

King Street Carpark

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Head of Regeneration and Economic Development
Lead Officer and Report Author	Alison Elliott, Housing Development Officer
Classification	Private
Wards affected	High Street

Executive Summary

In line with the Local Plan, officers have been investigating the redevelopment of King Street carpark for ground floor retail and residential uses above. However this has proven to be financially unviable.

This report details an alternative design proposal for residential dwellings only on the King Street carpark site, retaining the majority of the pay and display bays continuing to generate income for the Council.

Purpose of Report

The purpose of this report is to gain authorisation to progress the redevelopment of King Street Car Park as per the new scheme designs, to procure then appoint an Employers Agent and Architect and Contractor to facilitate the redevelopment of the site.

A report seeking approval of the final scheme design and necessary financial commitments will be presented to the Policy & Resources Committee prior to the submission on the planning application.

This report makes the following recommendations to this Committee:

1. That the Committee agree to the redevelopment of the King Street Car Park, as per the new proposed design plans, in appendix 1 and note the indicative financial returns shown at appendix 2.
2. That the Committee approve the appointment of an Employers Agent to assist in the procurement of a Contractor and Architect via an appropriate framework. Utilising a Pre-Contract Services Agreement to help facilitate the design and development process for King Street Car Park.
3. That the Head of Mid Kent Legal Services is authorised to complete the contract documentation required for the appointments on the terms as agreed by the Director of Finance and Business Improvement.

4. To agree that a further report is brought to CLT and the Policy and Resources Committee to approve the final scheme and necessary financial commitments associated with the development and management of the site.

Timetable	
<i>Meeting</i>	<i>Date</i>
Corporate Leadership Team	17 th December 2019
Policy and Resources Committee	May 2020

King Street Carpark

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<p>Impact on Corporate Priorities</p>	<p>The proposal impacts on the following corporate priorities:</p> <p><i>Embracing Growth and Enabling Infrastructure - by enhancing the town centre.</i></p> <p><i>Safe, Clean and Green – by Encouraging good health and well being</i></p> <p><i>A thriving place – by promoting employment</i></p> <p><i>Homes and Communities - by providing housing</i></p> <p>Accepting the recommendations will materially improve the Council’s ability to achieve the above corporate priorities. The reasons other choices will be less effective is set out in section 2.</p>	<p>Head of Regeneration and Economic Development</p>
<p>Cross Cutting Objectives</p>	<p><i>The four cross-cutting objectives are:</i></p> <ul style="list-style-type: none"> • <i>Heritage is Respected</i> • <i>Health Inequalities are Addressed and Reduced</i> • <i>Deprivation and Social Mobility is Improved</i> • <i>Biodiversity and Environmental Sustainability is respected</i> <p>The report recommendations supports the achievements of the cross cutting objectives by providing much needed homes in the town centre, but respecting the surrounding area and street scene.</p>	<p>Head of Regeneration and Economic Development</p>
<p>Risk Management</p>	<p>Already covered in the risk section.</p>	<p>Head of Regeneration and</p>

		Economic Development
Financial	Detailed financial analysis, setting out the anticipated spend and return on investment for the proposed residential housing design is included as an appendix in this report.	Section 151 Officer & Finance Team
Staffing	The project will be managed within existing staff resources. However extra expertise needed to deliver the recommendations are set out in section 3.3.	Head of Regeneration and Economic Development
Legal	<p>The Council has a general power of competence pursuant to Section 1 of the Localism Act 2011 which enables it to do anything that individuals generally may do.</p> <p>The Local Government Act 1972 (LGA 1972) section 111(1) empowers a local authority to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions.</p> <p>Acting on the recommendations is within the Council's powers as set out in the above statutory provisions.</p> <p>The procurement processes referred to in this report for the redevelopment of the King Street carpark should be in accordance with the Council's Contract Procedure Rules and the Public Contract Regulations 2015.</p> <p>All necessary legal documentation arising from the recommendations in this report should be approved by Legal Services before completion.</p>	Legal Team
Privacy and Data Protection	Accepting the recommendations will increase the volume of data held by the Council. We will hold that data in line with our retention schedules.	Policy and Information Team

Equalities	No impact identified as a result of the recommendations in this report. An impact assessment would form part an agreed project going forward.	Equalities and Corporate Policy Officer.
Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	The recommendation will have no negative impact on Crime and Disorder.	Head of Regeneration and Economic Development
Procurement	On accepting the recommendations, the Council will then follow procurement exercises for the appointment of the Architect and Employers Agent. We will complete those exercises in line with financial procedure rules.	Procurement Manager & Section 151 Officer

2. INTRODUCTION AND BACKGROUND

- 2.1 Policy RMX1(3) "King Street car park and the former AMF Bowling site", in the Maidstone Borough Local Plan Regulation 19 version, states that this area offers a significant redevelopment opportunity close to the heart of the town centre to deliver a mix of ground floor retail and residential uses. Specifically it states that the site is allocated for up to 1,400m² comparison and/or convenience retail floor space and approximately 53 dwellings.
- 2.2 As the former AMF Bowling site has now been built out as a residential retirement homes scheme, only the King Street carpark remains for redevelopment.
- 2.3 It is not financially viable to deliver a scheme as per the Local Plan, due to the high construction costs associated with a podium type construction and the significant income the 60 space pay and display parking brings to MBC. This has an annual income of £254,000, that if capitalised at 6% gives an existing use value of £4,233m. The policy compliant scheme has an estimated Total Scheme Cost (TSC) of £12.8m against an estimated Market Sale Value of £8,011m equating to a TSC/MSV of 160.61% and an IRR of just 3.61%. The loss of the parking would also be detrimental to the local economic offer.
- 2.4 Maidstone Borough Council is the freehold owner of King Street carpark which provides 60 pay and display spaces, plus two electric charging point bays. It is a very popular car park which generates approximately £254,000 per year, equating to approximately £82 on average weekly per bay. Officers have gathered information from local agents in the area to demonstrate that retail units do not yield a high rental income in this particular area of the town centre. Plus there are a number of empty units already visible in the King Street area.

