

**Manchester City Council
Report for Resolution**

Report to: The Executive - 21 March 2018
Subject: Portugal Street East Strategic Regeneration Framework
Report of: The Chief Executive

Summary

This report informs the Executive of the outcome of a public consultation exercise with local residents, businesses and key stakeholders on the draft Strategic Regeneration Framework (SRF) for the Portugal Street East area, a component of the Manchester Piccadilly Strategic Regeneration Framework (SRF).

Recommendations

1. To note the comments received on the Portugal Street East Strategic Regeneration Framework;
2. To note the Memorandum of Understanding between all the landowners within the framework area to ensure that comprehensive development can be delivered on a phased basis; and
3. To agree the principles in the Portugal Street East Strategic Regeneration Framework.
4. To delegate authority to the Strategic Director (Development), in consultation with the Leader, to adopt the SRF on behalf of the Council following the signing of the Collaboration Agreement between the landowners, with the intention that, once agreed, the SRF will become a material consideration in the Council's decision making as the Local Planning Authority.

Wards Affected: City Centre

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	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 new commercial space, and will underpin future economic growth via the provision of high quality new homes within a distinctive neighbourhood. Development will support further population growth, and assist in the attraction and retention of the talent required

	<p>to support Manchester's strong growth trajectory across a range of economic sectors. The development will also act as a catalyst to further investment in the Piccadilly area and support investment in the City's wider Eastern Gateway.</p>
<p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p>	<p>The regeneration of the Piccadilly area will contribute towards the continuing economic growth of the city, providing additional job opportunities, at a range of skill levels, for local residents.</p> <p>The redevelopment of the Portugal Street East area will provide direct employment opportunities and meet demand for housing from workers who wish to live within the regional centre. Development will also see the delivery of new high quality areas of public realm which will provide an enhanced environment for those living and working within the city centre to spend time.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>The proposals set out within the draft Portugal Street East SRF will support and stimulate regeneration within the wider Manchester Piccadilly SRF area and adjoining neighbourhoods including at 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.</p> <p>The framework proposals will provide new public realm and public spaces, together with high quality design and uses that will provide positive amenity that local residents and adjoining neighbourhoods can benefit from.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>Consistent with the Manchester Piccadilly SRF, the framework for Portugal Street East will support the delivery of residential-led, mixed use development, which incorporates energy efficient technologies to reduce the carbon footprint of the city and create a neighbourhood that supports its residents through the delivery of high quality public realm and a range of amenities.</p>
<p>A connected city: world class</p>	<p>The Portugal Street area has exceptional</p>

infrastructure and connectivity to drive growth	accessibility to public transport, due to its location adjacent to Manchester Piccadilly Station. In addition, the development will enhance access to safe connections linking existing adjacent communities, Manchester Piccadilly and the city centre's diverse range of uses and functions. The city's plans for Piccadilly Station, set out within the wider draft Manchester Piccadilly SRF and presented to the Executive on 7 March 2018, are to provide a world-class transport interchange that can act as a gateway to the city and city region.
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Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

There are no financial consequences resulting from this report.

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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
- Report to Executive 8 March 2017 - HS2 Manchester Piccadilly SRF Update: Portugal Street East Masterplan
- Report to Executive 7 March 2018 - Manchester Piccadilly Strategic Regeneration Framework Update 2018
- Manchester Piccadilly Draft Strategic Regeneration Framework 2018

All held on Level 8, Town Hall Extension.

1.0 Introduction

- 1.1 On 8 March 2017, the Executive endorsed, in principle, a Strategic Regeneration Framework (SRF) for the Portugal Street East area, an area that sites within the wider Manchester Piccadilly SRF area, which was considered by the Executive on 7 March 2018. The Executive requested that the Chief Executive undertake a public consultation exercise in relation to the Portugal Street East SRF.
- 1.2 The SRF development was led by Olympian Homes Ltd, a key stakeholder and developer, and AECOM Capital in consultation with the Council and fellow landowners within the framework area.
- 1.2 The following report summarises the outcome of the public consultation, the key matters that have been extensively discussed and resolved following the consultation, and the amendments made to the updated Portugal Street East SRF.

