9]

Classifications and typologies of policy instruments exist within the planning literature (see, for example, Lichfield & Darin-Drabkin 1980; Healey *et al*. 1988; Vigar *et al*. 2000). Typically derived from a welfare economics tradition, these have tended to concentrate on market failure and on state interventions (i.e. the 'state' part of the state–market dialectic), with less attention given to the impact of each policy instrument on development actors' decision environments.

Classifications are much scarcer within the urban design literature. At MIT, however, John De Monchaux and Mark Schuster developed their urban design 'toolkit' over a number of years – though only a single published exposition exists (De Monchaux & Schuster 1997) (see Table 1.2).

Contending that there are only five fundamental instrument-types, De Monchaux & Schuster offered a prize to any student who could suggest a sixth. They never awarded the prize, as they considered most suggestions either subdivisions of one or other instrument or attempts to emphasise a particular instrument. However, De Monchaux & Schuster concede that 'do nothing' could be considered a sixth instrument.

Table 1.2 De Monchaux & Schuster's classification of urban design tools.

Tool type	Operation
Ownership & operation	The State implements policy through direct provision, in the sense that the State will do 'X'.
Regulation†	The State regulates the actions of other actors, particularly those private individuals or institutional entities, in the sense that you must (or must not) do 'X'.
Incentives & disincentives	The State provides incentives or disincentives designed to bring the actions of other actors into line with a desired policy, in the sense that if you do 'X', the State will do 'Y'.
Establishment, allocation & enforcement of property rights	The State can establish, allocate and enforce the property rights of individual parties, in the sense that you have a right to do 'X', and the State will enforce that right.
Information	The State collects and distributes information intended to influence the actions of others, in the sense that you should do 'X' (i.e. a command or exhortation) or you need to know 'Y' in order to do 'X' (i.e. advice or guidance).

Source: Adapted from De Monchaux & Schuster 1997.
† Economists commonly use regulation to refer to all forms of government intervention. In the public policy literature it is used in a narrower and more specific sense to refer to instances where governments seek to compel an action or to constrain the range or nature of the actions available.

Although most classifications of policy instruments concentrate on the government resource deployed, we seek here to shift the focus from the resource to its impact on the decision-making behaviour of key development actors – in other words, how they operate as second-order design actions and thus how they affect the decision environments of key development actors. Thus, treating decision environments and opportunity space as interchangeable, certain public policy actions may enlarge the developer's opportunity space. Financial subsidies and grants, for example, may ease the market context; a less constraining regulatory context may encourage development; while infrastructure improvements on or near the development site may ease the site context.

The shift in focus from the governmental resource deployed to the impact on decision-making of target actors is akin to Elmore's notion of 'backward mapping'. In contrast to 'forward mapping' (which starts with government actions), Elmore (1987) suggests 'backward mapping', which starts at the policy problem on the ground, considers the actors closest to that problem and then asks what policy instruments are available to shape, compel, constrain or incite etc their behaviour, choices and actions. Backward mapping also suggests that those intending to deploy policy instruments need to identify – and then target – certain key actors, usually as classes or groups rather than as individuals.[10] Private developers and designers are most commonly the key actors at which urban design policy actions are directed, but landowners, investors, politicians, planners, highway engineers, the general public and other specific groups may also be the target of policy. The focus here is primarily on developers and their designers.

The present authors (see Adams *et al*. 2003 & 2005; Tiesdell & Allmendinger 2005) have previously characterised policy instruments into four types, according to how they affect development actors' decision environments:

(1) Those intended to *shape* behaviours – these set the context for market decisions and transactions, and so shape the decision environment.
(2) Those intended to *regulate* behaviours – these control and regulate market actions and regulations, and so define the parameters of the decision environment.
(3) Those intended to *stimulate* behaviours – these lubricate market actions and transactions, and so restructure the contours of the decision environment.
(4) Those intended to develop the *capacity* of development actors/organisations – these enhance the ability of actors to operate more effectively within a particular opportunity space (see Table 1.3).

Two qualifications should be noted. First, policy instruments operate neither in isolation, nor within a vacuum. Rather new initiatives are frequently introduced within an already crowded policy context, which may create undesirable secondary effects and unintended outcomes, with consequential difficulties in terms of accurately identifying and distinguishing the cause-and-effect of any particular policy instrument. Second, policy instruments are generally deployed and operate in bundles or packages. The tools approach thus also provides a means of unbundling complex packages of policy instruments – or in Elmore's words, identifying 'elements' within 'compounds'. Masterplans, for example, are frequently part of a broader 'place procurement strategy', which bundles shaping, regulating, stimulating and capacity building instruments. Bearing these qualifications in mind, we now turn to exploring each of these four main types of policy instruments in more detail, with particular emphasis on their design relevance.

Information is rarely communicated in a wholly neutral fashion. Instead, seduction, manipulation, falsehood and spin are deployed to present selective information in the form of argument or persuasion. There are also a series of what are commonly referred to as 'framing effects' (Lakoff 2006; Tversky & Kahneman 1981). 'Framing' explains how decisions can be influenced by the manner in which information is presented (the 'frame') (Pryce & Levin 2008).

Shaping instruments

The first set of policy instruments are those that shape the decision environment of individual development actors by setting the broad context for market decisions and transactions. Shaping instruments are articulated at a general level to achieve desired policy goals. While such instruments are subsequently

Table 1.3 State actions/urban design policy instruments.

