Successful Regeneration: Perspectives from England

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Background

In July 2010 RICS hosted a panel discussion at the National Regeneration Summit in London, as part of its ongoing *Vision for Cities* policy and research programme.

The panel was tasked with discussing the broad title: *Investing for success or managing decline: where should the money go?* It quickly became clear at the event that rather than just focusing on the spatial priorities within regeneration spending, the fundamental issue relates to **the key factors required to drive forward sustainable regeneration in the context of economic growth.**

This paper captures the essence of the panel discussion at the event, breaking it down into the eight key factors which enable governments, communities and others to deliver more for less in the current economic conditions. While the contributors may not necessarily endorse all of the points, these are a reflection of the overall discussions on the day.

While these principles are taken from an English context, it is hoped that, with further scrutiny and analysis during the RICS Vision for Cities programme, key global sustainable regeneration principles can be identified.

The panellists:

- Chris Brown FRICS FRSA, Chief Executive, Igloo Regeneration (Chair)
- Lord Heseltine, Member of Parliament from 1959 to 2001, Deputy Prime Minister from 1995 to 1997, and currently heading up a Cities Taskforce for the UK Government
- Chris Balch MRICS, Chair of Basildon Renaissance Partnership
- Jonathan Naughton FRICS, Urban Futures and Chair of the RICS Land Use and Infrastructure Policy Panel
- Peter Andrews MRICS, Chief Executive, London Thames Gateway Development Corporation

Cover photo: Canary Wharf, London

About RICS' Vision for Cities programme

RICS' Vision for Cities programme is about examining visions for cities of the future and defining ways to deliver the sustainable urban settlements of 2020/2030 and beyond.

In March 2010 RICS launched its Vision for Cities programme at MIPIM, an international property convention in Cannes, France. At the launch RICS published a discussion paper which scoped the key drivers affecting cities around the world as the context for examining the planning and delivery of infrastructure to drive economically, environmentally and socially sustainable urban growth. The publication of the paper led to numerous professionals, academics, and policy makers expressing an interest in being involved in the programme.

Under Vision for Cities RICS will continue to hold a number of events, publishing papers and considering research which ultimately supports city decision makers, as well as property professionals, in delivering sustainable urban growth in the 21st century.

01 Strong local leadership

The importance of strong leadership of regeneration schemes was a commonly shared view among the panellists, with a number of examples being raised demonstrating the difference good leadership makes to the success of regeneration, particularly for those schemes which cross governance boundaries. Whether the leader has a public, private or community leadership background it is important that a range of skills and professional backgrounds is covered across the leadership team.

Accountability and clear lines of responsibility to deliver a project are key elements present in successful regeneration schemes. Democratic legitimacy was also raised as an issue, and the panel discussed ways to deliver strong leadership within this context, with directly-elected city mayors mentioned as one option.

Lord Heseltine:

"When I explore areas crying out for regeneration, I ask a simple question. Who is in charge? Too often there are overlapping committees, diffused powers and tiers of responsibility."

