

## ***Impact Case Study***

### **UOA: 16 Architecture, Built Environment and Planning**

#### **Financing and Delivering Regeneration Investment: REGEN**

##### **1. Summary of the impact**

This case study details the research undertaken in the Built Environment Research Institute (BERI), Centre for Research on Property and Planning concerning the interrelationships across regeneration, value creation and innovative funding mechanisms. Outputs have impacted at the property market and regeneration policy levels with benefit arising from benchmarking of performance, enhanced transparency, changed perceptions of regeneration areas with increased appreciation of innovative vehicles for regeneration and infrastructure delivery. The underpinning research has been published in leading journals and launched at keynote events organised by the Royal Institution of Chartered Surveyors (RICS) and the Investment Property Forum (IPF).

##### **2. Underpinning research**

The underpinning research is based on a body of work comprising several high profile projects that successively build upon the knowledge base and impact upon policy formulation and delivery. Structured around four complementary and interacting strands, the body of work has evolved over a significant period as regeneration has matured, the policy environment changed and wider relationships to funding vehicles and infrastructure delivery have become more intertwined.

The research portfolio has centred around a core group of key researchers at the University of Ulster (Ulster) namely Adair, Berry and McGreal (professors) who have been employed continuously by the institution, since the University's establishment in 1984, as academic staff members complemented by Lloyd who worked on one of the earlier projects at the University of Dundee and subsequently joined Ulster in 2008, Kashyap (Lecturer 2007-2013), Haran (Senior Research Fellow) and McCord (Lecturer) who joined the University in 2008 and 2010 respectively. A number of projects within the portfolio have been led by Ulster in collaboration with other UK universities (Aberdeen, Dundee, Glasgow, Sheffield Hallam) and industry (Investment Property Databank, Arup, Alliance Boots).

The first strand, *private sector finance and investment in regeneration* commenced in the mid-late 1990s, a study (grant 3a) funded by the Joseph Rowntree Foundation (JRF) with the RICS on accessing private sector finance in regeneration (1996-1998). The research raised significant questions in government and the private sector about the nature of risks and returns in regeneration. The outcome of this study was utilised by the Urban Task Force, with the then Office of Deputy Prime Minister (ODPM) subsequently commissioning the same team in 2000 to produce a report on factors affecting the level and form of private investment in regeneration. The positioning of urban regeneration and whether investment opportunities still existed within the sector in the wake of the downturn (2008-2009) was the subject of research commissioned by IPF (Adair, Berry, Haran and McGreal) and the performance of regeneration property in a mixed-asset portfolio formed the basis of the 2011 publication by Haran et al (ref 3.1).

The second strand, *benchmarking regeneration performance* (grant 3b) was facilitated by joint funding (2001-2003) through the Economic and Social Research Council (ESRC) with ODPM and RICS to an Ulster led team (Adair, Berry and McGreal) with the universities of Glasgow and Aberdeen. This research sought to take the outcomes of the JRF study further by addressing how property performance returns in regeneration areas compared with prime markets. This ground-breaking piece of research (the first rigorous analysis of regeneration returns and risks), launched at the Tate

Gallery by the then minister (Cooper) formed the basis for the later adoption of the index by industry (ref 3.2, 3.3 and 3.4).

The third strand, *tax incentives in regeneration* originated with an ESRC grant (1999-2001) (Berry and McGreal with Lloyd then University of Dundee) on tax-based mechanisms in regeneration, focussing on Tax Incremental Financing (TIFs) and Business Improvement Districts (BIDs) (ref 3.5). The theme of tax based mechanisms in a policy context resulted in two significant studies (Adair, Berry, McGreal and Allen (Research Associate 2005-2007) funded by HMRC/DCLG. The first (2004-05) a longitudinal evaluation of the 2001 Urban White Paper Fiscal Measures (grant 3c, with Arup and phase 1 with Sheffield Hallam University), and the second (2007) a study into the extension of fiscal measures to business premises through the Business Premises Renovation Allowance in disadvantaged areas. Further research on BIDs, evolved from the ESRC grant on tax incentives with firstly a local, Belfast City Council, funded study (2006-2007) followed by a major and on-going UK national study with BritishBIDs (Bb) which commenced in 2009, with subsequent annual reports (Adair, Berry, Haran, Hemphill (Lecturer in post since 2007), Kashyap, McCord, McGreal and McIlhatton – Research Associate in post since 2009).

