

**King Street Carpark**

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	Head of Regeneration and Economic Development - John Foster
<b>Lead Officer and Report Author</b>	Alison Elliott, Housing Development Officer
<b>Classification</b>	<p>Public report (with Exempt Appendix)</p> <p>Exempt Appendix Appendix 2: Provisional Financial Summary By virtue of Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information), of Part 1 of Schedule 12A of the Local Government Act 1972</p> <p>The public interest test falls in favour of withholding this information so as not to jeopardise the Council's commercial position.</p>
<b>Wards affected</b>	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 16 residential dwellings, with the loss of only 4 of the pay and display bays thereby continuing to generate parking income for the Council.

Officers have been considering the best approach to deliver the redevelopment of the King Street site and due to the need to minimise disruption to the operation of the car park, have investigated the use of Modern Methods of Construction (MMC) and have identified the LHC Framework as the most cost effective and efficient route to procure these works. Following a procurement exercise undertaken ZPODS have been chosen as the Council's preferred contractor.

### **Purpose of Report**

The purpose of this report is to update the Committee on the evolution of the design proposals and to seek approval on entering into a Pre Contract Services Agreement (PCSA) and JCT Design and Build contract with the preferred Contractor ZPODS subject to planning consent and a viable scheme being achieved.

### **This report makes the following recommendations to this Committee:**

1. That the Committee agree to the part 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 exempt appendix 2.
2. That the Director of Finance and Business Improvement is granted delegated authority to appoint and enter into a JCT Pre Contract Services Agreement (PCSA) with the preferred contractor ZPODS for the stage 1 (pre-construction phase) works to King Street Car Park.
3. That the Director of Finance and Business Improvement is granted delegated authority to enter into a JCT Design and Build Works Contract with the preferred contractor ZPODS for the stage 2 (construction phase) works to King Street Car Park, subject to satisfactory performance, a viable scheme and planning consent being achieved in stage 1.
4. That the Director of Finance and Business Improvement is granted delegated authority to grant such lease(s) of the Property as necessary on terms to be agreed, and authorise the completion of such lease(s) and all ancillary deeds and agreements and the Head of Mid Kent Legal Services be authorised to complete the necessary legal formalities for such lease(s) in due course.
5. That the Head of Mid Kent Legal Services is authorised to instruct/appoint the Solicitors required and to complete the necessary contract documentation and agreements associated with the works and consultancy services provided for King Street Car Park, on the terms as agreed by the Director of Finance & Business Improvement.

### **Timetable**

<b><i>Meeting</i></b>	<b><i>Date</i></b>
Policy and Resources Committee	16.12.2020

# King Street Carpark

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<p><b>Impact on Corporate Priorities</b></p>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>The proposal impacts on the following corporate priorities:</p> <p>Embracing Growth and Enabling Infrastructure - by enhancing the town centre.</p> <p>Safe, Clean and Green – by Encouraging good health and well being</p> <p>A thriving place – by promoting employment</p> <p>Homes and Communities - by providing housing</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><b>Cross Cutting Objectives</b></p>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>The report recommendations support the achievement(s) of the cross-cutting objectives by providing much needed homes in the town</p>	<p>Head of Regeneration and Economic Development</p>

	centre but respecting the surrounding area and street scene.	
<b>Risk Management</b>	Already covered in the risk section	Head of Regeneration and Economic Development
<b>Financial</b>	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
<b>Staffing</b>	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
<b>Legal</b>	<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>	Team Leader, Contracts and Commissioning, Legal Team
<b>Privacy and Data Protection</b>	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
<b>Equalities</b>	No impact identified as a result of the recommendations in this report. An impact assessment would form part an agreed project	Policy & Information Manager

	going forward.	
<b>Public Health</b>	We recognise that the recommendations will have a positive impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	The recommendation will have no negative impact on Crime and Disorder.	Head of Regeneration and Economic Development
<b>Procurement</b>	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 together with the adjacent former AMF Bowling site 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 1,400m<sup>2</sup> comparison and/or convenience retail floor space and approximately 53 dwellings. 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.
- 2.2 In addition to the requirements of Policy RMX1(3), planning permission will be granted if certain criteria are met such as the submission of noise, air quality and land contamination assessments and subsequent agreed mitigation/reduction measures as appropriate. Footpath and public realm improvements are also required.
- 2.3 Maidstone Borough Council is the freehold owner of King Street carpark which provides 62 pay and display spaces, plus two electric charging point bays. It is a very popular car park which generates approximately £242,000 per year, equating to approximately £76 Net on average weekly per bay.
- 2.4 The retention of these car parking spaces is important as King Street is well placed to support the town centre with convenient parking for shoppers and visitors. A number of designs, tenure mixes and densities have been considered that retain the car park and build over it using a podium type of construction. However, all of these were financially unviable due to the high construction costs associated with this type of construction.
- 2.5 Officers have gathered information from local agents in the area to demonstrate that retail units do not yield a high rental return in this area of the town centre to generate a viable scheme. The retail sector is undergoing significant changes due to the growth in online shopping which has been

accelerated by Covid 19 and most recently highlighted by the collapse of Arcadia and Debenhams. Demand for retail space in secondary locations is low exemplified by the number of empty units already visible in the King Street area. Space for retail has therefore been omitted from the scheme.

