CONTENTS

Executive Summary

PART ONE

1.1 Scope of Report
1.2 Economic Overview
1.3 Existing Planning & Residential Policy Background
1.4 Comparative Policy Frameworks for Manchester, Leeds and Birmingham
1.5 City Centre Characteristics
1.6 Residential Market Review
1.7 Other Market Activity
1.8 Emerging Key Issues

PART TWO

2.1 Overview
2.2 Capacity and Future Projections
2.3 Balance and Choice
2.4 Support Services
2.5 Development Control Policy
<table>
<thead>
<tr>
<th>Appendix</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix 1</td>
<td>Plan showing Zones within the City Centre</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>Letter/Proforma to Service Provider Operators</td>
</tr>
<tr>
<td>Appendix 3</td>
<td>Letter/Questionnaire to Residential Developers</td>
</tr>
<tr>
<td>Appendix 4</td>
<td>Minutes of Workshop Session 28th May 2002</td>
</tr>
<tr>
<td>Appendix 5</td>
<td>Pipeline Schemes</td>
</tr>
</tbody>
</table>
BIBLIOGRAPHY

Manchester City Centre Homes: Final Report September 1998; DTZ Pieda Consulting; 1998

Liverpool First 2002 - 2005: Consultation Workbook; Liverpool Partnership Group


Liverpool Unitary Development Plan, Modified Deposit Draft November 2000: Liverpool City Council; 2000

Liverpool City Centre Commercial District: Capacity Assessment and Outline Development Framework, final report for consultation: GVA Grimley; February 2002

City Centre Development Update 8: Liverpool City Council; September 2001

Measuring the Sustainability of Neighbourhoods in Liverpool: B Nevin, P Lee, J Phillimore et al; Centre for Urban and Regional Studies; January 2001

Developing a Housing Investment Framework for the Inner Core of Liverpool: B Nevin, P Lee; Centre for Urban and Regional Studies; January 2001

Private Rented Housing in Liverpool: an Overview of Current Market Conditions: R Groves, P Lee, A Murie et al; Centre for Urban and Regional Studies; January 2001

Stabilising the Population of Liverpool: Employment Markets and Housing Choice: B Nevin, S Hall, P Lee et al; Centre for Urban and Regional Studies; January 2001


Renewing the Housing Market of Liverpool’s Inner Core: P Lee and B Nevin; Centre for Urban and Regional Studies; February 2001

City Centre Living Forum: Report to Liverpool Vision

City Centre Living in Birmingham: An Independent Review; Birmingham City Pride; May 2002

Our Towns and Cities: the Future Delivering an Urban Renaissance; DETR; November 2000

Liverpool Office Promis Report: PMA; January 2002

Merseyside Local Transport Plan 2001/2 - 2005/6: Merseyside Strategic Transportation and Planning Committee; July 2000

City Centre Living Report: C Conner; Mason Owen; January 2001


Liverpool 1 Masterplan: Llewelyn –Davies, Inner City Solutions; August 2001

Urban Capacity Study, Liverpool City Council: June 1999

Draft Regional Planning Guidance for the North West – Proposed Changes: 2002

Deputy Prime Minister Press Release: 18th July 2002

City Centre Living as the Springboard for Regeneration? Some Lessons from Liverpool: Liverpool University, Liverpool City Council and NWDA, 2001
EXECUTIVE SUMMARY

Liverpool Vision instructed Jones Lang LaSalle to undertake a study into the residential capacity of Liverpool City Centre in March 2002. The area of the study is defined in the introduction to this report. The report has been compiled in response to a brief issued by Liverpool City Council on behalf of Liverpool Vision. The report has been prepared against an overall objective of reviewing, refining and assessing existing data, analysing current and future residential market trends in the City Centre and developing a sustainable framework for living in Liverpool City Centre.

In particular the study has addressed issues associated with the dynamics of the existing residential market, examined growth potential and demand for a range of new residential accommodation across a variety of sectors.

The study has also examined the demand and capacity over a 2, 5 and 10-year time frame and the demand for support services required to assist in developing new residential neighbourhoods within the City Centre. Finally, the study has considered the impact of large-scale new residential development being brought forward within the City Centre, on other parts of the City Centre.

The study is divided into two parts: the first provides the contextual background to all issues associated with the Liverpool City Centre residential market. In particular, Part 1 of the report considers the economic and planning context within which the City Centre residential market operates and goes on to consider the different character areas within the City Centre, current market issues and emerging trends.

Based upon analysis carried out in Part 1 of the report, a number of trends have been identified. They include a variety of issues associated with the capacity of the City Centre to accommodate new residential development and the requirement to provide a balance and choice of housing accommodation within the City Centre over the next 10 years. The approach that should be taken to the delivery of support services, adjustments that may be required to current development control policies to facilitate development within the City Centre and the approach that should be taken to car-parking associated with residential development within the City Centre is also set out within the report.

Part 2 of the report considers these issues in detail, identifying strategies in relation to each issue and a recommended set of actions. Part 2 of the report establishes the following:

With regard to **capacity:**

- There has been an overall completion rate of residential property between 1995-2001 of 957 units per annum (inclusive of student accommodation).

- There are around 7265 residential units within the study area at the current time with either planning consent or anticipating a planning consent.
With regard to future projections, sufficient capacity has been identified for a period of 7 years and potentially beyond, although at the current time, there is no evidence of oversupply.

20% of the current supply caters for the student market, this is a historically low figure when compared with completions over the last 5 years and we would expect this figure to increase.

Around 20% of pipeline schemes relate to refurbished accommodation, this can be explained by the strength of the new build sector, and the relative complexity of delivering refurbished schemes.

With regard to **balance and choice:**

- Initiatives need to be put in place to safeguard the peripheral, more traditional areas of housing in the City Centre.

- It will be necessary to bring forward fiscal and policy tools to assist in maintaining a supply of refurbished residential floor-space within the Live/Work and Ropewalks districts of the City.

- Dialogue should commence with NWDA and English Partnerships to consider the prospects of securing public funding to support housing/public realm initiatives in certain parts of the City Centre.

- Further investment into infrastructure and public realm will be necessary as a further incentive for encouraging housing led regeneration.

- Given the continued demand for student accommodation Liverpool City Council should work closely with the Universities to identify suitable sites for future student accommodation.

- Consideration should be given to preparing area-specific planning guidance to assist in delivering residential strategies in targeted areas.

With regard to **support services:**

- Positive policies should be put in place in order to encourage service provision in the City Centre in order to sustain the residential market.

With regard to **development control:**

- A review of development control policies should be undertaken to enable the planning authority to be more proactive in relation to matters such as residential amenity, environmental and design issues.
Part One
1.1.0 SCOPE OF REPORT

1.1.1 This Report into the capacity for new residential development in Liverpool City Centre has been prepared by Jones Lang LaSalle in response to a brief issued by Liverpool City Council on behalf of Liverpool Vision in March 2002.

1.1.2 The Report has been prepared against our overall objective of:

‘Reviewing, refining and assessing existing data and current/future residential market trends to develop a strategic framework for the sustainable growth of the Liverpool City Centre Living Market.’

1.1.3 The brief identified the following issues to be addressed by the study:

- Dynamics of the existing residential market;
- Measures required to sustain the residential sector in Liverpool City Centre and maximise growth potential;
- Demand for new build and refurbished residential accommodation taking into account supply, market sector, unit size and tenure;
- Demand and capacity in all sectors over a 2, 5 and 10-year timeframe;
- Demand for support services, necessary to support residential development;
- Impact of the City Centre dynamic on large scale residential developments being brought forward on the edge of the City Centre such as Kings Waterfront and Central Docks;
- Impact of the City Centre market on demand and value of residential property within the city fringe and inner core area;
- Changes that may be required to planning policy to support the residential sector.
1.1.4 In addition, the study brief outlined the requirement to identify a series of interventions or actions that could:

- Encourage and accommodate growth taking into account the potential tension between conversion and new build;
- Encourage a wider range of housing types, affordable accommodation and family units;
- Lead to the development of support services necessary to ensure quality city centre living.

1.1.5 This report is in two parts. Part 1 sets out a contextual position in respect of all the issues highlighted in the brief.

1.1.6 Part 2 of the report outlines the interventions and actions that could be taken to meet the overall objective.

1.1.7 The Study area is defined in Fig 1.
1.2.0 LIVERPOOL CITY CENTRE ECONOMIC OVERVIEW

General Economy

1.2.1 A short overview of the key issues in respect of the overall health of the Liverpool economy has been prepared. The Liverpool economy has, we believe, a direct effect on the City Centre residential market. The general economic profile within the City is important - a sound economy will be crucial in ensuring the continued in-migration of people into the City.

- The City Centre area is made up of parts of the three wards of Everton, Abercromby and Smithdown. Collectively these wards make up the Central Liverpool district.

The Northwest region’s GDP is expected to increase by 28% from 1998 to 2010, compared to 34% for the UK. The region’s growth is expected to arise from the transport and communications, financial and business services and engineering sectors.

- The Northwest economy has undergone a significant period of adjustment as a result of economic regeneration. Economic activity across Liverpool and Merseyside is responding to growth in the national and regional economy and a range of regeneration initiatives.
Both the public sector and the financial and business services sectors continue to play a dominant role in Liverpool’s employment make-up. Key employers include The Child Support Agency, the Inland Revenue, HM Customs & Excise, the Criminal Records Agency, Royal Liver Assurance and Royal and Sun Alliance. New jobs are being created in the high-tech, financial and professional sectors of the local economy.

Liverpool has suffered historically from higher rates of unemployment than many other UK cities. In September 2001 the unemployment rate in Liverpool was 6.4%, significantly above the national rate of 3.1%, one of the highest unemployment rates in the country. Although employment fell by a third between 1981-1996, the largest fall in employment for any UK city during that period, since that time employment growth has risen to sit alongside the national average of approximately 2.6% per annum. Key growth sectors are in areas such as Public Sector and Business Services.

Regional figures available show that there was a far slower change in the number of job losses between 1995 and 1997, reducing by approximately 3.9%.

Demographics

Of the three wards that make up Liverpool City Centre, Everton has the lowest average annual income per capita of £11,013 while Abercromby has the highest with £17,175. This compares with the highest ward in the City where annual income in Grassendale standing at £26,904 per capita (CACI 2001).

Within the three City Centre wards, 73% of properties fall within Council Tax Band A (upto £40,000), in Abercromby; while 75% fall within Band A in Everton and 95% of properties in Smithdown fall within the same Band. Overall, therefore 81% of the total housing stock within the City Centre wards is valued at £40,000 or less. It should be noted however, that these wards extend beyond the City Centre so the values are distorted.
These figures do not however present a totally accurate assessment of the City Centre. New properties constructed in the City Centre tend to fall into higher Council Tax bands than the average.

Liverpool has an unbalanced housing market, with a low proportion of owner-occupiers - 50% as compared to a national figure of 68%.

The Northwest region has a well-defined demographic population in that historically it has not followed the national trend. Between 1981 and 1997 the region’s population declined by 1% while the national population increased by 4%. This trend is not a new phenomenon, between 1951 and 1991 Liverpool’s resident population decreased from 720,000 to 480,000, equivalent to 33%. This can be largely accounted for by major demographic changes in household sizes and general out-migration.

Like most major cities in the UK, Liverpool is actively encouraging the further expansion of its city centre population. Historically, between 1971 and 1991 both Abercromby and Everton experienced a decrease in its population of 44% and 64% respectively. However, with the emergence of the residential development in the city centre in 1995 the city’s population has increased significantly. Over the past 7 years a total 107 residential schemes have been completed.

