

HIGHLAND COUNCIL

Committee: Lochaber Committee

Date: 23 January 2019

Report Title: Housing Revenue Account: Garage Rents 2019/20

Report By: Director of Community Services

1 Purpose/Executive Summary

- 1.1 This report provides information on garage and garage site rents for Lochaber and invites the Committee to set rent levels for garages and garage sites held on the Housing Revenue Account for 2019/20.

2 Recommendations

- 2.1 The Committee is invited to agree a level of rent increase to apply to Lochaber Garages and Garage Sites.

3 Background

3.1 The People Committee held on 25 January 2018 considered garage and garage site rents as part of the Housing Revenue Account Revenue estimates report for 2018/19. It was decided that developing local priorities for garages and garage sites held on the Housing Revenue Account should be undertaken locally in future. This includes decisions on retention / disposal of garages as well as on rent levels and investment, within the delegated area Housing Revenue Account budget.

4 Current income relating to garages and garage sites

4.1 The table below details the current position with garages and garage sites in Wards 11 and 21.

Type	Number of units	Total weekly	Total annual rent
Garages Ward 11	110	£1,317.14	£63,222.72
Garages Ward 21	65	£789.01	£37,872.48
Garage Sites Ward 11	86	£196.23	£9,419.04
Garage Sites Ward 21	43	£101.19	£4,857.12
Total	304	£2,403.57	£115,371.36

4.2 Occupancy levels for garage and garage sites vary, but high levels of empty garages and garage sites are a feature across both Wards, and indeed Highland as a whole. This is likely to reflect lack of demand, possibly related to garage condition.

Type	Occupied	Vacant
Garages Ward 11	48	62
Garages Ward 21	48	17
Garage Sites Ward 11	63	23
Garage Sites Ward 21	40	3
Total	199	105

4.3 This is budgeted as void rent loss within the area HRA Revenue Budget, with a current annual budget of £29,025 per year.

4.4 Actual rents paid vary between Council tenants and non-council house tenants, as VAT is charged for people renting a garage who are not Council house tenants. The table below shows the current rents for tenants and non-tenants for garages and garage sites by ward in Lochaber.

Type	Council Tenants	Weekly Rent	Non-tenants	Weekly Rent
Garages Ward 11	44	£10.69	66	£12.83
Garages Ward 21	21	£10.69	44	£12.83
Garage Sites Ward 11	29	£2.01	57	£2.42
Garage Sites Ward 21	7	£2.01	36	£2.42

4.5 The average garage site rent Highland-wide is £9.62 per week and the garage site rent £1.64 per week.

- 4.6 The repairs budget for garages in Lochaber is £6,500 for day to day repairs. This only relates to repairs to garages themselves. It is likely that there is additional expenditure through environmental / planned maintenance budgets but this is not easy to disaggregate from overall expenditure on those activities.

5 Rent Options

- 5.1 Consultation on general rent increases has been based on options for a 2%; 2.5% or 3% rent increase. A 3% general rent increase is being recommended to the Care, Learning and Housing Committee on 24 January 2019. All other areas have decided to increase garage and garage site rents in line with the general Council house rent increase in 2019/20, but in most cases Members wish to consider longer term rent, investment and rationalisation of garages and garage sites.
- 5.2 The Impact on garage and garage site rents in Lochaber of this level of increase is summarised in **Appendix 1**. A 3% rent increase in line with the recommended Council house rent increase would be as follows:-

Description	Weekly Rent	Weekly Increase	New Weekly Rent
Garage Rent - Council Tenant	£10.69	£0.32	£11.01
Garage Rent - other	£12.83	£0.38	£13.21
Garage Site Rent - Council Tenant	£2.01	£0.06	£2.07
Garage Site Rent – other	£2.42	£0.07	£2.49
Annual Income	£115,371.00		£118,832.00

- 5.3 Actual rent income would be reduced by rent loss on empty garages, which is currently budgeted at £29,025. Any net additional rent income from garages and garage sites generated by a rent increase would be applied as an increase in the area repairs budget for garages and garage sites in 2019/20.

6 Future approach

- 6.1 As with other areas it would be useful to discuss and agree local priorities for garages and garage sites in order to decide which should be retained and where demolition / disposal should be considered. This would include a local assessment of demand and condition, and would enable decisions on future investment and use.
- 5.2 Some garages and garage sites and in particular some of the access roads and forecourt surfacing are in poor condition. Improvement and modernisation of these facilities is expensive in comparison with the income received. Although additional income from any rent increase applied locally will be available for investment in garage and garage sites locally it is likely that improvements will also require to be funded from area HRA revenue and capital environmental budgets. Garage and garage site improvements will need to be prioritised locally against other improvement priorities.
- 5.3 It is recommended that more detailed information on garages and garage sites is discussed with Ward Members in order to develop future priorities for garage and garage sites. In the meantime Members are asked to agree a level of rent increase to apply to Lochaber Garages and Garage Sites for 2019/20.

8 Implications

- 8.1 Resource – Resource implications are detailed in the report.
- 8.2 Legal - There are no legal implications arising from this report.
- 8.3 Community (Equality, Poverty and Rural) - There are no equality implications arising from this report.
- 8.4 Climate Change / Carbon Clever - There are no climate change/Carbon Clever implications arising from this report.
- 8.5 Risk – There are no implications arising from this report.
- 8.6 Gaelic - There are no Gaelic implications arising from this report.

Designation: Director of Community Services

Date: 15 January 2019

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Garage / Garage site options – Lochaber

Description	Weekly Rent	2% increase	Weekly Rent (2%)	2.5% increase	Weekly Rent (2.5%)	3% increase	Weekly Rent (3%)
Garage Rent - Council Tenant	£10.69	£0.21	£10.90	£0.27	£10.96	£0.32	£11.01
Garage Rent - non- HC tenant	£12.83	£0.26	£13.09	£0.32	£13.15	£0.38	£13.21
Garage Site Rent - Council Tenant	£2.01	£0.04	£2.05	£0.05	£2.06	£0.06	£2.07
Garage Site Rent - non- Council Tenant	£2.42	£0.05	£2.47	£0.06	£2.48	£0.07	£2.49
Annual Income	£115,371.00		£117,678.00		£118,255.00		£118,832.00