

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 12 September 2012

KING ST MULTI STOREY CAR PARK

Issue for Decision

To consider the options for King Street Multi Storey Car Park

Decision Made

1. That the demolition of the building be agreed.
2. That the submission of a planning application for, and construction of, a surface level car park be agreed.
3. That development opportunities continue to be sought for the longer term use of the site.

Reasons for Decision

King St multi storey car park and the retail unit below were built around 1970 using the "lift slab" technique. Over the last ten years or so, there has been deterioration in the concrete and the reinforcement largely caused by road salts, requiring several contracts for repairs in order to keep the building in use. The most recent set of repairs was undertaken around August 2011 in order to prolong the life of the building for a further 12 to 18 months while the Council considered its options.

The Council has recently received a comprehensive report on the condition of the building from its structural engineers which recommends closure of the building within a year unless a comprehensive programme of repairs is carried out.

The ground floor of the building is a retail unit, which is currently empty, following the withdrawal of the Co-op late in 2011. Marketing of the space on the basis of a short term let has been unsuccessful to date.

The car park has 213 spaces, which earn a net income of £42,000, excluding depreciation costs. The store currently has no rental income, and the Council faces an annual rates liability of £70,000 unless the requested nil rating is granted. Therefore the total net deficit is currently £28,000, or £121,000 per annum including depreciation costs.

There were a number of options available to the Council.

Option 1 - Do nothing.

This will require closure of the building within a year, followed by demolition in order to prevent collapse in the longer term. Demolition of the building will cost approximately £500,000. However, assuming 100% transfer of season ticket holders and 20% transfer of other customers to alternative Council owned car parks, the Council will retain approximately £15,000 net income per annum after deduction of residual site costs but excluding repayment of the cost of demolition.

Option 2 – Repair

The estimated cost of repairs is £700,000, and will require closure of the car park for around 18 weeks, with a loss of income of £48,000 over that period. Repair will prolong the life of the building for around ten years, and will also provide the opportunity for a ten year lease of the retail unit.

The Council has been advised that a successful letting of the retail area would probably result in a rent of £12,500 in year one rising to around £100,000 in year five. Assuming retention of the current income levels for the car park, net income for the whole building will be £54,500 in year one rising to £142,000 in year five and beyond. However, if depreciation and repayment of repair costs are taken into account, the deficit will be £120,500 in year one, reducing to £35,000 in year five.

In addition to repair of the building the Council could also, in agreement with the Highway Authority, improve access to the car park by introducing two-way traffic in Church St. This would increase use of the car park, at a cost of around £100,000. However, there would need to be an increase in income of 6% to recover the additional cost.

Option 3 – Demolition and construction of a surface level car park

Cost of demolition and construction of a surface level car park will be in the region of £650,000. This will provide a car park with approximately 65 parking spaces and access from King St. Net income of £110,000 would be expected as a short stay car park, with around £25,000 being retained from transfer of season ticket holders and other uses to alternative Council owned car parks. The total would be reduced to £60,000 per annum if repayment of demolition and construction costs are included.

The planning officers have advised that demolition of the building is permitted development with prior notification and consultation with Environmental Health and Building Control; and that although the site is allocated for retail use in the Local Plan, a planning application for a car park would be acceptable providing a case is made that the site is unlikely to attract a developer and that it would be visually acceptable with decent landscaping.

Officers would also continue to seek development opportunities for the longer term use of the site.

Option 4 – Sale/redevelopment of the site

An appraisal of the site was carried out two years ago by GL Hearn, who examined a range of development options. These included retail and office, retail and residential, residential, retail and hotel – all with and without parking. Redevelopment costs for such schemes range from £8.5m to £17m. However, with further decline in the market over the last two years in terms of rental levels and level of demand, and the improbable prospect of any improvement over the next five years, the site is unlikely to attract any interest for the time being.

Conclusion

In terms of value for money, demolition of the building and construction of a surface level car park is the best option. It also provides the opportunity for further redevelopment if and when the market improves. It was therefore recommended to demolish and construct a surface level car park, whilst continuing to seek development opportunities for the longer term use of the site.

A sketch of the recommended proposal was attached as Appendix A to the report of the Assistant Director of Environment and Regulatory Services.

Alternatives considered and why rejected

The alternative actions have been examined in detail above.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: 21 September 2012
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