

A WORLD CITIES FORUM WORKSHOP REPORT

Shanghai Urbanisation and EXPO 2010 Forum



**Urban Land
Institute**

Shanghai Urbanisation and EXPO 2010 Forum

A World Cities Forum Workshop Report
11–14 September 2006

©2006 by ULI—the Urban Land Institute
1025 Thomas Jefferson Street, N.W.
Suite 500 West
Washington, D.C. 20007-5201

ALL RIGHTS RESERVED.

Reproduction or use of the whole or any part of the contents without written permission of the copyright holder is prohibited.

Cover photo © Jeremy Woodhouse/PHOTODISC.

ABOUT ULI—THE URBAN LAND INSTITUTE

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is committed to:

- bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- exploring issues of urbanisation, conservation, regeneration, land use, capital formation, and sustainable development;
- advancing land use policies and design practices that respect the uniqueness of both built and natural environments;
- sharing knowledge through education, applied research, publishing, and electronic media; and
- sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

The Institute maintains a membership representing a broad spectrum of interests and sponsors a wide variety of educa-

tional programmes and forums to encourage an open exchange of ideas and sharing of experience. ULI initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has more than 34,000 members and associates from 90 countries, representing the entire spectrum of the land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students, and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognised as one of the world's most respected and widely quoted sources of objective information on urban planning, growth, and development.

ABOUT THE WORLD CITIES FORUM SHANGHAI

From 17 to 19 April 2007, ULI—the Urban Land Institute will convene approximately 150 senior leaders of the property development and finance industry to explore the risks of, and rewards for, doing business in China. This exclusive gathering of top executives from global real estate companies is designed to help global investors learn about development and investment opportunities in Shanghai, one of the world's fastest-growing markets. Shanghai and China provide the backdrop for the 2007 World Cities Forum, and serve as the perfect learning laboratory for understanding emerging markets around the world. It will be designed as a highly interactive discussion on the factors that work to make today's global cities competitive and attractive investment opportunities over the long term.

ABOUT THE FORUM WORKSHOP

ULI convened a forum workshop from 11 to 14 September 2006 to assist the city of Shanghai as it takes its place as a world-class city. The Institute was invited to assemble an international team of professionals with relevant experience in urban development around the world to share ideas and best practices in land use planning and real estate development. The team was specifically asked to address current planning reforms, including the new 1-9-6-6 policy, and to look at the future potential for the World EXPO 2010 site.

This is a report on the findings of the participants in the forum workshop.

ULI PROJECT STAFF

Rachelle L. Levitt
*Executive Vice President, Information Group
Publisher*

Mary Beth Corrigan
Senior Vice President, Meetings and Programmes

Emogene Mitchell
Senior Vice President, Meetings and Events

Anne Frej
Research Director, Office/Industrial

Nancy H. Stewart
*Director, Book Programme
Manuscript Editor*

David James Rose
Assistant Editor

Betsy VanBuskirk
Art Director

Martha Loomis
Desktop Publishing Specialist

Kim Rusch
Graphics

Devon Horne
Research Intern

Craig Chapman
Director, Publishing Operations

ACKNOWLEDGEMENTS

ULI Forum Workshop participants and staff would like to acknowledge all those who contributed to the Shanghai Urbanisation and EXPO 2010 Forum that took place in Shanghai from 12 to 14 September 2006.

Special thanks go to Vincent Lo, chairman and CEO of Shui On Land, for his insights into the Shanghai development and planning environment. Much appreciation goes to the Shui On staff, including Nathan Zhou, David Wong, Clement C.C. Lau, Duncan Wrigley, and Eddie Heng, for their substantive input and logistical support. Silas Chiow and mem-

bers of the SOM office in Shanghai also assisted in numerous ways. The EDAW Shanghai office provided valuable assistance in the final presentation.

Many public officials took time from their busy schedules to make presentations or meet with the group. Their perspectives on the day-to-day practical issues associated with Shanghai's development were invaluable.

Deputy Director General
Huang Jianzhi of the Bureau
of Shanghai World EXPO
Coordination meets with
Shanghai Forum Workshop
Chairman Gary Hack and
ULI Chairman Marilyn Taylor.



ULI FORUM WORKSHOP PARTICIPANTS AND PROJECT STAFF

CHAIR

Gary Hack
Dean and Paley Professor
University of Pennsylvania School of Design
Philadelphia, Pennsylvania, U.S.A.

PANEL MEMBERS

Ryan Botjer
Senior Director
Tishman Speyer
Shanghai, China

Stephen Chan
National Director
Head of Acquisitions, Greater China
LaSalle Investment Management
Hong Kong, China

Helen Hatch
Principal
Thompson, Ventulett, Stainback & Associates, Inc.
Atlanta, Georgia, U.S.A.

Jan de Kreij
Chief Executive Officer
Corio, NV
Utrecht, the Netherlands

Thomas Murphy
Former Mayor, Pittsburgh, Pennsylvania
ULI Senior Resident Fellow for Urban Development
Washington, D.C., U.S.A.

