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## **Garage Strategy 2016-2020**

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## Contents

<b>Chapter</b>	<b>Page</b>
1. Executive Summary	3
2. Council Garage Stock Profile	4
2.1 Stock Numbers	4
2.2 Demand	4
2.3 Vacant Garages	5
2.4 Rental Income	5
2.5 Comparative Garage Rent Levels	6
2.6 Repairs	6
3. Associated Garage Use Issues	7
3.1 Garage Sales	7
3.2 Garage Sites	7
3.3 Garages Allocated at No Rental Cost or Peppercorn Rates	7
3.4 Data Cleansing and Reconciliation	8
4. Assessment Framework	9
4.1 Framework	9
4.2 Intervention Options	9
5. Funding the Strategy	11
6. Monitoring the Action Plan	12
Appendix A – Year 1 Action Plan	13

## **1. Executive Summary**

Garage void rates have remained relatively high and there has been less active management of this asset as the focus has been on our dwelling investment programme.

Previous plans and interventions have made limited but not sustained improvement.

Following a review of the garage stock usage by the Tenant Scrutiny Group in 2014 a comprehensive Garage Sustainability study was completed in 2015. This calculated the Net Present Value of each garage and an estimated 5 year investment profile. This study also proposed action for each garage or block of garages. This identified an investment profile of approximately £2 million.

However this study was primarily a property based analysis and did not factor in additional influencing elements particularly around latent demand, marketability or potential for alternative use. The use of an Assessment Framework is a broader scoping tool to assess each garage area to generate options for how we should reach a longer term position on our garage stock.

Whilst our priority remains the management and maintenance of our dwellings our garage stock represents a significant asset in its own right and its effective management contributes to the general look and feel of the surrounding environment. It is also important to maximise the income generated from this asset base particularly given the current financial position of the Housing Revenue Account up to 2020.

Our primary objective by utilising the Assessment Framework will be:

***To maximise the use our garage stock (including garage sites) to maintain and improve rental income levels and contribute to estate environmental improvement***

Given the geographic spread of our garage stock and the fact that no effective overall marketing plan has been developed it is important to use an assessment framework that can be applied across all the garage stock that will identify what appropriate adjustments can be made that are in line with the available budget provision over the next four years. The assessment process will be applied initially in areas of high void rate.

Following approval of the strategy work will commence immediately in areas of high void rates.

After assessing stock against the assessment framework the following broad actions will be recommended where appropriate:

- Market exercise
- Incentivisation
- Alternative use
- Sale
- Improvement
- Rationalisation of stock by combining single garages to larger units
- Adjustment of rental levels to maximise income i.e. to increase take up by lower rental levels or increase where demand is higher i.e. differential rents.
- Site rationalisation through selective demolition e.g. to improve estate environmental aspect, remove long term void garages or site clearance

During the assessment process there will be on-going consultation with local tenants/ residents and relevant ward councillors.

## 2. Council Garage Stock Profile

### 2.1 Stock Numbers

The Council has 1590 garages across the Borough, approximately 90% of which were built by the former Skelmersdale Development Corporation in the late 1960's and early 1970's. These vary in type and style across Skelmersdale and include integral garages underneath flats, standalone blocks and some within the curtilage of a dwelling.

A detailed breakdown can be seen in Table.1

In addition to these the Council also charges a ground rental at 10 different sites across the Borough and permits the erection of temporary garages following an approval process.

Ward Code	Garage Type				Total
	Block	Integral	Undefined	Within Curtilage	
AP	14				14
ASH	77	1	2		80
BIRCH	144	11			155
BURSE	1		7		8
DIG	88	81	24	88	281
DOWN	11				11
KNOWS	8		6		14
MOOR	84	11	17	14	126
NM	8				8
SCOTT	2		7		9
SKN	281	19	18	3	321
SKS	109	70	13	29	221
TAN	318		5	5	328
UPHN	9				9
UPHS	4	1			5
<b>Total</b>	<b>1158</b>	<b>194</b>	<b>99</b>	<b>139</b>	<b>1590</b>

Table 1 - Stock Breakdown

Garage stock levels have remained relatively static over the past 10 years with only a few sold or demolished as part of other projects.

