AECOM

GENERATING SOCIAL IMPACT

PRESERVING AUTHENTICITY IN ASIA PACIFIC'S GROWING CITIES

In the third of a series covering our participation in the 2019 Urban Land Institute (ULI) Asia Pacific Summit, cities innovation and investment expert **Sylvester Wong** discusses how smart technology can help solve some of the most pressing issues raised by the region's rapid urbanisation.

Cities need incubators for homegrown culture. Think of it as succession planning. Worldwide, more people are living in urban areas than in rural areas. In Asia, home to over half the world's population, fifty per cent of its residents live in cities. This number is projected to reach 66 per cent in the next few decades. [1]

Well-managed growth can help to make the most of this 'shift toward the city', while lessening the environmental impacts resulting from rapidly developed metropolises. But even well-planned cities run the risk of losing their authenticity; the special sauce that makes them thrive and stand the test of time as livable, prosperous places.

Markets with exploding demographics are especially vulnerable. Often these markets are lower-income countries, where technology and smart city conversations may seem premature. Urban planning remains focused on basic resilience in the face of natural disasters, poverty, congestion and lack of infrastructure. Yet these may be the very communities that can benefit from a 'leapfrog' in urban planning approaches. →

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Long-time residents of Poblacion share their thoughts on recent developments in their community (image credit: Group Five Concepts)

A future-market model

The Philippines is just one example of such future markets. Half of its population of 108 million is aged 23 years or younger, GDP growth is over 6 per cent (pre-coronavirus levels), and has among the highest rates of social media penetration in the region.

In the heart of the Philippines' old financial district is an example that can serve as a model for many. Poblacion is the historic district of Makati City located at the centre of Metropolitan Manila, home of the city's government hub and a handful of old residential communities. Rapid gentrification has seen this 103-hectare barangay (the Philippines' smallest administrative unit) become a destination for homegrown restaurants, bars, and galleries attracting a diverse crowd of locals and travellers alike.

Located along the southern banks of the Pasig River, Poblacion has evolved from a pioneer downtown area to entertainment district to buzzing start-up territory.

From 2015–2019, it is estimated that land values in Poblacion have doubled and even quadrupled in some areas. But as location value increases, community authenticity and heritage are inevitably driven out. With urbanization rates continuing to climb, how can we ensure that cities like this are able to thrive and grow while retaining the qualities that make them unique, charming and most importantly, livable?

Preserving Poblacion's old soul for a new generation

For example, most of Poblacion's longstanding residents prefer the calm, quiet and uncrowded vibe of the 'good old days'. After all, this riverside community and its 400-year-old church was the fount of Makati City. Some are leaving because they are unhappy with recent changes. Others are being pressured to sell their property to make way for new developments.

Residents and entrepreneurs alike are keen to maintain the old soul of the city; not only is it part of its social identity, it is also the economic differentiator that sustains≈relevance and competitiveness amongst other districts in the city and regionally. They have a vested interest in keeping the history and traditions of Makati alive. In 2006, a conceptual plan for Poblacion's heritage zone was established, but it has yet to be followed with a master plan or development guidelines. Citizens have determined that heritage conservation is a major priority, but are at a crossroads when it comes to implementation.

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Infrastructure and technology as equalisers

The challenges faced by Poblacion are like those in many rapidly urbanising cities across Asia: overcrowding, pollution, lack of security, economic challenges and traffic congestion, among others.

In an emerging market, such as the Philippines, the urgent need for infrastructure prompts more inclusive public and private sector planning that integrates connectivity, mobility, and sustainability. The trick is to focus on the basics while linking to the area's cultural heritage.

Far from being considered too advanced for these missions, technology and big data are essential tools for today's citizens and their cities. They can help to quantify otherwise intangible value, enable inclusive future-ready planning, enhance governance, and drive accountable urban infrastructure investment through fintech — when combined effectively, these two elements can foster growth with authenticity.

