

**REPORT FOR: Tenants', Leaseholders'
and Residents'
Consultative Forum**

Date of Meeting: 17 July 2012

Subject: **INFORMATION REPORT
Garage Strategy**

Responsible Officer: Lynne Pennington
Divisional Director of Housing Services

Exempt: No

Enclosures: None

Section 1 – Summary

This report provides an update on the current position of the garages on council owned housing estates and sets out the aims and objectives of the emerging Garage Strategy, together with progress to date.

FOR INFORMATION

Section 2 – Report

Introduction

- 2.1 We have 957 garages and carports located on housing estates around the borough. Anybody can apply to rent any garage but they are mainly let to people living on the relevant estate, including the tenants, leaseholders and leaseholders' sub-tenants. If there is no demand from an estate's residents, garages can be rented to Harrow Council tenants, freeholders or leaseholders living on other estates or people living in property not owned by us.
- 2.2 There are currently two scales of charges for garages, with a slightly higher charge for private lettings than for those let to our tenants and resident leaseholders. Garages are not offered to tenants who currently have rent arrears. They must only be used to park roadworthy vehicles which are used on a regular basis, and are not allowed to be used for storage or commercial enterprises.
- 2.3 Demand (and therefore income) for rental of garages varies considerably from site to site. Some garages are in a reasonable state of repair and are easy to let, whilst others remain void due to issues such as disrepair, and can attract vandalism and other anti social behaviour. Some garage sites have the potential to be developed for affordable housing to contribute to meeting housing need in the borough.
- 2.4 A Garage Strategy is being progressed to deal with the issues associated with garages and make best use of the sites. A Garage Strategy Steering Group has been convened to take the Strategy forward and identify options to make better use of the sites, with the main objective of developing affordable housing, as well as increasing rental income to support the Housing Revenue Account (HRA).

Background

- 2.5 Currently we have some 480 void garages. Only 100 of these are to a standard that can be let. Unfortunately we do not have sufficient demand on these sites to let the garages. In terms of clearance and repairs to garages, we have been targeting sites where we have a demand and no money is being spent on clearing garages where there is low demand. This has led to problems with anti-social behaviour on garage sites, including fires being lit at Augustine Road. Dealing with such issues is both time consuming and expensive.

2.6 The table below shows the current occupancy and use of our garages:

Let	438
Void	480
Housing Services / Caretakers (used for storage)	31
Void Beyond Economical Repair	8
Total	957

The majority of the void garages fall into one of these categories:

Beyond Economic Repair	8
Requiring door replacement	81
Boarded up	21
Require bulk rubbish to be removed	202 approx
Door removed and left open	13

We currently have 33 people on the waiting lists for various garages, although we are prevented from letting some of the wanted ones because of disrepair.

2.7 In recent years both the maintenance and management of garages has not been given sufficient priority or resources to optimise the use of garages and resultant income. However, some progress has been made. Towards the end of the last financial year we invested £20,000 capital in renovating 20 garages at Shaftsbury Circle. Many of these garages were already tenanted and there was a waiting list for the remaining garages. Following the works the garages are all now ready to let and only 3 remain void.

2.8 Despite this one off repair project there continues to be underinvestment of revenue resources in our garages to the extent that when a tenancy ends no work is done to bring the garage back up to a lettable standard. Vacant garages are not even being cleared unless a potential tenant has been identified so there is no opportunity (even if there is demand) to relet them. To illustrate this only an estimated £9,500 revenue was spent on garage repairs in the last financial year, and most of this has been spent on garages where there is a current tenant.

Current Situation

2.9 As at December 2011, the position was as follows:

We have a total of 957 garages and carports and if all were let this would generate a gross annual income of £683,911.

Current Financial Position

Year end 2010/11

Source of income	Income including VAT	Income excluding VAT
Income from garages let to council tenants	£67,597	£67,597
Income from garages let to non council tenants	£258,651	£222,737
Total	£326,248	£290,334

Year end 2011/12

Source of income	Income including VAT	Income excluding VAT
Income from garages let to council tenants	£66,555	£66,555
Income from garages let to non council tenants	£236,747	£201,140 (excluding VAT)
Total	£303,302	£267,695

From the tables it can be seen that the total income from garages for 2011/12 is only 44% of potential income and has reduced by £22,639 from 2010/11. If we do nothing that income is likely to continue to reduce year by year.

- 2.10 However whilst it is clear there is the potential for greater income generation if more garages were let, this has to be balanced against investment needs.

