



PADDINGTON WATERSIDE PARTNERSHIP

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Produced by

URBED

26 Gray's Inn Road
London WC1X 8HP
t. 020 7831 9986
f. 020 7831 2466

e-mail: n.falk@urbed.co.uk
website: www.urbed.co.uk

Images: Robert West, Paddington
Waterside Partnership and URBED

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Discussion draft

This report is based on a presentation and study tour to look at what had been achieved at Paddington Waterside and the discussion afterwards, which focussed on how the benefits from development have been shared with the surrounding communities, and the roles played by the partnership.

Developments at Paddington Waterside



Image taken from *Introducing Paddington Waterside*, Paddington Waterside Partnership, Oct 2008

Overview

The Paddington Waterside area stretches over 80 acres, the size of Soho, and is covered by a Special Policy Area in Westminster's plans. It consists of former industrial land sandwiched between the Great Western Railway and the Westway, with the Paddington Arm of the Grand Union Canal as its spine. Significantly the land is in multiple ownership, and there are 13 different schemes represented on the Paddington Waterside Partnerships. The development started in 1998, and is now roughly half completed. 35 companies are in occupation with some 8,000 employees as well as 900 new homes and greatly expanded hotels so it is a reasonable time to make an assessment.

The schemes owe their origins to the canal coming to London in 1801, and it was 50 more years before Paddington Station opened, the railway only coming as far as Bishops Bridge originally. The effect has been to divide this part of Westminster into two parts. To the South lies prosperous Bayswater, and the area today includes the largest concentration of hotels in London. To the North lies the Harrow Road, and one of the poorest areas in the UK, with a concentration of local authority housing. Some 140 different languages are spoken at the local school, and the Edgware Road now has a Middle Eastern character.

The process of development began in the early 1990s when British Waterways sought to maximise the value of the land it owned at Paddington Basin and appointed Trafalgar House as its development partner, with BDP as masterplanners. At the time the Basin was dominated by St Mary's Hospital, and felt very isolated. The concept was to turn the canal into a major destination, and build a shopping centre next to the Station. There were also proposals to expand the hospital by consolidating several other facilities on the same site. A combination of the collapse of the property market, the redevelopment of nearby Whiteley's as a smart shopping centre, the nervousness of the developer, and miscalculations about the hospital space required put the scheme on hold until the Heathrow Express opened in 1998.

By the end of the 1990's the market had switched to housing. As well as the expansion of the Metropole Hotel, now with 1,000 beds the largest conference hotel in London, a major housing scheme was built by Rialto, which changed the area's image. They took over from Chelsfield on land next to the Basin known as Paddington Central. We were told that Paddington Waterside overall has benefited from having a number of developers in competition with each other. Other developments followed with a head office for Marks and Spencers opposite the hospital, and the start of redeveloping the old railway goods yard for offices as Sheldon Square. The excellent broadsheet *Introducing Paddington Waterside*¹ features 13 different developments of which Paddington Basin is only one.

By 2009 some £2 billions of investment has been made, and 8,000 people work in what has become a new business quarter for London, and which is ultimately expected to employ 30,000. Most of the space has been built to order, with international firms attracted by the links to Heathrow Airport and the Western Corridor. More than 1.4 million square feet of commercial space has been built, and a further 2 million is planned. Some 900 flats have been completed (130 of which are affordable) and a further 650 are in the pipeline. The area from Praed Street to Sussex Gardens is used by 125,000 every day, and Paddington Station itself has been largely upgraded with a new shopping and

¹ Paddington Waterside Partnership, Oct 2008
<http://www.paddingtonwaterside.co.uk/publications/default.aspx>

eating area called the Lawn. As a whole Paddington Waterside therefore comprises one of the most comprehensive development schemes in London, and one that is still growing.

Assessment

The area as a whole has been transformed, though the contrasts with the area North of the Westway are as great as ever. In terms of the Group's reactions the scheme scores well on a number of criteria:

Collaboration Paddington Waterside is an excellent example of developers and landowners working in partnership within a framework set by and agreed with the local authority.

Connectivity The development takes advantage of its location by one of London's main railway stations, and underground and bus routes. It is quite walkable. Parking is generally underground, and links across the canal and Westway have been improved in a number of places.

