

REPORT FOR DECISION



DECISION OF:	CABINET
DATE:	26 November 2014
SUBJECT:	Review of Council-owned Garage Sites – Phase 2
REPORT FROM:	Councillor R Shori – Deputy Leader of the Council and Cabinet Member for Communities and Wellbeing Councillor S Walmsley – Cabinet Member for Resource and Regulation
CONTACT OFFICER:	Marcus Connor Head of Performance & Housing Strategy, Department for Communities and Wellbeing Alex Holland Head of Property & Asset Management Department for Resources and Regulation
TYPE OF DECISION:	CABINET (KEY DECISION)
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain.
SUMMARY:	<p>On 28 November 2012, Cabinet approved a report on Phase 1 of the garage sites review. This report identified that the Council owned 85 garage colonies throughout the Borough, with management carried out either by the Council's Corporate Property Services or by Six Town Housing.</p> <p>In line with good practice the Council undertook a review of these assets to ensure continued operational usefulness and value for money.</p> <p>33 sites were initially identified for action, based on low occupancy rates, low rental income/future liabilities. Each of these sites was subsequently evaluated in greater depth and discussed in consultation with elected members, garage tenants and people living near to the garage sites.</p>

	<p>The report made proposals on the future use of these 33 sites, with options including continued use as a garage site, use for housing developments, open market sale and community use. These recommendations were approved by Cabinet and are now being implemented.</p> <p>Of the 52 garage sites in Phase 2 of the review, three have since been sold to adjoining properties and a housing association. The remaining 49 have recently been considered against the original review criteria, and while most plots or garages are let to tenants, the Council is starting to see evidence of declining demand.</p> <p>However, some of the sites have development potential. Recent sales of Phase 1 sites recommended for disposal have generated significant capital receipts and reduced revenue costs, and will provide new housing (much of it affordable) in the Borough.</p> <p>Due to the challenging targets for housing construction contained within the Planning Core Strategy and the considerable pressures on the number of affordable housing properties in the Borough, it is proposed that where the Council's garage sites can be used for residential development, this use should be recognised as a higher priority than the provision of garages / garage plots, the majority of which are believed to be used for informal and unauthorised storage purposes</p>
<p>OPTIONS & RECOMMENDED OPTION</p>	<p>The Options for the Phase 2 garage sites are:</p> <p>Option 1 - Do nothing further. This involves no change of use for the remaining 49 sites in Phase 2 of the review. However, this is not a tenable long term solution due to the maintenance costs and management issues associated with a service declining in demand.</p> <p>Option 2 – Either redevelop directly or dispose of Phase 2 garage sites on an individual basis where the Head of Property & Asset Management considers that there is potential for residential development.</p> <p>Recommendation</p> <p>Option 2 is recommended as it has the potential to increase the supply of new houses in the Borough, generate capital receipts for the Council in the event of sites being sold, and minimise longer term expenditure required on the sites.</p>

IMPLICATIONS:		
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes	
Statement by the S151 Officer: Financial Implications and Risk Considerations:	This strategy seeks to address the poor rental performance of garage sites and avoid future maintenance costs. The Council should seek to secure capital receipts (at open market value) when disposing of sites.	
Statement by Executive Director of Resources:	This strategy is in line with the Asset Management Strategy, and seeks to optimise the Council's asset base.	
Equality/Diversity implications:	The Equality Analysis indicates that the proposals could be favourable to older people and people with disabilities if some sites were developed for specialist housing. There is also potential to favour younger people who might be able to access any new affordable housing options on the sites.	
Considered by Monitoring Officer:	Yes - Legal support will be provided regarding any disposals.	JMH
Wards Affected:	All	
Scrutiny Interest:	Overview and Scrutiny Committee	

TRACKING/PROCESS

DIRECTOR: Executive Director of Adult Care Services

Chief Executive/ Strategic Leadership Team	Executive Member/Chair	Ward Members	Partners
10/11/14			
Scrutiny Committee	Committee	Council	
	26/11/14		

1. INTRODUCTION

- 1.1 At the start of the review the Council owned 85 garage colonies throughout the Borough, ranging in size from single plots to larger areas capable of accommodating up to 40 vehicles.
- 1.2 Some of these sites are currently managed by the Council's Property Services team (which rents plots of land, at a cost of £55 per annum, to customers for them to

erect their own garage). Others are managed by Six Town Housing where garages are rented to tenants, currently at a rate of £336 per annum for Council housing tenants and £404 per annum for non-Council housing tenants.

