

Capturing Financial Contributions from Private Developers towards Transport Infrastructure – The Edinburgh Tram

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Presentation Agenda

- The Edinburgh Tram
- The Tram Contribution Policy
- Funds captured and projected
- Issues and lessons learned

D&W | Edinburgh Used to have Trams



D&W | Modern Trams



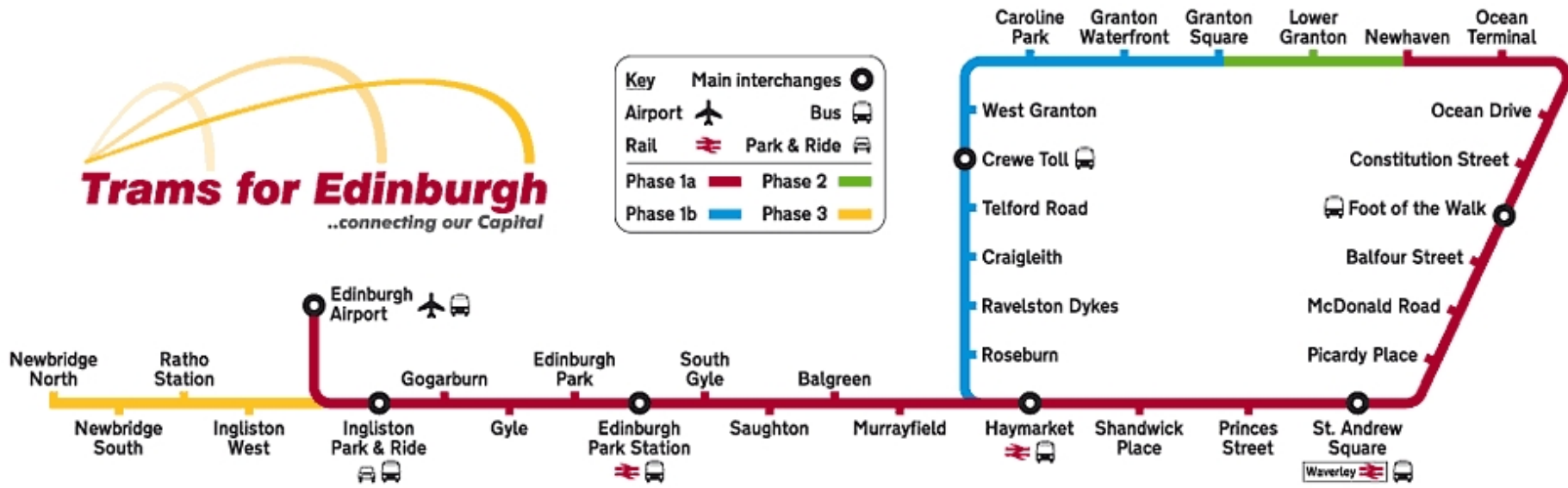
D&W | The New Edinburgh Tram

- Project Promoted by the City of Edinburgh Council
- Part of its Planning Strategy for the City
- Promoted through Scottish Private Legislation – Royal Assent 2006
- Construction now underway
- Expected to be operating in 2011

D&W | The Edinburgh Tram: The Route



D&W | Edinburgh Tram: The Route



D&W | West Edinburgh Guided Busway



D&W | Edinburgh Tram: Funding

- Scottish Government Funding £500m
- City Council agreed to pay £45m in December 2006
- Council funding includes projected sum from contributions by private developers

- Agreements under s75 of Town and Country Planning (Scotland) Act 1997
- Scottish Equivalent to s106 Obligations
- Agreements under s69 of the Local Government (Scotland) Act 1973
- Contract linked with planning application – developer does not get planning permission until concluded