Instrument types	Common subtypes
Shaping instruments shape behaviour by providing the general rules-of-the-game, that is, shaping the general context for decision-making	• **Market structuring** – actions establishing the overarching context within which market actions and transactions occur. Examples include legal frameworks, property rights and national taxation systems. • **Investment provision** – actions involving macro-level (non-site-specific) public investment in the provision of public and collective goods, through *either* direct (e.g. by a public agency) *or* indirect provision (e.g. by providing funding to third parties). • **Generating information or promoting coordination** – actions providing information to inform decision-making (e.g. listed building registers) and/or to increase the coordination of otherwise independent actions. Examples include plans, policy statements, guidance, advice, etc, produced by governmental agencies/authorities (and others), which, *inter alia*, provide coordinating information, information about the government or other authority's intentions, and information about regulatory policies.
Regulatory instruments affect decisions by restricting the set of choices available	• **Regulatory instruments** – actions compelling, eradicating and/or managing aspects of an activity. Examples include the more general controls over development (e.g. planning systems and development controls, highway consents, historic preservation) and more specific controls over the design of that development (e.g. design policies/design review procedures). • **Enforcement procedures** – actions ensuring that a regulatory action is undertaken. • **Regulatory procedures** – actions relating to the fact of, and procedures for, regulation, which add uncertainty and other costs. Examples include various methods of deregulation/streamlining, such as fast-tracking applications from registered architects, and simplified planning zones/enterprise zones.
Stimulus instruments make some actions more (or less) attractive to, and rewarding for, particular development actors	• **Direct state actions** – actions at the site- or area-specific level, usually intended to overcome particular obstacles to development. Examples include the provision of public infrastructure (e.g. access roads, public spaces), environmental improvements and land assembly/subdivision. • **Price-adjusting instruments** – actions adjusting the price to the actor of an activity. Examples include imposition of site-specific taxes, tax credits/incentives/breaks, subsidies/grants. • **Risk-adjusting instruments** – actions adjusting the risk to the actor associated with an activity. Examples include creating a more predictable investment environment through, for example, demonstration projects, policy stability, investment actions, and active place-management. • **Capital-raising instruments** – actions facilitating the availability of development finance or, alternatively, enabling selected developers to access sources of finance previously or otherwise inaccessible to them and/or to access it on more favourable terms.

Table 1.3 (*cont'd*).

Instrument types	Common subtypes
Capacity-building instruments facilitate the operation of the other policy instruments	• **Developing human capital** – actions involving developing skills and abilities of development actors, both as individuals and as organisations, to deploy the other instruments more effectively. Examples include on-the-job training, CPD, expert seminars, job swaps and secondments, exposure to good or innovative practices, field visits, role models, 'inspirational others' (e.g. design champions within organisations). • **Enhancing institutional and organisational networks and capacity** – actions involving establishing formal and informal arenas or organisations for exchanging information and knowledge and for building or extending actor networks and relationship webs. Examples include Architecture Centres, local urban design/design review panels etc. • **Reframing cultural mindsets/cultural change** – actions seeking to challenge mindsets and encourage 'mindshifts'. Examples include instruments that facilitate and encourage blue-sky thinking, thinking-outside-the-box and creativity (e.g. through ideas competitions). In addition to producing and generating ideas, they may also enhance the receptivity of decision-makers to new ideas, by challenging and perhaps changing their worldview (e.g. seeing a new tram line as place-shaping infrastructure rather than merely as transport). • **Enlarging the stock of ideas and concepts** – actions that create an 'ideas bank' of exemplars of successful places and practices that encourage development actors to broaden their appreciation of what may be possible in the particular circumstances they face.

Source: Adapted from Adams *et al.* 2003 and 2005; Tiesdell & Allmendinger 2005.

interpreted for particular cases by individual actors, they are primarily intended to set 'the rules of the game', rather than to provide case-specific direction. As Table 1.3 shows, there are three common types of market shaping instrument, which operate respectively through market structuring, investment provision and by generating information or promoting coordination. We now consider each of these in turn, with particular interest in their design aspects.

Market structuring

Real estate development takes place in a context that is shaped, and indeed guaranteed, by the state. At its most basic, development involves reorganisation of property rights. Without the effective rule of law, enforced where necessary in the courts, there would be little point in private capital investing in real estate. Recognition in law of particular forms of property right, such as long leasehold tenure, may well have design implications in terms of what is built and how it is subsequently maintained. Edinburgh's New

Town and London's Mayfair, with their sophisticated landlord–tenant relationships, are good examples of how the outward appearance of what was then a pioneer form of development could not have taken place without the system of property rights guaranteed by the state. The same principle applies today to gated communities – what makes the 'gate' effective is not its physical strength, but the rights of those residing behind the gate to resort to law to protect their own privacy. These examples of 'market structuring' are illustrative of how the legal and political framework of the state provides an overall context for real estate development, and its design component.

