CITY DEVELOPMENT AND COVID

Views From Our Clients:
Urban Solutions

HATCH

Inspiring positive change in global cities with robust **quantitative evidence**, deep **technical expertise**, and ambitious **strategic vision**.

About Us

Hatch's Urban Solutions practice helps reshape the world's cities and places through innovative technical and strategic consulting services, including economic research, masterplanning, place-based strategy, policy advisory, business planning and feasibility, triple bottom line analysis, programme evaluation and climate and resiliency strategy development.

Our strategic consulting services support cities and places as they face the evolving pressures of densification, extreme climate events, growing social inequity, limited finance and leadership, and increasing competition for talent and investment.

Our team currently consists of 75 staff based in the UK, US, South Africa and Canada.

We are part of the Hatch infrastructure team that brings together the world's leading engineers and strategic advisory services.

Our Pulse Survey

To understand the impact of the COVID-19 pandemic, we conducted a Pulse Survey with some of our closest clients. We wanted to better understand how organisations, locations, and sectors are responding to the COVID-19 pandemic, and to identify and share innovations. We also wanted to hear views on the future – namely what the recovery path might look like, how they might adjust what they do, and how they will adjust.

The clients we contacted were primarily urban practitioners working for central and state governments, local governments, transit providers, developers, city development agencies, economic development agencies, ports and a range of other relevant organisations.

The questions we asked our clients are set out overleaf.

The survey was conducted June through July 2020.

We have surveyed 54 clients spanning the US, UK, Middle East, Canada and Africa. Most are urban practitioners working for central and state governments, local governments, transit providers, developers, city development agencies, economic development agencies, ports and a range of other relevant organisations.

Survey Questions

Questions we asked on the **LAST FOUR MONTHS** (March-June)

To what extent has COVID impacted the nature of your operations to date?

What proportion of your organisation's management time and resources over the last four months has been diverted into emergency COVID response planning?

In your opinion, how robust and comprehensive has your organisation's immediate COVID response strategy been?

What positive innovations have you seen in your organisation, or in organisations similar to your own, in the last four months?

Questions we asked about **LOOKING TO THE FUTURE**

To what extent will COVID negatively impact your longer-term ambitions?

As you look to the future, what are the main changes likely to be for what your organisation does, or how you do it?

How long will your recovery path be to something you consider normal?

As you look to the future, what are the reasons to be optimistic for your organisation?

Survey Findings

While the impact has been deep, there is reason to be optimistic about a post-COVID-19 world.

Impact

→ **Significant initial impact, but longer-term confidence.** Nearly 70% of organisations said COVID had a reasonably significant or significant impact on operations within the first few months of COVID. However, after this period of adjustment, most were able to continue their operations, although this was largely dependent on the sector and type of job. Nearly 20% of organisations experienced deep and fundamental changes, but many noted that flexibility around working remotely, and the trust that accompanied this shift, was a welcome change. 25% of organisations said there would need to be a 'very significant adjustment' to their longer-term ambitions, and most of these were public sector organisations, including municipal governments and transit agencies. None of the organisations feared going out of business.

Response

→ **Digital adoption has accelerated.** Digital technologies have become ubiquitous across organisations and are empowering its people to improve productivity and make faster, better decisions. Many organisations reported that COVID catalysed them to adopt, develop, and invest in new digital systems as their workforces shifted to remote working. One organisation mentioned that their move to e-commerce was accelerated by 3 to 5 years. Another organisation described the seamless switch to working from home because of investments in technology.

→ **A positive shift in organisational culture.** Organisations have seen greater trust amongst teams and organisations have embraced flexibility as strength. Many organisations noted the benefits of flexible working and working from home, with one organisation noting that they had come to recognise the efficiencies that accompany working from home, while another mentioned 'an enhanced empathy with employees' throughout the organisation.

→ **New and enhanced ways of working.** Organisations have also created new workflows to improve staff engagement and have seen an increase in productivity. Some organisations also mentioned the 'upskilling' of their employees around technology skills and capabilities. One organisation said that familiarity with technology was now a 'point of necessity', and that their employees had adapted accordingly.