Photo: Elephant and Castle, London

02 Achieve community buy-in and support

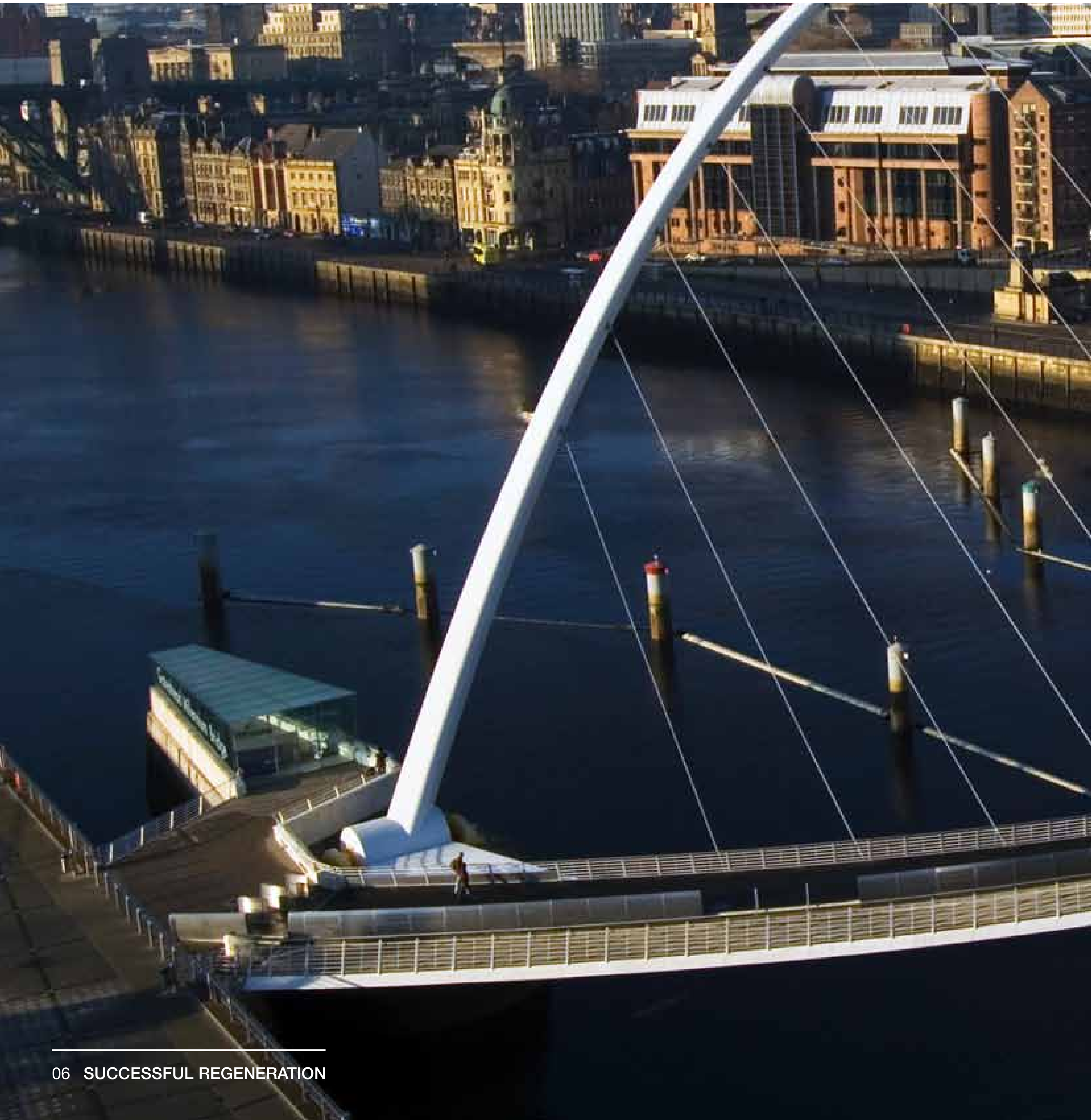
Ownership from local authorities is important to the success of regeneration, but more critical is community buy-in. There is the need to genuinely involve communities beyond general 'consultation' and to empower them to make decisions on the future of their neighbourhoods. Communities are often labelled as 'anti-development' but where regeneration is owned and shaped by local needs and aspirations, both in terms of content and design, the potential for successful and sustainable regeneration grows exponentially.

Chris Brown:

"Communities contain locality experts. People who know much more about what makes the place work than any development professional outsider. You wouldn't design a building without an architect so you shouldn't design a place without locality experts."

03 Long-term strategies

Long-term strategies – typically 20 years – were cited as intrinsic to the ability to generate certainty for investors, communicate properly to local businesses, residents and other stakeholders, and allow effective planning of longer term projects such as infrastructure. The long-term strategy should articulate a clear vision for an area.



04 Recognise and support the key growth drivers

London's position as pre-eminent city in the UK and mega city region was discussed during the debate, with recognition of its substantial hinterland and secondary settlements. Consequently the need to define the role of surrounding settlements in this light is critical, as well as investing in them for growth.

This should all support the priority – to ensure London is as efficient in attracting investment and growing its economy as possible. It is about making London a competitive place to do business. Only by adopting this approach can maximum spin-off benefits for the wider UK economy be achieved.

