

Letter of Intent made between Huntingdonshire District Council and Lucra Asset Management Limited and Inspired Structured Solutions Limited in relation to the provision of 200 social homes within the district.

Following extensive and determined discussions, the parties have reached a mutual understanding and a firm decision to engage with each other. This letter of intent is a recital of the matters contained in the Heads of Terms and lease agreements.

Huntingdonshire District Council (HDC) is prepared to enter into a long-dated lease for 40 years without break clauses with Inspired Structured Solutions (“ISSL”) nominated subsidiary (SPV). The terms of this lease are to be set out in a separate lease agreement. This Letter of Intent is conditional in that it is subject to Huntingdonshire District Council securing internal approvals and Cabinet approval on 17th June to enter into lease agreements to provide 200 social homes.

Inspired will provide 200 sustainable homes at no capital cost to HDC with the location, specification, bedroom mix, timetable, and space standards being agreed by HDC, and the homes being provided within its spatial area.

HDC are responsible for placing tenants from their waiting list into the homes which qualifies for Housing Benefit or Housing Allowance or Universal credit.

HDC is responsible for insuring the homes (building insurance).

The rent will not exceed the LHA rates stipulated by the DWP for that postcode district during the period of the lease. Indexation will be limited to and track the rates set by the DWP.

Inspired or its nominated company will collect the social/affordable rent and service charge from the tenants and pay the LHA rates and Service Charge to JP Morgan. Any shortfall in rent collected (bad debts) will be paid by HDC.

All general repairs, major repairs and replacements will be borne by an Inspired nominated company, and at no cost to HDC.

Inspired will indemnify HDC from any rent voids that are caused by a defect that results in uninhabitable homes (in absence of a reserve home being available to tenants). Any other voids costs or bad debts will be paid by HDC.

Inspired will be responsible for all maintenance, general upkeep and life cycle remediation of the properties and common parts throughout the term of the lease at its own cost.

Any damages or breaches of the tenancy agreement that cause a cost of repair will result in reimbursement by HDC. All expenditure will be pre-approved between Inspired and Local Authority.

HDC shall have the right to use the property as it sees fit provided always that it ensures rents that are linked to LHA and are paid in full to Inspired.

Inspired has the right to supply, electricity, fresh water and used water treatment services to the properties.

Inspired will offer HDC the following three options to be expedited before the final year of the 40-year Agreement -

- The purchase of the properties at the end of 40th anniversary of the Agreement for a heavily discounted sum, or
- HDC chooses not to exercise its option to purchase (the properties will need to be vacated by the 40th anniversary of the Agreement) or
- HDC elects to extend the existing Agreement by a further of period on the same terms (minimum period 25 years). Notification and signed agreement for the extension of the Agreement needs to be completed prior to expiry of the existing Agreement.

Inspired has the right to access the properties to repair or replacement of the property.

Inspired has the right to install systems and upgrades whilst allowing access to IOT (Home Angel and G.R.E.A.T).

In the event Inspired Solutions seek grant funding from Homes England, HDC will support such bids.

Huntingdonshire District Council

Authorised Signatory

Name

Lucra Asset Management Limited and Inspired Structured Solutions Limited

Authorised Signatory

Name