

Private Sector Involvement in Socially Disadvantaged Areas

Michelle Norris & Declan Redmond
University College Dublin
19th May 2009
Combat Poverty Agency

Contents

- Context & Method
- PPP and Fatima Mansions
- Integrated Area Plans – Clondalkin
- Conclusions

Background

Since 1980s

- Cuts in social house building across Europe
- Growth in spending on estate regeneration
 - Eg Remedial Works Scheme in Ireland
- Mostly funded by government

More recently

- efforts to involve the private sector in funding and implementing estate regeneration
 - Eg - Urban Renewal Act 1998
 - Community link fund in South Dublin County Council area
 - Public Private Partnerships (PPPs)

Benefits Identified in the Literature

Irish Government Policy Statements:

- the risks associated with the project can be shared between the public and private sectors
- Uses private sector management, financial and technical skills and expertise
- enables public sector officials to focus on service planning rather than both planning and delivery
- private sector contribution towards the costs of project implementation
- the private sector partners is paid according to performance thereby maximizing their performance incentives
- useful for the delivery of mixed tenure estates

International Literature/ other European governments

- Solution to lack of public finance
- Multi-organisational implementation of regeneration
- Synergy.

Aims and Objectives:

- Review of the key mechanisms employed to enable the private sector participate in social housing estate regeneration projects.
- Generate recommendations for national and government on:
 - the potential role which private sector agencies could play in regeneration,
 - the benefits and drawbacks of involving agencies of this type
 - and effective implementation of regeneration schemes which include the private sector.

Methodology:

Case studies

- PPP
 - Fatima Mansions
- 1998 urban renewal scheme IAP
 - West Tallaght and
 - North Clondalkin

Research Methods:

Literature review
Review of relevant documents
In-depth interviews

Fatima Mansions

Background to the PPP

- Severe social and environmental decline
- Ineffective regeneration
- Separate regeneration proposals put forward by the community and Dublin City Council
- Negotiations led to a revised master plan
- Early 2003 Dublin City Council began to explore the PPP option
- Put out to tender later that year
- Result was:
 - 150 social rented and 70 affordable dwellings
 - 396 private apartments for sale on the open market
 - a Neighbourhood Centre, leisure facilities and retail and enterprise units
 - €6.5 million for a social regeneration

Fatima Mansions

Project design and development

Benefits:

- Procurement:
 - Particularly useful for tenure mixing
 - Single contract
 - Coherent design
- Tenure mixing
 - Addressed poor public image of the estate
- Risk sharing
 - Evidence that the developer took on considerable risk
 - Increased by unstable market and requirement that the social housing must be completed first
- Finance
 - No information about value for money
 - Reduced need for public sector investment
 - Increased the total amount of investment
 - Provided flexible funding for the social regeneration plan

Fatima Mansions

Project design and development

Dis Benefits:

- Procurement:
 - Requires detailed negotiations prior to tendering and with the preferred bidder
 - Delays commencement and increases public sector risk
- Public sector risks were not an issue in Fatima Mansions but has been a issue in other PPPs
- Tenure mixing
 - Loss of units for social renting – particular problem in Dublin
 - Necessary in all regeneration schemes?

Fatima Mansions

Project Implementation

- Smooth and efficient because:
 - context
 - National economic and housing boom
 - Rising average incomes and land values in the inner city
 - Management
 - Flexible approach to project design
 - Strong project management
 - Fatima Regeneration Board
 - History
 - Sophisticated plans devised on the basis of extensive consultation
 - impressive community capacity
- But
 - Housing market context has changed – collapse of other PPP regeneration projects in Dublin.
 - Does similar levels of capacity exist elsewhere?

