EUSTON STATION
DEVELOPMENT OPPORTUNITY

Memorandum of Information
April 2017
The Secretary of State for Transport and Network Rail intend to appoint a long-term Master Development Partner to lead the creation of a new commercial and residential district at Euston – one of the largest regeneration opportunities in central London.
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HS2 is not just about improving journeys for passengers, but providing a catalyst for regeneration and growth.

The new terminal at Euston Station is a once-in-a-generation opportunity to transform the local area, with the development set to create thousands of new jobs, homes and business opportunities.

It will be a complex piece of work and it is vital we get the right partner on board to work with the local community to create long-lasting improvements that will be felt for decades to come.

— Andrew Jones, Parliamentary Under Secretary of State at Department for Transport

Euston is a development site of local, regional, and national significance. The opportunity is enormous, but must be delivered sensitively to maximise the benefits for everyone.

Euston must become a place that is knitted into the fabric of the long-established street-scape of its surroundings. Euston must have a heart, and be a place where people are attracted not only because of the exemplary transport links, but because of the place itself. The redeveloped Euston must acknowledge its history and its historical context, whilst setting the agenda for the coming century.

— Tom Venner, Commercial Development Director, High Speed 2 Ltd

Network Rail welcomes the opportunity to create a new London destination at Euston mirroring its neighbour King’s Cross and St Pancras where our investment in the station acted as a catalyst, bringing inward investment and regenerating the whole area into a thriving new London quarter. The HS2 terminal at Euston will have a similar effect, it will become the initial focus for the wider regeneration of the station and surrounding area with an opportunity to create a new vibrant commercial and residential district in the heart of London with fantastic connectivity to the rest of the UK and Europe.

— David Biggs, Managing Director, Network Rail Property
EXECUTIVE SUMMARY

The Future of Euston Station

With the achievement of Royal Assent for the High Speed Rail (London - West Midlands) Act in February 2017, High Speed Two Limited (HS2 Ltd) has begun work on one of the largest infrastructure projects in Europe – a new high-speed rail line connecting London to Birmingham, with subsequent planned extensions to Manchester and Leeds.

Located in the heart of central London, the new HS2 Station at Euston is anticipated to be a catalyst for regeneration and growth in the surrounding area. Future redevelopment of the existing Network Rail (NR) Conventional Station (NR Station) similarly presents a once-in-a-generation opportunity to bring significant regeneration to the local, regional, and national economies and deliver long-term benefits to transport users, visitors and the local community for years to come.

The Opportunity

The Secretary of State for Transport (SoS) and NR, as the Landowners at Euston Station, intend to appoint a Master Development Partner (MDP) to lead the regeneration of the 22 hectare Euston Estate. The selected MDP will enter into a long-term agreement with the Landowners to:

- Further develop the vision and masterplan for a sustainable mixed-use district;
- Coordinate with HS2 and NR Station design teams to optimise place-making and value creation opportunities on the Euston Estate, and to ensure long-term integration requirements are considered early in the design process;
- Work with the local community to achieve planning consents for the scheme;
- Draw down development plots as they become available following the phased delivery of the HS2 and NR Stations, through transactions that may include land sales at market value, the sharing of a proportion of Gross Development Value, or a participative risk/profit-sharing mechanism (see page 25); and
- Manage the Euston Estate with a view towards long-term sustainability.

Our Approach

HS2 Ltd, on behalf of SoS and NR (the Contracting Authorities for this procurement), has launched a public procurement process to select the MDP that offers the strongest vision for the Euston Estate combined with the capability and capacity to deliver a complex scheme over a long time period. This document provides an overview of the opportunity and relevant background and context.

Full details of this procurement process, including pre-qualification (PQ) guidance documents and the PQ Application that interested parties must submit to be considered for the next stages of the competition, can be found on the HS2 eSourcing Portal at https://hs2.bravosolution.co.uk. All clarification questions and the PQ Application must be submitted through this portal.

*A full glossary of terms is contained in Appendix B of the Pre-Qualification Pack.*
THE FUTURE OF EUSTON STATION

On 23 February 2017, Royal Assent was granted for the High Speed Rail (London - West Midlands) Act (‘the Act’), a significant milestone that allows HS2 Ltd to begin construction of a new high-speed rail line connecting London to Birmingham. Subsequent extensions to Manchester and Leeds are planned, subject to a future Act of Parliament.

