

Black Country Land and Property Investment Fund - provided by SQW as part of the Error! Use the Home tab to apply Title to the text that you want to appear here.

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Background

- A.1 The Devolution Deal envisaged the creation of a ‘Land Remediation Fund’ to bring forward land for housing and commercial development, linked with the work of the West Midlands Land Commission and the *Land Delivery Action Plan*, approved by WMCA Board in September 2017.
- A.2 The ‘Land Remediation Fund’ has a total allocation of £200 million through the Devolution Deal, subsequently subdivided into:
 the **WMCA Brownfield Land and Property Development Fund**
 the **Black Country Land and Property Investment Fund**
- A.3 The scheme is intended to de-risk private sector investment in brownfield sites and address market failure challenges, such as poor infrastructure, abnormal remediation costs, etc., and to overcome viability gaps. It operates as a predominantly grant scheme (on the basis that applicants will need to have demonstrated that market and recyclable funding sources have been investigated and exhausted), and will support both public and private sector developers through open calls for projects.
- A.4 Commissioning Frameworks have been prepared for the Fund, of which sets out the following priority themes and activities:

Table Error! No text of specified style in document.-1: Land and Property Investment Fund: Themes and activities

Thematic priority	Types of activity
Population Centres	Investing in new commercial office stock
	Refurbishment of office stock
	Population centres development (public realm, etc.)
	Learning institutions (conversion/ construction of buildings for learning)

Thematic priority	Types of activity
Housing	<p>Commercial property investment in leisure and cultural facilities</p> <p>Clearing and preparing sites for residential development</p> <p>Off-site infrastructure to support residential development</p> <p>Offsite environmental enhancements to speed up the delivery of large scale housing sites</p> <p>Conversion of abandoned buildings to support new residential development</p> <p>Local authority led brownfield land delivery programmes</p>
Industrial & commercial sites	<p>Clearing and preparing sites for commercial and industrial development</p> <p>Offsite infrastructure to support commercial and industrial development</p> <p>Supporting private investors to bring forward speculative development</p> <p>Speculative reclamation of brownfield sites</p> <p>Direct development undertaken by local authorities to address supply constraints</p> <p>Bringing forward major strategic sites in phases</p>

Source: Black Country Land and Property Investment Fund Commissioning Framework, June 2017

A.5 The scheme operates on the basis of an average grant intervention rate of 30%

Black Country Land and Property Investment Fund (BC-LPIF)

A.6 The BC-LPIF has an allocation of £150 million. In March 2017, WMCA Board approved an initial tranche of £53 million in 2017-21.

A.7 Within the Black Country LEP area (i.e. Dudley, Sandwell, Walsall and Wolverhampton), the BC-LPIF is intended to complement the WM-BLPDF scheme by supporting larger scale, strategic sites.

A.8 The BC-LPIF will be managed by Black Country LEP, with Walsall Council acting as accountable body.

Outputs

A.9 The Commissioning Frameworks for the BC-LPIF set out the following output targets for 2017-21:

Table Error! No text of specified style in document.-2: Output targets for BC-LPIF, 2017-21

	BC-LPIF
Jobs	1,680
Homes	1,600
Commercial floorspace	126,000 sq m

Source: WMCA, Board reports on WM-BLPDF and BC-LPIF, September 2017

Funding and timescales

BC-LPIF

A.10 The following profile is set out in the BC-LPIF SOC:

Table Error! No text of specified style in document.-3: BC-LPIF: Funding profile (£m)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021+	Total
BC-LPIF	0.00	16.65	24.21	14.44	7.73	0.00	53.04
Local authority	2.00	2.00	0.00	0.00	0.00	0.00	4.00

	2016/17	2017/18	2018/19	2019/20	2020/21	2021+	Total
Other public sector	0.00	0.25	0.55	3.45	3.25	3.20	10.70
Private sector	3.31	41.77	77.35	61.06	64.95	55.53	303.97
Total	5.31	60.67	92.11	78.96	75.93	58.73	371.71

Source: BC-LPIF SOC (n.d.)

Project status

A.11 WMCA Board approved the BC-LPIF in September 2017.

