Exhibit 16 Regeneration that lasts: principles and two case studies, in a city and a market town. URBED.

This note discusses
- Urban applications for CLTs;
- Transfer of public assets to CLTs;

and provides two case studies:
  - Kings Crescent, London
  - Norton Radstock, Somerset

It draws primarily on recent work with local authorities, residents and housing associations in inner London, Plymouth, Bristol and Leeds on Community Land Trusts, and represents a very small step towards finding some answers to the important issue of regeneration. It includes two case studies, one at King's Crescent in Hackney in inner London and the other in a market town in Somerset.

The Kings Crescent case study includes a description of the concept of the Neighbourhood Investment Company, which is designed to combine the CLT approach with partnership with private sector landowners and investors. It was presented at the annual conference of the Scarman Trust in December 2003.

<u>Urban applications for CLTs</u>

The following are typical scenarios in which CLTs have the potential to provide an institutional and conceptual framework for action by communities or other parties representing the public interest:

- ***The regeneration of urban social housing estates***

  In redevelopment schemes and Voluntary Stock Transfers of Local Authority housing, communities are demanding a bigger stake in deciding the future of their neighbourhoods. They see themselves as equal partners with other stakeholders, and as leaders of local regeneration strategies, with the ability to recapture the income from the rising value of land to reinvest locally for the benefit of "their" neighbourhood and its residents. The Government's updated (June 2006) plans for achieving the Decent Homes standards by 2010 includes this possibility with options for the transfer of ownership to a CLT or other forms of community control, subject to DCLG consent.

- ***The managed renewal of areas of poor quality mixed-tenure housing***

  Where ownership is fragmented, there needs to be a means for pooling ownerships to provide better security for private borrowing, and for releasing trapped equity through redevelopment and intensification of land use. Desperately needed now for tackling decaying and increasingly abandoned Victorian and Edwardian inner-city terraces, the task of renewing suburbs of semi-detached villas and low-density New Towns is already beginning to feature as a new investment priority.

- ***The stewardship of the public domain***

  Reputations of neighbourhoods are made and broken by what happens in and to the public domain. It has at long last been officially recognised that the quality and control of public space affects how it is used and the benefit it provides: ownership changes the perception from "their" to "our" park which actually increases the pleasure people derive from using it. The ownership of public spaces and the responsibility for the delivery of public services to these areas are often hopelessly fragmented. Anti-social behaviour or the energies of people with no other outlets in the form of productive activity can exploit these weaknesses to become a powerful force which not only destroys the physical fabric of neighbourhoods, but can overwhelm natural feelings of security, identity and attachment for urban dwellers.

- ***The voluntary pooling of land to increase the rate of housing supply***

  In both brown and green-field development, there are no good mechanisms or incentives to enable land to be assembled more quickly for development. Landowners should be rewarded for pre-empting lengthy and costly state intervention through compulsory purchase, and could also ensure that the benefits of affordable housing and other planning obligations are preserved in more locally accountable bodies.

The character of urban Community Land Trusts

In many cases, the principal assets will be:

- ***Mainly residential***, at least in land area, where the task of investing in and managing them represents a particularly significant element in shaping and maintaining the character of a neighbourhood;

- ***Potentially valuable***, if not now, then in the future, so that there is scope for the recovery of increasing ground and rack rentals, and of capital growth for reinvestment in the assets themselves or in complimentary regeneration activity;

- ***Originally publicly provided and owned***, and now being transferred or sold, and in which there is a good case for retaining a public interest stakeholding for the benefit of the residents of a specific neighbourhood, as well as for all current and future residents in need within a wider Council catchment area.

Transfer of Public Assets to CLTs

The transfer of public assets in the form of local authority housing would involve transfer of the freehold of the land to a CLT, subject to pre-agreed and approved back-to-back development leases to a housing association, and/or developer, and/or Private Finance Initiative (PFI) operator.

As in other cases, in exchange for the grant of leasehold interests, the CLT will be entitled to receive financial and non-financial returns through a mix of:

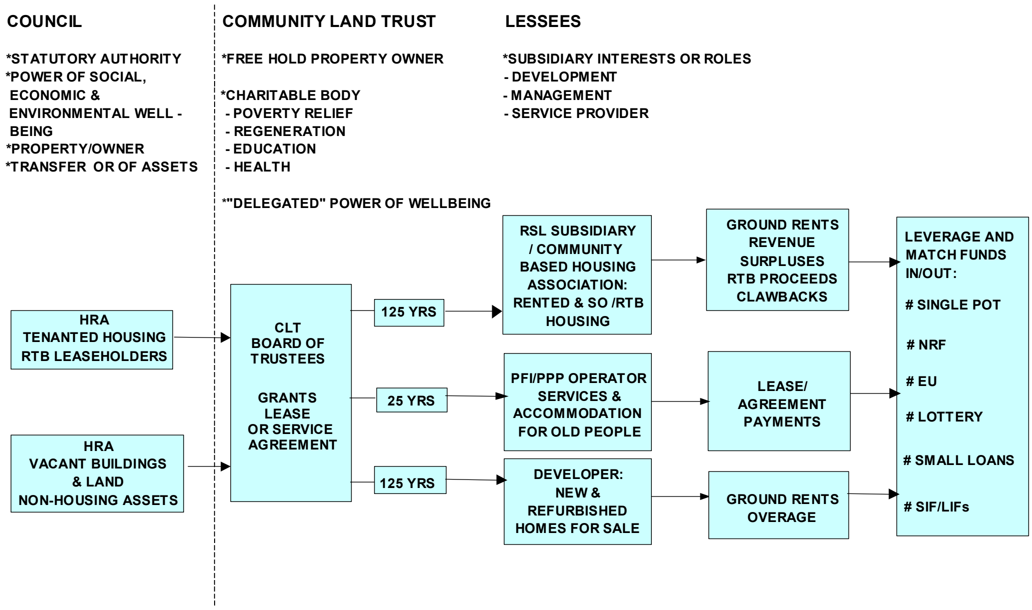
- Lease premiums; and / or
- Stepped or index-linked ground rents; and/or
- Rack or profit / turnover rentals; and/or
- Proportions of capital receipts derived from sales of homes at market value, from future contractual Right-to-Buy transactions or staircasing transactions in Shared Ownership properties; and/or
- Social, economic and environmental outcomes.

Any income must be applied to the charitable purposes of the CLT, either as direct expenditure or as "leverage", enabling it to bid for funds from other sources of regeneration funding, including the EU, the "Single Pot" from RDAs, the Neighbourhood Renewal Fund in the 88 designated areas, the Lottery and, probably increasingly in future, Local Area Agreement (LAA) funding.

The CLT will ensure that the provisions of development agreements and leases are observed. It will have an important coordinating function to oversee the long-term management arrangements of completed developments to ensure they are properly integrated and controlled, and to have an overarching strategy for long-term reinvestment needs. The CLT could be a direct provider of these services or commission or coordinate the actions of the other stakeholders.

Since the Local Government Act 2000, local authorities have been given express statutory powers to promote neighbourhood wellbeing. Effectively, the CLT may be required to act on behalf of the previous owner, the Council, in its dual roles as landlord and a statutory body. This will be formalised within the objects of the CLT, and the local authority will be bound to insist on this. Figure 1 below shows the process through which powers and responsibilities are passed on through the transfer mechanism.

FIGURE 1: COMMUNITY LAND TRUST - "ASSET BASED" NEIGHBOURHOOD REGENERATION



In exchange for acquiring the underlying freehold in land and receiving the income flows from land, the CLT thus undertakes to act in the public interest in promoting the social, economic and environmental wellbeing of the neighbourhood. More particular undertakings relevant to the actual scheme of redevelopment, such as the funding of community facilities, may be included in the transfer contract. Other conditions may be attached but to simplify financing and management it is greatly preferable to rely on the CLT's legal form and membership to assure this. There will nevertheless be contractual requirements and possibly a claw-back clause in the event of disposal or failure.

All these obligations need to be carefully described in the contract governing disposal of the built environment, as they will affect the valuation. As far as possible, the aim should be to match the costing of the overall obligations with the value of the assets being transferred, so that no capital sum passes between the authority and CLT. Many urban housing estates have a negative value (the cost of achieving the Decent Homes standard exceeds the value after improvement based on rental income from social housing provision), and have needed or will need additional subsidy in the form of Government grants or the proceeds of market value sales to meet the transfer obligations.

Community assets derived from regeneration

In specific regeneration situations such as a New Deal for Communities (NDC) programme there are related aims to empower and involve the community; and to have, at the end of the regeneration programme, a sustainable community organisation as a "successor body" which can continue to deliver outcomes into the future. Development Trusts have often been set up in this way through gifting income-generating assets to a community-led body which can both manage the asset in ways which maximise the community benefit and derive an income which can be used to deliver other outcomes. A number of enterprise agencies and development trusts have for example been gifted business estates of small starter units which are managed to favour and promote new local enterprise but also use the revenue they derive to finance new developments or training programmes.

NDC projects use both capital and revenue investments to achieve their aims. The measures they identify which can best regenerate the area could include the creation of property assets including business units, retail opportunities, sports facilities or green spaces: they may have existing partners who can take on and manage these in perpetuity or they may wish to create a new legal entity – a CLT or a Development Trust – to take them on.

The origin of the asset in these circumstances may be the developer (who takes on land or property subject to a sale condition or planning condition requiring the delivery of these assets for the community alongside the open market sales which the developer will be undertaking to recover their costs); or the NDC or other Regeneration Company which has been able to take the development risk to produce the asset and find tenants or purchasers.