Recalibration

→ **Optimism for the future.** Many organisations noted that their longer-term ambitions were unchanged, but that the path to success may look a little different than pre-COVID. 80% of organisations thought it would be at least a year or more before things were back to 'normal', and that the average recovery time to something resembling normal operations would be about 2.5 years. Many organisations referred to previous crises (specifically September 11th and the 2008 Financial Crisis) and how they took on these challenges and came out stronger. While recognising that in the next one to two years things may be rough, almost all organisations had an optimistic view of the of future. 9% of organisations thought they would never be back to 'normal', but many noted that due to increased flexibility in ways of working (such as working from home) and accelerated technology adoption, not going back to normal was framed as a positive.

→ **Increased focus on business sustainability and resiliency.** COVID has highlighted awareness of blind spots and the need to focus on improving previously lacking parts of the organisation or business. Asset and business resiliency and sustainability were noted as key areas of focus going forward. As some key business areas and sectors have been heavily impacted, many organisations talked about resiliency planning and strategies going forward. One organisation said that, 'sustainability and resilience have been tested in new and different ways, and sustainability and well-being will be at the forefront of all our conversations over the next several years.' Another noted that COVID 'exposed the need for us to accelerate our sustainability and resiliency efforts.'

→ **Recovery with a lens of equity and equality.** Recovery with a focus on diversity and equality was noted as key, particularly amongst organisations located in the US. Several organisations highlighted the importance of responding to COVID in the context of the recent Black Lives Matter protests across the world. One organisation noted that, they now look at the organisation from a 'position of equity and equality', noting that while they've always recognised this, they now see a need to accelerate their work from their perspective. Another organisation noted that rebuilding their organisation will be done at the 'intersection of COVID and the inclusion of racial equity' and that they will be taking a more equitable approach to their work.

Conclusions

→ **Transformations to many elements of the urban environment.** Many organisations spoke of a blended approach to how they will conduct business post-COVID, such as permanently implementing 'set office days' and the flexibility to work from home. We expect these workplace shifts to catalyse changes to the urban environment, impacting everything from land uses and placemaking, to transit and commuting, to consumer spending patterns and the location of retail and hospitality services. We expect to investigate and answer the following questions for months and years to come.

- **Transit:** How might demand changes impact transit networks? How might the value proposition for transit stations and transit-oriented development change?

- **Placemaking:** How might the meaning of place be redefined? What spaces might be repurposed for new and innovative uses? How might our uses of certain urban spaces change in the long-term?

- **Economics:** What will cities and urban real estate development need to invest in to remain premier destinations for employment, recreation, and culture? How might the value of place and real estate be redefined?

- **Land Use:** What new land use patterns might emerge, and where? How might services, land uses, and the public realm change based on where people are now living and working?

- **Community:** How might the public and private sector respond to calls for equity and sustainability in the context of urban development? How might organisations engage with the community, customers, and stakeholders in new ways?

Question **1**

To what extent has COVID impacted the nature of your operations to date?

- The majority (69%) of organisations said COVID has had a reasonable or significant impact on operations

- No one said there had been no impact

- 19% said they have experienced deep and fundamental changes to their operations over the last 4 months

- 60% said that COVID has caused significant impact or deep and fundamental change. The percentage was highest amongst our local government clients

- Many organisations have seen a shift in how they operate, such as moving to digital working and working from home

"*The entire business model is being reviewed. A plan for alternate revenue is important***"**
Transit Agency – South Africa