HS2’s London terminus will be a new building, concourse, and platforms at Euston Station, alongside and integrated with the existing NR Station. The HS2 Station will be a catalyst for regeneration and growth in the surrounding area. Future redevelopment of the NR Station similarly presents the opportunity to bring significant benefits to transport users, visitors and the local community for many years to come. The SoS and NR are working together to ensure this regeneration vision is delivered, in partnership with local stakeholders and a MDP.

A core strategic objective for Government is the delivery of jobs and homes above and around the Station. Over-site development (OSD) is a unique ‘place-making’ opportunity, which will create a new sustainable mixed-use quarter, helping to unlock the full potential of the area, improve accessibility, re-activate streets, reconnect communities, create new public and green spaces and drive positive transformation of the Euston area.

The SoS and NR (the Landowners of the Euston Estate), have a vision to drive change on many levels:

- Euston will benefit the local, regional and national economy through a significant development opportunity that creates jobs, generates positive economic impacts, supports existing local businesses, and seizes the opportunity to enhance the area’s role as a knowledge and creative industry base;
- Euston as a world-class transport hub with excellent interchange and onward travel connections that integrates with the surrounding streets and provides a high quality gateway to central London;
- Euston will be comprehensively redeveloped and transformed into a wonderful place to live and work with a mix of uses, great architecture and open spaces, and high quality housing that also meets the needs of local residents; and
- Euston making a meaningful financial contribution to the delivery of transport infrastructure.

The London Borough of Camden, in its Euston Area Plan, sets out the following aspirations for the area:

- Up to 14,100 new jobs
- Up to 3,800 new homes
- Up to 280,000m² new commercial floor space
- Enhanced public realm
- Greater permeability

Core Regeneration Objectives

- Inspirational place - Gateway to the UK and Europe
- Embraces local heritage
- A centre for thriving local communities
- Continues the success and growth of the area
- Network of green spaces
- Mixed use district which is a magnet for business
- Generates long-term value
- Stimulates creativity and innovation
- Promotes accessibility
- Robust urban framework
The Redevelopment of Euston Station

Redeveloping Euston Station will be a complex, multi-stage undertaking requiring significant public and private sector coordination and investment. Critical to the success of this programme is treating Euston as a unified place with seamless integration of transport services and a holistic approach to place-making.

Only a comprehensive approach to the OSD, delivered by a single party or consortium considering town planning and value creation across the entire Euston Estate, will deliver the vision. A single estate has been created to facilitate this comprehensive approach, which includes both the future SoS-owned land for the HS2 Station, as well as the NR Station that is anticipated for redevelopment at some point over the course of the MDP opportunity (currently unfunded).

The Act sets out a multi-stage approach to developing the HS2 Station, illustrated in Fig. 1. This staged construction approach will in turn influence the phasing for OSD across the site. HS2 Ltd has appointed a team that is leading the concept design (RIBA Stage 2) work for the HS2 Station, as well as developing a Euston Stations Masterplan for the Euston Estate. This work will conclude in autumn 2017.

Enabling Over-Site Development

The HS2 Station scheme includes significant works to enable property development above and around the new Station building, as well as over the tracks leading into the Station (known as the ‘Approaches’). These OSD Enabling Works potentially include a basement to accommodate plant and servicing; strengthened piles and supports; and development decks above the Station and approaches.

The OSD Enabling Works will be paid for by Government and delivered by HS2 Ltd as part of the Station design and construction contracts. Delivery of the OSD Enabling Works are not part of this procurement opportunity.

The coordination of the procurement, design and construction of the HS2 / NR Stations and OSD is of critical importance. The MDP procurement process is structured to be concluded in time to allow the MDP to engage with the Station design process early in the developed design phase (RIBA Stage 3).
THE OPPORTUNITY

The Euston Estate

The combined development opportunity on the Euston Estate extends to approximately 22 hectares (54 acres) including the new HS2 Station, the NR Station, the Station approaches along Park Village East, and adjacent NR freeholds. All of the land within the Euston Estate will be in unified public sector ownership – consisting of existing NR freeholds, combined with land and property that will be acquired by the SoS through powers granted in the Act* (see Fig. 3).

The location of development plots within the Euston Estate will be influenced by the maturing HS2 Station design solution and masterplan and future proposals for the NR Station, the redevelopment of which is subject to a future funding decision. Development plot arrangements will be defined by the Landowners in partnership with the MDP and in consultation with the London Borough of Camden, within the context of the Euston Area Plan, the emerging Euston Planning Brief, the London Plan, and other relevant planning documents (refer to page 20).