Current costs and Income from garages

- 2.11 The current cost to the HRA of garages is very low. One officer manages the garage waiting list and the letting of garages for 50% of her time. The proportionate spend on garages is therefore £14,950.

We could estimate additional costs in the region of £20,000 for management of this post, income collection costs, dealing with other ad hoc queries re garages, responding to complaints and, in particular, the anti social behaviour problems garages can cause.

Total staffing costs associated with the garage stock is therefore in the region of £35,000.

The current repair spend for a full year is around £9,750.

Total staffing and repairs costs of garages = £44,750.

- 2.12 Even with the limited rent collection from garages a surplus of £222,945 is now being generated to the HRA from garage rents. It will not be possible to increase income further without investing more revenue into improving the existing stock and improving the management of the garages.

The Garage strategy

Introduction

- 2.13 A garage strategy report went to TLCF in November 2010 and the main aim at that time was to increase the number of garages that were let and generating income to the HRA. However, the introduction of HRA reform brings with it opportunities to develop new affordable housing, thereby contributing to meeting the housing needs of priority households who will otherwise need to be placed in emergency accommodation at a high cost to the Council. The development potential of existing HRA assets such as garages has been identified as one way to assist in delivering additional affordable housing and the garage strategy was subsequently broadened to take account of this. In addition, a number of new ideas and suggestions on how to improve the use of garages have been made and these are also being taken forward.

Objectives of the Strategy

2.14

- To determine which garage sites have development potential;
- To determine which garage sites that do not have development potential to invest in to increase lettings and therefore increase income to the HRA;
- To determine future of any garage sites that have neither development potential or demand to be let as garages;
- To consider future investment needed in remaining garage stock to maximise income generation over the next few years;
- To consider whether market research would assist with implementation of the strategy and the strategic decisions to be made;
- To review garage rent levels, and determine rental strategy for the HRA business plan;
- To consider further marketing opportunities, change of lettings policy etc to maximise income from any retained garages.

2.15 The strategy has 4 stages:

2.15.1 Stage 1

To test whether, and where, demand for garages can be increased, by means of an advertising campaign.

This stage has been completed but did not result in a substantial increase in demand for garages. This would appear to be a combination of low demand for garages and lack of investment in the stock over a number of years. The lack of management of garages may also be a factor.

2.15.2 Stage 2

A stock condition survey of the garages was completed in January 2012, which provided accurate information on:

- which garages are beyond economic repair and
- which garages could be repaired at a cost that is reasonable based on the likely future rental income that could be generated by letting the garage.

2.15.3 Stage 3

The third stage of the strategy was to prioritise repairs to garages that are both economical to repair and in an area where there is a demand to rent them. These garages could be let quickly, once repairs were completed, to increase income and reduce the void rate to a more acceptable level.

On analysis of the Stock Condition survey, six possible sites where the money could be effectively spent to bring garages back into use were identified. Unfortunately only one site, Shaftsbury Circle, was actually eligible for capital funding for improvements, and as stated above this work has now been completed.

Moving forward £60,000 capital has been set aside to invest in garages in 2012/13. It may be possible to supplement this by up to £40,000 revenue, depending on the requirements for works and the priorities to be identified.

2.15.4 Stage 4 – the current stage

Following the stock condition survey we now have information on the level of repair required, as well as the demand, for each garage site. The opportunities of HRA self financing and the growing demand for affordable housing merited a review of all garage sites to ascertain development potential for affordable housing, either as standalone sites or combined with other opportunities.

2.16 An initial desktop review of all garage sites has been completed and has sub divided the sites into the following 3 groups:

- Those sites that have development potential (14)
- Those sites that have constrained development potential (17)
- Those sites that have no development potential (46)

2.17 We are now considering how to make best use of the garage sites, on the basis of their suitability for the development of affordable housing, demand for letting and cost of repair. Where garages are not suitable for development, are not in rental demand, and the cost of repair is

prohibitive, alternative uses for the sites will be considered, such as replacing garages with parking spaces or other facilities for the benefit of local residents, or to increase income to the HRA.

This stage would include consultation with local tenants, leaseholders and residents.

Recent Developments

- 2.18 A Garage Strategy Steering Group (GSSG) has been set up with Councillor, council officer and tenant representatives to take stage 4 forward.

The first meeting of the GSSG was held on 31 May 2012. This was a scoping meeting to consider the information available to date and identify the next steps in progressing the strategy.

Current work in progress

- 2.19 Following on from the meeting the following work is currently underway:

2.19.1 ASB solutions

Resident Services are identifying those garage sites that have attracted anti social behaviour in order to draw up a priority action list to resolve the issues (e.g. secure site, repair /demolish garages).