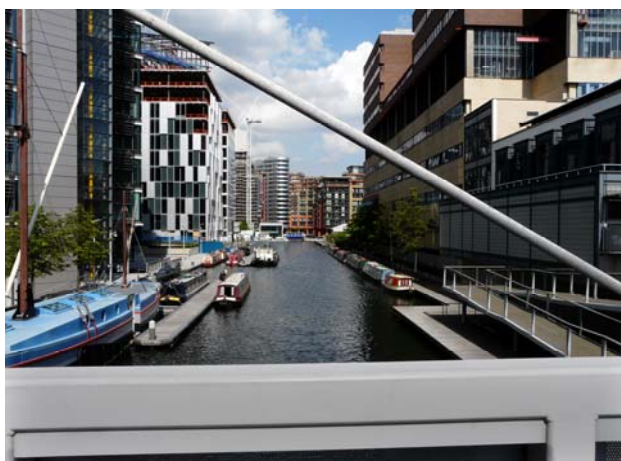


Community Major contributions have been made to strengthening the surrounding business and residential areas, through mechanisms such as job placement schemes and a development trust, as well as a very successful Business Improvement District, which was one of the first to secure renewal.

Climate proofing The new buildings, including re-clad offices in Eastbourne Terrace, feature higher levels of insulation. In the next phase Combined Heat and Power is to be used, but as yet the most innovative feature of the buildings is their appearance, with lots of steel and glass.

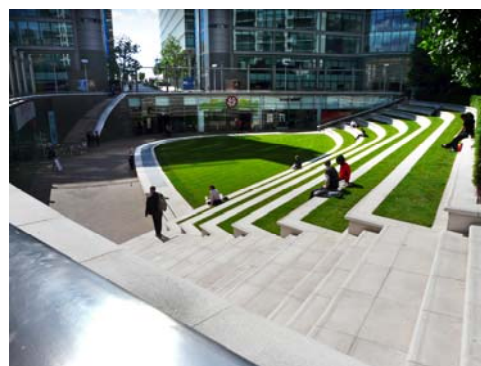
Cash flow Despite early setbacks Paddington Waterside has grown rapidly, and the investment has paid off for the developers. An innovation has been to set up a not for profit company to tap a variety of sources of funds to bridge many of the gaps between the new developments and wider community concerns. This offers an important model for how to fund area improvements, such as in a major town centre or commercial district, as it has involved major occupiers with a long-term interest in the area, as well as developers, whose interest is transitory.

Character The overall impression is one of distinctive high density medium rise buildings, which apply current thinking in terms of angled roofs, metal and glass. The quality of the public realm varies, and the canal's traditional character has been largely lost. In time it may become a good waterfront but it is not there yet.



Impact

What has been built is very different from what was originally conceived (and for example the water area has been reconfigured). The development consists of a large number of distinctive blocks by 'trophy' architects, and is generally quite dense but not very high (7-10 storeys). Members were impressed with the public realm around Sheldon Square (the only speculative office development), which includes a memorable green amphitheatre, and rows of bushes. But they felt that as a whole it was not yet the destination that was intended (though there are five stunning new bridges and a lot of public art). The failings were thought to be due to the area's physical isolation, and lack of a 'controlling mind'. There are some outstanding buildings but it lacks coherence from a pedestrian point of view and signing is weak. The quality of the cobbling on the waterside also came in for criticism, and some surfaces are being relaid.



Despite careful coordination by Westminster Council, the development seems quite fragmented compared with say Broadgate, but is much more mixed in terms of uses. It largely consists of new buildings, though on the South side of Paddington in Eastbourne Terrace buildings have been refurbished behind new facades. Interestingly the greatest planning conflict was with a well-known private housing developer, and otherwise most developers and their architects have been happy to work within the Council's policy guidelines. Apart from the spectacular renovation of Paddington Station, the final phase of which will open up links with the Basin, relatively little has been done to celebrate the area's heritage, though a unique cast iron bridge by Brunel discovered by chance is in storage.