2.0 The Consultation Process

- 2.1 Consultation letters were sent out to 918 local residents, businesses, and stakeholders informing them about the public consultation, how to engage in the consultation process, and where to access the SRF. The SRF was made available on the Council's website, and comments were invited.
- 2.2 A public exhibition on the SRF managed by Deloitte on behalf of Olympian Homes Ltd, and AECOM Capital, was held on the 26 May 2017, between 12:00 and 19:00 at the Malmaison Hotel within the city centre, which was attended by 15 people.
- 2.3 The formal consultation closed on 2 June 2017, following a six week period of consultation.
- 2.4 In total 10 responses were received to the consultation, broken down as follows:
 - 1 from an individual resident
 - 6 from landowners within the SRF area,
 - 4 from statutory/public organisations

3.0 Consultation comments

- 3.1 Six of the respondents outlined general support for the principle of regeneration within the Portugal Street East area.
- 3.2 Two respondents commented that in its current use, the area is not fulfilling its potential as a highly accessible, well designed, well connected and vibrant city centre neighbourhood.

- 3.3 A single resident response stated that the SRF should strengthen its reference to enhancing pedestrian connections. Adding that access to the station from the Portugal Street East SRF area is restricted and delivering enhanced permeability to the station isn't indicated as a priority within the SRF.

4.0 Landowners Comments

- 4.1 Despite general agreement welcoming the overall principle of regeneration within the area, collectively landowners within the area demonstrated areas of difference with the draft framework proposed by Olympian Homes and AECOM Capital.

- 4.2 In response to the consultation, the range of issues and differences of opinion raised by landowners can be classified within the following categories:

- SRF development & consultation
- Location of public spaces
- Approach to density
- SRF layout
- Contributions to infrastructure and public realm
- Delivery and phasing
- HS2 Safeguard Area
- Car park provision
- Reference to Crusader Works (Grade II Listed)

These are considered below.

SRF development & consultation

- 4.3 Three respondents considered that there was insufficient consultation for parties with land interests, prior to the initial draft SRF being presented to the Executive in January 2017. Furthermore it was queried whether it was appropriate for a developer with an interest in a single site within the SRF to lead the vision and phasing for the whole area. The respondents requested more extensive consultation and collaboration with other landowners.

Location of public spaces

- 4.4 Three respondents considered the proposed position of the public space within the northern section of the SRF to be inappropriate, due to its location on the site of an existing surface car park that is required for the on-going operation of the Aeroworks building. The respondents indicated that this proposed location did not represent the best location for this area of public space, if it is to best serve the wider neighbourhood and contribute to a sense of place. These respondents proposed the re-positioning of the public space to a more central location in the northern part of the SRF, which more evenly distributed the amount of land required from each adjacent landowner.

Approach to density

- 4.5 Three landowners requested further explanation on the approach to calculating density, as they considered there was insufficient evidence as to why the proposed density was appropriate for development in this part of the city centre. The responses considered the proposed approach introduced an arbitrary cap on development.
- 4.6 Three respondents raised concerns with the identification of the density sub-zones on the plot plan and the way in which these would be used to calculate appropriate development density. The responses stated the proposed approach would result in a scenario where the initial phases of development would deliver high density schemes, leaving the density of later plots constrained by the residual development density. It was added that such an approach would result in unnecessary competition between landowners, which was contrary to the SRF's requirement for landowners to collaborate.

SRF layout

- 4.7 A respondent considered Plot G (now indicated as Plot F on the Plan attached at Appendix 1) should be identified for a taller, landmark element, in order to recognise its prominence when driving into the city centre, its relationship with surrounding tall buildings and to create a visual landmark and vehicular gateway into the Manchester Piccadilly and Portugal Street East SRF areas. The respondent also supported an approach where heights are not prescribed for taller, landmark buildings and commented that they instead should be robustly assessed against relevant planning, heritage and design guidance.
- 4.8 One respondent considered the details in the plot plan (Appendix 1) should be amended to ensure that a consistent level of detail is shown on each development plot.

