

Summary of Overarching Strategic Land Agreement (OSLA)

We set out below a summary of the key terms of the OSLA, which should be read alongside the attached flowchart setting out the processes contained in the OSLA.

The OSLA deals with the identification of suitable sites for the development of the intended housing units by the LLP, being either (a) sites currently owned by the Council and identified in the OSLA as being potentially suitable (**Priority Sites**), (b) other sites owned by the Council or Hyde (**LLP Sites**), or (c) sites owned by third parties to be acquired by the LLP (**Market Sites**).

The OSLA then sets out the various conditions which must be satisfied for each Priority Site and LLP Site, to ensure it is suitable for acquisition and development by the LLP, before it is let to the LLP by the Council or Hyde (depending upon who currently owns it) using the agreed form of 250 year Lease.

In the case of Market Sites, no such conditions need to be satisfied nor any Lease granted, as the LLP will simply acquire such third party sites upon whatever commercial terms it can agree with the third party owners. As such, these Market Sites sit outside the detailed terms of the OSLA.

1. **Parties.** The parties to the OSLA will be Hyde Housing Association Limited (1), Brighton and Hove Council (2) and Homes for Brighton and Hove LLP (3).
2. **Timing of exchange.** The OSLA will be exchanged at the outset of the joint venture relationship, simultaneously with the Members Agreement.
3. **Initial Site Conditions.** In the case of Priority Sites, the parties must use reasonable endeavours to satisfy the "Initial Site Conditions" (as listed in the attached flowchart) for each Priority Site within six (6) months of the date of exchange of the OSLA. This includes satisfying the "Price Condition", being the independent valuation of each Priority Site by the parties' selected valuer.

In the case of LLP Sites, these Initial Site Conditions must equally be satisfied within six (6) months of the LLP Sites being identified (but not necessarily within six (6) months of exchange).

4. **Subsequent Site Conditions.** Where all Initial Site Conditions have been satisfied for a Priority or LLP Site, the parties must then use reasonable endeavours to satisfy the "Subsequent Site Conditions" (as listed in the attached flowchart) by the "Site Conditions Long Stop Date" for that 'Site, being three (3) years following the date upon which the Council/Hyde formally decided to dispose of that 'Site to the LLP (the "Disposal Decision Date").

In particular, this includes satisfying the "Planning Condition", by the LLP obtaining a "Satisfactory Planning Permission" for the 'Site, being a planning permission which is free from both "Onerous Conditions" and any risk of legal challenge.

5. **Grant of Lease.** Upon all Subsequent Site Conditions for a Priority or LLP Site being satisfied (the "Site Conditions Unconditional Date"), the Council or Hyde will grant to the LLP a Lease of that 'Site within 20 working days of that Site Conditions Unconditional Date. The form of Lease will have been pre-agreed between the Council/Hyde and the LLP based upon an agreed template with use for all Priority and LLP Sites, in satisfying the "Lease Condition" under the Subsequent Site Conditions.

In return for the grant of the Lease of a 'Site, the LLP will pay to the Council/Hyde the agreed "Price" for that 'Site, as determined in satisfying the Price Condition under the Initial Site Conditions.

6. **Commencement Works.** Following the grant to it of a Lease of a Priority or LLP Site, the LLP must use reasonable endeavours to carry out the "Commencement Works" for that 'Site within three (3) years of the Lease date. These Commencement Works include:-

6.1 entering into a building contract for the proposed development of the 'Site;

6.2 grant of possession of the 'Site to the appointed building contractor; and

6.3 commencement of the "Start Works" upon the 'Site. These Start Works can include preparatory works such as demolition, digging of trenches, ecology protection works, etc.

7. **Buy back.** If the LLP has not carried out the Commencement Works upon a Priority or LLP Site within three (3) years of the Lease date (or such extended period as the parties shall agree in the event of a "Force Majeure Event", being a catastrophic or major event such as war, flood or national emergency), then the landlord under the Lease (i.e. the Council or Hyde) may if it wishes exercise its "Buy Back" right by terminating the Lease and taking back the 'Site.

In the event of the Council or Hyde exercising this Buy Back right it must pay to the LLP the "Acquisition Price", being the original Price which the LLP paid for the land (irrespective of any intervening changes in market value, works done to the Site, etc).

Following such Buy Back, the LLP will have no further legal interest in the 'Site and no right to reclaim any other sums expended on the 'Site. If requested, it will also handover or assign to the Council/Hyde the benefit of and copyright in any planning drawings, surveys, building contracts, professional appointments, etc, relating to the 'Site.

Once the Commencement Works have been carried out, the Council/Hyde will have no further legal right to take back a 'Site, and the LLP is free to retain the 'Site.

8. **Environmental liability.** Following the Council granting a Lease of a Priority Site, the LLP will accept all environmental liabilities, which will be highlighted by the "Environmental Condition" under the Subsequent Site Conditions.

9. **LLP Tenancy Allocations.** The LLP will comply with the LLP Tenancy Lettings Strategy for all housing units built on all Sites, whether Priority Sites, LLP Sites and Market Sites. The Council and the LLP will meet at least once per year to review this LLP Tenancy Lettings Strategy.

10. **Assignment.** No party can assign its interest in the OSLA, except that the LLP can assign or charge its benefit to a lender for the purpose of funding its development of the intended housing units.

11. **Termination.** The Council or Hyde may terminate the OSLA where the LLP becomes insolvent or commits a material breach, albeit they must first allow any funder of the LLP with an interest in a 'Site an opportunity to remedy the situation.

Bevan Brittan LLP
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