# Archie Homes

## Valuation Policy

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# Valuation Policy

| Policy checklist | |
|---|---|
| **Policy owner** | Archie Homes |
| **Accountable lead** | Sales & Marketing Director (Investments team for new-sale valuations; Head of Acquisitions for pre-acquisition valuations) |
| **Author** | Denise Stewart, Sales & Marketing Director |
| **Version No.** | 2.0 (replaces Valuation Policy v1.0 and the valuation sections of the Staircasing and Resales policies) |
| **Approved by / date** | Archie Homes Board |
| **Date of next review** | October 2028, or within 3 months of any material change to CFG section 2.4, the leases or RICS standards |

Archie Homes will provide this policy, on request at no cost, in large print, in Braille, in audio or other non-written format, and in a variety of languages.

## 1.0 Summary

Every shared ownership price we set or accept is based on an independent RICS Red Book valuation, valid at the point the price is agreed, and a correctly instructed valuation is final. This policy covers all six valuation scenarios in the Capital Funding Guide (new sales, staircasing and four resale cases) so that staff, valuers and shared owners work to one set of rules.

## 2.0 Principles

1. **Lease first.** The lease decides who instructs, who pays and how disputes work. Where it is silent we follow CFG section 2.4.
2. **Independent and Red Book.** Valuers are RICS-registered, value to the Red Book, and are independent of Archie Homes, any grant recipient and the shared owner.

3. **Right information, up front.** Whoever instructs the valuer passes on everything that could affect value, including building safety, cladding and remediation status, lease restrictions (for example rural 80% caps) and comparable evidence. Evidence goes in before the valuation, never afterwards to argue for a different figure.
4. **A correct valuation stands.** We do not seek a re-valuation because we disagree with a figure. A re-valuation is only appropriate where the valuation was not carried out on the correct basis. If that was caused by Archie Homes' information, Archie Homes pays.
5. **Fair, consistent, documented.** Every discretion in this policy is applied the same way to everyone and recorded with the reason.

## 3.0 Roles

| Role | Responsibility |
|---|---|
| Acquisition Associate / Senior Acquisition Associate | Instruct the Red Book valuation before Investment Committee approval |
| Investments team | Instruct sales launch valuations and updates; approve valuations and pricing once a scheme is live; refresh live-scheme valuations every 3 months; keep the sales valuation tracker |
| Senior Sales Manager | Instruct or check staircasing and resale valuations and approve the first 3-month extension, with the Sales Progressor progressing cases day to day; keep the down-valuation tracker |
| Sales & Marketing Director | Approve validity extensions beyond 3 months, down-valuation decisions and Homes England exception requests |

## 4.0 Valuer panel

We keep a panel of RICS-regulated valuers. Before appointment and every 12 months we check and record that each firm is RICS-regulated, experienced in shared ownership valuation, and has read CFG section 2.4. Panel firms work to written terms of engagement. Shared owners may also use a non-panel RICS valuer where section 6 or 7 allows, provided they have shared ownership valuation knowledge.

## 5.0 New sales

### 5.1 When to instruct

The launch valuation is instructed so the report arrives 3 weeks before sales launch, so it does not need updating before the home is marketed. A valuation is valid for 3 months from its date unless the valuer says otherwise. Where launch slips, the Investments team asks the valuer for an update, which may be a desktop review. We do not market homes so far ahead of practical completion that the price would need more than the extensions in 5.4.

While a scheme is live, the Investments team refreshes the valuations for the whole scheme every 3 months. Homes we still hold are revalued when an exit is planned and every year for insurance.

### 5.2 What the valuation must contain

- each home valued individually, with parking valued separately on a right-to-use basis
- at least three shared ownership and three private sale comparables, showing both asking and achieved prices and any incentives
- the market value on the basis set out in the lease (freehold or leasehold interest with vacant possession, as relevant)

### 5.3 Approval and price

The Investments team approves the valuation and pricing once a scheme is live, because the valuations also set rents. Homes are offered at the approved valuation; we do not accept offers above or below it.

