

<b>Barrhead Housing Group Policy on:</b>	Aquisitions, Disposals and Demolition Policy
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<b>Compliant with Regulatory Standards</b>	Regulatory Standard 1, 3, 4 and 6
<b>Compliant with Charter standards</b>	Standard 1: Equalities and 2: Communications
<b>Guidance and Legislation</b>	Strategic Asset Management , Recommended Practice (SAMRP) 2012 SHR SAMRP Review 2019 Business Planning Recommended Practice 2015
<b>Compliant with Tenant Participation Strategy :</b>	n/a
<b>Compliant with Equal Opportunities :</b>	Yes
<b>Equality Impact Assessment</b>	NO EQIA is required in relation to this policy
<b>Freedom of Information</b>	Policy will be made available via BHG's Guide to Information
<b>GDPR</b>	Policy supports BHG's approach to GDPR, and the robust management of personal data
<b>Compliant with Annual Assurance</b>	Yes
<b>Linked Policies and Strategies</b>	Asset Management Strategy Community Investment Strategy Financial Regulations Policy

<b>Date of Approval :</b>	23.06.2022
<b>Policy Review Date :</b>	June 2026

<b>Responsible Officer :</b>	Director of Asset Management
<b>Version History</b>	Draft Review by BHA Board: 23.06.22 Policy Approved : 1 <sup>st</sup> Policy Review Date: 2 <sup>nd</sup> Policy Review Date:

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## **1. Introduction**

- 1.1 The purpose of this policy for Acquisition and Disposal of Land and Buildings is to regulate and inform any activities that Barrhead Housing Association may perform across these areas. Staff, Board Members and third party appointed consultants and all other interested parties must be aware of the principles and rules by which Barrhead Housing Association will acquire and dispose of land and buildings.
- 1.2 The extent of Barrhead Housing Association's land and buildings assets is significant and whilst this can be seen as a tremendous resource it can, if underperforming, become a major burden. It is therefore vital that Barrhead Housing Association delivers proactive management of its land and buildings assets through the introduction of a policy for the acquisition and disposal of land and buildings and assessment of appropriateness for other uses, including for community use, demolition or disposal.
- 1.3 As the strategic arrangements outlined within the Barrhead Housing Association's Asset Management Strategy (approved in January 2021) embed themselves within the daily operations and investment activities of the association, it is likely that properties, land and building assets will be identified as being surplus to requirements in future years. Barrhead Housing Association must ensure that a robust assessment process is in place to ensure that our considerations for each asset are based on solid financial and asset management information that enables us to make the correct long term investment decisions on our portfolio.
- 1.4 This policy aims to formalise the basis for the identification of any future need for disposing, demolishing or acquiring land and buildings, the means by which this should be undertaken and the processes that need to be followed, and how this needs to be reported to the Barrhead Housing Association Governing Board and Executive Team.

## **2. Regulatory Framework**

The Regulatory Framework (February 2012) sets out the Regulatory Standards of Governance and Financial Management (the Standards) which RSL's must comply with. The principles-based Business Planning Recommended Practice (BPRP, December 2015) focuses on how RSLs can ensure compliance with the Regulatory Standards during their business planning processes.

The BPRP notes that the RSL's approach to business planning should recognise its vision for the future, should allow it to explore business growth, should incorporate a strategic and integrated approach to asset, risk and treasury management and should be grounded by robust financial planning.

### **3. Acquisition of Land and Buildings**

#### **3.1 Options for Acquisition of Properties, Land and Buildings**

3.1.1 Barrhead Housing Association can choose to acquire land and buildings in either of the following forms:

- (i) ownership; or
- (ii) leasehold.

3.1.2 The reasons for Barrhead Housing Association to acquire land or buildings would be:

- (i) provision of social housing
- (ii) opportunities for improved service delivery
- (iii) investment purposes and land banking for future development
- (iv) community use
- (v) strategic acquisition in line with Barrhead Housing Association's strategic objectives.

3.1.3 Prior to the purchase or lease of any asset a full options appraisal should be carried out which should involve appraisal of all the options for delivery of the final objective. Consideration should be given to all other Barrhead Housing Association land and buildings and its suitability prior to any acquisition.

3.1.4 Authority for the decision to pursue a purchase of any land or buildings will be via a report from the Executive Team to the Barrhead Housing Association Governing Board.

#### **3.2 Compulsory Purchase**

3.2.1 Barrhead Housing Association may have the opportunity to consider, where appropriate the acquisition of land or buildings through East Renfrewshire's compulsory purchase powers. In this regard Barrhead Housing Association's appointed Legal Services would advise from the outset on the compulsory purchase powers available to the Council.