Tackling congestion

At present, the Philippines loses the equivalent of around 7 per cent of its GDP to inefficiencies. That's over US$20 billion. It's no surprise then, that out of 148 people surveyed in Poblacion, 92.6 per cent listed traffic as one of their top five pressing issues. Lack of parking was the second most mentioned with 85 per cent of respondents selecting it amongst their top five.

The Urban Land Institute's Technical Advisory Panel (TAP) explores how emerging technologies can shape transit, real estate and city planning efforts, and strengthen accountability in urban infrastructure investment. On top of interviews, surveys, the city's Comprehensive Land Use Plan and parking ordinance reviews, the TAP — via collaborating data science firm, Thinking Machines [2] — used data collected from the Waze [3] app to map out the city's traffic flow.

Pulling together a year's worth of traffic incidents reported on the app, the TAP was able to paint a comprehensive picture of Poblacion's accidents, hazards, traffic jams, road closures and flooding patterns. This data can be used in several ways: to test out new traffic-flow patterns, deploy traffic officers based on live information, as well as encourage bike and walking-first policies in certain areas.

Old homes now mingle with restaurants, bars, and hostels in the narrow streets of Poblacion

Planning to maintain authenticity

In the short term, cities need quick wins: solutions that will help to reduce the vulnerability felt by small and medium-sized enterprises (SMEs), especially when there isn't a strong revenue stream flowing in. For Poblacion, the TAP recommends using a tech platform to provide transparency into future planning works and give citizens a chance to get information while participating in the process. More than ever before, gentrifying cities need to keep an open path for their youngest citizens to earn a seat at the table through creativity, grit, and passion.

In the medium term, a focus on fintech is essential to facilitate the collection of revenue to fund tactical improvements on issues, such as safety and traffic congestion. Part of those improvements might involve the deployment of tech-enabled personnel during peak hours, including neighborhood concierges and safety officers. These enhancements create an environment that allows the authentic identity of a city to shine through, despite rapid growth and development.

Long term, cities should allow value to be derived from real estate while protecting the participation of SMEs that help build a city's real character. This can be through creative equity structures, such as pooled management through Business Improvement Districts (BIDs) or special purpose vehicles (SPVs) to own and operate districts, where tenants who add value can participate in either actual equity ownership or equity-like profit-sharing.

Value rising as a result of popularity can force out the very individuals who add that unique value to a community. To counter this, we must create an upside for the original tenants who were attracted and empowered by an area's initially low rent cost. Empowering these contributors to stay and thrive — while market-driven land value rises — helps to lock in homegrown culture.

Digital transformation in the land law profession helps reduce the costs of structuring these complex arrangements. The more that unconventional locations get on digital payment platforms, the easier it is to enforce fair play to the apportionment of profits and fees toward the collective maintenance and improvement of the district.

The TAP also aspired for Poblacion to achieve low carbon, sustainable growth in the long-term. This can be achieved, in part, through a transit-oriented district with parking maximums or exclusion zones, high-speed connectivity, smart monitoring of water, waste and flooding, as well as green transit policies that help to increase property values and importantly, make the city more livable for its citizens.

The road ahead

There is no question that the future is going to be massively urbanized. To preserve the old soul of our cities, it is critical that we work on future-proofing businesses and making old and new cities alike into smart cities. Future-readiness is based on unlocking the innovative value of the people at their most creative level, which can be found at the convergence of technology, infrastructure and cities.

Looking at cities such as Hong Kong, Shanghai and Tokyo, infrastructure has played a key role in making these into the multi-polar cities that they are today. Yet each of them maintains several heritage preservation efforts. This positive growth story can be repeated throughout the Asia Pacific region and many cities, including Poblacion, are turning to smart technology to do it.

These efforts are enhanced with strong cross-sectoral partnerships, such as AECOM's collaboration with Urban Land Institute (ULI), to best harness the data and insights coming from the advances in technology. Together, we can use the information to develop resilient, sustainable city plans that ensure authenticity is preserved, homegrown culture can thrive, and that the community — including future generations — is always a key contributor to, and beneficiary of, derived economic growth. WL

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