

The ABC location policy in the Netherlands

'The right business at the right place'

TNO Intro

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Context:**Introduction / presentation:**

In the past years, there has been a tendency of businesses moving from the city centres to the urban fringes. This is identified as one of the causes of the growing auto dependency among commuters. A promising way to achieve a reduction in car traffic is to encourage use of public transport through integrative land use and transportation planning. Locating companies near public transport facilities can reduce the growth of car mobility. This however requires a balanced policy. The land around public transport facilities is scarce and not all companies will make use of these facilities even when they are located near them. Companies with employees which can not easily use public transport and which produce large volumes of freight transport can better be located near motorway exits while companies with employees and visitors which do have the possibility to use public transport should be located around public transport stations. The ABC location policy introduced in 1989 in the Netherlands aims to achieve this better matching of companies and types of accessibility.

Objectives and policies:

The ABC location policy is designed to help reduce the growth of car travel. It is first introduced in the Fourth Report on Physical Planning in 1988. The policy aims to match the mobility needs of businesses and amenities with the accessibility of different locations (*'The right business at the right place'*). Besides the reduction of car use the policy also contributes to the reinforcement of the urban vitality.

The core element of the ABC location policy for companies is the classification of types of locations and types of companies. Companies are graded according to access needs and modal shift potential (mobility profile) while locations are graded according to their accessibility by public and private transport (accessibility profile). The accessibility profiles are graded A, B or C. A-locations are highly accessible by Public Transport. Examples of A-locations are major Public Transport nodes such as central stations in the larger urban areas. B-locations are reasonably accessible both by Public Transport and by car while C-locations are defined as typical car-oriented locations. Examples can be found near motorway exits in fringe areas having poor Public Transport access. R(est)-locations have bad access to both the road system and the public transport system (Table 1).

Table 1: accessibility profiles

Accessibility by public transport	Accessibility by car	
	Poor	Well
Poor	R-locations	C-location
Well	A-location	B-location

The mobility profiles have been determined for different homogeneous classes of companies in the Netherlands (Verroen, 1990) with comparable mobility characteristics. The main differentiating characteristics are: work intensity (the number of workers by surface unit), mobility of employees (the dependency on the car while doing business activities), the visitors' intensity (the number of visitors by surface unit) and the dependency on the transport of goods.

The ABC policy aims to match both profiles. The right matching of accessibility and mobility profiles is

presented in table 1. The policy aims to locate each company on a location with an accessibility profile in accordance with its mobility characteristics.

Table 1: matching of accessibility and mobility profiles

Mobility characteristics	Accessibility profiles		
	A-location	B-location	C-location
Work intensity	Intensive	Average	Extensive
Car dependency for business trips	Low	Average	High
Visitors' intensity	Intensive	Average	Incidentally
Dependency on freight transport	Low	Average	high

To enlarge the mobility effects, the ABC location policy is further enforced by limiting the number of parking places on A and B-locations. It is assumed that the good public transport accessibility of these locations facilitate commuters with an alternative and therefore legitimises a restriction of parking facilities. More proposals on pricing and control of parking in public space (at A-, B-locations) has been laid down in a work document on parking policy published by the Ministry of Transport (1991), the so-called 'Implementation report on parking policy' (Zwart, 1995, p.375). The *parking standards* presented in table 2 are implemented, serving as an example, not obligatory (Bosch, 1992, p.47):

Table 2: parking restrictions per accessibility profile

	Randstad and other urban regions	Other areas
A-locations	1:10	1:5
B-locations	1:5	1:2,5
C-locations	-	-

* 1:10 means one parking place on ten employees

The policy works both ways. It tries to allocate companies which are looking for a new place of business on locations with matching accessibility profiles. At the same time the policy tries to improve the accessibility of locations according to the mobility profiles of the present companies.

How does it rule?

Territorial and spatial competence:

Three government levels are involved in ABC location policy. The national level initiated the ABC location policy and made it official policy by including it in the Fourth Report on Spatial Planning. The Ministry of Housing, Physical Planning and the Environment has regional departments which monitor the implementation and advise the minister when to interfere with local decisions. Besides, the minister has to approve all provincial spatial plans. In case of conflicts, the minister can withhold approval and ask for corrections. Besides the ministry of Housing, Physical Planning and the Environment, the ministry of Transport is responsible for the implementation of the parking regulations. Their regional directorates monitor and enforce the regulations. While the provincial plans have to be approved by the national government, the regional and local land-use plans have to be approved by the provincial government. The provincial government also monitors the development of the real estate market. Balancing the demand and supply the provincial government has legal power to interfere when the equilibrium is jeopardised. The local governments have to make a land use plan which determines the spatial development of the municipality. The ABC policy has to be included. Although the provincial and national level have the possibility to interfere in local decision making, the local government has the initiative and all implementation have to be done by the local government. Their consent is therefore

indispensable.

