

## ASSETS POLICY: DISPOSALS

Policy number	AM005	Version	2.2
Drafted by	Manager – Asset Management	Reviewed on	30 June 2020
Responsible person	Manager – Asset Management	Scheduled review date	30 June 2025

### 1. PURPOSE

- 1.1. The purpose of this policy is to provide guidance for property asset disposal decisions and processes.

### 2. Policy Context

CEHL owns and maintains a diverse portfolio of properties and is committed to the Program Principle of Quality of Housing to ensure that properties managed by our Program offer safe, secure housing that is well-maintained to a consistent quality. At times, a property may reach a point where it is no longer viable to maintain at an appropriate standard, or it is no longer useful to the Program and must be disposed of.

CEHL aspires to manage its property assets in line with best practice to ensure appropriate properties are available to co-ops now and into the future. In order to meet this aspiration and our obligations as a Registered Housing Agency, CEHL has adopted alignment with the international management system standard for Asset Management – ISO 55001.

Co-ops with maintenance responsibilities are encouraged to make use of [the CERC Maintenance Guide](#) to assist with practical application of the relevant Property Assets Policies.

### 3. POLICY STATEMENT AND PRINCIPLES

#### 3.1. STATEMENT

- a. Only property assets that contribute to the delivery of CEHL's stated mission are to be held.
- b. Ongoing ownership is dependent on meeting either or both of the following criteria:
  - i. Financial performance is sustainable for the organisation.
  - ii. Other strategic interests are met through ownership of the asset.

#### 3.2. PRINCIPLES

- a. Asset performance is to be assessed in accordance with the Property Asset Decision Making Model, including the Future Directions Plan (FDP), prior to any asset disposal decision.
- b. Where an asset is deemed to be under performing and CEHL has determined it is not viable to bring the asset to an appropriate standard, it will be given an asset intent of 'Handback – no further major works'. This information will be included in the co-op's FDP.
- c. For property assets occupied by a co-operative member or renter, an offer of appropriate alternative accommodation is to be made to the occupying household prior to commencement of the disposal process in line with the Appropriate Alternative Accommodation Policy and procedure.

- d. For assets that CEHL intends to dispose of in the future, only essential maintenance is to be carried out.
- e. Disposal of assets is to be at market value, unless exemption is provided by the Board of CEHL.
- f. Disposal should ensure maximum value is gained by CEHL, including undertaking value adding activities prior to sale if warranted.
- g. The proceeds from any property disposal are to be applied to loan reduction, capital investment or operational expenses, in a manner consistent with the current strategic direction of the organisation.
- h. Obligations to financial institutions, the Director of Housing and the Housing Registrar relevant at the time of decision making are to be investigated, understood and met by CEHL staff enacting this policy.

## 4. SCOPE

This policy applies to all property assets owned by CEHL.

## 5. DEFINITIONS

*'Property Assets Decision Making Model'* is the endorsed approach to making decisions about property assets.

*'Essential maintenance'* means the minimum amount of maintenance expenditure required to manage the residual risk at the property, meet statutory obligations and ensure an appropriate outcome for the occupying household.

*'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

This policy incorporates guidance provided by:

- *Sale of Land Act 1962*
- *Residential Tenancies Act () (Amended 2021)*
- *Housing Act 1983 (Vic) (Amended 2005)*

## 7. PROGRAM REQUIREMENTS

7.1. This policy is consistent with:

- a. International Co-operative 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 Policy
- b. Property Assets Maintenance Policy
- c. Property Assets Renewals Policy
- d. Property Assets Member Home Purchase Policy
- e. Acquisition and Development Policy
- f. Appropriate Alternative Accommodation Policy
- g. [CERC Maintenance Guide](#)

## **9. BOARD AUTHORISATION**

Approved by                    CEHL Board                    Date of approval    30 / 06 / 2020

Position                        CEHL Chair