The fourth strand, *on delivery vehicles* spanning the different phases of regeneration and infrastructure was funded by the IPF Educational Trust (grant 3d) with English Partnerships and the British Property Federation to an Ulster led team (Adair, Allen, Berry, McGreal) with the University of Aberdeen. Furthermore, Adair, Berry and McGreal (with Haran, McCord, Kashyap and Hutchison University of Aberdeen), funded by RICS (grant 3e), undertook an evaluation of Public Private Partnerships, phase one (2010-2011) focussing on the future of the Private Finance Initiative (ref 3.6) and phase two (2012-2013) on value for money and private sector investment. The potential for TIFs as a delivery vehicle (2011-2012), a University of Aberdeen led project with Ulster, funded by the RICS Education Trust, provides an integrating link to the earlier ESRC study in 1999-2001, outlined in strand three, which first explored the potential for TIFs in the UK.

### 3. References to the research

The quality of the research is evidenced by publications in leading peer reviewed journals and reports authored by the researchers and published by industry (Investment Property Forum (IPF)) and the profession (RICS). Six references providing evidence of research quality are cited below.

- 3.1 Haran, M, Newell, G, Adair, A, McGreal, S and Berry, J (2011) ***The performance of UK regeneration property within a mixed asset portfolio***. Journal of Property Research, 28 (1). pp. 75-95. [doi:10.1080/09599916.2011.548913](https://doi.org/10.1080/09599916.2011.548913)
- 3.2 Adair, A, Berry, J, McGreal, S, Poon, J, Hutchison, N, Watkins, C and Gibb, K (2003) Benchmarking urban regeneration, RICS Foundation and Office of the Deputy Prime Minister, London, pp24. ISBN 1842191745 (electronic copy of report can be supplied).
- 3.3 Adair, A, Berry, J, Hutchinson, N and McGreal, S (2007) ***Attracting Institutional Investment into Regeneration: Necessary Conditions for Effective Funding***. Journal of Property Research, 24 (3). pp. 221-240. [10.1080/09599910701599282](https://doi.org/10.1080/09599910701599282)
- 3.4 Adair, A, Berry, J, McGreal, S, Poon, J, Hutchison, N, Watkins, C and Gibb, K (2005) ***Investment Performance within Urban Regeneration Locations***. Journal of Property Investment & Finance, 23 (1). pp. 7-21. [10.1108/14635780510575076](https://doi.org/10.1108/14635780510575076) (This paper received the Outstanding Paper Award 2006, Emerald Literati Network Journal of Property Investment and Finance and the 2004 Emerald Gerald Brown Award for the Best Paper in the Area of Real Estate Investment and Valuation presented at European Real Estate Society).
- 3.5 McGreal, WS, Berry, JN, Lloyd, MG and McCarthy, J (2002) ***Tax-based Mechanisms in Urban Regeneration: Dublin and Chicago Models***. Urban Studies, 39 (10). pp. 1819-1831. [10.1080/004209802200002975](https://doi.org/10.1080/004209802200002975)

- 3.6 Adair, A, Berry, J, Gulati, M, Haran, M, Hutchison, N, Kashyap, A, McCord, M, McGreal, S, Oyedele, J and Tiwari, Pi (2011) ***The future of private finance initiative and public private partnership.*** RICS. RICS. 90 pp. <http://www.rics.org/us/knowledge/research/research-reports/the-future-of-private-finance-initiative-and-public-private-partnership/> (electronic copy of report can be supplied)

The quality of the underpinning research is evidenced by the succession of grants received from sources with a particular interest in the regeneration agenda namely ESRC, charities, government departments, industry and professional bodies. This is illustrated by the following grants.