"*We've had to completely alter our approach to operations, specifically, cleaning of the terminal, operational equipment and the handling of maintenance. As a port, we are an essential service and must remain operational***"**
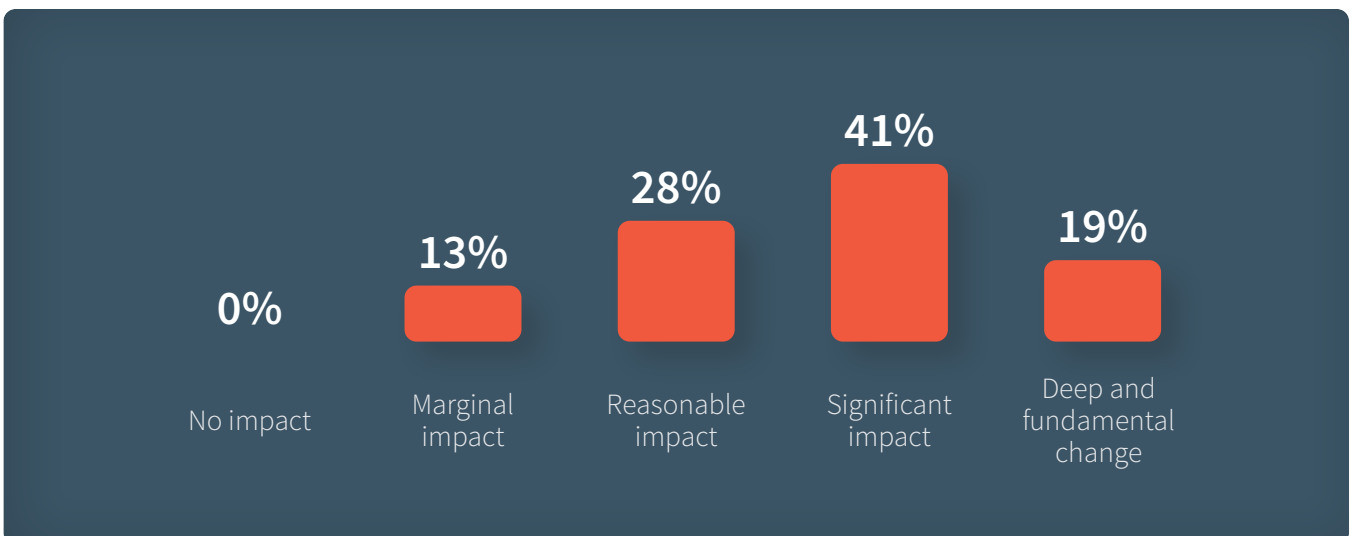**Port Operator – US**

"*It has impacted upon the operations of the Authority fundamentally. Not just home working, but fundamentally doing different work. Various teams are responding to the health and social care, whilst leading wider place and economic responses***"**
Local Government - UK

"*The City has done a good job continuing to operate as usual, there's been no decrease in workload and people can work remotely. We needed to develop digital systems and this was a good catalyst. But there have been delays with local community outreach and its hard to reach people***"**
Local Government - US

0%	**13%**	**28%**	**41%**	**19%**
No impact	Marginal impact	Reasonable impact	Significant impact	Deep and fundamental change

Question **2**

What proportion of your organisation's management time and resources over the last three months has been diverted into emergency COVID response planning?

- All respondents have had at least some of their management time/resource diverted to the COVID emergency response

- 41% of organisations had between 30-60% of their time diverted

- 15% of organisations have diverted virtually all of their time to COVID response. This rose to 39% amongst Local Government respondents

- 20% of organisations had less than 33%, and it appears to be primarily developers and investors at this end of the spectrum

"Everything we do has been impacted, and everything we have to do is a response to COVID. There hasn't been a single service that hasn't had to change delivery"
Local Government - UK

"Lots of administration staff have taken COVID response, and they have shouldered most work to keep work flowing so less impact to operations"
**Port Operator - US**

"Lots in the beginning, but has shifted now to a lower level now everyone is familiar with protocols and technology"
Developer/Investor - US

"The week leading up to the start of lockdown was intensely focused on emergency response planning and executing business continuity measures. Beyond this, there has been little more effort needed"
Port Operator/City Development Agency – South Africa