The City Centre has seen an upturn in its resident population in recent years. Figures supplied by Merseyside Information Service as part of the City Centre Living Survey 2001 state that in 1999 the City Centre population stood at approximately 9,000 in at least 3,400 households. It is likely that this trend will continue in line with current residential developments. The main source of household growth is expected to come from the continuing decline in marriage, an increasing ageing population and an increasing single person and one-parent families.
City Dwellers Demographic Profile

1.2.2 The following statistics are, mainly based on the findings of the MIS City Centre Living Survey 2001:

- 41% of residents have lived in the City Centre for between 1 and 5 years
- There is a 50/50 split of male/female residents within the City
- Nearly 40% residents living within the City Centre are within the age group 18-34
- The majority of City Centre residents are single (48.5%) and (53.9%) live in one person households
- Around 95% residents do not have children
- 55% of residents fall within Professional/Professional Technical sectors for occupation
- 53% of residents work within the City Centre, while a further 21.9% work elsewhere in Liverpool
- Nearly 65% of residents own one or more car, compared to the City-wide average of 50%

NB: These figures are based on the results of the above survey in which there were 294 questionnaire responses, therefore the results should be treated with an element of caution.
1.3.0 EXISTING PLANNING & RESIDENTIAL POLICY BACKGROUND

1.3.1 This section of the report gives an overview of national, regional and local policy and its implications for Liverpool and the City Centre residential market. The general thrust of current planning policy is based on the need to redevelop previously developed land, sustainable land patterns and the efficient use of land for new developments. There is a common thread through all existing and emerging policy encouraging mixed-use, redevelopment and regeneration.

1.3.2 National Policy

Towards an Urban Renaissance: The Final Report of the Urban Task Force

1.3.3 The Urban Task Force, chaired by Lord Richard Rogers, published a report in 1999, setting out their strategy for achieving an urban renaissance. The primary mission was to identify the causes of urban decline in England and to recommend practical solutions to encourage people to live, work and socialise in cities, towns and urban neighbourhoods. The report sought to establish a new vision for urban regeneration based on the ideals of design excellence, social wellbeing and environmental responsibility within a viable economic and legislative framework.

1.3.4 The five sections of the Urban Task Force report are based on five key principles that need to be addressed if the above aspirations are to be brought to fruition. The first one is based upon the Sustainable City. The report states that sustainable urban regeneration is design-led. This applies on all scales – whether it is architecture, urban design or spatial master planning. In addition, regeneration efforts should focus on creating a ‘compact and well connected city’. This concept will guide development density and transport networks.

1.3.5 The second chapter focuses on ‘making towns and cities work’, which involves managing the day-to-day running of the urban environment as an immediate measure, but also creating a programme of area renewal programmes to secure long term revitalisation. The designation of Urban Priority Areas, and the creation of Urban Regeneration Companies and Housing Regeneration Companies would, the report argues, assist in this process.

1.3.6 The third section is of particular relevance to this report, as it focuses on ‘making the most of our urban assets’. This involves bringing vacant, derelict and contaminated land back onto the market, building a significant proportion of new housing on brownfield land and bringing empty and under-used buildings back into beneficial use.

1.3.7 The fourth chapter recognises that the “urban renaissance” will require a significant amount of investment, from both the public and private sectors. Finally, the fifth chapter is concerned with sustaining “the renaissance”. It refers to the Urban White Paper as a key document in providing a new political framework for achieving urban renaissance.
The Urban White Paper

1.3.8 ‘Our Towns and Cities: Delivering an Urban Renaissance’ was published in 2000. It sets out four key steps towards renaissance. They are: getting the design and quality of the urban fabric right; enabling all towns and cities to create and share prosperity; providing the quality services people need and equipping people to participate in developing their communities.

1.3.9 Achieving the first point will involve using the planning system to secure good architecture and urban design. In addition, a national target to build 60 per cent of new housing on previously developed land (or by converting existing buildings) has been set. Moreover, new housing should be built to densities that make efficient use of land - PPG3 requires 30 to 50 dwellings per hectare (net). The White Paper announces a third Millennium Community (with four more to follow), and the creation of up to 12 more Urban Regeneration Companies, following the success of the three pilot companies (including Liverpool Vision).

1.3.10 The White Paper recognises living in the city as the most sustainable way of meeting demand for new housing. Finally, a range of incentives is introduced by the White Paper. Plans include, an exemption from stamp duty for all property transactions in disadvantaged communities; 100 per cent capital allowances for creating ‘flats over shops’ for letting; a cut in the VAT rate to 5 per cent for residential conversions and a removal of the VAT burden on the sale of renovated houses that have been empty for ten years or more.

1.3.11 A number of policies and programmes design are also sent out with the White Paper to help strengthen the role of each urban area in the regional and national economy. It is proposed that the Regional Development Agencies will have a strengthened focus with significant increases in funding and greater budgetary flexibility. In addition, New Deal programmes will be used to improve employment opportunities and Learning and Skills Councils will be utilised to equip people with skills and qualifications. Plans for investing £180 billion in a ten-year plan to improve and modernise the transport network are also part of the strategy.

1.3.12 The third aim of the White Paper involves making improvements to each of the areas that are essential to quality of life – education, health services, housing, crime reduction, culture, leisure and sport. Of particular relevance to this report are the proposals for housing. The Urban White Paper refers to the Housing Green Paper (April 2000) which introduces new policies regarding the Starter Home Initiative for key workers and new approaches to improve the standards of private landlords.

1.3.13 The fourth aim will be achieved through the New Deal for Communities initiative; the introduction of Local Strategic Partnerships, a Neighbourhood Renewal Fund of £800 million over three years and consultation on a New Opportunities Fund which will enable communities to fund their ideas for improving the local environment.

Planning Policy Guidance

1.3.14 PPG1 General Policies and Principles outline the Government’s approach to planning. Matters such as mixed use and regeneration are embraced along with the Government’s overarching objective of sustainable development. The relevant key objectives for the location of housing developments outlined in PPG1 are as follows:
To ensure that the planning system identifies an adequate and continuous supply of housing land to meet future requirements which is both available and sustainable;

To make effective use of land within the urban areas, by allocating the maximum amount of housing to previously-developed sites within existing larger urban areas, which have access to a range of transport and other facilities, whilst protecting open space, playing fields and green spaces in cities and towns;

To provide a mixture and range of types of housing to meet the increasingly varied types of housing requirements, including the need for affordable housing; and

To ensure that housing is available where jobs are created.

1.3.15 The main thrust of PPG3 with regard to City Centre Living is that local authorities are encouraged to reintroduce housing by converting space over shops and vacant commercial buildings and to encourage residential uses as part of mixed-use development. The national target for new housing to be built on previously developed land is 60% by 2008, though the emerging RPG for the Northwest identifies its own targets as outlined later in this report. Local Authorities are advised to avoid housing proposals that make inefficient use of land, encourage high density developments (30 to 50 units per hectare) and seek greater intensity of development at places with good transport accessibility.

1.3.16 With regard to affordable housing, the advice in PPG3 states that LPAs should identify suitable areas and sites on which affordable housing is to be provided and the amount of provision that will be sought.

1.3.17 In line, with advice in PPG13 on Transport, PPG3 embraces the need to reduce car dependence, by facilitating more walking and cycling, by improving linkages by public transport between housing, jobs, local services and local amenity, and by planning for mixed use.

1.3.18 PPG 6 Town Centres and Retail Developments, promotes mixed-use development and housing in town centres and advises that large single use developments should be avoided. In areas where it seems unlikely that vacant office or retail uses will be used for that purpose again, then LPAs should encourage other uses such as leisure, services and residential. In addition, given the wealth of architectural heritage in Liverpool City Centre, due regard should also be given to PPG15 Planning and the Historic Environment.

Planning Green Paper

1.3.19 National planning policy in the UK over recent years has begun to ensure that new development takes place on brownfield sites. This is partly in response to the significant changes in demographic profile within the UK.

1.3.20 It is anticipated that by 2021 there will be a further 3.8 million new households in the country. The projected increase is derived in the main from the increase of smaller households. There is an increase in single person households and multiple households and this coupled with a decline in married households presents a significant change in social structure in Britain.
1.3.21 The Green Paper published in December 2001 proposes a number of changes to the planning system that could alter the way in which planning policy is prepared. Importantly in this context, it looks likely that development plans will be abolished and replaced with Local Development Frameworks (LDFs). In addition, Action Plans will be prepared for areas within Local Authorities and these should be read in conjunction with Core Policies and a statement of community involvement for the area.

1.3.22 The reform of the current planning system was confirmed in further detail on 18th July 2002, when Mr. Prescott addressed the House of Commons, identifying the following issues that will be taken forward by Government following consultation on the Green Paper:

- Review the existing policy guidance (reducing volume and improving clarity);
- Regional Planning Guidance will be replaced by a statutory Regional Spatial Strategy;
- Local Development Frameworks (LDF’s) will replace local plans and UDP’s;
- Reduce validity of planning permissions to three years;
- Update the General Permitted Development Order;
- Introduce local development orders;

1.3.23 This list is by no means exhaustive, but clearly the review of the current planning system over the next three years will have an impact on the policy and deliverability of proposals throughout the City. In addition, there is greater emphasis on building balanced and sustainable communities, particularly for ‘key workers’ and the Government’s long-term programme will seek to link policies on housing, planning, transport, education, health and regeneration.

Regional Policy

Existing RPG

1.3.24 The extant RPG for the North West was published in 1996. Since that time the revised RPG has been under consultation and it is anticipated that since the publication of the proposed changes in May 2002 the revised RPG will be issued during Winter 2002. Until the revised RPG is finally published the 1996 Guidance is still extant. The RPG acknowledges that trends are indicating an increasing population that is living longer with more people living on their own. It is anticipated that single person households will increase from 27% to 35% by 2011. In the published RPG there is some emphasis on the need for economic regeneration and the need to develop the strength of the conurbations in the North West, however further emphasis is placed on these matters in later revised versions.
Emerging RPG

1.3.25 The Government’s latest guidance states that where possible 60% of new development should be located on brownfield sites. However, if in areas there is an opportunity to develop more than 60%, then this should also be encouraged. The latest publication of the Regional Planning Guidance for the Northwest, including the Proposed Changes by the Secretary of State recommends that 90% of new homes should be located on brownfield sites in Liverpool. This is an increase from the 85% figure previously recommended within the Draft Regional Planning Guidance.

1.3.26 Reference should also be made to the Proposed Changes to Regional Planning Guidance, recently published. A number of the regeneration policies are likely to have a direct influence on the residential development of the Northwest’s City Centres. The principal policy UR1 gives consideration to a number of key issues such as the need to revive local economies and communities, ensure the delivery of decent services and co-ordinate resources like education and health to tackle property and promote social inclusion. In addition, tackling low demand for housing and poor physical conditions are also targets for action.

1.3.27 The majority of people live in urban areas in the Northwest. This centralisation is useful as it ensures that there is a reduction in the need to travel and encourages effective use of infrastructure etc. In addition, the commentary refers to the importance of encouraging the reuse of derelict land and buildings.

