

Growth Strategy for Euston Initial Scoping Draft

Note: The following draft is intended to outline and suggest the structure and content of the Growth Strategy. It is an in-progress document for review and comment only and does not represent a final or agreed position. A number of components are still to be resolved.

“The Vision for the Euston area in 2031: The Euston area will be rejuvenated as both a local hub of activity and a gateway to London through new high quality comprehensive and transformational development above and around a world class transport interchange at Euston Station.

New homes, businesses, shops, community facilities, schools, new and improved public realm and open space will transform the area. The redeveloped station will help to reconnect the communities to the north, south, east and west”

Euston Area Plan. January 2015

Foreword

The purpose of this Growth Strategy is to highlight the locally and nationally significant economic and regeneration opportunity presented by the Euston area. Major new rail investment is being proposed and the potential of a major new transport hub is being investigated. Existing public, private and institutional assets in the area, along with a track record of successful local delivery point to a high potential for success. Meeting the regeneration needs of local communities will be central to this. However, investment is required in order to secure a comprehensive, coordinated, efficient and timely delivery of the vision. If investment is secured, this important part of Central and Inner London will deliver substantial social, economic, physical and fiscal benefits as a result.

This Growth Strategy focuses on the opportunities that comprehensive redevelopment of the rail infrastructure can create through the delivery of new development capacity to provide jobs and homes. Beyond the Station and its immediate environs there may be opportunities to deliver further benefits.

This Growth Strategy has been prepared by a collaboration of Camden Council, the Greater London Authority, Network Rail and HS2 in response to the challenge set by the HS2 Growth Task Force. It represents the partners' prospectus for growth and our proposal for investment. Investment requirements have been set out and the returns to government identified. A key immediate component of this is funding to resolve technical, engineering, design and costs to enable coordinated decision making across the entire opportunity. As London has learned from city district scale opportunities at Kings Cross, Nine Elms at the South Bank and Stratford, clarity over direction and certainty regarding the opportunity is critical to securing full and rapid change.

1. Vision for Euston

- 1.1 Our vision encompasses the local, national and global role of Euston. It recognises the importance of each and the potential to link them to deliver regeneration for the benefit of existing communities and meet local and London housing and employment needs, while supporting national growth and leveraging international investment.

Delivering regeneration for the benefit of local communities and residents

- 1.2 New homes, businesses, shops, community facilities, schools, new and improved public realm and open space will transform the area. The redeveloped station will help to reconnect the communities to the north, south, east and west. Existing businesses, such as those at Drummond Street, and surrounding residential communities at Regent's Park, Somers Town and Mornington Crescent will flourish with investment in re-provided and new homes, including affordable homes, business spaces, community facilities and open space. Their important role in the future of Euston celebrated and enhanced.

Bringing jobs, skills and training opportunities to residents

- 1.3 A fundamental principle underpinning this strategy is that economic growth is harnessed for the benefits of the community. New jobs and skills development and training opportunities will be provided to residents, linking them to economic growth in the area. The potential for maximising local employment and training for residents through regeneration has been established by the King's Cross Construction Skills Centre, which is now evolving to play a much wider role in delivering jobs and training in the knowledge sector.
- 1.4 By providing new employment and training opportunities, delivering new community assets and amenities and improving the quality of place social exclusion issues will be addressed alongside a range of deprivation challenges.











A global knowledge economy hub – cementing the UK's international leadership

- 1.5 Euston's role as a medical research, knowledge, innovation and creative industry base will be enhanced and thrive around the cluster of world class education and research institutions in the area. It will build on the strengths of the Knowledge Quarter a play a key role in cementing the Euston area's role at the heart of the Mayor's "Med City" vision. This will be joined by growth of the central London office market, with corporate occupiers and business and professional services continuing their movement north of the Euston Road. The Euston Area is a city district with local, national and international significance. The opportunity for jobs and productivity growth at Euston is outstanding.

