Value Capture Finance

Making urban development pay its way

A ULI Europe Publication in partnership with the ULI Urban Investment Network Founding Partners

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Urban Land Institute

Urban Investment Network

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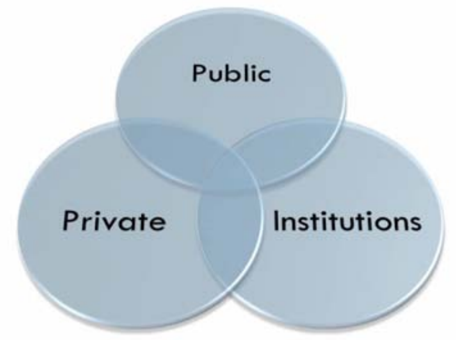
ULI Urban Investment Network



What is the ULI Urban Investment Network?

The ULI Urban Investment Network is an independent European network designed to promote and facilitate world class investment in urban development. The initiative has being developed by the Urban Land Institute in collaboration with a group of leading cities, European Institutions and private sector organisations.

The Network is working to facilitate a continuous dialogue between public and private sector leaders who are seeking to improve their ability to collaborate. It's premise is that public - private relationships with a high level of collaborative working provide more opportunities to bridge investment gaps and overcome city development challenges.

Why is the ULI Urban Investment Network needed?

Effective collaboration is essential if Europe is to meet the 21st century challenges of being globally competitive in a knowledge-led economy, reducing carbon emissions and making the most effective use of land for urban development. The 'investment gap' is broader than capital, as opportunities also exist to improve knowledge and skills, institutional frameworks and techniques for collaborative working.

Who is engaged with the ULI Urban Investment Network?

- Corporate and institutional investors, developers and advisors
- Specialised urban, property and infrastructure fund-managers or financiers
- City and metropolitan leaders and development executives
- European financial institutions and National development bodies

Next Steps

A network of up to 200 organisations is being built which will meet regularly and develop trusted relationships that deliver a high level of knowledge exchange. Following successful Workshops in Brussels, hosted by the European Investment Bank, a number of Workshops and Forums will be hosted over the course of 2010 exclusively for Network Partners.

www.uli.org/uin

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Joe Huxley is a Geography graduate of Oxford University with specialisms in urban investment and regional development, globalisation and global cities, climate change, and South and southern Africa.

Joe has since worked directly with more than a dozen cities, such as Barcelona, Toronto, Cape Town, Auckland, Johannesburg, London, New York and Edinburgh. He has also authored, edited and presented on a number of urban development themes, such as city strategy and branding, the recession, urban finance mechanisms, investment promotion and facilitation, city centres and global event hosting.

Particular highlights include advising on the 2012 Olympics for the British Government, editing a number of books for and presenting on behalf of the OECD, as well as writing for the British Council and European Investment Bank.

With Greg Clark, Urban Land Institute Europe's Senior Fellow, he co-authored the Urban Investment Network launch report 'Closing the Investment Gap in Europe's Cities'.

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Foreword

Greg Clark, Senior Fellow, ULI EMEA/India

Value Capture Finance is an idea that excites many ULI members and partners. It offers the logical idea that because urban investment in infrastructure and logistics, property and amenities, public realm or green spaces creates value beyond the direct assets that are the focus of the investment, some of that value (a portion not used simply to provide private gain or to support general taxation) could be used for direct local re-investment. As this report shows, it is an idea that appeals and a concept where there is currently a mood for innovation and experimentation.

Coming out of the current economic and financial crisis, value capture may be one important additional tool for generating investment without dependence on public finance, which will be scarce. Planning authorities and wider governments will search for ways to leverage contributions from private investors, but they will be doing this in a competitive environment where private investors will expect a return. Perhaps value capture offers a way forward as a means to simultaneously grow the inward and external rates of returns of investments, in conditions where prioritisation is key?

In Europe the appetite is growing. In this report Joe Huxley has codified how value capture works and has illustrated the diversity of techniques now emerging in Europe. The report benefited from the dialogues that ULI has led with colleagues from across Europe, and the work has also been inspired by the widespread use of the TIF (Tax Increment Financing) mechanisms that have been important in the last quarter of century in the USA.

Europe's widely varying institutional frameworks and public finance traditions do not necessarily mean that a TIF model would work well in many EU countries, so this report begins an important process of sharing lessons within Europe so that greater innovation can occur. In the future we will undoubtedly see many more forms of value capture occurring and greater co-investment between public and private sectors. This report provides a lens to the future and a basis for accelerated debate and innovation that will help urban investment and city development to pay its own way long into the future.

Greg Clark
Senior Fellow, ULI EMEA/India

Chapter 1
Introducing Value Capture Finance

The purpose of this paper

Examples throughout history and from across the globe have shown the power of Value Capture Finance (VCF) as a tool to drive sustainable urban development. As early as the Middle Ages, Local Authorities in England created special, occasional taxes for coastal populations to pay for sea defences, and, as far away as Bogotá, 'Betterment Levies' have been used to finance infrastructure development. [3/4]

In today's Europe, though, VCF is a growing phenomenon which promises much but remains an ill-understood and under-utilised mechanism. This document aims to improve the clarity with which it is understood, and to broaden and deepen its use across Europe's urban investment markets. ULI members increasingly request greater clarity about how value capture mechanisms work, and this document seeks to address directly their curiosity.

1.1. An introduction to Value Capture Finance

VCF represents an innovative means of maximising a city's assets. It is a finance mechanism which not only shares the risks and costs of urban development between public and private actors, but also the rewards. VCF sees some of the costs associated with making urban development succeed internalised within the balance sheets of the developments themselves. Public goods are consequently provided by urban development without the proportional draw on the public resources which would otherwise finance them.

This potentially means that value capture is an attractive idea to the public sector (as it provides additional resources for public goods) and for the private sector (as it ensures that the value created by development is at least partly locally re-invested rather than being more broadly dispersed).

There is often, however, some confusion between VCF and other development finance mechanisms possibly because VCF can involve relatively complex financial and contractual arrangements, which can change according to the local development context, legal frameworks and the purpose of the funding. Even its name can change from place to place and across Europe there is no single recognised definition of VCF.

The following pages seek to define VCF in simple terms and provide examples of its practical application to aid understanding.

1.2. The VCF positive feedback loop

Despite their breadth, VCF mechanisms have a unique common denominator. They involve a financial positive feedback loop with four components:

i) 'Value creation' The unlocking of and increase in the potential value of under-used assets (land and/or structures) as a result of a public sector intervention to stimulate demand from the private sector.

ii) 'Value realisation' Subsequent investment and development from the private sector which ensures that potential asset value increase is realised.

iii) 'Value capture' Arrangements by the public sector for the acquisition of a proportion of private sector returns for local reinvestment. This can take the form of monetary or in-kind contributions from the private to public actors.

iv) 'Local value recycling' The re-investment of acquired monetary or in-kind contributions from the private sector within the same development site or scheme. This re-investment can pay for the initial public intervention but tends to fund further interventions. These further interventions must have a public good element to them but may also benefit the private sector by consolidating value gains already made.

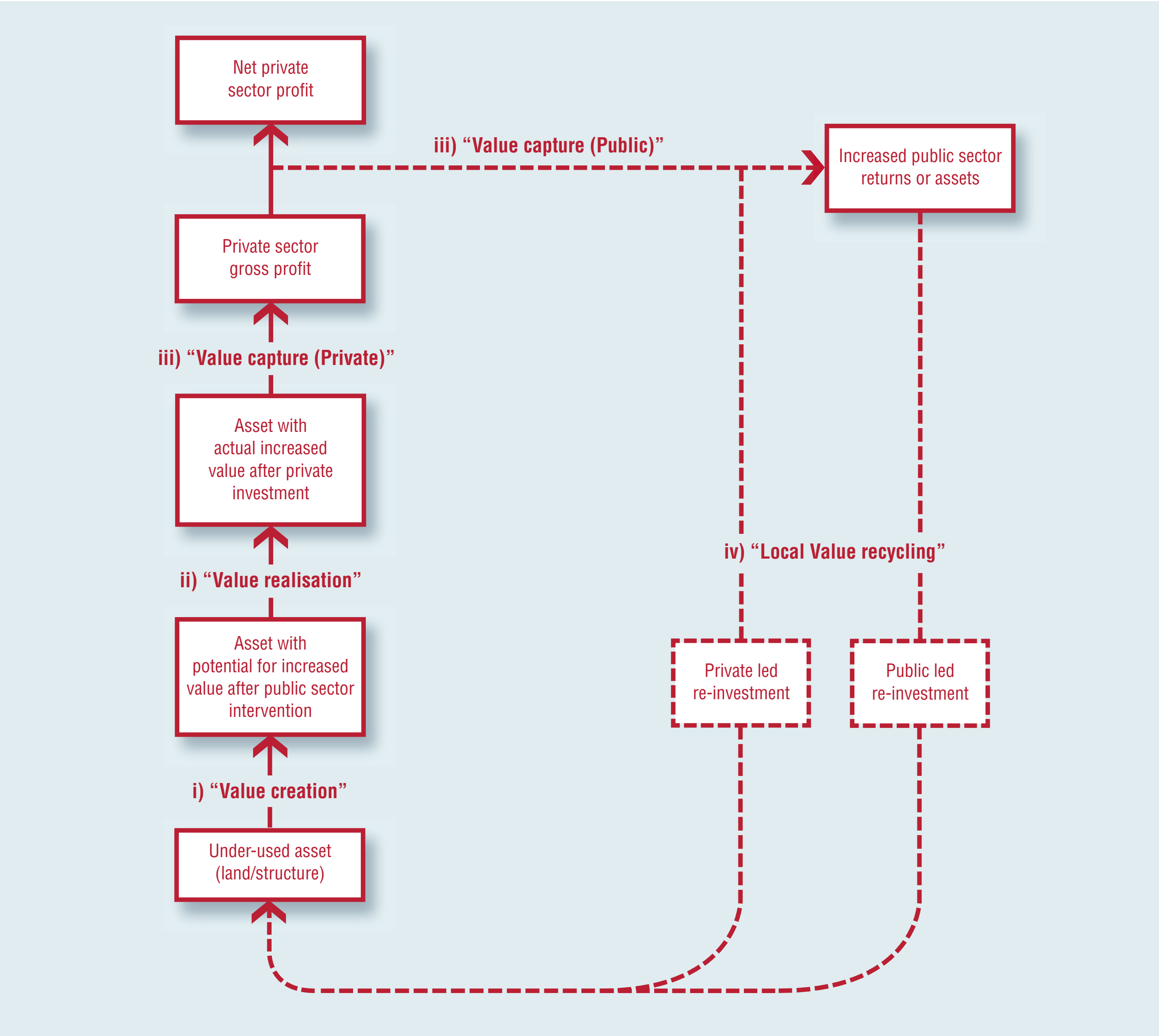
VCF can therefore be defined as the appropriation of value, generated by public sector intervention and private sector investment in relation to an underused asset (land and/or structure), for local re-investment to produce public good and potential private benefit.

In other words, VCF maintains both an:

- **Inward rate of return.** The revenue return for the private sector following initial investment; and
- **External rate of return.** The proportion of this revenue which is reinvested in the same development scheme for the public good.

In this way, VCF deals are designed to create a win-win situation from development which benefits both public and private sector actors.

An idealised VCF positive feedback loop



The different elements of this feedback loop are discussed below.

Value Creation: How are potential increased asset values created by public sector intervention?

Potential asset value increase can be facilitated by a number of types of public intervention:

- **Land use change using planning and regulatory tools.** e.g. zoning, restrictive land use planning and planning permission.
- **Enhanced infrastructure provision.** e.g. road, rail, metro and airport links, as well as basic utility provision.
- **Environmental improvement.** e.g. remediation of polluted land, or tackling of dereliction.
- **Enhanced service delivery and image.** e.g. destination marketing, iconic architecture, event hosting and management, policing and cleaning.
- **Population increase.** e.g. residential development and increases in tourist flows as a result of enhanced area infrastructure and image.

Value realisation: How are potential increased asset values realised by private sector investment?

Asset values are tangibly increased and unlocked by private sector involvement and investment in a number of ways:

- **Direct investment.** e.g. new buildings and facilities as well as existing buildings and facilities.
- **Comprehensive master-planning.** e.g. for new uses of land and buildings.
- **Area promotion.** e.g. enhanced destination branding and marketing.

Value capture: How are increased asset values captured for the public good and private profit?

