



Policy on disposal of land and assets

Date Approved by Management Committee:
Due for Review:

August 2019
August 2024

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1. Introduction

- 1.1 In the day-to-day running its business, Cernach Housing Association will require to dispose of land and assets. This policy defines what we consider to be a disposal of our land or assets and describes the process to be followed prior to finalising any disposal.
- 1.2 The policy also takes account of Standard #7 of the Regulatory Standards of Governance and Financial Management, which was published by the Scottish Housing Regulator (SHR) in March 2019.

2. What is disposal of land or assets?

- 2.1 The Association adopts a very broad definition of “disposal” when referring to land and/or assets. This includes the following:
 - a) Selling land or assets
 - b) Using land or assets as security, for example against a loan
 - c) Entering into a lease, occupancy agreement or tenancy agreement
- 2.2 The process to be followed, together with guidance on authority for approval, is noted in sections 2.4 to 2.6. Section 3 addresses how/when the Association is required to notify the SHR when it disposes of land or assets.
- 2.3 Common to all disposals, however, is the requirement that disposals fit with our objectives and business plan as well as being consistent with other key corporate documents, such as our investment plans and statement on value for money. Depending on the nature of the disposal, we may also wish to take professional advice – for example, if we were considering offering stock as security for a loan.

2.4 Selling land or assets

- 2.4.1 The principal activity where selling land or assets applied was in relation to the Right to Buy. However, this was abolished in August 2016. The only remaining situation where we could reasonable expect to sell an asset would be if one of the 18 current sharing owners decided to buy their property outright. This would be a disposal under the terms of this policy and would be progressed accordingly.
- 2.4.2 Apart from a sharing owner *tranching up*, we cannot foresee a situation where we would opt to sell any land or assets and our stated approach is therefore

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that we will not do this. Any change to this would require to be agreed (in advance) by the Management Committee and this policy altered to allow the disposal to take place. Any subsequent disposal would have to be expressly agreed by the Management Committee.

2.5 Land or assets as security

2.5.1 If the Association decided to borrow (for example, to facilitate new build development), it is likely that the lender would wish to have all/some of the properties as security. This is the approach taken in the past and is standard within the sector. Subject to the Management Committee agreeing to take a specific loan to fund an agreed development, the Association may agree to some/all of the development in question being part of a Standard Security. In all cases where this occurs, it will be following a specific resolution by the Management Committee.

2.5.2 The Association will not normally consider cross-collateralisation unless a business case has been made for this; again, it will be following a specific resolution by the Management Committee.

2.5.3 At the time of writing, the Association is anticipating funding the two developments underway at Linkwood Drive and Invercanny Drive from reserves and do not therefore plan to seek loan finance.

2.5.4 In no circumstances will the Association use land or assets as security in relation to staff pensions.

2.6 Leases, occupancy agreements and tenancy agreements

2.6.1 Entering into a lease, occupancy agreement or tenancy agreement (including succession, assignation and mutual exchange) is by far the most common route to “disposing” of land or assets.

2.6.2 All activity in relation to the above is permitted and is delegated to staff to implement on a day-to-day basis so long as this activity is in line with our agreed allocations policy and any related policies/procedures. The Management Committee fulfils a strategic role in that it agrees the policy, sets relevant targets and monitors outcomes.

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3. Notifying the Scottish Housing Regulator

3.1 The Housing (Scotland) Act 2010, as amended by the Housing (Amendment) Act 2018 requires the Association to notify the SHR of certain types of disposals.

3.2 These are outlined in Appendix 2 of the SHR's guidance on notifiable events (most recently updated in June 2019). For ease of reference, they are also noted below:

- Disposals by way of sale of tenanted properties (ie a change of landlord)
- Granting a security that includes non-social housing properties
- Sale or excambion of untenanted properties where the value exceeds £120,000
- Lease of a social housing property
- Lease of roof space of residential, tenanted properties for renewable energy sources or telecommunications
- Lease of a property for mid-market rent or other non-social housing purposes
- Where the disposal could have significant implications for tenants or other services users

3.3 Notification of a disposal will be made in line with the Association's notifiable events policy and will be reported to the Management Committee in the usual manner.

4. The disposals register

4.1 The Association will maintain a register of all disposals apart from those outlined in section 2.6. The register will be available for public inspection at reasonable notice.

5. Policy review

5.1 The policy on disposing of land or assets will be reviewed every five years, or sooner in line with legal, regulatory or best practice requirements. The latest review date will be August 2024.