2.5 Officers have worked with an in-house Architect on concept designs. Following pre-application planning advice, the new 15 unit residential scheme being proposed will allow for the majority of the pay and display car parking to be retained. The proposed design will mean a loss of approximately 4 spaces equating to £17,000 per annum. However the new rental income generated for the Council through Maidstone Property Holdings, would be approximately £103,000 per annum (gross). The new design will also incorporate electric car charging points, public realm improvements and landscaping/tree planting to improve the visual appearance of the site from a public and resident perspective. It is intended that the proposed design could adopt a modern method of off-site modular construction, which will minimise disruption and the majority of the existing pay and display car park could remain in operation for as long as possible.

There are numerous merits of the new scheme design proposal, which include:

- The proposed design delivers a Local Plan site.
- Creates much needed homes in the town centre
- Income from 15 new residential market rent homes consisting of a mix of 1 and 2 bed apartments (of which 5 (30%) will be affordable), zero residential parking, however residents could benefit from evening only parking permits
- Creates a further income stream to MBC via Maidstone Property Holdings
- Pay and display car park retained as an amenity for the town (to include electric car charging points) and continued income for MBC
- The proposed development with its much improved boundary treatments, which will give:

Enhanced sight-lines to Holy Trinity church

Enhanced air quality for new residents as the residential units will be pushed back, away from busy King Street and the Bus Station

The car park will remain open and highly visible, providing increased safety and security.

The proposed design has scope to utilise modular off-site construction to minimise disruption.

Improved quantum of greenery within the site.

Enhanced public realm.

Potential for green roof and solar panels to be incorporated.

Private amenity space for all apartments.

Apartments designed to national space standards.

- 2.6 It is likely that an off-site modular construction will be used on this site to reduce construction time and the duration that parking bays will be temporary closed. It is estimated that an off-site modular build based on the proposed design could be completed in approximately six months. If only half of the carpark would need to be closed during the construction, for which officers will seek professional advice, would equate to a loss of parking income totalling approximately £63,500.
- 2.7 In order to progress the scheme it's proposed that we appoint an Employers Agent to assist the project team to identify the correct framework and Contractor which specialises in modern methods of off-site construction. The intention is to enter into a Pre-Contract Services Agreement with the Contractor to get cost certainty upfront and for them to appoint their own Architects and take the scheme design through to planning for us. Any future works would be undertaken under a JCT Design and Build contract to limit the Council to any risk.
- 2.8 The Market Rented units will be leased to Maidstone Property Holdings and the affordable units will either be taken on by a Registered Provider or retained and managed by Maidstone Borough Council. The project team will also investigate the possibility of using off-site affordable commuted sums if required.
- 2.9 The indicative financial returns for the new scheme design is shown at Appendix 2. The scheme is financially viable and meets our minimum financial criteria. However, it will not just be delivering a commercial return, but will provide a number of social and economic benefits by promoting housing and economic growth, delivering affordable housing for low income families and regenerating the town centre.

3. AVAILABLE OPTIONS

- 3.1 First option is to do nothing. Retain King Street car park as is, and not realise any development potential from the site of which has an allocation within the Local Plan. Parking income to the council will be maintained, however MBC will not meet its housing need.
- 3.2 Option 2 – Progress scheme design plans in accordance with Local Plan Policy. However considerable time has been spent on trying to design a scheme and it has proved to be financially unviable to be able to deliver commercial and residential housing (including affordable housing) due to the high construction costs associated with a podium type construction and the existing use value of the site.. This will be at a significant financial detriment to MBC.
- 3.3 Option 3 - Appoint an Employers Agent and via an appropriate framework a Contractor and Architect to enable the redevelopment of King Street carpark, using the new proposed design and modern methods of off-site construction to speed delivery and to minimise loss of P&D income and general parking disruption. This option will retain the majority of the pay and display car park, continuing to provide MBC with an income. This design would provide much needed market rent and affordable housing. The market rented units would be leased to Maidstone Property Holdings, providing an income stream.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is 3.3
- 4.2 The preferred option will provide 15 new residential homes, be designed to national space standards, provide a rental income of approximately £103,000 (gross), and has an IRR of 5.01% for the market rental units. It will also retain the majority of the pay and display parking bays (to include electric car charging points) maintaining a parking income for MBC. The proposed design has scope to utilise modular off-site construction to minimise disruption.
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5. RISK

- 5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 There has been a consultation with Cllr English and Cllr Burton regarding the proposed design, of which has received positive feedback. Comments regarding the proposals will be provided to the other High Street Ward Councillors.
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- 6.2 The project team have gathered pre-application advice from the Planning Department, the proposed scheme is acceptable in principle and the approach to off-site construction is welcomed.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The approval of the recommendation will enable officers to procure then appoint an Employers Agent, Contactor and Architect, enabling the project team to undertake further detailed design work with a view to obtaining planning consent and proceeding with tendering for the main works contract.
- 7.2 A further report will be presented to Policy and Resources Committee in due course to consider the financial costs and final scheme designs for a full planning application.
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8. REPORT APPENDICES

- Appendix 1: Proposed scheme design
 - Appendix 2: Proval Financial Summary
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9. BACKGROUND PAPERS

Not applicable