Grant awarded to:

- 3a McGreal and Adair  
The availability and effectiveness of private investment finance in property led urban regeneration  
Joseph Rowntree Foundation  
01/05/1996 – 30/04/1998  
£74,174
- 3b Adair, Berry and McGreal  
Benchmarking of Urban Regeneration Performance  
ESRC/ODPM/RICS  
01/04/2001 – 31/01/2003  
£122,625 (ESRC £77,625 – ODPM £35,000 – RICS £10,000)
- 3c McGreal, Adair and Berry  
Longitudinal Evaluation of the Urban White Paper Fiscal Measures  
Office of the Deputy Prime Minister  
01/08/2004 – 30/11/2005  
£145,675 (Phase 1 £58,730 and Phase 2 £86,945)
- 3d Adair, Berry and McGreal  
Institutional Investment in Regeneration: Necessary Conditions for Effective Funding  
Investment Property Forum Educational Trust  
01/11/2004 – 31/12/2006  
£67,000
- 3e Adair, Berry, Haran, Kashyap, McCord and McGreal  
The Future of Private Finance Initiative and Public Private Partnership/Value for Money Framework for PPP/PFI  
Royal Institution of Chartered Surveyors  
22/3/2010 to 30/9/2013  
£47,500 (Phase 1 £20,000 and Phase 2 £27,500)

#### **4. Details of the impact**

The underpinning research through interaction with policy makers and practitioners has raised the profile of regeneration internationally and in the UK across government (DCLG, devolved administrations), investment fund managers, advisers and investors. Research funded by ESRC/ODPM/RICS in developing the first UK property regeneration index has proven to be the catalyst for the change in sentiment towards investment in areas undergoing regeneration. The recognised importance of the 'pilot' index developed by the research team at Ulster and the *significance* placed on this research by government and industry is encapsulated by the subsequent initiation and production of the UK Urban Regeneration Property Index by the Investment Property Databank (IPD). The chairman of the Regeneration Index Committee responsible for production of the UK index offers testament to the pioneering role of the research at Ulster in 'paving the way' for the development of the IPD regeneration index (corroborating statement 1, source 5.1). A written response (June 2011) submitted by Igloo Regeneration to the DCLG Regeneration Select Committee

details the role of the research team at Ulster in developing the evidence base that changed regeneration investment decision making (source 5.2). The importance of the regeneration index in offering a robust and credible evidence base of risk-return performance of regeneration areas has been articulated by the Homes and Communities Agency (<http://www.homesandcommunities.co.uk/news/regeneration-investment-demonstrates-surprising-resilience-according-ipd>).

Further evidence of the *significance* of the research, its recurring influence on policy development and *reach* is evident across the REF cycle. The 2010 DCLG report entitled '*Valuing the Benefits of Regeneration – Logic Chains and Literature Review*' incorporates findings from two of the studies undertaken by Ulster reiterating the leading role of the research in initiating and establishing performance benchmarking within regeneration property markets (source 5.3). In 2011 the Scottish Government Social Research report entitled '*Town Centre Regeneration: How does it work and what can be achieved*' utilised the underpinning research at Ulster to inform policy making on investment performance in relation to town centre regeneration (source 5.4). Internationally, the Johannesburg Development Agency (February 2009) made sustained reference to and adopted the research undertaken at Ulster in analysing area based regeneration initiatives to inform policy development (source 5.5).

