Manchester City Council Report for Resolution

Report to: Executive - 8 March 2017

Subject: HS2 Manchester Piccadilly SRF Update: Portugal Street East

Masterplan

Report of: The Chief Executive

Summary

This report provides Members with details of a draft masterplan for the Portugal Street East area, a component of the HS2 Manchester Piccadilly Strategic Regeneration Framework (SRF). It seeks the Executive's endorsement in principle of the draft masterplan, which would help to guide development in a way that reflects its physical and locational characteristics; meets the objectives and principles within the Piccadilly SRF; complements developments in adjacent neighbourhoods; and supports future growth. The report also seeks agreement for a public consultation exercise to be undertaken on the draft framework.

Recommendations

The Executive is recommended:

- 1. To consider and endorse the principles set out in the draft HS2 Strategic Regeneration Framework Update: Portugal Street East Masterplan.
- 2. To request the Chief Executive to undertake a public consultation exercise on the draft HS2 Strategic Regeneration Framework Update: Portugal Street East Masterplan with local residents, businesses and other stakeholders, and report back on the outcome of the consultation to a future meeting of the Executive.
- 3. To note the principal terms for the disposal of the Council's land interests within the Masterplan area.

Wards Affected City Centre

Manchester Strategy outcomes	Summary of the contribution to the strategy
supporting a diverse and distinctive economy that creates jobs and opportunities	A high-speed line between Manchester, the West Midlands, Crewe and London will support business development in the region. The scheme has the potential to provide a catalyst which can attract further investment into Greater Manchester by creating a new gateway into the regional centre and boost investor confidence in the area. Specifically,

the proposals for HS2 stations at Manchester Piccadilly and Manchester Airport provide major opportunities for stimulating economic growth and regeneration in the surrounding areas. This potential is significantly added to by the potential introduction of Northern Powerhouse Rail (NPR) at both these locations.

The comprehensive redevelopment of the Portugal East site will provide a major focus for new investment within the area. The masterplan will support direct employment opportunities through the creation of commercial space, and will underpin future economic growth through providing high quality new homes within a distinctive neighbourhood. This will support population growth, as well as the attraction and retention of the talent required to support Manchester's strong growth trajectory over a range of economic sectors. It will also act as a catalyst to further investment in the masterplan area and support investment in the City's wider Eastern Gateway.

A highly skilled city: world class and home grown talent sustaining the city's economic success Development of a high-speed rail network serving the city centre and the Airport, and the regeneration of the Piccadilly area, will provide much needed additional capacity and thus contribute towards the continuing economic growth of the city, providing additional job opportunities, at a range of skill levels, for local residents. As part of the HS2 Growth Strategy, a Greater Manchester High Speed Rail Skills Strategy is being developed, to best enable local residents to access the opportunities created by both the construction of the High Speed rail infrastructure and from the additional investment and regeneration arising from it.

The redevelopment of the Portugal Street area will provide direct employment opportunities and meet demand for housing from workers who wish to live within the city centre.

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities The economic growth brought about by High Speed Rail and the regeneration of the Piccadilly area could help provide additional job opportunities for residents, as well as improved connections to jobs in the city centre and beyond.

The proposals within the draft Portugal Street East masterplan will support and stimulate regeneration

	within the wider HS2 Picadilly SRF area and adjoining neighbourhoods including Ancoats and New Islington, the Ashton Canal Corridor, Holt Town and Lower Medlock Valley. The masterplan proposals will assist in delivering the Manchester Residential Growth prospectus and meet the growing demand for new homes in the city. The masterplan proposals will provide new public realm and public space, together with high quality design and uses that will provide a positive amenity
	that local residents and adjoining neighbourhoods can benefit from.
A liveable and low carbon city: a destination of choice to live, visit, work	The Manchester Piccadilly HS2 Strategic Regeneration Framework (SRF) provides a vision and framework for the regeneration of the Piccadilly area as a key gateway to the city, with a unique sense of place. This could include the creation of new residential neighbourhoods and significant new public spaces.
	In line with the overall SRF, the draft masterplan for Portugal Street East will support the delivery of new residential-led mixed use development using state of the art technologies to reduce the carbon footprint and create a neighbourhood with high quality new public realm a range of amenities to support its residents.
A connected city: world class infrastructure and connectivity to drive growth	The Portugal Street area has exceptional accessibility to public transport, due to its location adjacent to Manchester Piccadilly Station. In addition, the proposed masterplan will promote safe and accessible connections between existing communities, Manchester Piccadilly and the city centre's diverse range of uses and functions.
	The city's plans for Manchester Piccadilly Station, set out within the wider SRF, are to provide a world-class transport interchange that can act as a gateway to the city and city region.

