



## URBAN LAND REFORM BRIEFING PAPER NO 6 EXPLAINING URBAN PARTNERSHIP ZONES

August 2015

This is one of six briefing papers prepared by Professor David Adams of the University of Glasgow to help explain key proposals for urban land reform made in 2014 by the Scottish Government's [Land Reform Review Group](#) (LRRG) to whom he acted as an independent adviser. This paper focuses on the LRRG's recommendations "that the well-established international practice of property land readjustment or land-pooling provides another effective means of addressing fragmented or multiple ownership of land. The Group recommends that the Scottish Government investigates the potential of introducing an Urban Partnership Zone mechanism in Scotland" (see pages 126-128 of the LRRG report).

### **What is an urban partnership zone?**

An urban partnership zone (UPZ) would be a new statutory mechanism intended to speed up the redevelopment of land in fragmented or multiple ownership through promoting co-operation between existing landowners, the local authority and prospective developer(s).

### **How would urban partnership zones work?**

In practical terms, a UPZ would be an area specially designated for redevelopment by the local planning authority, who would then select a development partner through open competition. Suitable partners might include housing associations, community development trusts and, of course, private developers and investors. At that stage, neither the local authority nor its development partner(s) need own any land within the proposed UPZ. A joint-venture development company would be formed between them, in which the local authority would be entitled to at least a minimum share, irrespective of any land owned, in order both to reflect its own commitment and to ensure local democratic accountability. In some circumstances, developers who already hold an ownership stake in a suitable UPZ might invite the local planning authority to enter into partnership rather than vice-versa. It would be for the local authority to decide how best to respond to such an approach.

### **How would existing landowners become involved?**

Once a UPZ was declared, existing landowners would acquire the statutory right either to join the development partnership or to sell out to it. This would provide a welcome means by which those already owning land and property within the UPZ could benefit from the proposed redevelopment, either financially or by taking reserved space in the new scheme. Previous research has shown that many landowners in regeneration areas are keen to participate in redevelopment and benefit from it, rather than move away. Some may even be willing to contribute to development and infrastructure costs, as well as providing land, although this would not be a requirement.

### **How would urban partnership zones minimise compulsory purchase?**

The process of land assembly would be designed to promote co-operation not confrontation between the joint-venture development partnership and existing landowners. If owner participation proves popular, compulsory purchase would need to be taken only against a minority of owners who neither wish to sell their land, nor enter the partnership. This would make such action easier to accomplish, faster, and politically more acceptable. A UPZ would also mean that on confirmation of any compulsory purchase order, title would transfer directly to the joint-venture partnership, rather than to the local authority, and the partnership would become directly responsible for statutory compensation payments.

### **How would urban partnership zones contribute to better planning?**

To provide vision, direction and planning certainty, UPZ declarations would be accompanied by an overall master plan or development brief to ensure quality design and development. This would also grant planning permission in principle for the uses specified, so creating early planning certainty, reducing development risk, and enabling valuation disputes to be resolved more quickly. To prevent any fragmentation of ownership within a declared UPZ, declarations would also be entered as land charges and would entitle the local planning authority to pre-emption rights to any land and property in the area.

### **What would be the main benefits of urban partnership zones?**

The UPZ offers an innovative approach to land assembly by combining a statutory framework for owner participation with greater planning certainty and, possibly, with taxation and other financial benefits. This would enable local authorities to drive forward redevelopment projects with minimum compulsory purchase, while sharing development risk with experienced developers. With proactive planning thus closely linked to making development happen, urban regeneration would be boosted, not least within, or adjacent to, town and city centres. UPZs could also be used to promote major urban extensions and speed up housing delivery.

### **Do urban partnership zones not exist already informally? Is there really anything new in this proposal?**

Although some aspects of UPZs draw on successful regeneration practices, others would be quite new in a UK context. These include the status of planning permission in principle accorded to master plans and development briefs, the grant of pre-emption rights to the local authority, the vesting of compulsorily acquired land directly in a joint-venture development company and, especially, the proposed statutory rights and processes to encourage owner participation. Importantly, the blunt instrument of compulsory purchase would be supplemented with a process which encourages interested owners to participate while challenging those owners whose actions discourage redevelopment.

### **Do urban partnership zones exist anywhere else?**

The concept of urban partnerships zones draws the well-established practice of land readjustment or land pooling in many countries throughout the world, which provide statutory arrangements for landowners to share in the financial benefits of redevelopment in return for sharing some of the risk. This approach originated in Germany in the early 20th century. It has since been applied and adopted in many other countries. Land readjustment often enables fragmented and irregularly shaped plots of land to be consolidated to create serviced and usable parcels. Land is then redistributed to the original landowners, with public infrastructure costs being borne collectively by the increase in development value. As a development stimulus, land readjustment thus connects land assembly, disposal and infrastructure provision with a method to distribute the financial benefits of development between landowners and public agencies.