



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
4 June 2019
Agenda Item 5

Key Decision [~~Yes~~/No]

Ward(s) Affected: Northbrook

Delivering New Homes for our Communities - Fulbeck Avenue

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1 The purpose of this report is to consider a proposal to work in partnership on an innovative approach to delivering upto 162 new homes at Fulbeck Avenue, Worthing, in conjunction with BoKlok UK by granting them a license to build on the Council's land.
- 1.2 As part of the deal Worthing Borough Council would receive 30% of the completed new homes in lieu of a capital receipt for the license to build on the land.
- 1.3 The report recommends that Worthing Borough Council agree to work in collaboration with Boklok to develop a wider programme to deliver 500 homes new homes for Worthing residents.

2. Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
 - a. Delegate to the Director for the Economy in consultation with the Leader of Worthing Borough Council and Executive Member for Regeneration, the authority to enter into a Collaboration

Agreement, in accordance with the Heads of Terms set out in Appendix 2 for the purpose of securing the development of the Fulbeck Avenue site.

- b. Agree to dispose of land known as Fulbeck Avenue by way of a building lease at a value to be agreed, subject to an independent valuation and in accordance with the Council's statutory best value obligations.
- c. Appoint the Director for the Economy and Head of Major Projects & Investment to sit on a jointly established Steering Group with Senior Officers of BoKlok and to act as the Council's representatives, and to have the authority to exercise all Executive functions, (subject to paragraph 2.5 below) relevant to the development of the site, on behalf of Worthing Borough Council, subject to them acting within approved budgetary limits and legal, constitutional and governance arrangements.
- d. Receive a report back by December 2019 to be updated as to progress and developments on the Fulbeck Avenue site.
- e. Receive a report back in due course with any proposals in respect of other sites being incorporated into the Collaboration Agreement.

3. Background

- 3.1 Worthing Borough Council and BoKlok have jointly explored the opportunity to provide the local market with a new and innovative pathway to affordable home ownership, whilst increasing and accelerating the provision of new affordable homes for rent.
- 3.2 Worthing Council's Housing Strategy (2017-2020) notes a high rate of local house price inflation and a 11x relationship between average house prices and average wages in the area (compared to a National Average of 8x). It also predicts population growth of 7500 over the next 25 years.
- 3.3 Within Worthing the predicted demand in the Housing Needs Assessment is 435 new affordable homes each year, through to 2033. The strategy notes that access to the affordable home ownership, private rent and affordable rented homes is challenging for those on average wages; in 2015 at £25,458 in Worthing. Only 1 bedroom properties have been within reach for these people.
- 3.4 Specifically, the Council is seeking to work with developers (amongst others) to bring forward the supply of new homes and their ongoing maintenance, through the development of the local plan whilst re-thinking traditional ideas of what modern housing looks like. Further, the Council is keen to look at modern methods of construction, new space standards and funding models to support this ambition.
- 3.5 The strategy concludes that promoting the area as a place to invest for developers, maintaining new affordable policy provision of 30%, reviewing council assets, considering new contractual delivery options and technologies and leveraging central government grant and funding are central to increasing local, affordable new housing supply.
- 3.6 Boklok is residential developer that wants to build new homes at a price which is accessible to many. Nurses, teachers and other workers on average wages. It uses modular technology as a means to accelerate the delivery of new sustainable and quality homes, and keep prices affordable. BoKlok as a company are a new entry into the UK housing market who aim to disrupt the existing incumbents by providing truly affordable homes. The proposed development at Fulbeck Avenue will be the first development that they undertake as part of a much wider programme of development over the coming years. Working with modular design will also enable us to work with Homes England on their Local Authority Accelerated Construction Fund.

- 3.7 The Council own the freehold of the Fulbeck Avenue site which occupies a prime development location in the western part of the town. The Council is continuously looking to identify opportunities to develop its own sites and assets to maximise revenue benefit and or/capital receipts. Initial analysis of the site indicated that it may be able to accommodate approximately 45 homes using a traditional design approach with associated public open space, parking and roadways. Given viability challenges of the site, this would have resulted in only 13 affordable homes being brought forward on the site, in a policy compliant scheme.
- 3.8 While 13 affordable homes would be a welcome addition to the areas housing stock, it would do little to address the serious shortage of affordable homes in Worthing as set out above. It was recognised that the Council needs to use its assets effectively to meet the housing challenge, and the opportunity to work alongside BoKlok to identify an innovative approach that would significantly increase the number of affordable homes and low cost units was seized.