A prerequisite for a successful VCF project is that there must be sufficient value created that a proportion may be captured by both public actors and privates.

The inward rate of return is secured as profit by the private sector. This private value capture is primarily via the rent or sale of new or enhanced housing, retail or office units.

A range of mechanisms are then used by the public sector to capture enhanced asset values realised by the privates:

- **Land transfers.** e.g. land held in private or public ownership is provided to the public promoter for public usage.
- **Local taxation:** e.g. *local* general targeted taxation and *local* real estate tax increments where revenues are reinvested into the same area in which they were collected.
- **Fees and levies:** e.g. planning approval fees, development levies and infrastructure tariffs.
- **Debt servicing/Loan guarantees:** e.g. securing loans against the increased or future increase value of the land.
- **Local service agreements:** e.g. private actors agree to prioritise the local community for access to new facilities or manage basic public services or public space.
- **Private-led local infrastructure and amenity provision and enhancement:** e.g. schools, community centres, affordable housing, and transport links and utilities provision and upgrade. [5/6]
- **Operating revenue:** e.g. ticket sales and toll payments associated with infrastructure developments.

Local value recycling: How is this captured asset value recycled for the public good?

The captured value (in monetary form or 'credit' to leverage in-kind contributions from the private sector) can be recycled or reinvested in the same development scheme for the public good in two main ways:

- **Public sector led re-investment:** Increased public revenues captured from the private sector through enhanced local taxation, fees and levies pay for further government interventions within the same development area. This reinforces asset values and positive social-economic impacts.
- **Private sector led re-investment:** The public actor offers private actors the opportunity to deliver community-orientated infrastructure directly. This also further increases asset values and positive social-economic impacts.

1.3. Types of VCF deal

The balance between the inward rate of return and the external rate of return is decided using three different types of deal.

- **Negotiated:** Arrangements and tradeoffs between public and private sector actors are confirmed one step at a time. e.g. Emirates Stadium development scheme, London.
- **Structured:** A policy framework which fixes the inward and external rates of return at an optimum level for both the public and private sector actors. This is often decided by complex socio-economic impact analysis (e.g. Social Cost-Benefit Analysis, Public Value Scorecards and Social Return on Investment methods) as well as financial balance sheet analysis. e.g. 22@Barcelona, Barcelona.
- **Institutional/Joint ventures:** A medium-to-long term partnership deal between individual or a series of public and private actors who agree to share a balance sheet for investment purposes e.g. Akaretler Row Houses, Istanbul.

To implement most of the deals studied for this paper a change in existing legal or institutional arrangements has not been required. Rather, these tools are employed flexibly to ensure that VCF works effectively.

1.4. What distinguishes VCF from other urban investment mechanisms?

The critical difference between VCF and traditional urban investment mechanisms, such as public debt finance, congestion charging and business rate supplements, is that VCF models create a win-win situation for both public and private actors where an external rate of return is captured then reinvested locally for public benefit.

Key features of VCF mechanisms

VCF . . .	VCF does not . . .
• Displays all four components of Value Creation, Value Realisation, Value Capture and Local Value Recyling. • Sees locally created and captured value reinvested locally to enhance and augment the value of the original investment. • Increases the incentive for both public intervention and private investment by creating a win-win situation. • Shares the cost of urban development between the public and private sectors without the public sector *necessarily* undertaking a large amount of initial investment.	• Rely upon general taxation as the mechanism to capture or redistribute created value. • Tend to distribute the benefits of development far beyond the boundaries of the initial intervention and investment. Benefits may sometimes be spread more widely if they are considered part of the initial proposition. • Involve development beginning without an agreed programme of benefits to which public and private sector are both committed. • Involve development beginning without an agreed recycle mechanism to which public and private sector are both committed, possibly in law.

1.5. Understanding VCF: the key questions answered by the experts

On the 7th September 2009, ULI Europe led a Forum in Brussels on the subject of VCF. It was attended by 17 leading representatives from the public and private sectors, who were asked to share their expertise to sharpen our understanding of it.

The key questions and answers are outlined below.

Q **What are the various names by which VCF is known around the world?** The names used to describe VCF vary from place to place. Some examples include Tax Increment Finance, Business Improvement Districts, Land Leasing, Betterment Levies and Planning Gain Supplement.

Q **Where is VCF found across the world? Where and when is it most effective?** VCF is used across the world in areas where latent demand for land and structures is high and sustained, often during healthy economic conditions. This tends to focus its use in selected districts of larger urban areas with strong land and real estate markets which have yet to reach their development potential. This can include a range of city centres, waterfronts, business districts or well-connected localities, for instance. VCF techniques have been observed in cities such as Cape Town, Hong Kong, London, Istanbul, Barcelona, Bogotá and many more. It can, however, work in smaller urban areas if there is a sufficient latent demand for land that can be unlocked and realised by smart interventions. Other environments where VCF is viable include those where: land use planning is well-used and managed, public and private actors have a culture of collaboration, local flexibility exists and local politicians/officials are proactive, public actors respect private imperatives and vice versa, infrastructure investment needs can be defined and afforded and where there is a general environment of transparency and accountability

Q **What can VCF pay for?** This mechanism can finance a range of types of urban development and regeneration projects. These can include transport infrastructure construction, community amenities enhancement, skills-training programmes delivery, affordable housing provision, enhanced service delivery, public realm improvements, energy efficiency initiatives, destination marketing, and cultural restorations.

Q **What value is being captured?** At its core, VCF captures the increased value of underused assets such as land, structures and floorspace following initial public sector interventions and private sector investment.

Q **Who is VCF for? Can it be called Value Capture if only the developer benefits?** VCF's strength is that it represents a winning formula for all stakeholders in a development project, from local residents and local authorities to investors and developers. In other words, it maintains both inward and external rates of return. Without securing broader social benefits, however, a project cannot be considered as Value Capture.

Q **Why do VCF deals vary?** Deals vary for many reasons. The value creation step will vary according to the tools available to local public authorities and the influence of market forces. The value capture step again depends on the tools available to local authorities, but also the legal framework and how much value it is possible and suitable to capture. The value recycling element depends on not only what is possible but also what is considered of value in the local area. This can vary from hard infrastructure to softer initiatives such as training, social inclusion or talent attraction.

"There is a huge amount of demand in learning about Value Capture Finance but let's not start by assuming we know all the answers."

Greg Clark, Senior Fellow, ULI EMEA/India

"If it's Value Capture Finance it has to have a public good element."

Debra Mountford, Senior Policy Analyst & Manager, OECD LEED Programme

"In each area it's important to start with a clean sheet of paper and ask the people what they want"

Antony Spencer, Managing Director, Stadium Capital Holdings

Keeping Birmingham Building - VCF during a downturn [27 / 28]

At a small conference held by the UK Government in early 2009, Assistant Director for Development Planning and Regeneration in Birmingham, Waheed Nazir, highlighted the potential sensitivity of VCF to market conditions.

He told senior representatives from cities and organisations across Europe of how many Birmingham-based developers were contacting his department to re-negotiate their Section 106 planning obligations. Given tighter financial margins as a result of recession conditions, many were finding the burden of planning obligations agreed to in healthier economic times difficult to manage.

Hayley Anderson, the city's Planning Obligations Coordinator, points to the fact that flexibility and understanding on the part of the public sector is essential. "If developers come to the Council and present problems with figures behind them and are able to suggest alternatives then we try our best to look at them," she commented.

Though the amount agreed will not change for existing agreements, a range of payment alternatives can be negotiated between the developers and the Council, such as different trigger payments and extended consent periods which last more than three years (to avoid pressures to build out straight away), for instance. When it comes to negotiating new agreements, planning officers will assess the viability of development proposals on a case-by-case basis, and this can inform the level of planning obligations the development can support.

As a result of relaxing its planning policies, Birmingham City Council has ensured that many projects that were at risk of being mothballed have received a kick-start. As Cllr Douglas Osborn, Chair of the Planning Committee, puts it, "while we remain adamant that developers must fulfil their Section 106 obligations in the long term, our priority is also to keep development activity going throughout the recession in order to best equip the city for the upturn."

Birmingham New Street Station views: courtesy of Birmingham City Council © 2009

Q **Does the total value captured vary?** Yes. The potential total value available for public capture depends on many factors. The two principal factors include: 1) the profitability of the project for the private sector, 2) the ambitions, flexibility, negotiation skills and/or leverage of each actor. For instance, in unhealthy economic times when private returns may be low, the public sector tends to demand a smaller contribution from privates to keep the VCF mechanism functioning

Q **What are tax increment finance projects (TIFs) and can they be considered VCF?** Tax Increment Finance represents 'a mechanism for using anticipated future increases in tax revenues to finance the current improvements (such as new or improved infrastructure) that are expected to generate those increased revenues.' So long as the increased tax revenues are reinvested locally this model represents a form of VCF. The derivative proposed to finance the Crawley Town Centre development in the UK follows this model. It would see Grosvenor, as the developer, sharing directly in the local tax uplift, thus avoiding the need for a municipal bond.

Q **What legal frameworks are used during VCF deals?** Local legal arrangements can vary widely from country to country. Different types of deals also require different laws or the flexible application of existing legislation. In the United Kingdom, Section 106 Agreements are used to contractually oblige private sectors to make agreed contributions to the public sector. In Turkey, different public actors make different legal requirements of privates. For instance, the Directorate of Turkish Foundations contract developers to undertake building restoration work to given specifications, whereas the Metropolitan Municipality grants construction permits. The number of legal agreements involved in a deal may also vary. Some may involve one; others many. The Emirates Stadium project involved 3,000.

Q **What is VCF's spatial scale of operation? Can aggregating development sites work?** VCF can vary in its scale from single development sites to projects which spread across multiple sites. Indeed, area or district development schemes can be more effective than single site developments as re-investment beyond just real estate into public realm, infrastructure, green spaces and destination marketing can also re-inforce asset value increase and realise a more comprehensive form of development. Aggregating disparate development sites into one 'package' can make the positive impact of the development process more comprehensive. This way, an extremely profitable site can capture and recycle enough added value to pay for improvements at a less profitable site. Crossrail in London, for instance, is a multi-site and city-wide public transport infrastructure development project which is part-financed by VCF.

Q **If value is captured at one site and recycled into another site can this still be considered VCF?** Yes, although most VCF models involve site-based local recycling of value. In some cases, however, where sites are be geographically separate, because they are part of one development scheme or fall within the administrative area of the relevant public authority, the recycling of value between them can still be considered local – a crucial ingredient of any VCF deal. Other examples, beginning to be seen in emerging economies see developers paying for management training courses for young people who may live in a much wider geographical area than the development site itself. This is rare but is nevertheless a form of VCF.

"The TIF model being considered by Crawley Borough Council in conjunction with Grosvenor to finance Crawley Town Centre in the UK would avoid the need for new primary legislation as existing local authority powers can be used"

Charles Hughes, Chairman, Smart Futures and Chair, ULI Europe, Urban Renewal Product Council

"If we began 22@ today it would be difficult but not impossible."

Jordi Sacristan Adria, Director of Marketing and Communications, 22@BCN

Q Is there a difference between the 'ideal' model for VCF and the reality on the ground? There can be. As has been hinted at, though local value recycling paid for by private sector development profits is the cornerstone to the VCF model, practical imperatives can have a distorting effect. For instance, captured value may, on occasion, be allowed to leak beyond the scheme in which it was captured to pay for other things. On other occasions, the private sector may not be able to fulfil all of its requirements and so alternative ways forward are sought. The fact remains though that this is a suboptimal situation and is to be avoided.

Q When is value created, captured and recycled? The four-step process tends to proceed in the value creation, realisation, capture and recycle order. In some instances, however, to create value and pay for the initial intervention the public actor can take out a loan against the future value which will be captured. Here, the loan or the 'local value recycling' part of the process comes before the value realisation and capture steps materialise. Value can also be captured and recycled at different intervals and rates. For instance, some deals demand that: 1) Value is captured and recycled up front at the beginning of each development (e.g. land transfer from privates to the City in exchange for planning permission in the 22@Barcelona, Barcelona); 2) Value is captured and recycled on an ongoing or sequential basis (e.g. the construction of new and upgrade of existing public amenities and infrastructure associated with the Emirates Stadium development, London) ; and 3) Value is captured and recycled on commercial completion (e.g. the payment of local tax increments following development to finance initial improvements by the public sector as with the Akaretler Row Houses project, Istanbul).

