



# **BARON CLOSE GARAGES OPTIONS** **APPRAISAL**



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## **Summary**

The Housing revenue Account (HRA) has been asked to complete an options appraisal on the garages located in Baron Close, Gillingham after a petition was received and presented at the Regeneration, Culture and Environment overview and scrutiny committee in June 2023.

This report looks at several potential options of what could be done with the site, and the estimated associated finances for consideration.

## **1. Budget and Policy Framework**

- 1.1 The ownership and rental income from the garage sites referred to in this report are in the ownership of the Housing Revenue Account (HRA). All costs in terms of income from rent collection and expenditure associated with repairs are ring fenced to the HRA.

## **2. Background**

- 2.1 The HRA have explored all opportunities in terms of building housing units on garage sites, and all feasible sites have been built on as part of phases 1 – 4 of the HRA's development programme.
- 2.2 Garage sites do generate rental income and are deemed as a non-dwelling asset. The garages also have an asset and land value which is considered when reviewing the total asset value of the HRA's stock.
- 2.3 The HRA is reviewing its approach to maintaining garages across the housing stock and is exploring different options that need to be considered as a whole.

## **3. Current Situation at Baron Close**

- 3.1 There are currently 15 garages at Baron Close which are split into 3 blocks. The garages back onto properties on Pier Road, Gillingham with the rear of the garages forming part of the boundary wall. The garages are brick built, with suspected asbestos corrugated sheet roofing and are situated on top of suspected concrete slabs. The garages are standard size for the time they were built.
- 3.2 The garages appear in good condition from the outside. An internal inspection was not undertaken at the time of this survey. The roofs and brickwork are not showing any signs of defect at the time of the visit. The garage doors and frames look sound and secure. It was noted that one garage door was damaged and in need of repair after and apparent forced entry. There is ivy growing up the back of some of the garages which continues onto the roof. It was noted that a telephone pole serving properties at Pier Road and Baron Close was situated at the front of the middle bank of garages.
- 3.3 There were several areas where cars could park at the time the inspection took place (Thursday 22<sup>nd</sup> June 2023 at 7.20am), mainly along the entrance to Baron Close and at each end of the site. Note a second inspection took place with local ward members on Friday 18<sup>th</sup> August at 3pm to discuss the petition further.