A world class transport hub in London

- 1.6 The Euston area will be rejuvenated as both a local hub of activity and a gateway to London through new high quality comprehensive and transformational development above and around a world class transport interchange at Euston Station. The new development will be at the heart of a London, national and European transport hub.



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|---|---------------------------------|---|--|---|-------------------------------------|
|  | Commercial led mixed use |  | Existing public open spaces |  | Main retail frontages |
|  | Residential led mixed use |  | Re-provided lost public open space |  | Commercial / other active frontages |
|  | Predominantly residential use |  | School play space/ open space | | |
|  | Education and housing mixed-use |  | New public open space on deck above railway tracks | | |

A fundamental transformation of place – reaching beyond a world class new station

- 1.7 A network of clear and convenient streets will connect job opportunities, key attractions, homes and green spaces in the area. Critical to this will be new and improved links through, above and around redeveloped station facilities and an improved greener environment along Euston Road. Euston Road will no longer be a barrier to pedestrian and cycle movement and onward journeys from the station. Clear connections will reach from Regent's Park, through Euston to Kings Cross. This will enhance Euston as a place to live for local residents and connect them to new economic opportunities.

Realising the potential of existing control among public sector partners

- 1.8 Euston Station is the only significant piece of Government-owned land in Central London that may undergo change at this scale. Between rail partners and Camden

Council there is a large area of land owned by the public sector or its arms-length partners. By working together to an agreed framework for change and coordinated investment, a new piece of city that integrates with its surrounding communities can be created.

A once in a generation, if not once a century opportunity

- 1.9 There is the opportunity for a once in a generation step change local fortunes in the Euston area, while completing another component in advancing London's role as a global centre of commerce and knowledge. The step change will address a range of deprivation and other local challenges which can advance the community vision for surrounding neighbourhoods. It also provides the potential to create a new high performance and high quality city district that can contribute to the long term value of the economy for Camden, London's and the UK. Opportunities of this scale advance in years, if not in decades. However, with the last major change in the Euston Area planned in the middle of the 20th century we now have the best opportunity to drive a 21st Century change.

2. Key Assets Underpinning the Growth Strategy

- 2.1 This Growth Strategy uses the astounding collection of assets in the Euston Area as a foundation for delivery of the vision. These assets converge to create a high degree of confidence on delivering growth and change.

An Economic Destination with Growth Demands

- 2.2 Economic growth will be built from a global knowledge economy hub. Research, higher education and technology commercialisation are hallmarks of a range of institutions in the area. University College London (UCL) to the south of Euston Road, one of the top 20 universities in the world, with a mission to both grow and become a global leader in open enterprise and innovation. High profile medical and research institutions, including the Wellcome Trust, the Francis Crick Institute and University College London Hospital, also located in the area. A knowledge economy cluster in Bloomsbury to the south encompassing digital, media, advertising, publishing, engineering and architecture firms.
- 2.3 The emerging King's Cross Central development to the east is leading the transformation of the King's Cross area, regenerating former rail lands to secure employment investment. New knowledge intensive activity is bringing a range new sectors and businesses to the area, driven by a major new European HQ for Google.
- 2.4 At the same time, the Central London office market has expanded north of Euston Road. Financial services are represented by Santander at Regents Place and BNP Paribas at Kings Cross. Regent's Place is also home to international corporates such as Gazprom and Lend Lease. Increasing commercial office rents north of the Euston Road reflect increasing demand and reflect those found in the West End and Holborn. North of Euston Road is now an established employment location. There is a proven commercial office role for the area.
- 2.5 Demand for new space from both institutional and commercial occupiers will continue to grow and their requirements will provide a ready local market for new employment space created at Euston.

- 2.6 Camden Town to the north is also an established hub for creative industries, distinctive shopping, an internationally renowned market and a night time entertainment destination.