Q Can VCF work during a downturn? Most VCF success stories take place during periods of economic growth with rising land and real estate markets and confident public and private actors. Recession tends to reverse these trends and, crucially, the scope for high inward rates of return diminishes. As a result, the likelihood that private actors will be able or willing to contribute a proportion of their profits for the public good also diminishes. This makes VCF difficult. There are a number of approaches, however, which can be taken to ensure that VCF succeeds, even in times of economic difficulty. Some examples include: 1) Planning and preparing for the upswing; 2) Creating value using tools which are less capital-intensive such as restrictive landuse planning to induce demand 3) Reducing the amount the private sector has to contribute to the recycling element of the feedback loop; 4) Being flexible and proactive in support of private actors in difficulty; and 5) The use of risk guarantees to encourage investment.

Q Is all private led development 'luxury' and of little intrinsic public value? An unhelplful stereotype of private sector-led development sometimes prevails where it is seen as purely 'luxury' and of no intrinsic value to the communities in which it is situated. This is rarely the case. Whilst private actors are motivated by the bottom line ahead of socially beneficial outcomes this is not to say that highly profitable development cannot produce positive local externalities or that community-orientated developments cannot also be profitable. Luxury apartment units, for instance, produce jobs, enhance local tax takes and can improve an area's built environment quality. To ensure fair VCF negotiations between public and private actors, it is therefore important to understand and properly quantify the public value of all elements of the development scheme, even those considered to be heavily in the private interest.

"You just have to cut your cake to what you can afford"

Antony Spencer, Managing Director, Stadium Capital Holdings

"In the current economic climate VCF approaches will become more important as mechanisms for the sharing of risk and reward between the public and private sectors".

Andrew Carter, Director, Rocket Science and Vice-Chair, ULI Europe Urban Renewal Product Council

Chapter 2
Promising practices

One of the most effective ways to communicate how, where and why VCF works is to examine best practice examples from across Europe. These case studies provide real world road maps to the successful application of VCF in a range of urban environments.

Four main cases, supplemented by a number of smaller cases, from across Europe have been chosen to illustrate the diversity and effectiveness of VCF in practice.

The four main case studies include:

- Emirates Stadium development scheme, London, United Kingdom
- 22@Barcelona, Barcelona, Spain
- Akaretler Row Houses/W Hotel, Istanbul, Turkey
- O_2 World Arena development scheme, Berlin, Germany

Supplementary cases include:

- HafenCity, Hamburg, Germany
- Copenhagen metro and Ørestad development scheme, Copenhagen, Denmark
- Keeping Birmingham building – VCF during a downturn

2.1. Emirates Stadium development scheme, London, United Kingdom [8]

What was the VCF technique used?

Value creation: By granting Arsenal Football Club planning permission to build its new stadium on a small site within the Borough, Islington Borough Council enhanced the potential value of a small pocket of land in Ashburton Grove, London. In addition, because of its proximity to Highbury, Arsenal Football Club's old stadium and spiritual home, and the fact Arsenal was anxious to build nearby, the land had special value. This gave the Council important extra leverage. It should be pointed out that the Council was originally opposed to the scheme and, without the vision and persistence of the developers, the Government Office for London and later the Mayor, the project would have lost momentum.

Value realisation: Potential value was realised through the planning and completion of Emirates Stadium and associated development as detailed in the development profile. The scheme had a total of seven separate development sites across 60 acres of land. In other word, Emirates Stadium was just one part of the wider scheme which realised the value required for VCF to work.

Value capture: Using a 'Planning Gain Supplement' or 'Section 106 Agreement', Under UK planning legislation the Council was able to demand significant contributions from Arsenal Football Club and its development partners in return for the granting of planning permission. These took the form of financial donations, local service agreements, land transfers and private-led infrastructure enhancements and construction.

Local value recycling:
Public sector led re-investment: Developers also indirectly contributed to local community enhancement by contributing financially to the improvement of existing public transport provision to the area and handing over land to the Council for new open space. The Council led this process.

Private sector led re-investment: As part of the arrangements, Arsenal Football Club and associated developers were asked to make a series of direct community-orientated improvements to the site beyond the development of Emirates Stadium. For instance, developers would relocate and build new facilities and affordable housing for the local community, as well as making series of concessions to local people living in the area.

This recycling both mitigated the impact of the new development and improved the infrastructure to support it.

Development Profile

Name: Emirates Stadium development scheme

Type: All-Seated Football stadium and associated developments

Location: Islington, London, UK

Land area: 60 acres

Scope: One development scheme spread across 7 local sites

Stadium capacity: 60,355

Public amenities: Waste transfer station; i-Recycle Educational Centre.

Housing: 2,414 units (1,000 affordable units)

Jobs: 1,800

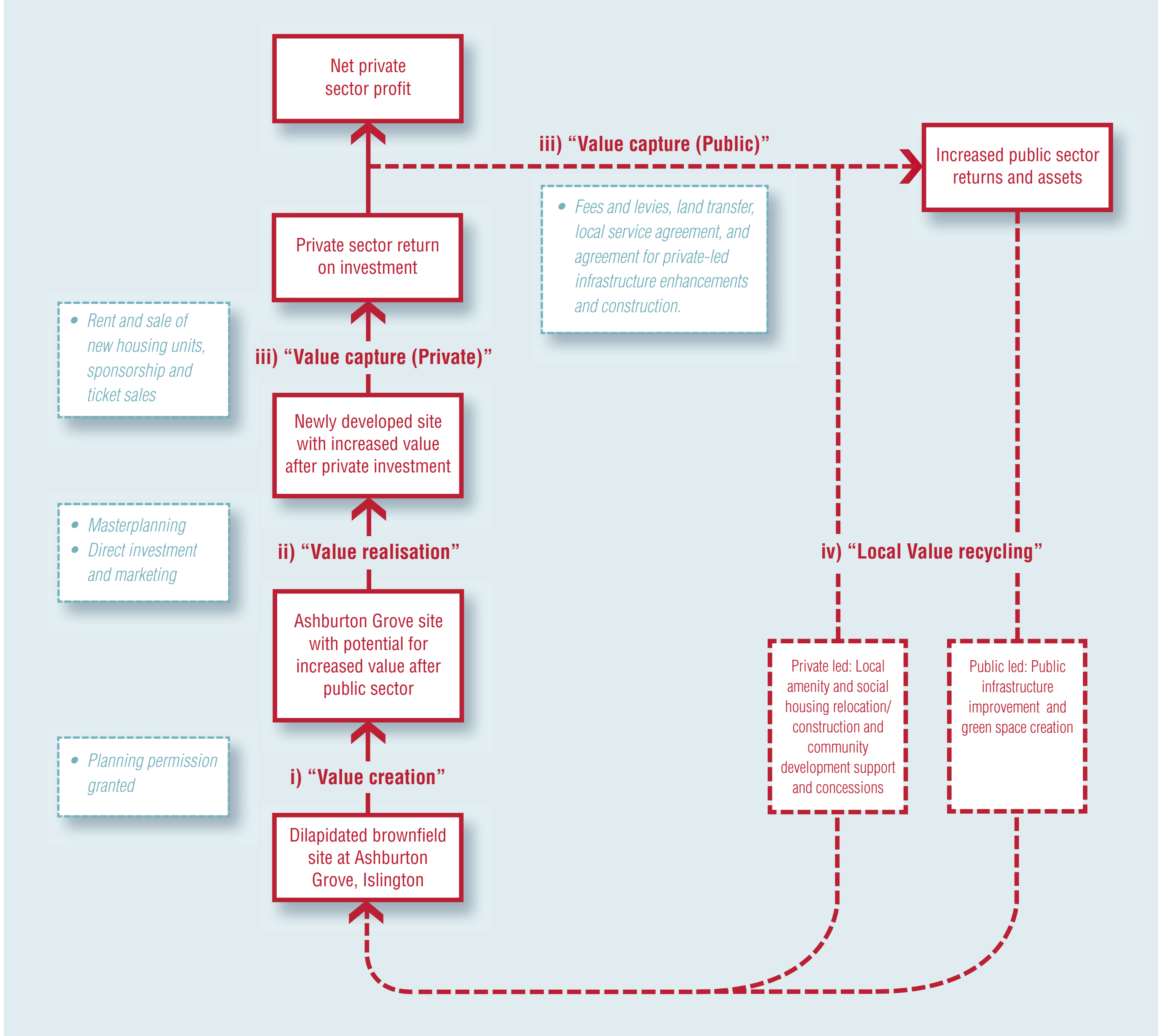
Green space: Public access to former Highbury pitch

Infrastructure improvements: Two new bridges and station enhancements

Cost: GBP 430 million (EUR 477 million)

The Emirates Stadium development scheme: courtesy of Stadium Capital Holdings © 2009

The Emirates Stadium development scheme VCF feedback loop



What did VCF pay for?

A number of the most significant obligations the club entered into under the Section 106 agreement are included below. Across the Ashburton Grove, Lough Road and Highbury sties, directly or via its private partners and the public sector, Arsenal Football Club agreed to:

- **Relocate and construct new local amenities.** Developers relocated and built a new GBP 60 million (EUR 67 million) waste transfer station plant and i-recycle educational centre on ten acres of former railway land on Lough Road, next to the stadium. New day nurseries and new community health facilities in the local area were also provided For instance, Arsenal was ordered to retain space at Drayton Park and Queensland Road for the Camden and Islington Health Authority.[9]

- **Construct new social housing.** According to the Section 106 Agreement: 'a minimum 25% of all housing on the three sites (by habitable rooms excluding intermediate) [is] to be provided as affordable housing of which no less than 75% shall be socially rented and no more than 25% may be equity share.'[10] Developers provided 2,414 new homes in Islington including over 1,000 affordable and key worker housing developments. This effectively made Arsenal one of the biggest house-builders in the Borough of Islington. Of these, 711 homes were built on the old Highbury site.[11]
- **Prioritise the local community.** Arsenal agreed to prioritise local people for Season Tickets. At least half of the increased number of tickets (up to a total of 10,000)were offered preferentially to London Borough of Islington residents in the first year of the new stadium.[12]
- **Community development support.** A community development trust was established to be responsible for developing and overseeing the implementation of regeneration and emphasise the maximisation of local benefits for local people.[13]
- **Provide new park land.** Developers allowed the former area of the Highbury pitch to become a park, accessible to the public from dawn until dusk. Land was also transferred to the Council at nearby Drayton Park as an extension to the Gillespie Park open space.[14]
- **Fund local infrastructure improvements.** Arsenal agreed to pay financial instalments to Islington Borough Council. GBP 7.5 million was spent on the construction of two new access bridges to the site. Arsenal also accepted responsibility to fund public transport improvements, including: façade, accessibility and capacity enhancements at Holloway Road underground station; capacity improvements to Drayton Park Station; works to improve the Finsbury Park Station Interchange; and new bus stops on the Holloway Road, Blackstock Road, Highbury Park, Highbury Grove and Seven Sisters Road. [15]

Who were the key players?

- **Arsenal Football Club:** The Club acted as the figure-head for the scheme and are the main beneficiaries of the stadium. Created the special purpose vehicle to deliver the scheme and established a three person working group to oversee the scheme's delivery. The Football Club also financed the project.


New housing and green space at Highbury: courtesy of Stadium Capital Holdings © 2009


Emirates Stadium interior: courtesy of Stadium Capital Holdings © 2009

Emirates Stadium: courtesy of Stadium Capital Holdings © 2009

- **Ahsburton Holdings Limited.** This special purpose property-owning subsidiary was established by Arsenal to implement the scheme.
- **Stadium Captial Holdings.** The firm developed the initial vision for the scheme and crafted the masterplan. Supported Arsenal by providing expert property development advice. Owners of Highbury Studios.
- **Anthony Green and Spencer.** An private actor which acted as the land agents during the scheme.
- **Islington Borough Council:** The key public body which negotiated the Section 106 agreement with the club.
- **The Government Office for London:** It provided the vision and facilitation skills of a few individuals at the Office which ensured the project kept momentum.
- **The Royal Mail:** Major existing occupant of the Ashburton Grove site.
- **The Royal Bank of Scotland:** The bank leant Arsenal a GBP 260 million (EUR 288 million) package to finance much of the project.
- **The General London Assembly:** Former London Mayor Ken Livingstone also offered his support to the scheme which pushed it through when momentum slowed.

What were the relevant planning, legal and institutional frameworks?

