

SECTION NN: HOUSING AND AFFORDABLE HOUSING

OBLIGATIONS

1. DELIVERY OF AFFORDABLE HOUSING

1.1 Subject to sub paragraph 2.3 which provides for agreed variation to the Baseline Mix and unless otherwise agreed in writing with the Council, the Developer shall deliver the Affordable Housing Floorspace as follows:-

- (a) no more than 125 Market Housing units shall be occupied until construction contracts have been placed for 100 Affordable Housing Units;
- (b) no more than 280 Market Housing units shall be occupied until at least 220 Affordable Housing Units have been Delivered;
- (c) of the 220 Affordable Housing Units referred to in (b) above at least 110 units shall be Social Rented units;
- (d) of the 110 Social Rented units referred to in (c) above at least 35 units shall be three or four bedroom family units;
- (e) no more than 560 Market Housing units shall be occupied until at least 440 Affordable Housing Units have been Delivered;
- (f) of the 440 Affordable Housing Units referred to in (e) above, 220 shall be Social Rented units and 220 shall be Intermediate Housing Units;
- (g) of the 220 Intermediate Housing Units referred to in (f) above 40 shall be Shared Equity units; and
- (h) no more than 1,625 Residential Units shall be occupied until at least 675 Affordable Housing Units have been Delivered.

1.2 Subject to sub paragraph 2.3 which provides for agreed variation to the Baseline Mix, no more than 1,400 Residential Units shall be occupied until the Developer and the Council have agreed a mechanism to ensure the Delivery of the final 75 Affordable Housing Units under the Baseline Mix.

2. BASELINE MIX

2.1 Subject to sub paragraph 2.3 the Developer shall provide the Affordable Housing Floorspace in accordance with the Baseline Mix.

2.2 Following the third anniversary of the date of this Agreement and thereafter at intervals of not less than twelve (12) months the Council may provide to the Developer a housing statement, such statement to:

- (a) identify any proposed variation of the Baseline Mix Social Housing provision within the Social Rented Floorspace of 32,940 sq m NIFA (to the extent that such floorspace is not already provided or the subject of an ongoing procurement/tendering process); and
- (b) identify whether there is likely to be a need for Specialist Social Rented units and whether the capital and revenue funding for such housing is likely to be in place.

2.3 The Developer and the Council shall both use reasonable endeavours to agree any variation to the Baseline Mix and the consequential amendments to the thresholds in sub paragraph 1.1, always provided that any agreed variation must meet the following criteria:

- (a) the variation achieves a mix of unit sizes preferred by the Council;
- (b) the variation is consistent with the funding priorities of the Housing Corporation (or its successor), such that eligibility for Housing Corporation grant will not be affected;
- (c) the variation is consistent with the projected Child Density calculation not exceeding twenty three per cent (23%);
- (d) the number of Social Rented units will not exceed 500; and
- (e) the variation will not lead to a material reduction in the ratio between NIFA and GEA compared with the Baseline Mix.

3. LOCATION/DISTRIBUTION AND RETENTION OF AFFORDABLE HOUSING

3.1 Affordable Housing Units will be located within at least three of the following Development Zones; J, P, R, S and T.

3.2 Subject to the terms of this Agreement, the Affordable Housing Units shall be used, occupied and retained for the purpose of providing Affordable Housing.

4. HOUSING DELIVERY PLAN

4.1 For each tranche of Affordable Housing Units, the Developer shall submit a Housing Delivery Plan to the Council for approval in accordance with the Review Procedure as part of but also amplifying the submission made in accordance with Condition 24 of the Planning Permission.

4.2 The Developer shall deliver each tranche of Affordable Housing Units in accordance with the approved Housing Delivery Plan and the terms of this Agreement.