3.2.2 Barrhead Housing Association's Executive Team would ensure that the Governing Board were consulted at the earliest opportunity if consideration is being given to an acquisition in this way.

3.2.3 Powers of compulsory purchase are conferred on public authorities by legislation. They enable the authorities authorised to compulsorily purchase land which is required to carry out a function which Parliament has decided is in the public interest. These powers are used where the owner or occupier of the land required is not willing to sell by agreement or where agreement cannot be achieved.

3.2.4 Where compulsory purchase powers are used, the land owner or

occupier is entitled to compensation.

3.2.5 Any decision to pursue acquisition by compulsory purchase of any land or buildings will be taken by the Barrhead Housing Association's Governing Board.

### 3.3 **Acquisition of Properties, Land or Buildings for Service Delivery**

3.3.1 Land or buildings may be acquired for the purpose of service delivery, subject to the following conditions:

- (i) an options appraisal has been carried and reported to the Executive Team, the result of which identifies the requirement for the land or buildings for service delivery;
- (ii) the ongoing revenue and capital costs are contained within an approved budget which has been confirmed as appropriate by the Director Of Finance and Corporate Services and / or an appropriate budget is approved by the Barrhead Housing Association Governing Board
- (iii) Barrhead Housing Association's Governing Board has approved the acquisition of the land or buildings for the purpose of service delivery.

### 3.4 **Acquisition of Properties, Land or Buildings for Investment Purposes or Provision of Social Housing**

3.4.1 Land, Property or buildings may be acquired for the purpose of investment, subject to the following conditions:

- (i) an options appraisal has been carried and reported to the Executive Team, the result of which identifies the suitability of the land or buildings for investment purposes
- (ii) the ongoing revenue and capital costs are contained within an approved budget which has been confirmed as appropriate by the Director Of Finance and Corporate Services and / or an appropriate budget is approved by the Barrhead Housing Association Governing Board
- (iii) Barrhead Housing Association's Governing Board has approved the acquisition of the land or buildings for investment purposes
- (iv) This will include purchases via the following methods

3.4.2 Land, Property and Buildings can be acquired using the following methods detailed below. Each individual method of acquisition will be subject to a full financial appraisal, asset appraisal and approval by the Barrhead Housing Association Governing Board.

- i. Section 75 Agreements
- ii. Rent of the Shelf Scheme (ROTS)
- iii. Mortgage to Rent (MTR)
- iv. Housing Association Grant (HAG)
- v. Cash Purchase by BHA from cash reserves
- vi. Partnership agreement with Landowner or Developer
- vii. Other Government Funding Initiatives.

## **4. Disposal of Land and Buildings**

### **4.1 Options for Identification of Surplus Properties, Land and Buildings**

4.1.1 The identification of surplus assets is an ongoing process which will be controlled by the Director of Asset Management through the delivery of the Asset Management Strategy. There are clear benefits to Barrhead Housing Association's continuously reviewing the financial performance and future investment needs to sustain its portfolio of properties and therefore a rigorous examination of assets is required to ascertain their ongoing viability.

4.1.2 The Asset Management Strategy highlights that a key priority for Barrhead Housing Association is to review the performance of its properties, the level of required investment across 5, 10 and 30 years and ensure that the investment plans are robust and deliverable within the overall financial projections for Barrhead Housing Association. At any point where the financial viability of a property or asset is in question Barrhead Housing Association must complete a full Asset Appraisal to assess whether these assets are viable or unsustainable and should be identified for disposal or demolition.

4.1.3 Vacant and surplus properties cost Barrhead Housing Association money. It is therefore important that once a property is declared surplus its future use is determined in a timely manner to minimise ongoing costs to the Council. Until the property has been disposed of it will continue to be maintained and all associated costs with repairs, health and safety compliance will continue to be met.

4.1.4 Property or land may be identified as being potentially surplus to Barrhead Housing Association's requirements as a result of any one or more of the following circumstances:

- (i) Barrhead Housing Association no longer has a requirement for the property due to changes in its operational requirements.
- (ii) after a full Asset Appraisal the property has been identified as suitable for disposal or demolition

- (iii) as part of a wider strategic review of the Barrhead Housing Association's land and buildings an alternative and more cost effective use has been identified
- (iv) the property or land has no potential for future strategic or regeneration/ redevelopment purposes
- (v) the income generated from the land or buildings is nil or less than £1,000 per annum and there is no potential regeneration or redevelopment opportunity for the asset
- (vi) the site has been identified as unsuitable for development of affordable housing or uneconomical for development for social housing due to size (number of units possible v costs) or because of the complexity of developing the site.