None	Some, but less than 33%	30%-60%	60%-90%	Virtually all of it
0%	20%	41%	24%	15%
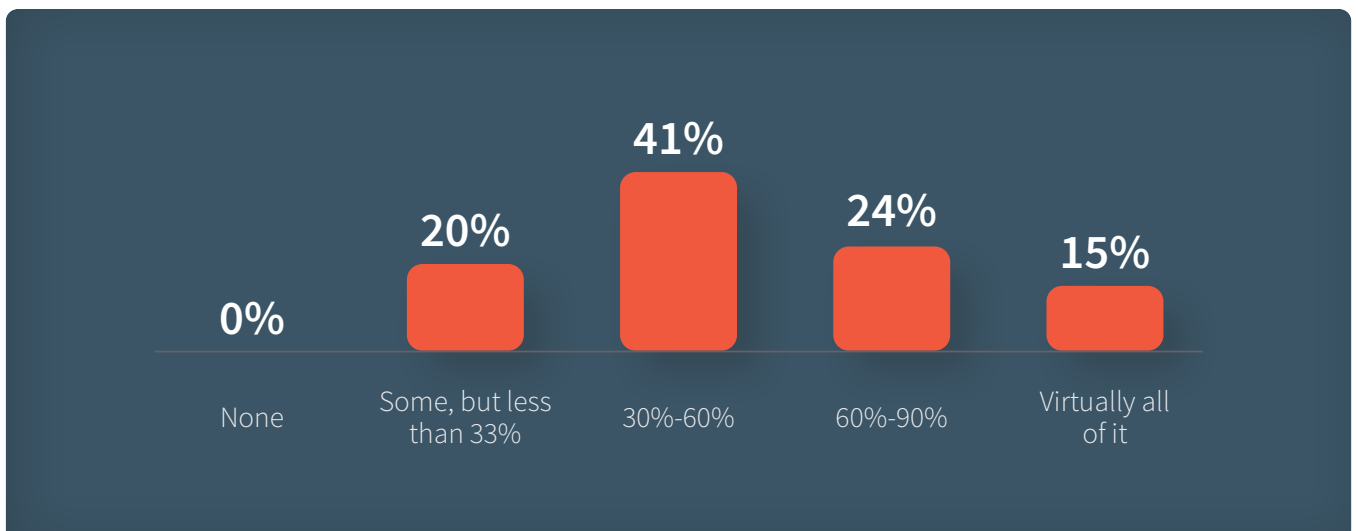
Question 3

In your opinion, how robust and comprehensive has your organisation's immediate COVID response strategy been?

- The overwhelming majority (65%) of those who responded felt their organisations' response to COVID was impressive

- 13% thought the response had been 'best in class' and attributed this to very quick responses, the creation of response strategies and the set-up of emergency response teams

- 4% responded that the response was 'not great'. One of these organisations said "We did the basics, but there was poor information, with conflicting approaches to managing COVID response. There wasn't enough resiliency in operations"

"Have not been more proud in 27 years at my company. The leadership and communication has been outstanding"
Local Government - Canada

"The response strategy has been extremely successful. There has been limited to no impact to organisational productivity"
**Port Operator/City Development Agency – South Africa**

"We had our own COBRA style team in place and were very quick to adapt - including holding daily briefings. This was largely driven by health & safety rigors of the construction side of the business"
Developer/Investor – UK

"Intelligence gathering has been good and the organisation is seen locally as leading recovery planning. Resource is a challenge though"
Sub-Regional Coordination Agency - UK

Non-Existent	Not great	Reasonable	Impressive	Best in class
0%	4%	19%	65%	13%
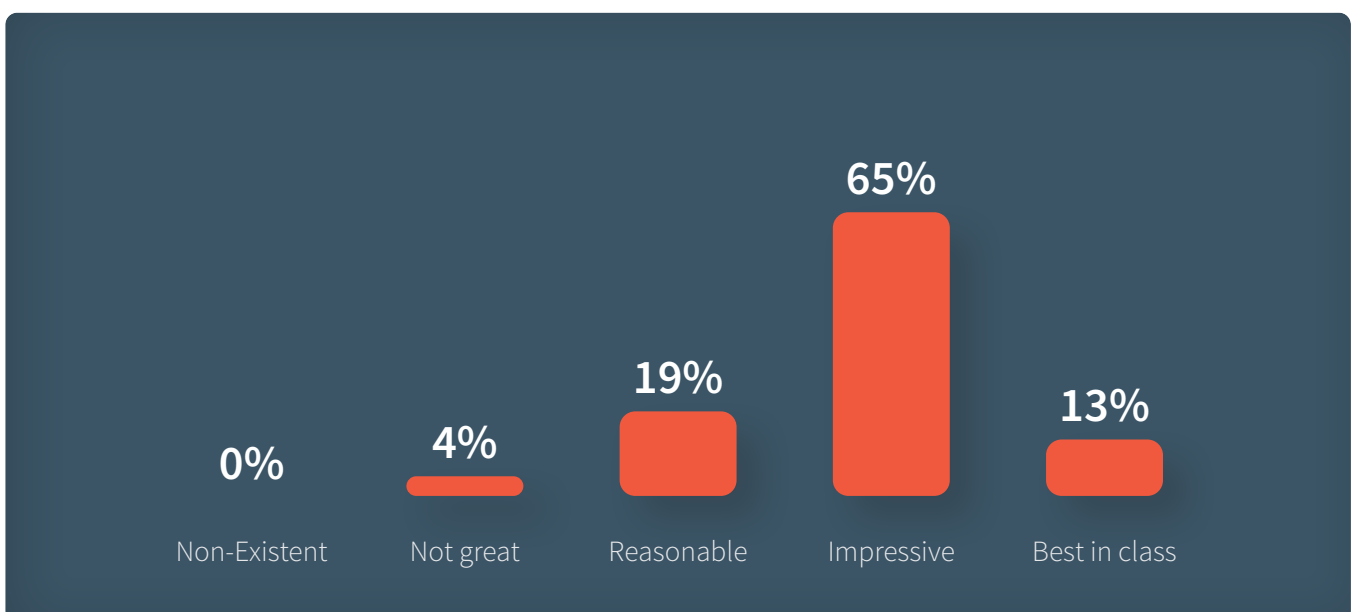
Question **4**