1.3.28 Policy UR2 covers the need for LPAs to consider Social Inclusion. Planning Authorities should work closely with health, education, crime prevention and other service providers in developing strategies for development plans. The RPG identifies the need to promote the provision of other facilities necessary for local communities. A further policy requires the need to promote social inclusion through urban accessibility and mobility, and priority should be given to the identification of:

“areas where social exclusion is being fostered or exacerbated by lack of access to employment and education opportunities, shops, leisure facilities and public services; locations where safety and environmental quality are key concern…”

1.3.29 Of most relevance in respect of housing is Policy UR4, which relates to the setting of targets for recycling land and buildings. The policy is worthy of inclusion within this review, as it sets the targets for reuse:

“The redevelopment and re-use of vacant sites and buildings within urban areas should be a priority. Additional development should be encouraged to make best use of such sites in sustainable locations.”

Furthermore, there are three policies that relate to housing matters in the region specifically.
1.3.30 Policy **UR6** considers existing housing stock and renewal stating that Local Authorities should take account of labour demand patterns and develop a concerted approach to influencing housing land supply across all tenures and values, in urban areas including Liverpool. The RPG states that a comprehensive approach to housing renewal, clearance and urban regeneration particularly in Regeneration Priority Areas is required. The various strategies such as the NWDA’s Regional (Economic) Strategy, sub-regional strategies, development plans, neighbourhood renewal and housing strategies should:

- Support initiatives, mechanisms and resources for improvements to both public and private sector housing stock in conjunction with the Government, private sector and other agencies;
- Reflect local circumstances and priorities as well as the availability of resources;
- Consider designating substantial local areas for comprehensive regeneration, possibly including demolition and clearance, as part of a broader course of action to regenerate local communities, improve the environment and increase numbers of and access to local jobs;
- Involve and engage the local community in determining the future of its area;
- Give high priority to making the best use of existing dwellings to minimise the need to develop new housing on greenfield sites; and
- Be assiduous in identifying and implementing measures through their regeneration strategies in order to reduce regional vacancy levels in the existing housing stock to 3% by 2021.

The RPG recognises that the quality of housing stock is a big problem in the Northwest and **UR6** intends to provide the basis for a ‘concerted series of initiatives to address the particular severe problems of low demand...’

1.3.31 Policy **UR7** outlines the position with regard to housing provision and annual build rates up to 2016. There is emphasis on the need to minimise the amount of land needed for new housing. Criteria includes a need to reduce vacancy rates, re-use of vacant and under-used land and buildings, making allowances for the contribution that can be made by conversions to residential use and sub-division and considering the impact of new housing development upon the existing housing stock and market in the vicinity.

1.3.32 In allocating new housing sites, the LPAs should adopt the sequential approach, use up-to-date Urban Potential Studies to inform the allocation of specific sites; using the Plan, Monitor and Manage Approach, allow for clearance replacement to reflect local circumstance, and to take account of affordable housing need as outlined in **URC9**:

1.3.33 Policy **URC9** states that Development Plans should address the issue of affordable housing, though emphasis is placed on rural areas. The policy states that provision for a range of dwelling types and sizes should be provided for all sectors of the community.
1.3.34 There is a significant thrust towards the efficient use of land, regenerating urban areas, sustainability and community involvement in the emerging RPG and this dovetails with existing national strategies and local policies.

North West Development Agency Regional Strategy

1.3.35 ‘England’s Northwest: A Strategy Towards 2020’ was published in November 1999. It sets out the region’s priorities on economic, social and environmental issues. The vision behind the document is to create a region that attracts and retains the skilled and talented; brings everyone into the mainstream of community life; nurtures its environment, heritage and culture; kindles creativity, innovation and competitiveness; transforms its image; strengthens its infrastructure and attracts new investment. The strategy for achieving these aims is based on investment in four key areas: business and ideas, people and communities, infrastructure and image and the environment.

1.3.36 The Regional Strategy comments upon several areas of relevance to this report. Firstly, there is a recognition that a central part of achieving the Strategy’s aims depends on the revitalisation of the region’s urban areas. 60 per cent of people in the North West live in the two city regions centred on Liverpool and Manchester. Cities contain the region’s main concentrations of potential and assets, including, for instance: innovation, skills, research, education, creativity, culture, heritage, image, infrastructure and investment. Regeneration of the region will not be achieved without regeneration of its urban areas. Merseyside in particular has suffered from severe economic, social and environmental problems in its urban areas, and this has been reflected in the massive losses of population, predominantly from Liverpool.

1.3.37 To this end, Liverpool City Centre has been identified as a Regeneration Priority Area. The co-ordination of regeneration will be achieved through the work of Urban Regeneration Companies, and the Regional Strategy points towards the Urban White Paper as providing further guidance as to the practical realisation urban renaissance.

1.3.38 Secondly, the Regional Strategy also points towards quality housing as a vital component in the regeneration process. Housing can have a direct economic role in the community as well as being the foundation of community life. It engenders pride in the local area and plays a role in bringing in and retaining the more skilled and talented members of the community. However, parts of the region are experiencing poor housing conditions in both public and private housing stock due to old properties, ill suited to current market demands. For example, Liverpool has one of the highest ‘difficult to let’ rates in the Region, affecting 28 per cent of properties.

1.3.39 Thirdly, there is recognition that improving the physical environment of the region will bring important and tangible benefits. Environmental issues are closely linked with tourism, economic development and quality of life. The restoration of Liverpool’s once derelict Albert Dock has proved to be a major tourist asset, and it has attracted new investment in housing, offices and leisure facilities.
1.3.40 This Economic Strategy Review, while having the same overall priorities as the Regional Strategy, has been established in response to the requirement for a greater focus on improving the region’s economy. The Economic Strategy Review will be subject to a consultation process from July to September 2002.

1.3.41 The Economic Strategy Review identifies a number of issues that need to be addressed. Those which are of relevance to this report include: addressing the problem of poor housing, tackling the issue of land reclamation and using new housing as a means of supporting the economic development of the region.

1.3.42 The main body of the report is structured into five priority areas: business development, regeneration, skills and employment, infrastructure and image. Each area has several objectives, which in turn have key activities, which are designed to secure the implementation of the objectives.

1.3.43 Liverpool City Centre is still identified as a regional urban regeneration priority, in the regeneration objectives section, and the package of physical, economic, social and environmental improvements necessary to secure its renewal are still best contained within the ‘urban renaissance’ concept.

1.3.44 On a more practical level, Urban Regeneration Companies and Local Strategic Partnerships remain the bodies that are best placed to secure the delivery of renaissance. The Economic Strategy Review recognises that quality housing is a vital component of the regeneration process, therefore, a proposed Housing Renewal Fund may provide a potential solution to Liverpool’s stock of poor condition properties for which there is little demand.

1.3.45 Several new documents have been produced since the publication of the Regional Strategy which may assist in the achievement of the objectives outlined above. The ‘Regeneration Prospectus’ published by the NWDA in March 2002; ‘Reclaim the Northwest!’ published by the NW Reclamation Steering Group in May 2001, the Strategic Regeneration Framework published by Liverpool Vision in 2001 and the Regional Housing Statement published by GONW, NWRA, NWHF and Housing Corporation in 2001.

1.3.46 In essence, all top-down policy frameworks focus on the need to regenerate towns and cities, this trend will continue in any emerging Government policy for the foreseeable future.

1.3.47 With these main issues highlighted in the relevant aspects of Government legislation and policy at both the national and regional levels, it is essential to ensure that policies at a local level continue to ensure that City Centre Living is sustainable, appropriate and continually improved.
1.3.48 In order to recommend a strategy to Liverpool City Council, we have given consideration to housing policies at a local level. Policy H3 on City Centre Living in the Liverpool UDP Deposit Draft November 2001 seeks to encourage and support proposals that will improve the City Centre housing stock.

1.3.49 The first part of the policy encourages and supports the full and part conversion of existing buildings; development of new housing in the primary, residential and mixed use areas; the full or part conversion of long term vacant buildings, particularly in the main office area of the CBD; the conversion of upper floors within the Main Retail Area and London Road and the inclusion of housing within mixed-use development schemes.

1.3.50 The second part of the policy seeks to protect and safeguard existing areas and their predominant uses and only allow residential development, where it will not harm or prejudice the character, viability or functioning of the areas predominant land use.

1.3.51 The policy promotes the concept of City Centre Living, the objective of which is to increase the number of people living within the City Centre. Other Liverpool City Council objectives seek to ensure that the population on the City is stabilised, out-migration is reduced and key workers are retained thus sustaining a buoyant economy. The building of new development within the City Centre for residential purposes has caused some conflict with other uses in terms of residential amenity and environmental health. This matter will require further consideration, as will other matters such as car parking and service provision.

1.3.52 As well as the planning-led policy framework that embraces regeneration within urban areas and the need to enable sustainable mixed-use development, Liverpool City Council also, by law has to provide a Housing Strategy for all types of tenure within the City. One of the key features of the Strategy for 2002-05 will be the drive for the close integration between housing and the economic, environmental and social wellbeing of the residents of Liverpool. The Housing Strategy identifies areas clearly in need of improvement. The Strategy identifies the City Centre and Waterfront as areas of opportunity for market growth, suggesting that these areas could provide a market for professionals, (in terms of housing type, open space and other facilities) the student population and also the opportunity to provide improvements to the longstanding resident population.

1.3.53 In addition, the Local Strategic Partnership have published a Community Strategy, Liverpool First. It has a vision for ‘Liverpool to become a premier European City – achieved by building a more competitive economy, developing healthier, safer and more inclusive communities and enhancing individual life chances.’ In terms of the Partnership’s aspirations, the most relevant in terms of housing within the City relates to the need to stabilise the population. A separate chapter on housing highlights the current situation and comments on the main issues within the City:
- Great demand and rising prices in the suburban core;
- A dramatic trend towards city centre living;
- Falling demand in other areas;
- A low proportion of owner-occupiers (50% as compared to 68% nationally);
- Poor condition / obsolescence of much of the housing stock especially pre 1919 terraces;
- A £1 billion backlog of repairs related to public and private housing in the city; and
- 9% of all housing vacant, concentrated in specific neighbourhoods.

1.3.54 Of relevance to this study, the Liverpool Partnership Group through the Strategic Housing Partnership has agreed priorities based on five geographical zones and prioritised the Inner Core and Eastern Fringe Housing Zones for urgent action. In addition, the Partnership is working with other authorities to influence Government’s national housing policy and resource allocation.

1.3.55 Specific outputs have also been agreed. They include:

- Reducing the overall vacancy levels in all types of housing from 9% to 5% by 2010;
- Increasing the proportion of owner-occupier housing from 50% to 60% by 2010; and;
- Improving the range of accommodation available across the City by 2010 demonstrated by a change in the ratio of Council Tax bands. (Bands C – H to increase from the 19% to 30%, Bands A and B to decrease from 81% to 70%)

1.3.56 The recent establishment of the Housing Market Renewal Initiative (HMRI) should add further to the prospects of bringing forward housing renewal projects in the priority areas. The HMRI is a national government initiative to address failing housing markets across the North of England and the West Midlands. A national Pathfinder programme was announced earlier this year covering 800,000 homes and 2.5 million people. On Merseyside, the Pathfinder covers 123,500 properties in the Inner Core of Liverpool (76,000), South Sefton (22,500 properties) and Wirral riverside (25,000). The intention of the initiative is to enable substantial housing market restructuring to take place across the Inner Core of Merseyside over the next 10/20 years by addressing the increasing evidence of abandonment, rising vacancy rates, changing demand and falling property prices. Market restructuring will mainly impact on pre-1919 terraced accommodation, with sequenced clearance and redevelopment gaining momentum in future years.