Investment provision

Public infrastructure investment offers a good example of how the provision of collective goods by the state, such as the construction of new transport infrastructure, can make land and property more 'ripe' for development. Two critical issues arise here, one financial and the other concerned with design, which ultimately are closely linked. Financially, mechanisms are required to ensure that those private interests who benefit, or who are likely to benefit, from public infrastructure investment, at least repay the costs of that investment and thus make the effort involved in its creation worthwhile to the state. This same principle applies to privately funded infrastructure – no investor is likely to become involved in such provision unless there is a clear financial return. In design terms, infrastructure provision, if well-planned, is centrally concerned with achieving better quality development by joining up what might otherwise be disconnected, either in time or space. This is a design process, creating added development value that, in the right circumstances, has the potential to be reinvested in a better designed product. Too often, however, the state succumbs to the temptation to appraise its own investment projects in very narrow terms, with the result that the potential added value of sustainable design is not well realised.

Generating information or promoting coordination

The production of plans is the most familiar means by which the state seeks to shape market behaviour through generating information or promoting coordination. Plans have potential to achieve this in three main ways:

(1) By specifying regulatory polices, for example, on permitted and prohibited land uses, development densities and development forms.
(2) By indicating government intentions in relation, for example, to future infrastructure provision.
(3) By specifying what is intended to happen on any particular parcel, and on neighbouring parcels, plans help set value, protect against negative externalities and thus reduce market uncertainty.

Development actors are likely to take more notice of plans that they consider more authoritative. Authoritativeness is, however, socially constructed. According to Alexander (2001: 65), it depends of the plan-maker's reputation for commitment and reliability, and on whether the planning system is rigid or flexible. The information conveyed in plans may be considered less reliable by development actors in more flexible and discretionary systems like the UK, than in more rigid systems like the Netherlands.

It is important to distinguish between three main types of plans:

(1) *Development plans* (in their true sense of the term, and not as misused in UK legislation) set out a series of actions (such as investments in public infrastructure) to be taken or led by the state, to achieve an intended spatial pattern by a particular time. Representing an authoritative commitment, the plan shapes market-initiated development, because location decisions take account of, and anticipate, public investment.
(2) *Regulatory plans* establish the basis for development regulation, usually by the state (or sometimes by third parties). They set out what is expected of individual developments, and involve an element of compulsion to ensure regulatory standards are achieved.
(3) *Indicative plans* provide 'guidance', which is essentially advisory, making compliance voluntary. Where such plans run counter to market trends, they may prove hard to implement, unless supported by long-term stakeholder interests.

Design policies can appear in (true) development plans, but generally take the form of regulatory or indicative plans. Plot ratios, for example, have been widely used in regulatory plans in the UK to specify the total floorspace likely to be allowed on development sites in particular parts of British cities, most notably in city centres. Design guides, which encourage developers to achieve higher design standards, fall into the category of indicative plans. Whether design briefs and other forms of supplementary design guidance operate as regulatory or indicative plans often depends on the particular political circumstances of the locality, and the extent to which higher design aspirations are backed by a broader support coalition. In practice, to be effective, design policies, as with all plans, may need to be supported by other (regulatory, stimulus or capacity building) instruments.

Regulatory instruments

Market regulation seeks to regulate or control market actions and transactions. Whereas plans affect decisions by providing information (and thereby shaping the context for decision-making), regulations affect decisions by

restricting the set of choices available and so place limits on an actor's opportunity space.

The extent to which design matters are considered a legitimate focus of development regulation may vary according to the three factors: (1) the perceived definition that regulators hold of design (which may range from architectural aesthetics right through to place-making), (2) the political philosophy then in the ascendancy (and specifically, the extent of market intervention considered appropriate) and (3) the health of the real estate market, both spatially and cyclically. Put simply, where design is conceived in narrow terms by regulators, where market actors are regarded as the best judge of what is appropriate in design terms, and where conditions in the local real estate market are known to be weak, there may be a strong temptation not to lose 'welcome' development 'simply on design terms', especially if it provides jobs.

In Table 1.3, we distinguish between regulatory instruments, enforcement procedures and regulatory procedures. In real estate development, regulatory instruments generally operate by the state taking certain rights in land and by making subsequent exercise of those rights subject to express permission. The 1947 nationalisation of development rights in land in the UK is an obvious example, where the grant of planning consent releases certain development rights. Under a zoning system, the detail of the zoning ordinance constrains development rights within the zone. In many countries, regulatory instruments are associated with land transfer or subdivision, especially when all, or substantial areas of, land are held by the state. Regulatory instruments may also be created voluntarily under force of contract, for example, by conditions attached to private land transfers.

Design regulatory instruments

In terms of their impact on the resulting urban form, a useful distinction can be made between 'positive' and 'negative' design regulatory instruments. Positive design regulatory instruments are those that establish a predictable urban form. A prime example would be a 'build-to line', which requires all development to be built up to a defined street edge. Mandatory on each side of a street, the regulation ensures a desired three-dimensional profile for the street. Negative design regulatory instruments are those that do not establish a predictable urban form. Here a prime example would be a 'build-behind' line, which merely ensures that no development occurs in front of a defined line (see Figure 1.2). Build-to lines are a feature of many New Urbanist form-based codes. Both build-to and build-behind lines feature in the German *Bebauungsplan (B-Plan)* system (see Stille 2007). Here, the key mechanisms to control urban form include maximum building heights and site coverage. The latter operate through the *Baufenster*, which sets out the area within

