



Disposal of Property Procedure

1. Introduction

- 1.1 This procedure has been compiled to ensure we have a clear process in place for any disposal of assets and it outlines how we will fulfil our regulatory responsibilities relating to disposals.

2. Definitions

- 2.1 Land Disposal is defined as the sale or transfer of land owned by us to another party.
- 2.2 Property disposal is defined as the sale or transfer of a building as well as the land on which it sits.
- 2.3 Reactive disposal is defined as the sale or transfer of an asset in response to a request received from another party.
- 2.4 Proactive disposal is defined as the sale or transfer of an asset that has been identified by us as suitable for disposal.

3. Monitoring Our Assets & Criteria For Asset Disposal

- 3.1 In line with good asset management principles and in line with our Asset Management Strategy, we review our assets regularly to ensure that they are put to the best and most suitable use. On occasion, we may determine that an asset should be sold or transferred.
- 3.2 There may be some instances in which we consider selling an asset. Whether we sell through a proactive or reactive disposal, at least one of the criteria noted below must be met in order to approve the disposal of the asset.
- the property is a long-term empty property and will continue to be so for the foreseeable future.
 - the property is not economically viable.
 - the cost to repair or bring the property up to a certain standard is far beyond any income we would potentially receive.
 - the market value is substantial and liquidating the asset will help us to invest in a greater number of homes.
 - disposal may assist the local authority, or other housing associations or partners with strategic development plans.
 - insufficient future development/regeneration potential
 - makes no contribution to any of our services or strategic objectives.

- the location is significantly removed from any other Hanover development.

4. Enquiries & Opportunities For Disposal

- 4.1 Applications for the purchase of land or property can be received from many different sources, including, but not limited to, individuals, housing associations, charities, local authorities and customers. Each application will be considered fairly and follow this procedure. This will ensure that each application for purchase is considered consistently before a decision is made and this should be in accordance with guidance as set out in Hanover's Asset Management Strategy.
- 4.2 The potential sale of an asset (or part of an asset) can mainly come in three ways.
- Where Hanover makes a strategic decision to dispose of an asset
 - Where we are approached by a third party and an enquiry is made to purchase one of our assets.
 - There may also be occasions when Hanover is approached to carry out a transfer of engagement (ToE). If a ToE is proposed, the Director of Customer Services and Head of Housing should both be involved at the earliest possible opportunity to ensure we fulfil our responsibilities in line with the SHR Regulatory Framework and Statutory Guidance.
- 4.3 All initial enquiries relating to those proposed both internally within Hanover or by a third party will be directed to the Head of Development & Sustainability (HDS) for review. The HDS will then compile a proposal to be considered by the Director of Asset Management. The review will incorporate any views received by the Head of Housing and if the property relates to a factored development input on the proposal must be considered from the Factoring Manager. Once the review is completed and all views and comments taken into account, if both the Director and HDS believe the proposal meets our criteria for disposal, a report will be submitted to ELT for consideration and approval. (All enquiries / internal proposals must be acknowledged in writing by the HDS).
- 4.4 This procedure applies to all property assets held by Hanover, whether wholly owned or partially owned under an Equity Share, Shared Equity or Mixed Tenure arrangements. It does not apply to situations where an owner who has a partial share in a property is selling their share as this has no impact on Hanover's partial share.
- 4.5 The proposal must include the following information:
- Details of the asset – photographs/plans.
 - Detail of the initial enquiry.
 - Valuation of the asset (carried out by a qualified surveyor) or estimated value. of the asset based on evidence.

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- If there is a conflict of interest to the proposal, this must be clearly stated in the proposal for review by ELT and how that will be managed in accordance with our Entitlements Payments & Benefits Policy & Procedure.
- Confirmation that the titles belong to Hanover.
- A copy of the applicant's proposal.
- Recommendations.
- In the case of Shared Equity, the proposal must state if the wish is to extend Hanover's share and if so to what extent and why.

4.6 Disposals relating to Trust Tenure properties, where Hanover have acquired 100% of the title for private sale, are managed through the Trust Tenure Buy Back Procedure.

5. Meeting our criteria for disposal

5.1 All applications to purchase an asset will be declined if one or more of the following criteria are met:

- If we wish to use the land for the development of new homes.
- The sale of the land would prevent development of adjacent land whether owned by Hanover or not.
- The land provides access to properties in ownership of Hanover.
- There is a greater community benefit to the retention of the asset.

5.2 Should a property be held as a security for loan purposes, then this would need to be taken account of as part of the disposal process and the disposal approved by the Director of Finance.

5.3 Whilst not a criteria for disposal it would be hoped that all costs, or the majority of costs, relating to a reactive disposal of the asset are covered by the applicant. These may include and are not limited to, consultation costs, legal, administrative, and professional fees. The "Value for Money" section of this procedure (7) outlines the full financial and cost requirements.

6. Protecting the Rights of Our Customers

6.1 The Scottish Housing Regulator has developed guidance for RSLs to follow. This is called 'Tenant consultation and approval,' this guidance should be closely followed during any potential disposal where customers are in situ.

6.2 Where required an external organisation such as the Tenant Advisor Service (TPAS) will be appointed to assist with customer engagement activities.

