

# South Australian Housing Trust

## SAHT Transfer Developments

### Property Sales to Tenant or Private Market



#### Procedure details

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SAHT Transfer Developments – Property Sale to tenant or private market

Confidentiality level: Public

Name of applicable policy: SAHT Transfer Development Deed

Policy Author: Robyn Macro

Date: July 2019

Next review date: July 2022

#### Overview of changes and development

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This procedure details how SAHT properties included in an approved development project plan under the BPSC and ROSAS programs are to be sold and how funds are to be managed.

#### Approvals and review

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**Policy Custodian** - Name: Pusheela Jummun

Date of approval: 30 July 2019

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**Policy Content Architect** – Robyn Macro

Date of review: July 2022

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**Delegate** – Gregg Ryan, Manager, Housing Solutions

Date of approval: 30 July 2019

# South Australian Housing Trust

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### Property Sales to Tenant or Private Market



Government  
of South Australia

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# South Australian Housing Trust

## SAHT Transfer Developments

### Property Sales to Tenant or Private Market



#### 1 Procedure detail

This procedure sets out how the SA Housing Authority (the Authority) will support Community Housing Providers (CHPs) wishing to sell a SAHT transferred property which is part of an approved development project plan. The procedure defines the responsibilities of both the CHP and the Authority.

#### 2 Context and scope

Under the terms of the SAHT Transfer Development Deed, a CHP may sell a property to a tenant or on the open market as long as it has been approved as part of a project plan and the funds used as stipulated in the project plan.

#### 3 Procedure Steps

##### 3.1 CHP considers selling property to tenant

Sales to tenants may occur as a result of a request from a tenant or a pro-active program by the CHP. Where a request is initiated by a tenant, the CHP will consider the application in line with their own sale to tenant policies, procedures and asset plans. Following due consideration, the CHP is not obliged to sell the property.

**Note:** If the sale is not a funding source for a proposed project, the property is to be sold to the sitting tenant as per Clause 17 (Property purchased by tenant) of the SAHT Transfer Program guidelines. Funds obtained from the sale are returned to the SAHT and there is no replacement property provided by SAHT.

If the CHP determines the sale is a funding source for a proposed project, approval must be sought via completing a project plan and forwarded to the relevant SA Housing Authority (SAHA) Project Manager prior to the sale being executed.

The CHP will also determine an appropriate sale price (to be approved by SAHA) based on an independent valuation from a certified Valuer. The sale price will take into account the current market value (including development potential of the site), tenant improvements made with the CHP's permission and approval and any tenant shared equity.

The CHP will also consider how [Total Sale Proceeds](#) (see section 4) are proposed to be applied, so as to satisfy the requirements of the SAHA, and contribute to the objectives of the CHP's Investment and Asset Management Plan and the approved project plan.

If the CHP determines to sell a property to a tenant, the CHP will notify and seek consent from SAHT in writing. The request must be made to the SAHA Project Manager using the SAHT Transfer Property Sale Request Form.

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#### 3.2 CHP seeks consent from the Authority to sell on the open market

A CHP may sell a property on the open market as part of a proposed project. The details must be included in the project plan. Once SAHA approves the project plan, the CHP will be authorised to act on behalf of SAHT either under license or through title transfers to proceed with the sale. The CHP is responsible for arranging the sale on the open market and cover all costs associated with the sale of the property. Note: A tenant property sales request form is not required.

#### 3.3 The Authority considers request

The SAHT Transfer Property Sale request form must be completed, attached to the Project Plan and forwarded to the Project Manager. The Project Manager will consider the Project Plan and Property Sale request and present to the Project Evaluation Panel for assessment and delegated authority approval as required.

The Authority's approval will be provided in accordance with the SA Housing Authority Instrument of Financial Delegations relating to SAHT operations. Approval will be conditional upon the sale price of the property being:

- equal or greater than the Valuer General; or
- greater than 90% of the market valuation as determined by an independent market valuation; or
- unless approved by SAHT in its absolute discretion (refer to Clause 9 of the ROSAS Project Plan or Clause 13 of the BPSC Project Plan).

