

Heads of Terms 17.04.2020

Without Prejudice, Subject to Contract & Subject to the City Council's formal approval.

Land at Liverpool Street, Kara Street and Nansen Street, Salford

Lessor

Salford City Council, Salford Civic Centre, Chorley Road, Swinton, Salford. M27 5AW

Lessee

Salix Homes, Diamond House, 2 Peel Cross Road, Salford.

Description

Land at Liverpool Street, Kara Street and Nansen Street, Salford shown edged red on the attached plan and comprising 1.4 hectares (3.46 acres) or thereabouts.

The land to the north of the eastern plot between the site boundary and Greenland Street has been reserved for a future expansion of Willow Tree Primary School which involves the stopping up of part of Greenland Street. The design and layout of the proposed scheme will need to take this into consideration.

The section of Greenland Street to be stopped up will be confirmed to the Lessee as soon as possible.

Method of Disposal

Agreement for Lease followed by a 250 year lease to be granted out of the Lessee's registered freehold title.

Premium

£3,260,000 (£3,600,000 less £340,000) three million two hundred and sixty thousand pounds, subject to full justification of abnormal costs.

Deposit

The Lessee will be required to pay a non-refundable deposit in the sum of £326,000 (which represents 10% of the premium) on exchange of the Agreement for Lease except in the event that planning permission is refused.

Rent

£1.00 (one pound) per annum (if demanded).

Use

Residential development comprising 157 units (111 houses and 46 apartments) the final mix and tenure to be agreed between the parties which shall be developed in accordance with Planning Permission Ref (reference number to be confirmed) and for no other purpose whatsoever.

The Lessor has been successful with its bid for HRA funding and therefore the Lessee will be required to provide 17 units for purchase by the Lessor at cost to be confirmed between the parties.

The build specification together with the form of units and number of bedrooms to be agreed between the parties.

The Lessee will be required to grant an Option to SALT (Seedley and Langworthy Trust) to acquire up to 5 units at the net cost to the Lessee and at a specification to be agreed between the two parties.. The Lessee to assist and manage the funding arrangement between the Lessee and SALT enabling them to acquire the units.

Planning and Statutory Consents

The Lessee will be responsible for obtaining a Satisfactory Planning Consent, Building Regulation Approval and all other necessary consents relating to the agreed development.

A Satisfactory Planning Consent will be a planning application granted by Salford City Council's Planning and Transportation Regulatory Panel and not one granted by the Secretary of State

Detailed drawings and a written specification of the final scheme/proposed works will need to be approved by the Lessor acting in its capacity as a landlord only, prior to submission.

Planning Obligations

The planning consent to be fully compliant with the Planning Obligations SPD (full s.106 obligations to be met).

Alienation

The Lessee shall not assign or sub-let the whole or part of the Agreement for Lease.

The Lessee shall not assign or sub-let the whole of the Lease without the prior written consent of the Lessor. Sub-letting of whole or part shall not be allowed without prior written consent of the Lessor, subject to the below condition. Assignment of part of the property shall not be permitted except to Step Place for the sale of individual units.

The Lessee shall sub-let to individual property purchasers subject to the ground rent and review mechanism being agreed with the City Council. The term of the sub-lease must be 250 years less 10 days (subject to change).

Highways

The streets and back alleys within the sites edged red are currently adopted highways. The principle of stopping up the streets is acceptable provided that access to the retained properties is not compromised. The Lessee will be responsible for all costs incurred in the stopping up of these highways including the costs of any necessary service diversions and/or the granting of any easements.

Services

The Lessee will be responsible for all costs associated with the disconnection and/or diversions (if any) of any services and for the costs of bringing any services to the site.

Ground Conditions

The Lessee shall accept the demise in its condition as at the date of possession and shall satisfy themselves that the site is suitable for the proposed development.

Insurance

The Lessee will be responsible for insuring the land and property on completion of the lease.

Termination

Should the Lessee fail to meet any of the obligations under the terms of the Agreement for Lease, the Agreement will be terminated and the demise handed back to the Lessor.

Costs

The Lessee will be responsible for the payment of the Lessors surveyors fees of £5,000 plus VAT together with the Lessors reasonable legal costs plus VAT incurred in this transaction.

The Lessee will also be responsible for the payment of all statutory costs and taxes which may arise out of this transaction.

Development Programme

- Agreement for Lease to be exchanged as soon as possible.
- An application for full planning consent to be submitted by 31st January 2020.
- The Lease must be completed on or before 30th June 2020.
- The development of the demise shall commence within 9 months from the date of completing the Lease and shall complete the development within 36 months of the start on site.

Mayors Charter

The Lessee will be required to sign up to the City Mayors Charter for Employment Standards. The Charter is designed to help raise employment standards for employees and businesses across the City.

Other Conditions

Any other conditions normally incorporated by the City Council in an agreement of this nature.