5. HOMEBUY UNITS

5.1 The Developer shall ensure that the Homebuy units are made available on the following terms:

- (a) a Homebuy Loan shall be made available to the purchaser of a Homebuy unit;
- (b) the Homebuy Loan will be repayable in full on sale of the Homebuy unit or earlier if chosen by the purchaser;
- (c) the amount to be repaid is to be the same percentage of the sale price as the original Homebuy Loan was as a percentage of the purchase price, always provided that the sale price reflects the Open Market Value of the unit at the time of sale;
- (d) if the purchaser chooses earlier repayment, the amount to be repaid will be the same percentage of the Open Market Value of the unit at the time of repayment as the original Homebuy Loan was as a percentage of the purchase price, always provided that the sale price reflects the Open Market Value of the unit at the time of sale; and

- (e) For the avoidance of doubt following repayment of the Homebuy Loan, the housing product shall no longer be subject to any Affordable Housing obligations referred to under Section NN of this Agreement.

5.2 The Developer shall ensure that the Homebuy units are made available to purchasers in the following priority order, always provided that the Council complies with paragraph 8:

- (a) Existing local authority or RSL tenants within LB Camden who are Key Workers employed in London;
- (b) Existing local authority or RSL tenants within LB Camden;
- (c) Offer Level Housing Register Applicants;
- (d) Key Workers employed within LB Camden;
- (e) Key Workers employed outside LB Camden but with a local connection to the Borough as defined within the Council's Homelessness Code of Guidance;
- (f) Other Key Workers employed in London; and
- (g) Other households requiring such accommodation who would not otherwise be able to afford adequate housing generally available on the open market.

6. RIGHT TO BUY HOMEBUY UNITS

6.1 The Developer shall ensure that the Right to Buy Homebuy units are made available to tenants of LB Camden owned housing who are eligible for right to buy under the Government Right to Buy Scheme on the following terms:

- (a) Eligible purchasers will be given a discount from the purchase price equivalent to their right to buy discount under the Government Right to Buy Scheme, up to a maximum of £16,000 (subject to incremental increases linked to Index (TPI)). The discount is subject to repayment until the end of the discount payment period on terms that mirror those in place under the Government Right to Buy Scheme;
- (b) a Right to Buy Homebuy Loan shall be made available to the purchaser of a Right to Buy Homebuy unit;
- (c) the Right to Buy Homebuy Loan will be repayable in full on sale of the Right to Buy Homebuy unit or earlier if chosen by the purchaser;
- (d) the amount to be repaid is to be the same percentage of the sale price as the original Right to Buy Homebuy Loan was as a percentage of the purchase price, always provided that the sale price reflects the Open Market Value of the unit at the time of sale;
- (e) if the purchaser chooses earlier repayment, the amount to be repaid will be the same percentage of the Open Market Value of the unit at the time of repayment as the original Right to Buy Homebuy Loan was as a percentage of the purchase price, always provided that the sale price reflects the Open Market Value of the unit at the time of sale; and
- (f) for the avoidance of doubt following repayment of the Right to Buy Homebuy Loan, the housing product shall no longer be subject to any Affordable Housing obligations referred to under Section NN of this Agreement.

6.2 The Developer having started construction of any Right to Buy Homebuy unit shall market the unit for six (6) months exclusively for occupation as a Right to Buy Homebuy unit

always ensuring that at least three (3) months of marketing shall be by reference to a completed equivalent Right to Buy Homebuy Unit and shall use reasonable endeavours to publicise the availability of the unit to eligible purchasers, such purchasers being tenants of LB Camden owned housing who are eligible for right to buy under the Government Right to Buy Scheme.

- 6.3 If at the end of the six (6) months period specified in sub paragraph 6.2 the Developer has not secured a purchaser for the Right to Buy Homebuy unit (and can, if requested, provide evidence that it has used reasonable endeavours to publicise the availability of the unit to eligible purchasers) then the Right to Buy Homebuy unit may be marketed on the same terms as Homebuy units.

7. SHARED EQUITY UNITS

- 7.1 The Developer shall ensure that the Shared Equity units are made available to purchasers in the following priority order, always provided that the Council complies with paragraph 8:

- (a) Existing local authority or RSL tenants within LB Camden who are Key Workers employed in London;
- (b) Existing local authority or RSL tenants within LB Camden;
- (c) Offer Level Housing Register Applicants;
- (d) Key Workers employed within LB Camden;
- (e) Key Workers employed outside LB Camden but with a local connection to the Borough as defined within the Council's Homelessness Code of Guidance;
- (f) Other Key Workers employed in London; and
- (g) Other households requiring such accommodation who would not otherwise be able to afford adequate housing generally available on the open market.