Kenneth Rhee
Vice President
Morgan Stanley/Morgan Stanley Properties
Shanghai, China

Marilyn Taylor
ULI Chairman
Partner
Skidmore, Owings & Merrill LLP
New York, New York, U.S.A.

Chi Chung Wong
Managing Principal
EDAW Shanghai
Shanghai, China

URBAN LAND INSTITUTE

Rachelle L. Levitt
Executive Vice President
Information Group

Mary Beth Corrigan
Senior Vice President
Meetings and Programmes

Maureen McAvey
Executive Vice President
Initiatives Group

Anne Frej
Research Director
Office/Industrial



PHOTODISC

Contents

Foreword: The Assignment	9
Background	11
Summary of Findings	15
Recommendations	17
Conclusion and Next Steps	23





PHOTODISC

Foreword: The Assignment

A dynamic city, Shanghai has a distinctive identity and the political will to continue to improve its position in a competitive world marketplace. The city's current planning endeavours are ambitious—no other city in history has attempted to tackle its urban issues with such a comprehensive programme of public improvements and new town development at its periphery.

To assist the city of Shanghai as it takes its place as a world-class city, the Urban Land Institute was invited to assemble an international team of professionals with relevant experience in urban development around the world to share ideas and best practices in land use planning and real estate development. The team was specifically asked to address current planning reforms, including the new 1-9-6-6 policy, and to look at the future potential for the World EXPO 2010 site.

As background to the workshop, ULI participants were provided briefing books that contained information on local land use and planning, as well as central government policies and regulations. In Shanghai, the group toured the Shanghai

Urban Planning Exhibition Centre and heard from Chairman Yin Guoyuan of the Shanghai Land Association. In addition, the group was briefed on the city's planning activities by Deputy Director General Wu Jiang of the Bureau of Urban Planning; Deputy Director General Huang Jianzhi of the Bureau of Shanghai World EXPO Coordination; Director Min Shilin of the Pudong Construction Committee; Vice Director Wang Zhenliang of the Songjiang City Planning Administrative Bureau; Deputy Director Rui Xiaolin of the Shanghai Construction and Administration Commission; and Deputy Vice Chairperson Ni Rong of the Shanghai Construction and Transportation Committee. The team also received an international investor perspective from representatives of Grosvenor property investors and Hines.

Members of the ULI group visited the new towns of Jiading and Lingang and met with government officials responsible for their development. A boat tour of the Huangpu River, with a focus on the EXPO 2010 site, was also conducted.



PHOTO: DISC

The Bund, Shanghai's famous waterfront boulevard, today features a mix of uses ranging from art galleries, shops, and restaurants to offices and hotels.



PHOTODISC

Background

In recent years, the government of China has undertaken a variety of approaches related to taxation, finance, and land supply to control rising real estate prices and increase the development of affordable housing for low- to moderate-income groups in order to meet the needs of a rapidly urbanising population.

In addition, a nationwide policy is emerging that counters the very high-density, high-rise construction that has characterised much of the recent development in large Chinese cities. China's major cities are already considered overcrowded, and government policies aim to decrease densities in many core areas. China's public officials and planners have embraced the concept of developing new satellite towns with populations of 600,000 people or more in outlying suburban areas of major cities such as Beijing and Shanghai. These new towns are expected to help relieve overcrowding by providing an attractive alternative to big-city living.

Shanghai Population and Area

Shanghai's municipal boundaries cover a wide area (6,340 square kilometres) that encompasses the dense city centre as well as largely undeveloped outlying environs. The centre city covers 1,500 square kilometres and has a population of about 9 million people. The city's total population is estimated at about 17 million, including 13 million permanent residents and 4 million to 5 million unofficial residents who

come from outside the city and work or live in the city on a temporary basis.

Overview of Planning Policies

Like that of other large cities in China, Shanghai's growth is guided by a comprehensive plan that covers a 20-year period. The city's latest plan, for the years 1999 to 2020, includes the whole region and, among other issues, addresses sustainable development, building based on "humanism," and meeting the functional requirements of an international city. Population distribution is a key concern and planning policies call for a movement of the population from the city core to defined areas outside the urbanised portions of the city.

Housing reform in Shanghai was initiated ten years ago. Today, more than 80 percent of Shanghai's households own their homes. The focus now is on controlling market prices and providing inexpensive rental housing for the 10 to 20 percent of households in the lowest-income groups.

The city's environmental strategy emphasises the use of parks and green areas. Plans emphasise the provision of a variety of small parks throughout the city to complement larger-scale parks. The short-term goal is for every resident to be less than 500 metres from a park. By 2020, it is anticipated that 30 percent of Shanghai will be covered by green areas or forests.

The preservation of historic areas within central Shanghai and outlying areas is another concern due to the fact that



Shanghai municipality map.