1.3.57 The Initiative provides the opportunity to improve housing quality and choice in the Inner Core of Merseyside in a way, which is consistent with the City’s regeneration agenda and a broader urban renaissance across Merseyside. In the longer term, the programme will help to achieve the Community Strategy’s objective of stabilising the city’s population by 2010.

1.3.58 The key issues for this study in relation to these initiatives must however be:

JONES LANG LASALLE.

LIVERPOOL VISION
The effect that further construction of student housing in the City Centre will have on traditional student housing in areas such as Kensington;

The prospects of introducing a greater number of affordable housing units into the City Centre which would potentially reduce the opportunity to build new accommodation in priority areas;

The prospects of building new family accommodation in the City Centre which could impact on the amount of family housing that could be constructed in other parts of the City.

Non Statutory City Centre Policy

1.3.59 Liverpool Vision, the Urban Regeneration Company (URC) was established in 1999, to co-ordinate development and regeneration initiatives for Liverpool City Centre. Liverpool Vision has now been operational for nearly 3 years, over which period, it has established key policy initiatives for the City Centre.

1.3.60 Liverpool Vision’s **Strategic Regeneration Framework** (SRF) was published in July 2000. The SRF identifies 6 key zones for activity within the City Centre and a series of strategic goals against which development strategy for the City Centre should be brought forward. These strategic goals are as follows:

- A high quality safe urban environment;
- Utilisation of the City Centre’s rich historic characteristics;
- The development of a twenty-first Century economy;
- The development of policies that will lead to sustainable economic growth;
- Efficient and effective delivery mechanisms enabling development to take place within the City Centre;
- Make Liverpool competitive on the world stage;
- Turn Liverpool into a world-class tourist destination;
- Ensure that the City Centre continues to act as a premier regional shopping destination;
- Development of quality lifestyle attractions within the City Centre to support future residential development;
- Create a welcoming experience for visitors;
- Provide strategic learning opportunities and competitive career prospects for the City’s young people;
- Confirm the identity of Liverpool as a premier European City.
1.3.61 The SRF has ambitious targets particularly related to delivery of a number of major projects prior to 2008 when the City aims to become the European Capital of Culture. Additionally in 2007, Liverpool will celebrate its 800th anniversary. These two dates also tie in with major funding programmes available to the City through Europe.

1.3.62 The SRF is grounded in current Government regeneration policy and draws upon the Regional Economic Development Strategy in respect of policy objectives. These policy areas are covered elsewhere within the Report. In addition, to assist the delivery of particular projects within the City Centre there is a Single Regeneration Budget Round 6 Programme in place to assist the Development Strategy.

1.3.63 There is a huge amount of information contained within the SRF document, much of which can be utilised in looking at sub-areas or physical implementation strategies. To date, Liverpool Vision has taken forward the SRF into a number of important areas of further work. These include:

- Development of a City Centre Movement Strategy;
- Development of a City Centre public realm strategy and action plan;
- Preparation of sub-area frameworks to guide development in key parts of the City Centre including the Central Business District, Williamson Square, Ropewalks, Lime Street Gateway and the Waterfront. Further studies have also been commissioned for other areas affected by City Centre Regeneration Strategy, including L1.

Fig 5 Ropewalks

1.3.64 Policy frameworks being set in place therefore follow a hierarchy that clearly identifies translation of national policies and objectives into local area based implementation plans.
1.4.0 COMPARATIVE POLICY FRAMEWORKS FOR MANCHESTER, LEEDS AND BIRMINGHAM

Manchester

Residential Development

1.4.1 Residential development in Manchester City Centre is guided by the Manchester Unitary Development Plan adopted in 1995. This provides a comprehensive statement of planning policy for the City Centre. The Manchester Plan does not allocate specific sites for residential uses within the City Centre. However, the Plan does make provision for residential development acknowledging that ‘…the City Centre area is generally capable of accommodating further residential development’ (Policy RC11). The plan envisages that this will generally take the form of infill development, particularly in sub-areas such as Bridgewater, Castlefield and Canal Street that have experienced high demand for residential property in recent years.

1.4.2 In addition to this general provision, the Manchester Plan identifies a number of specific sub-areas as having particular potential for residential development, for instance, the Ancoats area. The UDP states that the Local Authority will take ‘…positive action to secure refurbishment prospects involving a mixture of residential and other commercial uses’ (Policy EM14). The proposed Ancoats Urban Village, New Islington, will provide up to 1,400 new homes in this part of Manchester, along with new offices, shops, a primary school and health clinic. All of which will contribute to the wider regeneration of the area. In addition, the Regeneration Strategy published for the Chapel Street area envisages a number of housing developments within mixed-use schemes.

1.4.3 There are only two sub-areas where Manchester City Council is less than enthusiastic about further housing projects. These are the Central Core and Salford Trinity, which are seen as predominantly commercial areas.

1.4.4 In addition, the Manchester City Centre Strategic Plan 2002 - 2005 (which is currently in draft form) states that: ‘the Council firmly believes that housing has a critical role to play in the long-term future of the City Centre, and particularly in the delivery of the Council’s wider regeneration objectives, and has thus been proactive in its approach towards maximising the potential of the City Centre to support housing development.’

1.4.5 However, this enthusiasm is balanced by a concern that a number of key services, facilities and infrastructure (for instance, schools, local shops and transport links) are provided in addition to the housing in order to ensure the sustainability of the communities. The Strategic Plan, in its final form, is expected to be adopted at the end of October 2002.

Car Parking

1.4.6 Provision of adequate car parking in the City Centre is one of the fundamental objectives of the Manchester Unitary Development Plan. It states that public car parking: ‘will be required to give priority to short and medium stay car parking’ (Policy RC15)’.
1.4.7 In addition, ‘except where land values or land shortages create circumstances in which the provision of an adequate number of car parking spaces requires the construction of multi-storey parking facilities, the additional public parking needs of the City Centre will be provided in the form of landscaped surface level car parks’ (Policy RC16).

1.4.8 The provision of private car parking in association with new developments: ‘will be required provided that this does not, in the opinion of the Council: unduly prejudice proposals for environmental improvements and improved conditions for pedestrians, create unacceptable traffic conditions, or result in a development which cannot be satisfactorily integrated into the neighbouring urban fabric. This requirement will be applied so as to give a lower level of provision in the core in the periphery’ (Policy RC17).

Affordable Housing

1.4.9 There are no requirements for the provision of affordable housing in either the Manchester Unitary Development Plan (or the Salford Unitary Development Plan). Both councils hold the view that the wider aims of regeneration would be better served by not requiring affordable housing within schemes to be provided by the private sector. The provision of affordable housing has traditionally been delivered on land controlled by the two City Councils in partnership with developers and registered social landlords.

Leeds

Residential Development

1.4.10 The Leeds Unitary Development Plan was adopted in August 2001. Its aspiration for Leeds City Centre is for its development into one of the principal, progressive cities of Europe. Encouraging the development of, and retaining the existing provision of housing in its central core is an effective method of achieving variety and vitality in the City Centre, as is common in other European cities.

1.4.11 Leeds City Council’s general housing strategy is outlined in Policy H7 of the Plan. This states that: ‘new housing will generally be encouraged within the City Centre. Loss of housing through change of use or redevelopment will not normally be permitted’.

1.4.12 The Plan does not identify any one area in the City Centre where housing would serve as a principal use, rather, housing is encouraged or required to be introduced into most of the Principal Use Quarters identified in Chapter 13.7 of the Plan. Such Principal Use Quarters cover the vast majority of the City Centre and their functions include Prime Office, Prestige Development, Prime Shopping, Entertainment, Civic, Hospital and Education. However, the Riverside area (between Leeds Bridge and Crown Point Bridge) has been identified as an area where an opportunity exists to create a ‘domestic environment’, within a balanced variety of land uses, due to the completion of several new residential developments there and the area’s proximity to shops, services and transport links.
1.4.13 Another concern of the Plan is the vacant or under-used upper floors of shops or other buildings within the City Centre. This spare capacity is expected to be reduced through the implementation of Policy H7: ‘Conversion of vacant upper floors of premises in the City Centre will be actively encouraged where this does not prejudice the functions of the premises’.

Car Parking

1.4.14 The City Centre operates a complex system of car parking guidelines that specify a maximum level of provision that is considered appropriate to serve a particular form of development in its particular location. Policies relevant to parking are contained within sections T24 to T28 and Appendix 9a and 9b of the Plan.

1.4.15 Generally, ‘in the City Centre there is a presumption in favour of the use of car parks in the core car parking policy area for short stay users’ (Policy T26). In terms of long stay users (commuters), parking guidelines vary depending on whether the site is within the ‘public transport box’ (most central), the Core Car Parking Policy Area or the Fringe City Centre Commuter Parking Control Area. Parking Guidelines are most restrictive within the central areas and relax with distance from the core.

Affordable Housing

1.4.16 Revised supplementary planning guidance issued by Leeds City Council in May 2001 on Affordable Housing requires a target rate of 15-25% of new dwellings to be provided within new developments, the guidance is explicit in that the provision should be accommodated on site.

Birmingham

Residential Development

1.4.17 The Birmingham Unitary Development Plan was published in 1993 and is now in the process of being updated. The replacement plan has completed the first and second stage deposit periods and will now be the subject of a Public Local Inquiry, scheduled for November 2002.

1.4.18 Birmingham City Council’s general policy on City Centre housing is for it to be encouraged: – ‘housing is a vital component of a safe, attractive, mixed-use City Centre’. The success of a variety of schemes such as Brindley Place (luxury canalside apartments within a scheme which serves as an exemplar of urban regeneration) and Victoria House (a mixed use ‘car-free’ development in the heart of the central shopping area managed by an Housing Association) has led to the identification of further sites for housing and mixed-use developments. These include Gunsmiths Quarter, the Greater Convention Centre Quarter and the Chinese Markets Quarter. The Jewellery Quarter and Rea Village, a site in the Digbeth Millennium Quarter have been designated as Urban Villages. These will be developed under the guidance of the Urban Village Framework Plan, which was adopted in November 1998. It is anticipated that hundreds of new homes will be provided with complementary facilities within an attractive urban environment.
1.4.19 Birmingham City Council has produced Supplementary Planning Guidance to influence the design of new residential development. ‘Places for Living’ details the principles on which new residential development should be based. Briefly, schemes should focus on creating places (with a choice of homes and a range of complementary activities) and not estates. Schemes should make connections with pedestrian routes to allow ease of access to the development by foot. The environment created by the new development must be safe and attractive, with a clear divide between the public and private sectors. Buildings and spaces should be adaptable to maximise the length of time they can be put to good use. Finally, ways should be found to exploit and strengthen the special characteristics of an area through the design of new development.

Car Parking

1.4.20 Supplementary Planning Guidance issued by Birmingham City Council in 1995 requires the following standards to be met:

- 3 or More Bedroom Unit: 2 spaces per dwelling
- 2 Bedroom Unit: 1 Space per unit and 1 space per 2 units for visitors / casual parking
- 1 Bedroom Unit: 1 Space per unit and 1 space per 4 units for visitors

1.4.21 There is an acknowledgement in the notes to the guidelines that residential schemes in the city centre may be subject to reduced requirements dependent upon proposed occupiers and public parking in the locality.