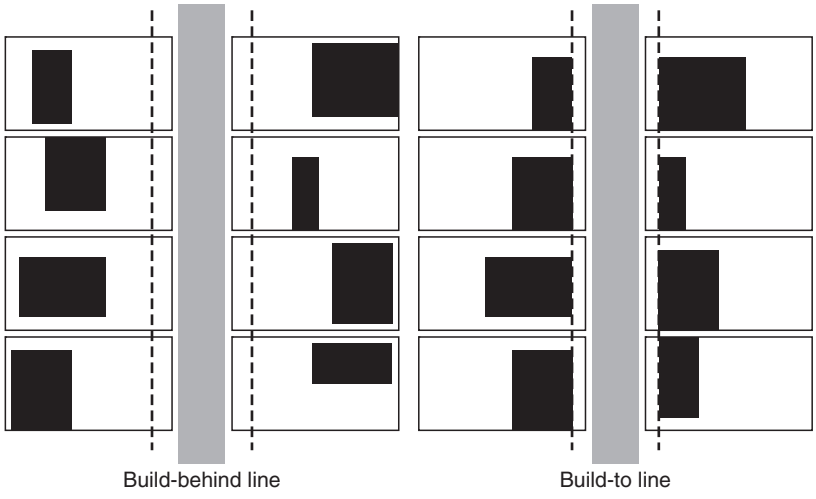

Figure 1.2 A 'build behind line' is a negative design regulatory instrument, which produces a whole that is no greater than the sum of the parts (in this case, eight buildings and a road). In contrast, a 'build to line' is a positive design regulatory instrument, which creates synergy by producing a whole that exceeds than the sum of the parts (in this case, eight buildings *plus* a street). *Source:* Courtesy of Steve Tiesdell.

which any development has to be located by combining two different boundary conditions: the *Baulinie* (or line on which any building has to be located – i.e. a build-to line) and the *Baugrenze* (or line identifying the maximum footprint that the building may occupy – i.e. a build-behind line).

Enforcement procedures

To ensure compliance, regulatory instruments need to be underpinned by effective and credible enforcement procedures. If enforcement is erratic or inconsistent, market actors may gamble on regulation not being enforced. Certain advantage might accrue to developers who successfully evade regulation – they could, for example, develop larger buildings than permitted by regulation. For regulation to be effective there must be credible prospect of its enforcement.

Regulatory procedures

Since regulation procedures, which determine how regulatory instruments are operated in practice, may themselves speed up or slow down regulatory decisions, market actors may exert pressure for some form of deregulation to streamline the decision-making process. Public choice economists are quick to highlight the costs and inefficiencies of regulation, which are often direct

and borne by identifiable actors such as developers, but much less quick to highlight the benefits, which are more diffuse and difficult to measure, but reaped by the community-at-large. Regulatory processes can also be captured by the vested interests that they are intended to control, as Marantz & Ben-Joseph show powerfully in Chapter 6 in relation to zoning in the USA. Regulation is a blunt instrument that bears on all actors within its jurisdiction, regardless of their individual attitudes towards design. For reasons of equity and fairness, regulation tends to operate a 'one-size-fits-all' system, but to do so it often has to regulate at the lowest common denominator, without offering any incentives to do better. If, as a result, actors merely conform to minimal regulatory requirements, regulation can act as a barrier to change and innovation. However, regulators may often wish to exercise some from of principled discrimination – they may prefer, for example, to impose strict rules on the place-breakers, while giving flexibility to the place-makers. Reflecting Douglas Bader's well-quoted remark that 'Rules are for the obedience of fools and the guidance of good men', what may be needed are regulatory systems with some degree of discretion or discrimination.

Although problematic in practice, this suggests the need for 'earned autonomy' for developers who have proved themselves to be place-makers rather than place-breakers. 'Earned autonomy' is a concept associated with local government modernisation in the UK, and refers to those authorities deemed to be performing well, which are then subject to less scrutiny and given greater freedom and flexibility to decide issues as they see fit (see Lowndes 2002: 140). In practice, local planning authorities may unofficially operate some form of positive regulatory discrimination in favour of developers whom they think they can trust. In this context, Duany and Talen (2002a, 2002b) advocate designing regulatory systems and instruments to make 'the good' easy and 'bad' difficult by requiring individual approval only for developments that contravened what they consider to be good design rules.

Regulatory control of real estate development, including that of its design component, has been subject to more fundamental critique. Drawing on Ben-Joseph & Szold (2005), Schuster (2005: 333), for example, lists some standard critiques of regulation:

> … regulation is inefficient, ignoring important market signals as to what is desired by individuals in society in its pursuit of a broader loosely specified 'public interest'; moreover regulation visits the cost of serving that broader public interest on the few who are regulated – the few pay for the benefit to the many.

Brain (2005: 230) highlights what he terms the 'substantive irrationalities of a technically rational regulatory' structure. One of these irrationalities is a

focus on perfecting the parts in isolation regardless of their impact on the whole, rather than on achieving the best combination of those parts. According to Brain (2005: 231) 'The various unintended consequences of our well-engineered road system, from arterial to interstate, provide a long list of examples of highly rationalised, specialised expertise that often creates as many problems in cities as it solves.' This technical failure may be compounded by the tendency of some local politicians, when discharging a regulatory function, to concentrate on the minutiae of design matters to the neglect of the overall picture. Many planning practitioners can recount stories of planning committees that have felt confident enough to comment on matters of taste (colour schemes, window details, balcony details etc) associated with developments of several hundred houses but remain wholly silent about the place-making or place-breaking implications of such developments.