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The Council has a number of land-holdings within the Masterplan area. The Council will enter into appropriate commercial arrangements for the disposal of land interests with developers who are building out in accordance with the masterplan. The Council is seeking to secure long term revenue streams rather than taking capital receipts on disposal of these land interests. The details of the arrangements for the revenue returns will be brought back to the Executive when they are available.

Financial Consequences – Capital

Please see above

Contact Officers:

Name: Sir Howard Bernstein Position: Chief Executive Telephone: 0161 234 3006

E-mail: h.bernstein@manchester.gov.uk

Name: Dave Roscoe

Position: Planning Development Manager

Telephone: 0161 234 4567

E-mail: d.roscoe@manchester.gov.uk

Name: Pat Bartoli

Position: Head of City Centre Growth & Regeneration

Telephone: 0161 234 3329

Email: p.bartoli@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above;

- Report to Executive 11 September 2013 High Speed 2 (HS2) Consultation and HS2 Manchester Piccadilly Strategic Regeneration Framework (SRF)
- Report to Executive 18 December 2013 High Speed 2 (HS2) Manchester Piccadilly and Mayfield Strategic Regeneration Framework (SRF) Consultations
- HS2 Manchester Piccadilly Strategic Regeneration Framework (January 2014)
- HS2 Update: Portugal Street East Masterplan Draft, January 2017

1.0 Introduction

- 1.1 In December 2013, the Executive formally endorsed a Strategic Regeneration Framework (SRF) for the Manchester Piccadilly area, following a public consultation on the draft framework.
- 1.2 The HS2 Manchester Piccadilly SRF is a response to the once-in-a-century opportunity provided by HS2, the Northern Hub, and now Northern Powerhouse Rail (NPR), to create a world class transport hub and arrival point into the city. It will transform the eastern side of the city centre by defining a unique sense of place and new districts and providing key linkages between East Manchester and the city centre.
- 1.3 The proposals within the SRF are based around the following key themes:
 - Maximising the opportunity using the catalyst of HS2's arrival to create
 a new gateway and extend the boundaries of the city centre eastwards to
 the inner ring road and beyond.
 - Place making creating a new district focussed around the station and a new Boulevard with public spaces, streets and buildings that generate activity and promote city pride.
 - **Townscape integration** an area with its own character but also a seamless extension of the city centre which facilitates new routes and better connections.
 - Neighbourhoods of choice a diversity of neighbourhoods that attract people to live, work and socialise in.
 - Transport connectivity creating proposals that capture the potential for Piccadilly Station to be one of the world's great transport buildings which can capitalise on the area's unique location on the doorstep of one of Europe's largest multimodal transport interchanges.
 - Market viability defining proposals that offer a clear vision to investors and which are flexible and able to adapt to changes in demand.
- 1.4 The SRF also sets out our preferred options for the design and functionality of the HS2 station.
- 1.5 This report provides Executive Members with details of a draft masterplan that has now been brought forward for the Portugal Street East area, which sits within the SRF area.

2.0 Background

2.1 The HS2 Manchester Piccadilly SRF is a high level document, covering a significant area, intended to offer a framework and set of principles, within

which more detailed sub-area guidance and planning applications could come forward.