Though it is a little bit sterile, and the water is not yet 'animated' as originally intended, with only partial access, this is probably a question of time. Visitor moorings are in great demand, and some of the canal edge facilities are on sites safeguarded for Crossrail, illustrating the problems involved when it takes many years to complete a scheme. Praed Street,

which backs on to the station, has been upgraded, and the general environment greatly improved. The former North Westminster School site is the subject of a planning brief with a CHP system, and links have been created under the Westway. With its proximity to Little Venice, and the building of Crossrail, Paddington Waterside has undoubtedly established itself as a prime location. But it has also set new standards in terms of creating an effective partnership between the developers and Westminster Council, and making some contribution to the surrounding area.

We learned that the development had contributed to regeneration in a number of ways:

1. The creation of a partnership board, with voluntary contributions from the main developers and occupiers had enabled a joint approach to be taken to some of the area's problems. Paddington Waterside Partnership provides a coordinated development framework that joins up different organisations.
2. The creation of Paddington BID, one of the country's first Business Improvement Districts, has since been overwhelmingly supported for a further four years. This provides a mechanism for funding local environmental improvements, and is creating a Paddington that is *'more attractive, safer, greener, and better marketed and represented'*.

3. The 2009 BID levy is expected to amount to £426,000 a year, with 307 payers, of which hotels account for 27% and offices 37%, with retail and restaurants very much a minority (13% and 9% respectively). The BID levy is 1.5% for hotels and 2% for others, and small premises of less than £15,000 rateable value are exempted (formerly £5,000). Also major companies in the new developments are excluded where they pay a large service charge, but some areas such as Eastbourne Terrace are included. The BID is expected to raise £1.6 million over four years.
4. The management company has leveraged funds raised through the BID. Thus the major companies are involved in various programmes for Corporate Social Responsibility, and £213,000 was raised in voluntary contributions. The BID leveraged a further £1 million in investment, largely from Westminster City Council. Time for Paddington was started in 2003 with a three year grant from the London Development Agency under their Pride of Place programme. It has involved over 1,500 volunteers, with lots of participation in local schools and community events. These included Dragon Boat racing, and guided walks.
5. Paddington First places local people into work, seeing several hundred people each week in its offices in an old building off the Harrow Road. It placed some 287 clients between April 2007 and March 2008 and the 5,000th person into work was celebrated in April 2007. Most of the work now is getting people into training, with learning English being the main priority. Most of the jobs have come from sectors like hospitality, retail, security and health, as the large companies tend to move in with their own staff. We were told that the programme has focussed on 'hard to reach' residents, but there is a further problem that many residents are in transition.
6. North of Paddington, the Paddington Development Trust was set up, following a Single Regeneration Budget funded programme, to provide a long-term mechanism for tackling the area's problems. Developers' contributions through Section 106 have been used to provide a budget for which local groups compete. The Council took advantage of the polarisation in the area, with half of London's homeless, in tapping government funds, and achieved a successful SRB5 community led bid thanks to gearing. The Council now has an Economic Development Strategy Westminster Works, and the Paddington area has become a model for other places. We learned that 3% of local families account for 20% of issues, which shows the importance of targeting efforts, and there is a family recovery project.
7. The annual expenditure through the Partnership of around £1,000,000 has had a substantial impact on the area. However it is still quite small compared with the average annual level of private investment over the ten year period of around £200 million. The Section 106 Social and Community Fund Account tapped over £2

million with three bidding rounds. In the first round 84 initial applications were received totalling £8.2 million, and 18 projects were agreed totalling £884,000, or roughly a tenth.

Management

Paddington is a good example of a private sector approach to neighbourhood management for an area in transition. The Paddington Waterside Partnership manages a range of services, and benefits from its capacity to tap and combine different sources of funding. The company's declared role is to provide a *'single face to a very complex story, and to maximise regeneration benefits'*. Thus it promotes itself as *'an integrated development good neighbour'*. The Partnership is managed through a not for profit company Paddington Waterside Ltd whose roles include:

- Coordinating the activities of different developers
- Managing relationships with the surrounding communities
- Running projects combining funding from Section 106 contributions with other sources
- Running the Business Improvement District
- Operating Paddington First, with its job placement and advisory services.

