

BRITISH PROPERTY FEDERATION RESPONSE TO NATIONAL INFRASTRUCTURE COMMISSION



The BPF represents companies owning, managing and investing in commercial real estate. This includes a broad range of businesses comprising commercial property owners and developers, financial institutions and pension funds, corporate landlords and residential landlords, as well as all those professions that support the industry.

Introduction

1. We welcome the opportunity to respond to the National Infrastructure Commission's call for evidence. Commercial real estate is a key component of the UK's infrastructure, providing the homes, offices, health premises and distribution networks we need for the country to thrive. Infrastructure is crucial to attracting the investment needed to regenerate the UK's town and cities, and the establishment of the Commission is a welcome step in ensuring swift, coordinated decisions over important projects which will ensure clarity and certainty for investors, business communities and local residents.
2. The BPF has a wide range of members with diverse property and development interests across the country. We have therefore kept our response to high level points rather than recommending individual projects or schemes be prioritised.

Connecting northern cities

To what extent are weaknesses in transport connectivity holding back northern city regions (specifically in terms of jobs, enterprise creation and growth, and housing)?

3. Amongst BPF members who have interests or who are based in northern city regions, there is a strong feeling that the lack of integrated transport connectivity both within and between cities is limiting the areas' growth. The amount spent per resident on infrastructure in London dwarfs that spent elsewhere¹, and while the capital clearly plays a unique role in contributing to the UK's growth there are huge opportunities to advance the growth of other areas. Prioritising the upgrading of strategic infrastructure in other city regions will help provide the catalyst for wider regeneration and leverage wider private sector activity in cities, ensuring further investment and economic growth.
4. The lengthy and ongoing debate around HS2/HS3 has been unhelpful given the huge benefits to be delivered through regenerating local areas on the route. These delays have deterred and stalled investment not only on a wider scale, but also on individual sites where developers are waiting to discover if their land will be included on the route.
5. We recognise that the route for Phase 1 of HS2 is now confirmed, and we would welcome swift passage of the HS2 Bill through Parliament. However, there are concerns in cities not reached by the rail line, such as Liverpool, that this lack of connectivity would damage perceptions of the area when other cities are seeing it as an opportunity to improve their linkages with fellow UK cities.
6. While we appreciate the scope of the Commission's review has been defined, there are concerns that focusing solely on the Northern Powerhouse risks ignoring opportunities in other areas, such as the Midlands or the South West. There are key infrastructure priorities that will help the Midlands fulfil its role as the country's engine for growth, such as improvements to the over congested motorway network,

¹ 'Transformational Infrastructure for the North – Why We Need a Great North Plan' IPPR North, August 2014

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capitalising on the opportunities provided by two HS2 stations (with Birmingham Curzon Terminus and the Interchange station both capable of acting as a catalyst for the regeneration of the eastern side of the city centre), and the opportunity created by UK Central clustered around the National Exhibition Centre, the airport, and the HS2 interchange. The opportunity to improve and extend the Midland Metro from a limited single line to series of lines connecting key areas of existing residential and proposed residential growth is also fundamental to linking communities to key infrastructure nodes such as HS2 as well as reducing the reliance on road traffic.

7. To date, the discussions around the Northern Powerhouse have often focused on Greater Manchester and, to an extent, Leeds city region. If the Northern Powerhouse is to truly mean a northern region including the North East, the connections between Manchester and Newcastle need to be significantly improved.
8. Any development plan must be supported by investment to encourage and incentivise businesses and overseas investment to locate or expand in the region. We welcome the announcement of £1.2bn of Government funding to remediate difficult brownfield sites in preparation for new housing, which will incentivise regeneration. It would be useful to have similar funding available for brownfield sites suitable for commercial use, in order to support development of city centre and out of town sites.

What form of governance would most effectively deliver transformative infrastructure in the north, how should this be funded and by whom, including appropriate local contributions?

9. We welcome the confirmed funding of Transport for the North (TfN) announced in the 2015 summer Budget and confirmed in the Autumn Statement. The strategic overseeing of spending on, and delivery of infrastructure in the region is critical, and we would urge this body to ensure it is engaging adequately with the private sector and with other organisations involved in the development sector. For example, there have been concerns that the much-maligned East-West rail connection will be the last phase to be delivered in Phase 2 of HS2, and that the funding of this has not yet been confirmed. While we understand that upgrading this infrastructure will partly fall to TfN, we would urge both organisations to ensure these overlapping priorities do not further stall much-needed improvements.
10. While it may be useful to learn lessons from Transport for London (TfL) and tempting to attempt to replicate the model, the situations are largely incomparable – TfN will have a much wider role and larger area and, critically, will need to balance the potentially-competing demands of proposed elected mayors. Strong collaboration will be needed to avoid the stalling of major projects.
11. Where central Government will be contributing to the funding of these projects, it is useful for the amount to be confirmed at an early stage in order to give certainty to other investors. For example, the commitment of £1bn funding for HS2 has allowed the project to look forward and attract further investment.
12. We welcome the announcement at the 2015 Conservative Party conference that an elected mayor would have the power to raise business rates by 2p in the pound to fund specific infrastructure projects. This ability to leverage investment into infrastructure will, to an extent, free local areas of the constraints of Government grants, and incentivise them to take a greater interest in their own economies.
13. In addition to raising increased business rates, we would recommend increased use of Tax Increment Financing (TIF), which allows local authorities to borrow against future business rates and reinvest this back into local regeneration schemes. TIF-style models have been utilised with great success across the country, such as to partly finance the Nine Elms extension of the Northern Line to Battersea Power Station Nine Elms extension of the Northern Line to Battersea Power station, and in Birmingham's Enterprise Zone on the

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Paradise Circus scheme, and there are lessons to be learnt from its application in these examples. We would welcome further discussions with the Commission on these examples.

14. We would be pleased to further discuss or amplify any points raised in our response.

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