4. About BoKlok

Development Form

- 4.1 The Boklok Development model is a new type of housing product for the UK. The approach is different to both mainstream house-builders and other modular manufacturers, as Boklook seek to control the whole production and sales cycle and remain with WBC to jointly asset manage the estate. They directly finance, manufacture the homes, erect them on site, and sell the units to individuals and larger scale landlords on a long lease basis such as registered providers or local authorities, and maintain the external infrastructure, street furniture, lighting, car parks, soft landscaping CCTV etc.
- 4.2 The apartment typologies have been designed to comply with the following criteria to ensure quality and long term suitability:
- Nationally Described Space Standards (NDSS)
 - Homes and Communities Agency Design and Quality Standards/ Housing Quality Indicators (DQS/ HQI)
 - Building Regulations Part M4(2) with option to upgrade to M4(3) where required
 - NHBC standards
 - BOPAS certification for CML/ABI
 - The Road Vehicles (Construction and Use) Regulations 1986

- Secure By Design 2016 (Section 2)

- 4.3 The design enables flexibility in the mix which can be created through the use of a standard core arrangement, with a variety of configurations for different block layouts. These utilise a 4, 6, 8 or 12 apartment floor platform. At the lower end, the proposal can create a 12 unit block (3 floors on a 4 unit plate) and at the upper end a 48 unit block (4 floors on a 12 unit plate). For key urban/focal design components, it will include a corner turn block.
- 4.4 The flexibility in block configuration opens up the opportunity to masterplan a range of options and tenure blind developments. Whilst lightweight, contemporary style cladding solutions are preferred for speed of delivery, the apartments have been designed to work with a range of traditional and contemporary external finishes.
- 4.5 The design approach seeks to achieve an attractive efficient design. For example, all of the apartments will benefit from sprinkler systems which not only provides peace of mind for residents, but makes it possible to eliminate the requirement for lobbies, thus increasing the living space within homes. This means that the living spaces are open plan, with spatial appearance enhanced by 2.5m floor to ceiling heights and large windows for more natural daylight. En-suite shower rooms are available for the market sale, and shared ownership apartments.
- 4.6 BoKlok apartments have enhanced acoustic and thermal performance and can also introduce further renewable technologies for increased carbon reduction measures, where required by local planning policy. The homes will be fully mortgageable with all the standard warranties available including NHBC Buildmark and BLP Secure.
- 4.7 Diagrams showing the internal layout of BoKlok apartments are shown in Appendix 1 of this report.

Low Cost Housing Approach

- 4.8 While 30% of the units at the Fulbeck Avenue site will be provided for social and affordable housing to Worthing Borough Council at nil cost in lieu of a capital receipt for the land, the remaining 70% of the units will be provided based on BoKlok's "Left to Live" housing affordability model which seeks to provide "genuinely affordable" homes.

- 4.9 BoKlok's "Left to Live" model seeks to reverse the normal market based calculation of housing affordability. Using the average industrial salary for the Worthing the average gross yearly wage for a full-time worker in Worthing in 2015 was £25,428 (£20,378 net), they first calculate what future residents can pay after tax and the monthly cost of living is deducted from their gross earnings. As a rule of thumb, this is around 33% of their net monthly earnings and this is converted to an ability to pay for a 25 year repayment mortgage.
- 4.10 For example, a combined household income of £53,000 for two key workers, after a left to live calculation, would give £1,200 a month to contribute to a mortgage, which roughly can afford a £250k, 25 year repayment mortgage at an interest rate of 4.2%. It is important to BoKlok, that prices are set at a level that does not compromise customer's "left to live" expenditure.
- 4.11 To ensure that these homes are delivered to those with most significant housing needs it is restricted that customers can only purchase one home, so as to prevent sales to speculative investors. All of the market sale homes are available to those who express an intention to purchase, BoKlok then use a fair ballot system to allocate the homes to successful customers. There is a time restriction before customers can sell their new home.
- 4.12 A primary purpose of the proposal is to provide lower cost rental and sale homes for low income working households in Worthing. Our Housing Strategy highlights key themes including the availability of affordable family homes, in particular rented homes, and the economic impact of this lack of housing supply on our ability to retain lower income working households and employment in the town. The proposal accords with the Council's Housing Allocation Policy which has an income cap so that those high earners who can resolve their housing in the private rented sector are no longer on the Housing Register whilst retaining those on lower incomes who would benefit from the proposal. The income caps have been set such that households who could expect to pay more than half of their income on average market rents would be retained on the Register whilst those who would expect to pay a lesser percentage would no longer be on the Register and hence would ensure they do not benefit from the new homes. The Council can further develop an agreed Letting Strategy to prioritise low income working households.

