

EXETER CITY COUNCIL
SCRUTINY COMMITTEE – COMMUNITY
3 SEPTEMBER 2013

EXECUTIVE
17 SEPTEMBER 2013

ASSET MANAGEMENT REVIEW - HOUSING GARAGE SITES

1.0 PURPOSE OF THE REPORT

1.1 To report the outcome of an asset management review of the City Council's garage sites and consider recommendations for estate rationalisation.

2.0 BACKGROUND

2.1 The Council owns 930 garages over 65 sites. Since 2009, around 60 garages a year have been vacant. This represents 6.5% of the total stock and around £26,500 in lost rental income each year. Over the last four years, this equates to lost income in the region of £106,000. Despite several initiatives to reduce the number of empty garages, the numbers are increasing each year. The garages have the potential to generate an income in the region of £470,000 per annum, depending on the type of tenant and the location of the garage.

2.2 The current rent charge per week (over 48 weeks) is set out in the table below. The Council is required to charge VAT when renting garages to people who are not existing tenants of ECC homes.

	Inner City Garage	Outer City Garage
Tenant*	£13.57	£10.19
Non-Tenant**	£16.28	£12.22

	Inner City Car Parking Space	Outer City Car Parking Space
Tenant*	£8.92	£5.10
Non-Tenant**	£10.70	£6.12

*Excludes VAT **Includes VAT

2.3 The review of garages has also been prompted by the following issues:

- In the current financial climate, individuals and families are scaling back on their monthly expenditure and garages could be considered an unnecessary luxury. The number of vacant garages is predicted to increase as more people surrender their tenancies for financial reasons and this represents a business risk for the council.
- There is limited budget provision set aside for garage maintenance and in general only basic emergency repairs are undertaken.
- With changes in car design, some of our garages are not wide enough for a modern car and are therefore not fit for purpose. Only about half of our garages are used for car parking, with the rest being used for storage or running small businesses.
- There is a pressing need for new affordable homes within the City and under-utilised garage sites could be used to provide further homes.

- 60% of our tenants and leaseholders have identified a lack of car parking as the biggest issue where they live and under-utilised garage sites could be used to provide hard-standings for cars.

2.4 The objective of this review was to assess how the ECC garage estate could be used to:

- Maximise rental income and reducing the number of empty garages
- Reduce on-road parking by creating additional off-road space
- Make effective use of housing land
- Allocate funding against priorities
- Improve satisfaction levels of existing garage tenants
- Improve security and stock condition.

2.5 Spot checks were undertaken at selected garage sites to assess the general condition and presence of asbestos and around 350 residents currently renting a garage from Exeter City Council returned a survey which showed:

- 38% thought their garage was in good condition; 49% fair and 14% in poor condition.
- 83% said their garages kept most of the weather out
- 23% had problems with plants growing into their garages
- 52% used their garages for car parking
- 27% reported fly-tipping; 16% reported ASB relating to drug and alcohol use and 9% reported graffiti as problems on our garage sites.

2.6 Given the number of vacant garages a small number of garages are used by local charities and community organisations that benefit the local community on a rent free basis.

3.0 ASSET MANAGEMENT RECOMMENDATIONS

3.1 The review has prompted the following recommendations for the garage estate:

Re-development

16 sites have development potential for new homes. Of these sites:

- Newport Road (23 garages), planning permission has already been granted for 6 three-bed homes.
- 6 sites (187 garages) are being considered by architects for development in the near future. These are: Goldsmith Street (lower site) (29), Anthony Road (13), Bovemoor Lane (29), Taunton Close (21), Wynford Road (41) and Thornpark Rise (54).
- 9 sites (253 garages) should be considered for future development. These are Lower Wear Road (44), Higher Barley Mount (44), Lancelot Road (66), Mincinglake Road (16), Littleway (18), Merrivale Road (54), Durham Close (8), Redlands Close (3) and Whipton Barton Road (44).

If all 16 sites were to be developed for new homes this would ultimately reduce the number of garages within the Council's stock by 463 or 50%, resulting in a loss of annual garage rental of between £226,462 and £361,806, depending who the garage was rented by and where it was located. However, the Council would be providing additional social housing and, whilst it is not possible to project the income of this proposal until each site is assessed for its suitability, type of properties and numbers, it would significantly increase the rental income.