6.3 Where there is a requirement for the customer to move from their property before disposal, Hanover will offer suitable alternatives and assist with contacting other RSLs within the area. If any formal note of interest is made, then Hanover will follow

the necessary steps as outlined in the SHR's guidance to ensure appropriate consultation is undertaken with customers whilst adhering to necessary legal/governance frameworks.

7. Value for money

- 7.1 If the asset is being purchased by another housing association or local authority, then it should be purchased at market value or above. If the offer is below market value a valid case for accepting the offer must be provided and approved by ELT before the offer is accepted, noting that all disposal of property assets must have final approval by the Board. Please note that the views of professionals such as a solicitor, estate agent or surveyor should be included within the 'case for accepting the offer.'
- 7.2 If the property is being purchased by an independent individual or organisation it will be expected that the property has been advertised on the open market for a period of time, ensuring that the best possible value has been reached. It would be hoped that the asset would be sold for at least a minimum of the valuation amount. It is expected that advice from both a solicitor and estate agent would be sought before accepting any offer. Any offers must be approved by ELT before taking forward for Board approval. The process of the sale and notification of offers to ELT will be managed by the Head of Development and Sustainability, working closely with the Head of Housing / Factoring Manager (as appropriate).

8. Governance

- 8.1 The ELT will be required to approve any sale of any asset (including partial assets), and then Board approval must be sought before any sale is approved as per the Scheme of Delegation.
- 8.2 In addition to the above, it is crucial that any governance processes required by the Scottish Housing Regulator are followed. As per the Regulation of Social Housing in Scotland 'Our Framework' February 2019 section 7.7 the governing body must ensure that disposals, acquisitions, and investments fit with the RSL's objectives and business plan, and that its strategy is sustainable. It considers these taking account of appropriate professional advice and value for money, whether as part of a broader strategy or on a case basis. The RSL is responsible for notifying the Regulator in accordance with the Regulatory guidance.
- 8.3 The 2010 Act, as amended by the Housing (Amendment) Act 2018 requires RSLs to notify the Regulator the outcome of certain disposals. This is listed within Appendix 2 of the Notifiable Events Statutory Guidance February 2019, which is listed within **Appendix 1** of this document.
- 8.4 It is also a requirement to ensure that our Notifiable Event procedure within Hanover is also followed for any disposals. Once a decision for disposal is given in-principal approval by ELT, the Director of Business Support & Transformation / Head of Governance & Transformation will arrange for a notifiable event to be raised, and will ensure that the Board are notified.
- 8.5 Any queries from a Governance or SHR perspective should be clarified by the Head of Governance & Transformation.

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10. Recording the Disposal

- 10.1 The disposal of any asset must be recorded on the [Asset Disposal Register](#). This will be kept up to date by the Head of Investment and Sustainability. In addition, the housing database and finance systems must also be updated to take account of any disposal. It is the responsibility of the HIS to ensure these are kept up to date at all times.
- 10.2 In addition, the HIS will be responsible for ensuring other areas within Hanover are updated on any disposal:

Person or department to be updated	Reason
Risk & Assurance Manager	End any insurance cover
Communication	Update the website
Governance & Transformation	Stock list to be updated
Customer Service	Update Housing management system

11. Review

- 11.1 This procedure will be reviewed every 3 years or earlier as required.

Department	Asset Management
Author	Head of Investment and Sustainability
First Approved	26 July 2023
Updated Date	3 January 2025
Approved By	SMT
Next Review Due	3 January 2028

Appendix 1

Disposal of land and assets

The 2010 Act requires RSLs to notify us of any disposal of land or other assets as soon as reasonably practicable after the disposal is made. Where a tenant who has an SST will become the tenant of another landlord as a result of the disposal, the RSL must notify us within 28 days.

The 2010 Act provides for us to determine when we want to be notified and when to dispense with this requirement. The following section is our determination.

RSLs must notify us of:

- disposals by way of sale of tenanted social housing dwellings (and ensure that they comply with their legal obligations to consult tenants under sections 115, 115A and 115B of the 2010 Act)
- disposals by way of granting security over social and non-social housing dwellings land or other assets
- disposals by way of sale or excambion of untenanted social and non-social housing dwellings, land or other (including non-residential) assets over £120,000
- disposals by way of lease of social housing dwelling;
- disposals by way of lease of roof space of residential, tenanted properties for renewable energy sources (for example solar panels) or telecommunications (for example aerials) (and ensure that they comply with their legal obligations to consult tenants under s110 of the 2010 Act)
- disposals by way of lease of residential property to an RSL, group subsidiary or any other body for Market or Mid Market Rent or other non-social housing purposes (except where property is leased to a local authority for temporary accommodation for people who are homeless)
- any other disposals not listed above which could have significant implications for tenants or other service users.

RSLs do not need to notify us of disposals which do not fall into the categories above. If you are unsure whether notification applies, please contact us for further advice. If in doubt, we recommend that you notify us. |

As part of its notification about disposals by way of sale or transfer the RSL should provide us with:

- a copy of the report to the governing body and minute of the meeting which agreed to the disposal
- details of the property which has been sold or transferred (property addresses)
- if the disposal was by way of a lease, a copy of the lease agreement, and
- the value of the property transferred and if the sale or transfer was at market value (if applicable).

For disposals of heritable security the RSL should provide us with:

- a copy of the report(s) to the governing body and minute(s) of the meeting(s) where the disposal was agreed.