

Item

HOUSING REVENUE ACCOUNT GARAGE CHARGING REVIEW

To:

Councillor Kevin Price, Executive Councillor for Housing

Report by:

Julia Hovells, Principal Accountant

Tel: 01954 - 713071

Email: julia.hovells@cambridge.gov.uk

Wards affected:

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Key Decision

1. Executive Summary

- 1.1 The Housing Revenue Account manages a portfolio of 1,652 garages and 43 parking spaces, which are let as separate tenancies on a weekly rental basis to a variety of customers, including council housing tenants, leaseholders, and other residents of the city, charities, business and commuters.
- 1.2 The current complex variable charging structure for garages has been in place since a whole scale review of garages in 2013/14. It is now considered timely to review and simplify the process, particularly in light of new garages and parking spaces available as part of the new build programme and in preparation for the intended replacement of the existing Housing Management Information System.

2. Recommendations

2.1 The Executive Councillor is recommended to:

- Approve the garage and parking space charging structure as outlined in Appendix A.
- Approve delegated authority to the Strategic Director to designate an area of garages or parking spaces as being in a high value or high demand area, and therefore attracting the higher rental charge.

3. Background

- 3.1. At the time of writing this report, the Housing Revenue Account owned 1,629 independent garages and 43 parking spaces, and managed 23 garages on behalf of the General Fund. Of the HRA garages, 146 are currently identified on the 3 year rolling programme for potential demolition and re-development as affordable housing.
- 3.2 Historically the HRA have had difficulties in letting all of their garages and the void rate is regularly at levels in the region of 20% to 25%. At the end of September 2017 the level of void garage and parking spaces was just over 21%.
- 3.3 In 2013, a whole scale review of garages was undertaken, which engaged officers, tenant and leaseholder representatives and members, with changes to the charging structure being one of the outcomes.
- 3.4 The resulting charging structure was complex, as it was based upon the nature of the occupant of the garage and the purpose for which they intended to use the garage. This resulted in a large number of potential permeations of charge, and made it impossible to automate any of the offer or letting process in the Housing Management Information System. The charging structure is confusing for prospective tenants and is complex and administratively burdensome for officers. The existing charging matrix is included at Appendix B for information.

- 3.5 As a result of the decision to procure a new Housing Management Information System, coupled with the introduction of a number of new garages and parking spaces, some of which carry a significant cost to the HRA, it was decided to review the charging basis.
- 3.6 An officer working group was convened to explore the options, review what other authorities charge and to make recommendations for change as outlined in this report.
- 3.7 The charges levied for garages by a number of other local authorities have been assessed for comparison. There is some variation in approaches; Bristol charges council tenants £13.50 per week, has a separate charge for leaseholders at £16.50 a week and charges private tenants £16.66 plus VAT. They allow some storage, but not as the primary use. Norwich has high, normal and low demand zones, and charge council tenants from £5.91 per week to £8.20 for garages and £4.26 for a parking bay, and private residents from £7.94 to £22.96 for a garage and £12.80 for a parking bay. They do not allow use for storage. Reading also uses zones, and charges from £9.35 to £14.55 per week for council tenants and £11.22 to £16.26 for residents; they offer a disabled resident rate also. Reading requires an online application to be completed and for the applicant to state the use for the garage. Oxford does not allow garages to be used for storage without written permission, and charges tenants from £14.85 per week to £16.95 and everyone else from £17.82 to £20.34, depending on area – they have utilised an online mapping system to specify each garage site and its charging schedule.
- 3.8 The working group recognised that one of the complications with the existing charging structure is that it is person centric as opposed to property centric. If any charging structure were to be based on the property, then as a property is fixed in the IT system, there is the opportunity to automate activity such as offer letters, and to pre-determine the charges for each garage and load them into the system at the beginning of each rent year. The current charging structure requires manual offer letters tailored to each applicant, and for charges to be calculated and input into the system as each garage is let, which is prone to human error.

- 3.9 Having concluded that a predominantly property based system would be better, the working group considered applying a higher charge for garages or parking spaces which were in a high value or high demand area as an alternative approach. This allows recognition of the cost to the HRA of garages or parking spaces in a high value location (ie; Scholar's Court) and also high demand areas, where garages or parking spaces may be more popular, and a waiting list may exist.
- 3.10 A high demand area was identified, which spans from the city centre, and this is highlighted on the map at Appendix C. Any garages or parking spaces within the high demand area will attract a higher base rental charge in the proposed charging structure. The high demand area currently encompasses 376 garages or parking spaces, with only 35 of these rented to council housing tenants for storing a motor vehicle at the time of writing this report. 10 of the 35 council housing tenants are already paying the higher rate as the new spaces at Scholar's Court were introduced initially on this basis. The balance is let to other city residents, commuters or businesses.
- 3.11 Recognising a desire to protect existing council house tenants who currently rent garages or parking spaces in what will be a higher charging area under the new policy, it is proposed that the charge for these 25 tenants will have their charges phased to the higher rate over a period of a number of years, at the rate of £2.00 per week plus the annual inflationary element each year.
- 3.12 VAT is payable on any garage or parking space let to anyone other than a council housing tenant who rents the garage in connection with the occupation of their home, and is payable by a council housing tenant if they use the garage solely for storage.
- 3.13 It is proposed within the new charging structure that if a tenant wants to rent a garage for anything other than for storing a motor vehicle, then they rent the garage specifically for storage, which will require officers to manually select a different tenancy type when setting up the tenancy. This will ensure that VAT is charged appropriately. It should be noted however, that the responsibility lies with the tenant to identify that they intend to use the garage for storage purposes, and that routine

inspections by officers will not take place, but reports of misuse will be investigated.