8. MARKETING OF INTERMEDIATE HOUSING

- 8.1 The Council will use reasonable endeavours to assist the Developer and any AHP in marketing and where appropriate promoting the availability of Intermediate Housing to its existing tenants, such reasonable endeavours to include (but not be limited to) the provision of appropriate non-sensitive data on households in housing need utilising information from the Council's own waiting list and any data held at the Sub-Regional Level.

9. SHARED EQUITY STAIRCASING RECEIPTS

- 9.1 The Developer shall ensure that none of the Shared Equity units are staircased to one hundred per cent (100%) before the expiry of a period being five years from First Occupation of each Shared Equity unit.
- 9.2 For each tranche of Shared Equity housing delivered within the Development, until the date which is fifteen (15) years following the First Occupation of any Shared Equity unit within that tranche, the Developer shall deposit all receipts from staircasing payments into the Designated Account which shall only be drawn upon for the purposes of improving the affordability of other Intermediate Housing Units delivered by the Developer as part of the Development.
- 9.3 The Developer will use reasonable endeavours to use the monies in the Designated Account in priority order to:

- (a) reduce the minimum average equity share required to be achieved at first sale of any subsequent tranches of Shared Equity units; and
- (b) provide interest free loans greater than twenty five per cent (25%) of Open Market Value on any subsequent tranches of Affordable Housing containing Homebuy units or Right to Buy Homebuy units.

9.4 If at any time prior to the end of fifteen (15) years from First Occupation it appears that the Developer will not be able to use the monies in the Designated Account for purposes under sub paragraph 9.3(a) or (b) above it will use reasonable endeavours to agree with the Council a mechanism for using the sums to make the Affordable Housing products more affordable.

9.5 For each tranche of housing delivered within the Development, following the date which is fifteen (15) years following the date of First Occupation of any Shared Equity unit within that tranche:

- (a) the Developer shall not be required to deposit receipts from staircasing payments and may retain these proceeds as capital receipts from the Development;
- (b) the Developer may treat monies within the Designated Account that were received in relation to the applicable tranche as capital receipts from the Development always provided that it has shown to the Council's reasonable satisfaction that it has used reasonable endeavours to fulfil its obligations under sub paragraph 9.3; and
- (c) the Developer shall have a right of pre-emption to purchase, at Open Market Value, any equity in Shared Equity units within the completed Development, that is offered for sale by third parties and then sell those units as Market Housing units at one hundred per cent (100%) Open Market Value, with no further Affordable Housing restrictions.

10. **HOME BUY RIGHT TO BUY DISCOUNT**

10.1 If the Right to Buy Homebuy units are used as Homebuy units in accordance with sub paragraph 6.3 the Right to Buy Discounts shall be paid into the Designated Account and utilised in accordance with sub paragraph 9.3.

11. **SPECIALIST SOCIAL RENTED**

11.1 In considering whether to include Specialist Social Rented units within a particular tranche which includes Affordable Housing Units, the Developer shall pay due regard to the Council's housing statements provided in accordance with sub paragraph 2.2.

11.2 Where the Specialist Social Rented units are intended to be included as part of an Affordable Housing tranche the Developer shall notify the Council at least fourteen (14) weeks prior to the date of issuing an invitation to tender under paragraph 19 or at least fourteen (14) weeks prior to entering into a contract under paragraph 23. Within twelve (12) weeks of receiving this notification the Council shall confirm to the Developer whether there is a need for this type of housing within the Development and whether capital and revenue funding is likely to be in place. If the Council notifies the Developer that there is no such need and/or that such funding is not likely to be available the provisions in paragraph 11.3 shall apply.