If consent for the sale is to be granted, the Authority will provide in principle agreement to the CHP as soon as practicable. The consent will normally be subject to certain conditions being met, particularly in relation to appropriate use of the [Total Sales Proceeds](#).

#### 3.4 Project Plan and Deed of Statutory Charge

Where consent is granted, the CHP and SAHT will enter into an approved Project Plan to ensure:

- SAHT's financial interest in the property being sold is secured against a replacement property, alternative project property, or part thereof. Where there is not a specified property identified for the proceeds of sale, a bank guarantee or equivalent approved security instrument to secure the government interest will normally be required. The Project Plan will identify a timeframe for how long the proceeds can be held, before they are reinvested into purchase of another property (or another project);
- the [Total Proceeds of Sale](#) are reinvested into agreed projects as described in the Project Plan within a set timeframe;
- if a property under the Housing Transfer Management Deed is being sold as part of a project plan, the CHP must replace with a property of equal or greater than the number and value of the property sold as approved in the Project Plan; and
- all other relevant matters are documented as required under the Project Plan.

A Deed of Statutory Charge will also be developed to protect SAHT's financial interest.

The Project Plan will outline the details of the project development (e.g. concept plan, key milestones, expected completion date), and the type of property (e.g. value, construction type, number of bedrooms), and the financial interest to be held by SAHT.

### **3.5 Sales Process**

The CHP is responsible for managing the property sale, including funding all costs associated with sales, valuation and conveyancing on behalf of the CHP as the seller. It is reasonable to expect the tenant as the purchaser to pay for their own conveyancing to represent their interests, as they would in a private sale.

#### **Valuation**

A valuation is required to assist in determining the SAHT's financial interest to be maintained, to satisfy all stakeholders that a reasonable sale price has been set, and to satisfy the requirements of the Authority's Delegations of Authority.

The valuation must be obtained from a verified practicing Valuer. Valuations should be current and not exceed more than 120 days at the time of signing the contract of sale. Tenant improvements are considered within this process and if approved and to a standard consistent with Community Housing Maintenance Accommodation Standards, their value may be deducted from the market value of the property.

The Authority reserves the right to undertake its own independent market valuation where the sale price of a property is estimated to fall below the 90% of current Valuer General value.

#### **Contract for sale**

It is the CHP's responsibility to enter into a suitable Contract for Sale with the purchaser, such as the Real Estate Institute of South Australia approved Contract for sale, but must investigate and consider the points below, and either include in the contract or address prior to the signing of the contract:

- Asbestos within the property
- Boundary check
- Building Inspection
- Trees
- Fencing
- White Ants
- Landfill
- Firewalls
- Party walls and services

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Additional information can be located in the Consumer and Business Services (Buyers information guide).

#### Conveyancing

A conveyancer is required to prepare the documents to transfer legal ownership of the property to the purchaser. The responsibility for managing and all costs associated with the conveyancing process for the sale of a property to a tenant rests with the CHP.

The Project Manager will notify the Authority's Conveyancing team which will complete and submit an application to cancel a Statutory Charge to the Lands Titles Office at settlement. There is no fees payable for this process by either party.

#### 4 Definitions

**Total Sale Proceeds** means the total sales proceeds from the sale of the Property as described in the Project Plan.

#### 5 Related information

##### 5.1 Controlling documents

This procedure is based on and complies with:

- SAHT Transfer Housing Management Deed and relevant documentation
- SAHT Transfer Development Deed and relevant documentation

Approvals will be obtained in accordance with:

- The Authority Instrument of Financial Delegations relating to SAHT operations

##### 5.2 Other documents and resources

- Community Housing Maintenance Accommodation Standards
- SAHT Transfer Property Sale Request Form

##### 5.3 Date this procedures applies from

12 June 2019

##### 5.4 Version number

1

##### 5.5 Disclaimer

These procedures can be changed, withdrawn or replaced at any time.