What positive innovations have you seen in your organisation, or in organisations similar to your own, in the last three months?

- Organisations are realising the benefit of flexible working and working from home, particularly in sectors that did not regularly work from home before

- There has been a shift to more digital ways of working which has been both positive for productivity and enabled staff to improve digital skills

- Some organisations have seen an acceleration towards new business models or ways of operating that would have previously taken longer to implement

- Organisations which have embraced digital working have found new ways to connect with their employees and connect with those in other parts of their business. Some are experiencing benefits to staff engagement and productivity as a result

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"*We've come to recognise the efficiencies that accompany working from home. Post-COVID, we will be rethinking our approach to the workplace***"**
Developer/Investor – Canada

"*Our move to e-commerce has been accelerated, probably by 3-5 years***"**
Developer/Investor – Canada

"*1) Willingness to accept people not being in the office; 2) re-evaluating the 40 hour work week; 3) Understanding and accepting the importance of conference calls/Zoom/video calls***"**
Developer/Investor – US

"*Accelerated digital transformation and an enhanced empathy with employees. We're now developing new workflows to improve staff engagement and productivity***"**
City Rail Operator/Transit Agency – South Africa

"*There are two that come to mind: 1) Our investment in our digital infrastructure has demonstrated that working in a more flexible way is possible, and the switch to home working was seamless. 2) We were quick to anticipate the impact to customers and consequently acted before problems emerged***"**
Port Operator – South Africa

"*Working remotely is amazing. A lot of travel on monthly basis was required and has now changed to working remotely. This has changed our way of thinking and we see that it can work effectively. This was not really something that was done in the Mining sector before***"**
Mining Organisation – South Africa

"*It's really been around technology. Prior to COVID, there were only a couple of people in the organisation who had good technical skills. Now, we've all become familiar as a point of necessity***"**
State Government Agency - US

"*I now talk more regularly to more colleagues in more areas. Senior people are seeing the power of these tools. It has also allowed us to step back and think about the skills we need and our future workplace***"**
Sub-Regional Coordination Agency - UK

Question **5**

To what extent will COVID negatively impact your longer-term ambitions?

- 48% of organisations responded that there would need to be some 'reasonable adjustment' to their longer – term ambitions due to COVID

- 25% of organisations said there would need to be a 'very significant adjustment', these were predominantly local governments, sub-regional co-ordination agencies or city development agencies

- No one was concerned that they would not survive in the long-term

- 6% said there would be 'no negative impact'. Many organisations noted optimistically that COVID could drive positive change and give their organisations a reset to rebuild up some areas

"*Its all about money now – The City has a huge deficit***"**
Local Government- US