Affordable Housing

1.4.22 On sites of 25 dwellings or more or 1 hectare or more Birmingham City Council require a minimum of 25% of the total of dwellings to be provided by a registered social landlord (this can be in the form of low-cost rent or low-cost home ownership) and a further 10% of the total of dwellings to be made available for low-cost market housing.

Conclusions

1.4.23 It is clear from our analysis of other major cities that an increasingly sophisticated approach is being taken to the development of policy related to City Centre living. Whilst each city has a slightly different approach on certain matters, some common themes are emerging. They include:

- The need for a mix of uses in the City Centre;
- An holistic approach to urban design; and
- The development and a carefully considered approach to the provision of car parking.
1.5.0 CITY CENTRE CHARACTERISTICS

1.5.1 In considering the approach of other UK cities to City Centre Living, some clear patterns are emerging. National and regional policy is being translated into local action. Liverpool has many of the same issues to address.

1.5.2 Development of new residential accommodation in Liverpool City Centre is important for a number of reasons. The legacy of Liverpool’s Victorian growth manifested itself in a magnificent City Centre dominated by large scale, and ornate office buildings. The decline in Liverpool’s fortunes has left the City Centre with two pressing problems. Firstly, an overhang of outmoded office accommodation, much of which is in Victorian, listed buildings. Secondly, a City Centre area that is not able to support the range and type of buildings available, particularly in the office sector.

1.5.3 Recent growth in Liverpool’s residential community has begun to assist in addressing both of these underlying difficulties. A number of Victorian buildings have been converted to residential use and new build has also been successfully integrated into the City Centre environment. However there is still much to do. There are significant tracts of land still available for development within or on the edges of the City Centre. There are also still a large number of buildings either available or likely to become available for conversion within the next decade.

1.5.4 This study is timely, coming at a stage when there has been sufficient development throughout the City Centre to begin to understand patterns and trends for future development. There are also a number of large schemes currently in the pipeline that will influence significantly future developments of residential property throughout the City Centre such as Kings Waterfront, Central Docks and other major sites within the City Centre. The Strategic Regeneration Framework (SRF) produced by Liverpool Vision provides the local policy context.

Zones

1.5.5 An important component to the SRF is the Zoning Plan that identifies particular characteristics associated with particular parts of the City Centre. To understand the way the City Centre currently functions we have undertaken a short review of key areas.

- The Waterfront
- The Central Business District
- Live / Work District
- Retail District (MRA)
- Small Business/Light Industry District (including the Ropewalks and Baltic Triangle)
- Outer Zone (including Canning, The University Quarter, London Road and JMU)

1.5.6 Specific strategies have been identified for each zone, each of which has a significant influence on the Residential Capacity Study.

**Waterfront**

1.5.7 The Waterfront is seen, quite rightly, as a key asset and a number of major projects are being brought forward within the Waterfront district. They include the Fourth Grace, the development of a new Arena at Kings Waterfront and continued development at Princes Dock. The whole of the Waterfront has also been put forward for World Heritage site status and is part of a wider Mersey Regional Park initiative being brought forward to encourage further utilisation of Liverpool and Merseyside’s Waterfront opportunities.

![Fig 6 Liverpool Waterfront – Albert Docks](image)

1.5.8 A number of significant residential schemes have been earmarked for the Waterfront, including the Liverpool Garden Festival site, Kings Waterfront, The Fourth Grace site, Princes Dock and Central Docks. Over the next 10 to 15 years capacity for some 3 – 4,000 new residential units is available within the Waterfront zone.

**Commercial District**

1.5.9 A new Masterplan has recently been prepared by GVA Grimley/Urban Initiatives for the Central Business District (CBD). The Masterplan identifies a series of public realm interventions designed to strengthen linkages between the CBD and other parts of the city, notably Princes Dock and the Central Retail district. There are significant tracts of land still available for development within the CBD, and a number of buildings capable of refurbishment or redevelopment.
1.5.10 The Report recommends that as much as 70% of all new commercial development with the City Centre should be targeted into the Commercial District. 50% of this should, where possible, be created through refurbishment and 50% through new build. The Report recognises that the housing market in the City Centre is relatively strong.

1.5.11 In line with our report, the GVA Grimley Report considers that the residential market will continue to grow significantly. The Report recommends that no more than a third of all further City Centre residential development takes place in the Commercial District.

1.5.12 An essential issue that the Residential Capacity Study has to address is the scope for residential development within the CBD. Particular tensions exist in this respect given the overriding policy objective to encourage significant new business development within this part of the City. Part 2 of the Report identifies key policies required to both encourage further development within the CBD which can take place without damaging the overall aspiration to maintain Liverpool’s offer to new inward investors.

1.5.13 The Commercial District Capacity Assessment and Outline Development Framework prepared by GVA Grimley has identified potential changes to the Liverpool Unitary Development Plan associated with residential development within this part of the city.

**Live/Work District**

1.5.14 The linear area which stretches east-west from Castle Street to Hatton Garden is characterised by the three main boulevards of Victoria Street, Dale Street and Tithebarn Street, criss-crossed in north-south direction by a number of small streets and alleyways. The core of Liverpool City Centre contains a legacy of Victorian and Georgian buildings along with a number of later commercial additions. Much of the commercial floorspace within the Live/Work District does not meet the requirements of office occupiers.

1.5.15 Much of the success in the office market over the last 3 - 4 years can be attributed to the reduction in surplus floorspace available within the City Centre. Supply has reduced through conversion of older buildings to residential use within the live/work district. There have been a number of notable successful schemes here that have changed the character of the central core of the City Centre. Examples include Old Haymarket and Cable House. There is still, however a large number of vacant upper floors within this part of the city and a number of listed buildings that require maintenance. The SRF suggests continued investment into this area, further development of residential property and an extensive public realm programme to support such development.
1.5.16 Originally part of the Live - Work district, the Lime Street Gateway has been the subject of more detailed masterplanning work. The Lime Street Gateway Strategy has to address a number of issues. Firstly, there is the requirement to build on the cultural assets situated in this part of the City and secondly capitalise on the recent investment in the station itself to create a high quality entrance to the City. The new Masterplan, close to completion, will provide guidance on land use, transportation and new/emerging development proposals for the area.

Main Retail Area (MRA)

1.5.17 The Main Retail Area (MRA) sits at the very heart of the City Centre. It includes the existing main retailing area around Church Street, but also the proposed extension to be developed in the Paradise Street Development Area (PSDA). Modifications have been made to the Liverpool Unitary Development Plan to support extensive mixed-use development within the PSDA. These proposed changes have been supported through a Public Inquiry and should now pave the way for a major mixed-use development that will be developed through to 2008. This development will fill the gap between the Church Street and the Ropewalks and also the Waterfront. Whilst the key drivers for this development are retail and leisure, there is also a significant residential component (364 units) proposed within the development scheme which will add significantly to the supply and mix of residential property within the Central area.

1.5.18 While Ropewalks is contained within the MRA as part of the SRF, it could be argued that it has significantly different characteristics to those identified within the MRA. Ropewalks is the oldest trading part of the City Centre and contains many Georgian warehouses and other significant listed buildings. The scale of development in this area is lower than other later development areas and the quality of the buildings also more austere. An integrated action plan was prepared for the Ropewalks area in 1997 and subsequently a £17 million Public Realm Investment Programme has been implemented.

Fig 7 Tea Factory
1.5.19 Significant new projects have been brought forward alongside the Public Realm programme, including the development of the Tea Factory, Lower Duke Street, the Kent Street Depot and Manolis Yard. These schemes contain in excess of 500 new residential properties in a mixture of sale, rental and affordable accommodation. The Ropewalks now provides a wide range of choices for those wishing to live within the city, allied to a vibrant night-time economy. Ropewalks provides the link between the City Centre and the student districts beyond and is a popular location for the student fraternity. Continued investment into the Ropewalks area is endorsed through the SRF and is being followed through by Liverpool Vision.

Business/Light Industry District

1.5.20 This area contains the Baltic Triangle, Chinatown and parts of L1. It is the buffer zone between the Waterfront, Ropewalks and Cathedral Precinct. Currently much of the area is occupied by businesses and commercial uses. More recently however there have been signs of land use change. For example, new hotels have been constructed on the Strand. Liverpool Vision has recently undertaken studies looking at development in this area and a new Masterplan for L1 has been prepared. In regard to the Baltic Triangle the masterplan suggests re-designation of the area as a mixed-use live/work district. This would, if adopted add further residential development in the City Centre.

1.5.21 In Chinatown the issues are more complex. The long established Chinese community occupy both residential and commercial property in the Nelson Street / Great George Square area. The area requires significant new economic investment if the distinct characteristics of Chinatown are to be maintained. An ageing population is the main demographic issue to be addressed in Chinatown. In addition however there is a significant amount of under-used and vacant property in the area. Detailed studies will be undertaken by Liverpool Vision to produce an action plan for Chinatown.

Outer Core

1.5.22 The Outer Core contains a number of fringe areas within the City Centre, all of which have a significant impact on the City Centre Residential Capacity Study. The areas include the following:

Canning

1.5.23 The Canning area surrounds the Cathedrals and the University. The Georgian quarter supports a fine legacy of town houses, built at the end of the eighteenth century, most of which are still in good condition. However, over the years, tenure has changed within the area and much of the property is now rented rather than freehold. There is also a significant amount of HMO’s within this area. A concerted approach is now being taken by Liverpool City Council and partners to further regeneration and development in the Canning area. Buildings in Canning lend themselves to conversion to larger apartments potentially suitable for family living. Specific plans are being drawn up to ensure that the undoubted capacity for further development in Canning can be taken forward.
Hope Street and the Cathedrals

1.5.24 Hope Street Quarter is an important location for cultural, night-time and educational uses, and the Liverpool John Moore’s University campus. Sitting between Ropewalks and the Universities, it supports small businesses, concert halls and theatres. Further development within this area is proposed as part of an ongoing approach to refurbishment and regeneration, again of largely Georgian stock. This area has a similar range of property to that available in the Canning District. The opportunity therefore exists to continue and extend work being undertaken in Canning into this part of the City Centre.

University Edge

1.5.25 Both Liverpool John Moore’s University and Liverpool University sit on the edges of the City Centre to south and north respectively. Both Universities have grown significantly in recent years and support a significant student population. Key issues associated with the Universities include a burgeoning demand for student accommodation, much of which is now being provided through the private sector and continued utilisation of the City Centre by students. Some areas adjacent to the University have capacity for further residential development e.g. London Road. It would be appropriate to house further student accommodation in these areas on appropriate sites.

Other Twentieth Century Housing Areas

1.5.26 Within the City Centre boundary there are significant longstanding residential communities at Marybone, St Andrews, Cornwallis and Canning. These communities primarily occupy nineteenth and twentieth century public and private sector housing. The Marybone, St Andrews and Cornwallis areas have benefited from recent investment in the provision of new build replacement social housing stock and in Marybone and St Andrews, private housing development for sale and new/refurbished student accommodation has been provided. The Cornwallis and Canning areas remain a target for further concerted activity over the coming period. Parts of these areas have social housing stock that is in poor condition, containing unsuitable house types, such as bed sits, and are suffering low demand as a result. However, they do offer opportunities within the City Centre to create further family housing for sale and rent which will strengthen the existing communities and also attract a new market, thereby providing a long-term sustainable residential area.