Integrated Area Plans

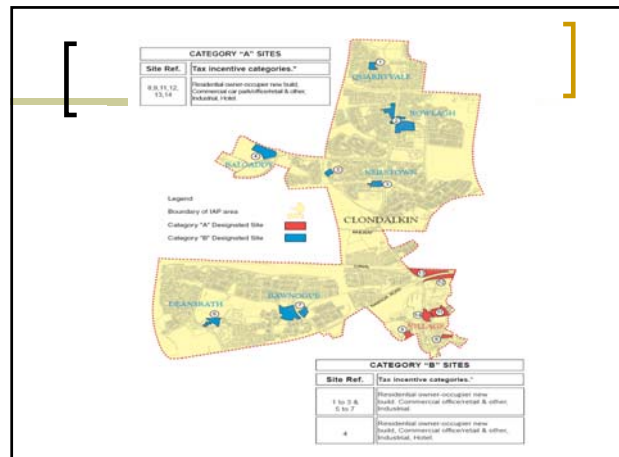
North Clondalkin

IAP Elements

1. Central government tax incentives
2. Local Authority Incentives
3. Community gain initiatives

Government Tax Incentives

<i>Category A sites</i> <i>Clondalkin village</i>	<ul style="list-style-type: none"> • Industrial and commercial buildings – 100% tax allowance • Section 23 relief on rented residential property
<i>Category B sites</i> <i>disadvantaged area north and west Clondalkin</i>	<ul style="list-style-type: none"> • Industrial and commercial buildings – 100% tax allowance • Section 23 relief on rented residential property
<i>Category C area (lands within the IAP boundaries but excluding Category A and B sites).</i>	<ul style="list-style-type: none"> • NONE. Owner occupied residential allowances were applied for but not given.



2. South Dublin County Council Incentives

- Waving of standard development levies
 - In practice many category B sites were subject to levies

3 Community Gain Initiatives

- A) Community Linkage Contribution Fund
 - o €2.54 per square foot on category a sites
 - o Placed in community fund
 - o To be spent in the disadvantaged areas on non-capital and non-infrastructure works

3 Community Gain Initiatives

- B) Proceeds from sale of council owned category B sites
 - o To be spent in the disadvantaged areas on works, facilities and infrastructure

3 Community Gain Initiatives

- C) Part of the proceeds from Council owned category A sites
 - o Typically 15% of the sale value
 - o To be spent in the disadvantaged areas on works, facilities and infrastructure

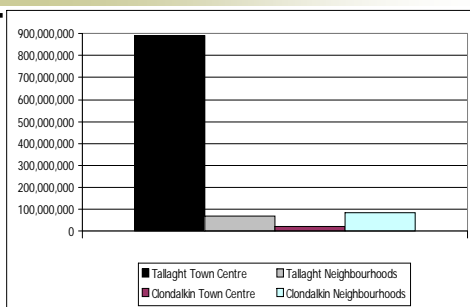
3 Community Gain Initiatives

- D) Receipts from rates from new rateable valuations in the village centre sites
- To be used for improving infrastructure

Levels of Development

	Clondalkin	Tallaght	Totals
	M ²	M ²	M ²
Town Centre	4,390	423,153	427,543
Neighbourhoods	75,839	35,400	111,239
Total	80,229	458,652	538,881

Investment



IAP Funding of URBAN Initiative Projects

	€
Clondalkin	
Quarryvale Community Centre and All-Weather Pitch	524,026
Bawnogue Community and Enterprise Centre	1,822,453
Neilstown Youth Facility	156,061
Neilstown Childcare Facility	134,993
Tallaght	
Fettercairn Community Centre	292,318
Fettercairn Youth Horse Project	34,970
Jobstown Playground	12,619
Killinarden Community Centre	687,188
Killinarden Enterprise Centre	2,791,267
TOTAL	6,455,895

Clondalkin and Tallaght Community Linkage Funds

	Clondalkin Fund	Tallaght Fund	Totals
Total funds lodged between 2001 and end April 2007	€516,661	€3,629,430	€4,146,091
Likely total Funds Lodged by end of Scheme	€534,000	€6,000,000	€6,534,000
Funds Allocated to date (phase 1 and 2)	€443,380	€75,312	€1,418,692
Remaining funds to be allocated (Summer 2008)	€90,620	€5,024,688	€5,115,308

SDCC on Clondalkin

- 'As regards Category B sites, private investment in these areas would be considered a high risk even if generous tax incentives were available. The medium to long term sustainability of any development built there would be questionable' (South Dublin County Council, 1998).

IAP - evaluation

- Market dependent mechanism
- Quite limited overall investment in disadvantaged areas
- Very small community gain from linkage fund (0.65% of total investment).

Research Limitations

- No cost benefit analyses
- No access to PPP tenders
- Refusal of property developers to be interviewed (except on Marian Finucane show!).
- Continued relevance of case studies?