Planned or adopted institutional arrangements:

The ABC location policy is initiated, formulated and formalised by the central government. The policy is included in the Fourth Report on Physical Planning which outlines the national urban planning strategy. The policy is implemented with the use of the existing and well-functioning Planning Act. No new laws or institutions were needed. In conformance with this Planning Act, official policies on the National level have to be included in spatial plans of a lower level like the provincial, regional and municipal structure plans and local land-use plans. Especially this local land-use plan plays an important role because is the only legally obligatory plan. Because national policies refrain from too much detail, local government has considerable freedom when interpreting and translating the national policies to their local situation. The ABC location policy deliberately left space for local fine-tuning. As it is written in the previous paragraph, the higher governmental levels have possibilities to interfere with local decision making using the powers which the Spatial Planning Act give them. However, ministers try to limit the number of times they need to overrule local or provincial governments. Once the policy is included in local plans, new requests for residence permits have to be granted in conformance with the operative plan.

Initially the task of implementation and monitoring of the ABC location policy was assumed to be a task for the new to set up regional bodies. These would include beside all local governments also non-governmental parties like public transport companies and real estate developers. Some responsibilities would be transferred from the provinces and the municipalities to this regional body, for example land policy (Bosch, 1990, p.37). However, the concept of regional bodies has been abandoned due to the resistance against another government level besides the local, provincial and national levels. Especially the transfer of responsibilities and funds from local governments and provincial governments turned out to be a problem. Only in the seven largest urban areas of the Netherlands the regional bodies still exist in a more modest form. In for example the urban region of Groningen the regional body is functioning quite successful.

The used tools:

The main instruments used are the mobility and accessibility profiles, the local land-use plan and the existing national planning framework declared in the Spatial Planning Act. The implementation is left to the local government which, in accordance to the Spatial Planning Act, have to include the accessibility and mobility profiles in the binding local land-use plan. The local land use plan restricts the possible functions of each area and ones the profiles are included in the plan all building permits should be issued in conformance with the functional description of the area. For example, the area around highways can only be used for distribution or industrial activities and the land-use plan should state that the area could not be used for offices. Furthermore, it is possible to regulate land use by building regulations, such as space-floor indices and maximum and minimum building heights.

Beside the use of the spatial planning act and its restrictive force, the ABC policy is also stimulated by government investments on A and B-locations. The investments aim to improve the attractiveness of locations and are thought to be functioning as a sort of catalyst for private developments. Two instruments used are locating public facilities in accordance to the ABC-policy and allocating infrastructure investments to project improving the accessibility of A and B locations. Moreover, private companies willing to move towards a location in accordance with their mobility profile can receive location subsidies.

Because the space on A and B-locations is limited, reallocation is needed. Most cities have a plan for urban renewal, which includes the upgrading of rundown inner-city harbour- or industrial areas. These urban renewal plans include the upgrading of areas around the railway stations and legitimises the

removal of companies with a C profile on an A- or B-location. However, there is no law which enables governments to order companies to move (except for extraordinary cases in which case the government can dispossess private property) and therefore these urban renewal plans are always made in corporation with the existing inhabitants.

Elements on the assessment of the results:

Implementation and deviations from the objectives:

The ABC-location principle is a simple and clear defined policy. The three accessibility profiles could be elaborated much more but now it is counted as one of the strengths of the policy. The simple conceptual framework of a limited number of accessibility and mobility profiles and the matching of the two on base of 'the right business on the right place' principle is counted as one of the strengths of the policy. While further differentiating of profiles would maybe approximate the reality better, the difficulties during communication and implementation would grow.

Nearly ten years after the implementation of the ABC location policy it seems that the instruments used to implement the policy is successful. Because the policy was executed by way of the already existing Planning Act, most local land use plans have integrated the ABC location policy. The global land use plan proved to be a relatively quick and effective instrument (Bosch, 1990, p.16). The fact that it is only obligated to be drawn up for outside the urban area, not within, has not been a problem as most municipalities have covered the inner urban area with plans as well (van Wee, 1993, p.47). The monitoring and control of the regional inspections differs between the but is in general it is working all right. However, it must be acknowledged that many local governments do not particular favourite the ABC location policy. They fear competition from neighbouring municipalities in the process of attracting new businesses. When it comes to concrete location decisions the regional inspections of the ministry of Housing, Spatial Planning and the Environment have to interfere regularly.

