

**Cheltenham Borough Council**  
**Cabinet – 3<sup>rd</sup> March 2020**  
**Housing Revenue Account – Garage Strategy**

<b>Accountable member</b>	<b>Councillor Peter Jeffries, Cabinet Member Housing</b>
<b>Accountable officers</b>	<b>Martin Stacy, Lead Commissioner Housing Services;</b> <b>Dominic Stead, Head of Property and Assets</b>
<b>Ward(s) affected</b>	<b>Various</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<p>Cabinet is asked to approve the appended garage strategy up to 2023, which outlines the approach to managing CBC garage assets and sites. The garage strategy is based on three core principles of the CBC Corporate Plan (2019-2023) to increase the supply of affordable homes helping to build resilient communities (for example by addressing ASB issues), and making the best use of CBC assets (to maximise HRA resources). It also supports the Council's Housing, Homelessness and Rough Sleeping Strategy (2018-23) by increasing the supply of affordable homes by way of 'additionality' – i.e. delivering new affordable homes over and above that which would otherwise be delivered if CBC were to rely on market forces alone. This garage strategy will therefore contribute towards our multi-million pound housing investment plan.</p> <p>The strategy seeks to strike a balance between the demand for garages from existing HRA tenants, the cost of maintaining and improving garage blocks and the desire to increase the supply of affordable homes. Where a garage site has development potential, it will be given a priority status and an option appraisal process will be followed to determine whether development of the site should be progressed.</p> <p>To date, CBC and CBH have successfully redeveloped 13 former garage sites to provide 41 new affordable homes. A further initial review of the remaining garage sites has identified that some of these sites may be suitable for redevelopment to provide more affordable homes. These sites will be reviewed, taking into account operational criteria as detailed in the strategy.</p> <p>The recommendations of this report set out the key milestones during which decisions/approvals will be taken in relation to the progression of any proposed sites. These include the decision to progress with initial feasibility work on these sites and to explore their redevelopment potential further. Initial feasibility work could include outline architect drawings, outline cost plan, legal title search, utilities search and site constraints plan. Should it be determined that redevelopment is feasible and viable, decisions will then be taken to progress these sites to planning and procure a contractor partner/s to redevelop the sites. In accordance with the Constitution, no commitment to contract will be made before tendered costs and financial information has received approval from the Cabinet Member for Housing.</p> <p>Where redevelopment is not an option, alternative uses for the garage site will be considered as appropriate. This may include providing parking spaces, community space or allotments for example, subject to any relevant approvals being given.</p>

## Recommendations

### **Cabinet is recommended to:-**

#### **1. Approve the garage strategy at Appendix 2**

#### **2. To note that:-**

2.1 the Head of Property Services, in consultation with the Cabinet Member – Housing will agree which sites will be taken forward for the further feasibility work as outlined above in the Executive Summary

2.2 following the feasibility work, the Cabinet Member – Housing will receive recommendations from the Head of Property Services to approve those garage sites which should be developed as affordable housing to be owned by the Authority (subject to planning permission and costs being within budget)

2.3 following identification of the garages sites pursuant to recommendation 2.2, CBH, on behalf of the Authority, will apply for planning permission and conduct procurements to select contractors to carry out the design and construction of the new housing

2.4. subject to the tenders for the construction of the new housing being within the budgets approved by full Council and the receipt of planning permission, the Cabinet Member – Housing will approve the change of use of the garage sites to use for the provision of new Council owned affordable housing and will authorise the award of the contracts to the successful bidders where contracts are in excess of £100,000

2.5 if the feasibility work identifies uses for the garage sites other than affordable housing to be owned by the Authority, a further report(s) will be prepared for approval by Cabinet or the Lead Member as required by the Constitution

#### **3. Delegate authority to the Executive Director – Finance and Assets, in consultation with the Cabinet Member Housing to:-**

3.1 submit and accept bids to Homes England for grant funding to support the delivery of new build schemes

3.2 agree the tenure of the affordable housing that will be delivered on individual sites

#### **4. Delegate authority to the Head of Property, in consultation with the Borough Solicitor, to take all necessary steps and undertake all necessary procedures, including entering into any legal agreements and contracts which do not exceed £100,000 or other documentation as may be required to implement or facilitate the developments**