5. Proposed Wider Collaboration Approach

- 5.1 The recommendation contained above at Section 1 is for Worthing Borough Council and Boklok to enter into a Collaboration Agreement which will contain the obligations of the respective Parties in connection with the acquisition,

pursuit of proposed planning permission and development of sites identified by Worthing Borough Council for the development of 500 new homes over the period of 5 years, (both being extendable in accordance with the events listed in the Umbrella Agreement).

5.2 The shared objectives of the collaboration are summarised in both social and economic terms:

Social Objectives:

- Introducing a placemaking concept that brings together the new local residents as an integrated community.
- An ethical product and commercial model that demonstrates a balance between social and economic purpose.
- Sustainable technologies that aim to reduce annual energy bills and provide people with options to enjoy their environmental space.
- Exceptional customer experience, replicating the pan-sector customer feedback scores enjoyed by Boklok and their purchasers in the Nordics.
- Services post occupation so that customers have a great home ownership experience.
- Defect free, well-engineered homes with a future proof design.

Economic Objectives

- Provide affordable housing across the site(s) in accordance with the Adur and Worthing Housing Strategy 2017 – 2020.
- Appraise alternative models of affordable home ownership to provide access to home ownership for those earning local living wages.
- Utilise modular build as a material component of the delivery strategy for the acceleration of provision of new affordable homes to rent and buy.
- a fair valuation of the relevant site; and
- obtain a satisfactory planning permission for the development of the site(s) for residential use in accordance with prevailing planning policy.
- Procure the design and specification of the development which achieves and will enhance the marketability of the development and expedite sales.

The proposed heads of terms for this collaboration agreement are contained at Appendix 2 of this report.

- 5.3 The Umbrella Agreement shall provide the parties with the option to call off, for each site either;
- An agreement for lease, broadly in the form of the “Building Lease Model”.
 - An agreement to joint venture, broadly in the form of the “Joint Venture Model”.
- 5.4 Both options having been considered by Worthing Borough Council independent advice from Trowers and Hamlin and Boklok Legal Advisors, Pinsent Masons and are considered to comply with legal requirements that constitute the proposed approach being a “land deal” negating the requirement for a complicated procurement process. Advice on these proposed legal structures has been prepared by Trowers and Hamlin.
- 5.5 The proposed approach to working in collaboration with BoKlok will enable the Council to make a strategic intervention into the housing market in Worthing. By working on this collaborative approach the Council will have a partner capable of delivering housing options at pace, across a number of different site types and locations. Through the wider agreement seeking to work in collaboration, the Council bears minimal risk and financial exposure while maximising the opportunity to deliver affordable and low cost homes across the town.

6. Proposal Development at Fulbeck Avenue

- 6.1 It is further proposed that an agreement for lease for the Fulbeck Avenue development is progressed independently from the Collaboration Agreement set out in Section 5 above, but will act as a pilot scheme for this strategic relationship, where Boklok requires visibility of a deal flow, to support the business case for entering into the UK and this region. This will take the form of the building lease model approach set out in section 5.2.
- 6.2 Two draft masterplans have been developed. Option 1, provides for 140 new apartments in 6 blocks and was designed by JTP architects, who were retained by Boklok for UK product development and initial development masterplan. Option 2, was drafted by ECE Architect, a local architect known to both Worthing and Boklok. Their brief was to look at optimisation and their

design provides for 162 new apartments. Both feasibility designs provide policy compliant, affordable housing. Both masterplan layouts are contained at Appendix 3.