The implementation of the parking policy is much less successful. Especially companies have strongly opposed the parking regulations and it turned out that local governments are sensitive for complains. In practice, the parking standards proposed by the state are hardly followed by the municipalities. Monitoring and enforcement is not very rigorously. The fact that the Regional Departments of the Ministry of Transport and Public Works are responsible for this task instead of the regional inspectors of Physical Planning could be a cause.

Elements about assessment:

Evaluation of the conceptual framework

The concepts of mobility and accessibility profiles and the basic principle of 'The right business at the right place' are broadly supported among local practitioners. Its simplicity is both its strength as well as its weakness. While the concepts are easy to communicate, the small number of accessibility profiles end in criticism asking for a more detailed segmentation, which would resemble reality closer. Practitioners from smaller urban areas outside the Randstad have criticised especially the strong emphasis on public transport as the alternative for car. In these cities public transport has a long distance function while bicycle use is very high under commuters. Another criticism asks for more advanced accessibility measures incorporating characteristics on the origin side (now the accessibility profiles are based on characteristics of the destination only) [De Lange, 1999]. Urban planners have complained that the policy leads to mono-functionality.

There is also more fundamental criticism. It argues that the type of activity does not give enough explanation for the choice of travel mode by employees/visitors. The choice of travel mode seems to be mainly related with individual preferences of the employees, such as customs, habitude etc. The effects

of the settlement of businesses might be relatively few. It can be argued that the starting point of mobility profiles for businesses is wrong. Instead there should be an approach that puts the human behaviour centrally, with the total (desirable) activity and mobility pattern of types of individuals: the starting point should be mobility profiles of individuals (Dijst, 1990; Van Wee, 1993).

The extent to which 'the right businesses have been located to the right place'

The ABC-location policy is in effect for around ten years now. Its effectiveness can therefore be evaluated simply by analysing the movements of businesses the last ten-year. However, it must be acknowledged that the ABC location policy is only influencing the choice of new settlements and not existing ones. Therefore the effects will be low in absolute terms if the total business market is evaluated. This was already realised at the start of the policy. For example, research done in the regions of The Hague and Eindhoven [Verroen, 1990] estimates that in case all new settlements take place in line with the policy between 1989 and 2004, it will lead to an increase of about 10% of all the businesses being located in the right place.

To get 'the right businesses on the right place' two things are needed. Firstly, there should be enough 'right places' available. This has proved to be a problematic. Especially around the A-locations but also the B-locations new building space is limited. Many local governments solved the problem by being less strictly when assigning locations with the A-, B- or C-profile. Especially locations that are in between B and C (good road accessibility but limited public transport facilities) are receiving the B-profile. However, according to the Ministry of Physical Planning [Dieperink and Driessen, 1998] the amount of ABC-locations is decreasing. Between 1990 and 1996, the number of business sites grew with 21%, but mainly in the category of R-locations. In the west, about 20% of the sites are ABC-locations, compared to only 7% in the north. Secondly, companies should be willing to move to the 'right place'. Boks and Louter [1998] studied the development of employment densities at ABC-locations. In the period 1991-1996 growth mainly took place at B-locations, followed by C-locations. A-locations are lagging behind, due to the fact that they are located in already dense employment concentrations.

When evaluated on base of national figures the effects of the ABC location policy are limited due to the large amount of business areas, which remain unaffected by the policy. However, in the more urbanised areas there are some very successful cases. Examples are the development of the central station districts in the Hague and Rotterdam and the 'Brabantse Poort' in Nijmegen.

The extent to which employees of these 'rightly located' businesses change their mobility behaviour

For the summary of empirical evidence reported in this section the thesis of Van Wee has been used which includes a summary of empirical studies in relation to the ABC location policy (van Wee, 1993). The most important aim of the ABC location policy is the assumed mobility effects. It is assumed that employees of companies located on the 'right place' will make use of public transport more often. At the start of the policy in 1990 this assumption was funded by a number of surveys among inhabitants round railway stations. Also in literature the relationship between the distance to a railway station and mode choice is often affirmed.

The policy can be evaluated using surveys among employees of companies, which recently moved. There is no nation-wide evaluation yet available but there are results of several case studies. One successful example of the ABC location policy can be given by the Dutch Ministry of Housing, Physical Planning and the Environment itself. The ministry moved in 1992 to an A-location very close to the central station of The Hague. While before the removal about 40% of the employees used their car to commute, after the removal this percentage was only 28%, a decrease of 12 %. The use of public transport grew from 30% to 65%. In total around 70% of the employees changed the traffic mode. In another study a survey was held among a number of companies which recently moved to

Almere and Nieuwegein (both fast growing 'new towns'). It turned out that 55% of the employees at A-locations come to work by car, compared to 80% and 76% at C- respectively R-locations. The share of public transport at these locations is respectively 15%, 5% and 11%. But of the 20 moving companies studied, only 9 did settle at the 'right' location, fitting into their mobility profile. The importance of the additional parking policy is shown in a case study in Amsterdam. Studying the movement of businesses from C- to B-locations and from B- to A-locations it appeared that the use of the car did hardly decrease and the use of public transport did hardly increase. It was concluded that this was caused by the high supply of parking places at B- (twice the standard) and especially at A-locations (almost five times the standard).

