

Agenda Item	
Report No	

Review of HRA Garages and Garage Sites

Report by the Depute Chief Executive/Director of Housing and Property

Summary

This report presents the findings of a detailed review of garages and garage sites held on the Housing Revenue Account, and identifies stock that is not considered viable. The report also recommends consultation on future use of sites which are not considered to be viable and arrangements for making better use of retained stock.

1. Introduction

- 1.1 The Council owns and manages **1,820** individual garages and **904** individual garage sites across Highland. A summary is contained at **Appendix 1**. These are held on the Housing Revenue Account and are mainly located within council housing estates. Garages are not exclusively let to Council house tenants.
- 1.2 Due to concerns about void rent loss, the state of repair of some garages, and potential investment needs, it was decided to carry out a full review of the future viability of garages and garage sites. This report presents the findings of this review and recommends action in relation to stock which is not considered to be viable.

2. The Review Methodology

- 2.1 For the purpose of the review, garages and garage sites were grouped into **283** separate “blocks” of garages and garage sites. This allowed a review of the viability of each “block” or group of garages /site.
- 2.2 Information was collected and analysed to allow the following factors to be considered:
 - Current occupancy, void levels, and particularly long term voids;
 - Rental income and rental loss;
 - Demand for garages and garage sites;
 - The current state of repair of garage blocks and repair costs;
 - The current and future capital repair costs;
 - Barriers to letting and possible solutions to these;
- 2.3 Four primary indicators were identified:
 - No or minimal occupation at 31 March 2012 (less than 75%);
 - Long term voids, where the property has been void continuously for more than 6 months and where more than 30% are long term voids;

- High rental loss due to voids (more than 20% of rent lost per annum);
- No/low demand.

2.4 Two further, secondary indicators were identified:

- Higher than average repair costs;
- Major works required

2.5 A “Traffic Light” system was then applied based on an assessment of garages / sites against these indicators.

2.6 **“Green”**: Garages/garage sites considered to be viable. These fall into 3 categories:

- There were no concerns across all four primary indicators. Some sites had higher than average repair costs over the past 3 years which related mainly to replacing doors and door locks.
- There were no concerns across all four primary indicators although major repairs are likely to be required in future. Although it is recommended that these garages be retained the cost of repairs needs to be established and weighed against future rental income.
- There were no concerns across all primary/secondary indicators but there were some issues with demand. These sites are considered to be viable but require additional “marketing” locally to generate demand.

2.6 **“Amber”**: Garages/garage sites considered to be viable subject to some additional action to maximise their potential. These fall into 2 categories:

- There were no concerns about the condition of the garages/sites, but there is higher than average void rent loss. Local staff believe that demand issues can be addressed through local “marketing”. If demand is not generated, then these garages may not be viable in the long term.
- Although most of the garages are let there is little additional demand and repairs works are required. The cost of works has to be identified and balanced against future rental income.

2.7 **“Red”**: Garages/garage sites that are not considered to be viable. These fall into 2 categories:

- There were concerns across all four primary indicators and at least one of the secondary indicators.
- Although low demand / high void rent loss could potentially be overcome by further investment, the cost of the improvements required is likely to be prohibitive.

2.8 It should be noted that 274 of the 558 garages/garage sites that are not considered viable are currently occupied.

2.9 The following table summarises the numbers of garages/garage sites in each category.

	Garages	Garage Sites	Total
Green	1,156	521	1,677
Amber	193	296	489
Red	471	87	558
Total	1,820	904	2,724

2.10 A full list of garages/garage sites assessed as “red”, and therefore no longer viable is provided as **Appendix 2**. It is recommended that these garages / garage sites are declared surplus subject to consultation, and other further work outlined below.

3. Further work required

3.1 For garages/garage sites that are considered viable work is required to improve demand and assess future investment needs and well as developing a more consistent approach to maintaining waiting lists and to the lease agreement.

3.2 For garages/garage sites that are not considered viable the following actions are recommended:

- Assessing development potential of each site. For example some sites may be suitable for new housing development, others may lend themselves to community use, and others may be suitable for alternative use.
- In order to inform decisions on future use it is recommended that consultation takes place with both current occupiers and surrounding residents to establish their views on the future of the sites and potential future use.
- Discussion takes place with local community groups and other agencies on the potential for future use of sites for local economic development initiatives.

4. Resource Implications

4.1 Total rent from the garages assessed as no longer viable is £243k annually. However the high void rent loss figures have already been taken into account in setting the HRA budget. If occupancy rates can be increased for garages / garage sites that are considered viable, rent loss can be mitigated. Further work can also be undertaken to consider the rent structure of viable garages. The cost of improvements to garages that are considered viable is still to be fully established. There are likely to be demolition costs associated with surplus sites, subject to the outcome of consultation.

5. Legal Implications

5.1 There may be legal implications regarding ownership and access in relation to future disposal of garages and sites.

6. Equalities

6.1 An equalities impact screening has been undertaken in relation to this review. This has

established that there is a low risk of impact in relation to the Council's general duties on equality. We have identified the need to ensure that communication with tenants of garages/garage sites relating to the changes is available in alternative formats and languages.

7. Climate Change

7.1 There are no implications as a result of implementation of this policy.

8. Risk

8.1 There are no additional risks as a result of implementation of this policy.

9. Recommendation

9.1 Committee is asked to agree that the garages/garage sites listed in **Appendix 2** are declared surplus subject to:

- Consultation with occupiers and neighbouring residents;
- Assessment of development potential and alternative uses; particularly uses that would have an economic and/or community benefit

9.2 Committee is also asked to agree that

- Further work takes place to increase occupancy of garages/garage sites that are considered to be viable
- Further work takes place to review the rent structure for garages/garage sites that are considered to be viable.