Peter Andrews:

"Regeneration is not about meeting demand but creating demand, and in the context of limited public funds the focus should be on specific projects in strategic locations which might need an extra funding boost to help them succeed. Investing in London, as the pre-eminent economic hub, must therefore be a priority. Across the city there are substantial areas which, if regenerated, could drive further economic growth for London and the wider UK."

Photo: Millennium Bridge, Newcastle upon Tyne

Case study – London Docklands Development Corporation

London Docklands is an area eight square miles to the east of the City of London. In response to the dilapidation and decay left from the closure of the docks, in 1981 the UK Government created the London Docklands Development Corporation (LDDC).

The LDDC was established to drive forward the overall area regeneration and to this end, strong leadership and a long-term strategy was critical to the success of the project, together with a degree of autonomy. Accountable solely to central Government, the LDDC was created to be an efficient delivery body. With this in mind, the first leadership team created for the project was designed to harness a wide range of talents and experience. The first Chair, Deputy Chair, Chief Executive and non-executive directors were a mix of private and public sector leaders from business, politics, local government executive leadership, property professionals and senior civil servants[1].

By the end of its existence the LDDC had delivered the reclamation of over $3m^2$ of land, circa 25 000 new homes, 25 million m^2 of commercial and industrial floor space, a new airport, the new Docklands Light Railway, and numerous new social infrastructure facilities (from schools to health centres). The physical environment received 94 awards for architecture, conservation and landscaping.

While the LDDC was set up to deliver real change and economic growth (LDDC used £385 million of public money to leverage circa £3 000 million of investment commitments[2]), it is worth noting that some criticised the initiative for a perceived lack of priority community engagement and buy-in[3].

Photo: London Docklands

[1] *How European cities achieve renaissance (A companion to the National Audit Office's report: The Thames Gateway: Laying the Foundations), National Audit Office, 2007*

[2] *Peter Hall, Urban and Regional Planning (4th edition), Routledge, 2002*

[3] *Learning lessons from past recessions, (from the Northern Way's 'Regeneration Momentum' Programme), The Work Foundation, 2010*

05 Local financial incentives

Incentivising local government structures to take ownership of regeneration schemes, drive forward improvements and to bring forward their land for development are key aspects of strong local leadership.

Financial returns on regeneration schemes are not the priority factor in obtaining buy-in from local authorities. However, if there are mechanisms in place to ensure that the increased taxes from improved areas are returned for local spending then the case for local authority and community buy-in is strengthened.

06 Competition

The evolution of UK regeneration policy over the past 30 years critically included the *City Challenge* initiative, launched in 1991, where cities co-ordinated and submitted bids for substantial public sector regeneration funds. This initiative is an example of how to make decisions on spending limited amounts of public funds and focusing on those which manage to leverage substantial private investments.

The bids were evaluated against bids from other cities, injecting a targeted competitive context where limited public funds would only support the most innovative and successful schemes. The bidding process helped to form strong, successful area-based teams which were able to deliver holistic regeneration.

07 Focus on opportunities, not just need

When public funds are limited, the emphasis must be on leveraging as much private funding into regeneration schemes as possible. This is particularly the case with many long-term regeneration projects, which span multiple economic cycles.

Past experience shows that even in a protracted period of record investment in regeneration there are still a number of stillborn projects. On this basis, only schemes which the market recognises as having long-term economic viability should be given public funding.

Chris Balch:

"As public sector resources become more scarce we need to be more rigorous in harnessing private sector involvement, appraising projects and selecting schemes with real opportunities for private sector partnerships. We need to focus resources on projects that can be economically sustainable in the long-term to avoid unaffordable long-term public spending commitments on unviable projects."

Photo: Office development, Salford Quays, Greater Manchester

Case study – City Challenge

In the early 1990s the UK Government introduced the City Challenge initiative – which required city partnerships to bid for funding against other cities to access monies from a central pot. During the five years of the City Challenge initiative 31 successful City Challenge Partnerships received £37.5 million each for regeneration projects.

In line with any high profile competition the successful participants received widespread positive recognition, resulting in increased private sector investment into related redevelopment projects – estimates of the overall City Challenge initiative are that £3.78 of private sector funding was levered in for every £1 of public money spent[4].