3.4 Photos from the inspection are below.

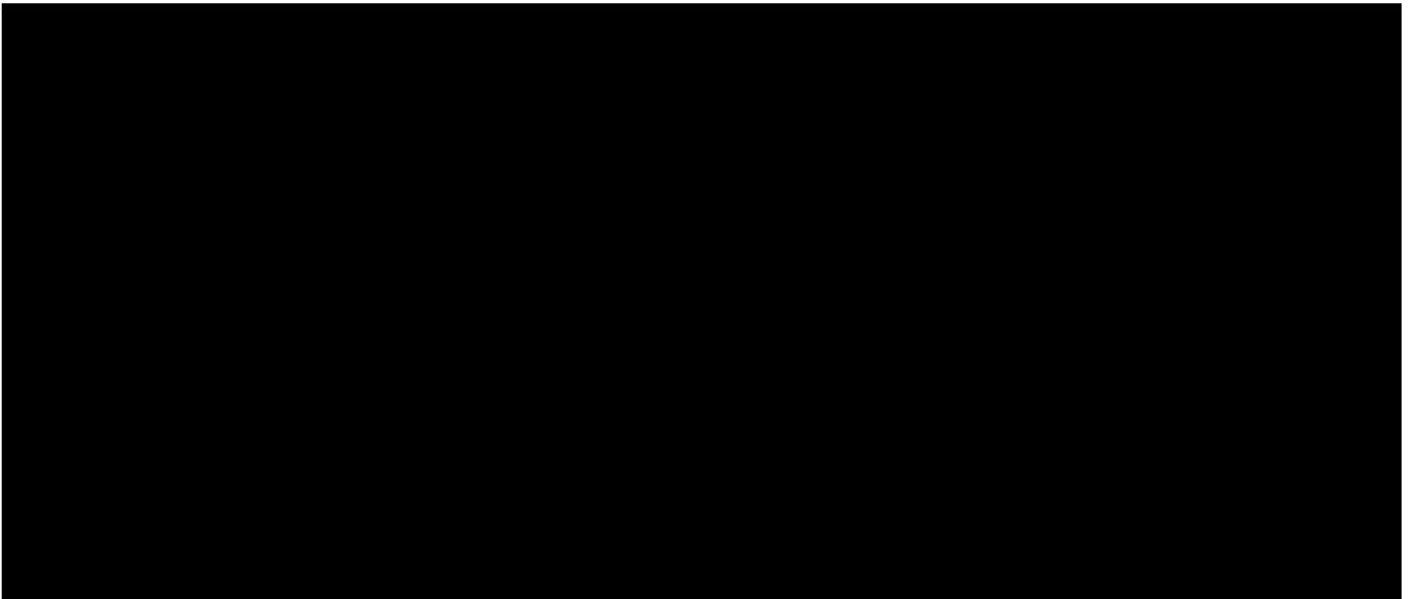




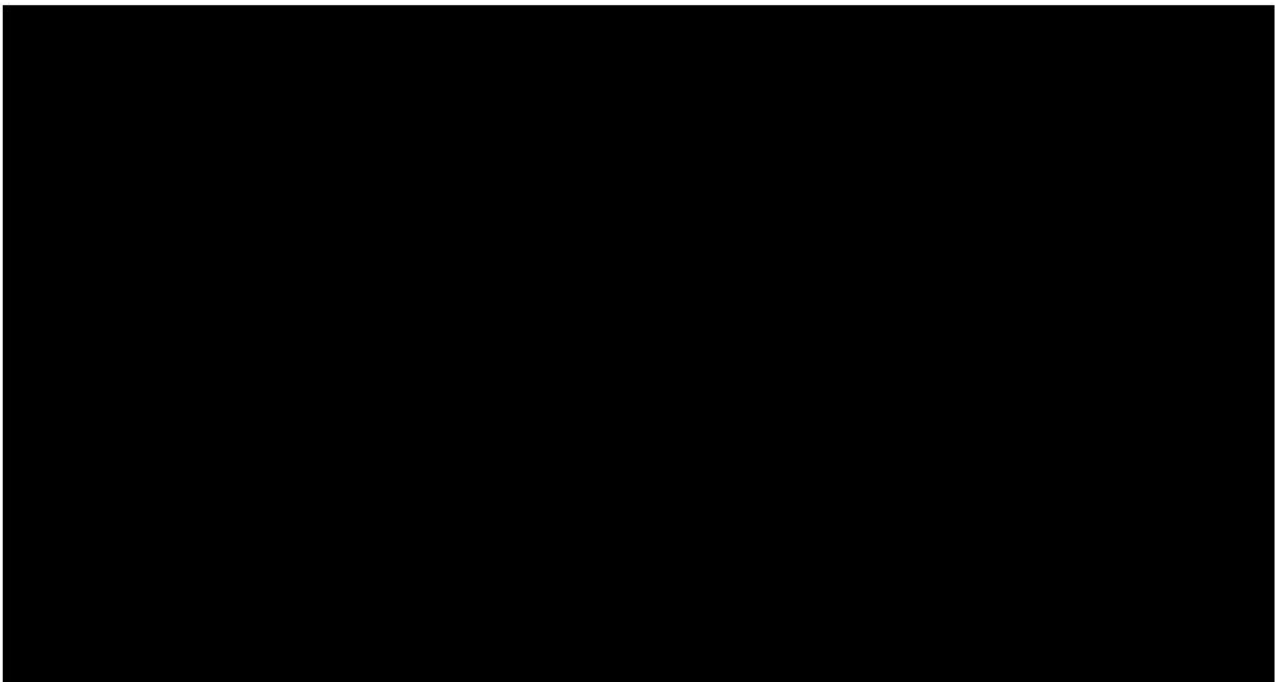
Map of Baron Close garages and the surrounding area



