

DISPOSAL OF ASSETS POLICY

Responsible Officer

Director of Property and New Business

Aim of the Policy

This policy aims to set out how Phoenix will approach disposals. It is aligned to our vision “Together we are building a better Future for our Phoenix Community” and our strategic objective of sustainability for Phoenix, our homes, neighbourhoods and community.

Policy Scope

In this policy assets include properties (of any tenure or use e.g., residential, commercial, offices and garages), as well as land. This policy does not include disposal of plant, machinery or equipment.

Disposals include by sale, long lease, demolition, grant of easement, release of restrictive covenant in Phoenix’s favour or release of any other financial guarantee. This policy does not include sales through the Right to Buy (RTB) or Right to Acquire (RTA).

This policy should be considered alongside our Corporate Plan, Business Plan and other key strategies.

The Policy

Phoenix will consider the disposal of assets when looking at option appraisals to maximise the use and value of our assets, both now and in the future. This means we may make disposal decisions which will not add initial value to our business or community but will result in longer term benefits. For example, demolition of three social housing properties that are costly to repair will not result in any immediate benefit but if later we build six affordable homes on the site there could be a net gain for future residents and our business.

The disposal of any assets should enable increased investment in our business, in particular to increase investment in existing and new social homes.

We need to ensure that our homes are of a good quality and suitable for our residents’ needs and that Phoenix remains financially viable.

Development

Assets including homes, may be considered for disposal where they will facilitate the development of more suitable homes. These disposals will be considered in the context of the development strategy and the development appraisal process,

Other Phoenix Homes

Phoenix will prioritise the retention of homes which are of higher strategic value and financial viability.

The financial value will be assessed using the Net Present Value of the property.

Strategic value will be assessed using the following criteria:

- EPC ratings of each property – 60% weighting
- Number of bedrooms – 30% weighting
- Property types (flat or house) – 10% weighting.

We will take a strategic approach to asset management considering all options when deciding whether to dispose of a home. The main options for disposal will be:

- Lease properties to Home Makers to be let at 85% of market rents (no more than 200 homes at any one time) for up to 7 years
- Sell high cost, poorly performing/low strategic value assets on the open market.

If financially viable the option of leasing to Homemakers will be preferred as this retains our ownership of our homes. Properties may be leased to Homemakers for rent and then returned to PCH to be used for social housing at the end of the lease.

The lease to Homemakers may be renewed if tenanted at the point it is due to end. Leasing in Homemakers will be particularly suitable if the homes are not financially viable at social housing rents but are viable at 85% of market rent or they are void and require remedial works valued above £20k where the remedial works could be funded from the 85% of market rent within 7 years. No properties which are charged to our lenders will be leased unless the lender consents.

Other assets

Phoenix will consider any reasonable requests for the disposal of other assets. We will seek to ensure that the disposal of any assets which are not homes is in the best interest of our business.

Before deciding whether any asset should be disposed of, we will:

- Carry out full checks to ensure the disposal is permitted and is in the best interest of the business.
- Obtain an Independent Valuation for all disposals over £5k
- Take legal and or other advice, where necessary, to ensure we have considered the full implications of disposal, gained all the relevant consents and approvals and then complete all required notifications.

- Ensure we consult with all stakeholders including where appropriate, but not limited to local authorities, lenders, funders, the local community, community groups and Phoenix residents.
- In consulting Phoenix residents, we will consult residents more generally if the disposal could have an indirect or future impact on them as well as those specifically affected.
- Log and document feasibilities, consultation, decisions and approvals.
- Ensure the ET, Development Committee and Board are updated on progress, approve the disposal at key stages and are advised on completion of the disposal including all relevant statutory notifications.

Approval

Disposals will be approved internally in accordance with our Standing Orders and Delegated Authorities.

The Chief Executive and the Director of Property and New Business will have authorisation to approve 20 properties per year to be leased to Home Makers. Board approval will be sought for any additional properties.

Any request for full approval whether at ET, Development Committee or Board must include a summary of the option appraisals carried out and confirmation that all relevant consents, approvals and consultation have taken place.

In more complex disposals or ones which are part of a wider programme of regeneration or development, in principle approval to pursue a disposal option should be obtained at the beginning of the process.

The Development Committee will provide in principle approval to proceed and pursue a disposal outside the delegated authority of the ET. Following in principle approval the Committee will monitor progress in pursuing the disposal through update reports and recommend approval to the Board; where required.

The Board will approve all disposals of Social Housing following a full feasibility or, where time is likely to be critical to achieving the best business outcome, will approve the disposal within set parameters; agreed on a case by case or project by project basis.

Monitoring and review

This policy will be reviewed in one year, to evaluate the policy of letting properties at 85% of market rent and from then on, the policy will be reviewed by the Board as necessary.

In addition, all statutory notifications will be summarised and reported to the Audit Committee and Board in our annual statement of internal controls.

References to other documents and associated policies and procedures

Corporate Plan
Business Plan
Value for Money Strategy
Asset Management Strategy
Development Strategy
Phoenix Development Decision Making Strategy
Standing Orders or Delegated Authorities

Definitions

Term/acronym	Description
Resident	Includes tenants, Freeholders and leaseholders.
Phoenix	Phoenix Community Housing Association
Easement	A right of use over the property of another. Easements frequently arise between owners of adjoining parcels of land. For example, the right of a property owner who has no street front to use a particular part of a neighbour's land to gain access to the road.
Long Lease	Means a lease of 7 years or more.

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