

Second Schedule

The Owners Covenants with the Council in respect of affordable housing

The Owners covenant with the Council as follows:

1. Affordable Rented Units

- 1.1. Subject to the terms of this Deed, the Affordable Rented Units shall only be Occupied as follows:
  - 1.1.1. by a person and his family who on allocation of the Affordable Rented Unit was a person in Housing Need or meeting such other personal criteria as may subsequently be agreed by the Council in all respects acting reasonably from time to time during the lives of the said Affordable Rented Units;
  - 1.1.2. on the basis of being let for the Affordable Rent or less.
- 1.2. Save where the Owner comprises a Registered Provider himself (as defined for the purposes hereof) and subject always to paragraph 4 hereof as soon as reasonably practicable after Practical Completion of the Affordable Rented Units (it being agreed that nothing shall prevent the Owners from selling the land upon which the Affordable Rented Units are to be constructed or incomplete Affordable Rented Units to a Registered Provider prior to Practical Completion) the Owners shall transfer the Affordable Rented Units to a Registered Provider.
- 1.3. Any transfer of any Affordable Rented Unit by the Owners to a Registered Provider ("a Relevant Provider") must contain covenants to the effect that subject to the exemptions contained in clause 13 of this Agreement:-
  - 1.3.1 the Relevant Provider shall not use or permit an Affordable Rented Unit to be let at a rent which exceeds the Affordable Rent and which is managed by the Relevant Provider;
  - 1.3.2 the allocation of the Affordable Rented Units shall be made through the Northumberland Homefinder Scheme or any replacement policy, other than where an existing policy addressing housing needs and/or relating to Affordable Housing between the Council and the Relevant Provider already exists or is agreed from time to time; and
  - 1.3.3 a requirement that the same terms as set out in this paragraph 1.3 (including this paragraph 1.3.3) shall be included in any subsequent transfer of any of the Affordable Rented Units by the Relevant Provider to another Registered Provider or body where the transferee is taking over responsibility for the provision of or management of the Affordable Rented Units providing that such covenant shall be expressed to be subject to the exemptions as given in clause 13 of this Agreement

2. Delivery

2.1. That the Affordable Housing Units shall not at any time be used other than for Affordable Housing (save where expressly set out in this Deed).

2.2.

2.2.1. That not more than 100 Open Market Dwellings shall be Occupied until 29 of the Affordable Housing Units shall have been Practically Completed and made available for Occupation in accordance with the Planning Permission.

2.2.2. That not more than 150 Open Market Dwellings shall be Occupied until 57 of the Affordable Housing Units shall have been Practically Completed and made available for Occupation in accordance with the Planning Permission.

2.2.3. That not more than 201 Open Market Dwellings shall be Occupied until 87 of the Affordable Housing Units shall have been Practically Completed and made available for Occupation in accordance with the Planning Permission.

2.2.4. That not more than 253 Open Market Dwellings shall be Occupied until all of the Affordable Housing Units to be provided on the Site shall have been Practically Completed and made available for Occupation in accordance with the Planning Permission.

### 3. Discounted Market Sale Units

3.1 No Discounted Market Sale Unit ("DMSU") shall be Occupied, unless the Council's S106 Officer, has confirmed in writing that the purchaser of the DMSU is a Qualifying Person and they would not be able to purchase the DMSU at the Open Market Value of that particular Dwelling and the DMSU shall not be sold at a sale price greater than the Discounted Market Sale Price.

3.2 In order for the Council to certify the proposed sale price of a DMSU is a Discounted Market Sale Price the owner for the time being of a DMSU shall provide the Council with a copy of a RICS valuation report of the Dwelling together with the proposed Discounted Market Sale Price of that unit:

3.2.1 prior to first Occupation; and

3.2.2 on every future occasion the DMSU is proposed to be sold and no sale shall take place until the Council has certified accordingly.

3.3 A person who satisfies the basic qualifying criteria for occupation of a DMSU shall hereafter be referred to as a "Qualifying Person" and the criteria satisfied by a Qualifying Person shall be demonstrated by a need to be housed locally by virtue of their strong local connections that is people within at least one of the following four categories:-