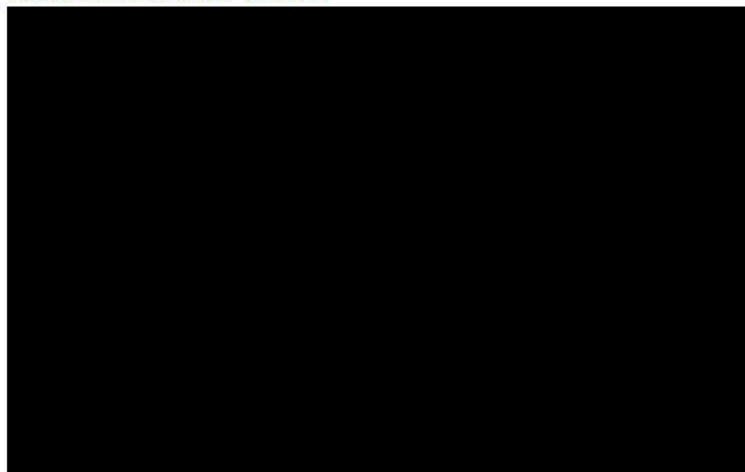
- 3.5 The occupancy level for the garages at Baron close as of June 2023 is detailed below. Total garages 15, 3 void/empty and 12 occupied. Tenancies start from 1993 – 2023.



- 3.6 Officers have attempted to contact those that are renting the garages to try and establish their use. Officers will continue to make contact. The table below shows the status for each garage. The garages are currently being used to store cars, bikes and general household and garden furniture.



- 3.7 The garages are currently occupied by both private and council residents living within the area and further afield.



#### 4. Rental income and Asset values

- 4.1 As stated earlier in the report, the HRA's garages hold an asset value and contribute towards the HRA's rental income. The rents charged for garages are the same for private and council tenants with the only difference being that private residents pay VAT.
- 4.2 The table below shows the latest and potential rental income for the garages at Baron Close based on current occupancy.

Property Address	Private or Council?	Current Weekly rent charge	Current Annual rent charge	Maximum annual rent charge (all private)	Minimum annual rent charge (all council)
437 Baron Close, Gillingham, Kent	Private	£15.08	£784.16	£784.16	£653.64
438 Baron Close, Gillingham, Kent	Council	£12.57	£653.64	£784.16	£653.64
439 Baron Close, Gillingham, Kent	Private	£15.08	£784.16	£784.16	£653.64
440 Baron Close, Gillingham, Kent	Void	£0.00	£0.00	£784.16	£653.64
441 Baron Close, Gillingham, Kent	Private	£15.08	£784.16	£784.16	£653.64
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451 Baron Close, Gillingham, Kent	Council	£12.57	£653.64	£784.16	£653.64
		<b>£170.92</b>	<b>£8,887.84</b>	<b>£11,762.40</b>	<b>£9,804.60</b>

- 4.3 The garages at Baron Close are currently generating a rental income of £8,887.84 per year to the HRA.
- 4.4 If all the garages were occupied and rented to council residents then the garages would generate a rental income of £9,804.60.
- 4.5 If all the garages were occupied and rented to private residents then the garages would generate a rental income of £11,762.40.