The value capture technique operates under Section106 of the Town and Country Planning Act 1990 – an enactment which applies to the whole of England and Wales. This provision allows local authorities to negotiate agreements with developers and require them to make some form of financial commitment to the local authority in exchange for the granting of planning permission. The section gives planners the ability to deny planning permission to those developers unwilling to make adequate contributions. There are, however, limitations on the types of Section 106 agreements that can be negotiated and what can be included in them.

The Secretary of State's guidance sets out that an obligation may only be sought from developers where it meets the following tests:

- It must be relevant to planning.
- It must be necessary to make the proposed development acceptable in planning terms.
- It must be directly related to the development.
- It must be fairly and reasonably related in scale and kind to the proposed development.
- It must be reasonable in all other aspects.[16]

What was the total value captured and recycled?

Inward rate of return: Precise revenue and return on investment figures are not available for Arsenal Football Club and the associated developers. The total cost of the project came to GBP 460 million (EUR 509 million). As a result, it is reasonable to assume that the inward rate of return will exceed this figure on project completion by at least the value of the external rate of return. The annual net revenue surplus of the Emirates Stadium compared to Arsenal's old ground (Highbury) is approximately GBP 35 million (EUR 39 million).


Assocaited housing development: courtesy of Stadium Capital Holdings © 2009


New waste transfer system: courtesy of Stadium Capital Holdings © 2009

External rate of return: Though details that value community orientated elements of this development scheme are difficult to access and quantify, it is possible to elaborate on the principal components. For instance, VCF funded a new waste transfer station at a cost of GBP 60 million (GBP 66 million) as well as GBP 7.5 million (EUR 8.3 million) for two new bridges. The mechanism also obliged the provision of around GBP 7.5 million (EUR 8.3 million) for transport improvements. When the value of the social housing, new park land, community organisations and prioritisation, day nurseries and education centres are added into the equation the figure for the community-orientated improvements to the area approaches GBP 100 million (EUR 111 million).

What were the key principles which made a success of this VCF project?

Public sector perspective	Private sector perspective
Sarah Ebanja, Deputy Chief Executive, London Development Agency *"We worked hard to understand each other's ambitions, processes and non-negotiables to create the best win-win situation we could."* • **Genuine and trusting relationships.** It is critical to establish a confident openness between the key players. It must be there to get things out on the table and work through challenges together. • **One point of contact.** To avoid tier after tier of governance and minimise unnecessary structures, having a single point of contact and recognised lead on the public sector side is important. Accountability, none the less must be maintained. • **Clarity of objectives.** It is essential for the public and private actors to be clear and frank about their objectives and to be firm about what is and is not negotiable. • **Understand the process.** Publics and privates should be open to learning quickly about one another's processes and be malleable to them. • **Ensure the business case is sound.** For value capture finance to work, the private sector must be confident of making enough of a return to contribute a proportion to value recycling.	**Antony Spencer**, Managing Director, Stadium Capital Holdings *"Where other people saw problems, we saw opportunities"* • **Preparation.** We had to choose a site which when developed, would create enough value to finance all the associated development. • **Planning.** The development consisted of seven separate sites under one comprehensive scheme. Value was realised, captured, recycled and shared between different sites as part of the same scheme. • **Partnership.** The key to effective collaboration is to work out what everybody wants. Trust is also key. We had to operate on an open-book basis. The Council wanted to see how much money we were making. • **Persistence.** To deliver the scheme we entered into 3,000 legal agreements and acquired 253 land ownerships.

2.2. 22@Barcelona, Barcelona, Spain [17]

What was the VCF technique used?

Value creation: In 2001, Barcelona City Council issued a new urban planning regulation which changed the land-use designation of 115 privately-owned old blocks in the south east of the city from industrial (22a) to services (22@). This allows for more productive uses on the land. Density rights were also increased. These changes dramatically increased the land's potential value to private owners, giving them the opportunity to make significant profits. The City Council therefore has strong leverage over the private sector to encourage them to contribute to the wider transformation of the area.

Value realisation: Potential value was made tangible through the private sector planning and development of land parcels within the 4 million metre square 22@Barcelona district as described in the development profile. To date, construction is either planned, underway or has been completed for 67% of this total area.

Value capture: The City Council uses its leverage in a number of ways. In exchange for a planning permit it 1) demands rights to 30% of the total land area of the proposed development or the equivalent current monetary value of the land be transferred to the city (which is decided on a case by case basis); and 2) charges a development levy of EUR 80 per square metre of land developed (which is updated annually). The transfers and levies are donated directly to the publicly-owned 22@BCN company.

Local value recycling:
Public sector led re-investment: The monetary and in-kind land contributions of the private sector developers are reinvested in full into the 22@Barcelona district by the public body 22@BCN. The 30% land transfer or equivalent monetary value of the land is used to construct social housing (4,000 units), knowledge-based infrastructures (such as incubators, telecommunications, student accommodation and R+D centres) and green spaces. The development levy is used to fund the delivery of the 22@Barcelona 'Special Infrastructure Plan,' which prescribes the holistic development of the area towards a knowledge-based economy primarily through infrastructure development. .

Private sector led re-investment: In the 22@Barcelona model, the private developers only contribute to the recycling and reinvestment process indirectly – via 22@BCN.

Development Profile

Name: 22@Barcelona

Type:
Creation of a new innovation district

Location: Poblenou, Barcelona, Spain

Site area: 4 million m² gross floor space

Office: 3 million m²

Green spaces, social housing and infrastructures: 800,000 m²

Housing:
4,000 new units of affordable housing

Green space: 114,000 m²

Public facilities: 145,000 m²

Conservation: 114 historical sites

New firms: 1441 new firms by December 2008 (69% of which belong to one of the media, ITC, MedTech, energy or design sectors)

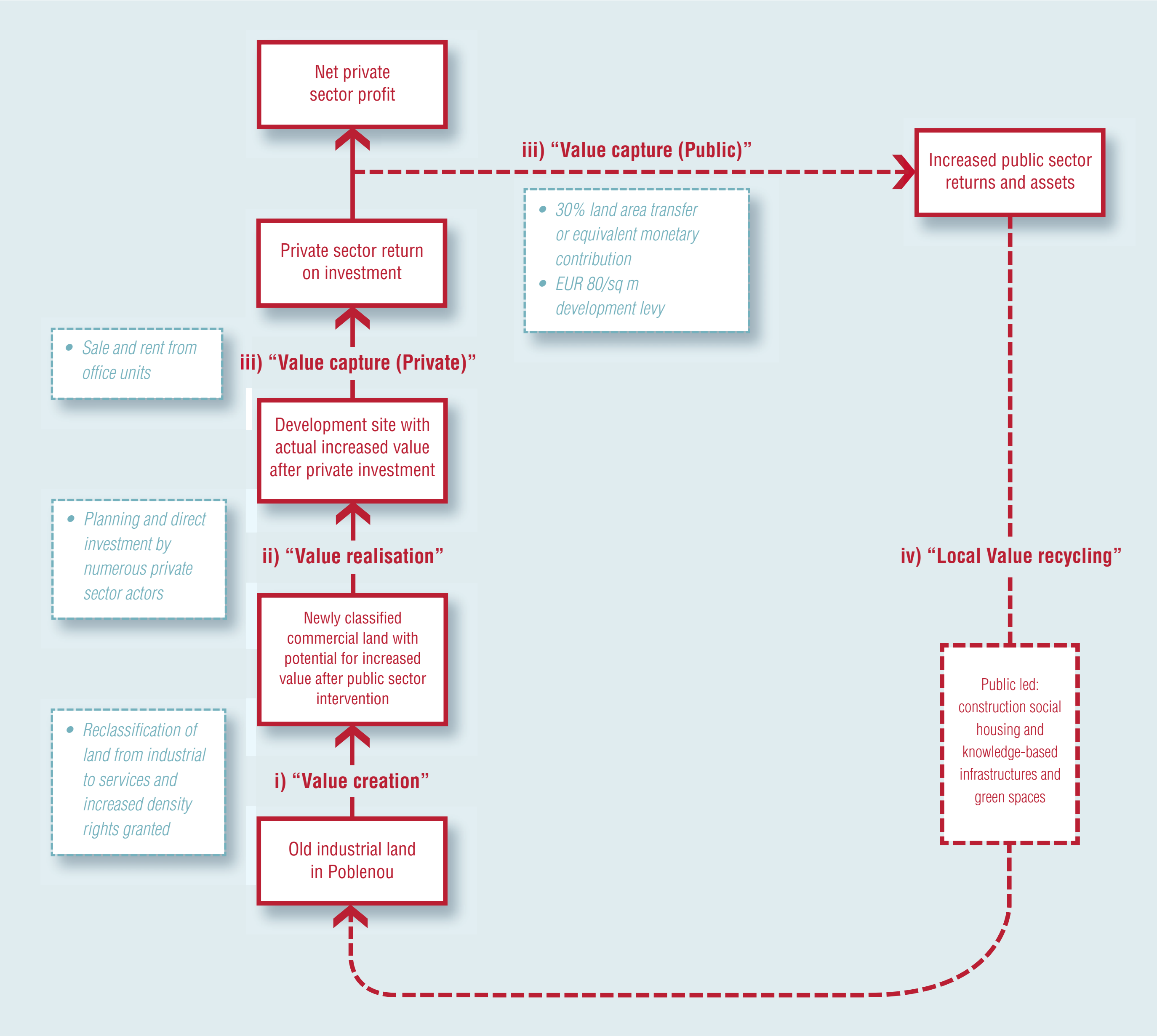
Jobs: 42,000 by December 2008 (half of which are university graduates).

Total estimated value: EUR 12 billion

Dates: 2001 to today

The 22@Barcelona district from the air: courtesy of 22@BCN © 2009

The 22@Barcelona VCF feedback loop



What does VCF pay for?

The 30% land or monetary contribution as well as EUR 80 per square metre development levy, have funded many of the improvements within the 22@Barcelona zone. Principal improvements include:

- **Land clearance and site preparation.** The removal of many dilapidated industrial buildings has been a key feature of 22@BCN's work.
- **Infrastructure improvements.** Improvements include the provision of fiber optic cabling, selective and pneumatic waste collection, centralised air-conditioning system and Wi-Fi connection in the streets and beaches have all either been realised or are underway.
- **Green space and public facilities creation.** There are plans to create 114,000 square meters of green spaces and 145,000 square metres of public facilities in the area.
- **Social and student housing provision.** As well as student housing, VCF has funded the provision of 4,000 affordable housing units.
- **Effective destination marketing.** Part of the development levy acquired by 22@BCN is used to market the area to potential investors and developers.

What was the total value captured?

Inward rate of return: It is important to note that the project has not yet finished. Only 67% of the district's total 4 million square metres have been planned Initial estimates suggested that the total value of this project for developers, on completion, would be approximately EUR 12,000 million. At present there is an average rate of return on investment of between 6% and 7% per annum.

External rate of return: It is very difficult to estimate the value of the public works which have been enabled by VCF. It is expected that EUR 180 million will be spent on infrastructure improvements in the area. Though the figures for the value of the destination marketing, student and social housing, and green spaces and facilities are not available it is likely that on the completion of the project the value of the community-orientated improvements to the local area will reach beyond EUR 1 billion.

Who were the key players?

- **Barcelona City Council:** Barcelona City Council was the initial driving force behind the project, approving a new urban planning ordinance aimed at transforming the old industrial area in 2000. Later in the same year, the City Council created a municipal company (22@BCN) to improve management of the project.
- **22@ BCN:** The municipal company 22@BCN was created in 2000 by Barcelona City Council with the aim to promote and manage the transformation the 22@Barcelona project envisages. The organisation's mandate is broad. It includes the development facilitation of more than 4,000,000 m² of land (80% for offices and 20% for social purposes) and the re-urbanisation of 35 kilometres of streets. The 20% set aside for social purposes will become new public facilities, green spaces and new social homes. 22@BCN is also charged with the domestic and international promotion of the new businesses and the scientific, education and cultural activities of the area. As the 22@Barcelona project manager, it receives all the monetary and in-kind contributions leveraged from developers. 22@BCN also manages the re-investment of these resources into the 22@Barcelona district.
- **Private sector developers.** Developers approach the municipal company 22@BCN with plans and legally commit to contributing the 30% land transfer planning approval fee and EUR 80 per square metre development levy. Even with these contributions, developers still stand to make solid inward rates of return, which is why they are happy to enter into such an arrangement.

What were the relevant planning, legal and institutional frameworks?