D&W | Tram Developer Contribution Policy

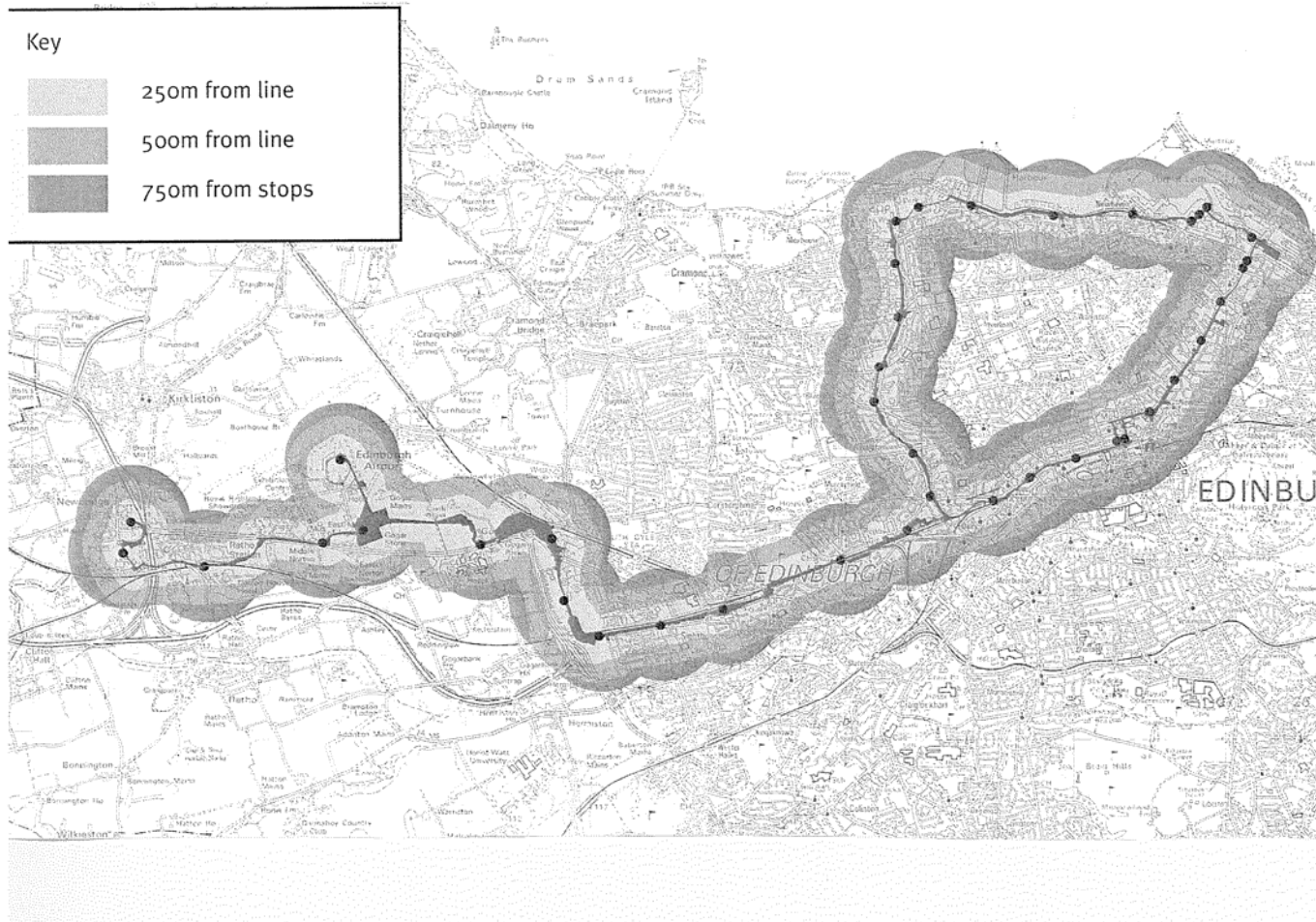
Policy been operating since 2004

Justified through Planning Policy for Tram

Amount of contribution is prescribed in advance relative to:

