

ASSETS POLICY: MEMBER HOME PURCHASE

Policy number	AM008	Version	V2.1
Drafted by	Manager - Asset Management	Approved by Board on	30 June 2020 Interim: 28 September 2021
Responsible person	Manager - Asset Management	Scheduled review date	28 September 2026

1. PURPOSE

The purpose of this Policy is to:

- a. facilitate the ability for a program participant to purchase the property they reside in, while maintaining the asset value of the program
- b. outline the decision-making criteria by which a response to a member request to purchase their home will be determined.

2. POLICY CONTEXT

Program Participants in the CEHL Co-operative Housing Program may request to purchase the property in which they currently reside. Any such request will be considered against the impact on the portfolio and CEHL's ability to maintain a quality portfolio to meet the needs of co-ops.

Members requesting to purchase their home are strongly encouraged to obtain independent financial and building advice and to carefully consider the responsibilities associated with home ownership.

3. POLICY STATEMENT AND PRINCIPLES

3.1 STATEMENT

- a. CEHL will consider requests from members to purchase their home so long as the purchase does not cause detriment to the Program.

3.2 PRINCIPLES

- a. A program participant may purchase the home they are currently residing in provided the sale of the property causes no detriment to the Program.
- b. The transaction of a purchase will occur between CEHL and the purchasing program participant. CEHL will abide by any contractual obligations in place with a third party and must have agreement from any third party involved (for example, agreement by a co-op to hand back the property).
- c. Where a co-op agrees to hand back a property to facilitate a purchase, priority will be given to a replacement acquisition in line with the co-operative's agreed Future Directions Plan.

- d. Full asset value must be returned to the Program. If the value of the asset is undermined by outstanding maintenance, CEHL will seek reimbursement of the value from the co-op.
- e. CEHL will maintain or increase the asset value of the Program through allocations in line with agreed Future Directions Plans and approved acquisition plans.
- f. The Purchaser must arrange their own finance and is responsible for any external costs incurred by CEHL to progress the transaction (e.g., valuations, conveyancing).
- g. Initial sale price will be determined as the average of two independent valuations, so long as the difference is no more than 10% from the higher valuation.
 - i. Where the average of the two valuations is more than 10% from the higher valuation, the sale price will be recommended by the Property Committee to the CEHL Board.
- h. Final offer price will be determined by applying the Program detriment decision test below.

3.3 DECISION TEST

- a. Has portfolio management been considered (with input from Future Directions Plans) and determined there will be no program detriment?
- b. Program detriment will be deemed to occur where:
 - c. An equivalent property cannot be easily acquired with the funds from the property sale, and
 - d. the property asset intent is “keep and maintain”; and
 - e. there is program demand for that type of property in that location
- f. Program detriment evaluation process:

Test	Assessment criteria	Outcome
1) Will sale proceeds enable CEHL to easily acquire an equivalent property in that market	- Assessment of desirable property features – e.g.: redevelopment potential, program suitability, existing modifications	If yes, no program detriment to sell at market value determined at initial sale price and offer will be made to the Member at this price. If no, go to test 2
2) Will an increased sale price enable the Program to purchase an equivalent property in that market.	- Assessment of required sale price required to enable CEHL to easily acquire an equivalent property	If yes, no program detriment will be incurred to sell at increased value and offer will be made to the Member at this price. If no, go to test 3

3) Does the Program consider this asset to perform adequately?	- Confirm asset intent	<p>If asset intent is “handback – no further works” , no program detriment will be incurred by selling property at increased value and offer will be made to the Member at this price.</p> <p>If asset intent “ keep and maintain” , go to test 4</p>
4) Is there program demand for this type of property in this location?	- Confirm program demand	<p>If no program demand, no program detriment to sell at increased price and offer will be made to the Member at this price.</p> <p>If yes, program detriment will be incurred if property is sold to member and Member will be informed that the property will not be sold.</p>

4. SCOPE

- 4.1. This policy applies to all property assets owned by CEHL and rented by a program participant.

5. DEFINITIONS

Market valuation: The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. (IVSC)

‘Property assets’ in relation to CEHL typical operations include: land, dwellings, outbuildings, offices and fixtures and, in some instances, chattels (such as household appliances). Other types of property assets not mentioned, such as commercial properties, may form part of the property portfolio at a future date and are covered by this policy unless otherwise determined.

6. LEGAL AND OTHER REQUIREMENTS

- a. [Sale of Land Act 1962](#)
- b. [Valuation of Land Act 1960](#)
- c. [Subdivision Act 1988](#)
- d. [Owners Corporations Act 2006](#)
- e. [Housing Act 1983](#)

7. PROGRAM REQUIREMENTS

7.1 This policy is consistent with:

a. International Co-op Principles:

Members Economic Participation
Autonomy and Independence
Education, Training and Information
Cooperation Among Cooperatives
Concern for Community

b. Program Principles:

Affordability and Financial Security
Quality of Housing
Security
Working Together

8. RELATED PROGRAM POLICIES

- a. Property Assets Maintenance Policy
- b. Property Assets Renewals Policy
- c. Property Assets Disposals Policy
- d. Property Assets Member Home Purchase Policy
- e. Acquisition and Development Policy

9. BOARD AUTHORISATION

Approved by	CEHL Board	Date of approval	28 / 09 / 2021
Position	CEHL Chair		