

## Obstacles to the release of brownfield sites for redevelopment

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The Government's town planning policies, especially those relating to new housing development, focus on reusing land that has been 'previously developed'. Often referred to as 'brownfields', returning this land and redundant buildings to economic use is more complex than developing on former agricultural, or 'greenfield', sites. This project obtained the views of 230 people and organisations involved in the process of redevelopment and found that:

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- f** Contamination is only one of many physical characteristics that may prove to be an obstacle to the reuse of previously developed land.
- f** Owner aspirations as to the value of brownfield sites ranked highest in the list of obstacles to redevelopment, followed by remediation difficulties and costs.
- f** Developers were concerned that high density development, as proposed by the Urban Task Force, could lead to 'town cramming'.
- f** Decision-makers, such as residential, industrial and commercial property developers, were generally satisfied with the way that local authorities handled planning applications.
- f** There was support for the suggestion to establish national 'standards' for remediation of previously used land.
- f** With brownfield problems becoming more complex, those already involved with the development of brownfield sites are spending increased time on this issue.

## Background

The research was a two-year project that examined the problems involved against a changing policy and practice climate. In June 1999 the Urban Task Force published its report *Towards an urban renaissance*. In March 2000, the DETR published its revised Planning Policy Guidance on housing (PPG3). Less than a month later, Parliament implemented the contaminated land legislation, Part IIA of the Environmental Protection Act 1990. Finally, in November 2000, the Government published the Urban White Paper, *Our towns and cities: the future*. Government policy is that 60 per cent of new housing should be provided on brownfield sites; some towns and cities are already meeting this criterion whilst for others it will probably prove impossible due to the lack of available brownfield sites.

The aims of the research were to:

- identify the main issues that inhibit the release of brownfield land for redevelopment;
- consider the mechanisms that need to be put in place in order to ensure that urban regeneration is not prevented, or delayed, as the result of site assembly problems; and
- review ways in which information concerning the risks may best be conveyed.

The term 'brownfield' in the report relates to land that is capable of redevelopment, whether with or without treatment, whether contaminated or not, and where such redevelopment would be in accordance with planning policies or urban renewal objectives.

## Town planning, urban renewal and taxation

The research found that reusing brownfield sites often involves transforming land, previously used for heavy or toxic industries, making it suitable for more sensitive uses, especially housing. However, land is also needed for a wide range of industrial and commercial purposes, and not all brownfield sites are suitable for housing. This can be due to inadequate access or 'bad' neighbour uses such as heavy industry etc. As part of the urban renewal process, town planning policies favour reuse of previously developed sites, in preference to using 'greenfield' land. The survey found that developers have real concerns about their liabilities in relation to the remediation of contamination in brownfield sites. More than 80 per cent of the respondents in phase one of the study regarded the financial standing of the organisation undertaking the decontamination as important or very important.

Support was expressed for the use of remediation standards to be set by a governmental body, such as the Environment Agency, although the introduction of set standards is unlikely in view of government policy that sites should be remediated on the basis of suitability for use. There was also limited support for the idea of remediation being validated by a government body.

Some respondents were concerned that higher densities in respect of urban developments, as suggested by the Urban Task Force, might lead to 'town cramming'. Another major obstacle could be the need to change people's views of their living requirements, for example reducing their requirement for private gardens.

Many interviewees felt that taxation incentives or penalties may form important stimuli in returning brownfield land to beneficial use. Incentives could include tax credits in respect of remediation costs; penalties could include taxing the development of greenfield land or imposing taxes on the owners of brownfield sites. Shortly before the report went to press (March, 2001), the Chancellor of the Exchequer announced tax relief at the rate of 150 per cent in respect of expenditure incurred in reclaiming land determined to be contaminated in accordance with Part IIA of the Environmental Protection Act 1990.

The overall impression gained was that the decision-makers, such as housing developers and housing associations, as well as commercial and industrial property developers, are generally satisfied with the ways in which planning applications are handled by local authorities. There are some communication problems but they are not one-sided. Some developers leave it too late to open a dialogue in respect of their proposals but expect quick decisions.

## Risk assessment

Government policy regarding land containing contaminative substances is that remediation should take place through the planning and redevelopment process. No set standards are laid down for remediation and the principle employed is 'suitability for use'. This involves intending developers in a 'risk assessment' process.

Many factors are considered as part of a risk assessment but the results of the interviews showed that decisions on whether or not to redevelop, the form of treatment and the form of new development have to be determined on a site-specific basis. The survey showed that, not surprisingly, the financial viability of the project was considered to be the most important factor, with legislation and insurability of the development being the two next most important issues. The quality of documentation relating to past uses or work undertaken was recognised as being

important in the risk assessment process and a majority of the interviewees also recognised the importance of keeping such information with the deeds of the property.

### Physical characteristics of the site and its environs

The research found that developers might encounter problems in trying to assemble development sites of a viable size due to the problems of multiple ownership, not wishing to be the first to develop in a previously untested area, or even because of the presence of archaeological remains. Creating an attractive overall environment is seen as being important, whether that involves the conversion of a redundant building or the demolition of that building in order to create a 'new build' project.

The physical characteristics of a site are important; ground-bearing capacity has implications for foundation design, topography and water features affect the layout of the development. The presence of contaminants may sterilise part of the site and views of water or other attractive aspects may dictate the orientation of the buildings.