3.14 The only other manual element of the proposed new charging system is a proposal to retain a higher rate for commuters or businesses renting garages in the city. Charging a higher rate, with an initial premium of £5.00 per rent week, to this group will still provide parking in the city for them at a fair price, but will also ensure that garages used by city residents are offered at a competitive rate by comparison.

3.15 The only accepted method of payment for garage and parking space tenancies is direct debit, and any council tenant in rent arrears on their property is refused a garage or parking space on these grounds.

4. Implications

(a) Financial Implications

In reviewing the garage and parking space charging structure, and moving from a people and use based charge to a property based charge, with a recognition of location, there will be some tenants who receive a significant increase in their charges and others who will realise a significant reduction.

At the time of writing this report, 322 garage or parking space occupants will receive an increase in their charges. The increase in charges will vary from £0.25 to £14.02 per week, plus VAT where applicable. The highest increases are for businesses or commuters renting city centric garages and the next highest are for residents currently renting parking spaces or garages at the current low rates in the these areas. Existing council house tenants, renting a garage or parking space will be protected from an immediate increase.

209 garage or parking space occupants will receive a decrease in their charges. The decrease in charges will vary from £1.65 to £8.77 per week, plus VAT where applicable.

The overall impact for the HRA will be an increase of approximately 7.9% in the income from garages and parking spaces, but this assumes that there is no change in occupancy as a result of the change in pricing structure. The budget process for 2018/19 assumes a 2.6% increase in income, and this assumption has been retained until the impact of these charges are clear, but will be reviewed during 2018/19 as part of the HRA Medium Term Financial Strategy.

(b) Staffing Implications

There are no direct staffing implications associated with this report in terms of employment. However, the new charging structure is far simpler to administer than the current complex manual system, and as a result should cause fewer errors, which take time to resolve and impact on income received.

Following the restructure of the housing service, staff have identified limited capacity to market and let garages, so a simplification of the process will help alleviate this pressure. Prospective tenants should also be encouraged to make on-line applications for a garage or parking space to reduce the administrative burden on officers.

Additional staffing resource identified for transformation of the housing service will also be directed into marketing and letting garages in the short-term in an attempt to ensure better occupancy levels.

(c) Equality and Poverty Implications

An Equalities Impact Assessment has been prepared as part of this report, and will be available on the Council's website.

(d) Environmental Implications

There are no adverse environmental implications anticipated as a result of changes proposed in this report.

(e) Procurement Implications

There are no direct procurement implications associated with this report.

(f) Community Safety Implications

There are no direct community safety implications associated with this report.

5. Consultation and communication considerations

Tenant and Leaseholder representatives are being consulted on the proposals in this report as part of the Housing Committee scrutiny process.

If approved, the new charging structure will be communicated to all existing and future garage and parking space tenants, with the new charges published on the Council's website.

6. Background papers

Background papers used in the preparation of this report:

- (a) Garage Charging Review 2013/14

7. Appendices

Appendix A Proposed Garage and Parking Space Charging Structure

Appendix B Current Garage Charging Structure

Appendix C Location Map showing High / Low Value Boundary Line

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Julia Hovells, Principal Accountant

Telephone: 01954 - 713071 or email: julia.hovells@cambridge.gov.uk.

Appendix A

New Garage Charging Structure 2018/19

Category	Base Rent £ per rent week	VAT £ per rent week	Total Charge £ per rent week
Parking Spaces in standard area (tenants only)	7.72	0.00	7.72
Parking Spaces in standard area (non-tenants)	7.72	1.54	9.26
Garage in standard area (tenants only)	9.93	0.00	9.93
Garage in standard area (tenants storage use)	9.93	1.99	11.92
Garage in standard area (non-tenants)	9.93	1.99	11.92
Garage or Parking Space in high value / high demand area (tenants only)	18.95	0.00	18.95
Garage in high value / high demand area (tenants storage use)	18.95	3.79	22.74
Garage or Parking Space in high value / high demand area (non-tenants)	18.95	3.79	22.74
A £5.00 premium is added to all base rates above when rented for non-city resident, commuter, business or commercial use			
Non-City Resident / Commuter or Business / Commercial use	12.72	2.54	15.26
Non-City Resident / Commuter or Business / Commercial use in standard area	14.93	2.99	17.92
Non-City Resident / Commuter or Business / Commercial use in high value / high demand area	23.95	4.79	28.74

Parking spaces or garages in the curtilage of properties are charged at the prevailing base rate for the area.

Internal council use to be charged at base garage rate excluding VAT.

Appendix B

Garage Charging Structure 2017/18

Category	Rent £ per rent week	VAT £ per rent week	Total Charge £ per rent week
Parking Spaces (tenants only)	7.72	0.00	7.72
Parking Spaces in the Curtilage of the Property (tenants only)	7.72	0.00	7.72
Parking Space (non-tenant)	7.72	1.54	9.26
New Parking Spaces (tenants only)	18.95	0.00	18.95
New Parking Spaces (non-tenants)	18.95	3.79	22.74
Garage in the Curtilage of the Property (tenants only)	9.93	0.00	9.93
Tenant of City Homes (for storing a motorised vehicle)	9.93	0.00	9.93
Other Resident with Garage within ½ mile of address (for storing a motorised vehicle)	9.93	1.99	11.92
Other Resident (Within Cambridge City) with Garage over ½ mile of address (for storing a motorised vehicle)	12.04	2.41	14.45
Public Body/Charity (for storing a motorised vehicle)	16.58	3.32	19.90
Non Cambridge City resident or Business / Commercial / General Storage Use	18.70	3.74	22.44
Tenant of City Homes (For general storage)	18.70	3.74	22.44
City Homes / Internal Use	18.70	0.00	18.70

