

ASSETS POLICY: MEMBER HOME PURCHASE

Policy number	AM008	Version	V2.1
Drafted by	Manager - Asset Management	Approved by Board on	30 June 2020
Responsible person	Manager - Asset Management	Scheduled review date	30 June 2025

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.
- b. The Board, at its discretion may veto an application from a program participant to purchase a property if the Board determines:
 - i. that the proceeds from the sale, based on an independent valuation, will not enable the purchase of a replacement property that meets program standards in the preferred location, or
 - ii. 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.

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. The decision-making criteria that shall apply are as follows:
 - i. Assessment of the asset performance
 - ii. Market valuation
 - iii. Any conditions that would affect the ability to replace the asset with a similar asset
- h. 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.

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. Does the valuation amount allow the purchase of a Program appropriate equivalent property?
 - iii. If yes, then offer to sell at valuation (as per item h above)
 - iv. If no, then assess a value which would achieve this, and offer to sell at this price

4. SCOPE

- 4.1. This policy applies to all property assets owned by CEHL and tenanted 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	30 / 06 / 2020
Position	CEHL Chair		