Contributions to infrastructure and public realm

- 4.9 One of the respondents commented that financial contributions to the delivery of public realm should be apportioned in a fair and reasonable manner and applied with regard to development density, not land holding. The respondent also requested that a calculation of financial contributions should recognise any contribution to public realm already made elsewhere within the SRF area, and the provision of public realm within each development plot.

Delivery and phasing

- 4.10 A respondent considered that financial contributions should only be made towards public realm associated with the density sub-zone within which each plot sits.
- 4.11 Two respondents expressed a concern on the deliverability of a public park in the southern part of the SRF, adjacent to Plots A & B, due to it being in third party ownership. It was stated that an inability to secure control of this land could constrain the ability to deliver high density development across the SRF,

and a clearer strategy and timeline for delivering the public space was requested.

- 4.12 One respondent raised concern on the anticipated delivery sequence of each plot identified within the SRF, requesting the removal of this, in order to avoid any potential to prejudice or hinder the ability to deliver each development plot.

HS2 Safeguarding Area

- 4.13 A respondent commented that Plot A is located within close proximity to the HS2 Safeguarding Area, which runs along the southern boundary. The HS2 Safeguarding Area has identified land which may be required on a permanent or temporary basis.

Car park provision

- 4.14 A respondent requested the framework considers the level of car parking required to serve future businesses and residents, considering the sustainable location of the SRF.
- 4.15 A single response felt it appropriate that car parking provision be considered on a site by site basis, as part of future planning applications.

Reference to Crusader Works (Grade II Listed)

- 4.16 A respondent requested that any building that fronts onto the future green link, along the western boundary of the SRF area, should be of an appropriate design quality and form, and have complementary uses at lower levels, to enhance its setting and make this an attractive and inviting part of the wider SRF.

5.0 Response to consultation comments

- 5.1 In relation to connectivity within the site, reference to the green route along the western boundary and proposed cycle routes have been strengthened within the framework.
- 5.2 Connectivity and the enhancement of permeable routes into Piccadilly Station are addressed as a key component of the Manchester Piccadilly SRF, reported to the Executive on 7 March 2018.

6.0 SRF development & consultation

- 6.1 Following conclusion of the public consultation, all parties with landownership interests have been actively engaged in the further development of the draft framework to resolve these matters and determine an acceptable way forward that can deliver the regeneration outcomes required. This includes landowners who had not submitted a response to the public consultation, and the City Council, which is also a landowner.

- 6.2 Collaboration between landowners during the past ten months has resulted in some specific amendments to the SRF and these changes are outlined below. The changes do not alter the fundamental aims and development principles of the SRF. The current SRF is in a form that has been agreed by all landowners and is underpinned by a Memorandum of Understanding that secures the mechanisms to ensure comprehensive delivery of the Portugal Street East SRF.

Location of public spaces

- 6.3 The framework has been amended to reposition the proposed public square in the northern half of the SRF area. This public space was previously proposed to be located within Plot C – the Aeroworks car park. Based on dialogue between all landowners, it was agreed as more appropriate to re-locate the public square to a more central location that would more evenly distribute land requirements and benefits for each of the surrounding landowners.

Approach to density

- 6.4 It has been agreed that there is flexibility to achieve a higher density than envisaged in the 2014 SRF, where it can be demonstrated that the SRF's other development and urban design principles are achieved, in particular place making and the delivery of high quality public spaces and public realm.
- 6.5 The SRF has been amended to remove reference to specific densities, and has been re-worded to emphasise the key development principles required to support the delivery of a strong and sustainable neighbourhood community, which includes the importance of place-making, and design quality.

SRF layout

- 6.6 The SRF provides a consistent level of detail for each individual site / plot within the framework area. As part of this process, it was agreed that landmark or gateway sites should be established as part of the overall development principles and urban design objectives. The precise footprint, scale and quantum of each development plot will be subject to detailed assessment, as part of each future planning application.
- 6.7 The SRF has been updated to identify key nodal points such as route intersections, key vistas and public spaces as well as gateways within the SRF area. These would typically be the locations, in urban design terms, where taller buildings might be considered. However, the framework makes it clear that detailed townscape, key views and microclimate analysis, as well as contribution to the quality and quantum of public realm, will be required to justify such proposals as part of future planning applications. Such applications will also need to address Core Strategy Policy EN2 on tall buildings and Historic England's Guidance on Tall Buildings.

