

DE-RISKING REGENERATION PROJECTS TO ATTRACT PRIVATE SECTOR SUPPORT

KATE PINNOCK EXAMINES WHAT CAN BE ACHIEVED WHEN PUBLIC SECTOR RENEWAL SCHEMES SUCCESSFULLY APPEAL TO PARTNERS FROM THE PRIVATE SECTOR

In an era of funding cuts and major economic uncertainty, public sector-led regeneration is very difficult. Schemes implicitly linked to market failure and regeneration are considered high risk by the private sector, even during periods of growth.

More than ever, the public and private sectors must work closely together to unlock projects. For example, a developer is unlikely to invest heavily in a speculative procurement if it lacks faith in the procuring public body – or vice versa. Minimising risk and the perception of risk to both sides is therefore key.

So how can an opportunity be “de-risked”? How can a publicly-led procurement opportunity shine above others and attract the best developer as a partner when demand for the end product is limited and available finance heavily constrained? The following are some simple measures the public sector can use to help de-risk a regeneration project.

Successful schemes need strong, clear leadership, especially in a time of widespread public sector personnel change, and resolve and support can be built through partnerships. It is critical that a public sector client team involves all necessary agencies, aligns objectives and is able to support the project throughout its life. A well-organised team reassures private partners that both parties will contribute adequate resource and effort.

Although it may seem obvious, securing public funding is also vital.



Towcester: award-winning scheme shows how regeneration in historic settings can succeed with public-private cooperation

Less obvious is that the private sector faces many of the same challenges as the public sector, but without an AAA credit rating. Modest funds are slowly becoming available and public bodies must be ready to bid for these to pump-prime development regeneration. Funds are needed for measures such as land assembly, early works delivery and resolving planning impediments.

Early delivery of the public realm or infrastructure needed for the project is next. This offers many benefits including stress-testing a client team, demonstrating effectiveness and output to the private sector, proving deliverability and building confidence, as well as removing elements that would be all cost and no income to the private partner.

Developers also want projects

that will be a success in a highly competitive market. Feasibility work should build on the qualities and uniqueness of an area – such as its heritage – through masterplanning and urban design. This will make a project stand out at procurement stage and stimulate private interest.

A further consideration is sites in multiple ownership, which are clearly unattractive and messy for potential developers. While they may in the past have proceeded on the basis of mopping up sites later on, minor encumbrances in today's market can represent fundamental risks. Supporting the private sector through appropriate use of land assembly powers is vital.

Finally, schemes without a firm planning policy basis or some form of permission will currently be perceived as high risk, particularly

as the planning system is in a state of flux. Resolving impediments and providing certainty through policy statements or permissions is increasingly common.

An example of how a challenging regeneration project in an historic environment can be de-risked is the award-winning Moat Lane scheme in Towcester, Northamptonshire. For an insight into the approach taken and the development context, the RTPI historic environment group and the regeneration network are offering a member visit on 14 March. Early booking is advised.

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