

Assets Disposals Policy (HRA)



Scope

- 1.1 This policy outlines the approach of Oxford City Council to the appraisal and potential disposal of Housing Revenue Account (HRA) assets that are no longer meeting the service or business need and where the capital receipt generated could be better utilised elsewhere to support the objectives of the HRA Business Plan.
- 1.2 Such a policy ensures that HRA property and asset decisions are transparent. The policy sets out the criteria to decide how assets will be appraised when potentially disposing of HRA assets.
- 1.3 This policy is designed to ensure any disposals fit within defined criteria which goes beyond financial management to also ensure social and environmental objectives are considered before a disposal is considered. A series of detailed questions must be considered, as stated in section 6 of this policy, before a disposal is agreed to.
- 1.4 This policy is in line with best practice across social housing and supports the principle of value for money by avoiding disproportionate financial impact from a small number of low performing assets.
- 1.5 This policy applies to the appraisal and potential disposal of HRA land or void housing assets deemed financially unviable or otherwise surplus to the requirements of the HRA
- 1.6 This policy does not cover HRA properties sold under the right to buy (RTB) scheme. The RTB scheme has its own process, set out in legislation.

Definitions

- 2.1 For the purposes of this policy, a disposal can be defined as:

- A freehold transfer
- A grant of a lease

- 2.2 The types of assets to be considered for appraisal and potential disposal within this policy are:

- Individual properties that are unviable to maintain compared to the overall stock
- Sites/assets that are currently underused or may provide wider redevelopment opportunities for additional affordable homes and/or better-quality homes
- Land disposals: a) small areas of HRA land with no potential for development or b) HRA land where there is development potential that is not viable for the Council itself to develop.

- 2.3 Properties which will not generally be considered suitable for disposal are:

- Tower blocks
- Small blocks containing one or more leaseholder

- Properties in an area identified for regeneration (unless the disposal directly supports the regeneration goals and benefits the local community)
- Adapted properties that meet the needs of current or future residents.

Criteria

- 3.1 The Council has an obligation under the Local Government Act 1972 (as amended) to obtain best consideration when disposing of land and property. .
- 3.2 Under Section 32 of the Housing Act 1985 the Council may dispose of land held for housing purposes but requires the consent (general or specific) of the Secretary of State to do so. No consent is required under Section 32 for the letting of assets on a secure or introductory tenancy. The Secretary of State has issued a series of general consents for these purposes (the General Housing Consents 2013)
- 3.3 The Council's broad criteria for the disposal of properties include:
 - Underutilisation: The land or property/asset is underutilised and does not meet current or projected housing needs, is a long-term void property or is land or a property/asset otherwise considered surplus to the requirements of the HRA
 - Financial Burden: The land or property/asset poses a significant financial burden to the HRA due to high maintenance costs or other liabilities
 - Energy Inefficiency: The asset is energy inefficient and the cost of improving the energy efficiency to our target standards would be disproportionate. The business case for energy efficiency within the housing stock requires the Council to source a range of funding streams, including from central Government. It is only after this process has been exhausted would an appraisal process consider the energy inefficiency of a property further to a potential disposal decision being made.
 - Not Aligned with Strategic Objectives/ housing need in the city: The asset no longer aligns with the Council's strategic objectives (as set out in the HRA 40-Year Business Plan and Asset Management Strategy) or is not meeting a critical housing need as outlined in broader strategy,
 - Redevelopment Opportunities: The asset offers redevelopment opportunities that will be of greater benefit to the community/ better meet housing need than its current use
- 3.4 Each potential disposal should be assessed on an individual basis on the broad criteria as stipulated in this policy. The need to invest in any council owned property to ensure that it continues to meet the desired standard for letting purposes should be carefully considered against the potential future rental stream for the property and the social and environmental needs of neighbourhoods.

Roles and Responsibilities

- 4.1 The decision to agree final terms and enter into any agreements required to action a disposal under this policy will be taken (subject to any financial

threshold restrictions in the Council's constitution) by the Director of Housing in consultation with the Cabinet Member for Housing and Communities.

Strategic Appraisal Objectives

5.1 The strategic appraisal objectives for potential disposals can be summarised as follows:

Impact on	Savings	Safety	Sustainability	Supply	Social	Satisfaction
	Efficiently providing affordable homes	Ensuring safe and healthy homes and communities	Delivering Oxford City Council's net zero objective	Providing homes to meet changing demand	Improving living standards and life chances	Meeting the needs of every tenant
HRA/ Oxford	Financial implications of the investment proposals including changes to HRA income, costs of ownership to the HRA and wider council, occupancy cost to the tenants, and financial impacts on the local economy	Health and Safety implications of the investment proposals including: Compliance with relevant legislation, health and safety of tenants and staff.	Implications of investment proposals on the net zero objectives, including meeting carbon emissions targets	The investment proposals on the provision of housing stock including: Minimising void reletting times, provision of new homes, reduction of overcrowding and reduction in the need for temporary accommodation	Societal implications of the investment proposals including: Provision of decent homes, adaptations and access for tenants with additional needs, impact on tenant's life chances and impact on community areas	Investment proposal on tenant satisfaction including: Tenant satisfaction measures, disruption to tenants, timely remediation works and level of complaints

