

Fareham Borough Council
Civic Offices
Civic Way
Fareham
Hampshire
PO16 7AZ

Our Ref: FT/SAG9.41/ID5

13 August 2026

Dear Sir/Madam,

Application to modify Unilateral Undertaking dated 28th April 2017 made between (1) Gudgeon Commercial Properties Limited, (2) Persimmon Homes Limited to (3) Fareham Borough Council and (4) Hampshire County Council relating to the development of the land at Cranleigh Road, Portchester, Hampshire - Planning ref: P/15/0260/OA

Name and Address of Applicant:

Sage Rented Limited
5th Floor Orion House
5 Upper St Martins Lane
London
WC2H 9EA

Name and Address of Agent:

Devonshires Solicitors LLP
30 Finsbury Circus
London
EC2M 7DT

Name for contact: Falak Tabasum
Tel: 0207 065 1970

Address of the Site and Property:

The applicant is the freehold proprietor of the following properties:

14, 22 and 26 Southfields, Fareham, Hampshire, PO16 9FG and Flats 1 and 2 at 24 Southfields, Fareham, Hampshire, PO16 9FG	HP850303
28-40 (even) Southfields, Fareham, Hampshire, PO16 9FG	HP829389

Lodge Park Business Centre, Lodge Lane, Colchester CO4 5NE
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46-52 (even) Southfields, Fareham, Hampshire, PO16 9FG	HP850308
86-92 (even) Southfields, Fareham, Hampshire, PO16 9FG	HP862554
33 and 35 Southfields, Fareham, Hampshire, PO16 9FG; and 3 and 5 Berry Close, Portchester, Fareham, Hampshire, PO16 9FJ	HP862553
4-10 (even) Berry Close, Portchester, Fareham, Hampshire, PO16 9FJ	HP846277
9, 11, 15 and 17 Southfields, Portchester, Fareham, Hampshire, PO16 9FG	HP846145
37 Southfields, Portchester, Fareham, Hampshire, PO16 9FG	HP862551

Planning Obligation which the applicant wishes to have removed, the basis on which removal is necessary and the reasons why condition requires removal:

When a registered provider is securing property to a lender the property will be given one of two values:

- Market Value Subject to Tenancy (“MV-STT”) which assumes that a property can be sold on the open market subject to a pre-existing tenant. A valuation on this basis is usually around 66% of the open market value of the property. So assuming a three bed house has an open market value of £300,000, if the property is secured to a lender on an MVST basis the applicant will receive a value of £200,000.
- Existing Use Value - Social Housing (“EUV-SH”) which assumes that a property may only ever be used as social/affordable housing in perpetuity. This restricts the value of the property to approximately 33% of the open market value of the property. So assuming a three bed house has an open market value of £300,000, if the property is secured to a lender on an EUV-SH basis the applicant will receive a value of £100,000.

From the example above it is clear why the applicant would like to ensure that they receive an MV-STT valuation for the properties. In order for an MV-STT valuation to be issued, conditions which contain a restriction on use in perpetuity need to include a mortgagee exclusion clause (MEC) to effectively carve out any ongoing requirement for a lender (following a default from our client) to use the property as affordable housing or need to be removed on the basis that the social/affordable restriction on use is covered by a legally binding planning agreement.

The applicant's Property is subject to the Unilateral Undertaking dated 28th April 2017 which contains provisions relating to the use of the properties in respect of social/affordable housing. An adequate MEC is required as at present the property is restricted in value to EUV-SH without one. The variation of the industry standard MEC will not change the existing and current use of the property whilst it is in the ownership of our client or any other RP. It is only required in the event that our client should ever default on their loan and the lender takes possession or appoints a receiver, which is extremely unlikely. The sector is seen as very safe for lenders to lend money, who are very risk adverse.

We propose to the following amendments:

1. To delete the definition of Chargee and replace as follows:

"Chargee" means a mortgagee or chargee (or any receiver (including an administrative receiver) appointed by such mortgagee or chargee or any other person appointed under any security documentation to enable such mortgagee or chargee to realise its security or any administrator (howsoever appointed) including a housing administrator

2. To amend sub-clause (d) of Clause 7.7 by inserting the words *"or any persons or bodies deriving title through such Chargee"* after the words *"the Chargee"*
3. To amend Paragraph 2.9 of Schedule 1 by inserting the words *"(other than by way of a legal mortgage or charge)"* after the words *"not to dispose of"*.
4. To delete paragraph 2.12 in the Schedule 1 in its entirety and replace it with the MEC conditional wording as follows:

2.12 The Affordable Housing provisions in this Agreement shall not be binding on a Chargee of the whole or any part of the Affordable Housing Units or any persons or bodies deriving title through such Chargee PROVIDED THAT:

- (a) such Chargee shall first give written notice to the Council of its intention to dispose of the Affordable Housing Units and shall have used reasonable endeavours over a period of three months from the date of the written notice to complete a disposal of the Affordable Housing Units to another HARP or to the Council for a consideration not less than the amount due and outstanding under*

the terms of the relevant security documentation including all accrued principal monies, interest and costs and expenses; and

- (b) *if such disposal has not completed within the three-month period, the Chargee shall be entitled to dispose of Affordable Housing Units free from the Affordable Housing provisions in this Agreement which provisions shall determine absolutely*

We should be grateful if you could please progress with this application to vary the S106 Agreement dated 28th April 2017 and we look forward to hearing from you at your earliest convenience.

Yours faithfully

The logo for Devonshires Solicitors LLP is written in a cursive, handwritten-style font. The word 'Devonshires' is on the top line and 'Solicitors LLP' is on the bottom line, with a decorative flourish extending from the end of 'Solicitors'.

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