

# Purchase of Properties Policy



## Document Control

Responsible Person	Operations Director			
Review Frequency	5 Yearly			
Reviewed by	Board			
Date Approved	October 2024			
Next Review Due	October 2029			
Consultation Required	Yes		No	✓
Equalities Impact Assessment	Yes		No	✓
Added to Company Website	Yes	✓	No	
Associated Documents Considered	Yes	✓	No	

## **1. Scope of the Policy**

- 1.1. It is recognised that there may be opportunities for Waverley Housing to purchase private properties in the open market or via the Scottish Government Mortgage to Rent Scheme. At present the opportunities for Scottish Government to provide grant funding is limited and may not be possible. If funds are available Waverley Housing may, when certain criteria are met, apply for funding to assist our purchase of properties on the open market.
- 1.2. Currently we receive some speculative enquiries from individuals selling properties and offering these for purchase by Waverley Housing however we have not taken action to explore these opportunities any further.
- 1.3. The Mortgage to Rent Scheme has been operated by the Scottish Government for many years and in 2016 Waverley registered to participate in the Scheme. The Scheme assists home owners who are unable to maintain their mortgage commitments to sell their property to a Registered Social Landlord based on an independent valuation of the property. The owner can remain in the property as a tenant of the Registered Social Landlord once the sale has concluded.

Registered Social Landlords may receive a purchase subsidy to meet some of the costs of buying the property, a repairs subsidy to assist in meeting certain types of repairs and an administration allowance to help cover the costs of processing a property purchase within the terms of the Scheme.

## **2. Objective of the Policy**

- 2.1. The objective of this policy is to set out the criteria to be used when assessing a possible property purchase either in the open market or under the Mortgage to Rent Scheme.

## **3. Implementation of the Policy**

- 3.1. Any properties assessed for purchase will be subject to a financial net present value assessment and a social value assessment. The social value assessment will assess any waiting list information we have for the type of property and its location to assist us to gauge what level of interest there may be from housing applicants if the property was purchased. This evaluation will only take place where the property under consideration is located in an area where Waverley currently has properties.
- 3.2. Only properties located within our current main area of operation i.e. Central Scottish Borders will be considered for purchase.
- 3.3. Potential properties for purchase will be assessed as to whether or not they meet Scottish Housing Quality Standards and Energy Efficiency Standards for Social Housing. Where they do not meet these standards the costs of undertaking works to meet these standards will be taken into account in the overall evaluation of the property.
- 3.4. A Net Present Value assessment will be carried out which attempts to establish whether or not the property will return a positive financial return within a 35 year period. This assessment takes into account forecast levels of expenditure on the property in future years i.e. reactive repairs, planned maintenance, void loss, rent arrears and management costs. Account is also taken of one off costs such as the

purchase price and legal costs which are written off over the 35 year period.

The level of income used in the assessment will be based on the level of rent charged by Waverley for similar property types to the one being considered for purchase.

#### **4. Conditions**

4.1. As part of the annual budgeting process the Board will consider whether or not to make a budget allowance for the purchase of properties in the open market.

4.2. The purchase of properties by this means allows Waverley to increase its housing stock which helps, in a small way, to offset some of the loss of stock through the Right to Buy. However there is a risk that the properties end up having a negative net present value and they cost more to operate than they generate in income.

In order to try and mitigate such a risk there would be net present value and qualitative assessments carried out before the purchase of any properties and regular financial assessments of the properties undertaken. These regular assessments would give early warning of potential problems allowing an opportunity to take remedial action.

#### **5. Responsibilities**

5.1. The Operations Director has overall responsibility for the implementation of this Policy and will work with the Corporate Services Director to assess any potential property purchases.

#### **6. Reporting and Monitoring**

6.1. Any potential property purchases will be reviewed and assessed in accordance with the terms of this Policy. Any proposed purchases would be subject to Board approval.

#### **7. Review Process**

7.1. This Policy will be subject to regular review in accordance with Waverley Housing's policy review procedures.

#### **8. Equal Opportunities**

8.1. Waverley Housing shall apply this policy in accordance with its Equality & Diversity Policy. This means that in the application of this policy, we will not discriminate on the grounds of a person's race, religion or belief, gender re-assignment, marriage or civil partnership, pregnancy and maternity, sex, sexual orientation, age or disability.

8.2. Copies of this policy are available on request free of charge from Waverley Housing's office at 51 North Bridge Street, Hawick, TD9 9PX. Copies of this policy will also be made available within a reasonable time, upon request, in a language other than English, or in a format to suit visually impaired persons. The policy is also available on our website [www.waverley-housing.co.uk](http://www.waverley-housing.co.uk).