Where the community already have clear ideas of what is needed (and often an expressed fear that a developer-led solution will not take sufficient account of their needs), a CLT also provides a route to take advantage of this involvement. In the case study described below at Radstock Single Regeneration Budget funds were committed to acquiring a long-vacant site but rather than bring the site into public ownership or support a developer in acquiring it, South West Regional Development Agency provided over £1m in grant to enable a new community-led CLT to buy the land and hence to be in the position of deciding the form and nature of the development with any surplus used for community benefit. The CLT is in a position in effect to balance supporting more lucrative types of development to generate greater surplus income to spend on community projects or less lucrative development which does not generate surpluses but delivers community priorities in other ways. Because of this, claw-back clauses should not be included in the disposal.

<u>Two case studies</u>

Two case studies based on projects in progress demonstrate some of these principles in practice.

**Case Study 1: The King's Crescent Pilot CLT:
Neighbourhood Governance and Management**

The King's Crescent Pilot relates to the transfer of a 650 home estate from Hackney Council to the Peabody Trust. The transfer has not yet been completed, and this case study describes the proposals which emerged from working with residents in the pre-ballot stage of the project and which were subsequently approved by residents during the ballot process in December 2002. In the project, most of the existing estate, consisting mainly of flat blocks, shops, underground garage and a community club building is to be demolished and replaced with nearly 1000 new homes in a mixed-tenure development, with the sales of open-market homes providing the bulk of the funds needed to re-provide affordable homes for former Council tenants and Right-to-Buy leaseholders. The CLT idea came from two sources:

- ***The Tenants and Residents Association***

  During the option appraisal stages of the project in the late 1990s, the residents' main concern was to improve the management services on the estate. They initiated the Right-to-Manage process, but were looking for a more powerful institutional form through which to exercise greater influence on their landlord, and any future landlord in the event of a voluntary transfer;

- ***Council Members***

Members had recently overseen the voluntary transfer of 19 estates under the Government's Estate Renewal Challenge Fund [ERCF] regime, which provided "dowry payments" to fund the transfer of urban estates with a negative valuation, in other words gap funding to pay for the cost of repairs and improvements which could not be funded by private finance supported by rental income from tenants. They were concerned that these transfers did not deal effectively with long-term sustainability, or the involvement of the community in the future management of their neighbourhoods. There was also little provision to ensure that future revenue surpluses would be systematically reinvested on the estates, in the neighbourhood, or even in Hackney at all.

Annexes 1 and 2 below set out the model for a Neighbourhood Investment Company which is intended to deal with this problem by providing a revenue stream from a capital endowment together with revenue from ground rents derived from both social and private housing. It is a complex model as it must also still fall within the rules laid down for the transfer of local authority estates and for disposals by registered social landlords which relate primarily to preserving social housing assets.

At King's Crescent, the original proposal was modified to suit the particular circumstances of the project:

- The regulatory regimes and public policy context [at the time] were not sufficiently aligned to support the Basic Model within the timetable for the Government's annual programme of transfers;
- The Council's Preferred Development Partners were anxious to have the comfort of the freehold interest in order to raise finance;
- There were concerns over the application of the Basic Model to a relatively small area of benefit in which the numbers of new residents buying housing at open market value would ultimately outweigh the numbers of affordable housing residents by a significant margin.

Particularly in relation to the issue of scale, all parties agreed to devise a Model that provided links to other regeneration activity and funding, and would have the capacity to respond to changing needs over time:

- Providing technical and financial support and informal regulatory mechanisms for a relatively small area, but without diluting local autonomy; and
- Ensuring that the wealth created through the CLT could be directed with a fair balance to both local needs and to the other wider regeneration needs of the Borough.

These arrangements for the King's Crescent Pilot are embodied in the model illustrated in the diagram below. It contains the following elements:

- ***Freehold ownership***

  The freehold ownership of the King's Crescent Estate will be transferred to the Peabody Trust. The new build-for-sale units will be sold on long leases and the ground rent for these dwellings will be paid into a new borough-wide community benefit trust, with the working title of the Hackney Community Foundation.