<b>Financial implications</b>	<p>None as a direct consequence of this report.</p> <p>Full Council, at its meeting in February 2019, and in the Treasury Statement October 2019, approved the budgets to finance development within the HRA. Any specific garage sites that are proposed for development will be subject to the approval requirements as detailed within the recommendations of this report.</p> <p><b>Contact officer: Paul Jones, Executive Director- Finance and Assets</b></p> <p><b><u><a href="mailto:Paul.Jones@cheltenham.gov.uk">Paul.Jones@cheltenham.gov.uk</a></u></b></p> <p><b>01242 264365</b></p>
<b>Legal implications</b>	<p>The Council has the power under Section 9 of the Housing Act 1985 to build new housing accommodation on land it owns for that purpose. Title to all the properties will need to be investigated to ascertain whether there are any restrictions or third party rights that may impact on the ability to develop housing.</p> <p>Given that the garage sites are likely to be within estates built by the council, it is likely that if the Council sold dwellings in these areas under the right to buy, by virtue of the Housing Acts the purchasers will have acquired various rights of support, use of services and access for maintenance etc. The burden of these rights in general terms will be noted on the Council's title registered at HM Land Registry. Where specific rights are known, these need to be accommodated or varied otherwise obtaining insurance is advisable in case the development interferes with any third party rights of which the Council is not aware.</p> <p>Site inspections should also be undertaken at an early stage to identify signs of any encroachments or unauthorised use.</p> <p>The Council's contract rules and the Public Contracts Regulations 2015 will need to be complied with when looking to appoint contractors, the design team and other professionals required to design and build the new housing. There are various options that can be used to appoint the contractors and consultants such as the use of frameworks or going out to tender for all the sites at once and splitting the sites into 'lots'. Advice from One Legal and Publica procurement team must be sought at an early stage.</p> <p>Before the contractors, suppliers, architects and consultants commence work, appropriate legal documentation prepared or approved by One Legal must be completed.</p> <p><b>Contact officer: Donna Ruck, Solicitor, One Legal</b>  <b><u><a href="mailto:donna.ruck@tewkesbury.gov.uk">donna.ruck@tewkesbury.gov.uk</a></u> 01684 272696</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>There are no direct HR implications arising from this report.</p>
<b>Key risks</b>	<p>Please see risk assessment at Appendix 1 of this report</p>

<p><b>Corporate and community plan Implications</b></p>	<p>By increasing the provision of new affordable housing we will be supporting our key strategic objective of strengthening our communities. The proposed scheme supports the aspirations of the Place Strategy for Cheltenham, approved in March 2018, to focus on housing delivery as a priority with the aspiration to increase the number of affordable, accessible, safe and secure housing, and to build strong, healthy and inclusive communities.</p>
<p><b>Environmental and climate change implications</b></p>	<p>Some of the garage sites are currently redundant, void and in a potential state of disrepair awaiting investment. If the principles in the garage strategy are adopted this will ensure that the future use of all of the sites is considered which will lead to improvements to the local environment.</p> <p>The intention is that some of the sites will be redeveloped to provide new homes. The overall environmental performance of the properties will be discussed once the project team has been assembled. We will assess the financial viability of schemes with a view to reducing the carbon footprint, thereby seeking to support the Council's aim to be carbon neutral by 2030.</p>
<p><b>Property/Asset Implications</b></p>	<p>An active asset management approach to the garage sites will make best use of CBC assets and thus HRA resources. The strategy outlines that the existing use of some of the sites may change to provide hard standing for parking spaces, community uses or for the provision of new affordable homes. However it is likely that in reviewing the garage sites, repairs and maintenance will be needed for some of the assets that will result in costs to CBC that has not necessarily been identified previously and therefore budgeted.</p> <p>The development of some of the sites will be dependent on the satisfactory negotiation/resolution concerning the rights of access issues. Based on historical negotiations, the time and cost to deal with these will be significant and Property need to plan on how best to manage these inevitable challenges.</p> <p><b>Contact officer: Dominic Stead, Head of Property and Asset Management</b></p> <p><a href="mailto:Domonic.Stead@cheltenham.gov.uk">Domonic.Stead@cheltenham.gov.uk</a> 01242 264151</p>