### 2.2 Demand

Whilst the Council holds some applications from interested parties these tend to be very location specific and related to where the applicant lives. The letting of garages is now done by advertising them on the HomeFinder website, similar to the Council's housing. Demand for garages is at its lowest in areas where the garages are integral within a block of flats and it is unusual to let these to applicants who are not living in that block.

## 2.3 Vacant Garages

Out of the current stock of 1590 garages 22% (347) are currently vacant. Whilst this figure has climbed steadily over the past 5 years it now appears to have stabilised over the past 12 months with the current rate broadly similar to last year's figure. Of these empty garages a high percentage have been unused for over a year with 206 garages now vacant for 5 years or more (See Table 2).

### Number of Vacant Garages

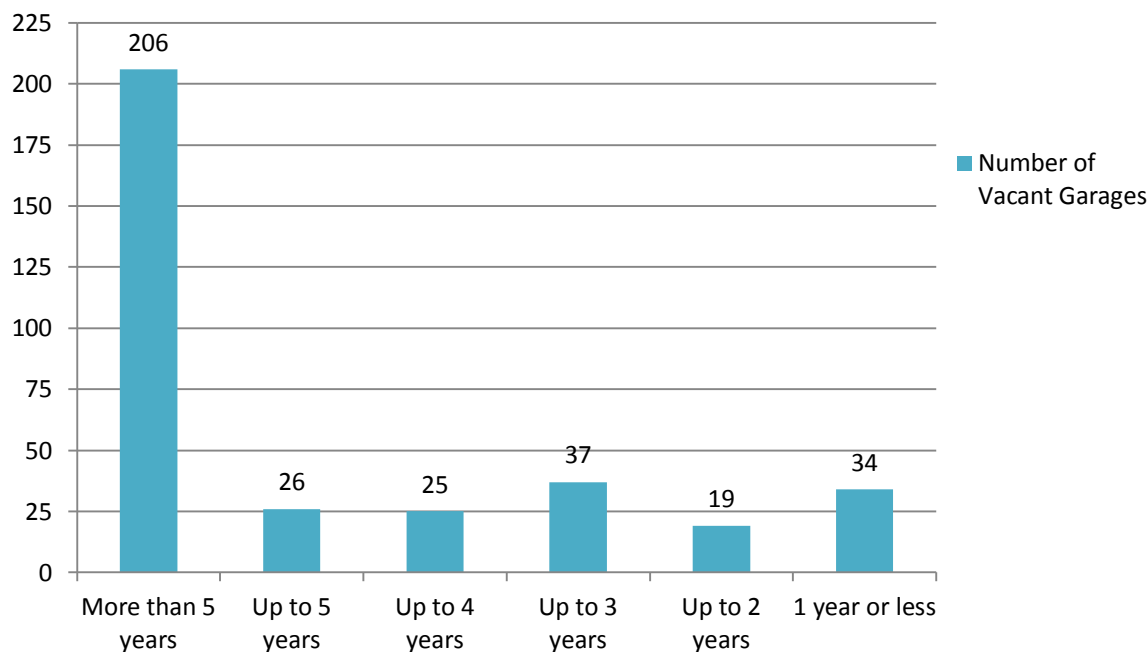


Table 2 - Void Analysis by Year

## 2.4 Rental Income

Over the past ten years garage rents have only been increased twice with a 4% increase on £5.75 in 2002 making them £5.98 for council tenants and £7.18 inclusive of Value Added Tax (VAT) for other residents. A further increase of 0.9% was applied in 2016/17, raising levels to £6.03 for council tenants and £7.24 per week inclusive of VAT for other residents.

Total garage rental yield for 2015 was £393,545. However estimated rental loss from void garages is running at £90,000 per annum

Table 3 below provides annual rent debit compared with income from garages. The difference arises due to debt collection from former garage tenants and tenants paying in advance.