11.3 In the circumstances set out in sub paragraph 11.2 the Council may as part of its notification under sub paragraph 11.2 propose for the approval of the Developer the replacement provision of the 88 units or the equivalent floorspace (4,224 square metres NIFA) (to the extent that such floorspace and units are not already provided or the subject

of an ongoing procurement/tendering process) from a combination of the following options:

- (a) the provision of a lesser number of Specialist Social Rented units and the provision of additional 1-bed General Needs Social Rented units; or
- (b) the provision of an alternative mix of additional General Needs Social Rented units; or
- (c) the use of the equivalent floorspace by increasing the size of other General Needs Social Rented units.

11.4 The Developer and the Council shall both use reasonable endeavours to agree the replacement provision under sub paragraph 11.3 of this Agreement, always provided that any agreed variation should meet the criteria specified at sub paragraph 2.3.

12. WHEELCHAIR ACCESSIBLE HOMES

12.1 Subject to sub paragraph 12.2 the Developer shall provide ten per cent (10%) of the Social Rented units as Wheelchair Accessible Homes.

12.2 The Council will agree to a reduction in the percentage of Wheelchair Accessible Homes referred to in sub paragraph 12.1 if the Developer can demonstrate to the Council's reasonable satisfaction that:

- (a) the lower percentage would meet the need for those units within the Borough at the time of delivery; or
- (b) the relevant funding, design and other delivery mechanisms justify a lower percentage.

12.3 The Social Rented Wheelchair Accessible Homes shall be provided and accommodated within the Social Rented Floorspace of 32,940 sq m NIFA.

12.4 The Developer shall provide up to ten per cent (10%) of Market Housing and Intermediate Housing as Wheelchair Accessible Homes, the percentage to be derived from appropriate professionally undertaken local research into the likely take up of such units within LB Camden and consideration of the relevant funding, design and other delivery mechanisms such research to be undertaken to the reasonable satisfaction of the Council.

12.5 The Council will agree to a percentage of Wheelchair Accessible Homes referred to in sub paragraph 12.4 lower than ten per cent (10%) in circumstances where:

- (a) the research referred to in sub paragraph 12.4 shows that the lower percentage would meet the likely take up of such units within LB Camden at the time of delivery; or
- (b) the Developer can demonstrate to the Council's reasonable satisfaction that the relevant funding, design and other delivery mechanisms justify a lower percentage.

12.6 The Developer may provide Wheelchair Accessible Homes on upper floors provided that there is suitable lift access and the internal floor arrangements can accommodate wheelchairs/disabled persons.

13. CAR PARKING

13.1 Car parking will be provided for Affordable Housing Units as follows:

- (a) Social Rented housing: such that, taking account of the parking made available for Social Rented Wheelchair Accessible Homes the average car parking space ratio is 0.25 space per unit. Prioritisation shall be given to the Wheelchair Accessible Homes and also larger (3 and 4 bedroom) units; and
- (b) Intermediate Housing: such that, taking account of the parking made available for Intermediate Housing Wheelchair Accessible Homes the average car parking space ratio is 0.335 space per unit overall. Studio units (25 sq m net) shall not have the benefit of car parking spaces and prioritisation shall be given to the Wheelchair Accessible Homes.

14. DESIGN AND DELIVERY

14.1 Shared Ownership, Social Rented and Key Worker Sub Market Rented units will be provided in accordance with the Housing Corporation Scheme Development Standards (or its replacement) as amended from time to time unless the Developer can demonstrate to the Council's reasonable satisfaction that no Housing Corporation Grant is required.

14.2 The Developer will design Affordable Housing Units in accordance with the requirements of this Agreement so that there is no significant difference between buildings of different tenures in terms of their generic design quality and workmanship with respect to the external envelope of such buildings always provided this will not limit:

- (a) the Developer's scope to utilise external cladding materials for Affordable Housing Units commensurate with (i) the Affordable Housing Transfer Prices at Schedule NN, Part 3 and (ii) the aim of keeping Service Charges affordable. The parties acknowledge that as an example there is scope for the Developer to utilise a higher solid:glazing ratio on Affordable Housing Units than marketing housing; and
- (b) the Developer's scope to incorporate diversity in the design of the Residential Units at the Development in order to create a desirable urban environment.

