

FACT SHEET

HANDBACK OF PROPERTIES



From time to time it becomes necessary to handback properties to CEHL. Extreme difficulty in attracting tenants to a property and stock management issues (e.g. less need for larger houses, projected high maintenance costs) would seem to be the significant causes.

The CCA allows for this under s22:

Property Officers will, in the course of their Asset Inspections, identify houses that, in the longer term, may not be viable to keep in the program. When such houses become vacant, the CERC should advise CEHL.

A CERC may apply to hand back a property at any time and the Board of Common Equity Housing Ltd. will consider the request. Alternatively the process may be initiated by a CEHL Property Officer.

WHERE THE CERC INITIATES THE PROCESS:

1. With the approval of a Special General Meeting, the CERC gives CEHL written notice of its desire to hand back a property, with a minimum of three months, but preferably six months, notice (or some other mutually agreed timeframe);
2. CEHL inspects the property within 15 working days, and prepares a report on the property's condition, including recommendations on whether the property should be accepted back by CEHL and under what conditions:
 - the property must be, or soon will be, vacant;
 - the property should be in the same condition as it was when handed over to the CERC;
3. The CERC remains responsible for payment of rent to CEHL until the property is disposed of;
4. The CERC may apply for a replacement property;
5. The Board of CEHL will consider the CERC's request, taking into account such things as:
 - location
 - projected maintenance costs
 - number of bedrooms
 - ability to recruit suitable tenants;
 - any other reasons the CERC has for returning it;

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WHERE CEHL INITIATES THE PROCESS:

1. Property Officer to complete an Asset Inspection to assess the property;
2. The Property Officer's report should be considered at a Special General Meeting of the CERC. The CERC may decide it wishes to quit the property;
3. CEHL and the CERC will negotiate an agreement on what work is required on the property for the hand back to proceed;
4. The CERC then applies to the Board of CEHL to accept a hand back of the property, with supporting documentation explaining why and the Asset Inspection Report. The request should also state if they require a replacement property (and if so, what type of property);
5. The Board of CEHL will consider the request, relying on the Property Manager's recommendation.

IN EITHER CASE, IF THE BOARD OF CEHL AGREES TO THE DISPOSAL OF THE PROPERTY:

- The CERC retains responsibility for the property's upkeep while it is being marketed or pending transfer to another CERC;
- The Company Rent is waived where CEHL has initiated the disposal of the property;
- The CERC is required to make a payment to CEHL to cover projected maintenance, rates etc. until settlement;
- The CERC will need to make a set of keys available to CEHL for sale purposes;
- A new first schedule of the CCA should then be completed (as per s22 of the CCA).