	Total Charges	Total Receipts	Difference
2010	£417,244.32	-£419,866.30	-£2,621.98
2011	£411,238.81	-£414,771.37	-£3,532.56
2012	£406,530.93	-£402,808.51	£3,722.42
2013	£386,130.50	-£402,313.52	-£16,183.02
2014	£381,475.00	-£385,335.83	-£3,860.83
2015	£387,961.09	-£393,545.92	-£5,584.83
Total	£2,390,580.65	-£2,418,641.45	-£28,060.80

Table 3 – Garage Rental Charges & Receipts

## 2.5 Comparative Garage rent levels

The rents charged by the Council are not too dissimilar to those of neighbouring organisations (Table 4)

Provider	Weekly Rental Charges
Knowsley Housing Trust	Between £6.00 & £13.00 (based on area)
Wigan & Leigh Housing	£6.00 (average)
One Vision Housing	£7.50 (average)
West Lancashire Borough Council	£6.03 (tenants) £7.24 (other residents)

Table 4 - Rent comparison

## 2.6 Repairs

Total expenditure on garage repairs is on a rising trend over the past five years as shown in table below

Year	Amount spent on repairs
2012	£23,320.21
2013	£35,006.42
2014	£30,593.50
2015	£35,765.39
Total spend	£124,685.52

Table 5 – Expenditure on repairs

Total day-to-day and void repair costs for 2015/16 amounted to £35,765.39, which equates to 9.22% of the total rent debit for the same period.

There is no planned programmed maintenance on our garage stock.

Whilst there is no formally accepted “decent standard” for the condition of garages, the stock sustainability study did highlight a wide range of work to bring the stock up to an acceptable state of repair as specified by the inspecting surveyor. Total additional garage repair costs across the Borough are estimated in excess of £65,000 excluding work on long term void garages.

Additionally there are issues around the current repair specifications for both doors and locks. One of the issues raised from the customer survey related to providing higher specification security locks to improve garage security and was felt to be an aspect that would improve the take up of garages.

### **3. Associated Garage Use Issues**

It is important to consider these associated issues as a further element of the Assessment Framework process where relevant

#### **3.1 Garage Sales**

Garage sales are considered on a case by case basis with less than 3 being sold over the past ten years. However this has created some anomalies in the stock particularly where a garage exists within the curtilage of a property. A garage is not automatically included in the offer for sale when a right to buy (RTB) is exercised. This has resulted in property being sold with a garage within the boundary of the property which is rented to another party.

Including the garage as part of the RTB would mean it would be valued but would not be eligible for the relevant discount calculation and only 25% of this discounted sale value would be available for alternative Council use.

If the sale is completed outside of the statutory RTB process these rules would not apply. Therefore applications to purchase garages will continue not be included as a normal part of the RTB process but may be considered at a later stage.

Garage sales will not be considered where they are within designated blocks or integral under flats.

#### **3.2 Garage Sites**

In addition to the traditional garage stock the council also own garage sites for which an annual rent is charged. Residents are allowed to erect their own garages or sheds on the site following Council permission. Rent is set at £45 per annum for un-surfaced sites and £70 for surfaced and a number of sites are rented at a peppercorn rent of £1 to Lancashire County Council.

Un-surfaced garage sites are located at:

- Graham Avenue, Appley Bridge
- Hesketh Road, Burscough
- Highgate Road, Up Holland
- Mill Damn Lane, Burscough
- Mossfields, Wrightington
- Stockley Crescent, Bickerstaffe

Surfaced garage sites are all located in Skelmersdale at:

- Field Street
- Hawthorn Crescent
- Lime Grove
- Oak Crescent

The ground rent charges have remained static for many years with a total of just £3465 debited across all sites for the 2015/16 financial year.

#### **3.3 Garages allocated at no rental cost or at peppercorn rates**

There are many garages used by charities, other Council Services, LCC that are rented at nil cost or at a peppercorn rate per annum of £1.

Whilst it is important to support good causes it is important to protect the income derived from our garage stock.

The default position is for all garages to be rented at the relevant rate.