The Master Development Partner

HS2 Ltd** has published a contract notice in the Official Journal of the European Union (OJEU) for the appointment of a MDP for the Euston Estate. Working with the public sector to deliver on a shared vision, the MDP will provide private sector expertise and investment to design, build and manage a long-term development.

An opportunity of this scale – the creation of a major new commercial and residential district consisting of several hundred thousand square metres of development – comes along very rarely in a city as densely built as London. The MDP will work with the Landowners, HS2 Ltd, stakeholders, and the local community to establish a world-class district with a strong sense of place and meaningful connection to Euston’s historic urban fabric.

Further information regarding the development opportunity across the Euston Estate is provided in the following section, and details on the anticipated commercial structure can be found starting on page 22.

* The primary purpose of the land acquired by the SoS is to accommodate the HS2 station and infrastructure; the development opportunity will be created above these railway facilities, via the enabling works described on page 7.
** On behalf of the Contracting Authorities (the Secretary of State for Transport and Network Rail).
The Euston Estate offers a rare opportunity to create a new quarter of central London – **22 hectares under unified public sector freehold ownership**

- Input into preparation of the Euston Stations Masterplan and the Euston Planning Brief
- Work in partnership to integrate development and station design / delivery
- Engage with the local community
- Secure necessary planning and other consents to enable development, within framework of Euston Planning Brief

- Input into the Station design and interfaces to deliver OSD enabled plots
- Conduct detailed planning of development above and around HS2 and NR Stations
- Engage with the local community
- Refresh the Masterplan
- Draw down individual plots for development

- Construct developments above and around HS2 and NR Stations (subject to funding for the NR Station redevelopment)
- Manage the completed OSD development assets (not railway station or infrastructure assets)
- Maintain OSD buildings and public spaces (not railway station or infrastructure assets)
- Engage with the local community

**Near Term**  
*Master Planning, Partnership, Project Management*

**Medium Term**  
*Detailed Planning, Station Construction Interface*

**Long Term**  
*Development Construction, Estate Management*
Three indicative development zones have been identified within the Euston Estate (see Fig. 5). These zones are defined by the surrounding land use characteristics and the structural and operational requirements of Euston Station. The delineations of the zones are indicative at this stage, and subject to refinement as a result of HS2 and NR Station design and masterplanning activities.

Within these zones, OSD is expected to comprise a number of individual development phases. HS2 Ltd has undertaken an initial technical and town planning review to identify the suitable locations and potential developable envelopes of these phases, primarily to demonstrate the feasibility of the OSD and to justify the public investment in the OSD enabling works. The analysis is summarised on the following pages.* Whilst indicative land uses are identified, it should be noted that the zones are intended to be sustainable and mixed-use wherever possible.

The timing for release of individual development plots will be predicated on the construction methodology and phasing programme for the HS2 and NR Stations. Where feasible, the Landowners will seek to release plots earlier for commercial development. The MDP will also be required to prepare a robust planning and implementation/phasing strategy to co-ordinate delivery and change in a timely way over the extensive programme period.

* Whilst a vision and development is sought for the whole Euston Estate, detailed work has so far been confined to areas above and around the HS2 Station. Further work will be required to define the scope of the future development opportunity on the NR lands.
Description
This zone consists of development opportunities adjacent to and over the new HS2 tunnel portal, above the railway tracks approaching Euston Station from the north (with the Mornington Street bridge as the northern border). Note that the majority of development potential in this zone is likely to fall on the HS2 portion of the approaches, given the complexity of developing over the NR approaches and other constraints. However, this assumption will be further tested as part of current and future masterplanning and station design activities.

Technical and Design Considerations
The HS2 railway will require ancillary buildings in this zone, such as fire escapes and ventilation shafts, and/or vehicular access for maintenance and firefighting, and thus portions of this zone will not be available for OSD. Structural decking is generally less complex here than the other zones, except in the central area near the A400 Hampstead Road bridge.

Town Planning Considerations
The area is predominantly residential in nature. It is envisaged that OSD would primarily be residential, to meet the requirements of the Euston Area Plan and emerging Planning Brief. OSD heights may be influenced by technical constraints, protected London viewing corridors and town planning policies.