### Environmental concerns

Many environmental issues may have to be considered, including site- and use-specific factors, such as noise and traffic generation, the disposal of wastes, existing trees and other flora and fauna. The survey found that developers and their advisers considered that research into site history, a well-planned site investigation, fully documented records of remediation or site preparation works are all essential components of the decision-making process. The majority of the interviewees expressed the opinion that legislation was required to deal with the legacy of land contamination, although some were also concerned that such legislation might lead to delays in the redevelopment of brownfield land. Reservations were expressed as to the clarity of the legislation and the extent to which it was understood by the regulators.

### The community matters

The research found that the attitude of the local community is important in determining the level of priority attached to the redevelopment of a brownfield site. Involving the community in the project can reap rewards in many ways, from detailed information about past activities on the site to reducing the risk of vandalism and graffiti.

### Transport

Transport issues affect redevelopment, with implications for the engineering and construction phases of the project, in the selection of remedial

methods for site preparation, in the final form of the development and its acceptability to end users or investors. The survey found that there was a strong preference for moving heavy goods traffic from road to rail by improving rail freight lines. More light rail schemes also found strong support.

### Managing the supply of development land

The survey found that many different factors affect the supply of development land:

- The need for development land may be predicted on the basis of past demands, with supply allocated accordingly. In areas of high demand this will result in calls for more greenfield sites to be released for development, with consequent objections from countryside and preservationist lobbies. The development industry recognises the importance of the town planning process in ensuring an adequate supply of development land, although interviewees felt some aspects of the process could be speeded up.
- Whilst development proposals are sometimes frustrated by what the developers regard as the intransigence of landowners in holding out for high prices, they would be reluctant to see a weakening of the rights of land ownership.
- Image is important in many ways if brownfield land and buildings in 'run-down' areas are to be redeveloped.
- The research found that, although low importance was attached to public transport overall, the respondents considered that improvements to public transport could make a major contribution to managing the supply of development land.

### Valuing brownfield land

Developers and valuers are more likely to be confronted with problems on land that falls outside the legal definition of 'contaminated land' but nevertheless contains contaminative substances. Such land may be acceptable for its existing use, not causing harm to human beings, their property or the wider environment, but in a redevelopment context may present highly complex problems.

There is some disagreement as to the most appropriate valuation methods and the choice of method may also be dependent upon the purpose of the valuation. The two main methods are the 'yield adjustment' approach and the 'cost to correct' approach. The question of 'stigma' impact on value, that is the financial impact that exceeds any physical detriment, is also an important issue.

### Conclusions and recommendations

The study concludes that, whilst developers are prepared to tackle the problems of reusing previously

developed land, they do have concerns about the processes involved. Nine recommendations are made for Government, the development industry and the professions involved with the built environment:

- Planning authorities need to adopt a flexible approach to the reuse of land as they are sometimes too constrained by Unitary Development Plans or local and Structure Plans.
- Property developers need to establish early dialogue with town planners and environmental regulators.
- Holders of derelict, vacant or contaminated land need to consider how they may contribute to the urban renewal process, whilst taking advantage of tax benefits.
- Land Quality Statements or Land Condition Records should form part of the sale and transfer process for previously developed land and buildings.
- Landfill Tax exemption should continue to apply where removal of contaminated soil to landfill is the best, or only, option for site remediation.
- There is room for improvement in communications between regulators and the development industry.
- There is a need for better information flows in respect of soil remediation methods.
- Developers should consider ways in which to involve the local community in development projects.
- The Government should consider how best to introduce a replacement for 'gap-funding' grant regimes – note: a partial replacement for the Partnership Investment Programme (PIP) was announced by the DETR in March 2001; this will provide support for small and medium enterprises anywhere in England and for larger firms in Assisted Areas.

### About the study

A research team at Sheffield Hallam University, headed by Paul Syms, Professor of Urban Land Use, conducted the study.

The study focused on ascertaining the views of property developers and their professional advisers as being the main stakeholders in activating the process of redeveloping brownfield land and buildings. The first phase was a questionnaire survey, in which a wide range of people in the development industry (developers, landowners and professional advisers) were asked about their involvement with brownfield land. Most of those contacted had a considerable amount of experience, in senior positions, and many

confirmed that their involvement was increasing.

The first phase survey was followed by three seminars at which the results were discussed and wider views obtained, including those of local authority representatives. The questionnaire survey and seminars facilitated compilation of a list of forty factors having a bearing on the redevelopment of brownfields. These and other aspects of the development process formed the basis for the third phase of 100 structured interviews.

The fourth 'consultation' phase comprised an interim report, which provided the opportunity for public sector and representative organisations to respond to the views of the predominantly private sector participants in the first three phases. A second interim report and final phase questionnaire were then circulated to everyone involved in the earlier phases of the research.

The phased approach allowed the research questions to be updated and new questions to be included in response to events during the study period.

It had been hoped to assemble a database of brownfield property transactions, with details of the problems that had been encountered by landowners and developers. However, due to problems with confidentiality, this proposal was abandoned. It has been possible to describe twenty case examples that highlight a range of problems and the methods used in resolving them. These case examples are included as an appendix to the report.

### How to get further information

The full report, **Releasing brownfields** by Paul Syms, is published by the RICS Foundation. It is obtainable from the RICS Bookshop, 12 Great George Street, Parliament Square, London SW1P 3AD, telephone 0207 222 7000, price £16.50 including post and packing (ISBN 1 84219 046 6).