Proposed Land and Commercial Terms

6.3 An initial commercial appraisal will be assembled and Boklok will be given an agreement for lease from WBC, conditional on:

- a) satisfactory planning permission and
- b) an agreement to acquire at open market value (OMV) based on an agreed formula and special conditions (using an asymmetrical development appraisal approach)

6.4 The proposed timescale for the development is set out below:

Target Date	Activity
June 19.	Present business case to Worthing Joint Strategic Committee
July 19.	Agree legal framework for Fulbeck Avenue
July 19 to December 19.	Pre-app consultation and Stage 3+ Design
July '19 to December '19.	Explore Worthing / Boklok deal-flow and Collaboration Agreement
December '19	Milestone '2' – Appraisal (Pre-planning) Agreed –
January '20	Planning Application Submitted
June '20	Planning Consultation and JR periods
June '20	Build License and HA options agreement finalised
September '20	Stage 4-5 Design Complete.
September '20	Milestone '3' – Appraisal (Pre-commencement and manufacture)
September 20	BoKlok take Site Possession

September 20.	Launch Sales
January '21.	First homes dispatched, delivered and erected
April '21.	First completions (sales and affordable rent)
April '22	Target sales completions

7. Alternative Options Considered

- 7.1 There are 3 options for the development of this site within the scope of this project. The two alternative options are detailed below:
- 7.2 Option 1 - The Council design a scheme to achieve full planning permission, secure fixed and tendered construction costs, and develop out the scheme itself. This is the most financially attractive development option creating a larger capital receipt but will have a significant capital cost. The Council would have to bear all of the planning and construction risks of the project. **This is not the recommended option.**
- 7.3 Option 2 - The Council secures outline planning permission for a regular housing layout of circa 50 homes delivering approximately 30% affordable homes, and 70% homes for market sale. The site is marketed for disposal with the benefit of outline planning permission and site surveys. This option would create a lesser capital receipt for the Council but at a significantly reduced cost. The Council could, at the end of the development, purchase back the affordable units or work with a Registered Provider (RP) to deliver specific affordable housing that meets the greatest need. **This is not the recommended option.**

8. Financial Implications

- 8.1 The cost of undertaking the legal works, further feasibility studies and other work required is estimated to be £25,000. It is proposed that this be funded from the Worthing Borough Council Major Projects & Investment revenue budget.
- 8.2 As part of the land deal, the Council will be leasing the land at Fulbeck Avenue for 125+ years. The Council will receive a ground rent which should be around 4% on the value of the land as calculated by the proposed land agreement. However, this will need to be validated by a specialist surveyor.

- 8.3 As part of the due diligence on the project, the Council intends to obtain a formal valuation of the land. This will ensure that the Council meets its best value obligations prior to committing to proposed legal agreement.
- 8.4 There is an opportunity to acquire external funding for the project from the Local Authority Accelerated Construction Fund. If successful, this will reduce the financing costs associated with the scheme. This will have a benefit to the Council as it will improve the land value as derived by the formula set out in Appendix 2.
- 8.5 The Council will have the right to either purchase directly the affordable homes for local people or to nominate a partner RSL to purchase the homes. Prior to deciding which course of action to take, the Council will need to appraise the options available.

9. Legal Implications

- 9.1 Section 123 of the Local Government Act 1972 provides a Local Authority with the power to dispose of land. However a Council may not, without the consent of the Secretary of State, dispose of land otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.
- 9.2 BoKlok UK are an innovative but recently formed organisation with no proven track record in the UK. Due diligence will need to be undertaken in respect of BoKlok UK, and consideration should be given to obtaining parent company guarantees, directors guarantees and/or the provision of a performance bond.
- 9.3 A valuation of the land will need to be undertaken, and best value issues satisfied, before a decision to dispose of the land may be made.
- 9.4 The Council's in house legal team have not been instructed in this matter but external legal advice has been obtained from Trowers and Hamlin. The high level advice summarises two possible legal structures for the proposal. The advice is a summary of a discussion and states that further detailed work needs to be carried out to work up a viable legal structure particularly in respect of procurement issues.
- 9.5 Further legal advice will need to be sought around State Aid implications.

9.6 Legal advice will need to be obtained in due course on the proposed heads of terms.

Background Papers

- Adur & Worthing Councils, Joint Strategic Committee 4 April 2017, Agenda Item 7, *Worthing Local Plan - Update and Proposed Spatial Strategy*
- Adur & Worthing Councils, Joint Strategic Committee 11 July 2017, Agenda Item 14, *Fulbeck Avenue Development Site*
- Worthing Borough Council - *Strategic Housing Land Availability Assessment (SHLAA) Update*, December 2016
- Adur & Worthing Councils "*Housing Matters Strategy 2017 - 2020*"

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Sustainability & Risk Assessment

1. Economic

The project is strategically interlinked with a planned wider investment programme connected with future developments at other key sites in Worthing.

