



PEAKS & PLAINS  
Housing Trust

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# The Trust

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## Property Buy Back Policy

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Version number: V2

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Effective Date: April 2024

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## 1. INTRODUCTION

- 1.1. Peaks & Plains Housing Trust (the Trust) is a Registered Provider that requires a Property Buy Back Policy to assess and determine the purchase of former properties. This includes the Trusts Development and Investment programme activities.
- 1.2. The policy also takes into consideration the Trusts contractual obligations under Shared Ownership leases. This is notwithstanding the Right to Buy and Right to Acquire obligations that rest with the owner; one of these obligations is a 10-year pre-emption clause, which requires the owner to offer the Trust first refusal prior to selling on the open market.
- 1.3. This policy covers the acquisition of Right to Buy, Right to Acquire and Shared Ownership properties; this is in order to bring them back into management and/or for redevelopment.

## 2. SCOPE

- 2.1. The Trust recognises that a Property Buy Back policy is required to set a consistent approach in purchasing property or land that was previously in its ownership. [pe here](#)
- 2.2. The acquisition of such properties can assist in wider placemaking initiatives; helping to create diverse, sustainable and vibrant communities where customers want to live and work
- 2.3. The Trust will seek to maximise rental and sales income either to bring back affordable accommodation into its ownership, or to deliver the wider regeneration of its housing estates. This underpins the Trusts primary purpose to let and manage its portfolio as efficiently as possible.
- 2.4. In operating this Policy, the Trust aims to fulfil any necessary obligations imposed on it by acts of parliament or secondary legislation. These obligations extend to houses for shared ownership that have been built in a Designated Protected Area (DPA). As a result, the shared ownership lease may include a mandatory Buy Back Clause. This clause requires the property to be sold back to the Registered Provider (RP) at the point of future resale. This will only occur if the shared owner has staircased their equity share to more than 80%. The landlord is to either (a) accept a surrender (i.e. purchase the interest back) or (b) decline the offer but nominate another RP. If the RP does neither then the leaseholder can sell on the open market.

## 3. LEGAL & REGULATORY REQUIREMENTS

- 3.1. The Trust has obligations under certain shared ownership leases to buy back properties at the point of resale where a shared owner has secured 80% equity or more. This mandatory buy back provision is also a requirement where houses for shared ownership are in a Designated Protected Area (DPA). These are detailed at 5.3.2

- 3.2. Section 7 in the required outcomes of the Regulator for Social Housings Value for Money code of Practice 2018 states “Providers’ objectives must articulate their strategy for delivering homes that meet a range of needs. This might, for example, include their plans for new development to meet unmet housing need in particular localities, or investment in the existing stock to sustain its quality and/or better meet the needs of particular client groups” In order to achieve these outcomes it may be necessary for the Trust to purchase homes in order to facilitate wider development of regeneration objectives.

#### 4. DELEGATED AUTHORITY AND APPROVALS

- 4.1. For the purpose of this policy the EMT can approve the purchase of property in line with values detailed in the Trust’s Financial Statements and Standing Orders. If the value exceeds this amount, then Board approval must be obtained.
- 4.2. The financial performance of a property must be assessed prior to any buy back purchase unless it is a contractual requirement. This will take place by means of an appraisal by either Asset Management or Development to ensure that the Buy Back property is financially viable.
- 4.3. In some instances, the financial performance of a property may be unviable. However, strategic consideration must be given in the wider context of the Investment programme or regeneration of an estate.
- 4.4. The financial appraisal will be sense checked and signed off by Finance. Finance will confirm the budget and the allocation within the Trusts business plan and ensure that no loan covenants are breached. This will also be required for EMT approval to purchase the property.

#### 5. OUR POLICY

- 5.1. This policy applies to the property of any leaseholder or homeowner who is required to vacate their current home or business in certain circumstances. These circumstances include; the facilitation of redevelopment, repair or to carry out major improvement works in alignment with the Trust’s objectives or where the Trust has a legal obligation to buy back
- 5.2. All purchases will be subject to the relevant legal searches, surveys, physical inspections and valuation as part of the due diligence process.
- 5.3. The Buy Back properties may fall into the categories listed below:
- 5.3.1. **Purchase to facilitate redevelopment or regeneration**  
This category applies to a former Trust property where it makes strategic sense to re-purchase for stock rationalisation and bring it back into the management and asset base.

The Trust will invoke the Buy Back policy for homeowners and leaseholders who have to move permanently to facilitate the regeneration of estates.

Homeowners will receive statutory home loss payments and reimbursement of fees.

**5.3.2. Shared Ownership - Mandatory buy back obligations**

The Trust has obligations under certain shared ownership leases to buy back properties at the point of resale where a shared owner has secured 80% equity or more. This mandatory buy back provision is also a requirement where houses for shared ownership are in a Designated Protected Area (DPA). The aim of the DPA legislation is to retain affordable housing stock in areas where affordable housing is limited and make it available to those with aspirations to get on the property ladder.