- 1.3 The previous report to Cabinet on 28 November 2012 highlighted the fact that usage of the sites was variable and anecdotally not always for the storage of vehicles as required by the terms of the tenancies.
- 1.4 Cabinet approved the recommendations of a Review Team, consisting of officers from Strategic Housing, Corporate Property Services, Planning and Six Town Housing, on 33 sites (Phase 1 of the Review) found to be the least popular or costly to run. The recommendations for these sites are currently being implemented on a phased basis. To date, 11 sites have been sold with capital receipts obtained in excess of £240,000.
- 1.5 There has also been considerable success at attracting new, affordable housing developments. To date 25 affordable houses have been built on five disused garage sites, as well as a further site part supporting the Red Bank extra care scheme. In addition to providing additional housing opportunities to those in housing need in the Borough, the developments have considerably improved the appearance of these areas (see Appendix 3), and have also brought extra Council Tax and New Homes Bonus to the Council.
- 1.6 In line with good practice, it was agreed that the remaining sites (see Appendix 1) be reviewed at some time in the future (Phase 2 of the Review).

2. PHASE 2

- 2.1 Since the approval of the Phase 1 actions of the review, three of the 52 Phase 2 sites have since been sold following approaches to purchase by adjoining landowners and one being developed by a housing association.
- 2.2 In order to consider whether the remaining 49 sites have remained viable, they were reconsidered against the occupancy / financial criteria used to select the Phase 1 sites. Only two sites met the original criteria for further review (i.e. where occupancy was less than fifty percent or where annual maintenance costs exceeded income). However, in the current climate the Council needs to change. It is good practice to review the range of services that we offer and the way these are provided. This will potentially have a number of benefits for both the Council and residents of the Borough, including helping the Council to ensure that it is making the most effective use of its assets; removing problems of anti-social behaviour at sites; and reducing the liability to the Council of maintaining them.
- 2.3 Possibly as a result of interest in the sale of some of the Phase 1 garage sites and / or the successful redevelopment of former garage sites for housing, the Council has since been approached to sell a number of the 49 (Phase 2) garage sites. A full list of the Phase 2 sites can be found in Appendix 1.
- 2.4 The sale of some or all of these sites would have the following benefits for the Council:
 - Increased provision of housing in the Borough, helping the Council to meet its own annual new build targets and supporting Greater Manchester's overall delivery targets.

- Taking pressure off the Council to release some of the Greenbelt for housing development.
- Increased income to the Council from Council Tax and New Homes Bonus.
- Increased provision of affordable housing options to meet demand from the Council's Housing Register and support those adversely affected by Welfare Reform.
- Improve the appearance of these areas (see Appendix 3 for examples of previously successfully redeveloped garage sites).
- Potential to increase investment in the Borough, such as from the Homes & Communities Agency's Affordable Homes Programme.
- One-off capital receipt – previous sales have generated between £9,000 and £58,000 per site.
- Reduction in short, medium and long term repairs and maintenance liabilities for the sites.
- Address tenancy breaches where garages appear not to be being used for the storage of vehicles (see Appendix 2 for examples).
- Direct residential redevelopment by the Council which would generate revenue income or capital receipts.

2.5 It is proposed that where the Head of Property & Asset Management considers that sites have residential redevelopment potential such sites should either be developed directly by the Council or be marketed for sale.

2.6 Any decisions made will be taken with regard to the lessons learned from implementing the recommendations of the Phase 1 review. This will ensure greater communication with tenants of and residents adjacent to the garage sites considered. By considering options for the sites on an individual basis and communicating our findings with tenants and nearby residents, those affected will be more aware of any decisions made.