Redevelopment of the site for new affordable homes will contribute to the creation of an enhanced civic quarter providing a suitable location for public service consolidation, an economic boost to existing businesses, and encouraging an increase in investment.

2. Social

2.1 Social Value

Development on the existing surface car park would send a positive message to the community, visitors, commuters and business, that change is taking place in Worthing and improvements to the built environment will be seen in the near future.

The existing car park does little to enhance this part of Worthing from road or rail, and its demolition will help to bring forward the redevelopment of this important gateway site to enhance the street scene and act as a catalyst for the regeneration of the wider area.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

Works will be managed under the Construction Design & Management (CDM) Regulations 2015.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

It is intended that redevelopment will bring forward new homes in a balanced and sensitive way to local environmental and ecological assets. While there will be some loss of habitat these matters will be considered fully through the planning process to ensure the sustainable development of the area as a whole.

Noise, dust and highway obstructions will be kept to a minimum using industry

standard techniques, and monitored by the Council throughout the works.

4. Governance

A dedicated project board would oversee the governance of the project ensuring:

- 1) Due diligence
- 2) Alignment with Council policies and priorities
- 3) Legal issues and compliance with legislation
- 4) Risk management including health and safety
- 5) Statutory approvals
- 6) Stakeholder management
- 7) Change control

Appendix 1



TWO BED APARTMENT
70 m² balcony or terrace



THREE BED APARTMENT
74 m² balcony or terrace



1 BED APARTMENT
50 m² balcony or terrace



TWO BED APARTMENT (CORE)
61,5 m² balcony or terrace

Appendix 2

Proposed Heads of Terms of Collaboration Agreement

Subject to Contract and BoKlok Board Approval

The Parties

Worthing Borough Council (**WBC**)
BoKlok (BK)

Purpose

WBC and BK have jointly explored the opportunity to provide the local market with a new and innovative pathway to affordable home ownership whilst increasing and accelerating the provision of new affordable rented homes.

The model shall be designed to provide additional community benefits and social value through;

- Defect free, well-engineered homes with a future proof design.
- Introducing a place-making concept that brings together the new local residents as an integrated community.
- An ethical product and commercial model that demonstrates a balance between social and economic purpose.
- Sustainable technologies that aim to reduce annual energy bills and provide people with options to enjoy their environmental space.
- Exception customer experience, replicating the pan-sector customer feedback scores enjoyed by BoKlok and their purchasers in the Nordics.
- Services post occupation so that customers have a great home ownership experience.

Brief Particulars

The proposal is for WBC and BK to enter into an Umbrella Agreement which will contain the obligations of the respective Parties in connection with the acquisition, pursuit of proposed planning permission and development of sites identified by WBC for the development of 500 new homes over the period of 5 years, (both being extendable in accordance with the events listed in the Umbrella Agreement).

The Umbrella Agreement shall provide the parties with the option to call off, for each site either;

- An agreement for lease, broadly in the form of the Building Lease Model.
- An agreement to Joint Venture, broadly in the form of the Joint Venture Model.

Objectives

The economic and practical objectives of the Parties' shall be (insofar as they are not mutually exclusive),

1. a fair valuation of the relevant site; and
2. to obtain a satisfactory planning permission for the development of the site(s) for residential use in accordance with prevailing planning policy.
3. to procure the design and specification of the Development which achieves and will enhance the marketability of the development and expedite sales.
4. to provide affordable housing across the site(s) in accordance with the Adur and Worthing Housing Strategy 2017 – 2020.
5. to appraise alternative models of affordable home ownership to provide access to home ownership for those earning local living wages.
6. to utilise modular build as a material component of the delivery strategy for the acceleration of provision of new affordable homes to rent and buy.

Land Valuation and Commercial Terms

It is taken that the sites are owned by WBC.