The sites would be developed over a period of time to mitigate the impact of the reduction in the number of garages and officers would work with the tenants of each area at the appropriate time to find alternative parking arrangements.

Disposal

13 small sites have potential for disposal. Of these,

- **9** sites (44 garages) are recommended for disposal. These are: Clifton Street (14), Wayside Crescent (4), Hill Rise (3), Legion Way (2), Briar Crescent (3), Laburnum Road (4), Haldon Close (4), Powderham Close (6) and Belvedere Close (4). The garages have been valued at between £5,000 and £10,000 per unit, dependent upon the current market conditions and whether the garages are sold individually or as blocks. It is estimated that they will generate a capital receipt of between £220,000 and £440,000.
- The annual rental loss on these blocks will be between £21,521 and £34,383 depending on location and whether the garage is let to tenant or non tenant and the assumption that they would all be tenanted.
- The disposal of the blocks would be carried out over a period of time allowing us to either sell the blocks with sitting tenants (if appropriate) or giving us time to work with the tenants of used garages to find alternative garages within our stock and assist them re-locate.
- The remaining **4** sites (8 garages) at Lower Summerlands (3), Woodwater Lane (2), Chestnut Avenue (1) and Bramley Avenue (2) are not recommended for disposal because they are either directly opposite council owned homes or there are other future redevelopment opportunities for these sites.

Investment

6 sites (134 garages) are assessed as being in high demand in popular areas but requiring some work to ensure the garages remain fit for purpose and bringing them up to standard. The total cost of investment across all the sites is £73,308 and it will take around a year to recoup the cost from rental income. These sites are: Redhills Close (19), Goldsmith Street (upper site) (42), Galahad Close (38), Percival Road (19), Greenway (5), and Bonville Close (11).

Demolition

6 sites (97 garages) are assessed as having the potential to provide car parking instead of garages. This would require demolition and laying hard standings at an estimated cost of £150,000. Car parking spaces provide a rental income per week and, because hard standing would provide more spaces than garages on each site, we estimate that it will have a neutral effect on rental income. We would work with the tenants at these sites to ensure they were given priority to rent the parking spaces once demolition had taken place or relocate to another garage site. These sites are: Watergate (4), Wear Barton Road (12), Heavitree Bridge (19), Elaine Close (24), Prospect Place (28), and Hill Barton Close (10).

Storage

3 sites (21 garages) were identified where the garages are not wide enough for modern cars. The tenancy agreement should therefore be amended to prioritise storage instead of car parking. There is no cost for this and tenants would be expected to ensure they had adequate insurance for the contents. These sites are: Fullers Court (7), Serge Court (7) and Teazle Court (7). The policy of offering hard-to-let vacant garages to local charities for free

storage will continue but, given the proposed reductions in the overall garage stock, the number of hard-to-let vacant garages is likely to reduce.

New-build Garages

1 site at Wear Barton Road (12) was identified where further garages could be built on poorly utilised land. The cost of this would be £28,000 for three garages. Based on the income created by the three additional garages it would take between 16 and 19 years to recoup the costs of the additional garages with rental income.

No Change

18 sites will stay as they are. These are where a higher amount of demand has been identified and where there is no re-development potential. In most cases, these are garages situated beneath flats.

- 3.2 If all the above recommendations are accepted, the council's garage estate would reduce to 276 garages on 34 sites.

4.0 NEXT STEPS

- 4.1 If Committee Members are content to pursue the recommendations of this review in principle, all Members with garages in their wards will be consulted on the detailed proposals. The results of this consultation will be considered by the Portfolio Holder for Maintain our Assets, in consultation with the Chairman and Vice-Chairman of Scrutiny – Community Committee, and reported to Executive Committee with detailed recommendations in November.

- 4.2 The proposals will also be considered by the Tenants and Leaseholders' Committee on 21 September.

5.0 RECOMMEND that Scrutiny – Community support and Executive agrees:

- i. To approve the recommendations set out in Section 3 above in principle for consultation with the Ward Members and the Tenants and Leaseholders' Committee and for detailed consideration by the Executive Committee in November

SARAH WARD
ASSISTANT DIRECTOR HOUSING & CONTRACTS

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None