London Road

1.5.27 London Road is a unique district centre sitting on the northern edge of the City Centre. London Road supports the retailing sector. In recent times the area has also benefited from significant investment in new residential property. Significant schemes have been brought forward here to support the overall regeneration of the London Road area.
1.6.0 RESIDENTIAL MARKET REVIEW

City Living: National Trends

1.6.1 Following many years of decline and outward migration in residential terms, (since the mid 1990’s) City Centres, on a national basis, have undergone a residential renaissance. Planning policies in the 1970’s and early 1980’s focused upon providing not only residential housing land, but also employment opportunities, shopping and entertainment developments on the fringe of towns and cities. The effect was to restrict the vitality of City Centres to the daytime and early evening in the weekdays and with limited activity at weekends.

1.6.2 During the early to mid 1990’s, the national policy debate focused upon reintroducing vitality to the City Centre by encouraging a mixture of uses back into the centre and creating the “twenty-four hour city”.

1.6.3 The key national policy tool in terms of residential development has been Planning Policy Guidance Note 3: Housing. This PPG seeks to divert residential development away from Greenfield sites to brownfield land that has previously been developed. Very often, this has resulted in the housing development being concentrated on sites towards the centre of urban areas as opposed to those sites located towards their periphery.

1.6.4 As the issue of where to locate housing development continues to be addressed in both national and regional guidance, it is clear that the demographic issues are a key influence in its resolution. The key demographic change is projected increase in the number of additional households, approximately 3.8 million, in England and Wales. This change is due to a number of factors most notably a greater number of single person households and an ageing population. This has led in many instances to changing requirements in terms of housing tenure and the increase in city centre accommodation in flats has satisfied a considerable degree of this new demand. Moreover, the use of previously vacant land and buildings in central urban areas for residential development meets the requirements of the Government’s urban renaissance agenda and its policy objectives of directing housing development away from greenfield sites.

Other Regional City Centre Populations

Manchester

1.6.5 The Planning Studies Centre in Manchester City Council has estimated from information derived from planning applications that the city centre resident population was 7,417 in 2001. They project that this figure will rise to 9,576 in 2002. The City Centre is fairly tightly defined in these estimations; it includes city centre apartments and houses, but generally excludes inner City Council estates. ‘Communal’ accommodation, which includes central student accommodation, represents 2,129 of the total figures given for 2001 and 2002.

Leeds

1.6.6 The city centre residential population in Leeds has been estimated at 5,100 by their Planning Data Team (October 2001). At that time, 878 apartments were under construction and 4,474 either had planning approval or were under consideration. Assuming one person per apartment (to take account of empty apartments, company
lets and second homes), the city centre population could increase to over 10,000 residents if all these were built. The City Centre is defined in these figures as it is in the Unitary Development Plan, therefore, it includes most central student accommodation, and several tower blocks but it excludes traditional inner city estates. The data team’s research suggests that the vacancy rate for their city centre population stands at 25 per cent and the occupancy rate for the remaining residencies is one person per unit.

**Birmingham**

1.6.7 The Planning Information Team at Birmingham City Council defines the city centre as the land falling within the Birmingham inner ring road. The 1991 census figures show that the resident population of this area was 15,336.

**City Living in Liverpool**

1.6.8 The City Centre Living Forum has produced an estimate of the city centre residential population based upon a defined boundary of the city centre. The City Centre boundary extends along Low Hill and Grove Street to the east, along Upper Parliament Street to the south, along the waterfront on the west and from the northern end of Princess Dock along Islington to the north. The estimated population for this area is 10,000, and based on the number of schemes in the pipeline, the population could increase to 18,000 over the next five years. This estimate is based upon information contained within our assessment of development capacity and projected development pipeline as set out in detail in Part 2 of this report. Clearly, estimated population growth is only based on the pipeline information and is not factored against other demographic projections.

1.6.9 Liverpool, like its provincial counterparts, has gone through the Twentieth Century without a large City Centre residential population. Existing City Centre residential communities have tended to be concentrated in the social/affordable housing sector. There is a significant local residential community concentrated in the areas known as Marybone, Cornwallis, St Andrew’s, Canning and Islington.
1.6.10 In common with all of the main cities in the country, Liverpool has experienced an unprecedented level of residential activity since the mid-1980’s. Initially, developments took the form of conversions of character/Listed Buildings such as the Albert Dock and Wapping Dock. These schemes were largely concentrated along the Waterfront. Second generation Waterfront schemes such as Crosby’s development of South Ferry Island, (subsequently sold on to Wainhomes and Alfred McAlpine) emerged.

1.6.11 Conversion and development of buildings and sites within the City Core was limited until the late 1990’s, however developments such as the Beetham Plaza and L3 in Hatton Garden have changed perspectives and there are a number of new developments and proposals emerging in the central core of the city. It was not until as late as 1998 that residential developers began to undertake more challenging schemes in the city centre. Activity has been centred around five main districts, some of which we have already considered in respect of character in the previous section.

The Waterfront

1.6.12 The Waterfront has essentially led the way forward for residential schemes in the city, the first generation waterfront schemes such as the conversion of Albert Dock buildings, South Quay buildings at Wapping Dock were undertaken in the late 1980’s as conversions of character waterfront buildings. Following on from these conversions, developers such as Crosby Homes, Wainhomes and Alfred McAlpine Homes undertook the redevelopment of South Ferry Island immediately adjacent to the waterfront. In comparison with some more recent proposals, the scale of development was relatively modest at four and five storeys in height with a relatively low density.

Commercial District

1.6.13 Residential development in the commercial district has until recently been more modest in scale than on the waterfront and to date has been restricted to the conversion of listed or character buildings within the city’s commercial core. However this situation has changed over the last 12 months with several major residential schemes coming forward in this area including the former Eye Hospital site, Bixteth Street, Pall Mall and Rumford Place.

Live - Work District

1.6.14 The Live/Work district between Dale Street, Victoria Street and Lord Street has seen more extensive activity, albeit on a similar scale and of a similar nature to that in the commercial district. However more recent schemes such as the Beetham Plaza Development by Beetham and the Space Group’s redevelopment of the former Parcel Force depot on Hatton Gardens have demonstrated developer appetite and purchaser demand for larger scale schemes in the Live Work area.
Ropewalks

1.6.15 The first residential development to take place in the Ropewalks area was situated around the leisure development in Concert Square and was undertaken by Urban Splash. This scheme pioneered City Centre apartment living in the city centre core. The Ropewalks as an area for residential development has been slower to take off than some other districts in the city. The extensive investment in public realm in the area is now beginning to bear fruit with recent developments such as Campbell Square by Beetham and the Tea Factory by Urban Splash demonstrating that large-scale developments can be successful in this area of the city. Further developments are being undertaken at Manolis Yard by Morrison and the David McLean / Illiad joint venture on the former Kent Street depot.

Marybone

1.6.16 The Marybone area has been subject to extensive redevelopment for student accommodation. The close proximity of Liverpool JMU and the city centre together with a ready supply of cheap and available land for development has been of particular appeal to the operators of student accommodation.

General Market Commentary

1.6.17 Liverpool is currently undergoing major changes, and in particular, substantial regeneration within the City Centre and Waterfront areas. Over the last few years the public sector funding programmes available have pump-primed significant levels of residential investment throughout the City Centre. Infrastructure improvements and the availability of grants have encouraged private investors into the City. These investors have more recently been drawn from outside the City reinforcing the investment made by local entrepreneurs.

1.6.18 The regeneration of Liverpool City Centre has encouraged national housebuilders to develop in the Centre. Early schemes focussed on the Waterfront – later developments have been brought forward throughout the City Centre. Development has had a dramatic impact on the amount of vacant office stock in the City Centre. We estimate that over 500,000 sq ft of vacant office floorspace has been converted to residential use reducing the amount of vacant stock and improving the conditions within the City Centre office market.

1.6.19 The City Centre compares favourably with other provincial cities when considering the overall level of stock available. This is because new City living began in Liverpool earlier than in other cities such as Manchester and Birmingham. Waterfront development in Liverpool dates back to the 1980’s whereas the bulk of new development in Manchester and Birmingham has been delivered during the 1990’s. In addition the City has a history of living in the City Centre. There are a number of established residential communities in the City Centre, primarily housed in Local authority or Housing Association accommodation. This provides Liverpool with a well-balanced residential make-up from which to develop new strategies to secure more investment into the residential sector across the whole of the City Centre.
Development through the 1990’s focussed on either the Waterfront or the conversion of existing buildings within the City Centre. For much of the 1990’s, development of property proved unviable in Liverpool because of low values and therefore a mixture of tenure has been created. Housing Associations have brought forward shared ownership and rental schemes alongside for sale or private to-let apartments.

In some areas of the Waterfront there are houses that have been constructed during the 1990’s. Affordable housing schemes have not kept pace with private development over the last 3 - 5 years. The reasons for this can be clearly illustrated through perusal of Fig 9. This shows significant rises in values of residential accommodation throughout the City Centre between 1998 and 2002. The table includes schemes outside the City Centre (on the Waterfront). These schemes have been included to provide comparative evidence on the overall performance of the residential sector in the City Centre and along the waterfront. However our analysis of the City Centre population does not take into account these properties. These value changes have enabled developers to construct and sell new residential units largely without recourse to grant finance. The demise of the Partnership Investment Programme in 1999 also curtailed grant driven development activity. Improvements in the local economy have masked the problems that the demise of the PIP programme could have created and Liverpool now stands on a much more robust footing in respect of the residential market than it did in 1998.

The expansion of the City Living market in Liverpool has gone hand-in-hand with a considerable growth in capital values. Fig 9 demonstrates the rise in values from 1998 to April 2002. Average values on the Waterfront were in excess of £160 per sq ft, with the City Centre slightly lower at just above £140 per sq ft. Although the £200 per sq ft is breached in isolated cases it is quite clear from the market evidence that the general level of sales transactions in the City are at a level below this.
<table>
<thead>
<tr>
<th>Developer</th>
<th>Address</th>
<th>Asking Price (Average)</th>
<th>£ per Sqft</th>
<th>Selling Price (Approx)</th>
<th>Selling Price per sqft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beetham Organisation</td>
<td>Cable House Cheapside</td>
<td>£141,111</td>
<td>£168</td>
<td>£132,667</td>
<td>£158</td>
</tr>
<tr>
<td>Beetham Organisation</td>
<td>Campbell Square Duke Street Ropewalks</td>
<td>£99,300</td>
<td>£145</td>
<td>£97,356</td>
<td>£143</td>
</tr>
<tr>
<td>David Mclean Homes</td>
<td>City Quay Riverside Drive</td>
<td>£107,106</td>
<td>£136</td>
<td>£103,556</td>
<td>£131</td>
</tr>
<tr>
<td>Miller / Illiad</td>
<td>East Village Duke Street Ropewalks</td>
<td>£124,506</td>
<td>£168</td>
<td>£113,300</td>
<td>£153</td>
</tr>
<tr>
<td>Morrison Homes</td>
<td>Kings Waterfront Kings Dock</td>
<td>£113,667</td>
<td>£172</td>
<td>£112,261</td>
<td>£170</td>
</tr>
<tr>
<td>Morrison Homes</td>
<td>Manolis Yard Colquitt St Ropewalks</td>
<td>£121,333</td>
<td>£165</td>
<td>£114,167</td>
<td>£155</td>
</tr>
<tr>
<td>Wain Homes</td>
<td>Mariners Way South Ferry Island</td>
<td>£170,207</td>
<td>£163</td>
<td>£163,979</td>
<td>£157</td>
</tr>
<tr>
<td>Bellway Homes</td>
<td>Pall Mall</td>
<td>£105,887</td>
<td>£147</td>
<td>£103,500</td>
<td>£144</td>
</tr>
<tr>
<td>Alfred McAlpine Homes</td>
<td>Quebec Quay South Ferry Island</td>
<td>£150,778</td>
<td>£147</td>
<td>£147,500</td>
<td>£144</td>
</tr>
<tr>
<td>Sweeting St Developments</td>
<td>Sweeting St Lofts Sweeting Street</td>
<td>£102,439</td>
<td>£124</td>
<td>£99,917</td>
<td>£121</td>
</tr>
<tr>
<td>Urban Splash</td>
<td>The Collegiate Shaw Street</td>
<td>£117,000</td>
<td>£132</td>
<td>£111,483</td>
<td>£126</td>
</tr>
</tbody>
</table>

Fig 9 Average sales related to property developed in the City Centre and on the Waterfront

_The Investor Market_

1.6.23 The proportion of investor purchases in new schemes is currently running at 30% on average, this proportion is slightly below current levels in cities such as Manchester, Birmingham and Leeds, where investor interest typically accounts for levels at between 40 and 60%.
Fig 10 Purchaser Interest in City Schemes

Fig 10 indicates the current level of investor interest in each scheme.