The process of putting together competitive bids played an important role in bringing partnerships together from the public, private and third sectors. Required to demonstrate need and appropriate strategies for tackling the problems, the successful partnerships not only worked on projects during City Challenge, but in future city initiatives[5].

[4] *Learning lessons from past recessions, (from the Northern Way's 'Regeneration Momentum' Programme), The Work Foundation, 2010*
[5] *Hilary Russell et al., City Challenge: Interim National Evaluation, Department for Environment, Transport and the Regions, 1998*

08 Unlock and recoup land values

Public sector investment in transport infrastructure to support regeneration often delivers uplift in land values for surrounding land and property owners. It is important that some of this unearned profit generated for the few through public sector spending should be recouped.

Implementing mechanisms to recover some of this additional value for the public purse is critical to deliver more for less.

Examples of ways this can be achieved range from allowing local councils to levy business rates and borrow against projected rate base/revenue increases, adjustments to the tax system from property to land based tax (although this potentially presents problems regarding the ability to pay and difficulty of assessment), and developer obligations such as the Community Infrastructure Levy or s106 contributions. All of these measures are inherently linked to the property value tax base.

Jonathan Naughton:

"Achieving maximum returns on investment for the public purse while supporting economic growth is dependent on a number of key factors. These include aligning new infrastructure investment with realistic current and future economic activity, developing new ways of appraising the benefits of infrastructure investment based on economic benefits, and introducing mechanisms to capture the uplift in land value for the public purse."

Case study – RICS land and property tax research

RICS maintains a proactive approach to engaging with policy makers regarding taxation systems in line with its public interest remit, to support vibrant and sustainable property sectors.

In 2010 RICS commissioned independent research to examine the UK’s land and property tax system, measuring it against a set of defined maxims and comparing it with other national tax regimes around the world. This research will provide a systematic analysis of taxation systems and specific recommendations for the UK.

In addition to this research, fundamental issues surrounding the prioritisation of infrastructure to underpin sustainable growth, who pays for it and mechanisms to generate investment, are subjects RICS will be revisiting throughout its Vision for Cities programme.

For further information

If you have any questions, or would like to discuss further work planned by RICS on this topic, please contact:

RICS
Parliament Square
London
SW1P 3AD
United Kingdom

e policy@rics.org

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Photo: Liverpool Docks

RICS

the mark of property professionalism worldwide

rics.org/visionforcities

RICS HQ

Parliament Square
London SW1P 3AD
United Kingdom

Worldwide media enquiries:

e pressoffice@rics.org

Contact Centre:

e contactrics@rics.org
t +44 (0)870 333 1600
f +44 (0)20 7334 3811

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RICS has a worldwide network. For further information simply contact the relevant RICS office or our Contact Centre.

Europe (excluding United Kingdom)
Rue Ducale 67
1000 Brussels
Belgium

t +32 2 733 10 19
f +32 2 742 97 48
ricseurope@rics.org

Asia
Room 1804
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

t +852 2537 7117
f +852 2537 2756
ricsasia@rics.org

Americas
60 East 42nd Street
Suite 2918
New York, NY 10165
USA

t +1 212 847 7400
f +1 212 847 7401
ricsamericas@rics.org

Oceania
Suite 2, Level 16
1 Castlereagh Street
Sydney
NSW 2000
Australia

t +61 2 9216 2333
f +61 2 9232 5591
info@rics.org.au

United Kingdom
Parliament Square
London SW1P 3AD
United Kingdom

t +44 (0)870 333 1600
f +44 (0)207 334 3811
contactrics@rics.org

Africa
PO Box 3400
Witkoppen 2068
South Africa

t +27 11 467 2857
f +27 86 514 0655
ricsafrica@rics.org

Middle East
Office F07, Block 11
Dubai Knowledge Village
Dubai
United Arab Emirates

t +971 4 375 3074
f +971 4 427 2498
ricsmiddleeast@rics.org

India
48 & 49 Centrum Plaza
Sector Road
Sector 53, Gurgaon – 122002
India

t +91 124 459 5400
f +91 124 459 5402
ricsindia@rics.org

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