14.3 The Developer shall carry out all works of construction, conversion and fitting out in a good and workmanlike manner using good quality materials to make the Affordable Housing Units suitable for occupation as Affordable Housing.

15. LOCAL LETTINGS PLAN

15.1 Lettings of Social Rented and Shared Ownership units within the Site will be subject to the operation of the Local Lettings Plan which shall set out how the Council's housing allocation scheme shall apply within the Development.

15.2 The Local Lettings Plan will prioritise those living in LB Camden wards located in the CIZ and thereafter shall apply to those living within the WIZ and thereafter borough-wide allowing for any sub-regional arrangements which may apply from time to time.

15.3 The Developer and the Council shall prepare jointly the first Local Lettings Plan and shall both use reasonable endeavours to agree its contents in consultation with any relevant AHP(s) before the Developer first commences the tendering/procurement process described in paragraph 19.

15.4 The Local Lettings Plan will be reviewed jointly thereafter at least every two (2) years from the First Occupation of any Social Rented unit in the Development. The updated Local Lettings Plan shall be subject to the approval of the Developer, the Council and the relevant AHPs in order to achieve the underlying objectives of the Local Lettings Plan.

15.5 The first Local Lettings Plan and subsequent reviews will take into account inter alia the characteristics of the existing community and will be used to inform future lettings.

- 15.6 The issues that will be addressed within the first Local Lettings Plan and thereafter at each review will include:
- (a) the need to achieve a balanced mix of incomes across all forms of Affordable Housing tenure and, to the extent it is appropriate to do so in order to achieve (b) to (g) below, within all forms of Affordable Housing tenure;
 - (b) the benefit of local connections: to include, wherever possible, households with local family or employment links;
 - (c) the contribution to community: to include, wherever possible, households that make an active contribution to community life always provided that any household who satisfies this criteria should not automatically take priority over a person and/or household in housing need;
 - (d) household characteristics: for example achieving a sustainable age profile having regard to occupancy levels and a balanced mix of household vulnerability;
 - (e) child density: Child Density within such a high density urban environment should not exceed twenty-three per cent (23%) overall (excluding the student population) provided that meeting this criteria should not automatically take priority over a person and/or household in housing need;
 - (f) tenancy history: the attraction of households with a history of successfully maintaining a tenancy with no serious breaches normally within a two (2) year period (or a longer time period if reasonably justified by the AHP) prior to the proposed Occupation date;
 - (g) prioritisation criteria to reflect the above, to encourage longevity of tenancies and to ensure households with specific needs are appropriately supported.

15.7 In recognition of the high density characteristics of the Development the provisions of the Local Lettings Plan shall reflect the Council's Sustainable Estates Policy and the importance of ensuring effective, proactive management.

15.8 The Council will use reasonable endeavours to afford the Development sustainable estate status under the Sustainable Estates Policy before the Developer first commences the tendering/procurement process described in paragraph 19.

16. SERVICE CHARGES

16.1 Occupants of Affordable Housing Units shall be liable to pay Service Charges.

16.2 The Developer shall design buildings containing Affordable Housing in consultation with the relevant AHP (if applicable).

16.3 The Developer shall use reasonable endeavours to keep the Service Charges for Affordable Housing Units as low as reasonably practicable.

16.4 Subject to having complied with meeting the requirements of sub paragraph 16.3 the actual level of Service Charges shall be at the discretion of the Developer or AHP as appropriate.

17. ESTATE MANAGEMENT CHARGES

17.1 Occupants of Affordable Housing Units shall be liable to pay Estate Management Charges.

- 17.2 The Developer will use reasonable endeavours to keep the Estate Management Charges for Affordable Housing Units as low as reasonably practicable.
- 17.3 Estate Management Charges will only be payable by occupants of Social Rented and Key Worker Sub-Market Rented units on the following basis:
- (a) Occupiers of the Social Rented units and Key Worker Sub-Market Rented units shall pay Estate Management Charges for estate management services provided within Development Zones R and S including streets S1-S4 and R1-R4 and within Cubitt Park, Handyside Park, York Square, North Square, Goods Street, Canal Street and York Street, provided that Estate Management Charges shall only be paid in respect of such areas that have been Practically Completed;
 - (b) Subject to the requirements of sub paragraph 17.4 below, occupiers of the Social Rented units and Key Worker Sub-Market Rented units shall pay Estate Management Charges that represent a proportion of the costs properly incurred in the estate management of such areas. The proportion shall be calculated each year as follows:

The floorspace (GEA) of Social Rented and Key Worker Sub-Market Rented units that is Practically Completed ÷ The total floorspace (GEA) to the north of the Regent's Canal that is Practically Completed.
 - (c) Occupiers of the Social Rented units and Key Worker Sub-Market Rented units shall not pay Estate Management Charges for estate management services provided elsewhere within the Site;
- 17.4 The Estate Management Charges paid by occupiers of the Social Rented units and Key Worker Sub-Market Rented units shall be benchmarked against and not exceed the estate management charges at mature and comparable estates in Central London.
- 17.5 The Developer shall provide to the Council for agreement details of the first Estate Management Charges in respect of the units referred to in sub paragraph 17.4 at least three (3) months before any costs are levied, a response to such submission to be made in accordance with the Review Procedure. Any subsequent increases shall be notified to the Council at least three (3) months before any increased charges are levied and if the Council disputes such increase it shall forthwith provide to the Developer benchmarking information as set out in sub paragraph 17.4. In the event of a dispute in relation to the initial costs or a continuing dispute in relation to any increase in those costs, it will be determined in accordance with clause 16 and the disputed element of any increase shall not be charged until the level has been either agreed or determined in accordance with clause 16.
18. **AFFORDABLE HOUSING TRANSFER PRICES AND CHARGES**
- 18.1 The parties acknowledge that the Affordable Housing Transfer Prices include the provision by the Developer of private residential amenity space for the Affordable Housing Units within the relevant Development Plot.
- 18.2 The Parties acknowledge that the Affordable Housing Transfer Prices do not include the provision by the Developer of kitchen "white goods" appliances. The Developer shall not be required to provide such appliances provided that the Developer shall use reasonable endeavours to provide such appliances if they are requested by the AHP prior to the conclusion of the tender process in paragraphs 19, 20 and 22 provided that such request does not lengthen the tender process.
- 18.3 The Developer can amend any Affordable Housing Transfer Price to cover the additional reasonable and properly incurred costs incurred:

- (a) in the provision of the Wheelchair Accessible Homes compared to the costs of General Needs Social Rented units;
 - (b) in the provision of Specialist Social Rented units compared to the costs of General Needs Social Rented units;
 - (c) in the provision of noise isolation or other building engineering solutions to secure the Council's approval of groundborne noise levels in accordance with Condition 61 of the Planning Permission; and
 - (d) as a result of accommodating changes in Housing Corporation Scheme Development Standards;
 - (e) in the provision of kitchen "white goods" appliances agreed between the AHP and the Developer as part of the tender process in paragraphs 19, 20 and 22.
- 18.4 The Transfer Price for each car parking space provided for Social Rented Housing units, Shared Ownership units and Key Worker Sub Market Rented units in accordance with paragraph 13 and transferred with those units to an AHP shall be £10,000, as identified in Schedule NN, Part 3.
19. **TENDERING/PROCUREMENT OF AFFORDABLE HOUSING UNITS**
- 19.1 The Developer shall tender the Affordable Housing Units (excepting and excluding the Shared Equity, Homebuy and Right to Buy Homebuy units) in tranches for transfer to an AHP on the Qualifying Terms. Where practicable, the Developer shall undertake the tender process before the relevant submission of Reserved Matters.
- 19.2 No later than two (2) weeks prior to issuing an invitation to tender for any Affordable Housing Units the Developer shall provide to the Council a list of AHPs to be invited to tender for the Affordable Housing Units, such list to include all Registered Social Landlords on the Council's approved list and other AHPs nominated by the Developer.
- 19.3 The Developer shall issue the invitation to tender to such of the AHPs referred to in sub paragraph 19.2 as the Developer deems appropriate, provided that it must be issued to all Registered Social Landlords on the Council's approved list, with a requirement that the response to the invitation to tender must be received by the Developer within three (3) weeks of the invitation to tender being issued.
- 19.4 Following receipt of replies to the invitation to tender, the Developer shall:
- (a) provide the Council with the list of AHPs to whom it is intended the final tender documentation will be sent;
 - (b) issue the final tender documentation to all AHPs who replied to the invitation to tender requesting tender documentation and to any other AHP(s) at the Developer's discretion; and
 - (c) ensure that the final tender documentation shall instruct AHPs to prepare tenders on the basis that the total rental level across all Shared Ownership units within that tranche should not exceed two per cent (2%) per annum of the Open Market Value of the retained (unsold) equity.
- 19.5 The Developer shall ensure that the AHPs will have at least two (2) months from the date of issuing the final tender documentation to respond and submit its tender to the Developer or its nominated agent before the tender submission deadline.
- 19.6 No more than two (2) months following the tender submission deadline the Developer shall:

- (a) review the tender submissions to identify whether any meet the Qualifying Terms; and
 - (b) select a Preferred AHP from those tender submissions which meet the Qualifying Terms ("Qualifying Offer") (if any).
- 19.7 If and only if none of the tender submissions meet the Qualifying Terms the Developer may trigger the first stage of the cascade mechanism in accordance with the terms of this Agreement.
- 20. FIRST STAGE OF THE CASCADE MECHANISM**
- 20.1 If and only if sub paragraph 19.7 hereof applies the Developer shall, in full consultation with the Council:
- (a) negotiate with one or more of the AHPs that submitted a tender with the aim of delivering the relevant Affordable Housing Units on terms as close as possible to the original Qualifying Terms, provided that the aggregate Affordable Housing Transfer Price for the units is achieved; or
 - (b) invite the AHPs who received the final tender documentation to submit revised tender submissions within one (1) month of such invitation, on terms as close as possible to the original Qualifying Terms, provided that the aggregate Affordable Housing Transfer Price is achieved. In the event that the Developer proceeds under this option it shall inform the Council as to the content of any revised tender submissions and shall further advise the Council of the outcome of this revised tender process within ten (10) working days of the known outcome.
- 20.2 If the Developer is successful in procuring a Preferred AHP under sub paragraph 20.1 above it shall obtain the Council's written approval of any necessary adjustments to the dwelling mix or other aspects of the Affordable Housing provision required as a direct result of the negotiations undertaken in accordance with sub paragraph 20.1(a) or the revised tender submission in accordance with sub paragraph 20.1(b) and the Council shall respond to any such request for approval in accordance with the Review Procedure.
- 21. TRANSFER OF THE AFFORDABLE HOUSING**
- 21.1 The Developer shall use reasonable endeavours to enter into a contract for the transfer of the relevant tranche of Affordable Housing Units to the Preferred AHP referred to in sub paragraph 19.6 within six (6) months of the tender submission deadline in sub paragraph 19.5 such transfer contract to be in accordance with the terms of the Preferred AHP's Qualifying Offer.
- 21.2 If the first stage of the cascade mechanism is triggered under sub paragraph 19.7, the Developer shall use reasonable endeavours to enter into a contract for the transfer of the relevant tranche of Affordable Housing Units to the AHP which has made an offer that (a) is acceptable to the Developer; and (b) delivers an outcome agreed by the Council, within six (6) months of the tender submission deadline in sub paragraph 19.5 such transfer contract to be in accordance with the terms of the AHP's renegotiated offer (sub paragraph 20.1(a)) or revised tender submission (sub paragraph 20.1(b)), as appropriate.
- 21.3 If a contract has not been entered into within three (3) months from the tender submission deadline referred to in sub paragraph 21.1 or 21.2 as appropriate the Developer shall notify the Council of the progress on the contract and consult with the Council regarding its proposals for exchange of the contract within the said six (6) months.
- 21.4 If and only if the Developer has used reasonable endeavours to enter into the contract referred to in sub paragraph 21.3 above (and will, if requested by the Council, provide

evidence to that effect to the Council's reasonable satisfaction) the Developer may trigger the second stage of the cascade mechanism in accordance with the terms of this Agreement provided that the Developer shall not trigger such second stage prior to the expiry of the six (6) months period referred to in sub paragraph 21.3.