5.2 The following is an indicative list in respect of strategic objectives considerations for decision makers:

- Whether the land/property/asset is currently helping meet strategic housing needs and what potential there is for it to be re-purposed to better meet those needs
- Whether the land/property/asset is likely to be of interest/use to other departments within the Council and identifying and initiating engagement with relevant stakeholders who may have an interest in the asset

- Whether the land/property/asset has the potential to make any ongoing contribution to the delivery of wider Council objectives as identified in the Corporate Strategy

Financial and Property Appraisal

- 6.1 The financial appraisal considerations will lead to a business case being provided to justify the disposal on a property-by-property basis.
- 6.2 Any potential disposals identified under this policy will be financially assessed by the Finance Department and Property Services, Housing and Corporate Assets under this model. The findings and recommendations from a financial perspective will be presented to the Director of Housing for consideration.
- 6.3 Issues to consider before assets are disposed of include the type of housing that is in demand in Oxford. For example, there is a demand for one-bedroom properties in the city. Therefore, any disposal must be aligned to the objectives of the Allocations Policy.
- 6.4 The property appraisal process before a disposal is agreed to would address each of the following questions:
 - Is it a property/property type that may need a considerable amount of work to bring it up to the Decent Homes or other relevant standard?
 - Would the cost of required improvements to achieve EPC C or net zero targets constitute a high investment need?
 - What is the repairs history of the property?
 - How often has the property been void? For what duration and for what reasons?
 - Does the property have particular value due to adaptations that make it particularly suitable for tenants with a disability?
 - Is it a prefabricated property
 - What is the age and condition of the property?
 - What is the expected lifespan of the property?
 - Is it a property where the build type detracts from ease of housing maintenance
 - Are there likely to be any issues of gentrification, social exclusion or other negative impacts on the local community if asset disposed/repurposed?
 - What are the costs/ benefits of sale in respect of utilising the receipt to maximise accommodation options and better meet housing demand?
 - Is the property required to meet an urgent or very severe housing need which cannot be met through existing stock or provision, unless it is structurally unsound and not reasonably capable of being made fit for habitation?
 - Could new affordable housing be built on the land? Can it be developed or modified to create additional housing capacity?
 - Does the land have the potential to open-up an additional piece of land to enhance redevelopment opportunities?

- Is part of the HRA land already used by others, or others have rights over it such as rights of way or rights of access? This may include members of the public or other Council departments, or public/private utilities
- Would sale of the asset involve the Council in additional costs (for example, the re-siting of cables)?
- Would a disposal help to alleviate any management issues in relation to the parcel of land concerned? For example, is it difficult or very costly to maintain or are there issues regarding the use of the land in respect of anti-social behaviour?
- Is the land subject to legal proceedings where a disposal provides a more effective use of the Council's resources?

6.5 By considering each of these issues, the assessment criteria can be summarised as follows:

Reason	Criteria	Commentary
Uneconomic asset	Net present value	Negative and marginal assets will be considered for disposal, and where it is not possible to improve the NPV
Significantly higher than average void costs should trigger an assessment	Void costs are more than 40% of the market value of the property	Assessed by void inspection
Reduce leaseholder liabilities/cash flow issues	Leaseholder costs; high percentage of leaseholders	Consideration of disposal of freehold
Strategic needs of the Council/Size of the property	Where a larger property can be converted into a minimum of two two-bed properties	Proactive assessment during void period
Capital Value	Where a void property is assessed to need a high level of up-front investment which is in excess of the capital value of the property	Assessed when void

6.6 With these considerations in mind to consider when each disposal is considered, a presumption for disposal could be adopted for the following types of property dependant on the individual circumstances:

- (a) Listed properties are particularly difficult to manage and maintain, due to the constraints of listed status with the corresponding impact on value
- (b) Where the cost of work is in excess of 40% of the market value of a property such a property would be considered for disposal. To maintain an easily managed and maintained stock of rented properties, the Council needs to divest itself of properties which have major structural problems. When works

required are in excess of 40% of the value of a property this is likely to be because of significant major faults

Equalities Assessment

- 7.1 An Equality Impact Assessment (EqIA) has been carried out to determine whether the policy would have an impact on any member of staff, tenants, or contractor workforce, which unfairly discriminates or disadvantages them in the context of the Equality Act 2010.
- 7.2 The EqIA has identified that there are no particular groups who will be unlawfully disadvantaged by this policy.

Appendix 1 – Oxford City Council Objectives

This Policy supports objectives detailed in the [OCC Corporate Strategy 2024-2028](#):

- Housing, Homelessness and Rough Sleeping Strategy 2023 to 2028
- Meet the Housing Needs of Vulnerable Groups
- Support Sustainable Communities
- Good Quality Homes For All
- Thriving Communities Strategy

This page is intentionally left blank