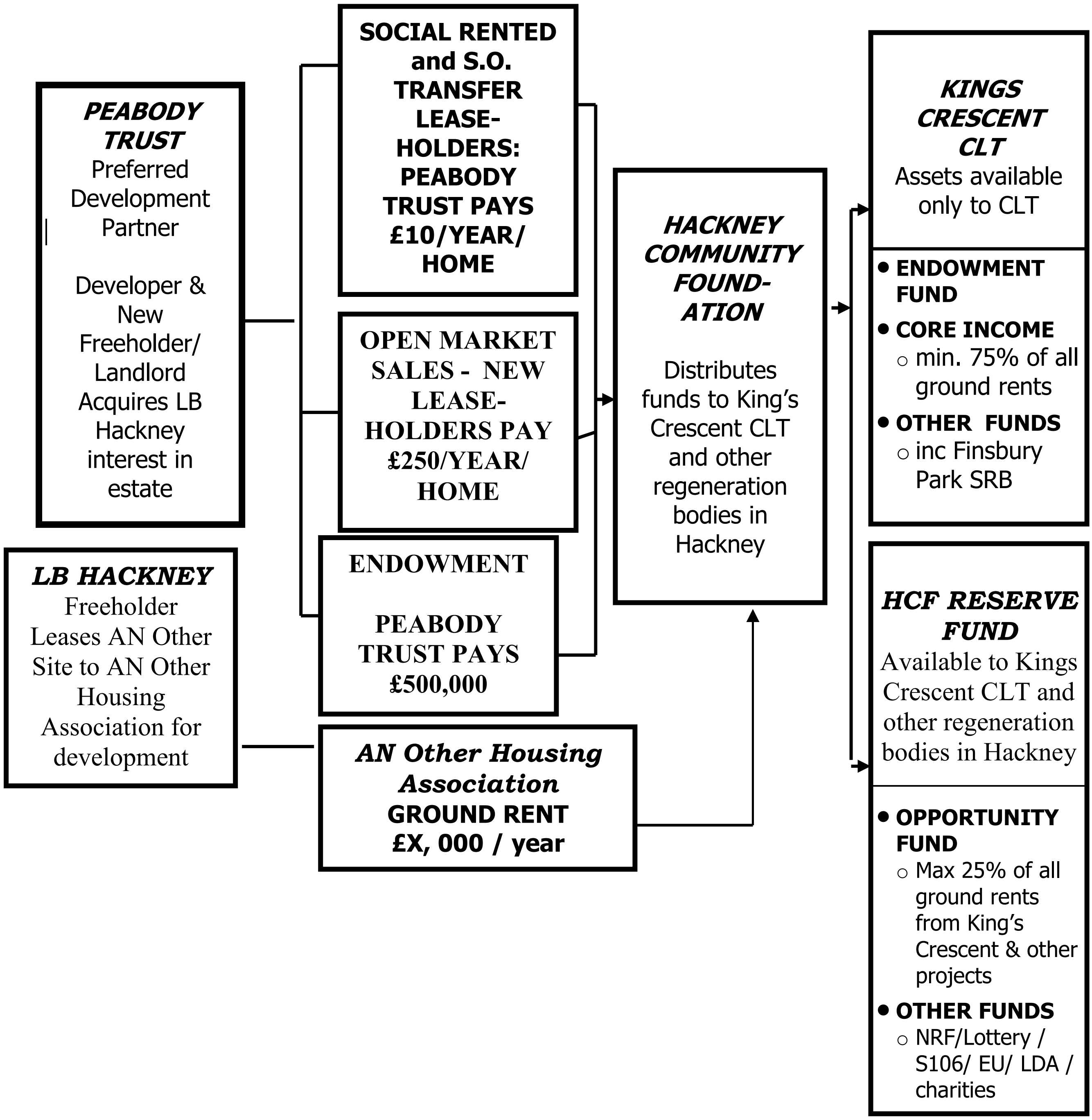
- ***The Hackney Community Foundation***

  The Peabody Trust will establish the Foundation to be associated with its own and other estate-based regeneration projects in the Borough, including King's Crescent, and other potential new projects.

The Peabody Trust will ring-fence the ground rents receivable from the market value homes on King's Crescent, and will pay them to the Foundation, together with a notional ground rent contribution from the social rented housing. As part of the Transfer Agreement, the Peabody Trust will also make an endowment payment to the Foundation of £500,000, in five equal annual instalments.

The strategic aims of the Foundation will be to broker operational and learning connections between different regeneration projects, and to work closely with the Hackney Local Strategic Partnership [LSP], funded partly through the Government Office for London's [GOL] Neighbourhood Renewal Fund [NRF], and the Finsbury Park Partnership funded through the London Development Agency's [LDA] Single Regeneration Budget [SRB], now the "Single Pot".

OPERATIONAL FRAMEWORK FOR KING'S CRESCENT CLT



The Foundation will manage the distribution of funds derived from Kings Crescent Estate back to the benefit of King's Crescent residents. It will also use an agreed proportion of these funds [probably 25%] to make connections between King's Crescent and other funders to act as leverage for other regeneration funds, and to promote regeneration activities, such as training and employment, which can be undertaken more cost effectively and to a better standard at a higher level of scale across the Borough.

The Foundation will be the distributor of these and other funds to associated charitable and voluntary bodies, the principal of which, for the purposes of this pilot, will be the Kings Crescent CLT.

- ***The King's Crescent CLT***

  The CLT will be established as an autonomous charity, entitled to receive the ring-fenced actual and notional ground rental income from the new King's Crescent Estate via the Hackney Community Foundation. The Board of the CLT will be made up of existing and new residents, the development partners and intermediate landlords, the Council and other local stakeholders.

  It will receive an initial endowment of £500,000, via the Foundation, phased in over 5 years, and a total yearly income, once the scheme is complete, in the order of £130,000. Funds will be receivable in regular periodic payments, on the basis of an approved CLT Business Plan for regeneration projects to be carried out over a 5-year rolling programme.