- Distance from Tram Route/Stops
- Type of Development
- Size of Development

D&W | Tram Development Contribution Zones





Tram Contribution Scale Factor

*PROPOSALS BY LAND USE (Gross Floor Area)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Retail (sq m)	250-499	500-999	1,000-1,499	1,500-1,999	2,000-2,499	2,500-2,999	3,000-3,499	3,500-3,999	4,000-4,499	4,500-4,999	5,000-5,999	6,000-6,999	7,000-7,999	8,000-8,999	9,000-9,999
Offices (sq m)	250-499	500-999	1,000-1,499	1,500-1,999	2,000-2,499	2,500-2,999	3,000-3,499	3,500-3,999	4,000-4,499	4,500-4,999	5,000-5,999	6,000-6,999	7,000-7,999	8,000-8,999	9,000-9,999
Residential (units)	5-19	20-34	35-69	70-104	105-139	140-174	175-209	210-244	245-279	280-314	315-349	350-384	385-419	420-459	460-499
Bars and Restaurants (sq m)	100-199	200-499	500-799	800-1,099	1,100-1,399	1,400-1,699	1,700-1,999	2,000-2,299	2,300-2,599	2,600-2,899	2,900-3,199	3,200-3,499	3,500-3,799	3,800-4,099	4,100-4,399
Business Park (sq m)	250-499	500-999	1,000-1,499	1,500-1,999	2,000-2,499	2,500-2,999	3,000-3,499	3,500-3,999	4,000-4,499	4,500-4,999	5,000-5,999	6,000-6,999	7,000-7,999	8,000-8,999	9,000-9,999
Industry (sq m)	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000-5,999	6,000-6,999	7,000-7,999	8,000-8,999	9,000-9,999	10,000-10,999	11,000-11,999	12,000-12,999	13,000-13,999	14,000-14,999
Warehousing (sq m)	1500-2,999	3,000-5,999	6,000-8,999	9,000-11,999	12,000-14,999	15,000-17,999	18,000-20,999	21,000-23,999	24,000-26,999	27,000-29,999	30,000-32,999	33,000-35,999	36,000-38,999	39,000-41,999	42,000-44,999
Hotels (beds)	5-9	10-24	25-40	41-60	61-75	76-90	91-105	106-120	121-135	136-150	151-165	166-180	181-195	196-210	211-230
Hospitals/Residential Institutions (sq m)	1000-1,499	1,500-2,999	3,000-4,499	4,500-5,999	6,000-7,499	7,500-8,999	9,000-10,499	10,500-11,999	12,000-13,499	13,500-14,999	15,000-16,499	16,500-17,999	18,000-19,499	19,500-20,999	21,000-22,499
Non-residential Institutions (sq m)	1000-1,999	2000-2,999	3,000-4,499	4,500-5,999	6,000-7,499	7,500-8,999	9,000-10,499	10,500-11,999	12,000-13,499	13,500-14,999	15,000-16,499	16,500-17,999	18,000-19,499	19,500-20,999	21,000-22,499
Medical/Health Services (sq m)	200-299	300-599	600-899	900-1,199	1,200-1,499	1,500-1,799	1,800-2,099	2,100-2,399	2,400-2,699	2,700-2,999	3,000-3,299	3,300-3,599	3,600-3,899	3,900-4,199	4,200-4,499
Multiplexes (sq m)	250-499	500-999	1,000-1,499	1,500-1,999	2,000-2,499	2,500-2,999	3,000-3,499	3,500-3,999	4,000-4,499	4,500-4,999	5,000-5,499	5,500-5,999	6,000-6,499	6,500-6,999	7,000-7,499
Other Leisure Uses (sq m)	1000-1,499	1,500-2,999	3,000-4,499	4,500-5,999	6,000-7,499	7,500-8,999	9,000-10,499	10,500-11,999	12,000-13,499	13,500-14,999	15,000-16,499	16,500-17,999	18,000-19,499	19,500-20,999	21,000-22,499

D&W | Tram Contribution Calculation

TABLE 2 - AMOUNT OF CONTRIBUTION IN £000s		Tram Developer Contribution - Calculations													
scale factors	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Zone 1 (up to 250m)	15	40	80	120	160	200	240	280	320	360	400	440	480	520	
Zone 2 (up to 500m)	10	30	60	90	120	150	180	210	240	270	300	330	360	390	
Zone 3 (up to 750m)	5	20	40	60	80	100	120	140	160	180	200	220	240	260	
* Zones refer to those on Appendix 1 plan															

Example of Application:

Development of 5,000sqm retail and 9,750 sqm office within 500 metres of corridor and therefore in Zone 2, would require the following contribution:

Retail

5,000sqm relates to scale factor 11 on Table 1, and looking along Zone 2 to Scale 11 on Table 2 gives a contribution of £300,000

Office

9,750sqm relates to scale factor 15 on Table 1, and looking along Zone 2 to Scale 15 on Table 2 gives a contribution of £420,000

Total contribution therefore is £720,000 for this development

NB The figures will be updated annually on the basis of Construction Price

D&W | Funds Secured

- Working assumption £24.4m cash will be secured from developers plus land valued at £2.2m
- So 59% of Council's £45m contribution will come from developers
- Total value of cash contributions agreed to date is £5.24m
- Plus land worth £2.2m has been secured

D&W | Funds Projected

- Total value of agreements being negotiated at present is £5.96m
- Council projects further £4-6m by time tram begins operation (2011)
- New policy to continue taking contributions after tram constructed in order to fund borrowing

- **Example of growing trend to get private sector to help fund new infrastructure** (eg Glasgow Fastlink and Scottish Borders Railway policies)
- **“Voluntary” contributions a significant element of funding – including of future borrowing costs**
- **Funds agreed have not necessarily been secured**

- **Need for Scottish Government Support**
- **Strong link with Planning Policy vital**
- **Developers may not like tram tax but do like certainty on cost**
- **Planning Gain Supplement?**

D&W | Contact Us

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Questions and Discussion

