Transatlantic Travels: Mobile Policies in the Current Era

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Theoretical preambles
On the waterfront
The Edinburgh Model
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
Base Asset Value

Asset Value belongs to all other assets in project area

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
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, emphasis added)
TIF has been widely used in the United States to support and deliver regeneration and economic growth over the last 30 years, with nearly every state enacting TIF legislation. Whilst there are clear differences between the public sector in the US and Scotland, TIF could provide the means to deliver infrastructure and economic growth by paying ‘for growth’, ‘with growth’. The Council has prepared the current business case to support the use of TIF, to fund enabling infrastructure at Edinburgh’s waterfront (The City of Edinburgh Council 2010: 7)
Assembling the Edinburgh Model
I was involved at looking at some research and innovative funding methods for infrastructure, and in 2005, with a colleague, I made a one week study visit to the States and met a couple of planning directors and talked about TIF ... I went, on that particular visit actually, to Cleveland in Ohio, but also to Toronto and Vancouver on that same trip, and I did a bit of web research on TIF models, so...I’d read a bit of literature around it (Senior Figure, Edinburgh City Council, July 2011)
One of the things I did between 2004 and 2007 was chaired a European Union project called the Waterfront Communities Project. And one of the things that came out of that was the need to look at funding mechanisms to make developments work. And that's when [we] started to have a look at the schemes and, you know, laid a paper for people to have a think about. And then, you know, it became a committee discussion beyond that. And it was thought yes, this is something that we need to look at, you know, if it aids development, we've got to have a look at it (Senior Councillor, Edinburgh City Council, July 2011)
We do it like...we were in San Francisco last year, was in Sydney. We've spoken to a number of our friends around the world in other city regions who have already been there and done this, learnt some useful lessons from them, and also some warnings from them, like the California one. Worked with ... in California in the Governor's office, where they do now feel they've overcooked it (Financial Analyst #1, Edinburgh City Council (seconded from the Private Sector ), July 2011)
It's funny, I don't think we did first hear about TIF. We came up with this idea which was, could we use some of our assets in smarter ways, and one of those assets being income, so rateable income. And Scottish legislation allows for non-domestic rates to be captured by the Scottish Government and/or local authority, to pay back borrowings. Which then started us down a route of – this is going back maybe four, four and a half years – where I had started looking at what kind of infrastructure would lead to greater rateable income, and therefore economic growth. And that led us to do this kind of hybrid model, hybrid TIF model, which we then went and looked at other models (Financial Analyst #2, Edinburgh City Council, July 2011)
Now, ... PWC were knocking on our door saying, they were aware of the TIF products, or the TIF experience of North America and, so, I recruited PWC to do some early work, so, it was PWC and the Council, working together, dusting off what the theory was, adapting it for the Scottish politics and the politics of potential borrowing, the politics around central Government grant or no grant, central Government ability to offer some comfort guarantees, or not, what was devolved, what was not, in terms of Westminster, to the Council, what was retained, all became quite complicated territory (Senior Figure, Housing Organization (formerly within Edinburgh City Council), January 2012)
So at PWC, very much looking at the American models, using the firm that was there, speaking to specialists, people who were using it in the States, and then trying to think about how does it fit into a UK context, speaking to local authorities, fleshing out ideas. We both were working in TIF before we came here so we understood how we thought we wanted it to work, how the basic model worked, and it has developed a lot since then ... There are a variety of ways to learn. I think as [a Scottish Government Organization] we are keen to think, and think about and change things, so some things we’ll do ourselves (Senior Figure, Scottish Government Organization, July 2011)
We looked at the pros and cons, we looked different forms of TIF at that time. The credit crunch was on us and was emergent at that time. Probably nobody knew the full extent of the catastrophe that was awaiting us all. But we did use the American experience very closely, produced the document and both in London and in Edinburgh we set about writing to ministers, local authorities, going to meet them, pushing the case for TIF late 2007 (Senior Figure, National Trade Organization, November 2011)
Learning: translation, co-ordination and dwelling
Preparing for Tax increment Financing and Accelerated Development Zones

A one-day SocInvest Masterclass: October 15th 2009, 3 Noble Street, London EC2Y 5EZ

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A new way to fund regeneration

Are you well placed to benefit from the proposed adoption of tax increment financing, TIF, principles for infrastructure development?

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Discover the latest developments, including possible outcomes from the Government’s Autumn pre-budget announcement.

Your questions answered...

The TIF and ADZ SocInvest Masterclass is the only place to hear the answers to these key questions about TIF and ADZs.

Tax Increment Financing: The New Solution to Infrastructure Funding?
Morning of 18th January 2011, Bircham Dyson Bell, London

At the 25th October Spending Review, the Government announced the introduction of a new borrowing power known as Tax Increment Financing (TIF). This new power will allow local authorities to borrow against predicted future growth in their local business rates which will arise as a result of regeneration or infrastructure enhancement.

With an urgent need to find new sources of funding for infrastructure, TIF is being welcomed as a means of encouraging private sector investment. TIF has been widely used in the United States for many years and recently it has been adopted by the Scottish Government through the setting up of the Scottish Futures Trust.

The Local Government Resources Review is now considering how TIF should be introduced with the deadline for responses set at 1st December.

