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| Agenda Item | <b>DSA/5/23</b> |
| Report No   | <b>8</b>        |

## HIGHLAND COUNCIL

**Committee:** Dingwall and Seaforth Area Committee

**Date:** 30 January 2023

**Report Title:** Housing Revenue Account: Garage Rents 2023/2024

**Report By:** Executive Chief Officer Housing and Property

### **1 Purpose/Executive Summary**

- 1.1 This report provides information on garage rents for Dingwall and Seaforth and invites the Committee to set rent levels for garage and garage sites held on the Housing Revenue Account for 2023/2024.

### **2 Recommendations**

- 2.1 The Committee is invited to agree a level of rent increase to apply to Dingwall and Seaforth Garages.

### **3 Implications**

- 3.1 Resource – Resource implications are detailed in the report. Investment will be needed in budget year 2023/24 to progress the improvement plan as detailed at appendix 1 of the report.
- 3.2 Legal – There are no legal implications arising from this report.
- 3.3 Community (Equality, Poverty and Rural) – There are no equality implications arising from this report.
- 3.4 Climate Change / Carbon Clever – There are no climate change/Carbon Clever implications arising from this report.
- 3.5 Risk – There are no risk implications arising from this report.
- 3.6 Gaelic - There are no Gaelic implications arising from this report.

## 4 Background

- 4.1 Developing local priorities for garages held on the Housing Revenue Account are undertaken at a local level. This includes decisions on retention/disposal of garages as well as on rent levels and investment, within the delegated area Housing Revenue Account budget.
- 4.2 At Dingwall and Seaforth Area Committee on 07 February 2022 Members set the rent levels and applied a 1% increase for 2022/23 for garages and garage sites held on the Housing Revenue Account.

## 5 Current income relating to garages and garage sites

- 5.1 The table below details the current position with garages in Dingwall and Seaforth.

| Type         | Number of Units | Total weekly    | Total annual rent  |
|--------------|-----------------|-----------------|--------------------|
| Garages      | 268             | £3076.34        | £147,664.32        |
| Garage Sites | 2               | £1.58           | £82.32             |
| <b>Total</b> | <b>270</b>      | <b>£3077.92</b> | <b>£147,746.64</b> |

- 5.2 The current occupancy levels and details of the budgeted void rent loss are provided below.

| Type         | Occupied   | Void      |
|--------------|------------|-----------|
| Garages      | 178        | 90        |
| Garage Sites | 1          | 1         |
| <b>Total</b> | <b>179</b> | <b>91</b> |

- 5.3 This is budgeted as void rent loss within the area HRA Revenue Budget, with current annual budget of £59,393.64 per year.
- 5.4 Actual rents paid vary between Council tenants and non-council tenants, as VAT is charged for people renting a garage who are non-Council house tenants. The table below shows the current rents for tenants and non-tenants for garages and garage sites in Dingwall and Seaforth.

| Type         | Council Tenants | Weekly Rent | Non-Tenants | Weekly Rent |
|--------------|-----------------|-------------|-------------|-------------|
| Garages      | 57              | £9.92       | 211         | £11.90      |
| Garage Sites | 1               | £0.72       | 1           | £0.86       |

- 5.5 The average garage rent Highland-wide is £10.46 per week and the garage site rent £1.65 per week.

## 6 Rent Options

- 6.1 Tenant consultation on the general rent increase for Council house rents for 2023/24 was based on options for a 3%, 5% or 7% rent increase.

- 6.2 A 7% rent increase is recommended for garage and garage site rents. This is below the current (November 2022) inflation rate of 10.7%. The additional revenue received through this increase will be ring fenced to fund garage repairs and improvements, and will partly offset increases in the cost of repairs.
- 6.3 The impact on garage and garage site rents in Dingwall and Seaforth of an increase of 3%, 5% and 7% is summarised in the tables below.

### 3% Rent Increase

| Description                       | Weekly Rent        | Weekly Increase | New Weekly Rent    |
|-----------------------------------|--------------------|-----------------|--------------------|
| Garage Rent – Council Tenant      | £9.92              | £0.30           | £10.22             |
| Garage Rent non-tenant            | £11.90             | £0.36           | £12.26             |
| Garage site rent – Council Tenant | £0.72              | £0.02           | £0.74              |
| Garage site rent non-tenant       | £0.86              | £0.03           | £0.89              |
| <b>Annual Income</b>              | <b>£147,746.64</b> |                 | <b>£152,179.04</b> |

### 5% Rent Increase

| Description                       | Weekly Rent        | Weekly Increase | New Weekly Rent    |
|-----------------------------------|--------------------|-----------------|--------------------|
| Garage Rent – Council Tenant      | £9.92              | £0.50           | £10.42             |
| Garage Rent non-tenant            | £11.90             | £0.59           | £12.49             |
| Garage site rent – Council Tenant | £0.72              | £0.04           | £0.76              |
| Garage site rent non-tenant       | £0.86              | £0.05           | £0.91              |
| <b>Annual Income</b>              | <b>£147,746.64</b> |                 | <b>£155,133.97</b> |

### 7% Rent Increase

| Description                       | Weekly Rent        | Weekly Increase | New Weekly Rent    |
|-----------------------------------|--------------------|-----------------|--------------------|
| Garage Rent – Council Tenant      | £9.92              | £0.69           | £10.61             |
| Garage Rent non-tenant            | £11.90             | £0.83           | £12.73             |
| Garage site rent – Council Tenant | £0.72              | £0.05           | £0.77              |
| Garage site rent non-tenant       | £0.86              | £0.06           | £0.92              |
| <b>Annual Income</b>              | <b>£147,746.64</b> |                 | <b>£158,088.90</b> |

6.4 Any net additional rent income from garages and garage sites generated by a rent increase would also be applied as an increase in the area repairs budget for garages and garage sites in 2023/24.

Designation: Executive Chief Officer Housing and Property

Date: 24 January 2023

Author: Jake Mitchell, Interim Housing Manager