The Opportunity

Residential 60–100k+m² indicative development potential*

2026 est. initial HS2 plot release*

* Includes indicative estimates for both HS2 and NR portions of this zone. Subject to change based on emerging Station design solutions, the emerging Euston Stations Masterplan, funding and business case approval for the redevelopment of the NR Station, and other considerations.
**The Opportunity**

<table>
<thead>
<tr>
<th>Description</th>
<th>Mixed use</th>
<th>40–100k+ m² indicative development potential*</th>
<th>2033 est. initial HS2 plot release*</th>
</tr>
</thead>
</table>

**Description**

This zone includes development opportunities created above the HS2 Station building, likely to be built on decks spanning sections of the platforms. The entrances to the HS2, NR, and London Underground stations are expected to be located in this zone, as well as the potential future Crossrail 2 station. The layout of potential development plots in this zone will be strongly influenced by the requirement to integrate potential OSD with the Station design and operations. Plots above the HS2 Station concourse would be designed to ensure the new Station benefits from adequate space and natural light, to meet engineering and planning constraints, and to connect with the surrounding area. Potential plots above the redeveloped NR Station (and any corresponding enabling works requirements) have not yet been assessed, given the early stage of design maturity for that project.

**Technical and Design Considerations**

The interface between the OSD buildings and the station roof must be carefully considered to ensure a high quality building and future OSD flexibility. There are a number of areas in this zone where OSD cannot be provided due to station constraints. The southern portion of this zone is located above complex substructural constraints such as deep London Underground tunnels, which may limit potential heights. Initial reviews have only considered enabling OSD over the platforms, as building over concourses and escalators would result in very large spans and additional thickening of structure. This would potentially impact negatively on the platform environment and required clearance for passenger movement.

**Town Planning Considerations**

This is a predominantly mixed-use area including offices, residential, open space, and ground floor retail. Potential development is therefore envisaged to reflect this and be mixed use in nature. The statutory foreground viewing corridor from Primrose Hill to St. Paul’s Cathedral, and its wider setting consultation area, cuts diagonally across this zone and to the side, which will constrain the height and massing of certain phases. Mitigation open space may also be provided by HS2 Ltd in this zone.

* Includes indicative estimates for both HS2 and NR portions of this zone. Subject to change based on emerging Station design solutions, the emerging Euston Stations Masterplan, funding and business case approval for the redevelopment of the NR Station, and other considerations.
### The Opportunity

<table>
<thead>
<tr>
<th>Description</th>
<th>Commercial</th>
<th>Technical and Design Considerations</th>
<th>Town Planning Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>This zone defines opportunities between the southern boundary of the Podium building and Euston Road, including Euston Square Gardens, bounded to the north by Drummond Street, to the west by Cobourg Street, to the east by Eversholt Street, and to the south by Euston Road. This zone will have substantial technical and operational interfaces with the station buildings, particularly around issues of access and servicing, pedestrian flow, urban realm and wayfinding.</td>
<td><strong>100–200k+m²</strong> indicative development potential*</td>
<td>Portions of this zone sit above the ends of the HS2 Station platforms and London Underground tunnels, with complex substructure constraints. The Station and potential OSD buildings will be planned around public open spaces to ensure adequate street-level activation and passive overlooking to create a safe and welcoming environment. Pedestrian routes will play an important role in defining the perimeters of the buildings in this zone and improving access to the station entrances. Since significant areas of this zone are not on top of station infrastructure, there is a degree of flexibility as to how development plots are defined.</td>
<td>This area around the southern portion of the site mainly comprises commercial and education uses. A mixed-use commercially-led scheme with ground floor retail is expected to be the most appropriate use. This zone is identified in the Euston Area Plan as an area suitable for taller buildings. The buildings should also respond appropriately to the different contexts and scales of the local street pattern along Euston Road, Cobourg Street, Eversholt Street and nearby heritage assets.</td>
</tr>
</tbody>
</table>

* Includes indicative estimates for both HS2 and NR portions of this zone. Subject to change based on emerging Station design solutions, the emerging Euston Stations Masterplan, funding and business case approval for the redevelopment of the NR Station, and other considerations.
LOCATION AND CONTEXT

**Euston’s Position Within London**

Euston Station is situated in central London, in the London Borough of Camden. The area has long been an important transport hub in the capital – Euston was the city’s first intercity railway terminal, opening in 1837 with a regular rail service between London and Birmingham.

The area around Euston is characterised by a diverse mix of uses, including some of London’s most prestigious residential accommodation neighbouring Regent’s Park, premier commercial and office premises, and world-class educational, research and cultural institutions. The area has been designated by the Greater London Authority as an *Opportunity Area*, meaning it is suitable for accommodating large-scale development.

Euston is one of the most accessible districts in the city. It is within a 10 minute Tube journey of London’s most dynamic business, residential and leisure districts (Mayfair, Soho, West End, City and Midtown); and other mainline rail stations (King’s Cross, St. Pancras, Victoria, Paddington and Waterloo stations).

