

Housing Estates Investment Plan

Asset-Based Limited HRA Voids Disposals Policy

1. Introduction

1.1 This policy note is to be applied in line with the asset-based approach to limited HRA void disposals set out in the policy report '[Housing Estates Investment Plan](#)' adopted by Cabinet In April 2011.

1.2 It is not an exhaustive description of the disposal process but sets out a number of operational requirements attendant to the execution of a disposal and the main factors to be weighed in the balance when considering whether or not to dispose of a property.

1.3 It can apply to single Council dwellings or a number of related dwellings.

2. Dwellings where disposal will be considered

2.1 Any vacant property will be considered for disposal where:

- (i) the likely capital receipt exceeds the following thresholds for its respective unit size

Bedroom size	Disposal Threshold
Studio	£170,000
1 bedroom	£220,000
2 bedrooms or more	£350,000

OR

- (ii) The potential cost to bring the void property into a lettable condition is likely to exceed £15k (excluding VAT)

OR

- (iii) The property's 30-year discounted cash-flow shows a negative net present value

OR

- (iv) The property is the last property in a block where all other properties are sold on long leases

OR

- (v) The sale of the property triggers the right of leaseholders in the block to apply for the purchase of the freehold of the block

OR

- (vi) The sale of the freehold in a block which is fully leasehold or where only one tenanted property remains, retaining a long leaseholder interest in the remaining property.

3. The Assessment stages

Preliminary Assessment

3.1 There will be a preliminary assessment made by officers including valuers and finance of the likely capital receipt and whether any part may have to be paid to the Secretary of State under then current capital finance regulations or is otherwise unavailable for the uses identified in the policy report.

Financial Appraisal

3.2 Each disposal will be subject to a financial appraisal that balances sale against retention considering our overall asset management requirements. This will balance the following elements:

- The net present value of the property
- Any net income after refurbishment versus the other investment requirements for the HRA including area based improvements, regeneration, building new properties and the extension of existing properties.
- Impact on the General Fund (i.e. through increased temporary accommodation costs).
- Capital cost of refurbishment versus benefits of realising the usable receipt

Additional benefits of sale

3.3 Further rationale will be considered before any sale is undertaken in relation to the additional benefits of the sale including:

- (i) Meeting identified priorities to either refurbish stock or estates. The sale of dwellings in this instance will be directly linked to investment priorities identified in the policy report
- (ii) Re-providing accommodation (e.g. 4 bed replacing sale of a 2 or 3 bed dwelling) to meet identified housing needs including the need for social rented or low cost homeownership accommodation
- (iii) Funding other initiatives which address overcrowding and housing need, e.g. tenant incentive schemes

Consideration of Housing Demand

3.4 Factors relating to housing demand in the borough will be taken into account, in particular:

- (i) Whether the Council is in a position, where it owes a duty to do so, to secure accommodation for homeless persons which is suitable having regard to their individual circumstances and to the length of time for which that accommodation is to be occupied;
- (ii) the arrangements for the re-housing of cases awarded urgent or high priority for rehousing, i.e. Band A or Band B cases on the Housing Register;
- (iii) Impact of sale on the general fund through increased temporary accommodation costs;
- (iv) consideration of the cost/ benefit of sale in respect of utilising the receipt to maximise accommodation options and better meet housing demand, for example as set out in 3.3. (iii) above, or, alternatively, retaining the unit where it is desirable to an under-occupying Council tenant who by moving into it would release a large family-sized unit, thus, achieving a similar end;
- (v) The requirements of the annual Allocation plan which sets out how the Council will balance and meet housing need;
- (vi) Whether that dwelling is required to meet an urgent or very severe housing need which cannot be met through existing stock or provision, unless the dwelling is structurally unsound and not reasonably capable of being made fit for habitation.

Results of the assessment

3.5 All disposals will (before commencement of marketing) be subject to a written report from the Director of Housing and Regeneration to the Cabinet Member for Housing evidencing consideration of all the relevant assessment factors and demonstrating that there are no exceptional needs for the dwelling either existing or anticipated within the next 3 months (6 months in the case of dwellings of 4 or more bedrooms).

4. Pre-sale works

4.1 Consideration will be given to undertaking works to maximise the sale receipt. Works will only be undertaken where there is a demonstrable cost benefit in increasing the sale price. The cost of works would be offset against the capital receipt from sale.

5. Consultation with Legal

5.1 Confirmation shall be got from Legal Services in relation to each disposal that it is authorised by a general consent issued by the Secretary of State for Communities and Local Government or is otherwise permitted.

6. Review

6.1 This policy note will be reviewed in the round with the accompanying policy the first year after its operation and annually thereafter. No such review shall prejudice any disposal previously authorised (whether or not contracts have been exchanged for the property in question or marketing commenced).