Signature:

Designation: **Depute Chief Executive/Director of Housing and Property**

Date: **25 September 2012**

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Appendix 1

Garage and Garage Sites in Highland at 31 March 2012 with occupancy

Highland Council Area	Garages				
	Occupied	% Occupied	Void	% Void	Total
Badenoch And Strathspey Area	12	100%	0	0%	12
Caithness Area	296	72%	113	28%	409
Inverness Area	329	92%	28	8%	357
Lochaber Area	89	48%	96	52%	185
Nairn Area	33	97%	1	3%	34
Ross And Cromarty Area	568	79%	152	21%	720
Skye And Lochalsh Area	11	92%	1	8%	12
Sutherland Area	87	96%	4	4%	91
Grand Total	1425	81%	395	19%	1820

Highland Council Area	Garage Sites				
	Occupied	% Occupied	Void	% Void	Total
Badenoch And Strathspey Area	0	0%	0	0	0
Caithness Area	323	71%	135	29%	458
Inverness Area	134	69%	60	31%	194
Lochaber Area	42	58%	30	42%	72
Nairn Area	50	76%	16	24%	66
Ross And Cromarty Area	6	75%	2	25%	8
Skye And Lochalsh Area	10	91%	1	9%	11
Sutherland Area	88	93%	7	7%	95
Grand Total	653	72%	251	28%	904

Appendix 2:

Garage/garages sites recommended for disposal

OPA	Area	Block Address	Property Type	Number of garages/sites
North	Caithness Area	1 -2 Vansittart Street, Wick	Garages	2
North	Caithness Area	1-11 Owen Place, Wick	Garages	11
North	Ross And Cromarty Area	1-13 Peffery Road, Dingwall	Garages	13
North	Caithness Area	1-14 Bon-Accord Street, Wick	Garages	13
North	Ross And Cromarty Area	1-16 Mains Avenue, Invergordon	Garages	16
North	Ross And Cromarty Area	1-19 Seaforth Crescent, Invergordon	Garages	18
North	Ross And Cromarty Area	1-19 Simpson Place, Dingwall	Garages	19
North	Skye And Lochalsh Area	1-2 Cnoc Crescent, Kyle	Garages	2
North	Ross And Cromarty Area	1-2 Munro Crescent, Milton	Garages	2
North	Caithness Area	1-21 Oldfield Terrace, Thurso	Garages	21
North	Ross And Cromarty Area	1-22 Westford, Alness	Garages	22
North	Caithness Area	1-23 Macleod Road, Wick	Garages	23
North	Caithness Area	1-24 Dunnet Avenue, Wick	Garages	25
North	Caithness Area	1-33 Seaforth Avenue, Wick	Garages	31
North	Ross And Cromarty Area	1-4 Adams Buildings, Dingwall	Garages	4
North	Ross And Cromarty Area	1-4 Fairmuir Road, Muir of Ord	Garages	4
North	Ross And Cromarty Area	1-4 Millbank, North Kessock	Garages	4
North	Ross And Cromarty Area	1-4 St Valery Place, Ullapool	Garages	4
North	Ross And Cromarty Area	1-4 Torr View, Contin	Garages	4
North	Caithness Area	1-44 Loch Street, Wick	Garages	42
North	Ross And Cromarty Area	1-5 Castle Court, Invergordon	Garages	5
North	Ross And Cromarty Area	1-7 Lochslin Place, Balintore	Garages	7
North	Sutherland Area	1-8 Gilmour Crescent, Bonar Bridge	Garages	8

OPA	Area	Block Address	Property Type	Number of garages/sites
North	Caithness Area	1-8 Heathfield Road, Ormlie	Garages	8
North	Ross And Cromarty Area	2-4 Burns Avenue, Muir of Ord	Garages	3
North	Sutherland Area	3a-6a Inveran, Inveran	Garages	3
North	Skye And Lochalsh Area	Garage Site, Glebe Road, Inveranite	Garage sites	1
South	Inverness Area	1 Kessock Road, Inverness	Garage sites	1
South	Lochaber Area	108-206 Kilmallie Road, Caol	Garages	15
South	Inverness Area	1-12 Springfield Gardens, Inverness	Garage sites	10
South	Nairn Area	1-13 Cameron Crescent, Nairn	Garage sites	13
South	Lochaber Area	1-36 Carn Dearg Road, Claggan	Garages	26
South	Inverness Area	1-37 Rowan Road, Inverness	Garage sites	21
South	Lochaber Area	140-240 Comesky Road, Caol	Garages	10
South	Inverness Area	1-5 Sub Station, Smithon Villas	Garage sites	5
South	Inverness Area	1-58 St Valery Avenue, Inverness	Garage sites	24
South	Lochaber Area	1-6 Moray Place, Upper Achintore	Garages	6
South	Lochaber Area	207-219 Broom Drive, Caol	Garages	13
South	Lochaber Area	21-40 Banff Crescent, Upper Achintore	Garages	20
South	Lochaber Area	241-246 Blarmhor Road, Caol	Garages	6
South	Lochaber Area	248-254 Camaghael Road, Caol	Garages	7
South	Lochaber Area	255-260 Birch Road, Caol	Garages	6
South	Lochaber Area	3-22 Blarmhor Road, Caol	Garages	20
South	Lochaber Area	40-54 Glendessary Street, Caol	Garage sites	11
South	Lochaber Area	4-6 Annat View, Corpach	Garages	3
South	Lochaber Area	67-106 Clerk Drive, Corpach	Garages	25
South	Inverness Area	2 Warrand Road, Inverness	Garage sites	1