The principles underlying the re-classification of the land are detailed in three of the city's plans:

- **Modification of the Metropolis General Plan (MPGM):** 'Designates six areas to be developed through public initiatives and remits to derived plans to specify ordinances in each transformation area.' [18]
- **Special Internal Reform Plan (PERI):** 'Allows for urban improvements on 37 kilometers of streets in the 22@Barcelona with highly competitive utilities.' [19]


The Agbar Tower: courtesy of 22@BCN © 2009


New public space: courtesy of 22@BCN © 2009


New infrastructure in the 22@Barcelona district: courtesy of 22@BCN © 2009

- **Modification of the Special Plan for Historical/Artistic Architectural Heritage in the city of Barcelona:** 'Adds 68 new elements of Poblenou's industrial heritage to the Barcelona Heritage Catalogue.' [20]

It is also legal requirement that Spanish developers offer 'land concessions' to local governments for open space, public facilities and affordable housing in exchange for being granted planning permission. The Spanish constitution states that 'development projects (except in some very built-up urban areas) must cede to the municipal government at least 10% of land for open space and 5% for other infrastructure such as schools, streets and sidewalks.'[21] These figures are minimums and some municipal governments may require larger concessions. As has been discussed, in the 22@Barcelona district, a 30% land (or equivalent monetary value in exceptional circumstances) concession is demanded. Under Spanish law, developers must also contribute 10% of the calculated economic value of a district to the municipality to finance affordable housing. This is paid directly to the city in land or cash.

What are the key principles which make a success of this VCF project? [22]

Public sector perspective

Jordi Sacristan Adria, Director of Marketing and Communications, 22@BCN

"We created a new environment to give the privates and the city the opportunity to grow."

Be firm but fair: Set your development levy or permit approval fees at a level which is mutually beneficial for both public and private sector partners. In Barcelona, this is backed by law and is non-negotiable. Developers know that they will have to adapt to this law to receive the necessary license for development. There are no exceptions.

Re-negotiate on a project by project basis, if at all: During unhealthy economic times some developers feel uncomfortable having contributions to the public sector eat into dwindling profit margins. Whilst developers are still legally required to fulfil their contribution commitments and no general re-negotiation rules may be issued, public authorities will listen to alternative methods of payment. For example, some have suggested paying in-kind instead of using money.

Private sector perspective

Arturo Díaz Nieto, General Manager, Catalonia, Hines, Spain

"It's an intelligent proposal to recover an urban area mainly based on boosting productive activity and improving the quality of life and social adhesion of its inhabitants."

Sell the win-win vision: The private sector find the idea that they can contribute to community development through their productive action appealing. This corporate social responsibility element is sellable.

Tim Nalder, General Manager, Invesco Real Estate

"We forecast good future capital appreciation of the location because of the perceived strategic importance that 22@Barcelona represents to the city's office market as well as the excellent infrastructure."

Get the right development: To achieve buy in to the VCF mechanism the private sector must be confident of retaining a high rate of return. This means the development type must have the potential to realise high values following private sector investment.

Reinvest for business too. By recycling a proportion of captured value for business the proposition becomes stronger (e.g. infrastructure improvement benefits both the community and privates).

Enrique Martínez Laguna, CEO and Managing Director, CB Richard Ellis, Spain

"22@ Barcelona's position, with excellent road connections via public transport, the future high speed network and its central location in the city, respond to the needs of a great many companies."

Get the area right: To make VCF palatable, it is critical the location has the potential to realise high returns on investment. Therefore, features businesses look for such as centrality and connectivity are key.

2.3. Akaretler Row Houses, Istanbul, Turkey [23]

What was the VCF technique used?

Value creation: There tend to be strict regulations for the preservation of historical buildings owned by the Turkish Foundations – a national public sector real estate owner. The granting of construction permits for the development of these buildings is a complicated and time-consuming procedure. In 1987, however, permission was granted to develop Akaretler Row Houses by a range of public actors. The Municipality granted a construction permit and a certificate of occupancy. Meanwhile, The General Directorate of Preservation of Cultural and Historical Heritage and the General Directorate of Turkish Foundations approved the development plans. This permission raised the potential for an increase in land and real estate values. Real estate and tourism tax breaks also help create demand and potential value.

Value realisation: After multiple failed attempts to develop the site by other developers, the Bilgili Group took over the site's management in 2005. It developed the Akaretler Row Houses as a showcase mixed-use project at the heart of Istanbul. The project's key features are listed in its development profile. The total value realised by the restoration of the historic building façades is difficult to quantify but is none the less significant.

Value capture: Because all construction and restoration projects do not proceed until written approval from public actors such as the General Directorate of Preservation of Cultural and Historical Heritage, the Municipality and Turkish Foundations, the public stakeholders had negotiating leverage over the Bilgili Group. As a result, the public sector actors were able to capture value from the private actor in a number of ways including *local* taxation, private-led real estate renovation, and local service agreements.

Local value recycling:

Public sector led re-investment: The locally generated tax received by the Municipality funded infrastructure improvements to the site. These enhancements were made concurrently to the main development process.

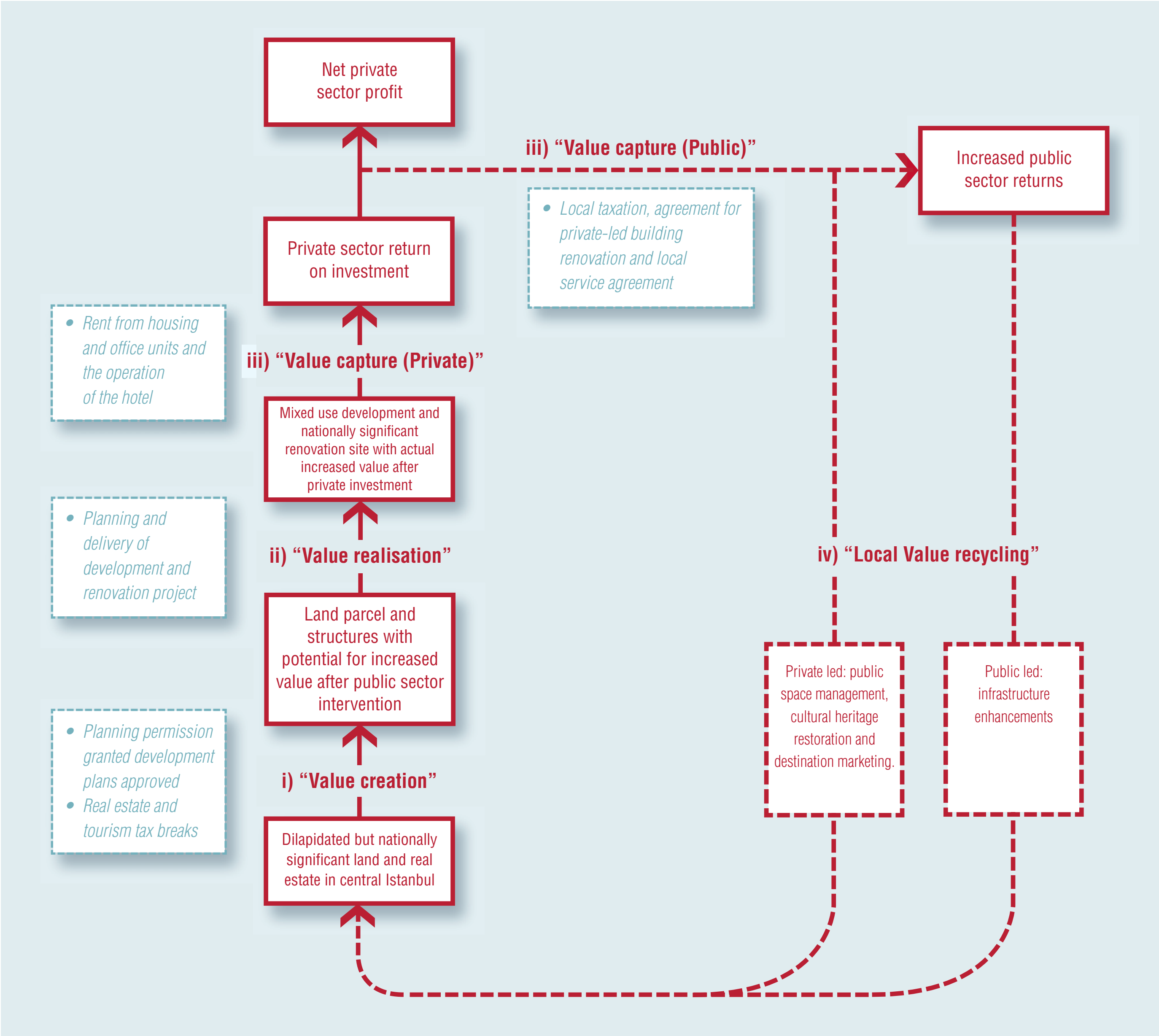
Private sector led re-investment: The major form of community re-investment associated with this development was the direct restoration of the highly culturally valuable Akaretler Row Houses by the Bilgili Group. This process was obligated and overseen by the General Directorate of Turkish Foundations. The Bilgili Group is also contributing the marketing of the area, further renovation projects in the neighbourhood as well as the management of a small amount of public space. Additional development projects will also have the effect of boosting employment and increasing the access of this nationally significant cultural site to visitors and residents.

Development Profile

- Name: Akaretler Row Houses
- Type: Mixed-use development and nationally significant renovation project
- Location: Akaretler, Istanbul, Turkey
- Site area: 1.7 hectares
- Renovation: 17,000 m² of façade
- Office space: 14,399 m²
- Retail space: 19,436 m²
- Single family units: 23
- Multifamily units: 21
- Hotel rooms: 134
- Parking spaces: 386
- Cost: YTL 110 million (EUR 51 million)
- Dates: 1987 – June 2008

Renovated building façade at Akaretler: courtesy of the Bilgili Group © 2009

The Akaretler Row Houses development VCF feedback loop



These arrangements reinforce the success of the development for the community as well as the private sector as explained below.

What did VCF pay for?

The private sector actors reinvested their increased revenues into the project area for the public good in a number of ways:

- **Cultural heritage restoration.** The restoration of Akaretler Row Houses (the first housing compound project of Ottoman Empire) to its former glory by the private sector represents a major coup for the local community and city as a whole. The public and private sector has also committed to new restoration projects in the local neighborhood such as the State Naval Museum – two minute's walk from Akaretler Row Houses.
- **Destination marketing.** Though the re-investment of development profits in promotional activities does benefit the private sector, the increased flows of tourists to the area has created jobs and supported local businesses.
- **Basic service provision.** The Municipality requires that the Bilgili group undertake a limited amount of basic service provision in the area. For instance, it is made responsible for the cleaning and gardening of a small local park.
- **Destination making and community building development.** The planned further development of the area will contain a balance of uses from retail to office and leisure which are designed to reinforce the area as a destination and a vibrant community.
- **Local infrastructure provision.** Funded by *local* tax generation the Municipality renewed the cobblestone road surrounding Akaretler Row Houses as well as improving the provision of telephone lines and ethernet and fiber-optic cabling. Existing road layouts were also reorganised to support the development.

What was the total value captured and recycled?

Inward rate of return: The Net Return on Investment projection in 2009 for the Bilgili Group is USD 12 million (EUR 8.1 million).

External rate of return: Though the restoration value of a nationally significant cultural site is subjective and difficult to quantify, there are a number of more tangible elements to the project which may be articulated in financial terms. For instance, the total to-date cost of 1) the renovation of the Akaretler Row Houses façade is USD 4.2 million (EUR 2.83 million); 2) the destination marketing is around USD 500,000 (EUR 337,000); and 3) the other neighbourhood renovation projects is around USD 100,000 (EUR 67,000). Other figures, such as the cost of the local infrastructure provision, are not available at this time.

It is clear that this VCF mechanism maintains both inward and external rates of return.

Aerial view of the Akaretler Row Houses project: courtesy of the Bilgili Group © 2009

Road layout and public space improvements at Akaretler: courtesy of the Bilgili Group © 2009

Who were the key players?

A range of stakeholders were involved in the planning and delivery of the Akaretler Row Houses project.

- **Bilgili Group:** As project developer since December 2005 following its purchase of the previous project developer, the Bilgili Group is the principal private sector actor in the project.
- **General Directorate of Turkish Foundations:** Tirkish Foundations is the primary land owner and the organisation which granted planning approval and oversees the quality of the restoration work.
- **General Directorate of Preservation Cultural Heritage:** This organisation also granted the planning approval and oversaw the restoration process to ensure it was completed to a high standard. As a result, the building façade has been restored to its original state.
- **Governor's Office:** This public body co-ordinated the logistics associated with the development, such as traffic rerouting during the construction period.
- **Metropolitan and District Municipalities:** These local authorities granted the construction permit for the project and re-inforced its success by reinvesting the increased value of the land into new infrastructure in the local area.