The research on BIDs at Ulster, including the annual Nationwide BIDs Survey, has been instrumental in shaping best practice with findings adopted by policy makers and BID companies respectively. Impact has been significant in relation to the activities of BID companies but the *reach* has been wider, with beneficiaries including policy makers, retailers, city councils, town centre management companies, the Inter Bank Rating Forum, the British Retail Consortium and the British Council of Shopping Centres (corroborating statement 2, source 5.6). On the policy side, evidence presented to the Welsh Assembly Enterprise and Business Committee articulated the role of the survey in relation to the operational performance of BIDs. In Northern Ireland, research undertaken for Belfast City Council on BIDs was referenced in the subsequent NI Assembly Social Development Committee research paper and informed the August 2012 publication of the Assembly Business Improvement Districts Bill. The research team were invited in November 2012 to present the findings from the 2012 Nationwide BIDs survey to the NI Assembly Committee for Social Development (source 5.7) in their scrutiny of the draft legislation for NI. The evidence provided was considered to be objective, quantitative and based on real examples, it helped the Committee to clarify a number of issues, alleviated concerns the Committee had about a mandatory levy being imposed under the prevailing economic circumstances and led to the Committee supporting the provisions of the Bill (corroborating statement 3, source 5.8).

The investment vehicle strand of the underpinning research has influenced international policy in respect of regeneration and essential infrastructure provision. Specifically, the *significance* of the RICS commissioned research on PPP and PFI disseminated at launch events (2011) in Dehli, London and Washington is reflected through its *reach* across policy makers, investors, contractors, advisory groups and end users (corroborating statement 4, source 5.9). Subsequent input to the policy agenda in the UK was facilitated through meetings with the Government's Property Unit, the head of PPP policy at Infrastructure UK and HM Treasury. This culminated in a formal approach from HM Treasury to the RICS requesting their insight and understanding to the 'call for evidence' pertaining to the reform of PFI. The RICS response extensively utilised and referenced the research at Ulster. Pertinently, the HM Treasury publication '*A New Approach to Public Private Partnerships*' (December 2012) advocates four key strands of the guidance and direction contained within the RICS submission and directly related to the underpinning research namely contract standardisation, contract flexibility, more effective awareness, management on the part of the client and reduced procurement timeframes. In the Americas, the research has had particular resonance, the depth of

its *reach* and influence on the policy agenda is evidenced by a series of high profile roundtable and cross-stakeholder discussions (corroborating statement 5, source 5.10) including the initiation of collaboration between the research team and the Canadian Council for Public Private Partnerships on the development of best practice. The global *significance* and *reach* of the research is further demonstrated by a presentation to the Vice-Governor of Sao Paulo by the RICS Chief Executive as part of the UK trade and investment mission to Brazil in 2012 with the PPP report forming the basis of discussions on infrastructure procurement and delivery.

## 5. Sources to corroborate the impact

Electronic copies of all sources including web links can be provided.

- 5.1 Corroborating statement 1 – Head of Property Investment, Kames Capital plc.
- 5.2 <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmcomloc/writev/regeneration/m47a.htm> (reference para 2.2.1).
- 5.3 <http://www.communities.gov.uk/documents/regeneration/pdf/1795643> (reference para 3.32 and 3.35 and for wider discussion of Ulster research pp. 35-36).
- 5.4 <http://www.scotland.gov.uk/Resource/Doc/358309/0121114.pdf> (reference para 3.16 and pp.12-15).
- 5.5 [http://www.joburg-archive.co.za/2011/inner\\_city/analysis\\_private\\_sector\\_investment.pdf](http://www.joburg-archive.co.za/2011/inner_city/analysis_private_sector_investment.pdf) (reference para 2.1.3, 2.2.1 and 2.3; pp. 6-9 and 89).
- 5.6 Corroborating Statement 2 – Director of Policy and Public Affairs, British Council of Shopping Centres
- 5.7 (Hansard) <http://www.niassembly.gov.uk/Assembly-Business/Official-Report/Committee-Minutes-of-Evidence/Session-2012-2013/November-2012/1/Business-Improvement-Districts-Bill-Nationwide-BID-Survey-2012-/>
- 5.8 Corroborating Statement 3 – Assembly Clerk to the NI Committee for Social Development.
- 5.9 Corroborating Statement 4 – Director of Global Research and Policy, RICS.
- 5.10 Corroborating Statement 5 – Managing Director, RICS Americas.