This raises issues of confidence and competence. 'Tick box' approaches and itemised checklists of so-called 'aspects of good design', which neglect the totality of the design product, exacerbate the problem by reducing design thinking to formula thinking (Landry, 2000). What really matters in design is less the individual design components and more their combination into the greater whole. As one commentator said of Sophia Loren, *'Her feet are too big. Her nose is too long. Her teeth are uneven. She has the neck, as one of her rivals has put it, of a 'Neapolitan giraffe.' … Her hands are huge. Her forehead is low. Her mouth is too large. And mamma mia, she is absolutely gorgeous'* (*Time Magazine*, 6 April 1962).

At its worst, design regulation can degenerate into design-by-committee, producing the design equivalent of a camel, rather than a racehorse. Defining characteristics of design-by-committee are 'needless complexity, internal inconsistency, logical flaws, banality, and the lack of a unifying vision' (Wikipedia 2010). Poor choices may be made to appease the egos of individual committee members or because some representatives are particularly forceful and others more retiring. The original motivation, specifications and technical criteria take a backseat. Compromise, rather than synthesis, triumphs. The problems resulting from design-by-committee highlight the need for a design leader (or, more simply, a meta-designer) who understands both the value of the parts and also the need to combine them into a greater whole, and thus is concerned about the totality of what is being created. This is where independent design review, as part of any regulatory process, may be able to offer a reflective and holistic view of development proposals and guide regulators, whether elected or professional, towards focusing on key design elements that determine how the scheme comes together as a whole.

In the end, however, the force of design regulation often lies in its coercive power to 'say No'. It can be argued that there would have been almost no design improvements in the UK in recent decades had there not been the

background threat of refusal backed up by likely dismissal of an appeal. Indeed, the threat of veto, rather than the actual exercise of veto, may be all that is required to persuade developers to turn to skilled designers and submit schemes of higher design quality. In essence, the certain 'stick' of regulation may be more effective (at least in the short term) in making developers produce better places, than the uncertain 'carrot' of enhanced commercial benefit, to which we now turn.

Stimulus instruments

Regulation derives its power from its capacity to restrict the choices available to market actors. It can be regarded as a negative instrument in the sense that it may serve to direct demand away from specified locations, but cannot generally attract demand (and development) to a location. In certain circumstances, to achieve policy intentions, it may need to be supported by more positive stimulus instruments that seek to facilitate markets working better. Such instruments 'lubricate' the market by, for example, having a direct impact on financial appraisals. While regulatory instruments are about compulsion (the actor has no choice and 'has to' comply), stimulus instruments are about incentives and disincentives (they are essentially voluntary, and work by making the actor 'want to' take the incentive or incur the disincentive). Stimulus actions thus increase the likelihood of some desired event happening by making some actions more (and sometimes less) attractive to, and rewarding for, particular development actors. In short, they change the pattern of incentives within the decision environment.

We can distinguish between development and design stimulus instruments. Development stimulus instruments typically encourage development to happen in a particular location, to happen sooner, to be of higher quality or for there to be more of it. Such policy instruments impact directly on the developer and would increase their reward, reduce their risk etc. As Table 1.3 shows, four main types of development stimulus instruments can be identified, namely direct state actions, price-adjusting instruments, risk-adjusting instruments and capital-raising instruments. Examples of each are given by Syms and Clarke in Chapter 7.

Design stimulus instruments specifically encourage the creation of 'better places'. Such instruments typically impact on developers in such a way as to encourage them to yield opportunity space to designers. Increasing regulation of development can become a (de facto) design stimulus because, at some point, incremental adjustment to the increasing regulatory requirements is no longer adequate or cost effective. To 'get through' the regulation (i.e. to achieve timely regulatory consents), the developer elects to employ designers (i.e. has to yield opportunity space to a designer), which can well result in

a more financially attractive development, as well as a better designed one that satisfies all the requirements of the various regulatory bodies.

Development and design stimulus instruments can operate in isolation, but are most likely to produce a high quality development where they reinforce each other. More commonly, development stimulus instruments can be changed into development + design stimulus instruments by adding 'design strings' to the basic development stimulus instruments (i.e. on a quid pro quo basis). For example, a land developer may undertake site preparation (i.e. land consolidation and land remediation), infrastructure provision and then subdivide the land into serviced sites. Assuming that there is (sufficient) demand for the serviced sites (and thus also a degree of competition between potential parcel developers), then, as a component of the price of access to those serviced sites/land parcels, the land developer may also require the parcel developers to achieve certain threshold levels of design quality. The justification for this on the part of the land developer would be twofold. First, it gives parcel developers confidence that the value of their development will not be wiped out by poorer quality development on adjacent or nearby parcels (i.e. it ensures community value). Second, the land developer can benefit from any uplift in the value of the remaining land parcels due to the quality of the initial development (i.e. the quality of the initial development enhances the site's desirability and thus enhances its value).

Capacity-building instruments

Market-shaping, market regulation and market stimulus instruments are only as good as the people involved. This highlights the importance of personal attributes such as: the enthusiasm and the ability of key actors to create ideas and visions that inspire others; the ability to promote, sell, manipulate, persuade and seduce others; the determination to make tough choices; and the willingness to take risks.