- 2.2 The Portugal Street East site is centrally located within the HS2 SRF area. A Joint Venture Partnership comprising Olympian Homes Ltd, AECOM Capital and Tishman Construction, have now brought forward a draft masterplan for the site, which forms a component of the HS2 Manchester Piccadilly SRF. The draft Portugal Street East masterplan will form the basis of further consultation with key landowners and stakeholders within the area, and the wider public.
- 2.3 As well as contributing to the overall objectives within the Manchester Piccadilly HS2 SRF, the draft masterplan proposals have been developed to ensure that they will complement the wider economic priorities and regeneration strategy for the city centre.
- 2.4 One of the key intentions of the draft masterplan is to facilitate discussions with landowners in the area, to establish whether they are prepared to collaborate in order to deliver comprehensive development proposals across the whole site.
- 2.5 Following consultation, a potentially revised masterplan for Portugal Street East will be brought back to the Executive for endorsement.

3.0 Site Context

- 3.1 The Portugal Street East site is within the "Piccadilly Central" neighbourhood of the SRF, adjacent to the proposed new High Speed Rail station entrance and the Ashton Metrolink line. It effectively links the Piccadilly Station area to key regeneration opportunities beyond the Inner Relief Road to East Manchester, including Lower Medlock, the Ashton Canal Corridor and Holt Town.
- 3.2 The area is currently mainly characterized by privately owned light industrial uses, with a generally poor physical environment. As it is, the area does not create an appropriate arrival experience for travellers arriving into the city, or fulfil the key objectives of the Piccadilly SRF to expand city centre quality uses eastwards, acting as a catalyst for further regeneration, and creating high quality new neighbourhoods of choice. These factors will be even more critical following the creation of the new High Speed station.
- 3.3 The Manchester Piccadilly SRF predominantly identifies Piccadilly Central for commercial uses, and as appropriate for large scale, high density development. This update to the SRF proposes a re-focus on this site to residential-led development.
- 3.4 Manchester City Council and TfGM have land ownership in the area covered by the draft masterplan, as set out in section 6.

4.0 HS2 SRF Update: Portugal Street East Masterplan - Vision and Objectives

- 4.1 The vision for the draft Portugal Street East masterplan is to shape and realise the SRF ambition to regenerate and transform the neighbourhood surrounding Piccadilly Station and create a sense of place for the area. The successful delivery of the masterplan will create a new vibrant, mixed-use neighbourhood, which complements the arrival of High Speed rail and strengthens the regeneration of the Eastern side of the city.
- 4.2 The development will contain buildings of the highest possible design standards; and will be of high density, in line with the area's highly accessible location, to optimise the amount of new homes, jobs and public realm that can be delivered. At the same time, the development will prioritise the quality of the built environment, ensuring that it is attractive to new residents and commercial occupiers, in order to build a vibrant and connected neighbourhood that contributes towards the city's growth potential.
- 4.3 The principles set out within the Portugal Street East masterplan have been designed to complement and add additional detail to the broader key objectives and principles established through the adopted HS2 Manchester Piccadilly SRF, as it relates to this area. The overarching objectives of the masterplan are:
 - Improving the attractiveness of investment in neighbouring areas.
 - Radically improving physical connections and permeability.
 - Providing destinations for social and cultural activity.
- 4.4 In addition, the following key strategic principles from the Manchester Piccadilly SRF have been considered in developing the masterplan:
 - A commercially focused mix of uses was presented in the HS2
 Manchester Piccadilly SRF as a basis for appraising economic viability.
 It was, however, made clear that uses other than those shown in the document can come forward in a controlled fashion.
 - Active frontages are advocated and public access to the ground floor of buildings are to be provided where possible and appropriate, particularly along major corridors of movement through the framework area.
 - More detailed plans should take into account the presence and character of the listed buildings and their significance in helping to define a unique sense of place in the future.
 - A recognition that streets are principal public spaces within the city; however, in addition, a network of public spaces will support the higher density of development essential for the city centre to foster sustainable growth, and should offer a range of public outdoor amenity space.

- In respect of density, the SRF envisages an area of dense, urban blocks set around a series of public spaces.
- Ensuring permeability through the proposals and designing animated and legible connections with neighbouring areas, connects the proposals into the city's fabric and helps amplify the direct benefits of High Speed Rail through to the surrounding areas.
- A road network on a grid that is sympathetic to the scale of Manchester's historic grain and connected into existing networks to ensure access and permeability.

