

Draft Heads of Terms

1 - 3 Angerstein Road, Portsmouth

Subject to contract

Subject to Trust approval

Landlord

Portsmouth City Council, Civic Offices, Guildhall Square, Portsmouth, PO1 2AL ("the Council")

Council's solicitor: Legal Services, Civic Offices as above, contact Anne-louise.Taft@portsmouthcc.gov.uk telephone 02392 83 4031

Council's surveyor: Corporate Assets, Civic Offices as above, contact;

Catharine Ireland. catharine.ireland@portsmouthcc.gov.uk telephone 02392 83 4149

Tenant

Portsmouth Community Housing Trust ("the Trust")

Trust's Solicitor: TBA

Trust's Surveyor: TBA

Background

The parties are seeking to agree terms by which the Trust shall be granted rights to carry out development to the Property to provide units of accommodation for purposes agreed with the Council and in accordance with the Trust's charitable objectives. Once the refurbishment works have been completed in accordance with an agreement for lease, a long lease will be granted to the Trust at a peppercorn rent with no premium to reflect that this is a community land transfer.

Before the date the Agreement is entered into, the Trust will submit to the Council for its approval (not be unreasonably withheld) the specification for the proposed works with relevant plans and supporting material before the agreement for lease is entered into.

The cost of the planning application and all construction works, associated fees, and associated approvals and vat are to be met by the Trust.

AGREEMENT FOR LEASE ("THE AGREEMENT")

Property

The whole of 1 - 3 Angerstein Road, Portsmouth,

Consideration

If the provisions of the Agreement are satisfied, the Council will grant the lease at a nil premium and with no deposit.

Conditions to grant of the lease

The Agreement will provide that the Tenant will obtain planning permission. The development obligations in the Agreement (to build by a certain time and to certain standards) will only come into effect when planning permission and funding have been obtained in accordance with the provisions in the Agreement.

Longstop Date for satisfying the condition

If the Trust do not satisfy the funding and planning conditions within two years then the Agreement will terminate.

If the conditions are satisfied before the Longstop Date then the Trust shall be permitted by a licence contained within the Agreement to carry out its works to the property.

Agreement personal

The Agreement will be personal to the Trust and will be non-assignable.

Development Obligations

If the conditions have been satisfied (planning and funding) then the Trust will commence the works within six months of the unconditional date. The Trust will complete the works within 4 years of the grant of the satisfactory planning permission.

The Trust will be responsible for:

appointing a professional team and building contractor.

Termination Provisions

The Council may terminate the Agreement if:

- (a) there is material breach of the Trust's obligations;
- (b) insolvency, liquidation, administration or winding up of the Trust;
- (c) works have not commenced within 6 months of the unconditional date;
- (d) works have not commenced by 6 months from the date of satisfactory planning permission;
- (e) practical completion has not occurred within 4 years.

THE LEASE

Term

125 years.

Rent

Peppercorn.

Demise

Whole building including structure.

Repair

Trust to keep property in good repair and condition.

Use

To be restricted to being in keeping with the charitable objectives of the Trust.

Forfeiture

Not insolvency. Breach of covenant only.

Insurance

Responsibility of Landlord. Trust to pay insurance rent.

Exclusion from Security of tenure

It will be excluded.

Break Clause

Landlord break clause in the event that the permitted use is not being complied with or if the property has been vacant for a 12 month period.

Alterations

External / structural with Council consent not to be unreasonably withheld or delayed.

Internal non-structural do not need consent.

Alienation

No assignment of part.

Landlord covenants

Quiet enjoyment. To insure.

MISCELLANEOUS

Costs

The parties shall each bear their own costs and expenses incurred in relation to these heads of terms.

Status

These heads of terms are not intended to be legally binding and no legal obligations or legal rights shall arise between the parties from these heads of terms.

The Trust acknowledge that as at the date of these heads of terms, PCC do not have Member approval to enter into the agreement for lease or lease.

Nomination Rights

Landlord consent required for all nominations.