Contributions to infrastructure and public realm

- 6.8 Landowners of Plots A, B, C, D, E and F will contribute on a fair and proportionate basis to the total costs of delivering the public realm infrastructure for the SRF area as a whole. This is in line with the key priority and vision for the area to create a comprehensive, safe, visually attractive, accessible, vibrant and distinctive residential led sustainable neighbourhood where people want to live, and there is adequate amenity to support the community there.

Phasing

- 6.9 The three landowners whose land comprises the area identified within the SRF as the primary area of public realm have now agreed to the sale of their land interests to enable the delivery of the public park.
- 6.10 The SRF sets out a phasing and delivery strategy to secure the comprehensive delivery of public realm across the SRF area as a whole. Further terms are included within the Agreement Memorandum of Understanding that has been agreed by all landowners, and has been reviewed by senior officers and the Council's legal advisors.
- 6.11 There is a commitment to ongoing consultation between all parties in relation to phasing of development and sequencing of construction activity. All plots within the masterplan have the ability to come forward either as separate phases or concurrently. As such, the timescales will be regularly reviewed by the landowner Management Company to ensure the coordinated delivery of development. The indicative target programme sets out:
- Plot A: Target start date: Q3 2018 / Practical Completion (PC): Q4 2021
 - Plot F – Target start date: Q1 2019 / PC: Q4 2020
 - Plot E – Target start: Q2 2019 / PC: Q2 2021
 - Plot B: Target start: Q2 2019 / PC: Q2 2021
 - Plot D: The owner / occupier intends to relocate the existing business and dispose of the site for redevelopment following the adoption of the SRF.
 - Plot C: It is anticipated that the existing building will continue to be occupied in the short term, after which it will be brought forward for redevelopment.
- 6.12 The Plot Plan in the SRF has been amended to:
- Consolidate Plot A/B into a single 'Plot A'. All other development plot references have been amended to reflect this change.
 - Illustrate a consistent level of detail within each development plot across the SRF area.
 - Identify the agreed location for both the Public Park and Public Square.
 - Remove density sub-zones.
- 6.13 Portugal Street East Limited's (a Joint Venture of AECOM Capital and Olympian Homes) contractor, AECOM Tishman, has confirmed its capability and commitment to deliver the public realm associated with each phase in a

coordinated manner. However, this does not preclude alternative contractors being used should it be required and confirmed by the City Council and the landowner group.

HS2 Safeguard Area

- 6.14 The Portugal Street East SRF has been updated to make reference to the small area of the masterplan that has been identified as 'safeguarded' within HS2's infrastructure delivery zone.

Car park provision

- 6.16 The removal of a Multi Storey Car Park from the HS2 Manchester Piccadilly SRF (2014) resulted in the Portugal Street East framework identifying a need for parking to be delivered on a plot by plot basis. This principle has been retained, but the document places greater emphasis on the need to encourage more sustainable forms of transport. This amendment recognises the extremely accessible location of the framework area and its proximity to a range of local, regional and national public transport connections.

Reference to Crusader Works (Grade II Listed)

- 6.15 The SRF has been amended to reinforce the recognition of the contribution that the Crusader Works makes to the character of the local area and to ensure that adjoining new buildings are designed in a positive and complementary manner.

7.0 Delivery of the Portugal Street SRF

- 7.1 The March 2017 Committee Report identified that one of the key intentions of the draft SRF was to facilitate discussions with landowners in the area, to establish whether they are prepared to collaborate in order to deliver the comprehensive development proposals across the whole site. The signed Memorandum of Understanding supplied to the City Council provides confirmation that all landowners are now in agreement on the proposed SRF. A formal Collaboration Agreement will be put in place, based on the Memorandum of Understanding and signed up to by all the landowners, to ensure that delivery of all phases aligns with the development principles that are established within the final version of the SRF, in line with the approach set out in the March 2017 Executive Report.
- 7.2 The Memorandum of Understanding, and subsequent Collaboration Agreement, will set out the obligations on each of the landowners in respect of the activities required to progress the delivery of the public realm, including:
- Project governance.
 - Public realm strategy.
 - Funding and Delivery Strategy, including triggers for drawdown of development phases.
 - Infrastructure delivery.