5.0 Development and Urban Design Principles

- 5.1 As described above, the main overarching strategic principles of the HS2 Manchester Piccadilly SRF have been retained within the Portugal Street East masterplan. The following aspects have been developed and adjusted, to relate to this specific site, following further detailed discussion and site analysis.
 - A rebalancing in emphasis from employment led to residential led development in this part of the HS2 area with new, significant employment opportunities retained across the wider area. This reflects market demand and need for high quality neighbourhoods and homes within the city to support economic objectives as well as broader community and quality of life objectives. This is clearly evidenced through the economic and policy analysis presented within the document.
 - Identification of appropriate locations for height and creation of landmarks.
 - More rational street alignments taking into account existing land ownerships and other constraints.
 - Review of street widths and the configuration of public spaces, in order to improve the public realm and enhance residential amenity.
 - Removal of the proposed multi-storey car park in favour of parking provision being carefully integrated within individual development plots.
- 5.2 The key development principles set out in the draft Portugal Street East masterplan are set out below:
 - Regeneration and Place-making The quality of uses, built environment and place-making should collectively create a new, high quality, neighbourhood of choice with a distinctive sense of place and also act as a catalyst to the wider regeneration outcomes of the SRF.
 - **Uses** The masterplan will deliver a mix of uses and density of development that is commensurate with the unique strategic opportunity

for the Portugal Street East masterplan area and the city centre. This will include a range of types of high quality accommodation for a new residential and business community, as well as potentially hotel provision and supporting retail and leisure, providing primary active frontages along key routes to secure the area's vitality during weekdays, weekends and evenings.

- Density and Landmarks Consistent with the adopted HS2 Manchester Piccadilly SRF, there is a recognition that the area should support higher density development, essential for the city centre to foster sustainable growth. However, in order to create a successful place, the masterplan area should provide a network of successful streets, high quality public spaces and private amenity space (the latter of which is consistent with the guidance provided within the Manchester Residential Quality Guidance). As part of a higher density approach, supported by public and private amenity space and appropriate linkages, the masterplan can support height in identified key gateway and landmark locations. Elsewhere, plot heights should mediate scale and create a dynamic and varied landscape The low scale of the Crusader Works buildings to the northwest of the masterplan is considered to be important to the character of the area and so the base of the buildings on the plots facing towards the Crusader Works will be designed to respond to the existing scale in a positive and complementary manner.
- Connections New development should facilitate the full and successful
 integration of the growth areas to its south and east with the expanding
 city core to its west. This will support and encourage the city centre's
 expansion and has a pivotal role to play in encouraging the city's future
 growth and the introduction of the High Speed Rail connection.
- Parking Car parking to serve the area will be provided initially through an upgrade to the existing surface car park in the south western corner of the site, prior to a permanent redevelopment solution as part of the wider Portugal Street East masterplan proposal. The masterplan will thereafter deliver parking on a phase by phase basis, designed in a way that: is incorporated into the design of buildings and plots; does not detrimentally impact the quality of streets and public spaces; promotes more sustainable forms of transport in the context of the highly accessible location; and, does not undermine deliverability of plots.
- Active Frontages Active frontages will be required along primary streets, in the form of commercial, retail or residential entrances and windows. Secondary routes may include some commercial or retail frontage where appropriate, but these routes should primarily be activated by the sensitive design of adjoining residential or commercial uses.
- Heritage Assets Whilst there are no listed buildings within the
 masterplan area, there are a number of heritage assets nearby, in
 particular the Crusader Works building, the setting of which must be
 considered in the location and design of future development. As outlined

previously, with the exception of Aeroworks, the current light industrial buildings in the area have seen very little investment, and detract from the quality of the local environment. As a result, the existing buildings are generally not considered to be of sufficient quality, such that they would add to the character of the area by being retained. The Aeroworks building is of reasonable quality and will be retained for the short-term as detailed in Section 6.7. However, it also has the potential for future redevelopment in the longer term, on the basis of a building that is of a high quality of design and at a density that is complementary to the wider HS2 Manchester Piccadilly SRF.

