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Local Authority Valuing and Modelling of Infrastructure Assets

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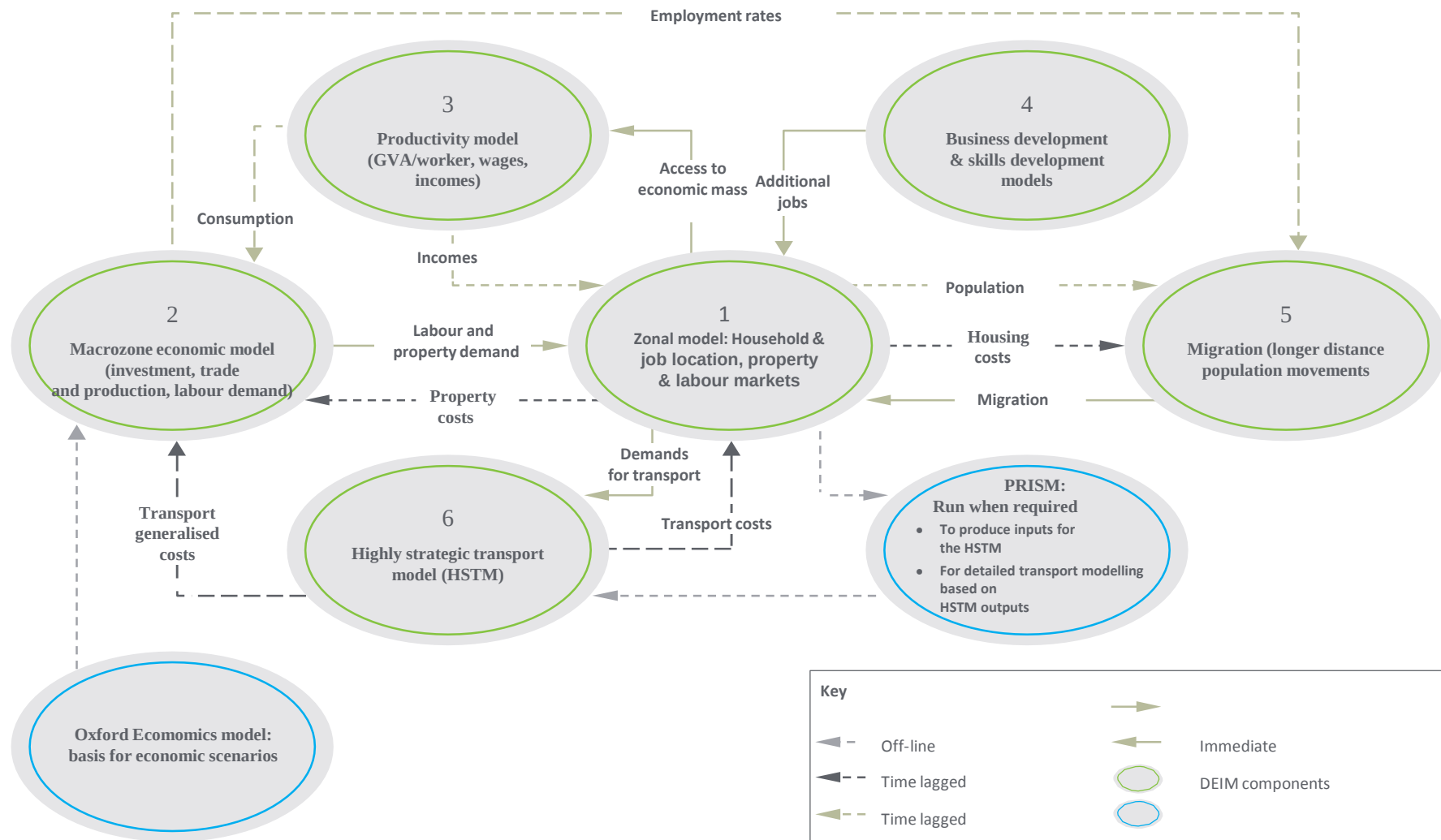
BIRMINGHAM CITY
University



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WARWICK



West Midlands Combined Authority - Dynamic Economic Impact Model (DEIM)

Accumulation of Urban Assets

- Cities as an accumulation of hard and soft assets.
- Hard assets provide path dependency over long time horizons – even centuries.
- Cities as outcomes of layers of decisions made by individuals and organisations and these decisions accumulate, one upon another.

The Ownership of Urban Assets

- Public sector
- Private sector/third sector
- Public sector can set the conditions for private exploitation with limited returns to the public sector.
- Individuals – including families
- Different Groups operating to different time horizons and different values.