## **1. Background**

- 1.1** The garage strategy up to 2023 aims to strike a balance between: the demand for garages from existing HRA tenants; the cost of maintaining and improving garage blocks and the desire to increase the supply of affordable homes. Where a garage site has development potential it will be given a priority status and an option appraisal process followed to determine whether development of the site is progressed. A range of operational criteria has been established against which sites will be reviewed and considered to determine the proposed strategy to manage that site in the longer term.
- 1.2** The Council's managing agent, Cheltenham Borough Homes (CBH), has been working with Council officers via the Operational Working Group (OWG) to identify suitable sites for new build within the HRA.
- 1.3** As part of an initial review of garage sites in 2010, a number of sites were identified as being no longer financially viable as garage sites with some identified as suitable for redevelopment to provide new affordable housing. Since 2010 CBH has successfully redeveloped 13 garage sites for affordable housing, providing a total of 41 new homes. The sites developed to date reflect the 'quick wins' with the more complex sites remaining. It is anticipated that of those garage sites that remain, circa 35 sites may have development potential.
- 1.4** CBH is currently developing a Development Strategy on behalf of CBC. As part of this, CBH is currently exploring the potential for further pipeline regeneration and new build opportunities to support our multi-million pound housing investment plan. This work will be complemented by a review of all funding options and sources in order to identify longer term capacity and constraints. It follows that CBC's garage strategy will complement the proposed wider Development Strategy, which will be brought before Cabinet for approval in due course.

## **2. Scheme Details**

- 2.1** On behalf of CBC, CBH manages 51 garage sites located throughout the Borough totalling 646

individual garages. Garages are let on a licence basis to both HRA tenants and where there is insufficient demand they are offered to private customers. Presently out of those that are currently let, approximately 35% are let to CBH tenants and the remaining 65% to private customers. The number of garage voids at present is 137 of which 111 are non-lettable requiring investment. The remaining 26 are available to let however remain void.

- 2.2** In order to ensure that we are making best use of CBC assets the proposal is to review all of the garage sites against the operational criteria outlined in the strategy.
- 2.3** Following a further review of the remaining garage sites there could be up to 35 sites that may have redevelopment potential. Undoubtedly the actual number of sites will diminish as until further feasibility work has been undertaken it is not possible to have certainty over which sites will ultimately be developable and thus the number of potential new affordable homes that could be provided.
- 2.4** CBH has significant experience in developing former garage sites. One factor that has affected historic sites and will undoubtedly affect the remaining sites is in respect of specific and general legal rights. CBH will work closely with the Head of Property Services and the Borough Solicitor to agree the proposed approach to dealing with these rights of way.
- 2.5** If this option appraisal process supports development of the site this will be taken forward by the CBH development team as resources allow. Should a site be identified as having development potential the proposal is to appoint a project team and progress a planning application. The scheme would then be tendered to identify a favourable contractor, subject to any relevant approvals being given.
- 2.6** Wherever possible, sites in the same geographic location will be packaged together to ensure economies of scale. This approach will need to remain flexible to take account of the individual context and status of the garage site. For example, one site within close proximity to another may be deemed to be a 'quick win' e.g. vacant and secured whilst the other may still be occupied with rights of way matters to resolve prior to progressing further. In this circumstance the sites would

potentially be split into different tranches to ensure speedy delivery.

- 2.7** If redevelopment is not a viable option, consideration will be given to whether the site should continue as garage sites or whether an alternative use is appropriate, such as community space, allotments, parking spaces or other facilities for the benefit of local residents. If any of these options are more favourable than the existing use option, then relevant approvals will be sought to progress our preferred way forward. This will ensure CBC makes best use of its assets. The sites will then be prioritised, to inform investment decisions and ensure maintenance is targeted where garages are in high demand and where additional rental income can be secured.

### **3. Reasons for recommendation**

- 3.1** The proposed garage strategy is based on three core principles of the CBC Corporate Plan (2019-2023) to increase the supply of affordable homes, help to build resilient communities (for example by addressing ASB issues), and making the best use of CBC assets (to maximise HRA resources). It also supports the Council's Housing, Homelessness and Rough Sleeping Strategy (2018-23) by increasing the supply of affordable homes by way of 'additionality' – i.e. delivering new affordable homes over and above that which would otherwise be delivered if CBC were to rely on market forces alone.
- 3.2** The benefits of proceeding with the principles noted in the garage strategy include the following:
- Make best use of CBC assets whether through potentially investing in garage sites in high demand and where rents for private customers can be increased or in redeveloping the site to provide much needed affordable housing. The sites are held in the HRA and thus there is no acquisition cost. The provision of further affordable houses would strengthen the HRA through a positive return on investment over 40 years.
  - Tackle potential Anti-Social Behaviour (ASB) hotspots and manage areas of ongoing concern.
  - Ensure the garage sites are fit for purpose and alternative uses are considered that meet the needs of the local community.