- Public Spaces The masterplan will deliver a substantial public square reflecting that identified within the Manchester Piccadilly HS2 SRF, as part of a wider high quality public realm strategy focused on delivering generous and successful streets. The new public spaces will need to be well designed and well managed, and will need to be spaces that bring the area's community together, enclosed by well-designed buildings which properly address the space in their ground floor uses.
- Residential Quality New residential development within the Portugal Street East area must demonstrate that the scheme will deliver a finished project of the very highest quality that aligns with the thrust of what the city's Residential Design Quality Guidance seeks to achieve.
- **Boundary Interfaces** appropriate pedestrian crossings should be considered at key desire lines around the site's main interfaces in order to promote connectivity with the wider area. This takes into account the site's boundary conditions relative to the Inner Ring Road and Metrolink line for example.
- **Sustainability** The Portugal Street East mastperlan aims to achieve exemplary standards with regards to sustainability, and take into account the effects on the microclimate.
- 5.3 In addition, the principles set out within this document have been drafted to ensure consistency with national planning policy and the local Development Plan.

6.0 Comprehensive Regeneration – Delivery & Phasing

6.1 The masterplan has been prepared in order to support the comprehensive redevelopment of the Portugal Street East Area as a whole, and to understand whether the landowners in the area are prepared to collaborate in order to enable this. As mentioned The masterplan principles are the result of an extensive and ongoing period of discussion between the Joint Venture Partners, and retained masterplanners for the wider Manchester Piccadilly HS2 SRF area, Bennetts Associates, to ensure that the proposed masterplan is aligned to the wider SRF and regeneration priorities, taking into account the fact that they will continue to evolve to some extent over time.

- 6.2 The Joint Venture Partners have confirmed that they will work positively and pro-actively with the City Council and other landowners to lead the delivery of a masterplan that aligns with the development principles that are established within the final version of the SRF. This will cover both design and placemaking, as well as the delivery of essential infrastructure including green space and public realm, whilst at the same time promoting viability.
- 6.3 A key requirement in terms of the release of land within public ownership (both MCC and TfGM) within the masterplan area, will be a demonstration that such development will facilitate the total and timely development of the site, and maximise the regeneration outcomes that piecemeal development would not otherwise achieve. Commercial arrangements with the Joint Venture Partners will reflect these requirements and the importance of ensuring that value capital from individual phases can be deployed where appropriate to support the overall development.
- As stated earlier, Manchester City Council and TfGM have land ownership in the area. Both parties have agreed to promote their respective interests in land for development in order to contribute to a comprehensive redevelopment of the site. The opportunity for long term investment to facilitate transformational change in the area match with the Council's and TfGM's aspiration to secure long term income streams, and both parties agree to take a revenue position from disposal of the land. The Council will enter into conditional leasing arrangements with its interests in the land only being drawn down on satisfaction of a key set of conditions. This will ensure that the developer has secured the appropriate funding and removed all barriers to the commencement of development before they are granted the lease. The lease will be drawn on standard development conditions and the payment will be a rental based on the de-capitalised market value of the land.
- 6.5 The land agreements will be enshrined within the commercial arrangements outlined in this section of the report. This will ensure that the maximum control over the comprehensive development is retained by the public sector, with its strategic land interests only released in line with the demonstration of the total and timely development of the site.
- 6.6 In terms of funding and developer contributions, each development coming forward will be required to contribute to and deliver the public realm infrastructure for the masterplan area. A key priority is to create a comprehensive, safe, visually attractive, accessible, vibrant and distinctive residential led sustainable neighbourhood where people want to live.
- 6.7 A plan showing the site plots described in the phasing set out below is attached at Appendix 1.
 - Phase 1 (2017-2020) comprises plots A and B, which will deliver buy-torent residential with ground floor active uses; and, plot C which will be either residential or hotel. In addition a major public space adjacent to plots A and B is intended to be progressed and delivered in tandem with