4.1.5 Following consideration of the Asset Appraisal by the Executive Team a recommendation would be made by to the Governing Board on one of the following outcomes:

- (i) market disposal to achieve a capital receipt;
- (ii) disposal to an appropriate community organisation;
- (iii) disposal to a public sector organisation
- (iv) demolition of the property for either re-development of the land or sale of the land to achieve a capital receipt.

4.1.6 As part of the ongoing remit of the Asset Management Strategy, the Director of Asset Management will have on-going discussions across the service areas within Barrhead Housing Association to determine if there is a continuing need to retain the asset. The Asset Appraisal model will be used to present a clear business case including recognition of the ongoing financial responsibilities to be considered to justify retention. If there is no clear business case for Barrhead Housing Association to continue to use the asset, the Director of Asset Management will request formal approval to deem the asset surplus to requirements. All such requests must be approved by the Barrhead Housing Association Board and communicated to the Scottish Government and Scottish Housing Regulator where appropriate.

## 4.2 **Methods of Disposal**

4.2.1 Where Barrhead Housing Association's Board approves the disposal of properties, land or buildings for a capital receipt, the disposal will be carried out in accordance with Barrhead Housing Association's standing orders and financial regulations.

4.2.2 The Director of Asset Management with the support of the Asset Manager will co-ordinate the disposal of the asset and communicate the updates / outcome of the process to the Executive Team and Governing Board.

4.2.3 Methods of disposal:

- (i) open market disposal;
- (ii) negotiation with a third party;
- (iii) public auction;
- (iv) community transfer.

### 4.3 **Open Market Disposal**

4.3.1 The Director of Asset Management will assess, on a case by case basis, the degree of advertising necessary to ensure that a proposed disposal of land and buildings will be subject to open competition, will satisfy the requirements of transparency and will achieve best value for Barrhead Housing Association.

4.3.2 When appropriate, independent agents will be appointed to manage the advertisement and the disposal of the land or buildings, to report to the Director of Asset Management the value of the bids received and to recommend which they consider to be the best consideration, taking into account both financial and non-financial benefits.

### 4.4 **Negotiation with a Third Party**

4.4.1 In certain circumstances, Barrhead Housing Association will decide to dispose of an asset by negotiation with a third party without prior advertisement.

4.4.2 In order to justify a private disposal, the proposal must meet one, or more of the following criteria:

- (i) the proposed disposal is to a purchaser who owns or controls an adjoining property or piece of land;
- (ii) the proposed disposal is to a third party who, whilst not an adjoining landowner, would bring additional social, environmental or economic benefit
- (iii) to enable the purchase of another site, which Barrhead Housing Association considers necessary to meet its priorities and objectives.

### 4.5 **Public Auction**

4.5.1 The Director of Asset Management shall assess, on a case by case basis, whether it is appropriate to market a property by public auction. In such cases, the Director of Asset Management shall set a reserve price at a level that ensures the Barrhead Housing Association's interests are protected.

4.5.2 Formal approval from the Governing Board will be sought to approve disposals and acquisitions of land and buildings by public auction where the reserve price exceeds £30,000. Any asset falling below this figure will be subject to approval by the Chief Executive Officer.



## **5 Community Asset Transfer**

- 5.1 The Community Empowerment (Scotland) Act was passed on 7 June 2015. The disposal of assets from local authorities and other public sector organisations is legally recognised as an important means of supporting communities to own assets. The Scottish Government hopes the Act will increase the flow of assets into community ownership and aims to facilitate this by encouraging and supporting local authorities and community organisations both to gain a wider appreciation of the benefits and risks associated with asset transfers.
- 5.2 Community ownership of assets can make an important contribution to the range of innovative, 'bottom up' solutions which community organisations can develop to address local needs. These solutions can meet the needs of local people and also contribute to the delivery of Barrhead Housing Association's Community Investment Strategy. Barrhead Housing Association, however, recognise that the community ownership of land and buildings assets is a major commitment and it has a duty to ensure that it supports this only where the business case has been proven.
- 5.3 To supplement this process and to provide the necessary detail to community asset transfer a policy for the disposal of assets to community organisations requires to be approved by the Governing Board of Barrhead Housing Association. This policy will set out the requirements of Barrhead Housing Association to ensure that the community organisation has the capacity to take ownership of the land and buildings asset.
- 5.4 The terms and conditions of disposal – whether sale or lease, at market or below market value - will be determined by the Director of Asset Management and approved by Barrhead Housing Association's Governing Board on a site by site basis taking into account prevailing market conditions, legislation, guidance and the sustainability of projects.