



Disposal Policy

November 2016

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Disposal of Land Policy

1. Purpose

- 1.1 In 2011 Wycombe District Council transferred its housing stock and associated land to us. Parcels of land transferred included open grassed areas on residential estates, un-adopted roads, pathways, alleyways, small strips of land adjacent to private houses and road verges not maintained as public highway.
- 1.2 As landowners we are often contacted by individuals and groups who wish to purchase land from us. We also manage our land assets proactively to ensure that they provide value for money and are put to best use.
- 1.3 This policy sets out our approach to disposal of our land and property assets. The policy explains when we might consider land suitable for disposal and when we might decide it is not.

2. References

- 2.1 This policy has been drafted in line with our vision and values, relevant legislation and best practice. It has been developed in line with our Asset Management Strategy and ensures that each disposal is given appropriate consideration.
- 2.2 This policy has been developed in line with Red Kite's governance regulations and delegation procedures, legislation and regulatory requirements.

3. Definitions

- 3.1 Land Disposal is defined as the sale or transfer of land owned by us to another party.
- 3.2 Reactive disposal is defined as the sale or transfer of our land in response to a request received from another party.
- 3.3 Proactive disposal is defined as the sale or transfer of land that has been identified by us as suitable for disposal.
- 3.4 Property disposal is defined as the sale or transfer of a building as well as the land on which it sits.

4. Staff Responsibilities

- 4.1 The Head of Business is responsible for ensuring that this policy is kept up to date and consistent with any new Red Kite strategies. It will be reviewed every three years or following a change in legislation or regulatory requirements, to ensure that it remains fit for purpose.
- 4.2 The Head of Business is also responsible for ensuring that this policy is adhered to through the implementation of the related procedure and auditable documentation.

5. Related Policies and Strategies

5.1 This policy directly supports, and is supported by, other policies, procedures and strategies that we have in place. These include:

- Lenders' requirements
- Asset Management strategy
- Development strategy
- Preserved Right to Buy sales procedure
- Voluntary Right to Buy Policy
- Governance regulations
- Capital receipt sharing agreement with Wycombe District Council

6. Legal & Regulatory Framework

6.1 Where we do agree to sell, transfer or dispose of land or assets, we will adhere to certain requirements laid down by regulations and legislation. These include:

- Homes and Communities Agency consent requirements
- Contractual obligations contained in the transfer of land between Wycombe District Council and Red Kite
- Section 172 of the Housing and Regeneration Act 2008
- Section 133 of the Housing Act 1988

6.2 Once enacted, we will utilise the change in disposal consent requirements as set out by the deregulation measures in the Housing and Planning Act 2016

6.3 Authority to approve the disposal of assets is set out in our Governance Regulations.

6.4 Disposal proceeds are dealt with in line with the stock transfer agreement and any future capital receipt sharing agreement between us and Wycombe District Council.

7. Policy Statement

7.1 We are committed to providing excellent services to our tenants, leaseholders and the local communities in which we work. We take pride in our work and we operate in a fair and open manner to build trust and mutual respect.

7.2 We have no legal obligation to sell land unless directed to under statutory process such as a Compulsory Purchase Order. All voluntary decisions to dispose of land will be at the discretion of the Board, or as delegated to the Executive Management Team as set out in our Governance Regulations. We therefore reserve the right to decline an application to purchase land if it is not considered to be commercially viable, in the best interests of our organisation or in line with the approach set out in this policy.

7.3 Land value will be fully assessed and a valuation will be obtained from a qualified independent RICS valuer or subject to marketing on the open market to achieve best value in all cases.

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7.4 We will endeavour to maximise revenue from land disposal and sell land for market value. However, there may be occasions where selling for less than market value or at no cost would be economically beneficial and enable us to deliver value for money, social value or long term efficiency savings. This situation may occur when:

- Disposal is to a public agency such as a Parish Council
- We own no homes in the area immediately surrounding the land yet incur the cost of maintenance
- A piece of land is offered to the open market but fails to receive bids matching its market value
- We would be adding value to the community
- Transfer restrictions prevent future development opportunities
- Disposal would reduce management costs

7.5 Disposals will be subject to the capital receipt sharing agreement between Red Kite and Wycombe District Council at the time of the disposal.

8. Reactive Disposal

8.1 Applications for the purchase of land can be received from many different sources, including, but not limited to, individuals, groups of tenants and parish councils. Each application will be considered fairly and follow our disposal procedure. This will ensure that each application for purchase is considered consistently before a decision is made.

8.2 All applications to purchase land will be declined if one or more of the following criteria are met:

- The sale of the land negatively impacts or prevents our plans for neighbourhood regeneration
- 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 Red Kite or not
- The land provides access to properties in ownership of Red Kite Community Housing
- There is a greater community benefit to the retention of the land or property
- The land is valued higher than the purchase offer
- The applicant does not pay our legal and administrative costs

8.3 The value of land will be based on the maximum commercial use of the land not the proposed use.

8.4 If we agree to sell land for the purpose of use as a garden, we will include an overage clause which enables us to share any future value arising from change of use.

8.5 All costs relating to reactive disposal of land must be covered by the applicant. These may include and are not limited to, consultation costs, legal, administrative and professional fees.

9. Proactive Disposal

9.1 Many parcels of land were transferred to us by Wycombe District Council. In line with good asset management principles, we review our land and property holdings to ensure that they are put to the best and most suitable use. On occasion, we may determine that land or property should be sold or transferred. This identification of suitable sites and their subsequent disposal is referred to as proactive disposal.

9.2 We will apply two tests to help us to decide on suitability for proactive disposal. We refer to these tests as the 'Surplus Test' and the 'Under-used Test'. If the land or property to be sold meets the criteria described in either of the tests, we will seek to dispose of the land on the open market.

9.3 Surplus Test

In this policy, surplus land is defined as land, which we cannot use to meet our corporate objectives. Land would be deemed surplus, and therefore recommended for sale, if it meets any of the following criteria:

- insufficient future development/regeneration potential
- makes no contribution to any of our services or objectives
- is located in an area in which we own no homes, and therefore it is not used by our tenants and leaseholders

9.4 Under-used Test

In this policy, under-used land is defined as land that could be of use but is not currently delivering to its potential. This may be because it is not used as an amenity by our customers or revenue opportunities cannot be realised because of service charge restrictions.

10. Property Disposal

10.1 There may be some instances in which we consider selling the freehold of buildings. Whether we sell through a proactive or reactive disposal, the criteria for the disposal of properties is as follows:

- the property is a long term void and will continue to be so for the foreseeable future
- the property is not economically viable
- the cost to repair the property is far beyond any income we would potentially receive
- the market value is substantial and liquidating the asset will help us to invest in our communities and provide a greater number of homes

10.2 Due to our charitable objectives, we have to ensure that the maximum income is achieved through the disposal of any of our properties.

10.3 On occasions, despite a property meeting the criteria set out above, we may decide that we will not dispose of the property because it is of benefit to the community and there is an advantage to our continued ownership.

11. Expected Legislative/Environmental Changes

11.1 If our legal status or structure should change, this policy will require immediate review.

11.2 Should any regulatory or legislative changes occur that effect the disposal of land by a Registered Provider, this policy will need to be reviewed immediately.