



USEAct

Urban Sustainable Environmental Actions

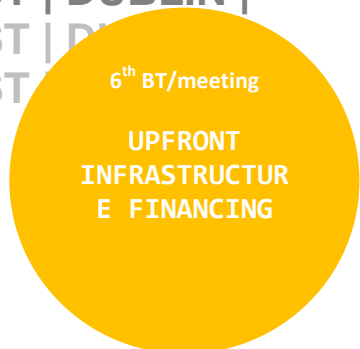


AN URBACT II PROJECT

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SIXTH USEACT TRILATERAL MEETING REPORT (UPFRONT INFRASTRUCTURE FINANCING)

Dublin City Council, 5th - 6th November 2014



Connecting cities
 Building successes



USEAct Sixth Trilateral meeting Report Urban Sustainable Environmental Actions

Hosting Partner

Dublin City Council

Kieran Rose
Dublin *City Council* Project coordinator

Contacts:

Office of Economy & International Relations
Email address: kieran.rose@dublincity.ie



Lead Partner City of Naples

Urban Planning Department

URBACT Projects and Networks on Integrated
Urban Development Policies - Central Direction
Urban Planning and Management - UNESCO Site

Gaetano Mollura

USEAct Project coordinator

Anna Arena

Finance officer

Maria Luna Nobile

Communication officer

Vincenzo Fusco

LSG coordinator

Contacts:

phone +39 081 7958932 - 34 - 17
email gaetano.mollura@comune.napoli.it
urbactnapoli@comune.napoli.it

Lead Expert

Vittorio Alberto Torbianelli

USEAct Project Lead Expert

Contacts:

phone +39 040 5582749
email vittorioalberto.torbianelli@arch.units.it

Thematic Expert

Pauline Geoghegan

USEAct Project Thematic Expert

Contacts:

email paulinegeoghegan@hotmail.com

www.urbact.eu

www.urbact.eu/useact

This Third Trilateral meeting Report is
written by **Vittorio Torbianelli**,
UseAct Lead Expert.

Gaetano Mollura, Anna Arena, Maria
Luna Nobile and Vincenzo Fusco,
(Lead Partner team) contributed to
editing the report.



(UPFRONT) INFRASTRUCTURE FINANCING

Meeting Report by Vittorio A. Torbianelli
UseAct Lead Expert
with kind collaboration of John O'Hara
Dublin City Council

1. INTRODUCTION AND MAIN ISSUES

The Sixth UseAct Bilateral/Trilateral meeting, entitled “New Uses for Heritage Residential Building –took place in Dublin, on 5th and 6th November 2014.

As noted by the Lead Expert, Vittorio Torbianelli, in the meeting “concept paper”, In recent years, many EU countries have attempted to curb public debt by reducing public expenditure: as a result, many cities have been faced with local budget cuts due to reduced intergovernmental transfers and lower tax bases. On the other hand, new challenges (starting from the “smart/environmentally friendly city” one) are requiring new investments in urban assets and in urban infrastructures. The modern city ideal is a premise for locally unbundled networks with private parties interested in selective and profitable infrastructure projects and the challenge in mobilizing financial instruments is to design them in a “green way”, while building capacity to engage in real co-operative and flexible arrangements with the private sector. The OCDE publication “Financing Green Urban Infrastructure” clearly presents tools that may contribute to financing urban infrastructure developments with this purpose. Private sector

involvement and PPP is, probably, the most frequently mentioned approach, although the general experience of public-private partnerships has been disappointing, and they have played a far less significant role in financing infrastructure in cities than was hoped for. Tax increment financing, development charges (impact fees) and value capture (betterment levies and taxes that capture the value increases of real estate due to new infrastructure development nearby), together with loans, bonds and carbon finance (trough fees) are further instruments that can be adopted to attract private finance in well-functioning capital markets. However, providing just a list of instruments is irrelevant, since setting-specific solutions have to be developed: there are numerous examples where one urban infrastructure scheme works in one institutional setting and not in another, seemingly similar, institution. Difficulties to develop new tools are relevant, in particular when economic downturn negatively affects urban development potentials. This is why, trying to boost real estate development (and redevelopment) remains, therefore, an important general goal, and can require specific changes also in financial tools. For instance, replacing a traditional property tax with land-value tax, or a split-value tax that includes higher rates for land value and lower rates for structures or other improvements, could encourage development in the urban core. Another challenge for urban infrastructure financing is enhancing the role of local municipality as borrowers for investment purposes,

through specific institutions, acting as “municipal development funds”. The main objective of these pools of funds is to mobilize resources from private lenders, the central government, and donor agencies, and to make these resources available for investment in urban infrastructure. However, “small scale” can represent a potential barrier: at a municipality level, the size of the market might be too small. Attracting private investment, such as large loans or issuing of bonds, and guaranteeing, at the same time, an adequate professional financial management, often requires the assistance of intermediaries or banks, which are subject to economies of scale. Specific operators playing the specific role of debt/risk-aggregators on broader

market scale is very promising, but also requires mindset changes by municipalities that should be able to join together to stimulate financial markets in providing “pooled” services aimed at linking the local level with “global” funds. The UseAct B/T meeting on financing urban infrastructures for redevelopment purpose, was an important occasion for partners to examine challenges posed by the need to redevelop the urban fabric and to have at disposal adequate funds for infrastructures required by such redevelopments. During the meeting, scholars and practitioners discussed cases from Irish and foreign settings and UseAct partners had possibility to compare different experiences and approaches.