"*When furlough winds down and we understand employment losses it could be a very significant adjustment. However, it is too early to say at this stage. A recurrence of COVID could be a bad situation***"**
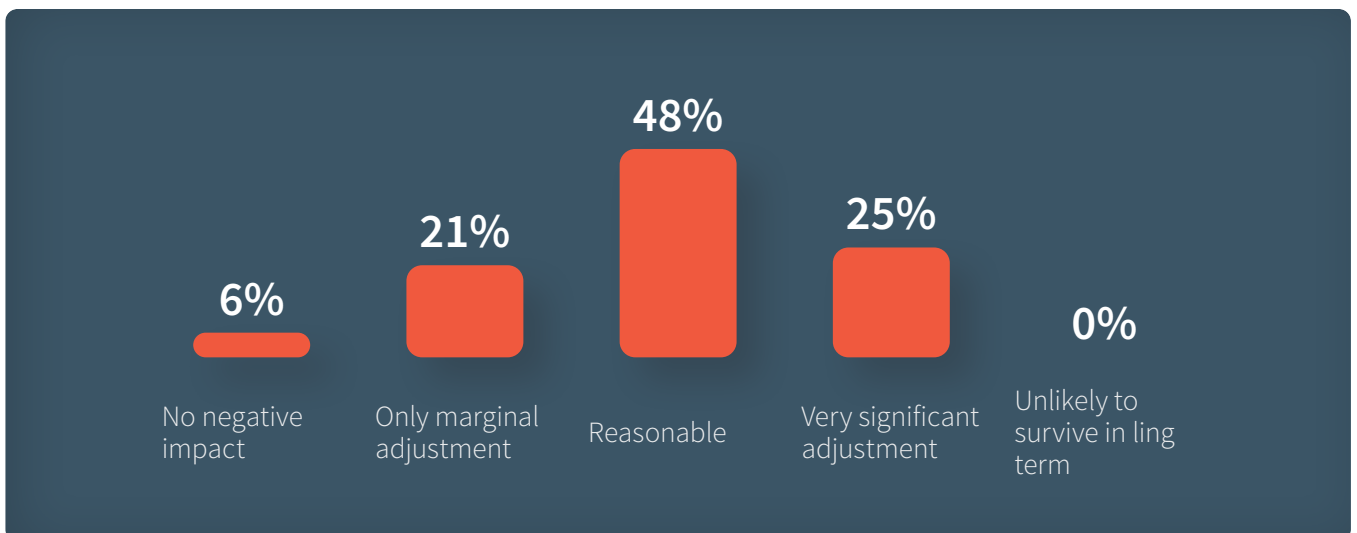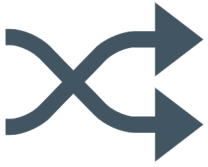**Local Government - UK**

"*The impact to airlines has been deep and lasting. A drop off in passenger and cargo volumes challenges the traditional business model of the development zone. New resiliency strategies become important***"**
City Development Agency – South Africa

"*Our strategic aims are not affected, but what we need to do to achieve our aims has changed. More resilience is needed now than ever before. To get to the same outcome, we need to do things differently***"**
Sub-Regional Co-ordination Agency - UK

6%
No negative impact

21%
Only marginal adjustment

48%
Reasonable

25%
Very significant adjustment

0%
Unlikely to survive in ling term

Question **6**

As you look to the future, what are the main changes likely to be for what your organisation does, or how you do it?

- The main changes reported by organisations were around the workplace and changing working practices

- Moving towards greater flexibility was mentioned as a key change for many

- A number of organisations highlighted the importance of responding to COVID in the context of the recent Black Lives Matter protests across the world. Recovery with a focus on diversity and equality was seen as key, particularly amongst organisations located in the US

> "*Things will definitely change - they have to change. In addition to COVID, the past few weeks have caused the organisation to look at itself from a position of equity and equality. While this has always been part of our mission, we recognise that we need to accelerate it. It's an important subject that will definitely change what we do in the future*"
> **State Government Agency - US**

> "*The main ones are flexible working and an appreciation of being able to work from home. This required a leap of trust by the company as they were too afraid to do this before. Working at home is going to be the catalyst for change*"
> **Developer/Investor - UK**

> "*Sustainability at every level and business resiliency. Adopting more collaborative approaches is key to succeeding in the future versus having purely transactional relationships*"
> **Port Authority – South Africa**

> "*There will be a more blended approach to how we do business. Reduction in some face to face meetings but a preference to maintain face to face contact where appropriate. We need to take the best of what we have learnt from the experience so far. However, lots of organisations have realised they can operate in a leaner way and this may result in more redundancies*"
> **Sub-Regional Coordination Agency - UK**

> "*Construction will continue to build on digital innovation and technologically-driven delivery (automated building), and will continue to push on technological incorporation of new tools*"
> **Developer/Investor - US**

> "*Reduced office size as there's no need to have the same real estate footprint. More stakeholder awareness. Retail was already changing fast – we need economic development business support*"
> **City Rail Operator/Transit Agency – Canada**

Question 7

How long will your recovery path be to something you consider normal?