- 7.3 The SRF has been updated to state that landowners within the area identified as public realm will be offered fair value for their land. A definition of fair value has been achieved through independent professional valuation advice. This has enabled an agreement to be reached on the sale of their land interests and relocation of their businesses where viable, which facilitates the delivery of the public park.
- 7.4 The Portugal Street East SRF area is currently occupied by a number of established businesses, all of which have confirmed that they will be relocating or closing operations in the next few years. The SRF has been updated to emphasise the requirement for developers to support the relocation needs of existing businesses where appropriate.
- 7.5 A key requirement in relation to the release of land in public ownership within the SRF area, will be a demonstration that such development will facilitate the comprehensive and timely development of the whole site, and maximise the regeneration outcomes that piecemeal development would not otherwise achieve.
- 7.6 Land agreements for public land 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.
- 7.7 Two public spaces are proposed within the SRF area. Each public space will be delivered as part of the first development plot to come forward on directly adjacent land. There is a commitment to producing a detailed landscaping scheme as part of the first planning application to come forward within the SRF area. The Council will not consider any planning applications that do not set out the delivery mechanism for the public realm identified within the site.
- 7.8 The individual landowners within the Portugal Street East SRF area will form a Management Company which will oversee the design and delivery of the public park, the second area of public realm and the wider landscaping, using funds from a dedicated Portugal Street East account paid into by the landowners based on the size of their developments. The timing of landscape works will be determined and agreed by the Management Company, of which Manchester City Council will be a shareholder and/or Director. Portugal Street East Limited will take a lead developer role with strategic responsibility for coordinating the Management Company and its on-going commitments. The formation of a Management Company, with a robust governance structure will ensure genuine ongoing collaborative working towards delivering the masterplan as a whole.
- 7.9 The Regeneration and Planning Context section within the SRF has been updated to accurately reflect the up to date context within which the major regeneration proposals for Portugal Street East will be brought forward. It is considered the updated context only serves to strengthen the case for redevelopment of the SRF area to support the Council's strategic objectives.

8.0 Conclusions

- 8.1 This report summarises the response to the consultation on the draft Portugal Street East SRF; the revisions made to the SRF to reflect the comments made; and the Memorandum of Understanding that has been put in place with the landowners to ensure appropriate delivery of the Framework.
- 8.2 Recommendations appear at the front of this report