  The CLT Business Plan will be informed by its own community mapping and neighbourhood planning activities, the Foundation's own Business Plan, and the Hackney Local Strategic Partnership's Borough-wide regeneration priorities and concerns. The CLT will account regularly for the performance of its Business Plan as a prerequisite of continued funding. The Business Plan will be based on the approved percentage [probably 75%] of the ring-fenced ground rental incomes, with the balance being retained by the Foundation.

  Operation of the CLT under the umbrella of the Foundation, administered by the Peabody Trust, will help to reduce its overheads and running costs. The Peabody Trust can also offer more sophisticated finance and Treasury management services than would normally be possible for relatively small scale charitable bodies like the CLT.

  The transfer of the estate from the Council to the Peabody Trust contains a "put option" which will enable Peabody to transfer the freehold to the CLT at any time, subject to a leaseback of at least the social housing elements of the project.

<u>A King's Crescent "local management" function</u>

The structure of the CLT will incorporate "local management" functions. The aim will be to provide a single point of responsibility for management for renters and leaseholders, and to ensure the effective and positive management of the public spaces on the estate, which are an important feature of the design of the new development. The public areas, buildings and open spaces are recognised as the physical representation of the "social glue" which will be crucial to the long-term success of the scheme.

The "local management" function will be the core activity around which old and new residents will have shared interests. The operational aspects of management will be carried out by the Peabody Trust and the Tenant Management Organisation [TMO] which emerged from the original Right-to-Manage initiative of the residents. The delivery of these management activities provides the foundation for the initiation and delivery of future regeneration activity and reinvestment by all the stakeholders, and the most effective use of income coming to the CLT through ground rents and the income available from leaseholder service charges and social housing management expenditures.

A Framework Document for implementation

The details of the constitution and composition of the Foundation and the CLT are to be negotiated as part of the final Transfer Agreement documentation. This will resemble the Community Gateway Model for Large Scale Voluntary Transfers of Local Authority housing. A Framework Document will set out requirements for a Delivery Plan, with a timetable, milestones, outputs and outcomes, representing the shared commitment of the Council, residents and Peabody Trust to establish both bodies in a form which will enable the performance of all parties to be monitored and accounted for in the post-transfer period. This recognises the reality that these new institutions will take time to be established, and that there needs to be time for effective business planning and training.

Annex 1: Neighbourhood Investment Companies

The principles of CLTs are sometimes seen as being too grounded in ideas about welfare and not enough to do with enterprise. The following synthesis of CLT approaches into a Neighbourhood Investment Corporation (NIC) model, with full engagement with private sector landowners, was prepared for the Scarman Trust for their annual conference in December 2003.

Issues

- Regeneration and new urban growth are concerned with making and re-making neighbourhoods in urban and rural settings;
- Most public agencies, namely Local Authorities, English Partnerships, Regional Development Agencies, and publicly funded Voluntary and Community Organisations are driven by targets;
- Targets are difficult to align with the "Task" of making places;
- Targets are fragmented, short-term measurements of "success" … the achievement of the known and knowable. Targets are not the raw material of shared visions and values;
- The "Task" is to create dynamic whole systems of physical, social and economic change … a process of working with and responding to the unknown and sometimes unknowable … in the public interest;
- Working with the "shadow of the future" depends on trust and a model of collaborative working and co-production by public and private interests;
- In the right environment, market forces can and must serve the public interest. Public and private interests can and should converge to achieve the "Task";
- But, if new solutions and collaborative ways of working are to emerge, who needs to be in control, and how?

Convergence and Emergence: Land, Values and Power

- Land and land ownership are probably the most powerful drivers of change in urban and rural settings;
- Established forms of land ownership in the UK can be efficient and flexible ways of allocating capital risk and reward, and embody a mix of financial, legal and social relationships;
- Land ownership can be an effective driver for shared vision, values and actions to achieve the "Task", providing it is re-engineered to serve the public interest;
- A Neighbourhood Investment Company [NIC] can pool land owned by public and private sector interests, and generate social and economic returns for "investors" through enabling works, physical and community development, and effective long-term management of neighbourhoods;
- Public and private investors can benefit from the value of all the monetary and non-monetary inputs from key stakeholders, who have created the asset and its market worth at neighbourhood or city scale;
- Upfront public and voluntary sector investment, in cash and in kind, can be recovered through pro rata equity shares, ground and other rentals that can be retained for reinvestment by the NIC in the long term wellbeing of the neighbourhood. **All investors gain.**

Key Features

- Neighbourhood Investment Companies bind together mutual self interest in neighbourhood wellbeing, with pay-offs to public and private interests through capital and rentals growth, and social outcomes and returns.
- NICs help to isolate land from short-term speculative pressures, and restore a long-term perspective to land ownership objectives, and the task of urban management and neighbourhood governance through the retention of assets in a consolidated ownership
- NICs can manage the continuous process of reinvestment and change, by creating a more stable and benign presence in the dynamic and sometimes turbulent physical and social processes of urban and rural change.
- A significant benefit of public interest ownership of assets and a sustainable income is the additional "purchasing power" created for the commissioning of local services, and access to borrowing and match funding from public and private sources.
- NICs can draw on current legal structures, eg Companies Limited By Shares, Community Interest Companies, Community Development Trusts, Community Land Trusts, Limited Liability Partnerships, and Industrial and Provident Societies with asset protection.
- The public interest is retained through a mix of equity ownership of shares, freehold land, and entailed rental income streams. NICs can operate alongside any organisation with charitable status to provide a home for covenanted surpluses and alternative ways of safeguarding the public interest in some types of asset.
- NICs can call on a full range of funding sources, eg commercial borrowing, asset transfer from public bodies, Community Development Finance Institutions, People's Pension Funds, UK/EU public sector grants, Patient Capital, PFI credits and charitable donors.