22. SECOND STAGE OF THE CASCADE MECHANISM

22.1 The Developer shall deliver the relevant tranche of Affordable Housing Units in accordance with an alternative housing package as follows:

- (a) The Developer shall provide or transfer to an AHP for the Affordable Housing Transfer Prices any Key Worker Sub Market Rented units;
- (b) The Developer shall provide or transfer to an AHP for the Affordable Housing Transfer Prices any Shared Ownership units;
- (c) The Developer shall deliver fifty per cent (50%) of the Social Rented units in accordance with the Alternative Housing Package for Social Rented units table in Schedule NN, Part 4. The Developer shall transfer these units to an AHP for the Cascade Prices set out in such table, subject to incremental increases in Index (TPI) up to the date of transfer;
- (d) The Developer may provide the remaining Social Rented units fifty per cent (50%) as Market Housing without restriction, in accordance with the unit mix in such table.

22.2 If the Developer realises a development profit on any tranche of units delivered in accordance with sub paragraphs 22.1(c) and 22.1(d) that exceeds a twenty per cent (20%) return on the overall development costs of those Market Housing units delivered in accordance with sub paragraph 22.1(d), then the Developer shall pay to the Council fifty per cent (50%) of any additional profits realised in excess of such return of twenty per cent (20%).

22.3 For the purposes of sub paragraph 22.2 the calculation of development profit shall exclude any allowance for land value, site infrastructure, planning obligations or profit/risk margin in relation to those Social Rented units delivered in accordance with sub paragraph 22.1(c).

22.4 The Council shall use any monies received under sub paragraph 22.2 to support the delivery of Affordable Housing within the Development.

23. EXPEDITED PROCUREMENT OF AFFORDABLE HOUSING

23.1 Subject to sub paragraph 23.2 the Developer shall not be required to undertake the obligations contained in paragraphs 19, 20, 21 or 22 in circumstances where the Developer enters into a contract with an AHP for the transfer of the relevant tranche of Affordable Housing Units on the basis of the Qualifying Terms.

23.2 Prior to entering into a contract under the provisions of sub paragraph 23.1 the Developer must demonstrate to the Council's reasonable satisfaction that the proposed contract is based upon the Qualifying Terms.

24. GENERAL PROVISIONS

24.1 The provisions of this Section NN shall not bind:

- (a) subject to sub paragraph (b), any mortgagee of the owner for the time being of any interest in an Affordable Housing Unit or any receiver or manager (including an administrative receiver) appointed pursuant to the Law of Property Act 1925 or

otherwise by a party who has provided loan facilities to such owner and who exercises any power of sale;

- (b) if a mortgagee of an AHP or any receiver appointed by such mortgagee seeks to dispose of any Affordable Housing Unit (which for the avoidance of doubt for the purposes of this sub paragraph (b) does not include Shared Equity units, Shared Ownership units or Right to Buy Homebuy units) pursuant to its power of sale such person shall first use reasonable endeavours to sell the Affordable Housing Unit or such part thereof to another AHP provided that if after a period of three (3) months (or such additional period (not exceeding one (1) month) as may be agreed if negotiations with the AHP are well advanced) having used all reasonable endeavours) such person shall not have sold the Affordable Housing Unit to another AHP the mortgagee of the AHP or such receiver shall from that date be under no obligation to sell the Affordable Housing Unit or such part thereof to an AHP and shall be entitled to exercise its powers of sale or make a disposition as the case may be free of any restrictions;
- (c) any person who has acquired one hundred per cent (100%) of the equity in a Shared Equity unit or a Shared Ownership unit through the staircasing provisions;
- (d) any person who exercises any right to buy or acquire an Affordable Housing Unit pursuant to a right under the Housing Act 1985 as amended or any other statutory power; or
- (e) the successors in title to the persons described in sub paragraphs (a), (c) and (d).