- Phase 1. Tishman Construction is the Joint Venture's construction partner and is ready to start on site as soon as a planning permission is achieved.
- Phase 2 (2018-2021) comprises plots E and F and envisages two
 residential buildings. The ground floors of both buildings will include retail,
 café, restaurant/bars and other commercial units to maximise the active
 frontage to existing streets and the proposed new public spaces.
- Phase 3 (2018-2022) comprises plot G and is expected to consist of two residential buildings. As with Phase 2, the ground floors of both buildings will include retail, café, restaurant/bars, other commercial units to maximise the active frontage to existing streets and the proposed new public spaces.
- At the time of writing, Plot D (the existing Aeroworks building) is expected
 to be retained for a later phase, rather than as an early phase of
 development, due to the existing quality of the commercial space.
 However, it is acknowledged that the HS2 Manchester Piccadilly SRF
 identifies the site for redevelopment, and that continues to be the long term
 strategy for the site. Re-development should come forward in a form that
 complements the density and place-making approach to the masterplan
 area as a whole.
- 6.8 In relation to Phases 2 and 3, the Joint Venture Partners, in their capacity as lead developer, have committed themselves to working with the landowners in order to ensure that comprehensive development is delivered. Olympian and AECOM Capital Global Fund 1 are fully committed to the funding necessary to deliver Phase 1 of the masterplan, and have also confirmed that future funding is available should this be necessary to deliver the remaining phases, subject to agreeing terms with landowners and detailed design and viability.
- 6.9 There are a small number of existing businesses located in the masterplan area, the majority of which are owner occupiers. There is already a commitment to incorporate the safe deposit centre into the redevelopment, and the partners will work with the other businesses to facilitate their relocation, either within the area or in other locations, where possible. Aeroworks is the only tenanted building, and as highlighted above, is to be retained in the short term. If the redevelopment of this site is brought forward at a future date, in line with the HS2 Manchester Piccadilly SRF, then an appropriate notice period and relocation strategy for the businesses will be required.

7.0 Conclusions

- 7.1 The Portugal Street East area represents a major strategic opportunity capable of delivering extensive and comprehensive redevelopment, remodelling and refurbishment of a city centre gateway site, close to a major transport hub.
- 7.2 The draft masterplan for the area provides an update to a component of the HS2 Manchester Piccadilly SRF (January 2014). It has been prepared in

order to shape and realise the city's ambitions to regenerate and transform the neighbourhood surrounding Piccadilly Station to create a new neighbourhood of choice, with a high quality and distinctive sense of place. The successful delivery of the Portugal Street East masterplan will create a new vibrant mixed-use, community. The area will be highly connected, functionally and physically, to the wider city centre and adjoining regeneration priority areas and will complement the arrival of High Speed Rail and strengthen the eastern gateway to the city centre.

- 7.3 The Joint Venture Partners recognise the importance of consultation on the draft document, with key landowners, stakeholders and the wider public, and have committed to undertaking consultation, including through meetings with landowners and a public open day. In addition, the City Council are proposing to carry out a full public consultation exercise. The results of the consultation will be fully considered and addressed in the final Portugal Street East masterplan, which will be reported back to a future meeting of the Executive.
- 7.4 Recommendations appear at the start of this report,

8.0 Contributing to the Manchester Strategy

8.1 Please see the front of the report.

9.0 Key Policies and Considerations

A. Equal Opportunities

9.1 A key aim of the masterplan is to support the creation of new jobs, homes and public realm in the city centre, for both existing and new residents. The proposals within the masterplan would enhance city centre connectivity, providing local residents with improved access to opportunities within the Piccadilly area. There is a commitment to ensuring that the design standards comply with the highest standards of accessibility. Furthermore, the draft masterplan will be the subject of local consultation, giving all stakeholders opportunities to engage in the process.

B. Risk Management

9.2 The Joint Venture partners will establish an appropriate risk management process through the delivery of the project.

C. Legal Considerations

9.3 Once agreed by the Executive, the final Portugal Street East masterplan will become a material consideration for the Council in respect of planning decisions.