Prospects for Action

- Test as a model for recovering public interest value in infrastructure and enabling of urban growth delivery or property market transformation.
- Test as a model for reducing development and delivery risk by binding in existing public sector owners as involved stakeholders, with genuine equity participation, within a tradable share structure and minimum guaranteed capital returns.
- Test as a model for receiving the benefit of S 106 Planning Obligations, eg affordable housing benefits.
- Test as model for retaining the freehold ownership of public interest assets such as transferred or PFI public housing stock, schools, health centres, public parks and green spaces, and community facilities.
- Test as a model for Local Public Service Agreements to own and manage public interest assets, and receive capital and revenue income flows for local service delivery, especially in cross-Council boundary situations

… and a necessary pre-condition for this …

- Liberating the interventionist and investment parts of Central Government, eg English Partnerships, RDAs, Housing Corporation, ODPM Local Government/Neighbourhood Renewal Unit/Housing and Planning, the Home Office and DEFRA , and realigning them into coherent "joined-up" regionally based delivery agencies for regeneration, urban and rural development.

Annex 2 A Pilot Neighbourhood Investment Company (NIC)

The Task is "the transformation of a blighted and deprived neighbourhood into a functioning mid-value mixed-use and mixed-tenure inner city suburb, integrated into the regeneration of the whole city centre".

INVESTORS & INPUTS

DEFENCE / NHS ESTATES
- Surplus land and buildings
- Estate Staff

COUNCIL ASSETS
- Housing and housing land
- Service accommodation

PRIVATE OWNERS
- Land by CPO or Agreement

ENGLISH PARTNERSHIPS
- Gap funding
- Site assembly
- Site preparation
- Intellectual capital

REGIONAL DEVELOPMENT AGENCIES
- As English Partnerships plus
- Economic development
- Skills & Employment
- Inward investment

COUNCIL
- Mainstream capital and revenue
- PFI credits
- Housing pre-transfer costs
- S.106 benefits
- Planning
- Economic development
- Social care
- Neighbourhood Management

REGENERATION PARTNERSHIPS incl NDCs, URCs, etc
- Grant for development costs
- Community development, enabling and leadership
- Volunteer effort

HOUSING ASSOCIATIONS
- Housing Corporation grant
- Private finance
- Neighbourhood management infrastructure

COMMERCIAL INVESTORS
- Investment in infrastructure and property, housing, retail, commercial, PFI projects
- Leasehold & (freehold) site

NEIGHBOURHOOD INVESTMENT COMPANY

SHAREHOLDING PLC or LLP
- Public and private asset ownership
- Investment of public and private funds
- Project management and delivery capability
- Facilities neighbourhood & town centre management

SHARE OWNERSHIP

LAND SHARES
- Landowners shares tradable and/or redeemable at Open Market Value
- Allocated pro rata to value or area of land inputs
- Freehold and ground rents retained by a Reserved Non Tradable Public Interest Land Share

PUBLIC INTEREST SHARES
- Allocated pro rata to value of investors' non-property inputs, including volunteer time etc
- Preferred option to pool all retained equity and income for reinvestment
- Shares non-tradable

OPTIONAL SIDE BY SIDE CHARITABLE TRUST

To receive covenanted trading surpluses from NIC and some assets with charitable uses

OUTPUTS & OUTCOMES SOCIAL/ ECONOMIC RETURNS

DEFENCE / NHS ESTATES
- Equity in tradable shares
- Minimum guaranteed receipt

COUNCIL
- Neighbourhood Governance
- Meet Decent Homes Standard
- Increase in amount and quality of housing supply
- Stabilise population and reduced call on social care services etc
- New service accommodation
- New school, improved park etc

PRIVATE OWNERS
- Equity in tradable shares
- Minimum guaranteed receipt

ENGLISH PARTNERSHIPS
- Equity in tradable shares
- Increased supply of Previously Developed Land
- Recovery of value on sales of reclaimed land
- Reclamation of brownfield land
- Increase in housing supply and permanently affordable homes

RDAs
- As for English Partnerships plus
- New and safeguarded jobs
- Business competitiveness etc

REGENERATION PARTNERSHIPS
- Equity in non tradable shares
- Improved housing, health, educational outcomes etc
- Increased community participation and status etc

HOUSING ASSOCIATIONS
- Head leases for development
- Increase in affordable housing stock
- Critical mass for delivery of neighbourhood services

COMMERCIAL INVESTORS
- Head leases for development
- Commercial rentals, PFI service charges and leasehold sales

Case Study 2: Norton Radstock Regeneration Ltd, near Bath:
A suitable case for CLT treatment

By contrast with King's Crescent neighbourhood, Norton Radstock shows how community action and ownership of a significant area of derelict land has the potential to transform the wellbeing of a whole town.