**Local Market**

The Euston / King’s Cross / St. Pancras area is rapidly emerging as a hub for creative industries and innovation. Many of London’s most important medical and research centres are based around Euston including University College London (UCL), UCL Hospitals, The Francis Crick Institute, the Wellcome Trust and the Turing Institute.

The area along Euston Road has been transformed through significant public and private investments over the last decade, including the development of Kings Place, Regent’s Place and King’s Cross Central that have provided a step change in the quality and size of office accommodation in the area. Several major international companies, including Google, Universal Music, Louis Vuitton, Gazprom, Astra Zeneca and Santander, have recently located to this part of the city. Additionally, Euston is surrounded by some of London’s most vibrant and distinct residential neighbourhoods, including Camden Town and Bloomsbury.

With limited development opportunities of this size remaining in central London, the Euston Estate – which will be under unified public sector freehold ownership – presents a tremendous opportunity to catalyse further growth and regeneration.
Euston is a gateway to one of the most vibrant and dynamic parts of Central London.
Transport Context

Euston is one of the busiest stations in London with more than 70 million people using the station every year – 40 million rail passengers annually, plus a further 30 million visitors who use the station to shop, eat or access London Underground services.

The NR Station provides intercity services to many of the UK’s largest urban centres, including Birmingham, Manchester, Liverpool, Glasgow and Edinburgh. King’s Cross and St. Pancras International (with Eurostar services to Europe) stations are an 8 minute walk to the east, and the area is well-served by cycle, bus and taxi services.

The introduction of high-speed train services to Euston will further enhance these excellent transport connections. HS2 will form the backbone of Britain’s rail network, running between London and Birmingham from 2026 and planned to extend to Manchester and Leeds from 2033.

Network Rail is currently undertaking initial planning and design work to identify the future operational, interchange and aesthetic requirements of the existing NR Station. Additionally, Crossrail 2 – a new north-south rail link that is in the early stages of development – is proposed to have a major interchange at Euston, subject to approval of a business case and funding plan.

Fig 7. The Euston / St. Pancras / King’s Cross ‘Superhub’
Fig 8. Euston Station - London Underground Connections

Fig 9. Euston Station - National and International Connections

Euston is one of the best connected parts of the city: several major stations in central London are within a 10 minute journey by Tube

<table>
<thead>
<tr>
<th>Location</th>
<th>Journey Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>King’s Cross St. Pancras</td>
<td>8 min (walk)</td>
</tr>
<tr>
<td>Bank</td>
<td>10 min</td>
</tr>
<tr>
<td>Waterloo</td>
<td>9 min</td>
</tr>
<tr>
<td>Victoria</td>
<td>7 min</td>
</tr>
<tr>
<td>Oxford Circus</td>
<td>3 min</td>
</tr>
<tr>
<td>Paddington</td>
<td>9 min (via Euston Square Station)</td>
</tr>
</tbody>
</table>

Journey times from Transport for London Travel Planner

Euston is one of the best connected parts of the country: within three hours by rail of the UK’s largest cities and the European capitals of Paris and Brussels

<table>
<thead>
<tr>
<th>Location</th>
<th>Journey Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>45 min</td>
</tr>
<tr>
<td>Manchester</td>
<td>1 hr 7 min</td>
</tr>
<tr>
<td>Leeds</td>
<td>1 hr 23 min</td>
</tr>
<tr>
<td>Newcastle</td>
<td>2 hr 19 min</td>
</tr>
<tr>
<td>Paris</td>
<td>2 hr 56 min</td>
</tr>
<tr>
<td>Brussels</td>
<td>2 hr 41 min</td>
</tr>
</tbody>
</table>

Journey times to Paris and Brussels assumes 8 minutes to walk from Euston to St. Pancras International station and 32 minutes to pass through security at the Eurostar terminal.
Town Planning Context

The London Borough (LB) of Camden is the local planning authority for the area, and the Greater London Authority (GLA) is the strategic planning authority which considers referable planning applications and is responsible for preparing and updating the London Plan. LB Camden, together with the GLA and Transport for London (TfL), prepared the Euston Area Plan (EAP), a long-term planning framework to guide development up until 2031 in the area above and around Euston Station (see Fig. 10). The EAP was funded by and developed in collaboration with HS2 Ltd and is adopted as a Local Plan by LB Camden and Supplementary Planning Guidance by the GLA.

