



Ethical Sales Policy

1.0 Purpose and scope

This policy outlines the way we will sell NHG homes to socially motivated organisations.

We never want to sell our homes, but we recognise that sometimes this is necessary. We want to be sure that when we do sell a home we:

- Maximise the opportunity to sell to socially motivated organisations
- Achieve best value
- Complete the sale in a timely way
- Be transparent about our approach to all potential purchasers

This policy applies only to empty homes to be sold through the strategic asset management directorate and only to homes which have received all necessary approvals for disposal. We reserve the right to use alternative methods of sale as set out in our Disposals policy in place of ethical sales where we deem this most appropriate.

It applies to purchasers who pass all necessary checks and meet NHG's requirements to purchase homes.

This document should be read in conjunction with our Disposals Policy and our Allocations and Lettings Policy.

2.0 Definitions

Asking Price means a value set by NHG, based on the market valuation, at which NHG would accept an offer.

Bulk sale agreement means a pre-agreed arrangement to sell a specified number of empty homes to a purchaser setting out specific terms of the sale

Buyer administration fee means a fee chargeable to the purchaser to cover costs associated with the sale

Ethical purchaser means a socially motivated organisation including but not limited to local authorities, charities and housing providers.

Ethical sale means the sale of a home to a socially motivated organisation

Exchange timeline means a timeline given by the purchaser, setting out dates by which they will exchange contracts for purchase

Host local authority means the local authority the home for sale is in

Lots mean set criteria to identify which homes purchasers may be interested in which will include size, location, individual homes and blocks

Memorandum of understanding means a document outlining shared goals, understanding, behaviours and expectations during and after sales.

Purchaser checks mean checks NHG will carry out to confirm the purchaser complies with our requirements for suppliers and homes will continue to deliver social value once sold

Sale pack means information provided to potential purchasers with information about the property, including a legal pack, management pack and asking price

Valuation means a valuation provided by a professional valuer providing a market value, issued within 3 months, which also considers condition of the home

3.0 Ethical Sales

Wherever possible, considering demand and best value, we will sell to ethical purchasers. We will make homes available in priority order, first to local authorities and then to a wider group of ethical purchasers.

3.1 Sales to local authorities

All homes available for sale will be offered to the host local authority in the first instance, with opportunity to purchase the home. An initial opportunity to express interest in the home will be given with a timeline to respond.

Where interest is expressed within timescales a sale pack will be provided to the local authority and a timeline for offers to be made. If a local authority does not respond within the timescales provided, does not wish to make an offer or the offer received does not meet the required value, the opportunity to purchase the home will be opened out to other ethical purchasers.

Where local authorities are interested in purchasing homes outside of their borough they will be asked to register as an ethical purchaser and will have opportunity to make offers on available homes.

3.2 Sales to ethical purchasers

Homes will be categorised within lots and ethical purchasers will be able to register for any lots they are interested in. They will be notified each time a home becomes available within a lot they have registered interest for.

Sale packs will be sent to all interested ethical purchasers simultaneously.

Interested parties will be asked to provide a best and final offer considering asking price by a specified deadline and include within the offer a timeline for exchange of contracts.

3.3 Acceptable offers

All offers made by ethical purchasers will be opened on the same day, one day after the deadline. Offers will be reviewed and, if acceptable, the best offer accepted.

The offer must meet the required value and specify an acceptable exchange timeline. We will consider exchange timelines alongside values when accepting offers. We may, at our discretion, accept an offer below asking price, subject to necessary internal approvals.

The disposals manager will review and accept the best offer and proceed to recommend the home for sale or recommend an alternative route to disposal if no offer is acceptable.

Where offer values are identical, we will first consider timelines, accepting the offer with the shortest timeline. Where timelines are also the same, purchasers will be given the opportunity to make a further offer, and we will accept the best offer.

Where purchasers can and are willing to accept a transfer of social housing grant, we will consider offers at asking price less the value of the grant.

Where a sale does not proceed to agreed timelines provided within the offer, we reserve the right to withdraw from the sale and seek an alternative purchaser or method of sale. At our discretion, we may decide to stop working with that ethical purchaser for any future sales.

3.4 Bulk sale agreements

We may agree bulk sale agreements, either with local authorities or ethical purchasers. Where these are in place homes will be offered under these agreements if the host local authority does not wish to purchase as set out in 3.1.

An initial opportunity to express interest in the home will be given with a timeline. Where interest is expressed within timescales a sale pack will be provided and a timeline to submit an offer in line with the agreement will be given.

If there is no expression of interest or offer within given timescales, then the home will be offered to ethical purchasers as set out in 3.2.

3.5 Buyer administration fee

All buyers will be required to pay a buyers administration fee, payable upon completion. The cost of the fee will be set out in the initial sale pack.

3.6 Alternative route to sale

Where there is no interest in a home, an acceptable offer has not been made or a sale is not proceeding at the agreed pace, an alternative route to sale will be sought which may include auction, following the principles set out in our Disposals policy. Agreement to proceed to an alternative route must be approved by the Director of Strategic Asset Management upon assurance that all ethical options have been explored.

4.0 Ethical Purchasers

We want to be sure ethical purchasers reflect our values and deliver social value and/or community impact.

Prior to working with NHG as an ethical purchaser, all potential purchasers must pass purchaser checks and demonstrate their ability to deliver social value. After passing all checks purchasers will be considered ethical purchasers and will have access to purchase homes under this policy.

Ethical purchasers must agree to sign up to our memorandum of understanding, acknowledging the origin of the homes for sale, recognising that surrounding homes may be social housing and agreeing to some basic principles around the use of homes and work in partnership with NHG where necessary.

New ethical purchasers will be included as they are identified and pass all necessary checks and assessments. Agreement to accept an ethical purchaser will be upon confirmation that all necessary checks have been passed and sign off by two managers within NHG, one independent of the Disposals team.

There should be a minimum of 6 accepted ethical purchasers able to access available homes at all times. Where the ethical route cannot be pursued due to not meeting this minimum requirement homes should still be offered to local authorities in the first instance and then on to auction if a sale to the local authority is not agreed.

Ethical purchasers will be removed if they act in a way which breaches the memorandum of understanding or fail to act in line with agreed timelines.

5.0 Our approach

In writing this policy we have carried out assessments to ensure that we are considering:

- Equality, Diversity & Inclusion

We have also carried out consultation with our staff and residents. If you'd like more information about this work, please get in touch as policy@nhg.org.uk

6.0 Reference

- NHG Disposals policy
- NHG Scheme of Delegations
- Financial Regs

Document control

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