Appearing in many forms and difficult to define precisely, capacity-building actions include building 'trust' – often encompassed by the term 'social capital' – among the range of development actors. Such actions seek to enhance the abilities and capacity (e.g. skills, knowledge, networks, rules of operation, working practices etc) of actors and institutions in various ways. They can be viewed as a form of investment in the development of human, social and institutional capital that carries the expectation of future returns, which, as with all investment decisions, is uncertain, intangible and immeasurable (Elmore 1987: 178). In developing effective capacity building measures, public agencies often demonstrate insight into market and governance processes.

Capacity building enables development actors to operate more effectively within their opportunity space, while influencing the opportunity space of other development actors to their own advantage. While capacity-building actions could be regarded simply as further forms of market-shaping or market-stimulating instruments, they are better seen as means of facilitating the operation of these other policy instruments. The effect of future regulation and stimulus actions, for example, may depend on an institutional and human capacity that does not presently exist – hence, appropriate capacity-building is a condition of future success (Elmore 1987: 178).

As Table 1.3 shows, we can identify four important forms of capacity building that may help deliver higher quality development and better places. These are: developing human capital; enhancing institutional and organisational networks and capacity; reframing cultural mindsets/cultural change; and enlarging the stock of ideas and concepts. We will now deal with each in turn.

Developing human capital

The first type of capacity-building action involves developing the skills and abilities of key actors. Policy actions may include the provision of education and training programmes, continuing professional development (CPD) events, expert seminars, job swaps (e.g. between public and private sectors) and exposure to good or innovative practice and aspirational examples. The interactive nature of such techniques may be directed at facilitating the communication of tacit knowledge – that is, wisdom, insight and intuition – through networking. Developing skills-type actions may result in the ability to handle and process information better. Skill development includes not just enhanced intrinsic capability but also the ability to identify opportunities, execute complex tasks more quickly (i.e. within a particular window-of-opportunity) to persuade, cajole, seduce, manipulate and entice and to generate new, original or novel ideas.

Leadership is often instrumental in delivering design quality. To provide design leadership, many local authorities, public bodies and some private companies have sought to build capacity by employing design champions. As Chapter 10, explains, these design champions are charged with changing the thinking of both public (politicians, planners etc) and private sector (developers, designers etc) actors with regard to design.

Enhancing institutional and organisational networks and capacity

A second type of capacity-building action involves building or extending formal and informal networks. The key idea is that actor behaviour is often influenced by the behaviour of others. Some models of interacting actors

assume that the links between actors are random – that is, each actor has an equal probability of being 'connected' to any other actor. People, however, spontaneously form social and business networks, and are embedded in various ways within social webs and clusters. The networks created are inevitably selective and partial (i.e. actors tend to link to other like-minded actors), such that any assumption of randomness cannot be sustained. Referring to this as 'embeddedness', Granovetter (1985: 490) explains how the concept highlights…

> … the role of concrete personal relations and structures (or "networks") of such relations in generating trust and discouraging malfeasance. The widespread preference for transacting with individuals of known reputation implies that few are actually content to rely on either generalised morality or institutional arrangements to guard against trouble.

Capacity-building policy actions may seek to foster the development and sustainability of actor-networks and, thereby, to develop social capital – that is, '… the productive resources mobilised by interpersonal networks of co-operation and coordination for mutual benefit.' (Amin 2003: 124). A distinction is commonly made between 'bonding' and 'bridging' forms of social capital. As Putnam (2000: 22–23) explains, bonding capital exists in networks that are, by choice or necessity, inward-looking and tends to reinforce exclusive identities and homogeneous groups. By contrast, bridging capital exists in networks that are outward-looking and encompasses people across diverse social cleavages.

Reframing cultural mindsets/cultural change

Cultural mindsets – 'frames', perspectives or 'world views' – establish how 'things' are perceived, interpreted and appraised. Taking many different forms, cultural mindsets emerge, develop and are sustained in different ways. Reframing cultural mindsets and, more generally, generating new ideas is an important third type of capacity-building action.

Relevant cultural mindsets include those of the established professions (i.e. 'professional cultures'), those developed and sustained within particular firms and organisations (i.e. 'house views') and those developed and held by key individuals. A product of education, expertise and socialisation, professional cultures provide a predisposition to frame situations and problems in particular ways: '… to analyse them according to specific categories, to synthesise them into specific structures, and to represent them in specific verbal, graphic, or numerical ways.' (Fischler 1995: 21). As Harvey (1989: 2) has observed, each profession has a cultural worldview – viewing the same street scene, architects may appreciate architectural design, visual rhythms

and historical references, while real estate developers see buildings in terms of rents per square foot, planning or zoning regulations, setbacks and height limitations. Similarly, firms and other organisations develop 'house views' relating to how they see the world, how they make that world and, in essence, how they interact with it.

An important means of editing and processing information, cultural mindsets may inhibit the seeing of the world in a more holistic, or even simply a different, fashion. New information or ideas, for example, may not be fully evaluated or appreciated fully. Cultural mindsets may also establish an often questioned 'conventional wisdom', which, *inter alia*, inhibits the development and exploitation of new ideas. New ideas will ultimately be tested in the marketplace, but because of entrenched culture mindsets, they may never get to the market to be tested. Such cultural mindsets affect the reception given to proposals for new production and development types. 'Loft living' was an emergent market in the 1980s and early 1990s, but the prevailing conventional wisdom was that people did not want to live in former industrial units with bare brickwork and exposed wooden floorboards and pipework.