The adopted EAP provides a comprehensive strategic vision for the redevelopment and wider regeneration of the Euston area, including the HS2 and NR Stations. It is focused on achieving 11 strategic objectives, including an objective to make ‘the best use of the new space above the station and tracks and opportunities for regeneration in the wider area’. The development principles in the EAP include promoting ‘comprehensive commercially led mixed-use development above and around the new and existing stations’.

The EAP takes forward the objectives and aspirations for delivering a comprehensive transport and development framework at Euston set out in the London Plan and Further Alterations 2015, the Mayor’s Transport Strategy and the Camden Core Strategy (2010).

LB Camden, working with the GLA and other stakeholders, is now preparing a Planning Brief for Euston Station and the Station approaches to provide a more detailed policy framework that takes into account the latest plans for the railway infrastructure within a wider context for growth and regeneration. HS2 Ltd is working to support the
production of this Planning Brief through information sharing and is part-funding its production.

The *High Speed Rail (London - West Midlands) Act* provides powers for the construction and operation of HS2 Euston Station. Any OSD will need to be secured through the Town & Country Planning Act 1990. Permission for the station design details will be obtained in advance of any OSD consent.

All parties must work together to undertake engagement with the Euston community. The MDP will have a specific role in engaging with the community as part of a pre-application process for any planning application alongside LB Camden/GLA to ensure community views are taken on board in the process. The framework for delivering this is being further developed with the community during 2017 to help ensure there is meaningful two-way engagement with interested parties. The appointed MDP will need to focus on relationship building by capitalising on the existing and emerging engagement structures in place.

Note that interested parties should undertake their own due diligence regarding the Town Planning policies and considerations for the Euston Estate. The MDP will be required to develop and agree a Town Planning Strategy for the OSD which must not inhibit or impact upon HS2 Ltd obtaining or implementing planning approval for the HS2 Station.

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**Town Planning Considerations**

The key considerations for the Euston Estate are:

- **Comprehensive approach to redevelopment** – The EAP notes the importance of a comprehensive approach to development across the site to create a transformational development.

- **Heights and Viewing Corridors** – The site is covered in part by the viewing corridors, as designated by the Mayor’s London View Management Framework. The viewing corridors will influence the maximum developable heights for some development locations.

- **Heritage** – There are conservation areas and numerous listed buildings surrounding the Station, and Euston Square Gardens is a protected London Square. The height, massing and external appearance of any OSD will need to consider the significance of these assets and the extent to which harm may be caused to the heritage context.

- **HS2 Engineering Works** – The HS2 and NR Station designs will define where OSD foundations can be located. The extensive network of current and future tunnels for London Underground and Crossrail 2 will further influence structural considerations for OSD, especially to the south of the site.

- **Permeability** – The EAP seeks permeable routes through the site on north-south and east-west axes to allow effective interchange and improved access to nearby primary streets.

- **Open Space** – The planning policy framework sets out some key requirements in relation to the open space provision resulting from any new development.

- **Quantum of Floorspace** – The EAP provides a guide as to the quantum of development deliverable above and around the station.

- **Mix of Uses** – The planning policy framework requires that a balance of commercial, residential and other uses are brought forward on the Euston Estate.

- **Affordable Housing** – The London Plan and Camden’s emerging Core Strategy and the Euston Area Plan provide the statutory planning framework and requirements for affordable housing provision.
COMMERCIAL STRUCTURE

This section provides additional detail on the key commercial and legal points set out in this document, including an overview of the Contract that the Landowners will enter into with the selected MDP at the conclusion of this procurement process.

Overarching Objectives

The SoS is delivering a new terminus station for High Speed 2 at Euston Station. NR are owners of the adjacent “Conventional Station” and surrounding lands. SoS and NR will bring together their land holdings to create an estate capable of accommodating significant commercial and residential development and are preparing a Masterplan to quantify the development potential of the Euston Estate. SoS and NR (together, the Landowners) will, by the date of contract award, have entered into a collaboration agreement to effectively pool their respective ownerships in the public interest and also to streamline decision making between the Landowners.

The Overarching Objectives of the Landowners are to: create significant economic and social benefits for the local, regional and national economy; and maximise financial returns from a development of the Euston Estate.

The Euston Estate must become a sustainable, high quality, mixed-use development that contributes to the economy, makes meaningful social returns, supports progress towards meeting local needs and exemplifies the application of good planning and place-making principles. To achieve the Overarching Objectives, the Landowners are promoting a holistic and comprehensive OSD above and around the railway infrastructure.