Complexity of Urban Assets

- Verticality – sub-surface rights to air rights.
- Tenures – freeholds/leaseholds.
- Complexity of rights.
- Complexity of ownership – who owns what and why? Ramping up of value to ensure excessive profits (rents) on the back of separating tenure of various forms of public private partnership (service commissioning contracts).

Urban Assets and Value

- Match the requirements of pension funds and other long-term investors (Trinity College Cambridge, Eton, University of Birmingham, Donald Trump?) – 30 year horizon, but what about projects that require longer-term financing?
- Finance and funding – importance of ‘finance’ or ‘funding’ alters in the valuing and financing of assets over time.

Role of the Public Sector

- Longer-term perspectives.
- Alternative values and non-financial reasons (access/heritage/preventing development etc) for holding urban assets.
- Also some other types of investors – Church, third sector, but profit ‘always’ usually overrides in the long-term.

Urban Assets and a Financialisation Fix

- A Financialisation Fix (FF) is a solution to owning, creating or providing an urban asset that locks-in, for a time period, a particular finance and funding solution on a specific site.
- The FF is developed to unlock a range of different values for urban residents – *not just financial value, but social, cultural, educational, community values.*
- Is it possible to model all these alternative values?







Food for Thought?

Opened Sept 2016 - The WGBH satellite studio at the Boston Public Library. the 1,000-square-foot studio will include news desks, three TV cameras, nine video monitors, radio microphones and a news ticker.

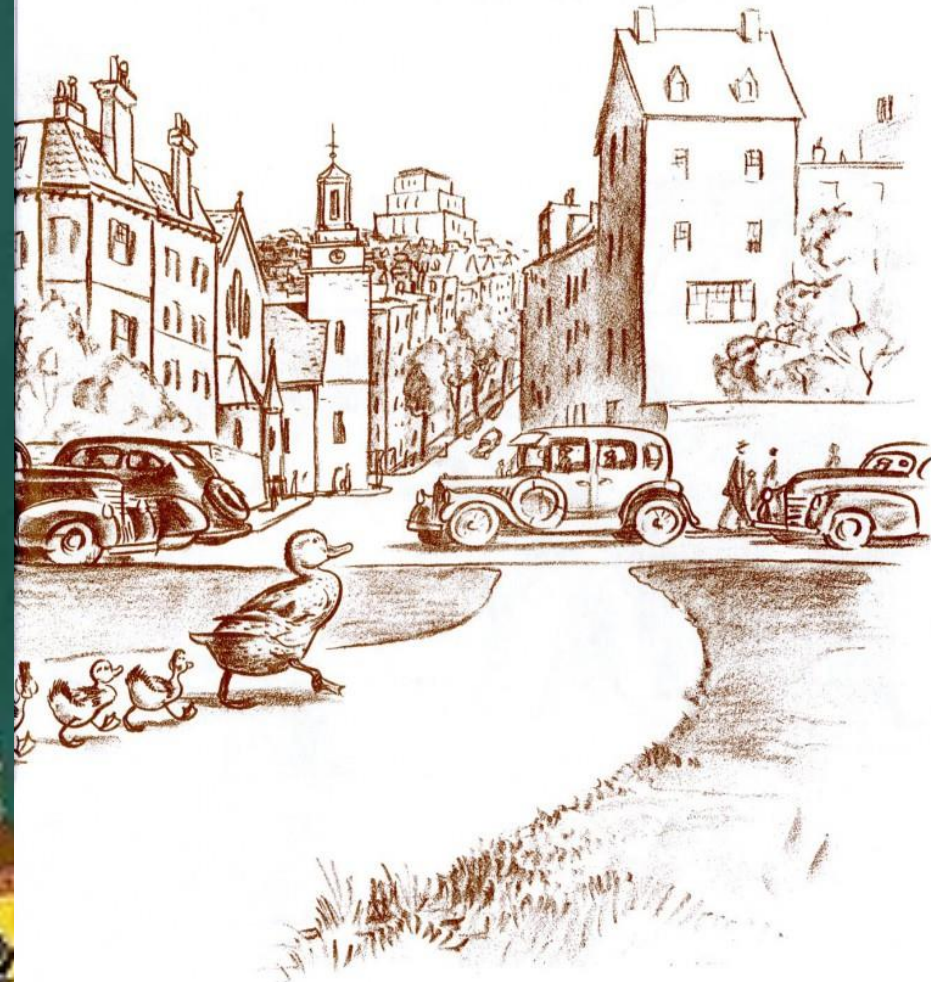
As well as real-time broadcasting, the studio serves as a central location for interviews and recorded segments for 89.7's Boston Public Radio.

MAKE WAY FOR DUCKLINGS

Robert McCloskey



There they waded ashore and waddled along till they came to the highway.