Because policy delivery is reliant on negotiating with and persuading third parties, reframing cultural mindsets becomes an essential component of effective policy delivery. Landry (2000: 52), for example, discusses 'mindshifts' – the process of changing mindsets:

> A mindshift is the process whereby the way one thinks of one's position, function and core ideas is dramatically re-assessed and changed. At its best it is based on the capacity to be open-minded enough to allow this change to occur.

Landry (2000: 12) describes how 'linearity' and 'box-like thinking' characterised his discussions with property developers, planners and accountants. Challenging – and perhaps altering – established or conventional cultural perspectives involves creativity and encouraging actors to think outside the box. By viewing the same 'objective' criteria differently, those outside the mainstream often bring different cultural perspectives to bear, challenging how the underlying 'reality' is perceived, interpreted and appraised. This may be a crucial factor in stimulating development. Studies of institutional investment in regeneration areas (Adair *et al.* 1998; 1999; 2003; Guy *et al.* 2002a), for example, show how attitudes to risk, to the period of time over which return is expected and to design affect investment decisions. It is also notable how some highly successful investment and development firms, such as Urban Splash in Manchester, UK, have succeeded by bringing a different house view to bear (see Guy *et al.* 2002a).

Enlarging the stock of ideas and concepts

A further mode of capacity building involves enlarging the stock of ideas and concepts in circulation. Bringing successful design studies, design strategies and masterplans to the attention of the development actors might increase their awareness of and receptivity to those ideas and concepts, and in turn, encourage them to commission their own specialist design work. Charles Landry (2000: 165), for example, highlights how design thinking '… gives decision makers an ideas bank with which to work and out of which innovations can emerge.' This recognises the power of the artefacts of design-thinking (i.e. drawings and concepts diagrams etc), and of design language to frame and embody ideas in ways that encourage various city audiences to see (and understand) their city in new, perhaps better and more revealing ways.

Developers' decision environments

So how do urban design actions affect developers' and investors' perceptions of the factors that make them more (or less) likely to develop or invest and more (or less) likely to provide higher quality development? A start can be made by identifying issues that are most salient in developers' decision-making and which may, in turn, be amenable and susceptible to influence by urban design policy instruments. Table 1.4 lists these important factors in all developers' decision environments. Actors will vary in their trade-offs between the factors – attitudes towards risk, for example, will vary, although considerations of risk feature in every developer's decision-making.

As well as the likely developer reaction to policy instruments, a related question is which is the best, most appropriate, or most effective instrument for the task. This highlights the importance of policy design. The appropriate instrument (or bundle of instruments), for example, is likely to be highly situational, dependent on time and place and the particular characteristics of the actors involved. This suggests the need for targeted policy approaches, but also the possibility of highly idiosyncratic reactions to policy instruments. The heterogeneity of real estate as a market commodity should not be underestimated – every development site is different and so is every developer – though, equally, we might seek to simplify the task by theorising and identifying common patterns of behaviours and by grouping developers with similar behaviours. While developers have differing operating characteristics – or, more formally, differing business strategies with respect to rates of return, project scale, areas of operation, attitudes to risk, attitudes to design etc – they can still be grouped in terms of their behaviour

Table 1.4 Key factors in developers' decision making.

Developer's concern	Impact
Information	Does the policy instrument make more information available to the actor for decision-making?
Coordination	Does the policy instrument enable the actor to benefit from joining up his/her actions with those of other actors?
Reward	Does the policy instrument increase the magnitude of the actor's reward?
Risk	Does the policy instrument reduce the actor's risk?
Time	Does the policy instrument increase the probability of the actor undertaking the action sooner (or later)?
Timing	Does the policy instrument give the actor greater control over the timing of a particular action?
Decision-making capacity	Does the policy instrument enhance the actor's decision-making capacity (and hence the quality of decision made)?
Range of possible actions	Does the policy instrument expand (or reduce) the range of actions available to the actor?
Competitive advantage	Does the policy instrument give the actor an advantage over his/her competitors?
Skilled designer	Does the policy instrument make it more (or less) likely that a skilled designer will be employed?

Source: Authors' own analysis.

and operating strategies or, more specifically, in terms of how they respond to the particular public policy instruments that shape the decision environment.

Given that some developers seem to 'care' more about design than others, then, in terms of their attitudes and practices, we can hypothesise a spectrum from more design-aware 'place entrepreneurs' to less design-aware 'non-place entrepreneurs'. Place entrepreneurs might be seen as actively working within the grain of the local place, seeing design as a positive strategy of adding value, and basing their appraisals on a view of the area changing in the future. Such developers are typically local, relatively small-scale, and independent. Non-place entrepreneurs, by contrast, typically ignore, undervalue or actively work against the grain of the place. They are generally risk averse, and base their appraisal on what happened in the past and on the area not changing significantly in the future.

