

Disposals Policy

Document Owner	Head of Property Services
Prepared by	Operations Director
Approved by	Investment Committee
Approved date	January 2025
Date of next review	October 2026
Monitoring, Auditing and Reporting	<ol style="list-style-type: none"> 1. A Red Book valuation will be sort for all properties identified for disposal. 2. An appraisal will be undertaken of any property identified for disposal. 3. Any property identified for disposal will be presented to the Directors Group. If approved for disposal it will then be considered by the organisation's Investment Committee.

1. Scope and Aims

- 1.1. Hexagon's corporate mission is to provide "decent, affordable homes for lower income households in South London."
- 1.2. Where a home cannot achieve this (decent or affordable), it will be considered for Disposal in line with this policy.
- 1.3. 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.
 - identify the appraisal and approval requirements before a property is disposed of.
- 1.4. 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. Equality and Diversity

- 2.1. An equality and diversity impact assessment has been carried out and is attached as an appendix to this Policy.

3. Resident Consultation

- 3.1. The Repairs Group were consulted on this policy on 18th September 2024 and their feedback has been incorporated into this policy.

4. Policy Statement

We will consider whether to sell a property 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, prior to being presented to the organisations Director's Group.

Poor Customer Experience

- Properties with unresolvable access or repair issues – such as subsidence which would impact upon the quality of life experienced by the residents.

Difficult to Manage Homes

- Properties where achieving a minimum standard of Energy Performance Certificate 'C' is either not achievable or where the level of investment required is unsustainable.

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 Hexagon accounts, plus sale costs, unless otherwise agreed.

Properties within this category may be disposed of with the wider Hexagon group to enable investment generated from a market rent to fund the retrofit work required to improve the energy performance of the property.

Appraisals

Properties selected for consideration of Disposal will be assessed by the Stock Improvement Team within the wider Property Services Section.

Where an 'adapted' property is considered for disposal, the impact of the sale on the availability of specific adaptations will also be considered.

Appraisals recommending Disposal will be considered initially by the Directors Group and if approved presented to the Investment Committee.

Method of Disposal

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 always be required to ensure that best value is being achieved.

Auction

A reserve price is set by the Stock Improvement 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.

Other considerations

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

Disposals will not be made to Hexagon 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.

5. Legal Framework

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.

6. Related Hexagon policies, strategies and procedures

6.1. Hexagon's Corporate Plan

6.2. Hexagon's Business Plan

6.3. Hexagon's Scheme of Delegation

6.4. Hexagon's Asset Management Strategy

7. Definitions

- **Property:** an asset within the Hexagon 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.
- **Net Present Value (NPV):** a measure of an asset's value in terms of cashflow

Appendix 1: Equality Impact Assessment

Part one: Initial Screening

Name of policy, service or function	Disposals Policy
Persons completing initial screening.	Andy Vincent, Operations Director

Analysis of relevant data

Data Type	Summary and Analysis
Organisational data	<p>Properties will only be considered for disposal if they are empty (void).</p> <p>Where a property is considered for disposal where it has been adapted to cater for a former resident with mobility issues, an assessment of the impact on the 'adapted' stock will be considered as part of the appraisal proposing disposal.</p>
National / Regional Statistics	<p>https://www.gov.uk/government/statistics/social-housing-sales-and-demolitions-2022-23-england/social-housing-sales-and-demolitions-2022-23#social-housing-sales</p> <p>12% of the sales of social housing units were undertaken on the open market in 2022/23. This equates to 2,927 units.</p>
Qualitative data from colleagues managing/delivering the service area	<p>Colleagues in Property Services are aware that there are a small number of properties in a poor condition, requiring significant investment to bring them up to an acceptable condition – most of these properties are suffering from subsidence.</p>

Resident Involvement

Method	Data
n/a	<p>This policy will not impact directly on residents.</p> <p>Although properties lost through disposal will no longer be available to future Hexagon residents.</p>

Screening

Protected Characteristic	Is impact positive, negative, or none			Reason
	Positive	Negative	No Impact	
Age			X	
Disability			X	Before any 'adapted' property is disposed of, the impact of removal of that property from Hexagon's stock will be considered.
Sex			X	
Gender reassignment			X	
Race			X	
Religion or belief			X	
Sexual orientation			X	
<i>Socio-economic</i>			X	
<i>Literacy</i>			X	

What are the arrangements for monitoring the policy and its impact on customers?

This policy does not directly impact residents.

This policy will have a marginal impact on the stock available to future residents.

As no negative impact has been identified for any group in this screening, we will not proceed to Part 2 of the Equality Impact Assessment.