Radstock lies 10 miles south of Bath and about 12 miles south-east of Bristol. With a population of 8,000 people, it forms part of a cluster of old mining settlements, including the nearby town of Midsomer Norton and former mining villages with a total population of 25,000. After 200 years of exploitation, the North Somerset Coal reserves were too deep to mine competitively. The last coal mine was closed in the early 1970s, followed by closure of the railways, and consequent economic decline in the area.

Since the 1970s, Radstock has grown moderately, with many residents commuting to Bath and Bristol, or working in local print businesses. A significant change was the award of Single Regeneration Budget (SRB) funding, in 1998, which provided the first opportunity to tackle the decline and deliver some of the community's aspirations, identified in a Community Planning Weekend held in March 1999.

<u>The Land and its new owner: a Community Land Trust</u>

The main site of 7.3 hectares, which is subject of this project, starts at the centre of the town and stretches back into the countryside. It had remained derelict since the railway closed, partly because of multiple ownership.

Norton Radstock Regeneration Limited [NRR] was set up by the SRB team in response to the community's aspirations, with the intention of taking over ownership of the land. South West Regional Development Agency [SWRDA] responded to the SRB team's proposal of a Community Land Trust, by providing SRB funds to purchase the land from its three owners, Caib Limited, British Railway Authority and Bath & North East Somerset Council. Purchase, for around £1 million, was finally achieved in April 2001. Initial revenue support to NRR has come from the Council and South West RDA: once development starts, it will come from the developer.

Radstock is also the headquarters of an independent co-op, Radco, which has a large but outdated superstore in the town centre, as well as a separate furniture store. The town centre also includes the offices of the Parish Council in a run down Victorian property, and a parade of shops in an ugly 1950s development. Taken together with a complex, badly designed and busy cross-roads of twin mini-roundabouts, these make the centre unappealing and represent a major deterrent to inward investors.

<u>A new community-led regeneration model</u>

This approach to regeneration breaks new ground in partnership working with the Government's development and regeneration agencies. More typically, an RDA or English Partnerships would tackle a regeneration site by working to develop a masterplan, carrying out infrastructure work where necessary and finally marketing the site to the highest bidder from the commercial sector. Depending on other RDA priorities, some of the sale proceeds may then be recycled for community development projects. In this case, NRR, a new company limited by guarantee, purchased the site using an RDA grant of £1 million and will commission the redevelopment of the land, retaining any net capital proceeds and future income flows to deliver agreed priorities selected from a range of economic, social and environmental outcomes for community benefit.

NRR's membership comprises a majority of local people with local connections and knowledge; the local authority; and a minority with particular expertise which the organisation needs to carry out its work. It is a not-for-profit company with objects related to the regeneration of Radstock. It has worked hard to remain in touch with local people more generally with extensive consultation exercises as part of the master-planning process. From these it has derived a set of principles and priorities which it is using when taking decisions about what is required on the site while taking account of viability.

NRR therefore has most of the characteristics of a community land trust. Open community membership would have been preferable but the controversy over the use of the site, while resolved, left a number of dissatisfied factions and it was decided that progress might be impossible unless a Board was created that was united behind the agreed masterplan.

NRR's vision is to "be the catalyst for the provision of creative, quality sustainable development and regeneration", and it aims to "provide the best possible development working with the community and its partners". Any profits generated by the company from the development of the land will be used either to improve the quality of the scheme or to pay for additional social benefits such as affordable housing; or if appropriate to support further regeneration in the Norton Radstock area.

NRR therefore puts the community in a position to decide on its own priorities, and to have a long-term future role in maintaining the economic and social health of the town through its ownership and management of workspace, intermediate market housing and community buildings.

The company board draws on the skill and knowledge of local people, including a local parish and a unitary authority councillor, together with other experts with specialist technical expertise.

<u>The Masterplan</u>

In 1998, the Community Planning Weekend identified the main priority as "putting the heart back into Radstock". After the purchase of the site, further community input was structured to cover a full range of issues including community culture and leisure, environment and sustainability; housing, the town centre economy; and transport. The key aims to emerge were to:

- Establish a sense of place;
- Develop a broad economic base;
- Improve community infrastructure;
- Cater for the whole community;
- Develop the theme of environmental quality; and
- Promote and develop sustainable living.