The 1-9-6-6 Plan provides a growth strategy for the entire Shanghai municipality in which growth pressures in the central city are relieved by the development of nine new cities (designated here).

much of the city's historic fabric has been lost over recent years. In the central city, 12 historic and cultural areas have been defined. Detailed planning for blocks within these areas has been completed. In the suburbs, 32 such areas have been identified, many of which are associated with traditional Chinese culture.

Industrial development is guided by a three-level approach that calls for Shanghai's central core to focus on service uses instead of polluting industries. The areas outside the central core but within Shanghai's outer ring road are planned for high-tech, nonpolluting industries while areas beyond the ring road are planned for major industries.

The 1-9-6-6 Plan and New Town Strategies

In 2006, the Shanghai Planning Bureau released the 1-9-6-6 Plan, outlining a concept for the development of the entire Shanghai municipality. The plan defines central Shanghai and designates subcentres and focus areas. Further, the plan provides a strategy for developing nine new cities, 60 small towns, and 600 agricultural-based "central" villages in outlying areas. (Thus, 1-9-6-6 refers to 1 primary city, 9 new cities, 60 small towns, and 600 villages.)

The nine new cities are envisioned as independent communities with all the infrastructure and the industrial, residential, commercial, educational, and cultural facilities needed to support each city's population, which is expected to range from 400,000 to 1 million people. The 60 new small towns are expected to have populations of 50,000 to 100,000 each. The central villages are envisioned as a new type of modernised rural village, each with a population of around 2,000 people. The total population for all of the nine new cities is targeted at around 5.4 million people.

The development of three of the planned new cities already is underway. As the town of Songjiang has progressed the farthest in its development, it provides a good example of the new town development process. Songjiang's development is based on a high-tech economic base, with preference given to industries such as electronics, biochemistry, and information technology. Supporting this base are many major universities that have already relocated in Songjiang. Eventually, more than ten institutions of higher learning are expected to locate there.

The overall urban design and environment are important considerations in Songjiang's planning. Including parks and open areas, greenery is expected to cover 46 percent of the town's area. Recognising that smaller communities are necessary to a more liveable, human-scale environment within Songjiang, planners have promoted the creation of themed residential developments such as Thames Village, initiated in 2001.

Future plans call for a 1 million-square-metre shopping centre, a five-star hotel, and a university zone commercial area. According to public officials, 98 percent of development in Songjiang will be undertaken by private investors. Similar to other locations, the city finances its infrastructure largely through land sales.

Jiading New City is designated as an automobile manufacturing and logistics centre. Volkswagen already has a major manufacturing facility there, and a Formula 1 racetrack reinforces the automobile theme. The master plan for the area calls for a central area with a mix of uses, public open spaces, residential blocks, and production and trade facilities. At present, half a million people live in Jiading.

Lingang is the new waterfront city associated with Yangshan, Shanghai's new deepwater port, as well as China's largest port. The first phase of major infrastructure con-

struction, including roads and water systems, has been completed. Plans call for a central living area, a multifunctional area, a logistics park, a major industrial area, and two universities associated with the maritime industry. Dishui Lake, one of the world's largest freshwater lakes, has been completed and will serve as the centrepiece for the city. The total area of Lingang is planned to encompass approximately 296.6 square kilometres, and its central living area will contain approximately 74 square kilometres.

Transportation is an important component of the 1-9-6-6 strategy. An intercity transportation plan establishes "three ports and two ways": a new deepwater harbour that is expected to become the largest container port in the world; Pudong International Airport with an expected throughput capacity of 100 million passengers annually; Hongqiao domestic airport; a railway system that will include a new high-speed line between Shanghai and Beijing; and an extensive highway system with national and provincial roads.

The intercity transportation plan for Shanghai specifies "15-30-60" goals: key points such as new cities, important towns, airports, and cargo terminals should be connected to expressways that are reachable within 15 minutes; Shanghai's central city should be connected to the nine new cities so they can be reached within 30 minutes; and any two points within the Shanghai municipality should be connected to have a travel time of no more than one hour. There will be three rings and ten axes in the expressway system. Public transportation also is strongly emphasised. Of the 17 new subway lines planned for Shanghai, six are now under construction and 11 are expected to be completed by 2010. In addition, plans call for four regional high-speed lines, six urban light-rail lines, and an expansion of the existing maglev line that serves Pudong International Airport.

Pudong

Pudong New District is located on the east side of the Huangpu River across from Puxi, the older portion of Shanghai. Pudong is a special economic zone established in the 1990s that has quickly "leapfrogged" from an undeveloped area into Shanghai's financial and commercial hub. Today, the area's economic output constitutes one quarter of the total for Shanghai.

Pudong serves as a testing ground for new reforms related to expediting administrative procedures and aligning commercial practices with international standards. Many innovative pilot projects have been implemented there.

