



# Disposals Policy

## 1. Purpose and Scope

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NHG's corporate priorities include the provision of quality affordable homes that build a better place for all and deliver the experience our residents expect. Where a home is unable to meet expectations, we will consider it for Disposal in line with this policy.

This policy sets out our approach to disposing of empty homes through sales. Its purpose is to:

- provide a framework for the Disposal of properties
- ensure properties selected for Disposal achieve best value for money
- ensure all Disposals are processed in line with any statutory or regulatory requirements
- commit to undertakings outlined in section 4 made during the NHHT/GHA merger

All proceeds from properties disposed of under this policy will support corporate budgets and hence there will be no direct link between Disposal proceeds and the purchase or building of new homes.

## 2. Definitions

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- **Property:** an asset within the Notting Hill Genesis property portfolio
- **Void:** any Property that is not currently occupied
- **Disposal:** the selling of a Property or asset.
- **Red Book:** Royal Institute of Chartered Surveyors Valuation - Professional Standards (known as the 'Red Book') contains mandatory rules, best practice guidance and related commentary for all members undertaking asset valuations
- **Heartlands:** defined as the London Boroughs of Brent, Camden and Hammersmith & Fulham, the Royal Borough of Kensington & Chelsea and the City of Westminster.
- **Net Present Value (NPV):** a measure of an asset's value in terms of cashflow

### **3. Selection of Properties for Disposal**

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Our Disposals approach focuses on selling properties when void that meet one or more of the following criteria.

#### **Unsustainable Financial Performance**

- Properties with an immediate high investment need which presents an inefficient use of capital resources such that the cost of improvements outweighs the benefit to residents
- Properties with poor or negative NPV that cannot be improved to an acceptable level by changing tenure, where permitted

Values that represent high investment need or poor NPV are to be included in the **Disposals Procedure** and should be reviewed as required.

#### **Poor Customer Experience**

- Energy inefficient properties that prove unaffordable for our residents due to high fuel bills where the cost of required improvements is such that the home needs a level of investment that would constitute high investment need
- Properties with unresolvable access or repair issues impacting upon the quality of life experienced by the residents

#### **Difficult to Manage Homes**

- Lone Flats where NHG owns a single dwelling in a block and has no responsibility for managing communal areas in that block
- Lone Properties with little or no NHG stock in the surrounding area
- Properties where achieving a minimum standard of Energy Performance Certificate 'C' is either not achievable or where the level of investment required is unsustainable
- Void homes in Board approved Exit boroughs
- Otherwise difficult to manage or let homes as identified by Operations

In addition, a Disposal would need to meet the following conditions:

- There are no restrictions upon the sale, such as covenants on the title or S106 planning conditions, and
- Disposal delivers a surplus net of value held on NHG accounts, plus sale costs, unless otherwise agreed

Where a property meets one or more of the criteria for Disposal, but is occupied, we may offer, at our discretion, financial and other types of incentives to customers who wish to move from such a property, in line with agreed NHG policy. Any incentives offered must be factored into the appraisal process.

## **4. Appraisal**

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Properties selected for consideration of Disposal will be assessed by the Asset Optimisation Team within the Development department.

Appraisals recommending Disposal will be reviewed and counter-signed by Finance.

## **5. Approval**

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Authority to approve properties for disposal must be sought in accordance with NHG's Scheme of Delegations.

## **6. Method of Disposal**

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The method of disposal will be determined according to the property type, the potential buyer and current market conditions at the time of sale with the objective of achieving the best possible return.

A Red Book valuation will generally be required.

### **Auction**

A reserve price is set by the Asset Optimisation team in consultation with the appointed auctioneer, with due regard for the Red Book valuation and any approvals obtained.

Contracts are normally exchanged on the day of auction. Completion normally takes place 28 days later.

### **Private treaty (open market)**

Private treaty sales are defined as sales through a registered estate agent who will market the property on our behalf. The agent is also responsible for viewings and final recommendation on offers.

The property is placed on the market for an agreed period at an agreed price. Any offers received are considered in line with the Red Book valuation and any approvals obtained.

### **Private treaty (negotiated)**

In certain cases, properties can be sold on a negotiated basis. This must be supported by a Red Book valuation.

Such sales should only be agreed where it has been satisfied that best value has been achieved and could not be improved through selling via another method.

### **Local Authorities/Other Registered Providers**

Prior to, or during, an open market sale (auction or private treaty), we may consider whether the property could be sold to the local authority or another registered provider. Such disposals should be considered similarly to negotiated sales and should consider that the property would remain within the Social Housing sector.

### **Disposal to other NHG Group entities**

A price is agreed with Finance, in consultation with the businesses involved. The price may be below market value but will cover all costs associated with the disposal between NHG group entities. These may include cost of works required to bring the property to a lettable standard.

All resources required for the sale are to be instructed by the Asset Optimisation Team.

## **7. Other Considerations**

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Where a property is charged to a lender, we notify the lender in writing that the property needs to be released from the charge.

All relevant statutory and regulatory standards apply, including;

Section 176 of the 2008 Housing and Regeneration Act, amended by Housing and Planning Act 2016, which requires all registered providers to notify the Regulator of Social Housing (RSH) of relevant Disposals. We notify the regulator of all 'relevant Disposals' on a quarterly basis, or more frequently where a priority notification is required in line with the Direction and Guidance provided by the Regulator.

Sections 117 – 121 of the Charities Act 2011 which requires registered charities to comply with specific requirements or to obtain an order from the Charities Commission before disposing of any land.

Disposals will not be made to NHG board members, employees, and their close relatives, and businesses trading for profit in which those parties have an interest.

We will inform local authorities of our broad strategy.

## **8. Our approach**

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In writing this policy we have carried out an assessment to ensure that we are considering equality, diversity and inclusion.

## 9. Reference

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- NHG Corporate Strategy
- NHG Asset Strategy
- NHG Scheme of Delegations
- Housing and Planning Act 2016
- Section 176 of the 2008 Housing and Regeneration Act
- Sections 117 – 121 of the Charities Act 2011

### Document control

Author	Alistair Nunn-Price: Head of Stock Optimisation
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Approved by	Policy Group
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### Version Control

Date	Amendment	Version
15/11/2022	New policy	1.0
8/6/2023	Removed restriction around disposals in Heartland boroughs, to align with change in financial regulations and scheme of delegations	1.1