3. FINANCIAL IMPLICATIONS

3.1 Underutilised garage sites are a lost opportunity. While the Council currently receives a rental income from the tenanted garages and plots, it is questionable whether this represents the best use of these Council assets.

3.2 Although the disposal of garage sites would result in the loss of rental income to the Council, pursuing a disposal policy for those sites with development potential will have some or all of the benefits to the Council detailed in section 2.5 above.

3.3 Disposal of the sites will also reduce the future maintenance obligations for the Council.

4 RISKS

4.1 The original review considered the risks associated with change and the implementation of the Phase 1 recommendations. Five key risks were identified; however these have generally not manifested themselves.

4.2 ***Opposition to proposals.*** There has been little opposition to the recommendation and implementation of Phase 1 of the Review. There is potentially more likelihood of opposition to any change of use of the Phase 2 sites due to the fact that they are more widely used, albeit not always for the storage of vehicles. However, any

decision on individual Phase 2 sites will always involve informing local councillors and liaison with tenants affected.

- 4.3 **Loss of control.** The disposal of some of the Phase 1 sites has resulted in the loss of direct Council control. However, there have not been any reported problems to date, with considerable benefits being obtained in the form of capital receipts, new housing and improvement of previously run-down sites.
- 4.4 **Limited interest.** There has been considerable interest in the sites already identified for disposal, with good returns achieved at auction. Liaison with registered providers (e.g. housing associations) has already shown a continued interest in the acquisition of some of the remaining 49 sites.
- 4.5 **Obtaining permissions.** Any non-garage uses will require planning permission. However, it should be noted that the planning authority will be consulted by the Head of Property and Asset Management in arriving at an assessment of whether sites will have potential for residential development.
- 4.6 **Doing nothing.** There is a counter risk of leaving sites as they are. The Phase 1 sites were mostly disused, having a negative impact on their surrounding areas. While the Phase 2 sites seem popular at present, there is a risk that demand will continue to decline, coupled with an increasing management and maintenance cost to the Council in the longer term.

5 EQUALITY AND DIVERSITY

- 5.1 The Equality Analysis shows the proposal to have a potential positive impact particularly if some of the sites are developed for older / disabled client groups.
- 5.2 The development of the sites could also benefit younger households and families with affordable housing options helping people get on to the housing ladder or find more suitable accommodation.

6 CONCLUSIONS AND RECOMMENDATIONS

- 6.1 The Council will continue to implement the Cabinet decision on the Phase 1 sites.
- 6.2 There are considerable pressures on both the number of affordable housing properties in the Borough and the challenging targets for housing construction generally contained within the Council's emerging Core Strategy. Consequently, it is considered that where the Council's garage sites can be used for residential development, this use should be recognised as a higher priority than the provision of garages and informal storage.
- 6.3 It is anticipated that demand for off-site garage use will fall with the Council facing a significant management and maintenance liability for these sites. This is evidenced by the marked reduction in enquiries received for garages over the last few years.

Those Phase 2 sites with no residential development potential will continue to be used as garage colonies until such time as this use no longer remains financially viable or a realistic and viable alternative is identified. At that point, the remaining garage tenants and adjoining residents will be consulted on a site by site basis and a recommendation made to the Leader of the Council, the Chief Executive and Executive Director of Resources and Regulation over future use and ownership.

6.4 It is therefore recommended that Cabinet supports Option 2 and accepts that the Head of Property & Asset Management be permitted to dispose of Phase 2 garage sites on an individual basis initially where there is obvious potential for residential development and subsequently where viable alternative uses can be identified.

List of Background Papers:-

Report to Cabinet – Review of Council Owned Garage Sites (28 November 2012)

Presentations to Housing Services Sub Group (17 February 2010) and Economy, Environment and Transport Scrutiny Commission (3 March 2010)

Summary of Results of Consultation (November 2010)

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