Published 1941

Boston Public Garden

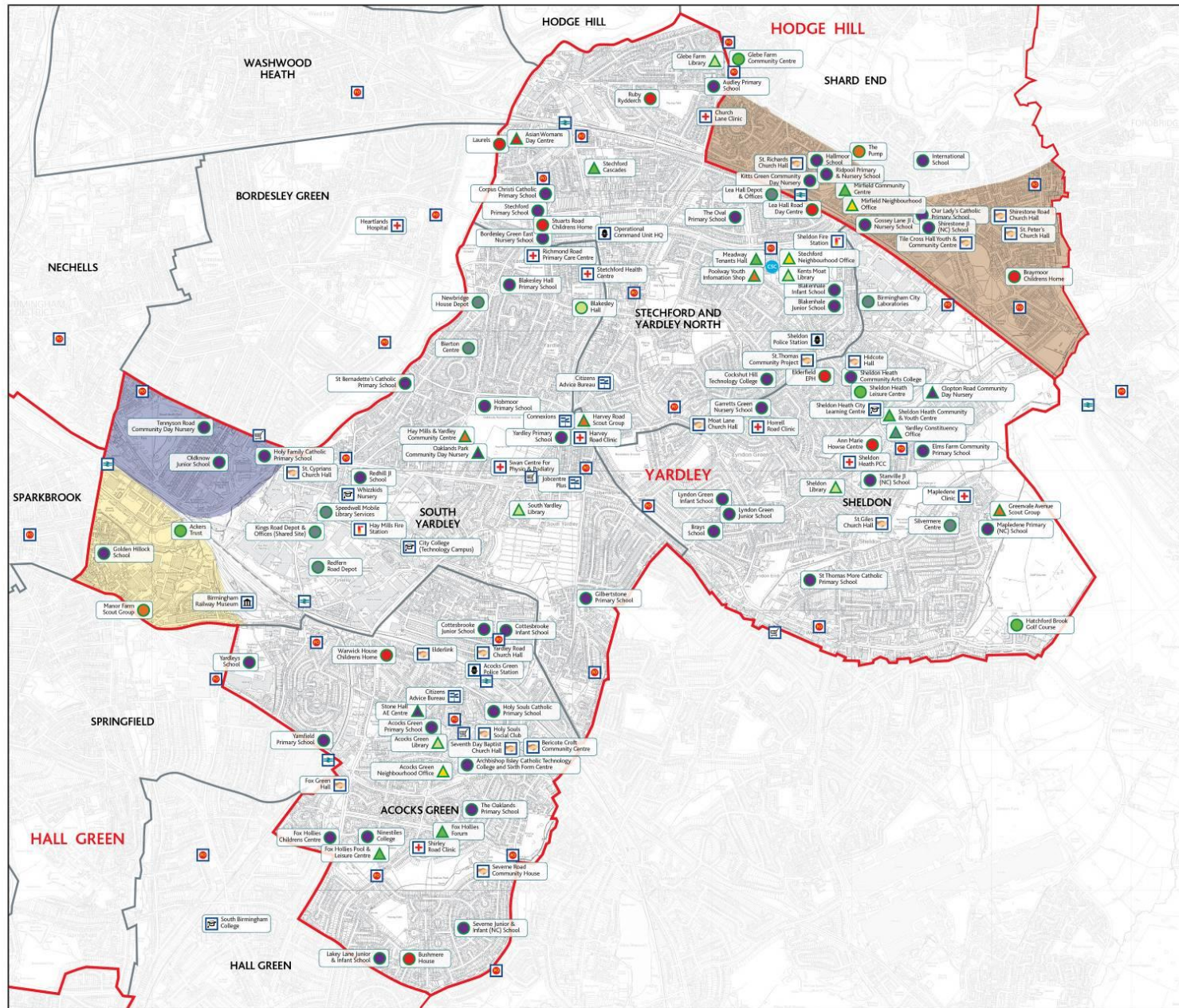


Eastern Corridor and East Birmingham: A Study of Three Wards

Total population: 70,000

- 100 operational public buildings acquired over a century. Often in the wrong place. Operating costs of £21m (2010).
- Managed building by building.
- 655 publically owned plots in the area, 31% operational.

Yardley Total Service Portfolio



31 March 2009

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Scale 1:25000 @ A3
23rd January 2008



Valuing and Modelling of Infrastructure Assets – a diversity of values?

1. Economic value (Exchange value).
2. Use values.
3. Economic multipliers – job creation/tax generation.
4. Reputational values.
5. Wider social values linked to quality of urban living.
6. Blending values within infrastructure assets – not a single value as the primary driver behind an infrastructure decision.

Conclusions

Modelling for what purpose?

The professionalization of decision-making

Cities as an accumulation of assets – minor and major. Perhaps, modelling required for major investments, but needs to be used sensitively.

Is it possible to model non-economic benefits/values?