What were the relevant planning, legal and institutional frameworks?

All construction and restoration projects are subject to the prior written approval of the General Directorate of Turkish Foundations, General Directorate of Preservation Cultural Heritage and District Municipality. Any infrastructure alterations are subject to prior written approval of the Metropolitan Municipality.

What were the key principles which made a success of this VCF project?

Public sector perspective

Erkal Cetin, Branch Manager, Istanbul Art and Construction, Turkish Foundations

- **Clarity of objectives.** Since 2003, Turkish Foundations had a specific aim to revitalise the Foundation's real estate which has historical value for the benefit and utilisation of public. The private sector was aware that this was a key aim for Akaretler project from the very start.
- **Be efficient from the very start.** The Akaretler Row Houses project proceeded rapidly as the project planning was approved by the Turkish Foundations within three days. This meant the project effectively had a four month head start.
- **Retain good relationships.** Throughout the Akaretler project the maintenance of healthy relationships with the key players was essential. This helped all actors to capitalise on opportunities and overcome challenges during the project.
- **Don't underestimate experience and talent.** It was critical for every key player to establish the necessary expertise to plan and implement all components of the project to the highest standards.

Private sector perspective

Işın Karakaş, Senior Managing Director, Bilgili Holding

"Support from all the relevant public sector bodies was what allowed us to achieve the effective completion of this project."

- **Effective value creation.** To ensure we had enough working capital to recycle back into the area we ensured we had a number of things in place including
  1) the best possible product mix;
  2) good relations with other key players;
  3) effective marketing and PR; as well as
  4) an excellent project development team.

Copenhagen metro and Ørestad development scheme, Copenhagen, Denmark [29/30]

Type: New metro and associated development
Dates: October 2002 (first section)
May 2003 (second section)
September 2007 (third section)
Total track length: 21 km
Total number of stations: 22
Key players: Ørestad Development Corporation (ODC), Danish Government, municipality of Copenhagen, Anasaldo Trasporti and the COMET consortium as well as private investors and developers.
Total cost: DKK 12 billion (EUR 1.6 billion)
Development scheme area: Ørestad (3.1 million m² land
2 km from the Copenhagen city centre)

Value creation: The design and construction of the new metro line by the ODC (45:55 national:municipal government-owned organisation) in conjunction with Anasaldo Trasporti and the COMET consortium. The increased accessibility to (as well as other associated benefits) the adjacent land raised demand for it amongst developers and investors. This raised the potential value of the land.

Value realisation: The purchase and development of land in the Ørestad area by private developers and investors. By the end of 2006, the sale and planned, underway or completed development of 52% of the overall site had been realised. Overall sales totalling DKK 4.65 billion (EUR 623 million) had been completed.

Value capture: Land sales (50%), direct payments (10%), real estate taxes (10%), and operating profits from the metro (30%).

Value recycle: Captured values paid for the construction of the metro through the repayment of the DKK 17.1 billion (EUR 2.3 billion) debt incurred during the construction process.

The Copenhagen metro

HafenCity, Hamburg, Germany [31]

Type: Europe's largest inner city urban development zone
Dates: 1997 to 2020/2025
Total size: 157 hectares
Features: 2.0 million m² of gross floor space
5,500 new housing units, more than 40,000 jobs
10 kilometres of quayside promenades
Transport infrastructure: New, efficient road network with connections to city centre and motorway; a new U4 underground line with two stops is under construction (operating from 2012).
Cultural icons: Elbphilharmonie (Concert Hall), International Maritime Museum, Science Centre.
Higher Education facilities: HafenCity University
Total cost: EUR 1.45 billion (public), EUR 5 – 5.5 billion (private)

Value creation: Construction of the necessary physical infrastructure and required amenities to provide development sites to extend Hamburg's City Centre. The creation of new development sites and the increased quality and accessibility of existing sites both increased potential land values within the area. The holistic Masterplan for the area created a persuasive vision which also raised demand for sites in the area.

Value realisation: Capital investment and masterplanning by private sector developers and investors.

Value capture: HafenCity Hamburg GmbH, the publicly owned development agency responsible for the development, sold land as freehold to investors and developers.

Value recycle: The increased revenues from the land were re-invested to pay off the loan which financed the construction of the area's infrastructure and amenities.

Paid for: The construction of the physical infrastructure and required amenities to provide suitable development sites.

Aerial view western HafenCity

* For a more detailed case study on HafenCity see the "Urban Apostles" special edition magazine, produced in partnership by PropertyEU and the Urban Land Institute Urban Investment Network.

2.4. **O_2 World Arena development scheme, Berlin, Germany** [24]

What was the VCF technique used?

Value creation: The City of Berlin granted planning permission for the development of a multifunctional 17,000-seater arena and around 500,000 square metres gross floor area of mixed use on the plots adjacent to the arena. This permission increased the demand for the land thus increasing its potential value. The City also agreed to pay a proportion of the infrastructure cost in support of the development. This further increased the potential value of the project to the private sector.

Value realisation: The planning and development of the associated scheme by the Anschutz Entertainment Group (AEG) ensured that the potential land value increases were realised. Eurohypo backed this initial visioning and financed the O_2 World Arena. The financing and development of the arena were a trigger for other projects which have been planned and realised in the area such as Mediaspree, which were also part-financed by Eurohypo. The key features of the scheme as a whole are detailed in the development profile.

Value capture: In exchange for granting planning permission to AEG, the City requested a number of contributions from the developer for the improvement of the local public infrastructure. The details of what these contributions were spent on are given in the section below.

Local value recycling:
Public sector led re-investment: Using the development contributions secured from the private developer, the City of Berlin led an intense process of re-investment in the local area for the benefit of both the community and AEG. The development contributions allowed the City to pay the remaining balance of the infrastructure improvements it made in support of the development and the costs incurred during the development process. AEG also paid the total balance of the private land acquired by the City directly adjacent to the development.

Private sector led re-investment: The site developer, AEG, had to pay the City a series of development contributions which were then reinvested in the local area. Strictly, however, the private sector did not lead the local re-investment process but contributed indirectly instead.

Development Profile

Name: O_2 World Arena development scheme

Type: Multi-functional arena and mixed use development

Location: Berlin, Germany

Total development area: 18 hectares

Total Gross Floor Area: 520,000 m²

Office: 250,000 m²

Entertainment: 50,000 m²

Retail: 50,000 m²

Hotel: 500 – 1,000 keys

Residential: 1,000 units

Total investment: EUR 1.5 billion

Timescale: 2005-2020

Total Arena Area: 60,000 m²
Interior Room Volume: 230,000 m³

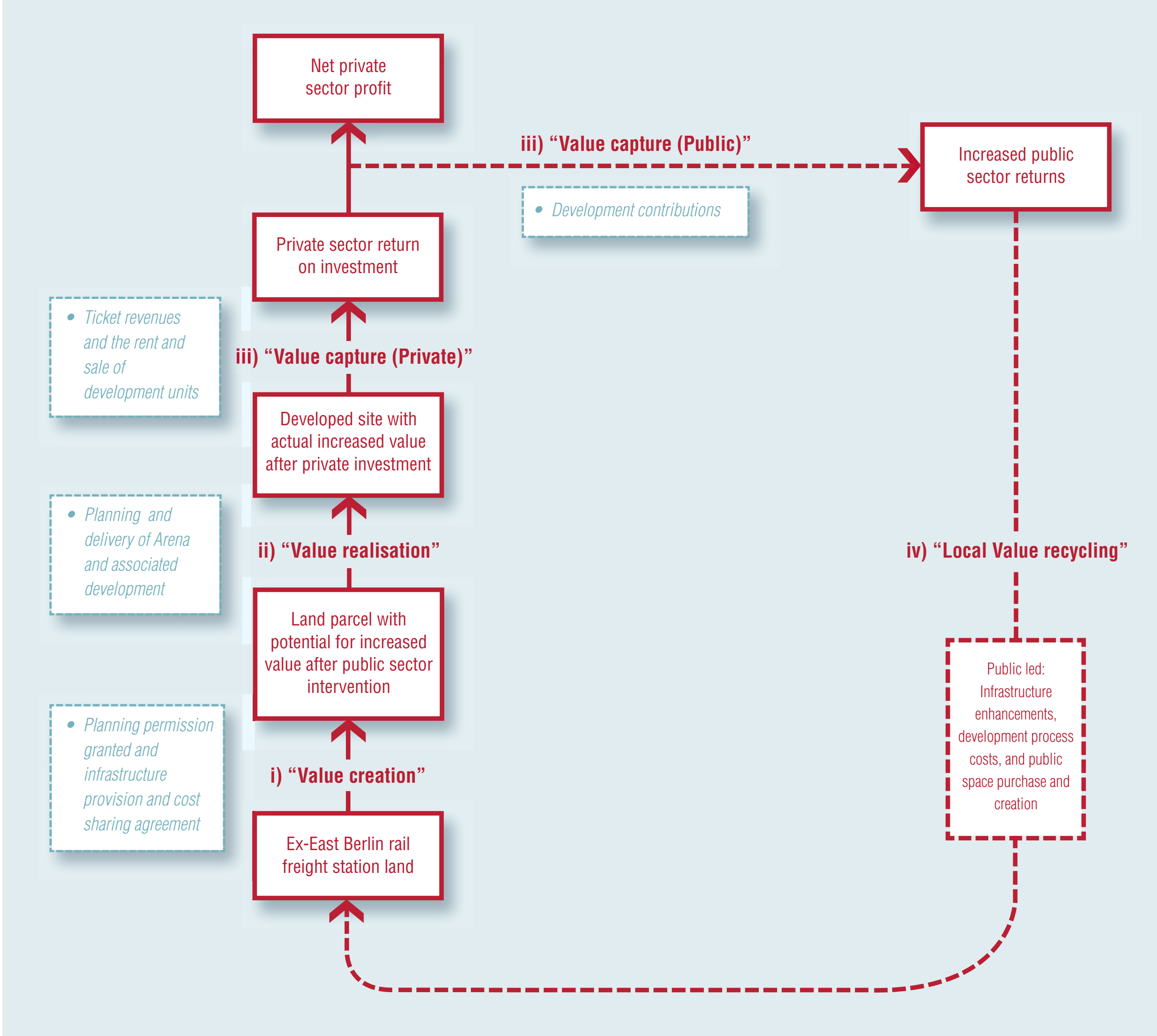
Seated capacity: 17,000 spectators

Financing partner: Eurohypo AG

Timescale: March 2002 - December 2008

The O_2 World Arena: courtesy of Anschutz Entertainment Group © 2009

The O_2 World Arena development scheme VCF feedback loop



What did VCF pay for?

The most significant and direct contributions AEG agreed to as part of the O_2 World Arena scheme are listed below. Accordingly, VCF has paid for:

- **A proportion of the development process fees.** AEG paid for a large proportion of the urban planning costs including legal fees, environmental and traffic surveys as well as surveying.
- **A proportion of the public infrastructure cost.** AEG helped pay for the construction of local access roads, utilities, and a pedestrian bridge from the local metro/railway station.
- **New local park land.** The acquisition of the land adjacent to the riverside which was paid for by AEG is now a public park.

What was the total value captured and recycled?

Inward rate of return: Revenue and return on investment figures are not available for AEG's investment and will in any case only be finally known after the development has been completed in about ten to 15 years.

External rate of return: Already, the return for both the City and the District as local community are significant and in the first instance include AEG's contribution of about 50% to the total urban development process costs of EUR 1.5 million. The total value of the public infrastructure work is about EUR 23 million, of which the private investor paid a share of about EUR 5.5 million. The value of the land AEG acquired for the City at the riverside was about EUR 2 million. Last but not least the City now hosts one of Europe's most modern multi-functional arenas thus enabling Berlin to host international top events such as the European Basketball Final Four tournament in May 2009 and the MTV European Music Awards in November 2009. In its first year of operation the O_2 World Arena has attracted 1.5 million visitors to 138 events and has created about 850 jobs.

Who were the key players?

- **Anschutz Entertainment Group.** One of the World's leading Sports and Entertainment companies was the private investor and initiator of this project. AEG's desire to develop a 17,000 seat indoor arena and the acquisition of the required land from the Germany railway company were the preconditions for this development. AEG took the leading role in the urban development process and was also managing design and construction of the local infrastructure improvements.
- **City of Berlin.** The Urban Planning Department at the City of Berlin acted as the coordinator of the process between both the private investor and local community.