#### **4. Alternative options considered**

- 4.1 Do nothing - The sites could be retained as they are at present and rented out with no change to the existing management or rents payable. Over time the investment needed in the garages will increase which may not represent value for money.
- 4.2 Dispose of the garages – this would generate additional income to the HRA however could potentially lead to ASB issues as well as limit the future options for providing further affordable homes in the HRA.

#### **5. Consultation and feedback**

- 5.1 The principles of the garage strategy have been discussed and are supported by key officers who make up the CBC/CBH Operational Working Group (OWG) and are to be discussed in detail at the next Strategic Housing Delivery Group (SHDG) meeting taking place ahead of Cabinet. CBH's New Supply Committee and Board are also kept fully informed.
- 5.2 The detailed proposals relating to any change from the existing position as a garage site will be developed through consultation with key stakeholders including Ward Councillors. Where the proposal is to demolish the garages and provide hard standing for additional parking provision, local residents and affected garage tenants would be contacted and the proposals discussed in advance.
- 5.3 Should redevelopment be the preferred route, local residents surrounding the various sites will be written to confirming the intention to redevelop to provide new affordable housing. Prior to the formal submission of the planning application an information session will be arranged at a local facility to give residents and local stakeholders the opportunity to review and comment on the proposals.
- 5.4 Formal pre-application planning advice will be sought for each site and the schemes will be amended to incorporate comments from the Planning Department. The proposals submitted to the Planning Department will reflect the feedback received from the information sessions, CBC Planning department and CBC and CBH colleagues.

## 6. Performance management - monitoring and review

6.2 The specific proposals for each garage site would be discussed with CBC colleagues at CBC/CBH Operational Working Group and proposals agreed between both parties.

6.3 For sites to be redeveloped for new build housing, the governance structure for new build schemes would apply, overseen by the joint CBC/CBH Strategic Housing Delivery Group. The CBH Development team will manage the projects on a day to day basis. The various forums will monitor the overall delivery of the schemes, alongside the other development opportunities that materialise as part of the current pipeline of work.

<b>Report author</b>	<b>Contact officer:</b> <b>Alison Salter, CBH Head of Development</b> <a href="mailto:Alison.Salter@cbh.org">Alison.Salter@cbh.org</a> 01242 387512 <b>Martin Stacy, Lead Commissioner- Housing Services</b> <a href="mailto:Martin.stacy@cheltenham.borough.council">Martin.stacy@cheltenham.borough.council</a> 01242 264171
<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Garage Strategy (including Appendix A – flow chart and Appendix B - Map of garage sites)</li></ol>
<b>Background information</b>	None

# Risk Assessment

# Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1	If third party rights of way are identified and cannot be accommodated or removed then this may adversely affect the ability to develop the sites	Dominic Stead	January 2020	3	3	9	Accept	Discuss and reach a suitable negotiated agreement/settlement. Submit planning applications and go out to tender for contractors once sites are unencumbered.		Alison Salter (CBH)	
2	If third party rights cannot be resolved, or there are other matters which affect the ability to develop the sites, then there will be abortive costs and time if schemes prove not to be viable.	Dominic Stead	January 2020	3	3	9	Accept	Mitigate by undertaking only necessary works.		Alison Salter (CBH)	
3	If we adopt a 'do nothing' approach this may lead to potential ASB and higher maintenance costs	Dominic Stead	January 2020	3	3	9	Reduce and Close	Adopt the strategy for managing garage sites and ensure that the approach is reviewed on an ongoing basis.		Matthew Ward (CBH)	
4.	If, following the	Dominic	February	1	3	3	Reduce	This will be monitored		Alison	

	outcome of the feasibility study, we do not progress with the development of a garage site for the purposes of providing new affordable housing, then the capital sums allocated for these feasibility works will in effect be written off.	Stead	2020					by CBC and CBH officers as part of the regular Operational Working Group meetings.		Slater/Stafford Cruse (CBH)	
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**Explanatory notes**

**Impact** – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

**Likelihood** – how likely is it that the risk will occur on a scale of 1-6  
(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

**Control** - Either: Reduce / Accept / Transfer to 3rd party / Close