Role of the Master Development Partner

The Landowners are jointly procuring a Master Development Partner to support the delivery of the Overarching Objectives. The MDP is expected to:

- further develop and promote the emerging Masterplan vision in accordance with the parameters outlined in a Business Plan (in partnership with the HS2 and NR Station design teams), for the Euston Estate. The Business Plan will be prepared by the MDP and approved by the Landowners, and will define how the OSD development will be implemented and managed.

- ensure that development is fully integrated and that development value is optimised without compromise to the operation and delivery of the HS2 and NR Stations;

- promote and secure commercial, residential, and mixed-use planning permissions as specified in the Business Plan to be agreed between the
MDP and the Landowners;

- deliver the construction of buildings and associated amenities as defined in the planning permissions and in accordance with the agreed Business Plan; and

- establish the management arrangements for the completed Euston Estate (excluding operational areas), in accordance with the estate management protocols which will be included in the tender documents and will form part of the agreed Business Plan.

**MDP Development Agreement**

The Landowners will enter into a Contract with the MDP (the MDP Development Agreement) to govern the terms of the development of the Euston Estate. HS2 Ltd is acting on behalf of the Landowners in the procurement of the MDP. The Euston Development Board will ensure a streamlined process for interfacing between the Landowners (as a single decision making entity) and the MDP.

The MDP Development Agreement will stipulate the obligations, milestones, conditions, key performance indicators and outcomes for the Landowners and the MDP. The parties shall at all times act collaboratively in the pursuit of the Overarching Objectives.

The MDP shall have the right to acquire a leasehold interest in land and undertake development activity on it. This will be subject to the satisfaction of specified draw down pre-conditions (including the completion by the Landowners of specified OSD Enabling Works.) The Enabling Works together with other land already held by the Landowners will comprise the Euston Estate.

The terms of the commercial deal with the MDP will be set out in the tender documents and will be developed further during competitive dialogue to secure the delivery of the Overarching Objectives and other key deliverables. The MDP Development Agreement together with an agreed form of the Business Plan will embody these deliverables and will together be the key documents for judging the performance of the MDP. They will contain performance criteria against which the MDP will be measured across the life of the scheme. HS2 Ltd will initially act as the Landowners’ representative under the MDP Development Agreement with all interactions through the Euston Development Board.

It is envisaged that the MDP Development Agreement shall extend for a period of 25 years (covering the period up to draw down of all phases), unless terminated earlier in specified circumstances. It may be extended by agreement between the parties (up to a total duration of 40 years).
Stage 1 – Masterplanning and Stations Interface

- The MDP will act initially in a development manager capacity to further develop the Masterplan and to ensure that it interfaces with the station designs. No land interest is transferred.

- The MDP will appoint a consultant team from a pre-approved list appended to the MDP Development Agreement (approved by the Landowners via the Euston Development Board) within a fixed timeframe of Contract Award to work with HS2 and NR design teams to refine the Masterplan. This will ensure that it interfaces with the HS2 Station design and potential future NR Station designs, with the objective of optimising the development potential of the Euston Estate. The MDP shall work collaboratively with the landowners, LB Camden and the GLA throughout the masterplanning stage.

- The MDP shall also finalise the Business Plan appended to the MDP Development Agreement within a fixed timeframe of Contract Award for approval by the Landowners via the Euston Development Board.

Stage 2 – Outline Planning Application

- On satisfactory completion of Stage 1 the MDP will promote the outline planning application(s) in accordance with the Business Plan to deliver the Masterplan. The MDP shall continue to collaborate with the Landowners, LB Camden and the GLA.

- The MDP shall prepare the outline planning application(s) for approval by the Landowners via the Euston Development Board by an agreed date, working with LB Camden/GLA, through an agreed pre-application process. Following approval, the MDP is obliged to submit the outline planning application within a fixed timeframe and pursue a positive determination of the outline planning application within a fixed timeframe. During this Stage, HS2 Ltd on behalf of the Landowners will seek planning approval for the HS2 Station and Enabling Works, and will deliver the Enabling Works to an agreed specification (within an agreed range of tolerances) at its own cost.

- The Landowners may contribute to a proportion of MDP costs incurred during Stages 1 and 2 and, if so, the mechanism for sharing costs will be specified by the Landowners.

- The HS2 Station design and associated Enabling Works are on the critical path for the HS2 programme and will consequently be progressed as a priority. The NR Station design and any associated Enabling Works will follow a more extended programme although there will be overlap with both elements progressing in parallel during the early stages up to the point that the Masterplan/outline planning permission is secured.

