

**MAIDSTONE BOROUGH COUNCIL**

**CABINET**

**12 SEPTEMBER 2012**

**REPORT OF ASSISTANT DIRECTOR OF ENVIRONMENT AND  
REGULATORY SERVICES**

**Report prepared by David Tibbit**

**1. KING ST MULTI STOREY CAR PARK**

**1.1 Issue for Decision**

1.1.1 To consider the options for the future of the King St multi-storey car park site.

**1.2 Recommendation of the Assistant Director of Environment & Regulatory Services**

1.2.1 That Cabinet agrees to the demolition of the building;

1.2.2 That Cabinet agrees to the submission of a planning application for and construction of a surface level car park; and

1.2.3 That Cabinet agrees that officers should continue to seek development opportunities for the longer term use of the site.

**1.3 Reasons for Recommendation**

1.3.1 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.

1.3.2 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.

- 1.3.3 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.
- 1.3.4 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.
- 1.3.5 There are a number of options available to the Council.

Option 1 - Do nothing.

- 1.3.6 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

- 1.3.7 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.
- 1.3.8 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.
- 1.3.9 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

- 1.3.10 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.
- 1.3.11 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.
- 1.3.12 Officers would also continue to seek development opportunities for the longer term use of the site.

#### Option 4 – Sale/redevelopment of the site

- 1.3.13 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.

#### Recommendation

- 1.3.14 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 is 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.
- 1.3.15 A sketch of the recommended proposal is attached as Appendix A.

#### 1.4 Alternative Action and why not Recommended

1.4.1 The alternative actions are examined in detail above.

1.5 Impact on Corporate Objectives

1.5.1 The proposed action contributes to the delivery of cost effective and efficient services.

1.6 Risk Management

1.6.1 Demolition – The nature and location of the building provides risks. These will be managed by the appointment of suitably qualified and experienced structural engineers, contractor and CDM co-ordinator.

1.6.2 Planning – The risk of an unsuccessful planning application will be managed by pre-application discussions with the planners, and submission of the application by a suitably qualified and experienced Architect.

1.7 Other Implications

1.7.1

1. Financial	X
2. Staffing	
3. Legal	X
4. Equality Impact Needs Assessment	X
5. Environmental/Sustainable Development	X
6. Community Safety	X
7. Human Rights Act	
8. Procurement	X
9. Asset Management	X

1.7.2 Financial – The project could be funded from the £700,000 for high priority legislative/health and safety projects in the capital programme for 2013/14.

1.7.3 Staffing – Following demolition, parking officers based in the car park will require relocation.

- 1.7.4 Legal – Legal Services will be required to draw up contracts for the demolition and car park construction contracts.
- 1.7.5 Equality Impact Needs Assessment – The proposal will have no adverse impacts on any part of the community. Disabled access and disabled parking spaces will be provided.
- 1.7.6 Environmental/Sustainable Development – Cycle parking will be provided, and the feasibility of charging points for electric cars will be considered.
- 1.7.7 Community safety – Lighting of the car park, visibility and security of users and vehicles will be considered and taken into account.
- 1.7.8 Procurement – Appointment of consultants and contractors will be undertaken in accordance with the Council’s contract procedure rules.
- 1.7.9 Asset management – The requirement to consider the future of the site is included in the Council’s Asset Management Plan 2012-15, which was approved by Cabinet on 8 August 2012.

## 1.8 Conclusions

- 1.8.1 King St multi storey car park is a significant site in the Council’s property portfolio and it is important to ensure that all the options for its future are considered. The recommended action of demolition and construction of a surface car park combines the best value option with retention of the opportunity for further redevelopment when the market allows.

## 1.9 Relevant Documents

- 1.9.1 Appendices - Appendix A - Plan of Proposed car park
- 1.9.2 Background Documents - None

**IS THIS A KEY DECISION REPORT?**

Yes

Yes

No

If yes, when did it first appear in the Forward Plan?

1 August 2012

This is a Key Decision because: It involves expenditure over £250,000

Wards/Parishes affected: High Street Ward