A Dynamic Housing Market

- 2.7 As Camden and London continue to grow there is on-going demand for new homes. Surrounding areas include some of the highest value residential neighbourhoods in London, including Bloomsbury, Regents Park, Kentish Town and Camden Town. Recent residential developments at Kings Cross have demonstrated market demand for the area. This is an opportunity to leverage this demand and value to provide new homes that meet needs at a range of household income levels, providing new and affordable homes for Camden residents and future generations as well as new residents.

High Accessibility and Visibility

- 2.8 Euston is a nationally recognised rail gateway to central London from Scotland, the North Wales, the North West and the Midlands. It is also a commuter gateway among home-counties communities. The new development will be at the heart of a London, national and European transport hub. It will have unrivalled connectivity, located directly above the new HS2 terminus, with direct access to over half the tube network, close to Eurostar destinations to Europe, and Crossrail 2 on the horizon. The Euston area is also a high visibility gateway for the M40/A40 corridor from North West London and surrounding counties with thousands of vehicles passing by each day.

Great Public Spaces

- 2.9 Euston is neighboured by Regent's Park to the west. This is one of the world's great urban open spaces, both in terms of scale of space provided, but also the array of gardens, promenades and large playing areas. Kings Cross to the east is becoming one of London's gathering places, with new public realm at the stations and plazas within new development quarters and at Central St Martins School of Art. The canals are being rejuvenated to enhance public use.
- 2.10 Euston now sits at a critical point in its evolution. It is one of the last and largest Central and Inner London growth opportunities. A range of influences, market trends and major schemes in nearby locations provide Euston with a strong prospect for delivery of new jobs and homes.

3. Progressive Opportunities for Change

- 3.1 The opportunity for growth is based on a series of progressively expanding areas of influence that begin with the core stations and rail alignments at Euston.
- 3.2 Key components of the potential Opportunity include:
- Over site development associated with the proposed HS2 station;
 - Over Site development north of the Station along the west side of the cutting west of the Hampstead Road;
 - Over site development associated with the Network Rail Station;

- Infill and redevelopment opportunities on immediately surrounding streets which will benefit from the transformation of current station boundaries;
- Estate regeneration opportunities in the surrounding area as identified by the Euston Action Plan;
- Potential across the wider area building on core Euston Station OSD opportunities and the growth in neighbouring areas such as King's Cross to deliver more homes, affordable homes and jobs.

3.3 The scale of opportunity is significant. The Euston Area Plan identified the potential for “between 2,800 and approximately 3,800 additional homes along with appropriate replacement homes maximising the provision of affordable housing and family housing” and “between 180,000 sqm and approximately 280,000 sqm of new employment/economic floorspace, providing between 7,700 and approximately 14,100 jobs” along with “in the region of 20,000sqm of retail”.

3.4 Further analysis of development associated with over site development as part of potential station and rail alignment developments has confirmed this broad scale of development potential. There have been some localised refinements to outputs within this framework as technical feasibilities have been clarified.

4. The Risk of a Missed Opportunity

4.1 There will be a significant missed opportunity if the Growth Vision is not secured. This is a rare opportunity to address the issues that have so challenged Euston and held it back from realising its potential since the construction of the current station in the 1960s.

4.2 The Euston area is impacted and held back by the severance the existing station and rail alignments have created. East west streets terminate at the station and there are few connections above rail alignments. The frontages around the station are blank and hostile, and are consequently little used by the public, and are seen as unattractive by potential investors. The scale of these effects is significant and impacts the quality of the wider district around the station.

4.3 If this opportunity to deliver a high quality solution to station facilities and over-site development is not taken, the wider and larger strategic opportunity will be missed. The number of jobs, commercial floor-space and new homes secured will be limited and would be significantly lower than the potential set out by the Euston Area Plan.

4.4 Development contributions via Borough and Mayoral CIL will be lower and there will be weaker fiscal benefits through Council Tax, Business Rates and Stamp Duty receipts.

