



# Property & Financing Solutions for HS2 Station : Executive Summary

Sheffield City Council

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**CBRE**

# Sheffield Victoria HS2 Station

## Summary & Recommendations

### Executive Summary

Sheffield City Council ('**SCC**') has received economic evidence which concludes that the greatest economic benefit to the City Region will be offered if the HS2 station is located close to Sheffield City Centre rather than Meadowhall. SCC's preferred location for the station is at Victoria which lies at the Northern edge of the City Centre. Volterra & Partners estimate that such a City Centre location will offer between £4bn and £7bn Gross Value Added, over and above the proposed Meadowhall location, currently preferred by HS2 Limited. However, HS2 Ltd have previously estimated the Victoria location to cost an additional £1.01bn in engineering works, over the Meadowhall location.

SCC is therefore seeking to establish, whether the additional costs can be mitigated by the additional benefits that would be delivered through establishing the station at Victoria and how any additional financial or economic benefits can be captured to make a contribution to the financing of the costs.

Our findings are as follows:

- HS2 will accelerate the regeneration of currently under used brownfield land around Victoria
- The availability of sites, density of development and hence density of economic activity at Victoria is far in excess of at Meadowhall.
- A substantial proportion of the additional costs could be funded by additional tax receipts resulting from the additional development.
- Up to £847M of business rates receipts could be generated over a 60 year assessment period at Victoria
- The business rates at Victoria without HS2 are estimated to be £286M
- This compares to £186M at Meadowhall with HS2 and £155M at Meadowhall without HS2
- There is therefore a net benefit of over £530M for Victoria over Meadowhall
- HS2 station at Victoria will significantly reduce the demands on the public purse to facilitate regeneration through improving the viability and profitability of development.

	SPACE GENERATING BUSINESS RATES (M2)	NPV OF BR RECEIPTS (£)
Victoria with HS2	560,000	847,000,000
Victoria without HS2	188,900	286,000,000
Meadowhall with HS2	164,400	187,000,000
Meadowhall without HS2	137,000	155,000,000

The table above summarises the relative assessments of each location, Victoria and Meadowhall, with and without HS2, with respect to development quantum which might generate business rates receipts, and the net present value of those potential receipts over a 60 year period.

# Sheffield Victoria HS2 Station

## Summary & Recommendations

### Land Ownerships

SCC has some significant ownership surrounding the proposed station which will be essential in driving development in the Victoria area. However, much of the area in this part of the City is in fragmented ownership and hence any models for redevelopment and regeneration of this area must recognise and make allowance for this.

### Town Planning

The potential for an HS2 station at Victoria is specifically referenced in the Sheffield City Centre Master Plan May 2013 Consultation Draft. The planning review has concluded that an HS2 station at Victoria is consistent with emerging planning policy and further, the proposed station falls within a key business area which was the original focus of the City Centre and would provide a welcome opportunity to re-balance the City Centre, accelerating the regeneration of the area in the immediate vicinity of the site and encouraging wider development and regeneration.

### Development Opportunities

The Victoria location and surrounding areas present far greater opportunity for development than the corresponding areas at Meadowhall. The arrival of an HS2 station in Victoria would be a welcome catalyst to the regeneration of the area offering the opportunity to transform the use and value of large parts of the City Centre and City Centre fringe which otherwise have no significant driver for change and will deliver only slow incremental growth and value uplift. The map on page 4 of this document illustrates the opportunities at the Victoria site.

It is expected that Meadowhall would operate more as a Parkway station. Whilst such stations can be successful in their own right in transport terms, they tend to have a far smaller impact on the development and regeneration of their surrounding areas. This is highlighted in the report prepared by Volterra Partners for Sheffield City Council, June 2013

Development opportunities are more limited at Meadowhall and due to the out of centre location and environment it is less likely to attract high value occupiers than Victoria.

### Capturing Value

Victoria presents an opportunity to demonstrate to Treasury that the additional investment to put the HS2 station at Victoria rather than Meadowhall is a sound investment overall, in terms of the economic value it will bring and the anticipated increase in income streams and receipts to the public sector.

Based on the potential for delivery of new floor space in the area surrounding Victoria we anticipate that new business rates with a net present value of up to £847M could be delivered over a period of 60 years (a typical assessment period for transport investments). This figure does not include a number of other smaller potential receipts to SCC and Treasury such as stamp duty and land receipts.

However, in order for this financial benefit to be realised, HS2 and other factors must generate the additional economic activity to generate the demand for space. Simply creating the space does not mean there will be a corresponding demand and hence the basis of the economic output reviews should be reviewed and checked.

A Tax Increment Financing Model could enable SCC to borrow to fund some of the additional costs of the HS2 Victoria Station if necessary. However the receipts from business rates are uncertain and dependent upon occupier demand coming forward to drive development activity. Similarly the fragmented ownership of land in the area also creates uncertainty of delivery of new development to keep pace with demand and to help in the creation of demand for space.

# Sheffield Victoria HS2 Station

Map to show regeneration opportunities in the area around the Victoria site



