

PROPERTY ASSETS

MEMBER HOME PURCHASE POLICY

Policy number	AM008	Version	DRAFT 001
Drafted by	Meg George	Approved by Board on	24 February 2016
Responsible person	Asset Manager	Scheduled review date	24 February 2018

1. PURPOSE

The purpose of this Policy is to:

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

2. POLICY STATEMENT AND PRINCIPLES

2.1 STATEMENT

- 2.1.1 CEHL will consider requests from members to purchase their home so long as the purchase does not cause detriment to the program.
- 2.1.2 The Board at its discretion may veto an application from a member to purchase a property if the Board determines:
 - a. that the proceeds from the sale, based on an independent valuation, will not enable the purchase of a property that meets program standards in the preferred location for a replacement property, or
 - b. that the site is a preferred site for redevelopment and that an alternative site yielding the same number of dwellings in the location is not available for purchase using the proceeds from sale.

2.2 PRINCIPLES

- 2.2.1 A program participant may purchase the home they are currently residing in provided the sale of the property causes no detriment to the program.
- 2.2.2 The transaction of a purchase will occur between CEHL and the purchasing member. 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-operative to hand back the property).
- 2.2.3 Where a co-operative 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.

- 2.2.4 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.
- 2.2.5 CEHL will maintain or increase the asset value of the program through allocations in line with agreed Future Directions Plans and approved acquisition plans.
- 2.2.6 Each party (purchaser and seller) is responsible for their own transaction costs, and the Purchaser must arrange their own finance.
- 2.2.7 The decision making criteria that shall apply are as follows:
 - a. Assessment of the asset performance
 - b. Determination of the asset intent
 - c. Market valuation and any conditions that would affect the ability to replace with a similar asset

Asset Intent	Decision Test	
Keep	Does the valuation amount allow the purchase of a similar property, in a similar area in a similar condition?	If yes, then offer to sell at valuation
		If no, then assess a value which would achieve this, and offer to sell at this price
Upgrade, Redevelop or Dispose	Does the valuation amount plus the value of the maintenance liability backlog allow the purchase of a similar function or opportunity for the program?	If yes, then offer to sell at valuation
		If no, then assess a value which would achieve this, and offer to sell at this price

3. SCOPE


This policy applies to all property assets owned by CEHL and tenanted by a program participant.

4. 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.

5. BOARD AUTHORISATION

Signature  Date of approval 24 / 2 / 2016

Name Karren Walker