

## **APPENDIX 2**

### **Proposed Acquisition of Ivy House, 279 Seven Sisters Road, N4 for Temporary Accommodation - Terms of Lease Agreement**

#### Terms of the Lease

The pertinent terms of the new lease (subject to an agreement for lease) are as follows:

Term:	7 Years less one day from practical completion of the works.
Rent:	£1,090,007.36 (80% of 2019 LHA rents)
Rent Review:	5th anniversary of the lease @ 80% of LHA
Repair:	No repairing / decoration obligation
Dilapidation's:	No dilapidation's obligation

#### Renewal Option:

At expiry the Council has the option to take a further lease of 7 years on the same terms (including passing rent subject to review)

#### Terms of the Management Agreement

The pertinent terms of the management agreement, which will be a schedule to the lease, are:

Term:	7 Years to mirror the lease
Fee:	£204,376.38 pa
Fee Review:	5th anniversary of the agreement @ 15% of LHA
Scope:	Full management of the Hostel including an agreed list of personnel
Break:	The Council can end the contract on 3 months' notice for non-performance.

#### **Notes**

Housing Needs finance have undertaken a comparison of the cost of the old lease agreed in 2013 with that of the new including management agreement and have calculated a saving to the Council of £126,450 per annum totalling £885,150 over the 7-year term compared with the old lease. The dilapidations savings on both leases is not included in their calculations. The Council is able to recover up to 90% of Local Housing Allowance (LHA) from Central Government. Housing needs making appropriate assumptions on voids and bad debts and other running costs (but not the SDLT payment) have calculated that the lease and management agreement net cost to the council will be in the order of £115,000 per annum (£1,250 per unit)