In its early stages of development, Pudong received little financial support from the central and city governments. The district's revenues are provided largely through the paid usage of land. Since the mid-1990s, the district has had a land transaction market that employs a public bidding system. As land has become more scarce, there has been a greater focus on land use efficiency. An annual land use plan gauges the volume of land being utilised as background to the preparation of detailed plans and land use management.

EXPO 2010

Shanghai will host the World EXPO 2010 from 1 May to 31 October 2010. Under the theme "Better City, Better Life," the event is expected to attract 70 million visitors—65 million from China and 5 million from overseas, with an average of 400,000 visitors per day. Most visitors are expected to arrive at the site by rail, bus, or ferry.

The site of EXPO 2010 lies just south of the city centre on both sides of the Huangpu River between the Nanpu Bridge to the north and the Lupu Bridge to the south. The 5.28-square-kilometre EXPO Park area currently is industrial in



Formerly an undeveloped swampy area, Pudong New District has grown steadily since the 1990s to become Shanghai's financial and commercial centre.



World EXPO 2010 master plan.

nature, with older factories, a steel plant, warehouses, wharfs, and shipping-related facilities, as well as residential buildings. In the next one to two years, these uses will be moved to new locations and the site will be cleared to make way for new development. Approximately 18,000 households and 272 factories will be relocated. Plans call for some historic industrial structures to be preserved and reused.

Plans for the EXPO event divide the site into five sections or zones, each with a different character. For example, Zone A will house the China pavilion and other Asian country pavilions, and Zone B will feature theme pavilions and a performing arts centre. Zones are divided into smaller units and within these are subunits of two to three hectares that are further divided into 500-square-metre modules that can be assembled to create pavilion sites. The subunits are each expected to hold 40 to 45 pavilions. Each subunit will contain services and public facilities.

Green areas are designated along the water's edge on both sides of the river. These will serve as parklands and will also fulfil flood control requirements. In addition, a system of green "wedges" and squares will form a continuous park network throughout the site.

Post-EXPO utilisation of the site and compatibility of development with overall city goals is an important consideration. Most EXPO building construction will be temporary in na-

ture, so there is an opportunity to create a major new development district within Shanghai over the next ten to 15 years. The site will benefit from modern infrastructure and transportation links created for EXPO 2010.

Only four buildings are planned as permanent. Current plans call for these to be converted to uses such as an exposition centre, a museum, a convention centre, and a performance centre.

The EXPO site is envisioned as a centre for export-oriented businesses that will be complemented by residential areas. Specific land uses will be determined in accordance with market demands. Some of the possible uses at the site include hotels and entertainment facilities, multinational corporate headquarters, business parks, and a zone for foreign consulates. Leisure uses and a cruise ship dock also are being considered.

The Shanghai World Expo Land Holding Corporation is responsible for planning, directing, and developing the site after completion of EXPO 2010.

Summary of Findings

Shanghai's current planning and the new 1-9-6-6 strategy provide a visionary planning framework and an excellent starting point for the municipality's future development. Regional in approach, it encompasses many of the large issues facing the city's future development, particularly the issues of how to manage explosive population growth and mitigate against high densities within centre city core areas.

The focus on building modern intown districts and new towns with a full complement of uses, services, and infrastructure is highly ambitious. The sheer scale of these efforts points to a variety of potential issues related to land utilisation, infrastructure financing, social harmony, and environmental sustainability.

In the future, as plans proceed for the next phases of development for Shanghai and its surrounding new towns, it will be crucial to focus on the human scale of these places. From a physical standpoint, this requires paying attention to small details like the width of streets, the dimensions of a park, or the connections between buildings and places.

Older neighbourhoods and districts within urban Shanghai offer lessons in creating a sense of community. The city's trademark *lilong* residences, built from 1843 to 1943, once housed the majority of Shanghai's population in city blocks made up of rowhouses, small lanes, and courtyards. These low-rise, two- to four-storey houses provide high-density living with a mix of attractive private and public spaces.

The Xintiandi development in Shanghai offers a good illustration of successful pedestrian-scale development. As noted in a recent article in ULI's *Urban Land* magazine, this two-block commercial area works because it has a good urban design, geared to an appropriate human scale. The master plan of the area in which it is situated responds to the context of Shanghai's streets, providing open space in addition to streetscape. The district as a whole is dynamic and well landscaped, constructed, and lit. And, just as important, it is well managed.

The Pudong district offers a different example. Although the district provides a striking, often-photographed skyline and a dynamic business environment, much of its commercial district is not conducive to walking, and there are few connections between buildings and places. Small-scale parks and places for people to meet, shop, and enjoy cafés and restaurants would help foster a community identity in modern settings such as Pudong.

One way to create "places for people" is to pay greater attention to small-scale plans by breaking down the building blocks of the city into smaller segments—an approach already being implemented through themed communities like Thames Village in Songjiang. Using themes from other parts of the world has caused controversy but has brought attention to the issue of liveability and identity. In future phases of new town development, more attention should be given to creating authentic identities, not just themes. Cities, towns, and villages may be new, but they all have existing



Shanghai Xintiandi is a two-block development that combines reconstructed historic buildings with new construction to create a human-scale environment.