There are also cases which confirm that the relation between distance to railway stations and the use of public transport works both ways. There are two cases of reduced public and slow mode use because of a removal from the city centre towards the city edges. Two former centrally located medical centres were concentrated at the Amsterdam Medical Centre (AMC) at the fringes of the city. The number of workers coming to work by motorised transport mode increased from 22 to 48%, meanwhile bicycle use decreased from 30 to 4%. The total amount of car kilometres increased by 116% [Trip and van den Berg, 1992, p.33]. The other example shows the effects on the travel mode of visitors. When the centrally located Academic Hospital of Utrecht moved towards the edge of the city ('Uithof' campus) the car use among visitors increased from 58 to 72% while the share of the railway decreased from 10% to 0. The share cyclists and pedestrians decreased as well.

It is expected that the largest mobility effects will be seen on the long term only, because the pattern of work and residential locations will only adapt slowly to the new situation. On the medium term most of the employees do not move (in accordance) with the company and their commute distance will therefore be extended. Van Wee showed that, when it is assumed that 50% of the jobs at C- and R-locations (excluding agricultural and small-scale businesses) would move to the nearest A- or B-locations, the total amount of car kilometres would decrease with 1,3% on the medium term and with 4,0% on the long term (Van Wee, 1997).

Conclusion: Lessons learned from this case:

From an institutional perspective, the ABC location policy is working quite well. The use of the already existing and well-functioning Spatial Planning Act did manage to include the policy in the various governmental plans (including sectoral plans). The expectations and assumed importance of a regional authority were both too high. The now existing regional bodies are less strong than planned but the implementation of the ABC location policy was hardly influenced. While it is correct that the integration between land use and transportation planning is in its essence a regional task, it must be concluded that it is worthwhile to use existing legislation as much as possible, before creating new institutional bodies.

However, due to severe criticism the implementation mechanism of the ABC location policy will most probably have to change. The current vertical co-ordination leaves too little space for regional initiatives and is often seen as restrictive. Local governments ask for more and more flexibilisation and decentralisation. They argue that local private and public parties together should make a comprehensive regional land use and transportation plan without too much interference of national concepts which are not adapted to their specific regional needs (De Lange, 1999). The different parties should come to an agreement in a contract, which should contain measurable standards to achieve. The national government, which is one of the parties, could monitor the process using these agreed standards and adapt their financial support on the effectiveness of the local policy. This would enable local parties to find a balanced mix of measures, which fits the region the best. It could open up new market-oriented approaches like the buying and selling of extra parking places, the self-financing of extra underground parking space, extra land-taxes on C-locations or the development of new location types which have a higher potential for alternative travel modes (like locations easily accessible using slow modes).

The ABC location policy successfully regulated public and private investments and has strongly strengthened the vitality of the cities. Firstly, the ABC location policy has concentrated public investments in infrastructure and public transport within the urban areas. Secondly, it has started large urban renewal programs to upgrade the inner city areas around the A-locations (harbour areas were changed in high density business and housing areas) and thirdly it attracted private investments to the city. Especially the strong development of B-locations meant a new economic impulse for the urban economy.

The mobility effects are not clear yet either. There are cases with positive modal shifts and cases with no significant modal shift. It is clear that strengthening of the A-locations will lead to more public transport use but the number of A-locations and the amount of building space left on these locations is very limited. Most of the business movements concern movements between B, C and R-locations and especially the mobility effects of movements towards these B-locations are unclear yet. There are indications that the additional parking policy can play an important role in limiting the car use of employees on B-locations. This could be the reason why the parking policy is the most criticised part of the ABC location policy. A more restrictive parking policy might work but will not be accepted by local partners. Nowadays there is more a tendency towards loosening the parking regulations rather than strengthening them..

To make the ABC-location policy successful the implementation of other transport policies and land use policies are of importance. The location policy can only function well when it is included into a well-balanced policy package. Push measures like car pricing and parking policy and pull measures like the improvement of public transport services are both important. Furthermore, the success of this policy depends on the availability all three accessibility profiles. Land use plans should actively enable the development of especially A and B locations.

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