1.6.24 The investor market has been fuelled by a number of factors, the most important being base rates at a 38-year low, the lack of returns from savings and the volatility of the equity market which has encouraged both domestic and overseas investors to acquire in the residential property market. The residential market represents a relatively safe haven for investors with typical yields of between 7% and 8%, underpinned by considerable and unprecedented capital growth in the properties. The significance of this market cannot be underestimated in terms of the general buoyancy of the new sales market.

1.6.25 Quite clearly, the key to the continued growth of the investor sector will be rental levels, whilst at a national level indicators point towards a softening in rental values and general demand. Local agents report a good healthy interest in the rental market. At April 2002, typical rental levels in the City vary from £550 per month for a one-bedroom apartment to £750 per month for a two-bedroom apartment and £850 per month for a prestige/penthouse apartment.

1.6.26 The continued strength of the rental market as a direct driver for investment purchases will be crucial in underpinning the current value of residential property in Liverpool.

Market Indicators

1.6.27 Discussion with residential developers as part of this study indicates a good deal of confidence in the continued growth of the City Centre residential market. Developer sentiment leads us to believe that there is a demand for somewhere in the region of 600 units per annum in the City Centre. With interest rates at such a low level the indications from the money market are that rates have bottomed out for the foreseeable future and that they could rise in the second half of 2002.
1.6.28 General indicators are that this will take some steam out of the current levels of house price inflation, which stand at anywhere between 12 to 16% dependent upon which statistics one applies. An increase in interest rates is also likely to influence the attractiveness of residential property as an investment and this combined with a general softening of rental demand indicates that the investor market is likely to be less buoyant in the foreseeable future.

1.6.29 Against a backdrop of lower house price inflation and weakening investor demand it is likely that residential developers will have to turn their focus towards the owner occupier market. Issues such as car parking, infrastructure, services, and public realm are consequently likely to be further up the agenda from an owner-occupiers perspective.

Pipeline Schemes

1.6.30 Set out below is a short resume of major schemes coming forward as part of the development pipeline.

The Albany, Old Hall Street

1.6.31 Planning permission has been granted for the conversion of the listed building for residential development for 116 apartments.

The Fourth Grace

1.6.32 A design competition for a mixed-use scheme on the former Mann Island site has been run, with four prospective parties shortlisted. It is likely that residential development will form a component of a mixed-use scheme on this site and that as many as two to three hundred dwellings could be accommodated.

Great George Street Area

1.6.33 This is an area identified for change in the Liverpool 1 Masterplan. The area currently houses mainly 1960s three-storey walk-up Council flats comprising 195 units. A number of the blocks have already been identified for decanting and demolition has started. Liverpool City Council has appointed Maritime Housing Association as lead RSL for the area, and with the local partnership and the community, they are preparing a Brief for the selection of a partner to redevelop the area. Due to the area’s location and proximity to the Kings Dock and PDSA, the redevelopment of this site has great potential for providing a mixed tenure development.

Tower Buildings, Water Street

1.6.34 Buildings are located in the heart of the Business District, close to the Waterfront at the bottom of Water Street. Tower Estates submitted a planning application in May 2000 for the refurbishment of the buildings for residential occupation. The application provided for 93 apartments on the 1st to 7th floors with associated car parking on the ground and mezzanine floors.
Beetham Tower, Old Hall Street

1.6.35 A redevelopment of the site to incorporate a 140,000 sq ft office block, a 10 storey 200 bed hotel and a 28-storey tower of residential apartments with 110 units. The scheme is currently under construction. A completion date has yet to be decided as a single-phase rollout programme is in force. According to Liverpool City Council, it is anticipated that completion should be in the Autumn 2003.

Atlantic Point, Phase 2

1.6.36 Phase 1 comprises student accommodation totalling 900 beds in a 10 blocks, 4-storey configuration that was completed 2 years ago. Phase 2, fronting Leeds Street is being progressed by the owners to provide flats for sale.

Blakes Garage Site, Prescot Street

1.6.37 Development is on site to provide a 720 space multi-storey car park and 540 bed key worker accommodation. The accommodation and part of the car park will be utilised by the Royal Liverpool University Hospital.

Kings Waterfront

1.6.38 The current masterplan indicates somewhere in the region of 800 - 1000 residential units to be provided over an anticipated 7-10 year build programme, Houston/Bovis are preferred bidders and it is anticipated that the outline planning application is expected to be submitted in December 2002.

Central Docks

1.6.39 An outline planning application was submitted in May 2000 for a mixed-use scheme comprising residential development, light industrial/business units along with leisure and tourism accommodation. The residential aspect is proposed to provide up to 2000 flats and houses. The planning application is currently the subject of negotiation with Liverpool City Council.

Princes Dock

1.6.40 MDHC have recently prepared a revised masterplan for Princes Dock. This has resulted in a greater mix of uses being proposed on the site, including 135 apartments in a 20-storey tower.
**Former Garden Festival Site**

1.6.41 Although not formally within the study area this scheme by Wiggins could provide competition to sites within the Study area because of its premium location. The application that was submitted by the developers, Wiggins was never registered, as it was not accompanied by an Environmental Statement. The application was for 900-1000 houses and at the current time Liverpool City Council are not aware of whether the developers intend to resubmit.

**Exchange Flags**

1.6.42 The Exchange Flags site has planning permission for 179 units. However this permission has been in place for some time with no start on site anticipated in the near future.

*Grosvenor / Henderson, PSDA*

1.6.43 Covering an extensive area, the scheme incorporates the conversion of existing buildings along with new-build development. The planning application submitted in January 2001 that was subsequently revised in November 2001 details a major mixed use development comprising retail and leisure, hotels, new bus station, car parking for 3,000 vehicles and major public open space. Incorporated within the scheme is the proposal for a new build development 364 residential units.

*Grand Central, Lime Street/Skelhorne Street*

1.6.44 Planning permission has been granted for a hotel and student accommodation for a 1000 plus bedrooms.

1.6.45 There are clearly a large number of schemes in the pipeline and we analyse the issues associated with this pipeline in Part 2 of the report.

**Case Study 1**

1.6.46 We have undertaken two case studies looking at some of the issues associated with developing older buildings in the City Centre.

*The Tea Factory, Ropewalks*

1.6.47 The refurbishment of a former Tea Factory in the heart of the Ropewalks area was commenced in 2000 by regional developer, Urban Splash. Urban Splash specialise in undertaking mixed-use development and refurbishment schemes on difficult and challenging sites/buildings usually in urban areas. The former Tea Factory sits on an area of 0.2 hectares and has a gross floor area of 90,000 sq. ft. The redevelopment proposed a mix of offices, retail and 30 apartments, having an estimated value of £10m.
Financial Synopsis

1.6.48 At the time that the sale of the residential units was agreed, sales values were on average at a level of £125 per sq. ft, with build costs at a level of between £80 and £90 per sq. ft. This left a residual figure of between £35 - £45 to cover the developer's profit, sales marketing and purchase fees, together with any further fees associated with the development. Quite clearly, this left little in the way of a residual figure to come back in the form of a land value. Urban Splash made an application for grant aid and was successful in this regard. The provision of grant assistance enabled development to take place and regeneration of the site to take place.

1.6.49 It is estimated that, if the scheme had been on sale today, then sales values in the region of between £150 - £160 per sq. ft would be achievable. If one assumes that build costs have moved on slightly and that a figure of £95 per sq. ft. is applicable then this leaves a residue of between £55 - £65 per sq. ft. to cover developer’s profit, sales, marketing and legal fees, together with any other ancillary development fees. It is the view of the developer that if they were developing the Tea Factory today then it would be possible to provide a building of this specification and generate a realistic market value for the land.

Case Study 2

Tower Buildings, Water Street

1.6.50 Tower Buildings are located in the heart of the Live/Work District, close to the Waterfront at the bottom of Water Street. Tower Estates submitted a planning application in May 2000 for the refurbishment for residential development of the buildings. The application provided for 93 apartments, served over 7 floors with associated car parking. We understand however, that car parking was the subject of some contentious negotiation during the process of the planning application. To date, the scheme has remained unimplemented and this case study seeks, to some extent, to address the issues with the redevelopment of a character building in the centre of the Central Business District.

Financial Synopsis

1.6.51 It is likely that the refurbishment of a character building in this location in the City Centre of Liverpool will generate sales values in the region of £180 - £200 per sq. ft. Refurbishment costs for a building of this character and nature would be in the region of £100 per sq. ft. leaving a residual value before developers profit, sales marketing and purchasing costs together with the purchase price for the building of between £80 and £100 per sq. ft.

1.6.52 Capital values for the purchase of a building of this style and nature are in the region of £80 per sq. ft. However, in certain circumstances acquisition costs may have exceeded these levels. That means that unless the potential developer is to achieve sales values considerably in excess of any previous level in Liverpool City Centre it may prove difficult to achieve acceptable returns. Should that be the case, then it is unlikely that the refurbishment of a building of this nature in this particular location will prove to be commercially viable for a residential developer seeking a 20% return on Gross Development Value.
1.6.53 Tower Buildings illustrates some of the issues associated with bringing forward older buildings for conversion in the commercial core and Live /work district. In general terms it has become easier to convert older property for residential purposes in the City Centre. Increasing sales value have been the key but on particular sites, such as Tower Buildings, viability is still a big issue. The overall costs of delivering a scheme, particularly where on site car parking is a requirement and land value is relatively high older buildings may remain underdeveloped as developers deliver ‘easier’ new build schemes.
1.7.0 OTHER MARKET ACTIVITY

1.7.1 In order to understand the position with regard to the housing market it is essential also to give an overview of the other commercial markets within the City Centre. The office, retail and leisure markets are likely to have an impact and vice versa on the residential market within the City Centre.

Office Market

1.7.2 The Liverpool office market has seen an increased take-up over the last 18 months, which is having a significant effect on the existing office stock and also has repercussions for the residential market, as detailed below:

1.7.3 At the end of 2000 Liverpool’s office stock was estimated to be approximately 8.2m sq ft. Nevertheless, Manchester, the region’s largest city had a stock figure of 10.9msqft. Since the mid-1980’s, Liverpool’s office stock has fallen by almost 2million sqft largely as a result of the demolition of the city’s outdated buildings and the conversion of older stock to other uses such as residential.

