



TOWN CENTRE INVESTMENT ZONES
POLICY PROPOSAL
BRITISH PROPERTY FEDERATION

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Prepared and submitted by

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1. The British Property Federation

- 1.1 The British Property Federation (BPF) represents the real estate sector – an industry which contributed more than £115bn to the economy in 2019 and supported more than 2.4 million jobs.
- 1.2 We promote the interests of those with a stake in the UK built environment, and our membership comprises a broad range of owners, managers and developers of real estate as well as those who support them. Their investments help drive the UK's economic success, provide essential infrastructure and create great places where people can live, work and relax.
- 1.3 This briefing outlines our proposals for Town Centre Investment Zones and our thoughts on how they could be used to stimulate regeneration on our struggling high-streets as part of a government pilot scheme.

2. What is a Town Centre Investment Zone?

- 2.1 Town Centre Investment Zones (TCIZs) are areas within which local stakeholders gain new policy powers and incentives to enhance investment viability, drive through rapid high-street change and allow access to economies of scale
- 2.2 Before getting access to new powers or incentives, however, local stakeholders must have in place a partnership model that aligns interests. This partnership should be orientated towards delivery of a dedicated plan for high-street regeneration.

3. Why do we need them?

- 3.1 We have too much retail space on the high-street and more and more of it is becoming vacant. What's more, vacant space in some parts of the country is staying empty for longer, turning high streets that used to be at the heart of local communities into ghost towns. According to the Local Data Company, 14.5% of retail and leisure high-street properties were vacant in June 2021 and approximately a third of that space had been vacant for more than three years.¹ But 14.5% is a national average and on some high streets more than a third of all shops lie empty.
- 3.2 The tale of why this is happening is well rehearsed. Changing consumer preferences and economic headwinds, particularly the shift to online and an unsustainable tax burden is undermining physical retail.

¹ Local Data Company, GB Retail and Leisure Market Analysis Full Year 2020

- 3.3 However, some areas with high online spending are thriving, whilst others are beset with a steadily increasing number of store closures and vacancies². Ultimately some areas seem to be able to adapt to changing times, whilst others are being left behind, to the detriment of local communities, jobs and the Government's Levelling Up agenda.
- 3.4 We believe the answer to this lies in better aligning interests among local stakeholders, so they are incentivised to work together and make their places more attractive for communities, businesses and investors. The solution must:
- (a) Provide local authorities and local stakeholders with the tools and means to respond rapidly to the accelerated structural changes that are changing consumer behaviour. Given the heterogeneity of needs, tools must be available that allow stakeholders to do this in a flexible way.
 - (b) Make investment viable where it currently is not. To do this, public contributions will be needed and investors need access to a vehicle of significant enough scale to attract their capital.
 - (c) Overcome the issues caused by fragmented ownership, whilst also ensuring that better partnership lives alongside healthy local competition.
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4. Rewards for working together

- 4.1 We expect that the promise of added powers and incentives in a TCIZ will be a catalyst for those with passion for a place to come together, turn around its fortunes and help it thrive. They should also demonstrate all stakeholders' commitment to the high street, both to outside investors and residents.
- 4.2 In doing this, a pilot zone should offer:
- (d) tax incentives - such as business rates discounts and greater retention by local authorities;
 - (e) planning support - such as the creation of a Local Development Order and access to funding for added planning expertise;
 - (f) measures that enhance the natural environment - such as assistance to introduce a Clean Air Zone and funding for public realm maintenance; and
 - (g) measures that promote vibrancy.

² Centre for Cities, Is online shopping threatening the future of our high streets?, available at: <https://www.centreforcities.org/blog/is-online-shopping-threatening-the-future-of-our-high-streets/> [Accessed 10.06.21]

- 4.3 The specific powers we propose under these headings are outlined below. It should be noted that when underpinned by primary legislation, a TCIZ could potentially go even further in the policy tools or incentives it allows.

5. Partnership and governance - overview

- 5.1 High streets stand the best chance of thriving where there is a clear long-term vision for them, implemented through strong partnerships between local stakeholders. A TCIZ should marry and incentivise these partnerships, whilst also making the area an attractive place to invest for those without an existing interest.
- 5.2 To support their creation, there should be clear criteria for designation set by central Government. This should consist of requirements for:
- (h) a clear long-term vision for the town centre;
 - (i) a clear strategy for bringing together local initiatives and council services;
 - (j) existing or historic town centre features within the designation's remit;
 - (k) inclusion of local residents and business stakeholders within the zone's planning;
 - (l) an underpinning master plan, Business Neighborhood Plan or Town Centre Area Action Plan (AAP).
- 5.3 Many of these requirements mirror those of the Towns Fund and we therefore suggest that TCIZ pilots are set up in places that have received first round Towns Fund allocations from Government.

Appendix: Example policy tools for TCIZs

Policy tools – Tax incentives

TCIZs should offer tax incentive measures, such as:

- a 50% discount for occupiers from business rates;
- an exemption from empty business rates for property owners;
- 100% retention of business rates revenue for the local authority;

Policy tools – Planning support

TCIZs should offer planning flexibility measures, such as:

- a Local Development Order, or commitments from the local authority to fast-track high-street development;
- access to a national funding pool for ensuring enhanced planning skills and capacity;

Policy tools – Measures that enhance the natural environment

TCIZs should offer measures to enhance the local town centre environment, such as:

- assistance to introduce a Clean Air Zone, through planning support and automatic funding from DEFRA's air quality grant scheme;
- priority access to the Government's funding for electric vehicle charging infrastructure;
- funding to improve and maintain green public realm.

Policy tools - Measures that promote vibrancy;

TCIZs should offer measures to enhance vibrancy, such as:

- national funding to employ a 'high streets champion' responsible for activating high street activity by community groups, local businesses and the local authority;
- greater flexibility with regards to licensing for pubs and entertainment venues;
- funding for businesses and community groups to host events;
- a plan for the designation of land for telecommunications equipment.