The pace of construction in Shanghai has created a tremendous need for methods to finance infrastructure.

assets that can be cultivated to create a distinctive and authentic image.

Mobility will be essential to the success of new town developments. People will only be willing to move to locations outside the city centre if they are able to commute easily and affordably to their workplace and other destinations around the region. The city's transportation plans are ambitious; it will be a challenge to finance and build the systems necessary to support new town development in the next ten years.

As the number of development projects continues to increase, it will be even more important to have planning systems in place that are transparent and easy to administer, with a minimal number of discretionary decisions on the part of local governments.

Market responsiveness is key. Plans should be flexible enough to respond to market opportunities (and constraints), to avoid costly mistakes, and to build long-term value. For example, the construction of large-scale shopping centres or office parks may not be warranted in the early stages of new town development. Instead, a step-by-step approach based on a realistic analysis of market demand and end user requirements is suggested.

Competition among new towns in the race to attract investment can be both positive and negative. As cities struggle to differentiate themselves, they may duplicate public resources such as universities or recreational amenities. Also, competition may lead cities to overbuild infrastructure or to build it too soon. A more phased approach to public investment that

follows the demands of the market helps ensure that the amount and timing of improvements are appropriate.

Finding ways to finance major public improvements presents another issue. The pace of development and infrastructure implementation in Shanghai and its surrounding cities is tremendous. Currently, with few resources provided by the central government, most infrastructure development is financed through land sales. This system has helped build an impressive supply of new roads and sidewalks, water and sewage systems, landscaping, public parks, and other amenities. But as land—a finite resource—becomes scarcer, it will be necessary to develop more sustainable systems for financing urban infrastructure.

It may also be helpful to reconsider the use of incentives and benefits to lure foreign investment. While some areas may require incentives to jump-start investment because they have less desirable locations or unproven track records, others may have enough appeal to attract investors without sacrificing potential income from taxes and fees.

Sustainable development is promoted in the 1-9-6-6 plan largely through the preservation of natural areas and the development of parks and open spaces for residents. In the future, the definition of sustainability will need to be expanded to encompass the efficient use of land and other resources such as water and energy.

Recommendations

The ULI Workshop focused on Shanghai planning regulations and policies as well as the EXPO 2010 site. The following recommendations were made regarding the key areas that the team was asked to consider.

Envision Post-EXPO 2010 Development Potential

The EXPO 2010 site offers an immense opportunity to create a new district within the city that can serve as a catalyst for future development. The EXPO site's size, its intown location, and the anticipated quality of infrastructure that will be constructed for the EXPO event all enhance its attractiveness and point to the strong potential for redevelopment. Clearly, the area will undergo a transformation after EXPO is over, but the challenge will be to guide this transformation and create a piece of the city that is a living model for sustainable development and that illustrates harmony can exist between the past and the future.

Proactive planning with a clear long-term vision should begin now to ensure that pieces are in place for private sector investment at the site as soon as EXPO 2010 is over. Post-EXPO plans already provide general guidelines for future uses, but more detailed planning at this time will help create a finer-grained, more human-scale environment that is well connected to the rest of the city.

The creation of one entity to deal with post-EXPO development is recommended. This can help streamline the planning

process and ensure collaboration with other municipal entities. It can also help clarify the vision for the area and make it easier to attract the private investment needed to help the area succeed.

The EXPO site should serve as a tangible model for sustainable development. Preservation of the Huangpu riverfront green areas and the creation of a riverfront park will help set the image of a green and environmentally friendly development at the EXPO 2010 sites. These highly visible riverfront public areas can be expanded as park "fingers," reaching into surrounding neighbourhoods and linking the site to the rest of Shanghai. Beyond this, other actions can help make the site truly sustainable. Consideration should be given to environmentally sensitive site planning, guidelines and incentives for green buildings, and the efficient use of energy and other resources.

Create Magic in the Public Realm

Cities are exciting places when they provide a public realm for all to enjoy. Shanghai has the opportunity to expand upon an existing green infrastructure to establish a system of magical public places for residents as well as visitors. Connectivity between these public places is key. Not only do clear connections between public areas such as parks and natural open spaces provide more useable spaces for recreation, but also they provide a system of walkways and trails that can serve as an important way to move around a city.



The model of the new neighbourhood in Jiading New Town.

Case Study Battery Park City, New York City, U.S.A.

Battery Park City stands as one of the great U.S. real estate development success stories of the 1980s. Built on 92 acres (37 hectares) of landfill in New York City's lower Manhattan along the Hudson River, this vast development boasts soaring office towers, the dramatic Winter Garden with its shops and restaurants, apartment buildings and townhouses, parks and playgrounds, and a 1.5-mile-long (2.4-kilometre-long) riverfront promenade overlooking New York's harbour and the Statue of Liberty.

