This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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city view

Croydon Council Urban Regeneration Vehicle, London Borough of Croydon, United Kingdom

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On this page: *A case study on Croydon Council Urban Regeneration Vehicle, London Borough of Croydon, United Kingdom. Find more at the Municipal Public-Private Partnership Framework - Project Summaries section for brief summaries of around 100 projects from around the world, examples of successes and challenges, as well as innovative ideas on solutions, or visit the Guidelines on Innovative Revenues for Infrastructure section.*

Project Summary:

Background

The Croydon Council Urban Regeneration Vehicle (CCURV) is a creative, 28-year joint venture aimed at regenerating a portfolio of key real estate assets in the London Borough of Croydon. CCURV was formed in 2008 with an estimated worth of GBP 450 million (USD 580 million).

Project Structure

The Croydon Council initiated the process to create CCURV in April 2007, using a competitive dialogue process provided in applicable European Union Regulations to select the private partner. This entailed publicly advertising the project and providing a memorandum of information and pre-qualification questionnaire to all parties that expressed interest in the project. A total of 19 pre-qualification questionnaires were received and evaluated. From among these bidders, the eight strongest were invited to participate in the first stage of the competitive dialogue, at the end of which five bidders submitted outline proposals. Based on the strength of these proposals, three bidders were selected to participate in the second stage of the competitive dialogue process, during which one bidder withdrew. The remaining two bidders submitted final tenders and John Laing Equity was selected as the winning bidder in 2008.

The Council and John Laing Equity formed a limited liability joint venture, owned in equal parts (50:50) by the two partners. The partners to the joint venture exercise equal voting rights. For its stake in the CUURV, the Council contributed land and property assets, while the private partner contributed equity funds. The private partner further offers development expertise, including with respect to leveraging mixed-use development opportunities in the project area. The joint venture also has the right of first refusal for all surplus properties that the Croydon Council decides to sell, is empowered to purchase additional properties, and may obtain debt financing for its works.

The joint venture functions essentially as a commercial land developer – investing in and revitalizing properties not only for the economic and social benefits but also to generate sufficient income from the

improved properties to make the investments sustainable and profitable. At the same time, the Council retains its role in public oversight and planning, which it exercises both as a separate entity and as a fifty-percent shareholder in the joint venture. The private partner, in return for its capital and development expertise contributions, receives privileged access to development opportunities in the borough.

Revenues generated from the urban redevelopment projects are used to pay any outstanding land value, senior debt, and recovery of Council and private sector equity contributions. Profits from the redevelopment works and other profitable assets acquired by the joint venture are shared 50:50 by the two partners, per their equity shares. The works delivered by the joint venture include the relocation of the Council to new offices, the redevelopment of several publicly-owned properties, and other land developments and property regeneration works across the London Borough of Croydon. Ownership of these developments remains with the Council. The first project undertaken by CCURV involved the construction of the Bernard Weatherill House (BWH), which is Croydon Council's new administrative headquarters located next to the Town Hall. The BWH includes a dedicated conference enter, health suite, meeting room suite, union facilities, staff canteen, and external amenity spaces. The construction started in March 2010 and was completed in 2013.

The second project involved the Waddon Leisure and Housing Scheme, a project comprising a leisure center equipped with a swimming pool, sports hall, gym, and community space, as well as new residential units, of which 119 were to be affordable units. Construction started in January 2011 and was completed in October 2012. The most recent project undertaken by CCURV concerned the Taberner House, which used to be home to the Council offices before the transfer to BWH. The Taberner House was demolished in 2015 and the site is to be used to construct 513 homes, of which 40 percent will be designated as affordable units, within four buildings ranging from 13 to 35 stories. The ground floor level will be dedicated to retail and office space, a new children's play area, a pavilion café, and highquality public space. The construction started in 2018 and is scheduled to be completed in 2021.

Lessons Learned

Positive attributes of this partnership include, but are not limited to, accelerated project delivery, risk transfer, alignment of public and private sector incentives, private sector expertise, receipt of full land value, sharing of the forecasted increase in value from development investments, and public control of regeneration as both a shareholder and planning authority.

The projects have provided new and improved facilities for the Croydon community. At the same time, it also created employment and training opportunities for residents. In fact, around onequarter of the people employed on-site are drawn from the local workforce. Also, by partnering with schools and colleges, the project has offered skills development opportunities for residents, as well as opportunities for local companies to take part in the supply chain.[1]

Footnote 1: Source(s) accessed on February 17, 2019 http://news.croydon. gov.uk/work-is-nowunder- way-on-thetaberner- house-siteto- bring-hundreds-ofaffordable- homes-tocroydons- town-centre/

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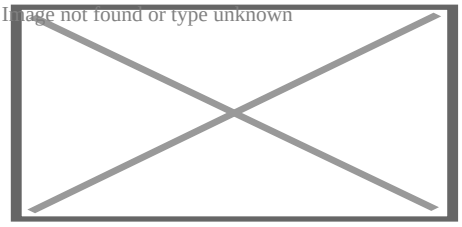
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The Guidelines on Innovative Revenues for Infrastructure (IRI) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.

To find more, visit the Innovative Revenues for Infrastructure section and the Content Outline, or Download the Full Report. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.

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