As outlined in the preface, the research inquiry at the heart of this book concerns the impact of urban design policy instruments on developers' – and thence on designers' – decision-making and, in particular, their impact on those factors – reward, risk, uncertainty, time etc – that would make them more likely, or less likely, to provide higher quality development and to contribute to producing better places. The overarching research question is: *How successful are particular public policy instruments in framing (and reframing) the relationship between designers and developers to the*

advantage of urban design (place) quality? This leads on to four subsidiary research questions, namely:

(1) *What public policy instruments are available to facilitate better quality urban development and better places*?
(2) *How do particular policy instruments impact on the decision environments or opportunity space of developers and designers*?
(3) *In what other ways do particular policy instruments impact on design quality*?
(4) *Are some types of policy instruments more effective than others in facilitating higher quality development and better places*?

There are no simple and straightforward answers to these questions. As yet, the relevant research has neither been consolidated, nor discussed explicitly in terms of a policy instruments framework. This is both this book's general purpose and the specific purpose of the chapters that follow. These move through informally, and with much overlap, from a focus on market shaping to regulation, stimulus and capacity-building.

In Chapter 2, Nicholas Falk considers the importance of masterplanning and infrastructure provision to shaping the context for high quality design in new communities in Europe, while in Chapter 3, Matthew Carmona argues that design codes have significant potential to shape developers' behaviour, by reconciling their need for certainty and flexibility. In Chapter 4, Tony Hall provides a fascinating case study of Chelmsford to show how developer behaviour and attitudes towards urban design can be transformed through clear policy direction combined with firm regulation. In Chapter 5, Tim Love and Christina Crawford argue that intelligent parcelisation can be used to craft the character of successful new urban districts, and demonstrate how this has been achieved by looking at examples from Europe, North America and the Middle East. Chapter 6, by Nicholas J. Marantz & Eran Ben-Joseph, provides a more critical take on design regulation, with its historical account of how powerful real estate interests in the USA have managed over decades to capture successive regulatory initiatives and turn them to their own advantage. As this suggests, it is important not to regard the real estate industry as a passive recipient of policy instruments but to recognise instead the often close involvement of powerful interests in policy formulation.

Chapter 7 by Paul Syms and Andrew Clark moves the debate on to consider the use of stimulus instruments in encouraging good design in the redevelopment of brownfield sites. Drawing on several British examples, they offer a broad interpretation of design stimulus instruments, which they compare and contrast with development stimulus instruments. This is followed, in Chapter 8, by a critique of development competitions by

Steven Tolson, who draws out lessons from his own practical experience to highlight the circumstances under which such competitions may and may not lead to higher-quality design.

Chapter 9 by John Punter considers whether design review represents an effective means of raising design quality, emphasising the importance of early comment before designs and accompanying financial appraisals become too fixed.

Chapter 10 by David Adams and Sarah Payne explores how UK speculative housebuilders have responded to the design challenge of brownfield development, and draws an important distinction between the different approach of three types of company, who they term pioneers, pragmatists and sceptics. Chapter 11 by John Henneberry, Eckart Lange, Sarah Moore, Ed Morgan and Ning Zhao investigates whether a suitable physical-financial model can be developed to enable developers to assess more clearly the benefits of design investment. In Chapter 12, Steve Tiesdell draws on recent evidence from Edinburgh to consider how far the appointment of design champions can foster a place-making culture and capacity. In Chapter 13, Gary Hack and Lynne B Sagalyn provide an extensive cross-cutting review of how urban design can add value to development projects and how this value can be part captured for public benefit.

In the final chapter, we reflect on these various connections between urban design and real estate development and consider what they have to say about the comparative effectiveness of the four main types of policy instrument in helping to achieve higher quality development and better places.

Notes

1. This is the production function of public policy-making.
2. The reduction and conflation of urban design to or with project design is characteristic of an architectural or 'Big Architecture' approach to urban design (see Cuthbert 2010).
3. In their book, *Nudge*, Thaler & Sunstein (2008: 2) use the term 'choice architect', who '… *has the responsibility for organising the context in which people make decisions.*' They illustrate the principle by analogy with a building designer: *'As good architects know seemingly arbitrary decisions, such as where to locate bathrooms, will have subtle influences on how people who use the building interact. Every trip to the bathroom creates an opportunity to run into colleagues (for better or for worse). A good building is not merely attractive; it also "works".'* (2008: 2)
4. Urban design's legitimacy as a professional activity is different from, and thus separate from, architecture. This is challenged by some architects, who regard urban design as a component of architecture that should be practised only by architects. Nonetheless, much urban design and place-making is about governance and requires a distinctly different set of skills from those typically held by the architectural profession.
5. While economists often use regulation to denote all and any form of government intervention in market processes, public policy writers generally adopt a narrower and more specific understanding of regulation, as reflected in this chapter.

6. In the conclusion chapter (14) we consider the notion of 'designer failure'.
7. In some cases, policy actions or mechanisms will be used. Given that surgeons use instruments, while mechanics use tools, the former suggests greater precision and begs the question whether dependent on the precision and impact of their instruments urban design policymakers might be considered surgeons or mechanics.
8. Hood (2008: 129–130) justifies this as '…an application of the classic (and arguably still valid) Marshallian principles that analysis can only progress if we do not allow too many elements to vary at once.'
9. We return to these issues in the concluding chapter.
10. This also means that a policy instrument might be of a different type depending on whom it acts on. Labelling of food packages, for example, is a combination of 'regulation' and 'information'. For the manufacturer, it is a regulation – an obligation to include information on the packaging about the food; for the consumer, it is information about the food contained within the package (Vedung 2007: 37).