Battery Park City is owned and managed by the Hugh L. Carey Battery Park City Authority, a public benefit corporation created by the New York State Legislature in 1968. The Authority leases plots of land within the Battery Park City area to private developers through a public bid process. Developers then construct the buildings and make payments both for ground rents and in lieu of taxes to the Authority. Excess revenues after operational expenses and debt service payments are transferred to New York City and used for projects such as the development of affordable housing in other locations in New York.

The development of Battery Park City is guided by a master plan and design guidelines that are responsive to both market conditions and private developer requirements. Through these tools, the Authority has struck a

balance between promoting human-scale development and allowing the construction of buildings that are sizeable enough to make economic sense for large commercial developers. The guidelines also promote individuality and a distinctive appearance for each building.

Today, Battery Park City offers a complete community with a mix of office, residential, hotel, retail, entertainment, educational, and cultural uses. In total, the area contains 9.3 million square feet (865,116 square metres) of commercial space, 7.2 million square feet (669,767 square metres) of housing for 9,000 residents, 52 shops and services, 35 acres (14 hectares) of parks, three schools, two hotels, a marina, museums, and other public amenities.

The project has succeeded in large part because of its ability to adapt to a changing economy and changing business requirements and to the authority's patience in waiting until developments become financially viable. Another advantage has been the flexibility of the master plan. ■

Source: www.batteryparkcity.org.



STAN REIS PHOTOGRAPHY

The plans for Battery Park City in New York attempt to strike a balance between the needs of commercial developers and the people who live and work in the area.

Case Study Millennium Park, Chicago, Illinois, U.S.A.

Millennium Park offers a new model for developing a park through public/private partnerships of city agencies, private developers, artists, and individual donors and philanthropies. Developed in the air rights above rail yards, the project—24.5 acres (9.9 hectares) of open space, architecturally significant buildings, and outstanding artworks atop below-grade parking—has revitalised land values along South Michigan Avenue and created a world-class park in Chicago.

Completed in July 2004, Millennium Park comprises a cosmopolitan assortment of sculptural, architectural, and landscaping elements from some of the world's most accomplished designers. It includes the Jay Pritzker Music Pavilion and a subterranean Harris Teeter grocery store, as well as a Frank Gehry-designed pedestrian bridge that connects the new park to the Daley Bicentennial Park across Columbus Drive.

The park's major elements are organised axially and symmetrically to fit within the vestiges of the original beaux arts landscape plan. At the centre is *Cloud Gate*, a large sculpture by British artist Anish Kapoor. Popularly called “the bean” for its shape, *Cloud Gate* is surfaced with 168 panels of polished stainless steel and mounted on two pylons just high enough to walk under. It appears seamless as it reflects the sky above and the people below. The 16,000-square-foot (1,486-square-metre) McCormick Tribune Plaza, located next to *Cloud Gate*, is used for alfresco dining in the summer and as a skating rink in the winter.

Crown Fountain, designed by Jaume Plensa of Spain, pairs two 50-foot-tall (15-metre-tall) glass-block towers from which ever-changing composite faces of Chicagoans displayed on large projection screens spit water from spigots into a reflecting pool.

Lessons Learned

Although it went over its budget and was not completed until four years after its intended opening in the millennium year 2000, Millennium Park is considered a great success. With an investment bravely made by the city of Chicago and Millennium Park, Inc., the development concept was broadened from simply filling in the missing piece of the area's original plan to creating a world-class destination. The park draws an additional 4 million tourists a year to the area. The Chicago Transit Board has authorised the financing and development of a new \$213 million subway station two blocks west of the park. And much new development is occurring in its vicinity—including a 57-story condominium tower to the west; Lakeshore East, a 28-acre (11.3-hectare), \$2.5 billion mixed-use neighbourhood to the north; and the conversion of a landmark office building into 244 condominium units to the south. ■

Source: ULI Awards for Excellence.



Millennium Park in Chicago is a world-class destination that has helped increase property values in nearby areas.

Case Study Shanghai Xintiandi, Shanghai, China

Xintiandi presents a new model for using older buildings and re-creating the distinctive pedestrian-scale environments of old Shanghai.

Located in the heart of the city, Shanghai Xintiandi is a two-square-block retail, entertainment, office, and cultural destination that blends modern and historic architecture. The North Block consists of restored and rebuilt historic courtyard homes serving as shops and restaurants, while the South Block is largely modern in style and construction. As one of the first projects in China to utilise older structures, it stands in contrast to current patterns of development that emphasise new larger-scale construction.

The project is part of the 52-hectare (128.5-acre) Taiping-qiao redevelopment area in downtown Shanghai being led by Hong Kong-based Shui On Land Limited, property flagship of the Shui On Group.