Associated development: courtesy of the Anschutz Entertainment Group © 2009

Associated development: courtesy of the Anschutz Entertainment Group © 2009

- **Friedrichshain-Kreuzberg, District of Berlin.** Friedrichshain-Kreuzberg was the local community party that actually implemented the new zoning plan.
- **Eurohypo.** Without Eurohypo the O_2 World Arena and the subsequent associated development would not have happened. Eurohypo visioned and financed the Arena which acted as a trigger for the development process.
- **Arena partners.** A range of partners were important such as O_2 Germany as naming rights partner as well as the founding partners Gasag, Coca-Cola, InBev Germany, Eurohypo, Visa, and the Republic of Turkey all contributed their support to the O_2 World project.

What were the relevant planning, legal and institutional frameworks?

The key legal planning documents were the local 'Zoning Plan' and an 'Urban Planning Agreement' between the City of Berlin, the local District and the private investor. Whereas the local Zoning Plan provides for future uses and density of the development the Urban Planning Agreement sets out the contributions of each party that are to be provided aside from the zoning legislation. In this case the major items were: both parties' contributions to the local infrastructure, zoning cost and additional improvements.

What were the key principles which made a success of this VCF project?

Public sector perspective	Private sector perspective
Manfred Kühne, Head of Urban Planning Department at Berlin Senate Administration *"German Planning Law provides a number of tools that enable the public sector to apply the Value Capture Finance concept as we did with the O_2 World development."* **Proactive and committed private partners are key.** Thanks to AEG's entrepreneurial engagement and long-term commitment to this project, the City of Berlin was able to achieve both the stimulation of development activity in an important area of the inner-city and at the same time achieve direct benefits to the local community.	**Michael Kötter,** Director, Real Estate Development, Anschutz Entertainment Group Development GmbH *"For the private sector to be committed over the long-term we need both, security and flexibility from the public sector."* In order to commit to long terms projects with a VCF element to them, the private investor needs two things: • **Security.** Security at an early phase in the project (e.g. that the zoning agreement will be legally binding for a long period of time) is essential to build the trust required to contribute to public costs. • **Flexibility.** Flexibility on the part of the public sector is key. It allows us to react to changes in the market and move forwards with the public sector to maintain a win-win situation.

Comparative table of selected VCF projects

Project	VCF deal type	Value creation method	Value capture method	Value recycle leader	What did VCF pay for?	Approximate value captured and recycled for the public good
Emirates Stadium development scheme	Negotiated	• Land use change using planning and regulatory tools	• Private-led local infrastructure and amenity provision and enhancement • Local service agreements • Land transfers • Fees and levies	• Predominantly direct private sector led re-investment • Some public sector led re-investment	• Local amenity construction • Social housing construction • Local community prioritisation and community development support • Public transport enhancements • Public space creation	• Approaching GBP 100 million (EUR 111 million) on project completion of a total development cost of GBP 430 million (EUR 475 million).
22@ Barcelona	Structured	• Land use change using planning and regulatory tools • Enhanced infrastructure provision	• Land transfer • Fees and levies	• Public sector led re-investment	• Land clearance and site preparation. • Infrastructure improvements. • Green space and public facilities creation. • Social and student housing provision.	• Beyond EUR 1 billion on project completion of a total of an approximate EUR 12 billion benefit for private developers.
Akaretler Row Houses	Institutional/ Joint venture	• Land use change using planning and regulatory tools • Enhanced infrastructure provision	• Local taxation • Local service agreements	• Predominantly direct private sector led re-investment • Some public sector led re-investment	• Cultural Heritage Restoration. • Destination Marketing • Basic service provision • Destination making and community building development • Local infrastructure provision.	• Tangible local benefit of approximately USD 5 million (EUR 3.37 million) in 2009 against a projected 2009 net operating income figure of USD 12 million (EUR 8 million) for the developer.
O_2 World Arena development scheme	Negotiated	• Land use change using planning and regulatory tools • Enhanced infrastructure provision	• Development contributions	• Public sector led re-investment	• A proportion of the public infrastructure cost. • Public space creation • A proportion of the development process fees.	• Monetary contributions by the private developer which were reinvested for the good of the community totaled EUR 8.25 million. The Stadium itself also benefits the community in a number of ways.

Chapter 3

Key observations for Value Capture Finance success

3.1. Putting the Urban Investment Network to work

Launched in October 2008, the ULI Urban Investment Network is an independent European network designed to promote and facilitate world-class investment in urban development through regular dialogue between public and private sector leaders.

The two-day Urban Investment Network forum held at the European Investment Bank in Brussels in September 2009 focused experts on the themes of Recession, Risk and Return and VCF.

Constructive exchanges between senior representatives of Europe's leading cities, private developers, investors and inter-governmental institutions took place.

The group reinforced the fact that bridging the urban investment gap, particularly given the current climate, is about more than just money – a concept introduced by the Urban Investment Network launch report: *'Closing the Investment Gap in Europe's Cities'.*

As well as capital gaps, it's also about bridging knowledge and skills gaps; collaboration gaps; and institutional framework gaps.

"There is huge potential for VCF as an urban investment vehicle. There is a crucial role for the ULI Urban Investment Network to bring together public and private actors with inter-governmental connections through OECD and EIB."

Debra Mountford, Senior Policy Analyst & Manager, OECD LEED Programme

Brussels Value Capture Finance forum attendees

Name	Job title	Organisation
Mario Aymerich	Head of Transport Division, Projects Directorate	EIB
Gianni Carbonaro	Economic Advisor, JESSICA TASK FORCE	EIB
Greg Clark	Senior Fellow	ULI EMEA/India
Frederik Covens	Stagiare	EIB
Jan Maarten de Vet	Director	ECORYS Research and Consulting
Charles Hughes	Chairman	Smart Futures and Chair, ULI Europe Urban Renewal Product Council
Joe Huxley	Author	ULI Europe
Işın Karakaş	Senior Managing Director	Bilgili Holding
Debra Mountford	Senior Policy Analyst & Manager of the OECD LEED Programme	OECD
Alexandra Notay	Research Director	ULI Europe
Gert-Joost Peek	Research Director	ING Real Estate Development
Gérard Phillipson	Managing Director	Sopedi, Vice- Chair, ULI Belgium District Council
Jerome Pourbaix	Manager	UITP (International Association of Public Transport)
Jordi Sacristan Adria	Director of Marketing and Communications	22@Barcelona Innovation district
Antony Spencer	Managing Director	Stadium Capital Holdings
Jan Verheyen	Senior Expert Area Development	IDEA Consult
Philémon Wachtelaer	CEO	Archi + I Sprl, Vice Chair ULI Belgium District Council

Urban investment gap typologies [25]

- **Capital gaps:** A lack of finance, whatever its source, to drive through effective and sustainable urban development.
- **Knowledge and skills gaps:** A lack of skills, information, confidence and know-how to craft and implement innovative and sustainable solutions to bridge investment gaps.
- **Collaboration gaps:** Vertical and horizontal co-ordination failures across key public-public and public-private relationships prevent an increase in the urban investment rate.
- **Institutional framework gaps:** Structural, organisational and legislative deficiencies across the systems in which city, regional and national governments operate.

The recession, participants agreed, has created a new imperative to leverage public and private sector resources, expertise and experience find a sustainable solution to closing the investment gaps in Europe's cities.

Crucially, they saw VCF as a potentially key mechanism to achieve this – a view reinforced by the OECD LEED Directing Committee, which after the 2007 OECD LEED publication *'Investment Strategies and Financial Tools for Local Development'* confirmed VCF as one of ten key principles for financing sustainable development.

3.2. Approaching the gap: towards principles for Value Capture Finance success

Using a combination of case study evidence, interviews with expert practitioners and key conclusions from Urban Investment Network discussions in Brussels a number of key observations emerge.

VCF is a potentially very powerful mechanism for funding urban development whilst keeping the goals of the public and private sectors in focus. To operate effectively the VCF model forces the closure of all four types of investment gap outlined above.

VCF can close:

Capital gaps by:
- Ensuring that development and investment momentum is maintained through the positive feedback mechanism it adopts.
- Re-energising urban investment and development agendas following the crisis.
- Acting as a stimulus to bring investment forward and support borrowing.
- Providing either capital or revenue to support wider urban investment initiatives such as urban development funds (JESSICA).

Knowledge and skills gaps by:
- Encouraging public and private actors to develop the necessary expertise to maximise the potential of this investment tool.
- Encouraging proactive, perseverant, and professional actions by both public and private actors.

"VCF is one of the key principles for financing sustainable urban development identified in the 2007 OECD LEED publication "Investment Strategies and Financial Tools for Local Development". Based on 50 international case studies these principles were approved by the OECD LEED Directing Committee which is endorsed by 32 national governments, the EU, the Inter-American Development Bank and Corporación Andina de Fomento."

Debra Mountford,
Senior Policy Analyst & Manager,
OECD LEED Programme

The role of the ULI Urban Investment Network in Europe

Image courtesy of the ULI Urban Investment Network launch report © 2008

Collaboration gaps by:

- Demanding very high levels of interaction between the public and private sectors to ensure that optimal rates of inward and external return are maintained whatever the economic conditions.
- Building trust between public and private actors as the mechanisms means they are jointly reliant on one another.

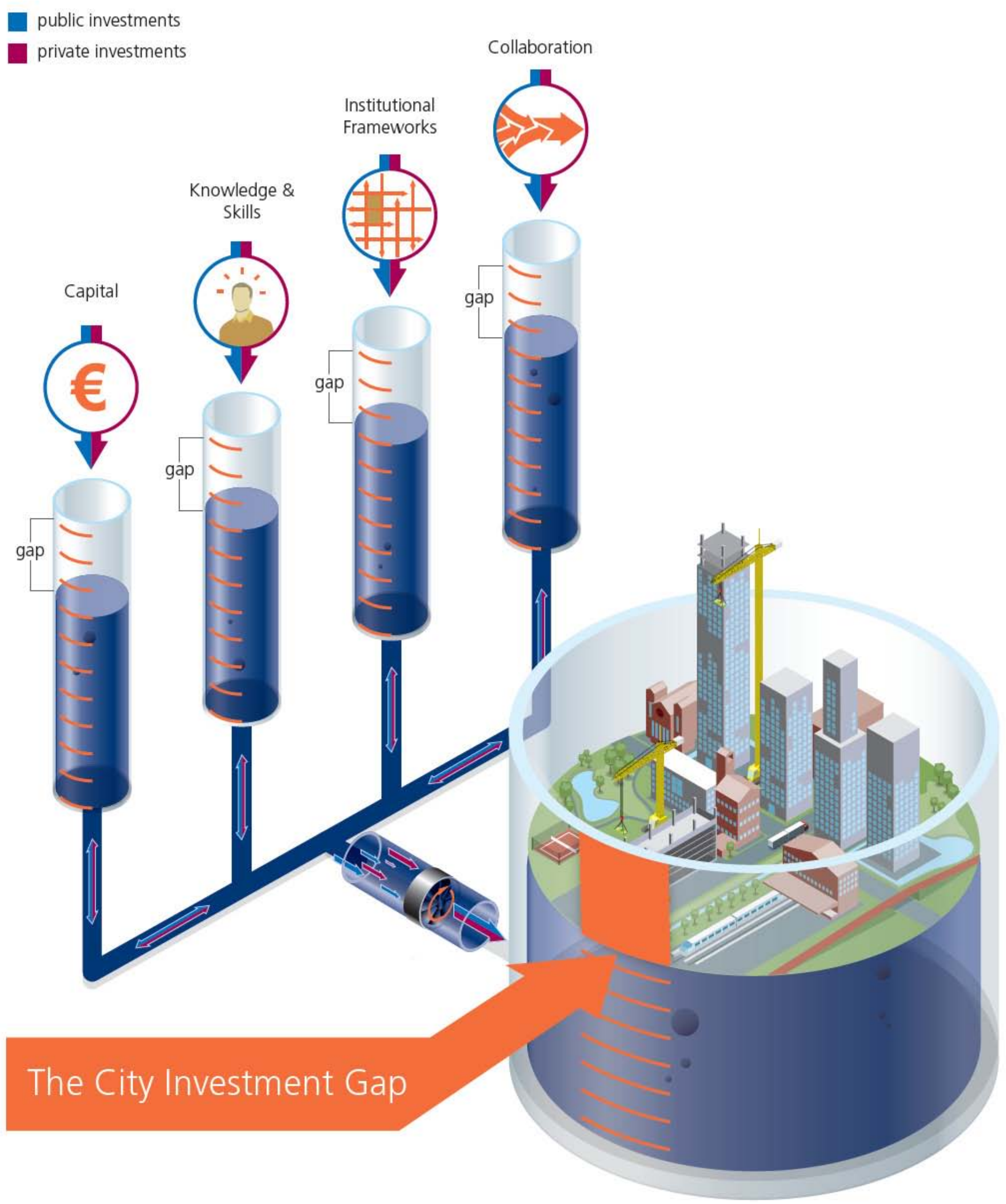
Institutional framework gaps by:

- Demanding that planning frameworks optimally support the complexities of VCF deals and mechanisms.

