
Kevin Ward (Geography, School of Environment and Development, University of Manchester)

Kevin.ward@manchester.ac.uk

Seminar, Human Geography Colloquium, University of Zurich, 27 March 2012
Context

• Many cities in the industrialized nations of the global north facing severe fiscal pressures – global ‘crisis’ and national (and supranational) mediated interventions around ‘public’ sector restructuring

• Historical trends - slow returns to government infrastructure investment ≠ electoral cycle – ‘deficit’ or ‘gap’ of various sorts

• Brownfield costs plus risk-averse private sector developers in the context of the current financial, housing and land markets

• Different models and mixes of public and private involvement in management and investment (variegated neo-liberalization) to support new/redevelopment of infrastructure

• History of formal and informal inter-relations between cities over policies and models ‘that work’, through comparison and exchange – north to north, south to south, north to south and south to north – complex set of geographies – qualitatively different in current era
Structure

- Beginnings I - V
- Work in progress I: theoretical reflections
- Work in progress II: methodological reflections
- Next up ...
- Conclusion
Beginning I: Edinburgh’s waterfront
The TIF model

Base Asset Value
Asset Value belongs to all other assets in project area

Increased AV from Development
Incremental Asset Value
Incremental uplift in property taxable value belongs to TIF authority to pay project costs

New Post-Project Asset Value
Total AV now belongs to all other assets in project area

Assessed Value (AV)
£

Time
Created
25 year TIF
Terminated
The TIF model II

1. CEC finances the delivery of development and regeneration projects

2. Financed projects deliver growth and enable private sector development

3. The TIF mechanism captures the related incremental business rate revenues

4. The captured revenues and income are used to meet debt repayments
And this story continues ...
Beginning II: Making a case for TIF
Westminster cuts to the Scottish Budget have emphasised the importance of finding new funding models to deliver crucial infrastructure projects such as the Edinburgh Waterfront, that can unlock further economic development, whilst ensuring maximum value for the public purse (John Swinney, MSP Cabinet Secretary for Finance and Sustainable Growth, 28 September 2010)

Labour rattled on about decentralisation, but they held the purse strings tight. We are different; we are liberal. Because we will put local government back in charge of the money it raises and spends. That’s why in our first budget we unlocked more than a billion pounds of ring-fenced grants. That’s why we will end central capping of Council Tax. That’s why we will allow councils to keep some of the extra business rates and council tax they raise when they enable new developments to go ahead ... And I can announce today that we will be giving local authorities the freedom to borrow against those extra business rates to help pay for additional new developments. This may not make the pulses race, even at a Liberal Democrat conference. But I assure you it is the first step to breathing life back into our greatest cities (Nick Clegg, MP Deputy Prime Minister 20 September 2010)
- Late 2011/early 2012 – UK government-led restructuring of local government finances
- We will support £150 million of tax increment financing to help local authorities to promote development (George Osborne, Chancellor of the Exchequer in the Budget Statement 22/03/2012)
- On-going discussions over the introduction of Tax Increment Financing in England
- Comparisons to the US in general, via study tours, and examples of ‘policy tourism’
- Chicago was the most important point of reference – ‘postcards from …’
• And this story continues ...
Beginning III: Chicago: world capital of TIF

- First introduced into the city in late 1970s
- Used across the state of Illinois but it was particularly under the last Mayor Richard M Daley (1989-2011) that TIF became the policy instrument of choice
- Downtown saw TIFs being created on a regular basis, covering large tracts and generating millions of dollars
- In Chicago, when a TIF is created, property taxes within the boundaries of the district are frozen at existing levels for 23 years. Revenue growth is put into a special fund for infrastructure repairs, developer subsidies and other public improvements
As of early 2011 the city had 165 TIF districts — covering 30 percent of the city — with an unallocated balance of $868 million.

In the last financial year they collects $463 million.

In 2011 Rahl Emanuel was elected as the new mayor of Chicago and set up a TIF Reform Task Force – it announced its ‘findings’ in November.

Much heavier regulation – review each TIF every five years, co-ordinate the creation and activity of TIFs, to appoint a new internal governing body to establish rigid job creation and performance standards and police under-performing developers.
• And this story continues ...
Beginning IV: Californian dreaming

- TIF emerged in California in early 1950s – addressing ‘urban blight’/’market failure’/capturing capital
- Redevelopment agencies established to manage and deliver TIF
- Spread across the state, and so the notion of ‘blight’ has been stretched (to include golf courses!)
- No single ‘model’, variety in payback time, actors involved, object of TIF – also some key generic features
- Emergence of multi-million redevelopment industry
• Billions of US dollars tied up in the budgets of redevelopment agencies (and not able to be spent by the public sector)
• Election of Governor Jerry Brown in January 2011 followed by a declared state fiscal emergency
• He enacted two measures intended to stabilize school funding by reducing or eliminating the diversion of property tax revenues from school districts to the state‘s community redevelopment agencies
• Californian Supreme Court ruled on 29 December 2011 - policy ended on 1 February 2012
So what does it all mean theoretically and methodologically?
Work in progress I: theoretical reflections

- the city as ‘both a place (a site or territory) and as a series of unbounded, relatively disconnected and dispersed, perhaps sprawling activities, made in and through many different kinds of networks stretching far beyond the physical extent of the city’ (Robinson 2005: 763)

- Mobile policies, then, are not simply travelling across a landscape—they are remaking this landscape, and they are contributing to the interpenetration of distant policymaking sites (Peck and Theodore 2010: 170)

- [A]n anthropology of policy includes not only those who govern but also conceives an active role for the governed, as well as the technologies that mediate between them (Shore and Wright 2011: 12)
• city/urban politics in terms of capital accumulation, growth coalitions, land use, state restructuring, revalorization etc.

• cities as territories assembled and reassembled in part through relations to elsewhere and associated comparisons

• policy assemblage, mobility and mutation and the opening up for scrutiny of ‘the what’ and ‘the where’ of policy-making and city-making
Work in progress II: methodological reflections

- un-bounding ‘the field’ and tracing connections/networks and absences
- sites and spaces of comparison, exchange and learning
- how and where a policy becomes a ‘model’, where a policy begins and ends, of sequence and linearity
- assembly, disassembly and reassembly
Conclusion

- Current urban condition (planetary urbanization?) has as an element of to it city-to-city comparison and city-to-city policy mobility
- Financialization and the city – new models of investment in the built environment in the current era of fiscal austerity
- Cities as territories *and* as sites of coming-togetherness; not free floating, unstructured, but relationally path dependent, reflecting past, present (and future) uneven spatial relationships
- Emphasize the role of people, places and policies that are moved from city to city by various actors and the supporting physical and social infrastructure that is both constituted and constitutive of these processes