Xintiandi's *shikumen*-style ("stone gate") houses are a unique form of Shanghai residential architecture built in a dense courtyard configuration that was developed during the 1860s. At Xintiandi's North Block, the combination of old and new construction resulted in a cleaned-up version of the old *shikumen* neighborhoods. The narrow alleyways in the North Block were retained and paved with the same grey flagstones as originally used in the area. Because the old houses lacked basic utility services, deep trenches were dug under every building to lay pipes for water and drainage, and to install sewage treatment systems, gas pipes, electric lines, and telecommunication

cables. With little room for heavy machinery, workers had to install these new systems by hand.

Converting the structures to commercial use has involved combining modern materials and architectural features with the traditional style. For example, at the ground-floor level, large glass doors and panels have been employed to open up the interior spaces and allow visitors and shoppers to see inside.

The South Block is new construction. Opened in mid-2002, it features a new four-storey retail complex with a fitness center and spa on the third floor and a cinema on the top floor. The South Block also is home to 88 Xintiandi Executive Suites, a 53-room service hotel that was one of the first boutique hotels in China.

The project has received considerable notice, and the North Block won the ULI Award for Excellence in 2003.

Lessons Learned

Xintiandi has breathed new life into a once-dilapidated district of Shanghai. In a broader sense, it has changed the way government officials and developers throughout China regard historic buildings and neighbourhoods that are low in height, and it has encouraged the reuse of these structures. Today, several projects similar to Xintiandi are planned for other cities across China.

As one of the first projects of its kind, Xintiandi incurred construction costs that were ten times today's standard in

China. Developers of stand-alone projects in secondary cities should carefully balance construction costs with potential financial feasibility.

The process of adapting older structures for modern commercial uses can be extremely difficult. The final product illustrates that attention to detail is very important to the overall image and function of the project.

Though small in terms of area, a specialised retail destination such as Xintiandi requires a strong mix of daytime and evening uses for retailers to succeed. The market for upscale restaurants and shops is still in its infancy in China, and businesses in Xintiandi depend to a large extent on foreign tourists and expatriate residents of Shanghai. The project's location in the dense downtown area of Shanghai has been an important factor in attracting lunchtime and after-working-hours business.

Parking is an important consideration. Although Xintiandi is well served by public transportation, the project features 220 underground parking spaces. With many evening attractions (such as restaurants and cinemas), it is necessary to provide ample and easily accessible parking. Daytime offerings, however, are more likely to be visited by people who use public transit or walk to the site. ■

Source: ULI Development Case Studies.

Public places should offer diverse and engaging experiences. A variety of places—large and small, passive and active, programmed and spontaneous—should be planned.

Making sure that the most valuable real estate is accessible to the public makes a strong statement about a city's commitment to its citizens. It also becomes a visible statement of the city's commitment to sustainability and its environment. And important as well, it helps generate commercial value. Places like Millennium Park in Chicago or Central Park in New York City have built a positive image for the entire city while adding considerably to property values in adjacent areas.

Encourage a More Diverse Development Pattern

Many older areas within the city of Shanghai illustrate a diverse urban development pattern. Dense residential neighbourhoods, they provide a mix of uses at different scales and an active street life. To continue to shape a rich human-scale pattern of development at the new towns and large infill areas in Shanghai such as the EXPO 2010 site, all scales of development from the regional and citywide down to the neighbourhood level must be planned for simultaneously.

Current plans for the future development of Shanghai and its new towns provide an excellent starting point. They offer a well-ordered and cohesive framework that is easily understandable and translatable for investors and developers. The next step is to introduce a finer-grained approach that can help new development areas achieve their own distinctive identity.

For example, large blocks can be broken down into smaller development parcels. Variety should be encouraged in the size and scale of public areas, streets, and sidewalks and by weaving small elements such as shops, townhouses, and playgrounds into the larger fabric. The provision of strong,

mandated connections among various uses is needed. Transit stops and routes, retail and activity centres, and neighbourhoods and communities must all be connected.

Unique assets of each neighbourhood and town can be used to build an image and establish an authentic atmosphere. The history, natural features, and other unusual features of each place should be highlighted to compose its development programme.

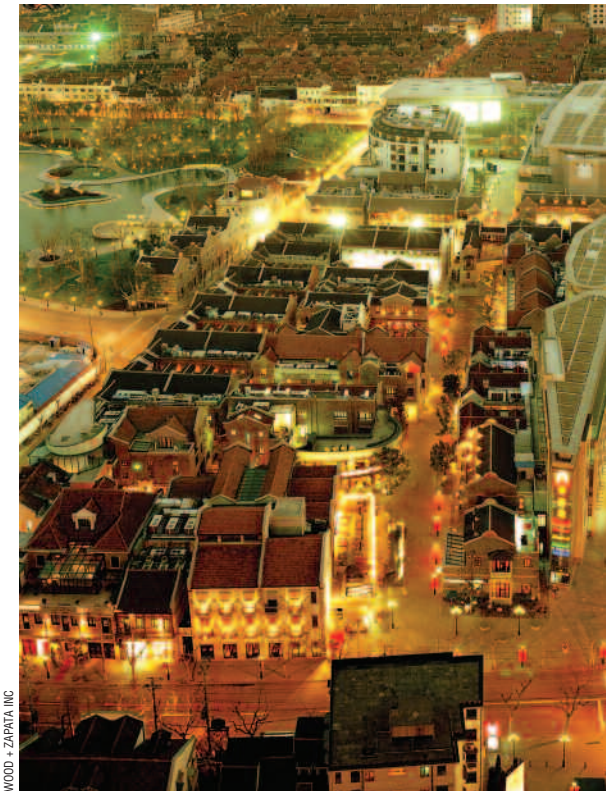
How can plans support diversity? Ideally, they should be flexible enough to promote opportunities, not limit them. They should be capable of evolving in response to changing market forces. They should provide a menu of incentives within established rules and regulations for proven developers.