- The NR Station is, however, currently unfunded and so no undertakings in respect of its delivery will be given to the MDP. There will be a programme targeting key milestones (related to particular key design stages and final business case sign-off) with the intention of providing the MDP with transparency in relation to its delivery prospects.

- If the necessary consents and funding are not obtained by NR for the NR Station and associated Enabling Works by a longstop date, then NR may elect to withdraw this land from the scheme.

- Subject to the above, NR will pursue the delivery of works necessary to deliver a redevelopment of the NR Station and at the appropriate stages the MDP will be required to input and advise on this to optimise the opportunity and to ensure it is properly interfaced with the rest of the scheme. This will ensure that all OSD and station design is progressed in an integrated and cohesive way, and that HS2 and NR Station design teams come forward with an integrated design and “place-making” solution for the combined stations.
**Stage 3 – Phase Progress**

- Within a prescribed timeframe following the grant of outline planning permission, the MDP shall submit to the Landowners for approval via the Euston Development Board an updated Business Plan identifying the sequencing and timing for development of Phases on the Euston Estate.

- By service of a valid “Notice to Progress” in line with the timings outlined in the Business Plan, the MDP can progress a Phase. The Notice to Progress will state (amongst other things) the Guaranteed Minimum Land Value which will be the minimum price payable for the Phase when it is ultimately drawn down following satisfaction of the draw down conditions. The Guaranteed Minimum Land Value will be calculated as a proportion of Market Value as at the date of service of the Notice to Progress. On service of a valid Notice to Progress, the MDP is obliged to pursue a detailed planning permission for the development of that Phase at its own cost.

- If detailed planning permission is granted, and all other draw down conditions are satisfied by the MDP, the MDP shall have a time limited period within which to elect to draw down that Phase.

- On election to draw down a Phase the MDP must provide, for approval by the relevant Landowners via the Euston Development Board, a further updated market valuation of the Phase as at the draw down date. The Landowners may elect how a Phase will be drawn down as follows:

  1. **Market Value** at draw down (or the Guaranteed Minimum Land Value if higher) is paid by the MDP together with a development overage above a financial performance threshold calculated when the development of that Phase is complete;

  2. **A proportion of Gross Development Value** paid by the MDP when the development of that Phase is complete, potentially including a minimum land value or guaranteed sum per Phase;

  3. **A participative risk/ profit sharing mechanism** whereby a proportion of development profit is paid by the MDP when the development of that Phase is complete.

- Subject to the specified mechanism for sharing costs, the MDP may be entitled to deduct from the first land payment it is due to make to the Landowners on the draw down of a Phase (or subsequent payments until the MDP is paid back in full) the balance of its costs outstanding from Stage 1 and Stage 2, so long as the deduction shall not exceed a specified proportion of land payment for the Phase.

- On payment of any sums due from the MDP on draw down, the relevant Landowner shall grant a Building Lease over the Phase, and the MDP will fund and deliver development in accordance with the relevant planning permission.

- Upon completion of the construction works the MDP shall be entitled to draw down a long leasehold interest (between 150 and 300 years) over the Phase, with a ground rent payable to the Landowner. The length of lease will be determined by the use to which the land is put and its location above operational property or not.

**Stage 4 – Estate Management**

When serving a Notice to Progress, the MDP must submit for approval an Estate Management Plan for each Phase in accordance with the principles set out in the estate management protocols and the Business Plan. The Estate Management Plan must:

- enable the implementation of a seamless estate management strategy across the Euston Estate;

- ensure the continued integration and operation of the OSD areas with the HS2 and NR Stations and the operational railway management areas (control of which will remain with HS2 Ltd/NR) so as to create one seamless Euston Estate without impacting on the operation, safety, function and use of the railway; and

- contain provisions for recovering service charges and other obligations from occupiers to the wider benefit of the Euston Estate.
Thank you for your interest in the Euston Station Master Development Partner Procurement.

For full details of the Procurement process, interested parties should refer to the accompanying Pre-Qualification Pack, including all supporting appendices, available on the HS2 eSourcing portal: [https://hs2.bravosolution.co.uk](https://hs2.bravosolution.co.uk).

If you wish to express an interest in this opportunity, you must submit a Pre-Qualification Application through the eSourcing Portal by **12:00pm noon on 17 May 2017**.

For general enquiries in relation to this opportunity, please contact the HS2 Supply Chain Management team on [scc@hs2.org.uk](mailto:scc@hs2.org.uk).