Sub-programme	Expenditure (€ million)	% of total expenditure
Heavy Rail	33.86	23.1
Light Rail	27.71	18.9
Bus and Bus Rapid Transit	40.61	27.7
Sustainable and Integrated Transport	44.20	30.2
Total	146.38	100

2. DUBLIN CASE STUDIES

2.1 Land Use and Transport funding in Dublin

The Irish Transport Authority presented a (public



transport) implementation plan, which requires Infrastructure investment programme, actions to ensure the effective integration of public transport infrastructure and passenger services over the period of the plan, and an Integrated public transport service plan.

Greater Dublin Area – Transport Capital Funding 2013

2.2 Water and wastewater infrastructure

Irish Water is the company who provides Water and Wastewater Infrastructure to support growth of Metropolitan Dublin.

Established in 2013, it commenced major meter installation programme. Irish Water is responsible for water services from 1 Jan 2014.

To finance network development, at SDZ Network level, there are a General Development Contribution Scheme (Section 48) and Borrowing to front load and/or allow integration of works. At City Block Level, developers are main funders. To cover ongoing maintenance costs, funding Streams are mainly rates & Property Taxes and Contributions.

Irish Water Strategic Investment Plans



Financial Regulator - CER

Environmental Regulator - EPA

DECLG

Stakeholders: LA's, Regional Authorities, Customers/Citizens

Water Services Strategic Plan (25 Year)

This will inform / be supported by:

- Specific Strategies – e.g. Water Resources Management Plan
- Climate Change & Adaption Strategy

Price Control Period – Investment Plans (6 Year)

Capital

- Major Projects
- Small Capital
- New Connections/Developer Services
- Surveys & Studies

- WSPP sets out high level strategic objectives including alignment with Economic and Spatial Plans
- Will be required by legislation
- Will require Ministerial approval

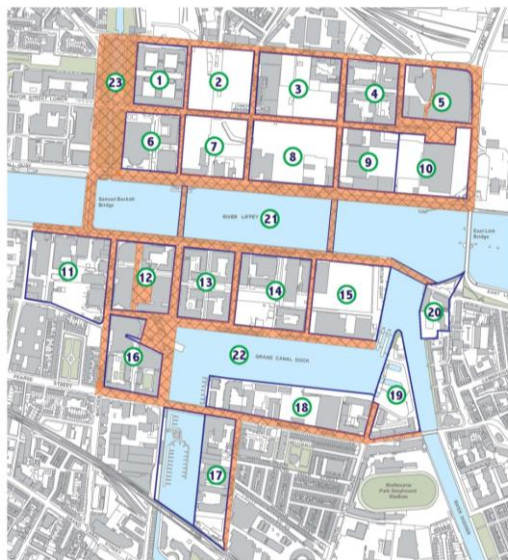
- 6 Year Investment plans approved by CER
- First full regulatory period 2016 – 2021
- Interim Investment Period 2014 - 2015

2.3 Dublin Dockland SDZ

Dublin Dockland is the most relevant redevelopment in Dublin. Figures are as follows: 20 City Blocks, 305,000 – 366,000 m Commercial, 2600 Residential Units, 50/50 split between Residential/Commercial, 7 New public spaces, 2 new pedestrian bridges over the Liffey & one new public transport bridge over Dodder.

Vision for the developer (SDZ) is based on: building on a powerful economic hub already in place, exploiting the exceptional context of man-made and natural amenities, creating new public squares and parks, new hubs with vitality, and a “world class maritime quarter” with distinctive Dublin character.

The development requires, of course, implementing and delivering critical Infrastructure.



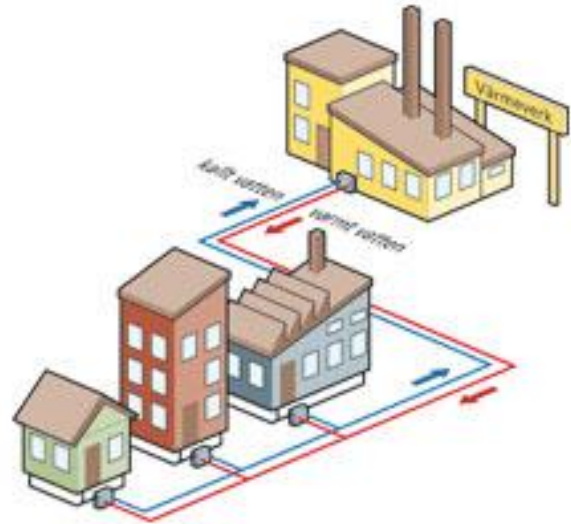
Levels of Infrastructure Funding are splitted among different levels. Main providers are Government, Statutory Agencies, Strategic Partnerships and service providers.

