COUNCIL OWNED LOCK UP GARAGES

PORTFOLIO HOLDER

OFFICERS CONCERNED

Simon Payton – Engineering Services and Asset Manager
Richard Stubbs – Asset Manager

OTHER PARTIES INVOLVED

None

REASON FOR THE REPORT

The committee has requested the following information with regard to garages.

BACKGROUND

The Council owns some 1716 lock up garages spread across 111 separate sites. Average occupancy of these garages is in excess of 80% and they currently produce an annual income in excess of £580,000 per annum.
The annual costs of repairs, maintenance, rubbish clearance, supplies and services etc amount to around £80,000 and staff costs are around £60,000 so this service produces a substantial annual surplus which is used to fund other Council services.

OCCUPANCY

The current level of occupancy for each site (as at 30 June 2013) is shown on the schedule attached. The table also shows the summary for each location and the overall occupancy levels together with the summary for the previous quarter (the occupancy level is monitored on a quarterly basis). The current level of occupancy is consistent with previous years. The occupancy should be considered in the context that currently around 150 garages are unfit to let due to settlement or disrepair and that there are not currently funds available to undertake such works or repair is not considered to be cost effective. It must also be borne in mind that around 180 garages per year become vacant due to surrender by the tenant or repossession by the Council with a similar number being re-let. This ‘churn’ of tenancies represents around 12% of the total of occupied garages.

ANY CHANGE OF STATUS TO SITES

There has been an ongoing programme of reviewing garage sites to identify if they might be put to a more beneficial use. Sites at Barton Way, Borehamwood and Battlers Green Drive, Radlett have been sold for residential redevelopment. A site at Buckingham Road, Borehamwood has been closed and planning consent obtained for the development of four houses. These sites all had consistently high void rates and were in poor overall condition. In addition a site at Catterick Way, Borehamwood in very poor structural condition and with low occupancy has been demolished and the site cleared although it is unsuitable for any alternative development. Further sites will be looked at as resources permit.

RENTAL CHARGES

There are currently two rent levels charged for Council owned lock up garages. For garage blocks where occupancy of fit to let garages is consistently in excess of 80% a rent of £44.10 per month inclusive of VAT is charged (£36.75 per month net). For garages in lower occupancy blocks a rent of £41.10 per month inclusive of VAT is charged (£34.25 per month net). The garages charged on the higher rate are shown shaded on the attached occupancy summary. Tenants are encouraged to pay their garage rent by direct debit and if they fall three months into arrears the tenancy is terminated by service of a Notice to Quit. A tenant who has received a Notice terminating their tenancy will be re-instated if they pay the arrears and any other costs owed. However the facility of reinstatement on payment of the monies owed is not offered if the tenant has received two previous Notices of termination due to rent arrears. All new tenants have to produce proof of identity and residential address and will not be considered for a garage tenancy until they
have cleared any previous debt owed to the Council (such previous debt could be for any reason not just rent arrears).

RENTAL INCREASES

Garage rents are increased on 1 April each year by an amount approved by the Executive. This usually equates to a rate slightly in excess of annual inflation.

MARKETING

As considered necessary the opportunity to rent a lock up garage is advertised in the local press, on the Council’s website, on the large screen in Civic Offices reception or by leaflet drop in an area where garages are vacant.

REFURBISHMENT PROGRAMME TO GARAGE SITES

A full stock condition survey of all our garage sites was carried out in 2008 by external consultants and the findings have formed the basis of our garage refurbishment programme, we have this year re- surveyed all the sites and will use this information to update the survey data to ensure that it is current and accurate, especially as the last few very cold winters have caused a deterioration of the condition on some of the sites.

With the vast majority of our garage stock in the region of 50 years old it is important that we continue to invest in the refurbishment of these sites to ensure we maintain rental income levels and to prevent further deterioration of the stock.

In the last three years Capital Funding of 322k has been allocated to the refurbishment of various garage sites within the Borough, Capital Bids have been made annually through the Asset Management Panel where business cases where presented to justify the sites inclusion within the programme to ensure that the sites meet agreed criteria.

There are a number of criteria for a sites inclusion within the programme and each scheme is looked at on its merits before ratification by the Panel and selection for the programme.

There are as number of criteria for consideration when selecting sites for the refurbishment programme and generally these fall into two main categories.

1. Sites that have a high level of occupancy but have a specific defect or defects that require remedial action to ensure the garages are safe and in useable condition to maintain the leaves of existing occupancy. An example of this were the Garages in Newcombe Road, Shenley where the occupancy levels were high but the roof were sagging and leaking. A re-roofing programme was carried out to ensure that the garages continued to be fit for purpose.
2. The other main criteria used in selection is the Stock Condition survey which ranks garage sites in condition categories. Garage sites that are targeted for refurbishment are those that fall into the lowest condition categories which have poor occupancy levels and are in areas where other garage sites have historically good occupancy rates, these are also sites that have been classified as not suitable for development for other uses (e.g., housing development). The business case presented will also look at the cost of the refurbishment against the income that could be achieved if the site occupancy was running at an average level for that area.

Two examples of this would be Tempsford Avenue, Borehamwood which pre-refurbishment had an occupancy level of 17% and now after refurbishment the occupancy level is 80%, the garage site has 34 garages and a condition rating of B2. Another site refurbished is Norfolk Gardens where occupancy rates had fallen to below 50% and the garages where classified as condition category C1 since the refurbishment has taken place the levels of vandalism have dropped and the occupancy rates have been running a between 80-90%.

Listed below are the Condition categories for reference.

Definition of condition categories and priority levels.

A: Good- Performing as intended and operating efficiently.

B: Satisfactory –Performing as intended but showing minor deterioration.

C: Poor – Showing major defects and/or not operating as intended.

1: Urgent works that will prevent immediate closure of the premises and/or address an immediate high risk to health and safety of users and/or remedy a serious breach in legislation.

2: Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to health and safety of the occupants and/or remedy a minor breach in legislation.
3. Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or devices and/or address a low risk to health and safety of the occupants or minor breach of health and safety.

4. No works required with 5 years other than minor on going repairs.

NEW BUILD SIZES

The current garage stock varies in size but at present they typically have an internal width of 2.4 metres (7’10”) whilst a standard garage door is 2 metres wide (6’6”). This is sufficient to enable the garage to be used by nearly all types of passenger car currently available in the UK, which are designed to pass through a 2 metre (6’6”) width restriction. The Council does not receive complaints from tenants about the width of garages and usually the restricting factor for larger vehicles is the height or length of the garage.

Hertsmere’s current planning standards require all new garages to be 3 metres (9’10”) wide internally and so any new stock would have to be built to this size although there are no current plans for this.

RELEVANT POLICY DOCUMENTS

Asset Management Plan

APPENDICES ATTACHED

Garage Occupancy Summary
Property Asset List – Lock Up Garages - CONFIDENTIAL

AUTHOR

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