4.6

4.7

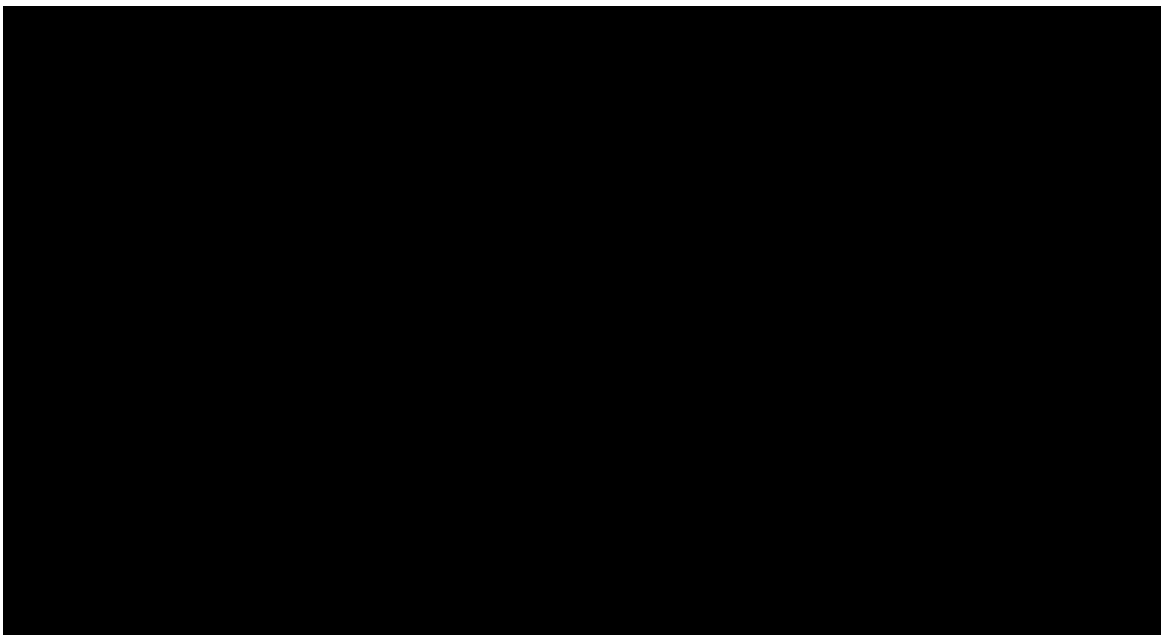
## 5. Options

- 5.1 The garages at Baron have had a high-level survey undertaken and 5 potential options have been identified. The 5 potential options identified can be seen in the table.

OPTION	DESCRIPTION
A	Demolition of all 15 existing garages, associated remedial works and creation of an estimated 12-15 parking spaces.
B	Demolition of middle bank of 7 existing garages, associated remedial works and creation of an estimated 5-7 parking spaces.
C	Leave garages as is, review occupants and develop a local lettings plan.
D	Leave as is and see if remedial works can be undertaken to paved areas and pockets of green space to create additional parking spaces.
E	Do nothing and leave as is.

- 5.2 The estimated costs for each of these options are purely indicative and will be subject to an open tender/procurement activity.
- 5.3 **The costs are purely estimated at this stage and are based on costs for a similar project at Cross Street completed in 2016 and the HRA Phase 4 garage regeneration project in 2021. Cost have been uplifted to consider current inflation.**
- 5.4 **Option A - Demolition of all 15 existing garages, associated remedial works and creation of an estimated 12-15 parking spaces.**
- 5.5 The following considerations will need to be made should this option be progressed.

5.6



**\*\* costs are purely estimate and based on costs for a similar project at Cross Street completed in 2016 and the HRA Phase 4 garage regeneration project in 2021. Cost have been uplifted to consider current inflation \*\***

- 5.7 **Option B - Demolition of middle bank of 7 existing garages, associated remedial works and creation of an estimated 5-7 parking spaces.**
- 5.8 As with option A, the same considerations (set out in 5.1 a-e) will need to be made should this option be progressed.



### 5.9 Option B finance considerations

- a) The HRA would lose a potential rental income of between £3,790.28 and £5,489.12 per year based on current occupation and rental rates.
- b) The site would reduce in value by around £36k.

<b>Option B estimated project cost</b>	-	<b>£68k</b>
Project Management	-	£3k
Surveys	-	£3k
Demolition and removal	-	£9k
Asbestos remediation	-	£9k
Boundary walls	-	£8k
Ground works, drainage, and finished floor	-	£8k
Bollards	-	£5k
Lighting	-	£8k
Relocation of phone line	-	£15k