This morning seminar will provide an opportunity to understand how TIF will be introduced in England, the financial structure of schemes and how TIF will be calculated. It will look at local authorities needing to implement TIF and the lessons drawn from similar schemes elsewhere.

Your chance to hear from a leading line-up including:

- Tony Travers, London School of Economics
- Ravi Mills, Partner, PricewaterhouseCoopers
- Nick Malby, Partner, Bircham Dyson Bell
- Peter Raw, Chief Executive, British Property Federation
- Robert A. Walker, Partner, Eversheds LLP
- Chris Shepherd, Assistant City Manger, Edinburgh City Council
- Sarah Whittemore, Managing Director, Government & Infrastructure哭泣 Richard Ellis

Chair: Jim Steer, Non-Executive Director, Steven Davies Group

Sustaining regeneration economic development

The fourth annual event on March 30, 2011, London, proves that projects can still be launched despite government spending. SocInvest 11 showcases innovative partnerships, joint ventures and financial structures along with opportunities for accessing national and European funds.

FOCUS ON NEW PROJECTS AND INITIATIVES

At SocInvest 11, the UK's leading funding and finance summit, you will learn how:

- North East Lincolnshire has rewritten the rulebook in launching a partnership with Balfour Beatty so that it can deliver a ten-year programme of house-building and economic development with the partner accepting an outcomes-based reward formula – this ground-breaking partnership model is also the focus of a dedicated additional, half-day Masterclass.
- Barnet is developing the A5/M1 corridor and attract in excess of £4.3 billion to make this one of the UK's most significant regeneration and renewal programmes.
- Support for Joint European Support for Sustainable Investment in City Areas, JESSICA, is being used through the Northwest Urban Investment Fund to enable regional regeneration.
- PLUS other examples of projects that are bucking the trend.
Could TIFs work in the UK?
The rapid spread of the TIF approach in the US and the fact that other countries are experimenting with TIFs demonstrates that it is widely seen as an effective tool with a proven track record ... So could TIFs work in the UK? If properly regulated, TIF could potentially empower local communities and help them attract the private sector resources that can deliver change (British Property Federation 2008: 9)
A limited pilot scheme, put in place over the next 12-18 months, would enable a judicious test of the TIF principle, when credit markets recover. A pilot scheme could be focused on a small number of cities in the North and Midlands, where regeneration investment has been hardest-hit. The potential value of a pilot to investor confidence and regeneration outweighs considerations around risk, which can be minimised through good programme design (Centre for Cities 2009: np)

the Government will continue to examine the framework that would be needed to implement Tax Increment Financing and consider the primary legislation that would be needed if schemes were to be introduced (UK Government’s Pre Budget Report 2009: 66)
We were ... impressed on our visit to the United States ... [u]nder the Tax Increment Financing (TIF) scheme ... [t]he city authorities measured the local property tax take ... being generated in these deprived areas prior to regeneration. They then agreed with Federal Government that this estimated revenue would be treated in the normal way, but that any increase in revenue generated by the regeneration process could, for a set period, be retained by the municipality ... We believe this approach has much to commend it ... (Urban Task Force 1999: 285)

Introduce TIF pilots for regeneration and transport in the Thames Gateway and a Northern Way city (Urban Task Force 2005: 17)
‘Origin’ 1 - US-ville
‘Origin’ 2 – 1990s/early 2000s
Chicago
‘Origin’ 3 – 1990s/early 2000s
California
"It's easy... blight is whatever we say it is!"

Californians: ACT NOW to end redevelopment

The Governor's new budget plan has major holes

There is a Better Way!

REDEVELOPMENT: Mend It, Don't End It

Stop the state's redevelopment proposal

Protect local jobs and the economy

The Governor's proposal to abolish redevelopment will result in:

- Chaos!
- Delays.
- Lawsuits. 300,000 jobs lost.
- Poverty: State assumes responsibility for tens of billions of debt?
- Unconstitutional. Contracts impaired.
- Lack of infrastructure.
- Abolish 398 agencies, City General Funds at risk.
- Create 398 new successor agencies?
- Illegal.
- Toxic Brownfields unattended. Abandoned buildings.
- Lack of accountability.
- Projects stopped mid-stream.
- Urban blight. Voter backlash.

Source: California Redevelopment Association
Redevelopment is dead—you helped kill it.

Now let’s seal the deal!

Last year’s legislation and subsequent court rulings have ended redevelopment agencies in California. As of February 1, tax increment will be used solely to pay off RDA debt, with the rest returned to the schools, counties, special districts and city general funds.

The victory for fairness, fiscal responsibility and property rights has been won! But we must make sure the victory is lasting.

On March 7 we will gather in Sacramento to celebrate, enjoy a working breakfast at the Holiday Inn and receive updates from state leaders. Then, we’ll use the rest of the day to talk to our legislators who were with us, and tell all of them: “No redevelopment—ever again!”

If you cannot make the breakfast but can come later, please check in any time at the office of Assemblyman Chris Norby, Room 4116 at the State Capitol.

This will be our final meeting as Municipal Officials for Redevelopment Reform (MORR).

"Reform" is now mute. There is no reform—redevelopment is dead. Fiscal reality killed it.
Take home points ...
Thank You!