2.4 District Heating projects

District heating involves the delivery of hot water to buildings over a network of insulated pipes. It works just like any other commodity such as water and electricity.

There are currently no large scale District Heating systems in operation in Ireland. There have been feasibility studies of DH in Ireland carried out in the past, and the barriers to DH have been Described as “numerous and insurmountable”.

Dublin City is investigating the development and propagation of a District Heating scheme in the city that will provide essential sustainable and energy efficient utility to a wide range of customers in the City. There is potential for DH in Dublin due to its high density and many areas of mixed use buildings.



3. KEY POINTS

The meeting allowed to focus the “Upfront Infrastructure Provision” (and financing) through different Dublin cases.

In Ireland Major Infrastructure is increasingly provided by National bodies (eg National Roads Authority, National Transport Authority, Irish Water, Health Service Executive, Department of Education).

Cases presented tend to demonstrate that in many cases, there should be a Strategic Development Agency, which would allocate infrastructure funding and which accords with Coherent Spatial Strategy (funding mechanisms discussed – low interest, with 30 year payback, e.g. Jessica)

In general, problems and constraints in financing infrastructures emerged.

With reference to the Docklands Strategic Development Zone, although designated at National Level, City Council cannot borrow for infrastructure; most rely on Development Levy (kept low so as not to deter investment) and lobbying National Infrastructure providers.

Potential for innovative “infrastructure” also exist. District Heating in cities like Dublin, but there is a lack of national incentives.



SIXTH USEACT BILATERAL MEETING Meeting Venue: Dublin City Council

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(UPFRONT) INFRASTRUCTURAL FINANCING

ACTIVITY PROGRAM

Tuesday, 5th November 2014 Venue: Liffey Room, The Venue, Wood Quay, Dublin 8

13:00-14:00 Join departing 5th Bilateral Team for Lunch

14:00-14:15 Registration of Participants

14:15-14:20 Welcome by the Hosting Partner

Philip Maguire, Assistant Chief Executive, Dublin City Council

14:20-14:30 Introduction to Issues for Meeting

Gaetano Mollura, USEAct Lead Partner, City of Naples

14:30-14:40 Financing urban infrastructures in different institutional setting - cases and lessons

Vittorio Torbianelli, USEAct Lead Expert

14:40-15:30 Major Urban Projects and How Supporting Infrastructure is Provided and Financed:
Current experience of Partners

(a) Dublin *David Garvey, Chief Valuer, Dublin City Council*

(b) Baia Mare *Paul Pece, Project Coordinator, Baia Mare Metropolitan Area*

(c) Buckinghamshire *Jim Sims, Project Coordinator, Buckinghamshire*

Comparative Analysis by Team

15:30-15:45 Coffee break

15:45-17:00 Providing Transport Infrastructure for Major Urban Projects: The National Transportation Authority's Capital Infrastructure Programme for Dublin

Michael McAree (or nominee), Senior Transport Planner, NTA

Comparative Discussion

Evening Free to sample Dublin City's heritage and cuisine

Thursday, 6th November 2014 Venue: Liffey Room, The Venue, Wood Quay, Dublin 8

9:00-10:00 Supporting Critical Infrastructure to Facilitate Key Urban Development Projects

Chris McGarry, Chief Planner with NAMA (National Asset Management Agency)

Comparison with other Partners Approaches

10:00-11:00 Providing Water and Sewage Infrastructure to support growth of Metropolitan Dublin

John Casey, Assistant Head of Asset Management, Irish Water

Comparative Analysis with Other Partners

11:00-11:15 Coffee break

11:15-13:00 Presentation on Different Methods of Providing Critical Infrastructure using International Examples

Dr Brendan Williams, Expert in Urban Land Economics, University College Dublin

Discussion

13:00- 14:00 Lunch break at Toscana

14:00-15:00 Case Study: Providing Critical Infrastructure and Promoting Investment for Docklands Strategic Development Zone

Deirdre Scully, Senior Planner, Dublin Docklands Agency

Discussion

15:00-15:30 Providing Sustainable Energy Infrastructure for Cities

Dr Gerry Wardell (or nominee), Codema, Dublin's Energy Agency

15:30-16:00 District Heating Schemes for Dublin

Dr Gerry Wardell (or nominee), Codema, Dublin's Energy Agency

Discussion

16:00-16:15 Coffee break

16:15-17:00 Discussion and Conclusions from Bilateral Meeting with All Partners: Next Steps

17:00 Closure of Bilateral Meeting

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URBACT II

URBACT is a European exchange and learning programme promoting sustainable urban development.

It enables cities to work together to develop solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal changes. URBACT helps cities to develop pragmatic solutions that are new and sustainable, and that integrate economic, social and environmental dimensions. It enables cities to share good practices and lessons learned with all professionals involved in urban policy throughout Europe. URBACT is 500 cities, 29 countries, and 7,000 active participants. URBACT is jointly financed by ERDF and the Member States.

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PROGRAMME
FOR
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