"To make this work we need to have both public and private perspectives at table. Most to date have been public."

Jan –Maarten De Vet, Director, ECORYS Research and Consulting

City investment gap types



VCF Strengths, Constraints, Opportunities and Challenges

Strengths	Constraints
• Both rates of inward and external return are maintained. It creates a win-win situation for both the private sector and the community. • All actors who contribute financially to the project benefit from it as surplus is reinvested into the same area. • Investment and redevelopment momentum is maintained by providing a local financial positive feedback loop that is otherwise absent. • Additional investment resources are brought to bear even against a back drop of tight public finance limits and tight fiscal regulation.	• Recession conditions can reduce the inward rates of return of the privates to such an extent that they cannot afford to finance external rates of return. • Should taxes and levies to fund interventions prove too high, areas could be undermined by competition from elsewhere. • VCF requires a certain degree of financial expertise which may not be present in local authorities. • Because of its relatively complicated nature, VCF may be constrained by local factors such as planning regulations. • It is reliant on high demand for land which constrains it to a smaller number of sites.
Opportunities	**Challenges**
• Aggregating development sites into one deal could ensure that the profitability of one site pays for less profitable sites. [26] • If better understood and supported VCF could be used more widely and deeply across European cities	• Spreading knowledge about the application of VCF throughout Europe's cities. • Creating genuine, multi-layered collaboration between public and private sectors, beyond the traditional framework of Public Private Partnerships. • Risk of a trade-off between intense investment and development in selected zones and underinvestment in others.

Chapter 4

Closing the gap: ten principles for VCF into the future

Despite its potential in today's Europe, VCF is a phenomenon which promises much but now needs to deliver.

This paper has attempted to define VCF in such a way that it can now be taken forward by the public and private sector with renewed confidence.

Bridging the gap from the theoretical understanding to the practical implementation of VCF in suitable sites and at the right time should now be the focus for policy-makers and practitioners.

In support of this ambition, the ULI Urban Investment Network put forward ten principles to support the successful application of VCF models. These principles are based on a combination of practitioner interviews, case study evidence, round table discussions and some critical thinking.

Though there may be some overlap we identify principles across three phases of VCF projects and for both public and private actors.

"I am struck by the importance of human behaviour and attitudes in VCF models. The perseverance of individuals, openness and good governance all came through strongly in the case studies."

Jan Verheyen, Senior Expert Area Development, IDEA Consult

Ten principles for VCF project success

Launch phase:

	Public	Private
1. Pick the right project	For value capture to work effectively, it is critical that the initial intervention unlocks enough potential value that on private investment value may be captured without compromising the business plan.	It is important that development realises enough of a return that a proportion can be offered to the public sector for value capture and the project still be viable. Privates should be proactive and confident about what can be achieved through VCF – it gives them the leverage to think big and push through ideas which could otherwise lose momentum.
2. Sell the win-win vision	The crux of PPPs and VCF in particular is the win-win vision it creates. As well as pushing the profit potential of a site for the private sector, public actors should also try to achieve buy-in for the public good the private sector contributions will make. There are private actors who will listen.	Private actors should push the fact that their initial investment is more than a 'luxury' development and has some public value. Quantifying the local community benefit of initial plans (without the capture and recycling elements) will ensure that negotiations begin on a more balanced footing.
3. Pick the right people	It is critical that the public sector recruits financial talent and expertise to plan, negotiate and implement deals with the efficiency that the private sector would expect. The requirement to innovate and problem-solve for large deals is far better done by teams of talented individuals.	The private sector requires a different type of talent. The evidence suggests that VCF requires that the private sector learns quickly and adjusts to the aims and ambitions of local government in order that deals complete smoothly. Picking teams with this in mind is a positive step.
4. Develop clear lines of communication	To avoid the frustrations of multiple tiers of decision-makers and confusion about which public sector body is leading, it is important that one person or a small team is identified as the key point of contact for the private sector. The bigger the project, the more important this becomes.	It is important for private actors to develop specialist teams to liaise with the public team(s) effectively and with their perspective in mind.
5. Build a robust open relationships	Confident and open relationships are fundamental to VCF project success. Robust relationships built on trust ensure that the challenges and opportunities of VCF are met energetically.	See public sector principle.
6. Demonstrate long - term commitment	Offering security to the private sector by demonstrating long-term commitment to the development scheme is a way to encourage private investments and donations which facilitate the success of VCF.	By demonstrating a long-term commitment to a sustainable form of development trust builds with the public sector. This makes negotiation easier and the potential to be involved in scheme extensions or schemes elsewhere.

Negotiation/structuring phase:

	Public	Private
7. Create the win-win	Having sold the win-win vision to the private sector it is important to follow through. Crafting a deal dynamic which provides a high rate of inward rate of return with a high external rate of return is the objective. When value is captured and how are other considerations. What value capture will pay for is also important as public orientated reinvestment can still benefit private actors – a situation which would encourage their further investment.	Aside from contributing to the local value recycling process, make steps to improve the local impact of the development itself be it a stadium, a mixed use development, office units, residential units or cultural icon. This will reinforce your commitment to sustainable development in the minds of the public sector and probably reinforce the success of your investment.
8. Be clear about your non-negotiables	It is essential for the public sector to let private actors know where it stands- what it will and won't negotiate on. This requires that the public sector takes important decisions on how much value it wants to capture, how it will be captured and what it will be reinvested in. Creating false hope or being taken advantage of are two routes to the collapse of a VCF deal. It is a good idea to develop lists of priorities.	Being frank about where priorities lie is important. It leaves the public sector under no false illusions and provides a solid foundation from which to move forwards and make the project work.
9. Develop a robust business model	It is vital to sit down with private actors to work through the numbers. VCF relies on robust predictions of profit creation as they shape the value capture and reinvestment elements of VCF. Weak business models that do not give a reasonable guarantee of successful value creation can seriously undermine VCF.	In conjunction with the public sector, the construction of viable business models for all elements of the VCF project is critical. Robust accounting processes should underpin all VCF models. They should create enough value to allow for public value capture whilst maintaining suitable private returns on investment. Contingency planning should underpin all deals.

Implementation phase:

	Public	Private
10. Be flexible to changing circumstances	VCF is sensitive to market conditions and so public partners should be ready to respond with flexibility and understanding. Alternative avenues to VCF success should be prepared in advance to deteriorating market conditions. Whilst corners should not be cut, under difficult circumstances, ideals should be thought of as malleable. The success of the scheme is all-important.	Privates should prepare contingency plans to fulfill their VCF obligations. With thorough business model planning, VCF plans should remain robust, but if not, privates should be prepared to negotiate with public actors about alternatives.

4.1. **Where do we go from here?**

In line with the objectives of the Urban Investment Network ULI Europe is creating momentum behind the VCF agenda. It has scheduled an encouraging list of events and objectives to support the wider and deeper use of VCF techniques across Europe's cities.

The working timetable for the ULI Europe VCF agenda

- 6th October 2009: VCF paper launch at EXPO Real, Munich
- 29th October 2009: VCF session at the inaugural Urban Investment Network Summit, Barcelona
- From November 2009: Report distribution and wide dissemination
- Early 2010: Repeat VCF Forum to move the agenda forwards

What is required now?

The VCF agenda is evolving positively. It is gaining the interest and the understanding of key players in sustainable urban finance. Whilst these are encouraging signs, momentum must now carry forward.

There are a number of issues that warrant further analysis and discussion. For instance, VCF mechanisms could be fine-tuned through:

- The construction of legal and contractual frameworks for VCF application; and
- The development of financial simulations and sophisticated socio-economic accounting to better measure development impact

This report has hopefully established a clear foundation from which to progress. The task is now to dive into the detail and spread the word of VCF as an exciting mechanism for the sustainable finance of urban development across Europe's cities.

The Urban Land Institute hopes to facilitate the continued sharing of knowledge and best practice between the public and private sectors through the Urban Investment Network.

"Because Value Capture is a means to better integrate urban development with wider public goals it can work well alongside other financial instruments such as urban development funds, PPPs, and wider Joint Ventures. It is likely we will see VCF making a contribution to how these funds succeed in the new phase we are now in."

Greg Clark, Senior Fellow, ULI EMEA/India

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Activities and Outputs

The annual programme of activities include:

- Seminars and forums held during the following exhibitions and conferences:
    - ULI Finance & Development Outlook conference; Paris, February
    - MIPIM; Cannes, March
    - ULI Trends conferences; various cities, Summer & Winter
    - Expo Real; Munich, October
- ULI Urban Investment Summit, various cities, Winter
- Tailored workshops hosted by Network Partners throughout the year
- The production of regular journals designed to provide news and best practice from around the world
- Participation in the events of organised by associated organisations, such as the OECD and EUROCITIES

Partner Benefits

Connections:

- Meet leading peers and business partners in a neutral and stimulating environment
- Advanced notification and priority registration for all Network events – gain an early opportunity to participate
- ULI membership providing access to our global network of 35,000 professionals

Knowledge and Education:

- Designated contacts to receive hardcopy copies of reports, newsletters and journals
- Fully formatted and distributable digital copies of each publication

Collaboration:

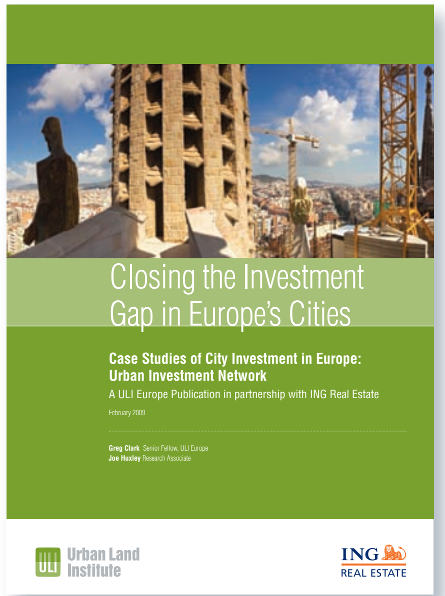
- Complimentary places at the annual ULI Urban Investment Network Summit
- Invitations to events throughout the year to help you discover solutions relevant to your development goals

Visibility:

- Recognition as a ULI Urban Investment Network Partner on all report publications, events and the ULI website
- Acknowledgement in pan-European publications such as PropertyEU magazine

For information on joining the ULI Urban Investment Network, please visit our website or contact Sarah Nemecek: sarah.nemecek@uli.org

www.uli.org/uin



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President, ULI EMEIA, William P. Kistler

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For information on events, District Councils or membership contact please our **customer services team:** ulieurope@uli.org

Urban Land Institute

About the Urban Land Institute

ULI is a global, non-profit organization dedicated to providing leadership in the creation of sustainable and thriving cities worldwide. Established in 1936, ULI has over 35,000 members in 92 countries and offices in Washington DC, London, Abu Dhabi and Hong Kong.

ULI members come from both the public and private sectors and include developers, owners, investors, advisors, policy makers and academics. The Institute's research, publications and events are interdisciplinary and practical. At the heart of the ULI experience is the open exchange of ideas and best practice. The ULI Europe office was opened in 2004 in London and is committed to bringing timely and informative programmes to all segments of the property community in Europe.

www.uli.org

About the ULI Urban Investment Network

The ULI Urban Investment Network is an independent European network designed to promote and facilitate world class investment in urban development. The initiative has being developed by the Urban Land Institute in collaboration with a group of leading cities, European Institutions and private sector organisations.

The Network is working to facilitate a continuous dialogue between public and private sector leaders who are seeking to improve their ability to collaborate. It's premise is that public - private relationships with a high level of collaborative working provide more opportunities to bridge investment gaps and overcome city development challenges.

www.uli.org/uin

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