- The overwhelming majority of organisations (80%) thought it would be at least a year or more before things were back to 'normal'

- 9% of organisations thought they would never be back to normal

- Many questioned whether this was a 'new normal' and whether going back to the pre-pandemic status quo was even desirable

- Those who thought they would be back to normal the fastest (within months) were either developers/investors or governments

- Using mid points, we estimate that on average our clients expect it to take 2.5 years to return to what they consider normal operations

> **"**Whilst COVID will have an impact on our area, current indications are that it will take us 3 years to recover to our pre-COVID position**"**
>
> **Sub-Regional Co-ordination Agency - UK**

> **"**There will be no return to normal and that shouldn't be the standard. We should not be thinking about a return to a condition that was not what we wanted to begin with. What people were experiencing before should not be the standard of what is good or desirable**"**
>
> **Local Government - US**

> **"**Things will never return back to the 'old normal'. Operations will change fundamentally, and our customer base will change as well.**"**
>
> **Developer/Investor – South Africa**

> **"**We don't think we'll stop thinking about COVID for a long time. We are already looking at evaluation plans for work to be commissioned and there will be specific COVID questions in there for most evaluation work from here on.**"**
>
> **Central Government - UK**

> "This is a new normal."
>
> **Developer/Investor - Canada**

0%
Few more weeks

11
Months

39%
1 to 2 years

41%
2+ years

9%
Probably never
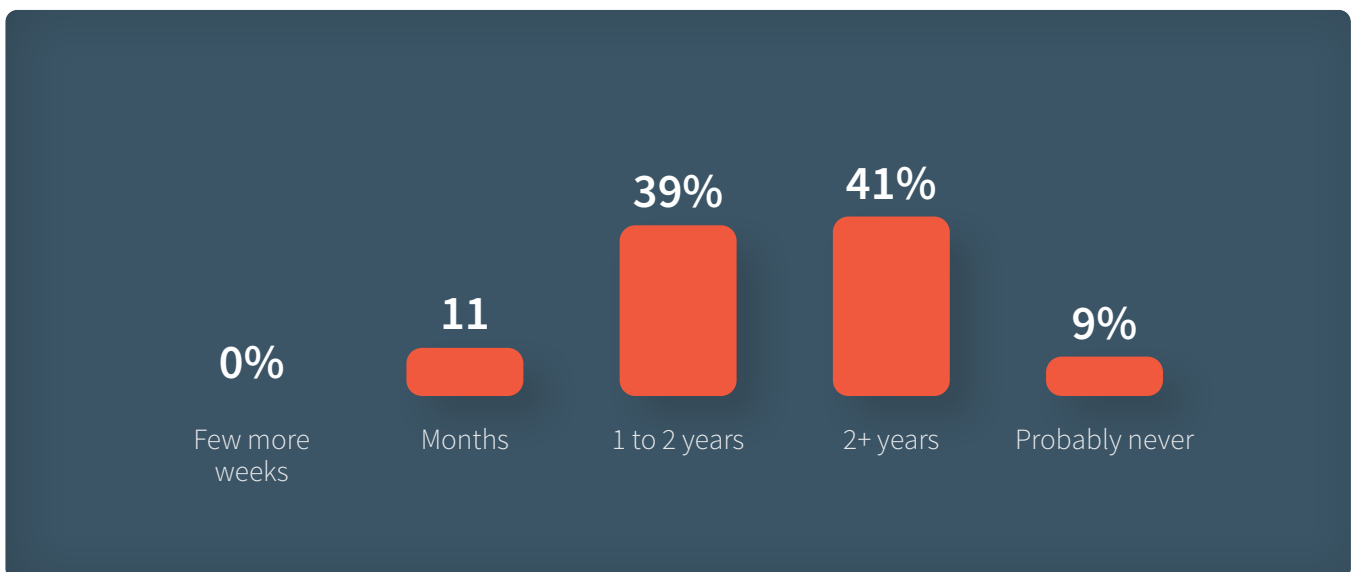
Question **8**

As you look to the future, what are the reasons to be optimistic for your organisation?