- 2.6 Officers have worked with ZPODS (an SME Contractor that specialises in Modern Methods of Construction and building over car park sites) on concept designs. Pre-application planning advice has been received for the concept designs of which have been extremely positive. The new 16-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 parking spaces capitalised at 7% equals approximately £226k of lost income. This will be significantly less than the rental income, which is shown at Exempt Appendix 2.
- 2.7 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 will 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 a number of benefits of the proposed designs, which include:

- The proposed design delivers a Local Plan site.
- Creates much needed homes in the town centre
- Income from 16 new residential market rent homes consisting of a mix of 1 and 2 bed apartments (of which 6 will be affordable for social rent), zero residential parking, however residents could benefit from evening only parking permits
- Zero energy/low carbon homes. The homes have been designed with the lowest possible running costs. The energy efficient units will have solar panels to generate renewable electricity during the day, quiet running heat pumps for low energy heating, triple glazing, and LED lighting.
- 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 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.

Private amenity space for all apartments.

Apartments designed to national space standards.

- 2.8 The proposed design will use off-site modular construction, 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 ten months. During which, it is anticipated that 33 parking bays (to the rear and eastern side) will be closed for circa 13 weeks and the full car park for a further 3 weeks during the construction phase, equating to an approximate loss of income of £45k. This loss of income has been reflected in the financial appraisal shown at Exempt Appendix 2 within 'Other Costs'.
- 2.9 The team have used the LHC framework which specialises in modern methods of off-site construction to procure the contractor ZPODS. The intention is to enter into a Pre-Contract Services Agreement (PCSA) with ZPODS 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.
- 2.10 ZPODS can deliver a 'show' unit that can be used during the public consultation period. The project team are keen to utilise this and are looking into the possibility of siting it on Jubilee Square, once Covid restrictions have been eased.
- 2.11 The Market Rented units will be leased to Maidstone Property Holdings and the affordable social rented units will either be taken on by a Registered Provider or retained and managed by Maidstone Borough Council.
- 2.12 Financial Commitments  
The indicative financial returns for the new scheme design are shown at exempt Appendix 2. With the benefit of off-site affordable housing commuted sums, the scheme is financially viable and meets our minimum financial criteria.
- 2.13 A submission for grant funding through the Public Land Release Fund has been made to the Government which could attract £113k towards this development if the bid is successful. Awards are expected to be confirmed in February 2021 and if successful will help de-risk the development and improve the returns further.
- 2.14 However, it will not just be delivering a commercial return, but will provide several social and economic benefits by promoting housing and economic growth, delivering affordable housing for low income families, and regenerating the town centre.
- 2.15 Indicative Programme of Events  
December  
Enter PCSA  
Pre-Application advice with Planners  
Surveys & Reports

January

Community Engagement (dependant on Covid restrictions)  
Surveys & Reports  
Sign off Design

February 2021

Planning Submission

May 2021

Planning Approval

June 2021

Prepare JCT D&B Contract

July 2021

Start onsite/factory build

April 2022

Practical Completion

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### **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. Parking income to the council will be maintained, however MBC will not meet its housing need or deliver a site allocated with the Local Plan for redevelopment.
  - 3.2 Option 2 – Progress a scheme in accordance with Local Plan Policy. 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 - Enter into a JCT Pre Contract Services Agreement and, subject to a viable scheme and planning consent being achieved, enter into a JCT Design and Build Contract with ZPODSs to enable the redevelopment of King Street carpark. This approach will benefit from 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 (social rented) housing. The market rented units would be leased to Maidstone Property Holdings, providing an income stream.
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### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The preferred option is 3.3
- 4.2 The preferred option will provide 16 new residential homes (including 6 for affordable social rent), be designed to national space standards, provide a

financial return in excess of the hurdle rate previously agreed by this Committee. 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 will utilise modular off-site construction to minimise disruption.

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## **5. RISK**

5.1 The following risks and mitigations have been identified:

<b>Risk</b>	<b>Mitigation</b>
Obstructions in the ground, caused by the previous multi-storey carpark.	At present ground conditions are unknown, however geotechnical intrusive surveys will be carried out before any construction works begin.
Fail to receive planning permission.	The proposed designs have been discussed at a Pre-application meeting and the feedback was very positive. The project team will also ensure early engagement with Councillors and the public and apply to project where possible.
Post-planning – failure of off-site supplier to deliver modules due to market conditions or financial issues.	The project team have used an MMC framework to select a supplier with a track record. Due diligence checks have been completed on the MMC supplier. The project team will continue to work closely with the supplier to ensure they are in sound financial order and that contractual terms are mutually beneficial from a risk perspective.

## **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 There has been consultation with the Chair of Planning Committee and the Chair of Strategic Planning and Infrastructure regarding initial proposals. High Street Ward Councillors have been notified of the proposed new scheme designs.
- 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 appoint and enter into a JCT PCSA with ZPODS, enabling the project team to undertake further detailed design work with a view to obtaining planning consent and proceeding with the JCT Design and Build contract.

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## **8. REPORT APPENDICES**

- Appendix 1: Proposed scheme design – to follow
- Appendix 2: Provisional Financial Summary

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## **9. BACKGROUND PAPERS**