

CITY BOARD
24 OCTOBER 2013

ITEM A10

DRAFT DERBY HOMES GARAGE STRATEGY 2013-2018

Report of the Director of Investment & Regeneration

1. SUMMARY

This report presents the draft Garage Strategy to the City Board (attached).

2. RECOMMENDATION

That the City Board approves the proposed Garage Strategy.

3. MATTER FOR CONSIDERATION

Derby Homes is conducting a review of its garage stock. The aim is to establish a strategy which will ensure that the garages are managed and maintained correctly thereby contributing to the sustainability of the built environment as well as to help maintain the viability of Derby Homes.

4. CONSULTATION IMPLICATIONS

Consultation implications are discussed in the draft strategy.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

As discussed in the attached draft strategy.

6. LEGAL AND CONFIDENTIALITY IMPLICATIONS

None

7. ENVIRONMENTAL IMPLICATIONS

Discussed in the Strategy

8. RISK IMPLICATIONS

As discussed in the draft Strategy

9. POLICY REVIEW IMPLICATIONS

This is a key policy of Derby Homes and will be included in the Key Policy Review Schedule. In accordance with minute 10/51 this policy will be reviewed no later than 3 years from the date of this meeting.

The areas listed below have no implications directly arising from this report:

Legal and Confidentiality
Council
Personnel
Environmental
Health & Safety
Equalities Impact Assessment
Council

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: None

Supporting Information: None

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Section 1 Introduction

Aims of the Garage Strategy

Derby Homes is conducting a review of its garage stock. The aim is to establish a strategy which will ensure that the garages are managed and maintained correctly thereby contributing to the sustainability of the built environment and to help maintain the viability of Derby Homes.

The Garage Strategy will be closely linked to the Asset Management Strategy and associated costs for this are included in the Long Term Financial Plan.

This strategy has a five year plan concluding in March 2018. A five year strategy allows DH to ensure that those sites that have been highlighted with issues are targeted first and those with a development potential are explored further ensuring that money and time is not spent improving a site which could have development opportunity.

Strategic objectives

These are to:

- Deliver the income revenue anticipated within the budgetary expectations
- Contribute to the sustainability of neighbourhoods.
- Combat crime and the fear of crime
- Involve customers in delivering this strategy.
- Delivering Value for Money ensuring that our customers receive quality repairs and improvements at the most competitive price.
- Benchmarking of our rental value

Strategy Approach

The key principles underpinning this strategy are set out below

1. Individual Site Review

Each distinctly separate garage site will be the subject of separate and individual review.

2. Houses are Higher Priority than Garages

In principle, the development of new social housing on any particular site will be given serious consideration and weighed against the alternative of retaining garages.

3. Thirty Year Cumulative Surplus

In principle, it is a prerequisite for the retention of any individual garage site that a thirty year projection of income versus expenditure demonstrates a realistic potential to generate a cumulative surplus.

4. Appraisal of Non-Viable sites

Any garage site not demonstrating a cumulative surplus (as 3. above) will be the subject of a thorough and detailed appraisal. This appraisal will embrace issues including

community sustainability, demand, voids rate, vandalism, anti-social behaviour, fly tipping, availability of parking generally and any other factor individual to a specific site. The options for the future of non-viable sites will include retention (e.g. for community sustainability reasons), demolition, parking areas, open space and disposal.

We need to undertake a comprehensive stock condition survey of all garage sites which will establish the condition of both individual garages and the actual site and quantified the works and costs to improve the

Section 2 DH Garage Stock - Overview

Background

Derby Homes currently has 843 units. These are split as follows:

Garage Areas (as managed by the LHO)	Garage numbers tenanted
Bingham Street	146
Sinfin	81
Stockbrook Street	124
Mackworth	254
Sussex Circus	238
Estates Sites (transferred 1/4/2013)	57 (inc in above)
Total	843

In addition there is a further 49 garages that are not let but kept for storage by Derby Homes Local housing offices, these do not benefit from a rental charge. This is either for, storage of materials or goods by various Derby Homes sections, or residents furniture following decanting their property due to major repairs being required.

Where a site has a high number of void garages, which are hard to let, it is again usually due to the fear of crime. However, there are some large garage sites which have good on road parking locally and, therefore, residents do not feel the need to rent a garage.

Where properties have been void for a long period of time we will:

- Implement an advertising campaign in those areas to encourage local residents to take up the garages
- Encourage take up of garages at a new property tenancy sign up
- Target them for estate improvement with the aim to improve the overall feel of the estate
- Investigate any proposed development opportunities
- Produce a garage standard which will describe the condition of the garage at letting stage.
- Consider a change of use for the garage as detailed in the terms and conditions of rent and market it on that basis.