1. BoKlok will be given an agreement for long-term lease from WBC, conditional on
 - a) satisfactory planning permission and
 - b) an agreement to acquire at open market value (OMV) based on the following assumptions and special conditions and formulae

$$\text{OMV} = \text{GDV} - (\text{DM} + \text{DC} + \text{DMF} + \text{CC} + \text{SM} + \text{FC})$$

Gross Development Value (**GDV**) shall be the value of;

- i. 30% affordable homes (AH) either purchased by WBC or sold to a Registered Social Landlord, approved by WBC.
- ii. the Open Market Sale (OMS) homes where advice is to be obtained from appointed agents on a quarterly or more regular basis as agreed between the parties.
- iii. any additional affordable housing (AAH) provided that both parties agree to substitute OMS for this additionality.

Gross Development Margin (**DM**) shall be calculated as follows;

- i. 20% of the total development costs.
- ii. 10% of the total of AH and AAH value.

Development Costs (**DC**) shall be the reasonable and proper costs incurred by the parties associated with the acquisition, planning, procurement and appointment of professionals and contractors in carrying out activities in securing an implementable planning consent. A non-exhaustive list of Development Costs will be listed within the JV agreement.

Development Management Fee (**DMF**) shall be 4.2% of the total of the Development Costs and Construction Costs (DC + DM). The DMF shall reflect the development and construction management costs incurred by SUK where services shall be more particularly described in the Umbrella Agreement.

Construction Costs (**CC**) shall be the direct actual costs associated with the construction activities completed in accordance with the agreed specification which is consistent with the Objective. A non-exhaustive list of Construction Cost will be listed within the Umbrella agreement.

Sales and Marketing Costs (**SM**) shall be the costs associated with the specific activities in managing the market sales of the OMS and disposal of the AH and AAH homes for each site. This services will provided by SUK and listed in the Umbrella Agreement.

Financing Costs (**FC**) shall be the cost of finance to be agreed between the parties. As a general principle, where a Joint Venture model is selected, the capital absorption is to be borne by the parties equally (50/50).

Note; where a residual land value is established, that price is to be paid to WBC incrementally proportional to sales values and at the same time as margin distribution.

Scheme Design and Planning

1. As soon as reasonably practical after selection of a Site, BK shall appoint such consultants as are necessary to appoint and prepare conceptual design and layout of the proposed Development of the site, which will achieve the Objective.
2. The scheme design will inform the residual land appraisal which itself will assist the calculation of the land price.

3. Under the scheme design being approved by the Parties, (acting reasonably and having regard to the Objective) then the following obligations will apply;
 - a. BK shall submit or procure the submission of a planning application for the Development within reasonable period (agreed by the parties) of the grant of building lease or approval of the scheme design.
4. A satisfactory planning permission shall be deemed to be granted where the residual land appraisal achieves the agreed DM. If this is not achieved then either BK (under the Building Lease model) or either party (under the Joint Venture model) can elect not to proceed with the site, unless BK elect to 'step in' on a Building Lease option.
5. BK will procure the obtaining of all requisite Consents reasonably necessary to enable the Development to commence as reasonably practicable.
6. In the event that the Development does not proceed for one of the agreed reasons listed in the Umbrella Agreement, the Development costs shall be borne equally 50/50 by the Parties, save for those disallowable costs listed in the Umbrella Agreement.

Construction Obligations

1. BK will procure the carrying out and completion of the Development in accordance with an agreed specification, which is consistent with the Objective.
2. BK shall procure the Development by way of construction management
3. NHBC cover or latent defects cover to be provided prior to the Development commencing.
4. WBC will grant to BK a building licence to enter onto the Site for the purposes of carrying out the Development.

Post Construction

1. BK shall manage the post-construction customer care in accordance with the agreed specification.
2. The parties will transfer the ongoing freehold management (ManCo) to the affordable housing provider and that services charges shall reflect reasonable local market rates. The development will not apply ground rents, nor will the potential capital value of these rents be a component of the residual land appraisal.

Constitutional Matters

1. A 'Steering Group' will be constituted to safeguard the delivery of the objectives. The roles and responsibilities of the Steering Group shall be listed in the Umbrella Agreement. The Steering Comprise shall comprise of two members from each party.
2. BoKlok Members are proposed as;
 - a. Henrik Johnsson – Vice President – BoKlok.
 - b. Graeme Culliton – Managing Director – BoKlok UK.
3. The parties shall agree a business plan (proposed as Appendix A to the Umbrella Agreement) to meet the objectives, including overall pipeline and programme management.

Appendix 3

Fulbeck Avenue Option1



