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<b>REPORT TO:</b>	<b>HOUSING AND COMMUNITY SERVICES COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>28<sup>TH</sup> AUGUST 2014</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF HOUSING AND ENVIRONMENTAL SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>BOB LEDGER EXT 5775</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>SETTING OF GARAGE RENTS AT CHATSWORTH ROAD, NEWHALL.</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

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## **1. Recommendations**

- 1.1 Members approve the report and agree a rental value of £9.75 per week for each of the Chatsworth Road garages.

## **2. Purpose of Report**

- 2.1 To set the rental value for the new garages at Chatsworth Road, Newhall following a full refurbishment of the site and the provision of 21 new garages.

## **3. Detail**

- 3.1 The five-year investment plan, which was approved by Committee in February 2012, included a budget for the repair or refurbishment of garage sites.
- 3.2 The pilot scheme has now been completed at Chatsworth Road, where 23 garages that were in various states of disrepair have been replaced by 21 larger garages that allow more space to open car doors within the garage.
- 3.3 The current standard garage rent is £8.35 per week across the district. It is proposed though that these garages offer a higher quality product and the rent should therefore reflect the increased quality as well as seeking to recover the capital cost of £106k over a reasonable timeframe . The increase in rent should however be at a level whereby we have a good chance of having them fully occupied with a healthy waiting list.
- 3.4 There is no set precedent for a financial equation for recovering capital investment through revenue income but it is proposed that the capital cost could be recovered over a ten-year period at a rent of £9.75 per week.

- 3.5 To ensure that income was maximised, the garages have been let from the 18<sup>th</sup> August 2014 with a provisional rent of £9.75 per week, and the tenants have been made aware that this rent is provisional. They were also informed that if the rent was set at a lower level they would receive a refund and if it was raised they would have the option to terminate their rental without penalty or accept the agreed rent.
- 3.6 The interest in the garages has been good and 21 offer letters were sent out on the 5<sup>th</sup> August 2014. Within 24 hours, 10 prospective tenants telephoned with a verbal acceptance and arranged an appointment to sign an agreement and collect keys.
- 3.7 Current tenants of the Council's domestic properties are not charged VAT, whilst 20% VAT is added to the rent for non-Council tenants.

#### **4. Financial Implications**

- 4.1 The proposed weekly amount will recover the cost of the refurbishment works over a ten year period and then assuming a low level of repairs and void garages, will produce an income of around £10,000 per year.

#### **5. Corporate Implications**

- 5.1 There are no corporate implications associated with this report.

#### **6. Community Implications**

- 6.1 The garages provide a much needed facility and demand has been high.