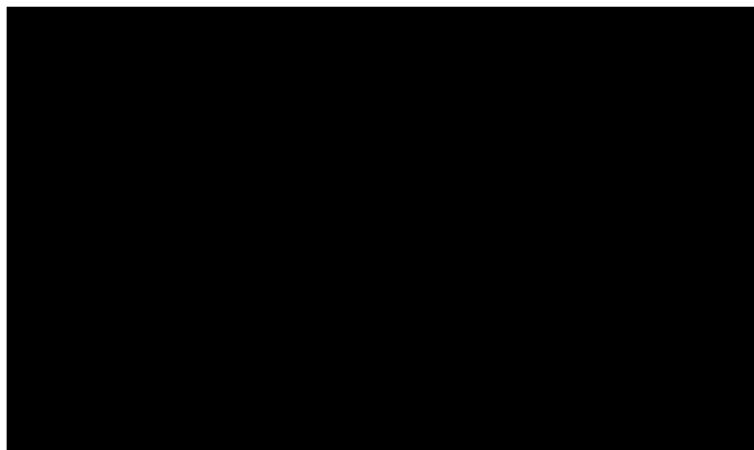
**\*\* costs are purely estimate and based on costs for a similar project at Cross Street completed in 2016 and the HRA Phase 4 garage regeneration project in 2021. Cost have been uplifted to consider current inflation \*\***

### 5.10 Option C - Leave garages as they are, review occupants and develop a local lettings plan.

5.11 Option C proposes leaving the site as is but reviewing who occupies the garages.

5.12 The HRA could create a local lettings plan that gives priority for renting these garages to residents residing in and around the area. This could involve reviewing where current occupiers live and offering them any void garages closer to their home. This in turn will free up a proportion of these garages for local residents to rent.

5.13 Current occupancy levels are detailed below and again in section 3.7 of this report.



5.14 This option would result in the HRA continuing to receive an income, retain an asset with value and would mitigate the need for significant capital expenditure.

- 5.15 **Option D - leave as is and see if remedial works can be undertaken to paved areas and pockets of green space to create additional parking spaces.**
- 5.16 As per the photos in section 3.4, there are large pockets of paving and a small area of greenspace which if remediated and a reconfigure of existing parking areas, could potentially add some additional bays.

It was also discussed during a site visit with members and residents about the possibility of removing the wall to the rear of one of the HRA blocks and using the rear communal garden area for parking.

These options were discussed with Officer in the planning and highways department who advised that they would not support this as it would impact on emergency services turning circles and waste collection access.

The idea to remove the wall and use the rear garden area for parking was also not supported as it would have too much of a negative impact on the amenity space to the block.

- 5.17 **Option E – Do nothing and leave as is.**

Leave as is.

## 6.0 **Conclusion**

If option A or B are to be considered then a full specification will need compiling, and a tender activity will need to take place. This would usually take 3-4 months and works on site would be expected to be between 6-10 weeks depending on the level of works and contractor availability.

Consultation with local members and residents would need to take place. This would be led by the HRA's Property Services Operations Manager and the HRA Resident Liaison Officer.

HRA capital budget will need to be obtained as these potential works do not currently sit within the current 3-year programme.

If option C is considered, then the HRA Tenancy Team will review the garage availability in areas closer to where some of the current occupiers live. Officers would liaise with local residents to establish if there was an appetite to rent these garages before potentially issuing notices to quit to the current occupiers. Officers would liaise with the local residents who would like to rent the garages and these in line with the HRA's garage lettings process.

An alternative/additional option would be for residents to obtain a late night parking permit and park their vehicles in the carpark opposite Pier Road at the Strand. Please see link below

[https://www.medway.gov.uk/info/200245/parking\\_permits\\_and\\_vouchers/707/late\\_night\\_parking\\_permit](https://www.medway.gov.uk/info/200245/parking_permits_and_vouchers/707/late_night_parking_permit)

Option D has not been deemed as viable and would not be supported from a planning or highways perspective.

## 7.0 **Recommendation**

The cost to demolish the garages as outlined in options A and B and the subsequent lack of rental income would materially impact on the Housing Revenue Account. Option D has been deemed non-viable by both planning and highways.

Progressing with option C will mean that the HRA does not have to find significant budget to undertake the demolition and remediation works. It will also mean that the HRA continue to collect a revenue for renting the garages. Local residents will have first refusal to rent the garages initially, however if there isn't sufficient take up from local residents then the garages will be offered to those that live further away to avoid void garage rent loss.

At this time Option C will be progressed. We would like to thank local residents and elected members for their time and engagement in the process.