

Impaired Assets Can be Catalyst for Economic and Urban Development Revival

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The proposed National Asset Management Agency (NAMA) is to take ownership of many bad and some good assets. More than being considered a simple debt-collecting agency, NAMA can be used to relaunch the economy once the process is both spatially planned and effectively managed. The debate about NAMA has become intrinsically linked with the possibility of all banks being nationalised and NAMA being some sort of alternative methodology for dealing with toxic debt. It is our contention that a NAMA-type organisation could and should be much more useful once its function becomes more focused on the use of the assets rather than on their disposal and reducing the banks bad debts.

The landbanks in question are likely to be strategic, extensive and proximate to recently developed lands. Unfortunately, in current market conditions they have little or no monetary value. Rather than disposing of these solely in a “managed” sale, which in current market conditions would be near impossible, their social and environmental value should be recognised. With the right spatial objectives and corporate composition, NAMA has the potential to act like a Land Commission for the 21st Century, using spatial assets to properly plan for economic and social development. The assets could be either developed by the state or released onto the market with well-conceived Area Plans, seeding real sustainable development in our communities. This would in effect make up for the social infrastructural deficit built up over the last 15 years of rapid economic growth.

This approach could substantively support the recent Framework for Sustainable Economic Renewal by planning for high-tech R+D clusters. Recent data demonstrates how the types of industries we are targeting through the IDA tend to cluster, but in a manner that is not spatially supported by government policy. Not just zoning industrial areas, but promoting inter-firm dynamics and symbiosis with research and training organisations will be crucial for competitiveness in the future. NAMA could work together with the IDA, Enterprise Ireland, regional authorities, industry leaders and training and educational bodies to change this.

Furthermore, in the “Knowledge Economy” it is now accepted that high-tech or R&D jobs move to the locations with the most talented people, not vice-versa. Therefore cities are now competing to be the most attractive and culturally dynamic environment, a phenomenon increasingly known as the “Creative City” movement. The CSO had been recording a perceptible and little debated “brain-drain” as young, educated people opted to leave Ireland for more attractive, affordable and culturally vibrant environments. This process was taking place even during the peak of the boom years but went largely un-noticed, obscured by the high net intake of migrants. This will be exacerbated if, as forecasted, the world economy improves and Ireland lags behind. The most skilled and ambitious may shift quickly out of the country dumping unsustainable debt behind them. Alternately, NAMA could actively plan for affordable, accessible and attractive residential environments - essential to retaining the high-end human capital envisaged in the proposed new “smart economy”.

Such planning might suggest plenty of conventional infrastructure and development such as transport links and housing. But it should also entail more imaginative stuff like industry incubators, biodiversity hotspots, activity “freezones”, child-friendly spaces, urban sports facilities, cultural facilities and all things that make a city dynamic, diverse and attractive to the young, the mobile, the entrepreneurial and the skilled.

The current state of our public finances may only be matched by the dismal state of much of our recent built environment. The latter may become less synonymous with well-planned success stories, like Adamstown and Docklands, and more associated with the proliferation of “ghost” estates, unconnected neighbourhoods and abandoned building sites. If the State were to become the *de facto* owner of large strategic landbanks, these can be put to many good uses in terms of building communities, stitching together the uneven urban fabric developed over the last 15 years and rebuilding a strong creative economy. However, the repackaging of bad assets *must take place in a spatially effective manner*. The creation of NAMA, where the assets could be parked, audited and then recycled for best uses could achieve this. If the Agency is to be effective, it must include spatially competent experts, planners, environmentalists and sociologists.

Having established itself as a strategic spatial planning entity, the first essential step for NAMA would be to establish a macro-spatial policy for its asset bank. The state needs to take a deeper look at our future spatial direction and this will require an updated version of the National Spatial Strategy and the National Development Plan. Both are now out of date and inappropriate for the current situation Ireland finds itself in. The second step would be to liaise with planning authorities, educational & industrial bodies and communities to plan and deliver meaningful and appropriate spatial interventions that will prioritise our need to move to a sustainable economy and society.

The comparison to the Land Commission, made earlier, reflects the potentially strategic and society-building nature of such an agency. It could in reality be closer in function to a different authority in our history: the Wide Streets Commission. The latter carried out relatively small urban development projects, at least in comparison to the very large areas earlier laid out by the “great estates” of the Georgian period. The effect of the Wide Streets Commission was to implement, very strategically, schemes which linked the estate areas up into a coherent urban form, creating the 18th century Dublin which was widely lauded as one of the finest cities in the world in its, then, heyday.

Our recent development has been rapid and haphazard: in places outstanding, elsewhere poor and often with dereliction and marginalisation persisting in between. The National Assets Management Agency will be a wasted opportunity if its sole aim is to downsize banks’ toxic loan books by disposing unviable land banks onto an already collapsed market. If properly conceived NAMA could work together with agencies, communities and investors to deliver real sustainable development, fostering a strong economy, a fairer society and a vibrant culture.

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