1.7.4 The strong continued demand on business space coupled with the constricting amount of space being speculatively built has put upward pressure on rents. This trend shows an increasing amount of market confidence in the Northwest and has given rise to the growth in pre-lets. This is further compounded by the conversion of outdated office buildings into residential use that in turn is reducing supply.

![Liverpool Office Rents 1997 - 2001](image)

Fig 11 – Liverpool Office Rents 1997 – 2001

1.7.5 An analysis of letting enquiries received by NWDA between 1999-2001 has illustrated that the majority of enquiries (33%) were for premises of between 92-232 sq m 22% were for properties of between 46-92 sq.m. 19% were for properties of between 232-464 sq m and 17% of between 1-46 sq.m.
1.7.6 Take-up in the City Centre has outperformed the long running average over the past two years. 2000 saw a record year of 475,000 sq.ft. of take-up driven largely by the public sector and the emergence of call centre operations. Although 2001 was not as successful as the previous year take-up still exceeded the average of approximately 250,000 sq.ft.

1.7.7 As with a number of major cities in the UK grade A space is in short supply in the City Centre. A number of developments are planned in the pipeline but developers are still reluctant to build speculatively, preferring to secure at least one pre-let on a scheme. City Square, 101 Old Hall Street and Temple Square could all see office development activity should developers feel more confident.

1.7.8 Princes Dock however is the exception. With further planning permission for over 500,000 sq ft of office development it has been rumoured that 100,000 sq ft, phase 3 of the scheme could go under construction shortly.

1.7.9 An easier option for developers is major refurbishment of existing stock and this seems to be a continuing trend into 2002.

1.7.10 One of the key issues for the emerging large residential population within the Liverpool City Centre is access to local shopping facilities. It would therefore, be appropriate to consider provision of further local retailing facilities to support this population.

1.7.11 Current convenience provision within the City Centre is delivered by Tesco, Marks & Spencer, Sainsburys, Somerfield and Kwik Save. There are also a number of smaller neighbourhood stores and ‘late’ shops within the study area. We have canvassed national retailers in relation to further development in the City Centre. In general terms, we believe that further convenience retailing will come forward through development proposals alongside further residential development.
1.7.12 The major development in Liverpool City Centre that will influence the development of the central area will be situated in the Paradise Street Development Area (PSDA). The PSDA represents a huge opportunity to deliver a world-class central area regeneration scheme. The project will be retail led but will also include significant elements of leisure and housing along with car parking and a new bus station. The scheme which will deliver over 100,000 sq.m of new floorspace is currently moving through the planning process. Project sponsors hope to start on site in 2004/5 with completion anticipated in 2007/8. There is currently a high level of demand for retail space in the City Centre. A number of department stores have requirements including Debenhams and House of Fraser. There is therefore a high degree of confidence in the PSDA project and other complementary central area schemes in the City Centre.

**Existing Leisure Provision**

1.7.13 There is currently only one major cinema in Liverpool City Centre, the Odeon on London Road, which has an annual attendance of approximately 150,000. There are a further 3 multiplex cinemas but these are on the outskirts of the city. It is felt therefore that there is a shortage of screens within the City Centre and that there is scope for further multiplex development within the city centre.

1.7.14 Although there are a number of existing health & fitness centres based in and around Liverpool only Cannons at Albert Dock has a City Centre location. Accordingly, demand exists for a large-scale centre, with a pool and access to adequate car parking. However, there is also health and fitness provision in many of the large hotels in the city centre.

1.7.15 There are a number of distinct drinking circuits in Liverpool including: Albert Dock (up market, style led venues), Cavern Quarter (mainstream), Concert Square (middle mainstream), Hardman Street (students) and Queens Square (mainstream). Recently, there has also been the emergence of Victoria Street as an upmarket location. Whilst new and a limited number of existing restaurants offer quality eating experiences, the range of choice in this market is more limited.
1.7.16 The market is dominated by the mainstream wet trade. Their popularity, hours of operation and concentration, particularly in the Ropewalks and Cavern Quarter areas, causes conflict with the amenity of residents living in the same area, particularly with on street noise and disturbance.

Proposed schemes

1.7.17 There are a number of major mixed use schemes that include leisure proposed for Liverpool City Centre.

Kings Waterfront

1.7.18 Leisure will form an intrinsic part of the development and current demand exists to suggest the creation of a lively vibrant scheme that will complement the stadium and residential element. Although no fixed design schemes have been submitted, it is anticipated that a scheme of up to 200,000sqft will be developed with an anticipated start date of 2005. It is proposed that the scheme will have a significant leisure content, including a multiplex cinema and arena.

Paradise Street Development Area (PSDA)

1.7.19 The plans for the PSDA include significant leisure provision – a multiplex cinema and a number of bars and restaurants.

Central Station / Railtrack Site

1.7.20 The site currently consists of a shopping centre based around an existing railway station. The owners have, in the past investigated the feasibility of a redevelopment of the whole centre however it was found that due to the complexities of the building around and on top of the rail lines there are no current plans at present. A Sainsburys Local has recently been accommodated at the Central Shopping Centre.

Fig 14 Sainsbury’s Local
1.7.21 Railtrack have however pursued the sustainability of a smaller leisure scheme towards the back of the site and have obtained planning permission for a cinema anchored leisure scheme with access from Bold Street though as yet no anchor tenant has signed up.

1.7.22 Due to the smaller scale of this scheme, deliverability of this site could be achieved within a favourable timescale. However, it is likely that operations located here will eventually be out-positioned by other larger schemes.

1.7.23 The issue of ground floor commercial uses has been the subject of considerable debate as part of this study. The benefits of active ground floor commercial uses in residential areas is well understood, however a blanket approach to the development of active commercial ground floor areas can lead to significant problems. They include:

- Noise and disturbance, particular related to leisure uses;
- Extraneous car parking demands, generated by visitors to an area;
- Vacant ground floors – where there is insufficient demand to take up ground floor units.

1.7.24 These issues have been experienced in a number of areas within the City Centre notably Ropewalks and Marybone. It may therefore be appropriate in developing strategies and planning policies for the City Centre that a more focussed approach should be taken to the issue of ground floor usage in predominantly residential areas.

*Other Service Provider Provision*

1.7.25 As well as giving consideration to the other sectors of the market that are likely to have some impact on the residential market, we have also sought to identify more clearly the current and future provision of other service sectors such as health and education.

*Health*

1.7.26 In recent years the City has undergone a change in its demographic profile, whereby a decline in birth rates has been matched with an increase in the number of elderly people. This change has impacted upon the City’s healthcare provision. The City currently has a shortage of approximately 40 GPs, which is high if Liverpool is to be brought in line with the national average. The City Centre and the City’s Inner Core are particularly affected by this shortage; the average GP list is in the region of 1,900 patients, compared to the average of 1,700.

1.7.27 There are currently 6 NHS Practices located within or close to the City Centre boundary:

- Pembroke Place
- Grove Street
- 29 Great George Street Square
- Islington
- 21 Stafford Street
- Limekiln Lane
1.7.28 Proposals have been made to relocate the existing surgery on Stafford Street to a new facility in Marybone. The facility will serve local residents as well as the increased student population in the Marybone area. It is envisaged that the number of GPs will eventually increase from 1 to 3, to accommodate the increasing number of students living in the area.

1.7.29 A new City Centre Walk-in Health practice opened on Great Charlotte Street in December 2001. On average this facility has been receiving 100 "walk-ins" per day. In addition, a GP Surgery has co-located within the Walk-in Centre. The surgery, which is available to city centre residents, has been operating since April 2002, and a total of 400 patients have registered. There are currently a full time and a part-time GP operating but it is envisaged that the number will eventually increase to three full time GPs as the patients’ list increases.

1.7.30 The City Centre has an abundant supply of dental practices but these mainly cater for private rather than NHS patients. The Liverpool Central PCT has identified the shortage of NHS Dental Practices and will look to encourage further NHS provision.

1.7.31 Liverpool along with Sefton has secured funding through the NHS LIFT initiative. The initiative will develop public/private sector partnerships to replace existing medical surgeries with new purpose built facilities. Such facilities will provide a range of services under one roof, which will provide for secondary health care as well as primary. The first wave of schemes that will come forward for Liverpool will include new facilities within the Inner Core area.

Education

1.7.32 The City Centre has 6 primary schools located within or close to its boundary.

These include:

- Holy Cross & St Mary’s
- Friary Primary School
- St Vincent’s de Paul
- Pleasant Street School
- St Nicholas Primary School
- Sacred Hall

1.7.33 At present there is sufficient capacity within the schools to accommodate additional pupils. The Pleasant Street School, which relocated to a new building two years ago, is a popular school for pupils living within and outside the city centre. The Friary School, which has recently become an ecumenical school, is considering redevelopment to Shaw Street, to the north of the City Centre boundary.

1.7.34 In an attempt to sustain the pupil numbers attending the city centre schools, the LEA has developed wrap-around childcare facilities. This initiative aims to encourage City Centre residents and workers to enrol their children for pre-school care with the possibility that their children will remain at the school once they reach 5 years. This activity is offered at Holy Cross and St Mary’s and will be introduced at the Friary Primary School. There are no secondary schools within the city centre itself, however current provision is met within secondary schools around the City Centre fringe.
1.8.0 KEY ISSUES

1.8.1 The following key issues have been identified through our research into the subject areas outlined within Part 1 of the report.

*Capacity for New Housing Development within Liverpool City Centre*

1.8.2 Recent housing development within the City Centre has been largely market driven but underpinned by policies designed to encourage further housing development within the City Centre. The wealth of policy initiatives being promoted at national, regional and local level still point towards further development of housing within the City Centre and core City areas and therefore the policy position continues to support further growth. The issue that needs to be addressed however relates to the type of housing being brought forward. Will the market become more sophisticated and able to offer a wider variety of accommodation to potential occupants, or will it remain largely focused on sale or lease of two bed-roomed apartments? The latter approach is probably not sustainable and therefore policies need to be developed to widen choice and provide a more balanced approach. Our approach to the issue of capacity, balance and choice is outlined in Part 2 of this report.

*Demographic Trends*

1.8.3 Related to the initial point, demographic information available suggests that in general there is a preponderance of young, single and professional people living within the City Centre, as well as a rapidly growing population of students. If a wider spectrum of the community is to be encouraged to move into the City Centre, how should this be handled and where should new accommodation be situated? In addition, what services will be required to support the wider population?

*Support Services*

1.8.4 It has taken some time for the public sector to catch up with rapid development that has taken place within the City Centre. Over the last twelve to eighteen months we have witnessed the emergence of specific service provision designed to meet the needs of the burgeoning City Centre population. In particular the Walk-in Health Centre, provided by the Local Health Authority is a pointer to future requirements. However at this stage are all of the agencies responsible for the provision of new services geared up to the further development of residential accommodation with the City Centre at the rate currently predicted? Key areas for investment are likely to include nursery provision, more primary healthcare, convenience shopping and community facilities. How should these facilities be delivered and in what parts of the City would they best be situated?
Environment and Design

1.8.5 The whole issue of residential amenity has become more relevant as further development has taken place throughout the City Centre. Conflicts between the 24-hour City and the establishment of new residential neighbourhoods are emerging in areas such as Marybone, Ropewalks and the Live/Work district. In addition other pressures are also being exerted on the existing City Centre infrastructure where noise attenuation, car-parking and public safety have been raised as issues by residents of the City.