2.19.2 For those garages with development potential:

A Planning officer has been identified to work with the GSSG to give planning advice. This officer will undertake site visits in July with members of the GSSG to further refine the list of garages with development potential. Once a final list of potential development sites has been identified, a feasibility study will be commissioned to look in more detail at services, rights of way issues etc. This will result in a definitive list of potential development opportunities for garage sites that can be taken forward for the delivery of affordable housing.

2.19.3 For those garages without development potential

We are collating further information to enable an analysis of the demand and repair status of garages in order to identify priorities for repair and subsequent letting. These will be sites that are economical to repair and for which there is demand / a waiting list for rental. Once identified, these garages will be included in a capital works programme to achieve the £60,000 spend this financial year.

In order to maximise rental income from garages, an analysis of rental strategies and rent levels, both in the public and private sector, is being undertaken to identify the best way to make our rental garages competitive and commercially attractive.

2.19.4 For those garages without development or garage letting potential

Where sites are not suitable for development or letting as garages, it may be appropriate to consider a change of use for some garages that would either benefit the community or be commercially driven to bring in further income to the HRA. Commercial uses that could be

considered might include use as storage, home offices, gyms or as business premises /business start up.

Further alternatives for the use of garage sites could include:

- Demolition and used for car parking bays. Charges could be made for parking spaces where appropriate;
- Provision of communal gardens to improve the area;
- Provision of facilities for young people such as youth shelters and/or play areas. This might be attractive to residents, particularly if it helps to combat local problems such as ASB.

However, the potential to widen the purpose that garages are used for is dependant on Planning policy. Checks are being made with Planning as to the issues associated with a change of use. We would also need to investigate other issues, such as insurance and Health & Safety, before a decision could be made regarding change of use.

2.20 Linked to the decision about the future of garage sites is the fact that the management of garages in Housing is currently under resourced, so preventing effective management. If we expand the use of garages, particularly into the area of running businesses, we will need to ensure garages are robustly managed to avoid nuisance complaints and deal with any H&S issues that arise.

2.21 **Further work included in the Garage Strategy is:**

- Production of a consultation strategy with tenants, leaseholders and residents;
- Commissioning of Capital Programme works for those garages identified for repair;
- Consideration as to whether further marketing is required to increase demand for lettings;
- Consideration of options for sites that are not to be developed or repaired for letting;
- Review of the lettings policy in view of any commercialisation potential;
- Identification of resources for future annual investment in garages as part of the HRA business plan;
- Development of a 3 year programme for retained garage sites – both capital and revenue;
- Delivery of affordable housing on suitable garage sites.

Section 3 – Financial Implications

3.1 If all of the garages were let, this would generate a gross annual income of £683,911. However, given the level of voids and use for storage, the annual income is reduced to around £303,000 including VAT.

- 3.2 The Council needs to ensure that its assets are maintained and used in a way that enables income to be maximised where possible. Apart from the £60,000 set aside in the 2012/13 capital programme there is no other budget identified this year to tackle the current problems with the garages. Any expenditure in future years, including repair of garages, demolition and development of sites, would have to be included in the HRA business plan.
- 3.3 In addition, any plans to reduce the number of garages would be likely to have a negative impact on the current surplus generated to the HRA from garage lets. However, the creation of more rental demand, coupled with a more commercialised approach to the use and management of garages, may mitigate this impact. At this stage, it is not possible to quantify the impact to the HRA of this project, although this will be identified going forward and be taken into account in the decision making process.
- 3.4 If we make the decision to develop the garage sites in house for affordable housing we would have to identify how we would do this and the funding we would require. Similarly, other funding requirements will be reviewed and agreed as the project progresses.

Section 4 - Equalities implications

- 4.1 The Garage Strategy is concerned with making the best use of Council assets and we have not identified a need to do an Equalities Impact Assessment at this stage, as we are not changing the service to garage tenants. However, this will be reviewed as the project progresses.

Section 5 – Corporate Priorities

- 5.1 Improving the use and availability of garages for rent that are in a good state of repair, developing additional affordable housing and improving facilities on housing estates would all contribute to the corporate priorities of:
- Keeping neighbourhoods clean, green and safe
 - United and involved communities: a Council that listens and leads
 - Supporting and protecting people who are most in need

Name: Roger Hampson



on behalf of the
Chief Financial Officer

Date: 3 July 2012

Section 6 - Contact Details and Background Papers

Contact:

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Background Papers:

None.