Key documents

Table Error! No text of specified style in document.-4: BC-LPIF: Key documents

Title	Type	Date
BC-LPIF: Commissioning Framework	Board Report and Commissioning Framework	8 September 2017
BC-LPIF: Strategic Outline Case	SOC	No date

Source: SQW

Logic model title	Land and Property Development Funds
Logic model type	3A: Site remediation and preparation (some elements of 3B: Land acquisition and assembly)
Interventions / projects covered by logic model	Black Country Land and Property Investment Fund
<p>Theory of change</p> <p>The Black Country Land and Property Investment Fund (BC-LPIF) is intended to de-risk private sector investment in brownfield sites and to overcome viability gaps. Operating predominantly as a grant scheme and offering part funding (generally up to 30% of project costs) to schemes that will bring forward residential and commercial development.</p> <p>BC-LPIF focuses mainly on larger grants and is managed through Black Country LEP.</p> <p>The theory of change is that the West Midlands has brownfield sites that it would be desirable to develop, given their urban locations and proximity to existing residential and employment areas. Bringing these sites forward is important to the delivery of the housing and employment targets within the Strategic Economic Plan. However, there are challenges to development, associated with abnormal site remediation costs, adverse ground conditions and poor infrastructure. These high costs, coupled with low land values, mean that development is often not commercially viable in the medium term.</p> <p>Public intervention in infrastructure or in grant funding to bridge the viability gap will help to de-risk private sector investment and will attract commercial developers. This will unlock new housing and commercial floorspace and will often enable to the commercial delivery of future phases of development. New commercial development will bring additional employment to the area. New housing will help to retain existing residents, attract new residents and will provide improved housing choice. Development of previously redundant sites will also improve environmental quality and public safety and, by increasing the attractiveness of the area, will lead to higher land values and house prices. This will in turn encourage further commercial development.</p> <p>Key assumptions</p> <p>Investment proposals that are co-financed by the BC-LPIF would not proceed without grant intervention</p> <p>Grant intervention is sufficient to bridge the viability gap</p>	

There is latent demand for commercial and residential development that will come forward if abnormal costs are de-risked

Redevelopment for commercial/ residential is the optimal site use, taking into account strategic infrastructure requirements, etc. This will be determined through the planning process

The schemes attract high quality applications

Appraisal, monitoring and management arrangements are robust and there are clawback mechanisms in place in the event of non-delivery

Other factors

Temporary negative factors during the construction phase

Impacts on the surrounding area (e.g. congestion resulting from additional development)

Coordination across the public sector in managing relationships with individual developers on specific sites (e.g. transparency between grant assistance on the one hand and s106 negotiations/ viability discussions with the LPA on the other)

Inputs		Activities	Outputs	Outcomes
	£m	Site remediation work (3A)	Land reclaimed (ha) (3A)	Theme specific
BC-LPIF (initial tranche**)		Installation of utilities (3A)	Utilities infrastructure installed (m) (3A)	Land unlocked for development (3A)
WMCA	53	Development and submission of planning applications (3B)	Construction years of employment (3A)	Enhanced attractiveness as a place to invest (3A, 3B)
Local authority	4	Off-site infrastructure (3A) [LS]	Land assembled – commercial/ housing/ other (3B)	Broader economic outcomes
Other public sector	11	Off-site environmental enhancements (3A) [LS]	Buildings converted (sq m) (3A) [LS]	
Private contributions	304			

<u>Total</u>	<u>372</u>	Conversion of abandoned buildings (3A) [LS]	Access infrastructure (m) (3A) [LS]	Commercial floorspace developed (sq m) (3A, 3B)
<u>Total</u>	<u>522</u>		Planning permissions/ agreements secured (3B)	Housing units started/ completed (3A, 3B)
<u>Total WMCA</u>	<u>103</u>	Land acquisition – commercial/ housing/ other (3B)		Businesses attracted (3A, 3B)
<i>** Future tranche of £97m</i>				
				Enhanced attractiveness as a place to live (house price uplift and housing starts) (3A, 3B)
				Enhanced attractiveness as a place to do business (commercial rents, sales) (3A, 3B)
				Employment in businesses attracted (3B)
				Increased business rate receipts (3A) [LS]

Expected timescales for inputs / activities / delivery of outputs and outcomes

Spend on BC-LPIF between 2017 and 2021	Assume activities directly funded by WMCA complete by March 2021	Outputs achieved as construction activities complete	Theme specific outcomes evident as schemes are completed. Some of these will be measurable at Gateway Review, although not all schemes will be complete at this point
			Some broader outcomes may be evidence at Gateway Review,

associated with anticipation effects
(planning applications received,
etc.)

Relationship to other interventions

Other Investment Fund logic models:

None

Other activities supported by the Investment Fund:

Remaining £97 million balance within the original land remediation allocation.

Transport interventions that may have an impact on site viability

Other non-Investment Fund activities:

Collective Investment Fund (£70 million commercial property fund managed by Finance Birmingham)

Land and property interventions by other partners (e.g. Homes England, local authorities, public sector owners such as NHS Estates)

Approach to evaluation:

Likely to involve a case-based approach, involving:

- analysis of project monitoring data, contextual data (e.g. commercial investment in projects accessing loan/ grant)
- primary research with those involved directly in the scheme (grant recipients, co-financing organisations and fund administrators), and primary research with other relevant stakeholders (e.g. property agents) to test the level of additionality of the scheme, and its impact