Enhance Social Harmony

At the national and citywide levels, there should be a strong focus on the need for affordable housing. Beyond the provision of adequate and affordable housing is the more encompassing goal of establishing social harmony and opportunities for all residents of Shanghai.

A development pattern should be fostered that allows people of different backgrounds and incomes to reside together in integrated rather than segregated neighbourhoods. Sharing public spaces and resources such as schools, playgrounds, and shopping areas also helps encourage interaction and defuse social tensions.

Two approaches can help achieve the goals of social harmony: public policies and incentives for the private sector. Current policies and regulations that encourage the development of affordable housing are a start, but they should be supplemented by programmes that also can improve the quality of life for all residents. Factors such as adequate



WOOD + ZAPATA INC

Shanghai Xintiandi and the larger Taipingqiao redevelopment area illustrate how to blend a mix of uses and different scales of development in a dense urban setting.

What Makes a City Attractive to Investors?

At the ULI Shanghai Workshop, Grosvenor, a privately owned international property group, outlined the factors that make a place attractive to international investors. They include the following:

- Liquidity and speed in concluding transactions.
- Transparency.
- Quality of labour and skills.
- Infrastructure and connectivity.
- Good government.
- An environment with diversity in housing, social infrastructure, entertainment, shopping, and leisure. ■

public transportation and the provision of services are important, particularly in emerging new towns.

A menu of developer incentives can encourage the development of affordable housing and mixed-income neighbourhoods. These include but are not limited to:

- discounted land prices;
- transparent land auction and tender requirements;
- tax breaks;
- floor/area ratio (FAR) bonuses; and
- direct subsidies.

Maintain and Build Value

Shanghai has many of the attributes of a world-class city that can attract the type of investors who wish to build long-term value and share in its rewards. But achieving the optimal value for the city's major resource—land—will involve a more carefully formulated market-driven approach. This will require a change in perspective from seeing land as a source of income to land as a resource that must be developed sustainably to ensure long-term benefits to the community.

Encouraging a more market-oriented approach means allowing more flexibility for the private sector to determine the highest and best use for development parcels within the regulatory framework of zoning and other land use controls. Experienced and professional real estate developers have the requisite expertise in anticipating and meeting market needs with the most appropriate types of real estate development. A clear and transparent property system that is predictable and secure is needed to create a conducive environment for private investment in city development. Clearly defined ownership rights, clear and timely details of new directives, and

established procedures for transfer of ownership title are necessary.

Extensive consultation with users and coordination of different levels of government can lead to optimised risk-adjusted return for all parties, both public and private.

Educate a New Generation of Land Use Practitioners

Improving the quality of Shanghai's urban environment can be facilitated by the ongoing improvement in professionalism of the city's land use practitioners: planners, public officials, private sector developers, and others involved in property development. Adding more skilled professionals also will help increase the speed and efficiency of development.

A variety of actions can be taken to accomplish this. To train new generations of practitioners, universities can be encouraged to create or expand real estate education and related programmes in city planning, urban engineering, architecture, business, and public management. Mid- and upper-level professionals can benefit from short courses, lectures, forums, and best practices sessions.

Active real estate industry associations should be encouraged to grow and develop relationships with international organisations such as ULI. Cooperation among these types of organisations can bring people together through conferences, forums, workshops, and lectures. Such activity can also help to promote exemplary projects through awards programmes and publications. Some relevant topics to pursue include the following: waterfront development, mixed-use development, historic preservation, and building the public realm.

Conclusion and Next Steps

In responding to the ULI Forum Workshop recommendations, Deputy Vice Chairperson Ni Rong of the Shanghai Construction and Transportation Committee noted that Shanghai has gone through a transformation in recent years and has achieved many of its development goals but still faces numerous challenges ahead. Population densities, traffic, environmental degradation, and other urban issues must be addressed.

The city of Shanghai looks forward to ULI's continued active participation in the sharing of good examples and

“lessons learned” from other cities around the globe. The World Cities Forum that will take place in Shanghai in April 2007 will provide an excellent opportunity to share knowledge. In particular, the city of Shanghai wishes to learn more from global best practices as it proceeds with the 1-9-6-6 plan and with plans for post-EXPO development.