4.5 The evolution of Euston as a place will be marked by ad hoc developments and fragmented station facilities, with many of the issues that limit the potential of the area remaining in place. Essentially, Euston will remain an unsolved or partially solved problem.

4.6 The absence of clarity and certainty over future direction is also a risk. As London has learned from city district scale opportunities clarity over direction and certainty regarding the opportunity is critical to securing full and rapid change. At St Pancras and Kings Cross commitments from Eurostar and Thameslink was combined with an

agreed planning framework for the area which allowed private investment at the scale required to achieve change. At Nine Elms at the South Bank the commitment of the Northern Line Extension and a business rates uplift capture mechanism was critical to securing the investment in Battersea Power Station and the US Embassy. When combined with an Opportunity Area Planning Framework, this has underpinned one of the fastest growing city districts in Europe. The absence of infrastructure and development framework certainty at Euston would be a significant impediment to success.

5. A Strong Potential for Delivery

- 5.1 There is demonstrated success in delivering significant change in this part of London.
- 5.2 Camden Council is one of London's leading exponents of delivering central city development. The Kings Cross Opportunity Area redevelopment and the St Giles Circus scheme represent major employment led mixed use schemes have been significantly delivered in partnership with private sector.
- 5.3 Camden Council itself has an established track record in regenerating its own assets. Estate renewal schemes include the Abbey Road Estate in West Hampstead and the Maiden Lane Estate in NW1. The Council's wider Community Investment Programme is a 15 year programme to invest money in schools, homes and community facilities which entails the redevelopment or sale of assets in a coordinated programme to leverage property values in the Borough to community benefit. This will deliver over 3,000 new homes in the Borough.
- 5.4 The Kings Cross redevelopment also demonstrated the potential of rail land led regeneration in a central city setting. By combining rail and utility lands and partnering with the private sector. This new city district will deliver 2,000 homes and 5,000 jobs as well as providing a new home for Central St Martin's School of Art and creating a series of new streets and public squares. This has been closely coordinated with new rail station facilities and rail alignments. The scale and quality of the scheme has won international recognition and international inward investment.
- 5.5 The private sector is actively engaged in the area. Major schemes have drawn in private sector investors and developers. However, it is occupiers who ultimately determine the success or failure of a growth and regeneration proposition. It is clear that employers – from Gazprom to Google, institutions – from the Medical Research Council to Imperial College, and existing and new residents want to be in this part of Camden and London. The strength of this demand is reflected in a new generation of investors seeking opportunities in the Euston area.
- 5.6 Business, developer and community networks are well established and can help maximise benefits to local communities and businesses as well as underpin and support delivery. Long established networks able to support delivery include the Camden Business Board, the Developers Forum, Knowledge Quarter, Kings Cross partnership etc., Camden Town Unlimited BID, Fitzrovia BID and an emerging Euston BID.
- 5.7 Based on the clear track record of Camden Council, rail development interests and the private sector in this area, the potential for securing delivery is high.

6. Governance

6.1 Key partners have come together to drive forward the potential for the Euston Area. The Euston Strategic Board brings together:

- London Borough of Camden
- Greater London Authority
- Transport for London
- High Speed 2 Limited
- Network Rail
- Department for Transport

6.2 This group is currently exploring working further evolution of working arrangements, commitments and structures. Lessons from successful oversight, direction and control models that bring together public sector partners to drive regeneration are being explored.

7. Fiscal and Economic Impacts

7.1 Alongside the significant regeneration benefits that can be realised through a comprehensive approach to development at Euston Station the delivery of new housing and employment generating floorspace will also deliver a range of fiscal benefits. These fiscal benefits take two forms, new direct development contributions via the Community Infrastructure Levy (CIL) and uplifts in general tax receipts including stamp duty, business rates and council tax.

7.2 The purpose of assessing the fiscal benefits of the Growth Strategy is not specifically to identify direct sources of funding to help (or fully) pay for the rail station and facilities redevelopment. However, understanding the fiscal benefit provides a context and case for investment in components, such as over site decking, which enable the full economic and development potential to be delivered.