The shared ownership lease sets out the mechanics of the mandatory buy back provisions. In summary, the shared owner is to pay the Trust's reasonable costs and the Trust is to acquire the property at the then current Market Value, as determined by an independent Chartered Surveyor, reflecting the acquired percentage.

**5.3.3. Shared Ownership - non-mandatory**

There may be circumstances where a shared owner approaches the Trust to buy back the equity share in their property. The lease either does not include a mandatory buy back provision as it is not in a DPA or their equity share is below the 80% threshold for the mandatory buy back provisions to apply. Alternatively, a shared owner may approach the Trust to reduce their equity share by selling part back to the Trust. These types of approaches are likely to be made on the grounds of affordability. For example: the homeowner can no longer pay the mortgage and/or rent due to financial difficulties. Such approaches will need to be considered on their merit, with specific consideration given to the affordability issues raised. Any Buy Back Purchase of this type will follow a similar approach to that outlined in this policy.

**5.3.4. Right to buy/right to acquire**

Under the Right to Buy and Right to Acquire Legislation, on completion of a sale a restriction is placed on the title of the sold property. This is to cover the right of pre-emption covenant in the sale document. The covenant lasts for 10 years and requires the seller to give the former Landlord the right of first refusal to purchase the property, or nominate another housing provider who can accept the offer before they can put the property on the open market. If the offer which is at the open market value is refused, or the offer is not accepted, then the vendor can sell on the open market. The buyback provision only applies to potential open market transactions rather than transfers that are deemed exempt disposals.

**5.3.5. Buy back – stock consolidation**

The Trust could invoke the Buy Back policy when a freehold or leasehold property becomes available to purchase on the open market. For example, the property is located within a row of properties or apartment blocks where it would be advantageous to consolidate stock within the Trust's ownership. The Trust's officers will consider the purchase of leasehold properties within Range and Pennine apartment blocks. The importance of buying back these apartments is to ensure compliance as a result of the Hackett Review and fire safety regulations. If the Trust does not own apartments within blocks, it will become difficult to provide full assurance on that building.

This will also bring a unit into the Trusts asset base to facilitate repairs and investment works.

The Trust will consider the purchase of former Trust properties which may be advertised for sale on the open market or by a direct approach from a vendor. The property must meet the objectives of the Investment & Growth and Development strategies, or stock consolidation.

Consideration will be given to the suitability and financial performance of the property, along with evidence of demand and/or housing need as required. Not all properties offered to the Trust to Buy Back will be acceptable. For example: Where properties do not meet the Investment & Growth or Development strategies; Properties where the work required is extensive or the Trust does not need to consolidate or rationalise stock.

## **6. EQUALITY, DIVERSITY & INCLUSION**

- 6.1. An Equality, Diversity and Inclusion Impact Assessment is attached at appendix A.

## **7. RESPONSIBILITIES**

- 7.1. All Trust staff need to be aware of the Buy Back Purchase Policy to be able to respond to customer enquiries and proactively invoke the policy where it is advantageous to do so. The Trusts Legal Officer will lead on the repurchase of shared ownership, Right To Buy and Right The Acquire.
- 7.2. The Assistant Director of Development, Asset and Compliance will have overall responsibility for implementation of this policy. A Buy Back property procedure will underpin the policy.
- 7.3. The Executive Management Team will have responsibility for reporting the Property Buy Back purchases to facilitate stock consolidation, Investment programme and regeneration of estates to the PPHT Board.
- 7.4. The Assistant Director of Development, Asset and Compliance will sign off the investment review of property performance.
- 7.5. The Head of Neighbourhoods will provide a Decant Report outlining any impact on customers.

## **8. MONITORING AND REPORTING**

- 8.1. The Trust will carry out an analysis of the effectiveness of the decanting process after each completed regeneration or major investment scheme.
- 8.2. Development and/or Investment will provide a report to the Executive Team in relation to each proposed buyback. This is to ascertain whether the aims and objectives have been reached and the appropriate financial outputs achieved.

## 9. CONSULTATION

- 9.1. Consultation will take place with any customers affected by a proposed buyback.

## 10. REVIEW

- 10.1. This policy will be reviewed every three years, unless there are any regulatory or legislative changes that have taken place which require immediate amendment.

## ASSOCIATED DOCUMENTS

## POLICY INFORMATION

|                   |                                                                       |
|-------------------|-----------------------------------------------------------------------|
| Policy Name:      | Property Buyback Policy                                               |
| Status:           | Final / Approved                                                      |
| Approved by:      | Executive Management Team                                             |
| Drafted By:       | Alec Gaston – Assistant Director of Development, Asset and Compliance |
| Date approved:    | 18 April 2024                                                         |
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