Therefore a garage will not be let at a reduced rate from 1<sup>st</sup> October 2016 unless a case has been approved by the Director of Housing and Inclusion in consultation with the Portfolio Holder for Housing and Landlord Services. Application for a reduced rental must outline any social value it contributes and its relevance to delivering benefits to the community.

Garages rented to Council Services and LCC will need to be charged at the appropriate rate from 1st April 2017 unless an application for reduced rental should apply as detailed above.

As part of the Action Plan 2016/17 work there is a task to identify all the relevant garages and garage sites for mapping purposes.

Data collection has identified an unusual issue with rented dwellings that have a garage within the curtilage. Historically no additional charge above the dwelling rental has been levied to reflect this garage facility.

Any new lettings from 1<sup>st</sup> October 2016 that fall into this category will have an additional rental charge applied to reflect use of the garage.

### **3.4 Data Cleansing And Reconciliation**

Further detailed work is on-going to identify and reconcile garage stock data and garage sites data with on-site based physical assessments to ensure all council garage stock is identified.



## **4. Assessment Framework**

### **4.1 Framework**

The Assessment Framework will be applied to defined geographical areas that contain garage stock or garage sites.

The framework will be rolled out over the 4 year strategy period and as we learn from its application it will be refined and the lessons we learn will be rolled out to similar sites.

Any assessment tool will always have some degree of subjective element. The criteria will be allocated a value from 1 to 10, with the most adverse assessment being 10 and moving down to reflect a more beneficial rating. Therefore the higher the total numerical value, the more necessary an intervention. Subjective considerations will be tested and balanced when we undertake the location specific consultation.

### **Assessment Framework**

<b>Criteria</b>	<b>Value</b>
Void Length	
Demand Pattern	
Physical condition	
Garage Types – Integral / Separate Blocks / Within the curtilage	
Estimated Cost of Improvement/Refurbishment	
Location (UPRN reference)	
Impact on surrounding environment	
Garage Number/UPRN	
Garage Site	
Reduced rental levels charged	

### **4.2 Intervention Options**

Once we have established that some intervention is required there will be a range of solutions that will be applicable to the location. These interventions will cover the following activities although this is not an exhaustive list:

- Market exercise
- Incentivisation
- Alternative use
- Sale
- Improvement
- Rationalisation of stock by combining single garages to larger units
- Adjustment of rental levels to maximise income i.e. to increase take up by lower rental levels or increase where demand is higher i.e. differential rents.
- Site rationalisation through selective demolition e.g. to improve estate environmental aspect, remove long term void garages or site clearance

Following identification and costing of the range of possible interventions we will then undertake location specific consultation with tenants, residents and ward councillors.

We will implement the agreed solutions as quickly as possible within the constraint of the total budget allocation.

Progress will be reported back to Members in 12 months although ward councillors will be aware of changes being implemented where appropriate

## **5. Funding the Strategy**

Our priority, as currently agreed with Members and tenants, is to continue to deliver our investment programme in our homes. There is clearly a balance in finding significant additional resources to meet a projected investment in garage stock in excess of £2 million as identified in the Garage Sustainability study.

Previous low levels of investment may have contributed in some way to a decrease in demand for garages and the specification of some repairs such as improved security locks.

Use of the assessment framework will be key to delivering on sustainable long term improvement in usage and rental income.

Currently the Housing Revenue Account Business Plan has a provision of £115,000 that can be used to deliver changes in the Action Plan at Appendix A.

Members will need to consider, as part of the annual budget setting process, the level of appropriate on-going funding allocated to delivering the strategy given the challenges facing the HRA Business Plan up to 2020.

## **6. Monitoring the Action Plan**

The Action Plan for 2016/17 attached at Appendix A will be monitored as part of the normal Service Action Plan process.

Members will receive a report on progress in one year.

Action Plan 2016/17

A Areas to commence assessment by October 2017:

- 1 Tanhouse
- 2 Digmaor
- 3 Surfaced and Un-surfaced garage sites

B Implement agreed interventions after consultation January-March 2017

C Review all nil or peppercorn rented garages and garage sites by November 2017