Urban regeneration: Manchester and Osaka share a common history. The recession has hit regeneration projects in both countries but positive lessons are emerging, as Tim Dixon explains.

During the recession, urban regeneration across the world has been badly affected. This has had a major effect on bringing brownfield sites back into use. Brownfield issues are a global problem, but comparisons of the experiences in western and south-east Asian countries have been under-researched. The UK and Japan both have problems with brownfield sites that suffer from long-term dereliction and contamination.

Compared to the UK, Japan has little experience of dealing with these sites, but both countries lack information and data on them. In England, brownfields are not necessarily contaminated, but in Japan the two terms are synonymous. Greater Manchester, a key area for "hardcore" sites (long-term derelict or vacant brownfield sites that may be contaminated), shares a common industrial legacy with Osaka.

The parallels between the two cities are substantive. Manchester is notable for being the world’s first industrialised city. Osaka followed a similar trajectory, earning the sobriquet "Manchester of Japan" or "Manchester of the Orient". The two cities therefore have similar identities and brands in terms of their regeneration.

Lost decade

Recent research conducted by the Oxford Institute for Sustainable Development, at Oxford Brookes University, and Osaka University has shown that the cities can learn from their respective experiences of urban regeneration. The research was based on an extensive review of literature and policy from the two countries. More than 30 key stakeholders were interviewed (17 in Manchester and 14 in Osaka) and 10 case studies (five in each city) were analysed to identify examples of best practice: see boxes 1 and 2 on p63.
First Street in Manchester

First Street, in the southern gateway of Manchester, is the key highway conduit from Manchester airport and the national and regional motorway network from the south and to London. The area, around 8ha in total, has excellent road and rail links. It is characterised by significant levels of vacancy and dereliction and has been used for surface car parking.

Historically, it has failed to connect with the rest of the city centre, Hulme or City South. Manchester City Council has entered into a partnership with Ask Developments (which bought all the land and buildings previously owned by Henderson Global Investors) to establish a detailed masterplan for the area that updated the original development framework. The clean-up of the site was carried out by Celtic Remediation in 2007 at a cost of £5.4m An estimated 36,000 tonnes of soil was treated onsite by cement-based stabilisation and reused to backfill remediation excavations.
Hotarumachi in Osaka

This involved the regeneration of a former hospital site of around 3.2ha that was vacated in 1993. It was divided into two areas: east and west districts. The former (11,240m²) was successfully regenerated, and incorporated the Nakanoshima joint government buildings. The clean-up costs were paid by the polluter, University Hospital.

In 2003, the Urban Renaissance Agency (a government body that tackles urban renewal issues in partnership with regional public institutions and private businesses) organised a competition for the development framework, won by a jv between Asahi Broadcasting Corporation and Orix Real Estate. Completed in April 2008, it comprises 631 homes, 43,000m² of offices and 37,614m² of retail and cultural space. It is part of one of the emergency urban revitalisation areas (around the west section of Nakanoshima Island) designated by Osaka City Council for the purpose of promoting regeneration in 2002.

Japan's planning system is less restrictive than that in England but is not as well-integrated with environmental policy. Although planning law has been amended from time to time, the basic structure is largely unchanged; the Japanese government establishes a framework that is applied nationally and locally through municipalities and prefectures.

Japan has seen little focus on brownfield redevelopment in the context of sustainable development. However, the 1990s recession was perceived as an opportunity to reinvent Japan's urban areas, introducing a liberal and relatively unregulated competition policy built around the Urban Renaissance Special Measure Law.
Japan's relatively weak planning system together with its lost decade following the bubble economy of the late 1980s (see graph) have led to a policy emphasis on competitive urban regeneration.

### Keys to success in England and Japan

- **Strong market**: Successful regeneration requires a strong market. Although the property market is subject to booms and busts, it is essential to ensure long-term demand for housing and other uses. Location becomes more important in a depressed market, and marginal sites face an uncertain future in today's market.

- **Recession as opportunity**: In Osaka, falling real estate prices have been seen as an opportunity for regeneration. Similar falls in Manchester may promote a more vibrant platform for "opportunity funds", although depleted liquidity and confidence are key issues in both cities. Some Japanese initiatives, such as Sumitomo Trust's Eco-Land REIT, offer an innovative way of financing clean-up programmes.

- **Long-term vision**: Despite the importance of market demand, it is important to retain the long-term vision of regeneration. Successful schemes act as anchors for further development and regeneration, regardless of market cycles.

- **Strong brand**: The regeneration project must be sufficiently individual to tap into effective demand and have a strong brand. Partnership: Manchester's model of regeneration has formed the basis of successful regeneration projects over many years and continues to support schemes in the city. The public-private partnership model shares the risk; heavily contaminated sites are cleaned up using input from both sectors. The most successful projects in Osaka have involved the Urban Renaissance Agency, which has partnered the private sector.

- **Coherent whole**: Linking sites that require regeneration is more successful than using a piecemeal approach. Regenerating isolated sites and relying on overheated market valuations has led to speculation and recession, particularly in Manchester's housing market. Projects with linked anchors of activity are more likely to succeed; both cities have experience of this.
• Infrastructure: Community building and reshaping does not focus solely on brownfield sites: it improves the social fabric of a community. It is vital to build social capital and ensure that infrastructure is in place. In east Manchester, some sites remain derelict because they are stigmatised, not only as a result of contamination but also because of a lack of infrastructure investment. Public and private funds are limited in a recession, and alternative methods of financing have to be found. In Osaka, land readjustment methods have played an important role in adding value to sites.

No quick fixes

The Manchester interviewees agreed that there were no quick fixes for moving out of recession. Increasing liquidity and confidence are key, as hardcore brownfield sites remain vacant and derelict. Although tax increment financing (TIF), local asset backed vehicles and other incentives were mentioned as possible measures to rekindle regeneration, it was felt that the recession would continue to have an effect. Until confidence returns and the banks start to lend, recovery will be slow. The policy implications for England are

• improving the knowledge and understanding of tax relief and other incentives for contaminated land;
• reconsidering the implementation and effect of the proposed community infrastructure levy;
• reforming empty rates; and
• considering accelerated development zones and TIF.

Strategies should be put in place to ensure that risk management and due diligence procedures are followed when brownfield sites are redeveloped. This is important for national regeneration policies, particularly in Osaka, where foreign investment is vital. Moreover, Japan's lost decade offers important lessons for countries seeking to support recovery in their property markets.

During that period, Japan focused on urban redevelopment policy, using URZs as a key platform for revitalising its large cities. UK policy makers could learn from these lessons as the economy struggles to move out of recession.

The research was funded by the RICS Education Trust and the Kajima Foundation.

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