- Across the different countries, organisations felt there was still a strong need for economic development and saw a key role for themselves within this

- Many organisations referred to previous crises (for example,9/11, 2008 financial crisis) and how recovery from those has been strong

- A number of organisations feel that COVID has brought to light key issues such as sustainability, equality and building in resiliency and has placed much needed focus on these topics

- Reference was made to improvements in collaboration and a greater willingness of different organisations to work together going forwards

> **"**COVID19 has shone a light on deficiencies and 'organisational clutter'. With these sharply in focus, we can confront the challenges knowing enough pressure has been created to act swiftly**"**
> **City Rail Operator/Transit Agency – South Africa**

> **"**Partnership working and willingness to collaborate. Lot of new ways of working which will be really positive for the region going forward**"**
> **Sub-Regional Co-ordination Agency - UK**

> **"**There is still a housing crisis in the UK and pent up demand for housing. As an organisation, we are very strong on Health and Safety protocols to cope with future outbreaks now**"**
> **Developer/Investor - UK**

> **"**There's been three big events for us before this: 9/11, 2008 financial crisis, Hurricane Sandy. New York City and our organisation all came out better than before from these crises. We took on those challenges and came out stronger. It can be the same thing now**"**
> **City Development Agency - US**

> **"**The pandemic and social justice issues are fundamental shifts that illustrate the changed approach in dealing with communities. This will lead to more systemic thinking on how to solve problems**"**
> **Local Government - US**

> **"**Sustainability and resilience have been tested in new and different ways, and sustainability and well-being will be at the forefront of all our conversations over the next several years**"**
> **Local Government - US**

> **"**A city will always need strong civic leadership and services. We've learnt lessons and we have innovated and been resilient. The spirit of the city will shine through**"**
> **Local Government – UK**

> **"**I am heartened about how people have reacted to this crisis. We will adapt and this will become the 'new abnormal'**"**
> **Port Operator - US**

About Hatch

Hatch is a premier, employee-owned global professional services firm that delivers a comprehensive offering of strategic and technical engineering and program management services across the globe.

Hatch is an employee-owned global professional services firm that delivers a comprehensive offering of strategic and technical engineering and program management services across the globe. Established in 1965, Hatch has over six decades of business and technical experience en-compassing planning, real estate, technology, finance, engineering, and management and strategy consulting. With approximately 9,000 people in over 65 offices, the firm has more than $50 billion in projects currently under management. The Hatch client base includes an impressive list of governments, owners, operators, lenders, and investors globally. While the firm's origins are in technical and engineering services, Hatch has evolved into in a full-service strategic advisory firm focusing on our clients' needs for upfront project structure, market intelligence, and decision-making frameworks to ensure that projects are defined and delivered with client objectives and priorities.

Hatch Urban Solutions

Urban Solutions is the economics, urban planning, and real estate strategy arm of Hatch, providing strategic economic development services to public and private clients. These include financial and market feasibility, economic policy, real estate advisory, infrastructure advisory, planning and development, strategic planning, and financial advisory services, including private-public partnership advisory. With our team's exceptional skills in data analytics, financial analysis, and strategy formulation and prioritization, the Urban Solutions offering builds upon Hatch's proven track record in the execution and delivery of major projects.

In the face of unprecedented demographic, economic, climate and technology change, we help reshape global cities through innovative technical and strategic consulting services for public and private clients, enabling them to:

- Drive smarter developments
- Anticipate climate change
- Create inclusive communities
- Secure financing
- Increase competitiveness

Strategy

Visioning & Spatial Planning
- Growth & Regeneration Strategies
- Economic & Spatial Masterplans
- Real Estate Strategy
- Public Private Partnership Advisory

Expertise

Deep Technical Capabilities
- Smart Infrastructure
- Ports & Marine
- Rail & Transport
- Aviation
- Energy
- Water

Evidence

Rigorous Quantitative Analysis
- Socio-Economic Impact Assessment
- Benefit Optimisation
- Cost Benefit Analyses
- Economic Appraisals
- Business Cases
- Programme Evaluations & VfM

Reshaping global cities with **robust** quantitative evidence, **deep** technical expertise, and **ambitious** strategic vision.

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