The Partnership has 18 members, with a Developer Forum and a Company and Community Forum. Subscription levels for developers are set by scale of development and for occupiers by staff numbers/floorspace occupied. Membership subscriptions in the year ended March 2008 yielded £224,000 and project funding and fees £553,000, with most of the expenditure being on project costs of £524,000, and staff costs of £182,000. The BID has 300 levy members of which 178 joined as company members in the first term. Though Westminster Council is not a member it has been closely involved throughout

Good practice

Though Paddington Waterside is exceptional in its size and complexity the study tour and subsequent discussions brought out a number of general lessons for securing value from development (and more information is available in the briefing material and a 'toolkit' that was launched in October 2008²):

1. Water is often a barrier to development when it is



² *Toolkit: Paddington Waterside: Integrating Place, Business and Community*, Paddington Waterside Partnership, October 2006

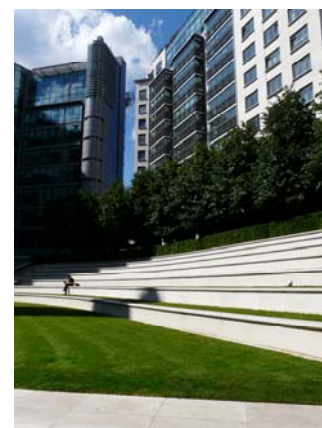
surrounded by areas of old industry and poorer housing but it can also be used as a catalyst for growth, and as a means of bringing different communities together.

2. Regeneration takes much longer than people expect and the first scheme often collapses because of the cyclical nature of property booms and busts with developers (and schemes) coming and going (which tends to make people cynical about consultation).
3. By designating areas for growth with clear policies and planning frameworks local authorities can influence the shape of development, tap some of the value created, and reduce some of the risks. This can be done without entering into a formal partnership and it is possible that where developers are in competition more benefits can be extracted.

4. Where there is multiple land ownership some form of partnership is essential, if only to join up developers and present a common face to the world but it can also go on to run programmes of mutual benefit, thus mobilising more funding then would usually be available to a not for profit organisations.



5. Well-resourced and managed partnerships can provide an important source of continuity and leadership over the development period, and help support neighbourhood management in areas that are in transition. There are likely to be economies in running a number of programmes through a single partnership company.



6. Mechanisms like community based development trusts and training and job placement programmes help build links between the growth areas and the surrounding communities, with Section 106 funds providing a pool of finance to leverage up public commitments.
7. Business Improvement Districts can also be valuable mechanisms for involving business occupiers in influencing the environment in which they operate. New business occupiers who will be paying large service charges will not want to join a BID but may join a 'club' that brings together similar organisations.

8. Over time a considerable impact can be achieved through combining different sources of funding and different programmes even though the total in financial terms is quite small compared with the level of private investment. This suggests that a financial charge based on a Tariff or Community Infrastructure Levy might yield substantially more than Section 106 during a financial upturn.

Appendix A

Paddington Waterside Partnership

11th June 2009

Participants and apologies

Participants

Chris Berry, Chief Planning & Regeneration Officer, LB Redbridge
Nicholas Falk, Director, URBED
Sue Foster, Director of Place Shaping and Enterprise, LB Enfield
Rhian Jeffreys, Director of Programmes, Paddington Waterside
Graham King, Head of City Planning Group, Westminster Council
Mark Lucas, Head of Regeneration, Redbridge Council
Darren Richards, Head of Planning and Transportation, LB Sutton
Robert West, Assistant Director Planning, Culture and Environment Directorate, LB Camden
Anne Wyatt, Project Manager, URBED

Apologies

Chris Donovan, Assistant Director (Strategy, Planning & Regeneration), Bexley Council
Marc Dorfman, Assistant Director Planning & Regeneration, Haringey Council
Karen Galey, Head of Economic Development, LB Waltham Forest
Pat Hayes, Executive Director of Regeneration and Housing, Ealing Council
David Hennings, Catalyst
Tom Jeffrey, Director, Environment, Culture and Public Participation, Croydon Council
Colin Lovell, Head of Land Use Planning, Transport for London
Randall MacDonald, Head of Strategic Projects, Hackney
Shifa Mustafa, Assistant Director of Development, Waltham Forest Council
Daniel Ratchford, Strategic Director of Environment and Leisure, LB Sutton
Tim Thompson, Project Director Canada Water & Bermondsey Spa Regeneration, Southwark Council
Brendan Walsh, Director of Regeneration and Community Development, Ealing Council