In 2002, NRR produced a Business Plan to secure further funding from SWRDA to support the appointment of a professional development team. In February 2003, the professional team started to work with NRR, the community and key agencies to produce a Masterplan, which now sets out a framework for the future development of the site, and describes the likely impacts of any development on the surrounding area. The Masterplan includes many of the community's aspirations and needs, balanced against a realistic assessment of its economic viability, including:

- Around 200 new homes with a mixture of housing tenures, types and sizes;
- 2,000m² of employment space including artists' studios, workspace, offices and retail;
- 1,500 m² of new community provision including a new Library, Café, Art Gallery, Learning Centre for people with disabilities, and Healthcare Centre;
- Pedestrian and cycle routes including Sustrans' National Cycle Network Route 24; and

- Protection of valuable ecological habitat which has come about as a result of the site's long dereliction including unusual insect and plant species in particular.

NRR intends to maximise opportunities for local contractors and suppliers, and to encourage contractors to employ apprentices There is an aspiration to high sustainable building standards achieving Eco-Homes "excellent" and additional "green" features, both to reflect community priorities and as a way of marketing and branding the development.

NRR has proposals for intermediate market housing for people in work, but whose salaries are too low to buy housing in the open market.. The community sees this as the priority rather than social housing to rent.

Once the development is complete, NRR will hold the freehold interest in any intermediate market housing, workspace and community buildings which it has been possible to finance as well as ownership of any common areas of the site. It can then decide either to continue and manage them directly or to enter into partnership with others.   With these assets, NRR will be equipped to play a more significant role in promoting a better future for Radstock and to use the asset base for further regeneration activities in the town, possibly acquiring more land.

<u>Next steps</u>

Community action and ownership has enabled NRR to negotiate its way through a number of difficult situations during 2005/06, including controversial proposals for a heritage railway, an alternative supermarket proposal, land-swap options with adjacent sites, and debate around the wildlife value of parts of the site.   Most recently, at the start of a long-delayed Local Plan Enquiry, NRR was obliged to register objections to the local authority's designation of the site for development at little more than 12 homes/hectare; more than 50% below any current Government guidelines for sustainable development in any urban location.

Following a tender process, a development partner was selected in 2005 and NRR is on the verge (2006) of establishing a joint venture partnership to apply for planning permission and take the scheme forward.   The town centre will be part of the first phase, together with an initial phase of housing which should be complete before the end of 2007.

<u>Lessons for elsewhere</u>

Regeneration in a market town

Radstock is part of the SWRDA's Market and Coastal Towns Initiative.   Approaches to regeneration which have worked in the centres of larger cities like Sheffield, Manchester and Bristol are not always applicable in market towns. Radstock shows the value of a more hands-on approach, supported by active and concerned citizens, to encourage and give confidence to local entrepreneurs and businesses over a significant period of time and to evolve a new focus for the town. Relying on incoming retail multiples or a leisure complex as an "anchor development" may not always be possible. More importantly, it may simply not be appropriate to the character and economic mix of the town centre, or where existing retail and leisure provision in the town or outlying villages could be adversely affected.

New thinking and new solutions are needed to find ways of regenerating small or medium sized towns: unlike large urban sites, a retail complex or office development is unlikely to provide the answer. If NRR succeeds, it will provide lessons for other market towns – or city quarters - in the similar position of trying to revive their economies and enlist the local community in a search for a new heart and a new identity.

"Supping with the devil"

NRR includes representation from elected parish and district councillors, local sport, community and business organisations; and "experts" coopted for their knowledge of finance, development or environmental issues. Because it needed to represent various "constituencies" it did not open its membership up to individual local people. The creation of NRR has put in place a community-orientated developer alongside an appointed commercial developer (selected for their strong participative credentials), able to argue effectively for public funding and the right planning permission. But it is arguable that NRR's involvement in the poractical problems and compromises inherent in any development has meant that it has had only limited success in uniting local people behind a consensual development plan. This had been one of the intended outcomes in what has been a rather factional community but partial success is probably all that could have been expected.

The principle of the site's development provided it meets local needs has been supported by a clear majority of local people but there is a well-organised and supported local environmental group that wishes to see the development abandoned so that the ecology remains undisturbed. Others who want to see particular elements included and will only support the scheme in relation to those specific outcomes. Trying to reconcile these competing groups has delayed the scheme and this has also increased local scepticism about NRR's effectiveness. Overall NRR has not been able to build a community consensus and is not, as was hoped, seen as community champion but rather as in the same camp as the developer, with financial rather than community targets to meet.

NRR remains committed to implementing the priorities which have emerged from community consultations and remains in a position to make choices around the content and design of the development to try to embody these priorities. Because the abnormal costs of the development are high, the sum available for community benefit may be lower than was hoped too (around £1m-£2m) and NRR is having to take pragmatic decisions which seek to balance competing requirements, a process which has left none of the single-issue lobbying groups able to offer support.

Wider representation might have been the answer but given competing views it could also have led to paralysis.

NRR will still be able to show a result which reflects the expressed community priority of putting a heart back into the town and a development where environmental issues have been kept high on the agenda. But the lesson is perhaps that stepping into a joint venture situation means losing the separation from potentially unpopular development decisions and inevitably making it harder to retain local support and engagement.