What is my Ph.D. project about?

An example where the municipality increases property value
To "kick start" the development process the municipality increased the floor space ratio from max 200% to between 230-490%.

That made the project profitable for the developer, that otherwise would not have developed the area.

(Nielsen, Christensen and Pedersen 2004)

Disposition

• The Municipality's role in development
• The Developers role in development
• Economical effects of planning
• From the developers perspective
• Model understanding and approach
• Expected results
The Municipality's role in development

- Municipalities plan and give areas the usage possibilities (cf. Danish planning act)
- In general they must rely on others to develop and implement their planning

The Developers role in development

- It is the developers’ job to develop land (i.e. implement planning) – and to make a profit of it.
- Therefore the most interesting development area is that which gives the best profit
The Municipality vs. the Developer

- The municipality needs the developer to implement
  - and focuses on sustainable development of society
- The developer needs the municipality to plan
  - and focuses on profit

Economical effects of planning

There are different points on how planning effects value in literature:
- (Evans, A.W. 2004);
- (SBI, 2008);
- (Kalbro, T. 2007);
- And others

Figures are examples from (Kalbro, T. 2007)
Economical effects of planning

(2)

Agricultural land
On sale for 18 DKK/M²

Building site for a single family house
On sale for highest with of minimum of 750 DKK/M²

[www.aarhuskommune.dk, 17/01-08]

Economical effects of planning

(3)

- Land values in center of Aalborg
  (Estimated values)

[Nielsen, Christensen and Pedersen 2005]
Economical effects of planning (4)

- We know that planning has an influence:
  - The allowed use influences on the land value.
  - The allowed floor space ratio influences on the land value.

- It is however unclear:
  - How much does planning change value
  - How is this value change used by developers

From the developers perspective

- How do developers evaluate which area will generate the best profit?

- Is usage options given in municipal planning a part of this evaluation? – and to which extend?

- Do the municipality make plans that makes it hard for the developer to make a profit?
Model understanding and approach

\[
\text{Profit} = \text{Benefit} - \text{Costs}
\]

\[
\text{Profit} = \text{Salevalue}_{\text{atw}} - \text{Land-aquisition/\,} \text{\,value}_{\text{atw}} - \text{Land-preparation} - \text{Construction}
\]

- Supporting literature:
  (Healy, P. 1991); (Healy, P. 1992); (De Sousa, C. 2000); (Ratcliff, J., et.al., M. 2004); (SBI, 2008) and (Kalbro, T. 2007)

Expected results

- To identify which key factors effects the developers possibilities to make a profit in housing development.
- To say something about the key factors individual weight
- To identify the influence which municipal planning has on the housing development process from the developers point of view
Main sources

- (Evans, A.W. 2004)

- (Ratcliff, J., et al., M. 2004)

- (De Sousa, C. 2000)

- (SBI, 2008)

- (Healy, P. 1991)

- (Healy, P. 1992)

- (Nielsen, Christensen and Pedersen 2005)

- (Nielsen, Christensen and Pedersen 2004)

- (www.aarhuskommune.dk 17/01-08)