Rent

Garage rents have historically remained low with average increases over the past four years

Year	Rent p/w	Rent p/a 100%	Repairs Costs	Arrears Bad Debt	Former Tenant Arrears
2013-2014	8.34 (+5%)	337469.76	Not known	Not known	Not known
2012-2013	7.93 (+8%)	299183.04	40323.42	2463.25	4608.46
2011-2012	7.32 (+7%)	276168.96	15686.11*	2094.70	4529.51
2010-2011	6.81	256927.68	24243.76*	2354.09	2334.31

*repairs costs are not precise as there is no direct interface between Open Contractor and Academy, basically they do not communicate to each other.

Year	Rent p/a 100%	Loss of Revenue (LHO)	Loss due to Repairs	Loss due to Arrears / FTA	Surplus
2013-2014	337469.76	19615.68	Not known	Not known	Not known
2012-2013	299183.04	18651.36	40323.42	7071.71	233136.55
2011-2012	276168.96	17216.64	15686.11	6623.70	236642.51
2010-2011	256927.68	16017.12	24243.76	4668.40	211998.40

Garage sales

It has not our approach to sell off garages to private individuals, however this could be a viable alternative should the area not be suitable for redevelopment, or be making a loss on the revenue side.

Garage re-development

Where high demands and opportunities to develop are of an equal standing, we will look at rebuilding the garages with a flat over the garage (FoG), these FoGs have already been done by Strata.

Garage re-development

DH has redeveloped garage sites at Maine Drive, Chaddesden and St Davids Close, Rykneld.

We are currently looking at the following garage sites for additional Housing

1. Crecy Close

This is a quiet cul de sac area with limited car space around it, given our initial site investigation, this is unlikely to proceed on to site.

2. Maryland Road

This is a small garage site on a large Council estate the surrounding properties are all owner occupiers, the garages themselves appear to be in moderate condition and we feel that this site may realise 3 properties acting as an infill, we are also looking at the site behind this for further development.

3. Seymour Close

An excellent sized garage area, however the access to garages are very limited. We are looking to negotiate with adjoining DH resident to reallocate their garden to assist the development.

4. Edale Avenue

An excellent sized garage area, however a resident has access over the area for a caravan which has recently been given in January 2013 which requires Legal involvement. An existing RTB has access through the land but by careful designing we can work around this challenge.

Section 3 Challenges

In producing this Garage Strategy a number of key challenges and priorities have been identified which following completion, will ensure that our garage stock is of the highest quality and that maximises the rent received. Other sites will be earmarked for re-development or disposal. These challenges are as follows:

Improve demand and take up of garages by better marketing

- Where there is a high percentage of void garages on an estate and where there is no possibility of re-development, these garage sites are to be marketed within the local community. Various methods of marketing need to be used, such as:
- Mail shots to properties within the locality
- Advertising through the local press
- Advertising through the company's newsletter
- Advertising on the Internet
- When letting a property place information on available garages within the letting pack
- Be prepared to be more flexible about the use of garages – for example reviewing terms and conditions and enable garages to be used for other purposes.

Minimise risk through an effective improvement programme

Following the stock condition survey of all the garage sites a detailed improvement programme based on condition and remaining life span of components has been prepared. The improvement programme highlighted for the next five years, is contained within the business plan with an anticipated spend of one million pounds.

Highlighting redevelopment possibilities

It is important to consider the re-development of garage sites where there are high void level, where the garage site requires a high investment to improve the area or where there is genuine re-development possibility and that there is an established need within that locality for additional homes.

Local Housing Offices

We will work with Local Housing Management Teams and use their local knowledge when putting this following process into action.

Traffic Light System

All garage sites will have an individual assessment on their suitability to develop new homes on them.

- **Red** – Not viable to develop site
- **Amber** - Possible but requires issues resolving which may be both time consuming and costly
- **Green** - These sites are viable to develop.

With all Amber and Green sites the Development team will work with the Local Housing office to see if the sites are

- Difficult to let or not?
- Suffer from ASB or not?

The information we receive from the LHO will dictate the way we proceed with the site

Impact on Revenue

Any decision relating to a garage site that has a negative impact on revenue will be discussed by SMT to grant approval.

Customer Involvement

Customers will be involved in a number of ways in helping to deliver this strategy:

1. A Review Group will be set up and will be involved in developing a garage service standard, which will be used to let the garages.
2. On those estates which have been highlighted as a high priority those renting the garages and local residents living close to the garage site will be consulted on its future development or improvement.
3. To define a reasonable distance from the home to the garage site, and to ensure the garage is being used for what it is designed for.
4. We will work with the Customer Engagement and Community Development Teams to engage as many people as possible who are affected by this strategy.