### 5.4 Validity and the exchange deadline

| Stage | Rule |
|---|---|
| Offer accepted within the 3-month validity | Buyer has 3 months from acceptance to exchange at that price |
| Delay beyond that | Sales & Marketing Director may extend by a further 3 months; reason recorded on file |
| Delay beyond the extension | Request an exception from Homes England (sharedownership@homesengland.gov.uk), setting out the delay and reasons; or obtain an updated valuation, considering the impact on the buyer |

Buyers are told the exchange deadline in writing at reservation.

### 5.5 Down-valuations and mortgage offers

If a lender values a home below our valuation, the Senior Sales Manager reviews it the same week against our own valuer's evidence and recent sales. Options, in order:

1. Provide our comparable evidence to the lender's valuer for reconsideration.
2. Ask for the lender's RICS valuation; if available and on the correct basis, it may be used as the sale price.
3. Accept the buyer's mortgage offer as evidence of value, where it reflects the lender's view of market value, the value is reasonable on comparable evidence, it is in all parties' interests, and all parties agree.

The Sales & Marketing Director decides, and the reason is recorded. Any price change is applied consistently to comparable homes on the same phase.

## 6.0 Staircasing

| Tranche | Valuation basis |
|---|---|
| 1% staircasing (AHP 2021 to 2026 and SAHP leases, first 15 years) | Land Registry House Price Index method set out in the lease; either party may ask for a RICS valuation if they dispute the HPI figure |
| 5% or more (AHP and SAHP leases) or 10% or more (older leases) | RICS valuation |

- **Who instructs:** Archie Homes instructs a RICS valuer the shared owner agrees to, normally from our panel, within 14 days of the owner's notice; if we can't agree, the President of RICS appoints one. The owner pays. This follows Schedule 5 of our current house leases. We state this in our staircasing pack.
- **Who pays:** the shared owner, as the lease provides.
- **Basis:** market value as defined in the lease, disregarding the value of approved improvements the owner paid for, and assuming the home is in the repair the lease requires. Where either applies, the valuer gives two figures.
- **Validity:** 3 months. If completion is delayed by things outside the owner's control, the Senior Sales Manager extends by 3 months, then by a further 3 months if all parties agree; reasons recorded. Beyond that we request a Homes England exception.
- **Disputes:** where the lease says the valuer's decision is final and binding, it is. Where an older lease provides for the District Valuer, we follow the lease.

## 7.0 Resales

| Scenario | Valuation rule |
|---|---|
| Resale at the same share, inside the nomination period | Price set by a RICS valuation; the seller pays for it |
| Resale with the buyer buying a bigger share, inside the nomination period | Same valuation sets the price of the extra share; the seller does not pay for any extra valuation needed only for the buyer's staircasing |
| Resale at the same share, outside the nomination period or after it is waived | No RICS valuation needed; the seller sets the price |
| Resale with staircasing, or back-to-back staircasing, outside the nomination period | A valid RICS valuation sets the price of the staircasing element only; a still-valid nomination-period valuation is used |

- **Validity on resales:** for a sale to a buyer we nominate, the lease requires the valuation to be dated no more than 12 weeks before exchange of contracts. If the sale is delayed beyond that, the seller needs an updated Valuer's Certificate; we accept a desktop update where the valuer can give one.

- **Building safety:** for affected homes we work with the seller to get an up-to-date valuation at minimal cost, which may be the buyer's lender's RICS valuation or a desktop update. Valuations are not updated during marketing; an update is obtained only once a buyer is found and the sale looks able to proceed.

## 8.0 Records

Every valuation, instruction, extension, down-valuation decision and exception request is saved on file and logged: new-sale valuations in the Investments team's valuation tracker, and staircasing, resale and down-valuation decisions in the Sales team's tracker. Records are kept for Homes England compliance audit and for at least 6 years.