7.3 In order to provide an estimate of the fiscal impacts and benefits of the Euston Growth Strategy it is first important to establish the scale and range of development that could be delivered.

7.4 The starting point for this is the scale of growth identified within the Euston Area Plan (EAP), which provides a comprehensive view of what could be achieved within the area both with and without the introduction of High Speed 2 (HS2) services at Euston Station. HS2 have also considered development opportunities linked to the potential delivery of its station, whilst Network Rail has assessed development potential linked to a combined redevelopment of the existing station.

TO BE EVOLVED

7.5 *Development scenario, potential scale, mix of uses, outline phasing and timing;*

7.6 *Impact on: business rates, stamp duty land tax, CIL and MCIL, Council Tax*

7.7 *Impact on Gross Value Added;*

7.8 Alongside the direct fiscal benefits and contributions the realisation of the Growth Strategy will deliver additional jobs that would not be accommodated otherwise. As such the economic contribution made by these jobs in terms of output can be directly attributed to the Growth Strategy.

7.9 In order to support the case for investment, there is also the potential for receipts from the sale of the over site development opportunities created. Over-site development will essentially create new 'land' for development in central London in a location where it does not currently exist. Land with development opportunity in central London has a significant value. *[Note: analysis of appropriate per hectare values based on comparables and the density and mix of development proposed here is on-going]*

8. The Challenge

8.1 The Growth Strategy for Euston is based on:

- A clear vision for the area addressing local needs;
- An outstanding collection of assets which converge to underpin growth and change;
- A significant scale of growth capacity;
- Occupier demand across housing and employment sectors;
- Demonstrated delivery by public, rail and private sectors in the area;
- The potential for substantial fiscal and economic benefits.

8.2 Despite this context there are barriers to realising the full potential of the Euston Area. While there is substantial impetus to a transformational scheme at Euston, there are challenges to delivering the new Euston Station in a manner that retains the operability of the railway and also enabling the delivery of over-site development.

8.3 Despite the obvious market and development potential, the Euston Plan area will be confronted with challenges in delivering major new development associated with the current and potential future station footprint and other over site developments. These challenges are rooted primarily in the cost of providing a new structural deck, or other structural system, that could support development above the station(s) and rail lines(s).

8.4 In delivering the Over Site Development the fundamental challenge is the cost of enabling works. The Over Site Development is central to the vision for Euston and critical in providing capacity for the scale of change sought. Delivering Over Site Development presents both a cash flow and financing challenge which has the potential to prevent delivery of the full opportunity.

8.5 The key challenges fall into the following categories:

- Timing: the time period between enabling works and construction of over site decks and when finished space could be absorbed, leased and occupied;
- Financing: private sector financing rates will be higher than public sector rates;
- Comprehensiveness: small over site deck phases tied to a sequence of development plots would raise costs due construction complexity and impact on rail operations;
- Fragmentation: early and partial phases will not secure the uplift in values associated with comprehensive development.

8.6 A further challenge is presented by the cost of the desired transformation of the existing Network Rail station itself and the integration of this with the creation of a comprehensive over site development opportunity.

- 8.7 However, there is evidence to suggest these financial challenges are of a scale that can be resolved and managed rather than being prohibitive to the scheme at this stage. The rationale for public intervention is based on the strong likelihood that over-site development would not occur but for the public intervention with the consequent loss of extensive economic, employment and housing benefits to Camden and London and the UK.

9. Conclusion

To be evolved.

- 9.1 *Investment will regenerate Euston to the benefit of its communities*
- 9.2 *This is a major UK development opportunity of global scale*
- 9.3 *The fundamentals supporting development and regeneration are extremely strong*
- 9.4 *A high quality station and OSD scheme is linked to wider growth potential across the area*
- 9.5 *There are timing, comprehensiveness, financing and cost barriers*

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