9.0 Key Polices and Considerations

(a) Equal Opportunities

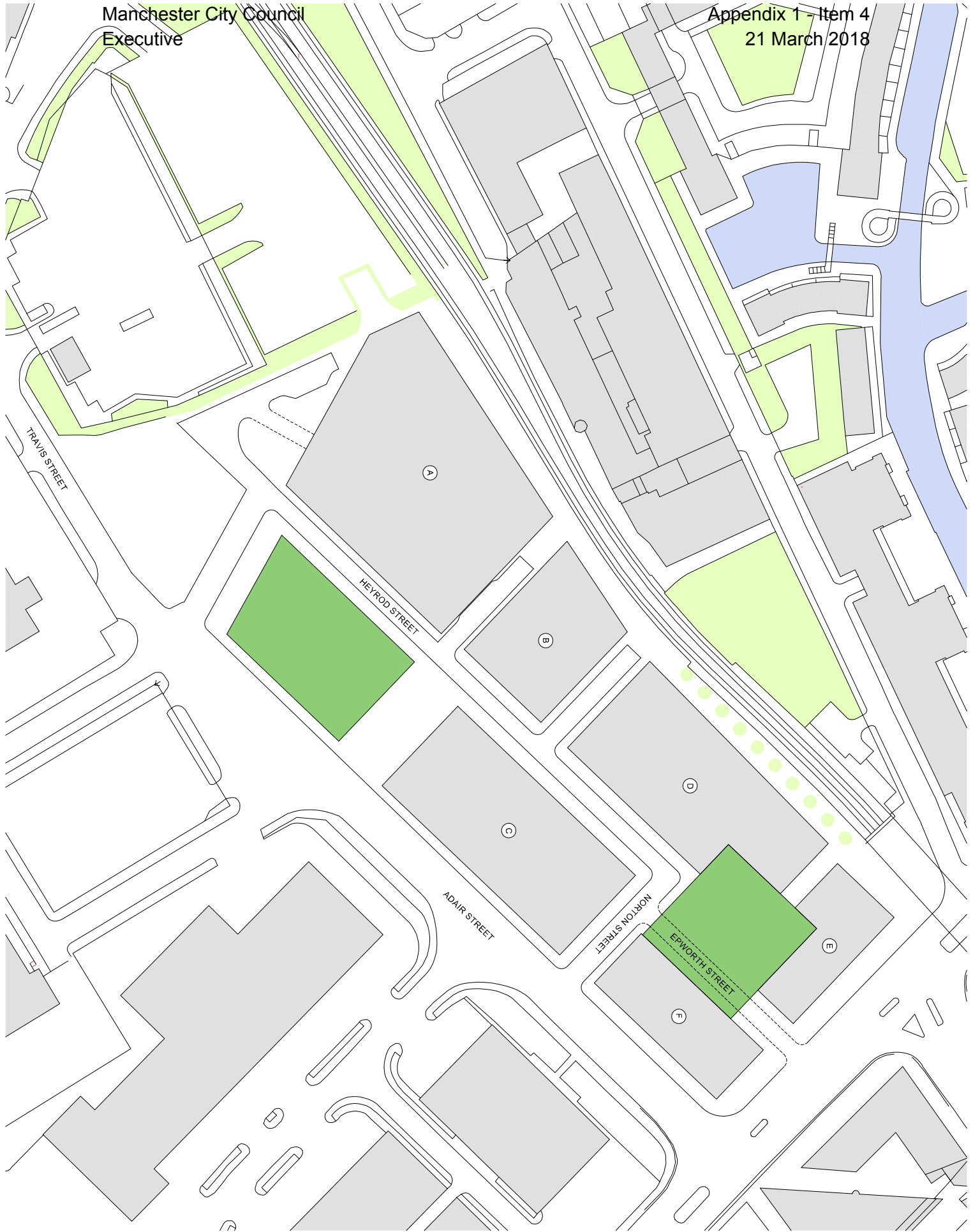
- 9.1 Not applicable

(b) Risk Management

- 9.2 Not applicable

(c) Legal Considerations

- 9.3 If approved by the Executive, the regeneration Framework will not form part of the Council's Development Plan but would be a material consideration when development control decisions are made.
- 9.4 The MoU has been reviewed by the Council's legal advisors.



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- A Portugal Street East
- B Plot B
- C Plot C / Aero Works
- D Plot D
- E Plot E
- F Plot F
- Public Square, Where retained or to be reinstated
- Public Square, Where retained or to be reinstated
- Public Park

- G 02/20/18 - Adair and Heyrod Street
- H 15/20/17 - Heyrod Street
- I 15/20/17 - Heyrod Street
- J 15/20/17 - Heyrod Street
- K 15/20/17 - Heyrod Street
- L 15/20/17 - Heyrod Street
- M 15/20/17 - Heyrod Street
- N 15/20/17 - Heyrod Street
- O 15/20/17 - Heyrod Street
- P 15/20/17 - Heyrod Street
- Q 15/20/17 - Heyrod Street
- R 15/20/17 - Heyrod Street
- S 15/20/17 - Heyrod Street
- T 15/20/17 - Heyrod Street
- U 15/20/17 - Heyrod Street
- V 15/20/17 - Heyrod Street
- W 15/20/17 - Heyrod Street
- X 15/20/17 - Heyrod Street
- Y 15/20/17 - Heyrod Street
- Z 15/20/17 - Heyrod Street

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