3.3.1 People who have had their main place of residence locally for at least 6 months in the preceding 2 years; or

- 3.3.2 People who are employed locally or are to be employed locally or have retired from employment locally and wish to remain in the local area; or
- 3.3.3 People whose work provides local services and who need to live locally;
- 3.3.4 People who have long standing connections with the local area, such as the children of local residents or elderly people, who need to move back to the local area to care for or be cared for by relatives or other carers.
- 3.3.5 In the above respects "local" or "locally" means the Settlement, Parish or adjoining Settlement or Parish in which the DMSUs are built as a first priority for occupation of a DMSU in accordance with the terms of paragraph 3.4.1 and the administrative area of the Council as the second priority for occupation of the DMSU for the purposes of paragraph 3.4.2.
- 3.4 Such Qualifying Persons must be allocated a DMSU upon the basis of the following priority criteria:-
  - 3.4.1 First priority to be given to people connected to the Settlement or Parish or the Adjoining Settlement or Parish in which the DMSUs are built (hereinafter referred to as "an Adjoining Parish Person")
  - 3.4.2 Second priority to be given to people connected to the Administrative Area of the Council (hereinafter referred to as "a County Person")
- 3.5 No DMSU shall be Occupied unless it is (or in the case of the first sale will following completion of the registration at the Land Registry of the transfer of such Discounted Sale Unit be) subject to the Discounted Sale Restriction on the register of title to the relevant DMSU; and a copy of the relevant restriction and the certificate referred to therein has been supplied to the Council (marked for the attention of the Council's s106 Officer) on each such disposition of such unit.
- 3.6 In trying to allocate the occupation of a DMSU in accordance with paragraph 3.4 above, the Owner(s) will target their Initial Marketing for a period of 12 weeks at prospective occupiers who are Qualifying Persons and are Adjoining Parish Persons.
- 3.7 If in trying to allocate the occupation of a DMSU in accordance with paragraph 3.6 above, the Owners do not contract to sell the DMSU within 12 weeks of commencing Marketing mentioned for the purposes of paragraph 3.6, the Owners will target their Additional Marketing for a further period of 6 weeks following the said 12 week period at prospective occupiers who are Qualifying Persons and are a County Person
- 3.8 If at the end of the total 18 week period referable to the marketing of the DMSUs for the purposes of paragraphs 3.6 and 3.7 any given DMSU is not contracted for sale in accordance with the criteria and procedures specified in paragraphs 3.1 to 3.7 above, the Owners shall be free to dispose of the DMSU to a person originating from and connected to any location, not just a person

who qualifies for the purposes of hereof as an Adjoining Parish Person or a County Person

3.9 It is hereby PROVIDED AND AGREED that: -

- 3.9.1 every time a DMSU shall become available for sale again in the future it shall be allocated to persons in strict accordance with the occupation criteria set out in paragraphs 3.1 to 3.8 (inclusive) above, and
- 3.9.2 in the case of the first sale of a DMSU, the Owners shall be free to market those DMSU's in full accordance with the terms of paragraphs 3.1 to 3.8 at any point prior to the construction of such Dwellings being completed (though such period of Marketing may not begin prior to the Commencement of Development) and any such period of Marketing (that has taken place prior to substantial completion of the DMSUs)

4. Conversion Notice

- 4.1. Where, despite having used all reasonable endeavours to transfer the Affordable Rented Units (or any number of them) in a particular Phase to a Registered Provider as provided for by paragraph 1.2 of this Schedule on terms which include the provisions and restrictions set out in paragraph 1.3 of this Schedule and otherwise on terms acceptable to the Owner(s) (acting reasonably) (including that the Owner(s) shall not be obliged to sell the Affordable Rented Units at less than the Transfer Price) the Owner(s) has/have been unable to dispose of all or any number of the Affordable Rented Units within a particular Phase to a Registered Provider within six (6) months of the commencement of the construction of the Affordable Rented Units within that particular Phase then the Owner(s) shall be entitled to serve the Conversion Notice upon the Council in respect of those Affordable Rented Units that have been offered to a Registered Provider within that particular Phase.
- 4.2. Following service of the Conversion Notice upon the Council; the Owners must use all reasonable endeavours to co-operate with the Council in an attempt to secure the transfer of the Affordable Rented Units to any Registered Provider proposed by the Council on terms which include in relation to the Affordable Rented Units the provisions and restrictions set out in paragraph 1.3 of this Schedule and otherwise on terms acceptable to the Owners (acting reasonably) including that the Owners shall not be obliged to sell the Affordable Rented Units at less than the Transfer Price.
- 4.3. If after a period of three (3) months from the date upon which the Conversion Notice was served upon the Council, it has not been possible to secure the transfer of the Affordable Rented Units within a particular Phase to a Registered Provider then (provided that the Owners have/has complied with its obligation in paragraphs 4.1 and 4.2 of this Schedule) the restrictions in paragraphs 1.2 and 1.3 of this Schedule (as applicable) shall cease to apply to those Affordable Rented Units within that Phase that

remain unsold and those Affordable Rented Units shall instead be sold as Discounted Market Sale Units in accordance with paragraph 3 of this Schedule.

- 4.4. If after the end of a period of twelve (12) months from the date that the Owners served the Conversion Notice on the Council, the Owners have not been able to reach agreement with a purchaser for the transfer to it of the Discounted Market Sale Units within a particular Phase or any of them at the Discounted Market Sale Price, then the Owners shall be able to request that the Council, at its absolute discretion AND subject to the approval of the relevant Planning Committee of the Council, to permit them to dispose of the Discounted Market Sale Units within that particular Phase at Open Market Value provided that:
  - 4.4.1. the Owners provide evidence to the Council that they have made a reasonable attempt to market and dispose of the Dwelling as a Discounted Market Sale Unit; and
  - 4.4.2. the Owners pay to the Council twenty percent (20%) of the Open Market Value of the relevant Dwelling on the disposal of each of those Discounted Market Sale Units as an Off-Site Affordable Housing Contribution.
- 4.5. For the purposes of this Agreement those Discounted Market Sale Units shall be deemed to have been provided upon the date when the Owners give written notice to the Council that it is exercising the option set out at paragraph 4.4 above.
- 4.6. For the avoidance of doubt the obligations in this Second Schedule shall only be enforced against the Affordable Housing Units.

