

Council: Tuesday, 16 December 2014

Opposition Motion: Councillor Adam Langleben

A fair repayment scheme for Barnet Homes' leaseholders

Council believes that the Barnet Homes leaseholders should not be forced to pay tens of thousands of pounds each for major works on properties that will shortly be demolished as part of estate re-developments.

Council notes that Barnet Homes intended to bring forward proposals – set out in a report that was withdrawn from the Housing Committee - to extend the terms of the discount policy for leaseholders agreed in April in line with the projected life expectancy of the major works undertaken.

Council notes that many of the occupiers of the 4119 leasehold properties across the borough have struggled financially over recent years and these proposals would have helped many residents.

Council notes that these proposals were blocked by the Housing Committee Chair, Councillor Tom Davey, from being tabled and discussed at the 27 October Housing Committee.

In the interests of natural justice, Council is asked to agree the amendments to the repayment policy for service charges and the amendments to the terms of the discretionary loans offered by the Council, and to extend the terms of the discount policy for leaseholders agreed in April, all in accordance with the recommendations in the withdrawn report in order to ensure that the Barnet Homes leaseholders are treated fairly.

The details of the recommendations in that withdrawn report are:

1. It is recommended that the following assistance is given to resident leaseholders:

Cost of major works bill	Repayment option
Consolidating charges (i.e. where several projects are billed within a relatively short period of time). This is already being allowed informally where the circumstances demand.	
Charges under £3,000	12 months interest free by monthly direct debit – with the option to extend to 24 months in extreme circumstances.
Charges between £3,001 and £5,000	24 months interest free credit – with the option to extend to 36 months in extreme circumstances.
Charges between £5,001 and £7,500	36 months interest free plus a further 12 months with interest at local interest rate (variable not fixed)
Charges between £7,501 and £15,000	48 months interest free plus a further 12 months with interest at local interest rate

	(variable not fixed)
Charges over £15,001	48 months interest free plus a further 72 months with interest at local interest rate (variable not fixed)
Charges up to £35,000	(right to a) statutory secured loan from Barnet Council

2. It is recommended that individual non-resident leaseholders who can demonstrate severe financial hardship may benefit from:

Cost of major works bill	Repayment option
Charges between £3,000 and £5,000	24 months interest free credit
Charges between £5,001 and £7,500	24 months interest free plus a further 12 months with interest at local interest rate (variable not fixed)
Charges between £7,501 and £15,000	24 months interest free plus a further 24 months with interest at local interest rate (variable not fixed)
Charges over £15,001	24 months interest free plus a further 36 months with interest at local interest rate (variable not fixed)
Charges up to £31,000	(Right to a) statutory secured loan from Barnet Council over 10 years

3. In the case of the electrical rising mains work at West Hendon the anticipated lifespan period is 25 years. The effect on the same typical leaseholder is shown below.

Type of work	Invoice amount	Monthly instalment with discount at 25 years	Total contribution in 36 months
Electrical rising mains	£9,530.27	£31.76	£1,143.72

4. The recommendations for the Discount Policy in relation to leaseholder charges for essential works on regeneration estates aim to ensure that the policy is straightforward to understand and is fair and reasonable. Therefore, the discount formula for the leaseholder charges should include the actual lifespan for the elements of the essential works.