



POLICY ON THE RIGHT TO COMPENSATION FOR TENANTS' IMPROVEMENTS

The Association has introduced a policy for the payment of compensation to secure tenants who have, with the Association's consent, made improvements to their dwellings and who leave before they gain the full benefit from their investment.

To qualify for compensation **the tenants must have received prior approval for the works carried out and the improvements must have materially added to the value of the property.** Repair works or the provision of luxury items will not qualify. The notional lives of the items, for the purpose of calculating depreciation, are based on life expectancies which are applied by the Housing Executive to activities such as improvements.

The scheme does not include security measures added by the tenant for increased personal security.

1. QUALIFYING TENANTS AND TENANCIES

- 1.1. Qualifying persons must be secure tenants of the Housing Association.
- 1.2. The following persons are considered **eligible** to apply for compensation when their tenancy ends:-
 - (a) the tenant who made the improvement or, in the case of a joint tenancy at the time the improvement was made, any of the tenants at that time;
 - (b) a person who became a tenant jointly with the improving tenant;
 - (c) a person in whom the tenancy was vested as successor on the death of the improving tenant;
 - (d) a person to whom the tenancy was assigned by the improving tenant and who would have qualified to succeed him if he had died immediately before assignment;

- (e) a person to whom the tenancy was assigned by the improving tenant in pursuance of a property adjustment order in connection with matrimonial proceedings;
- (f) a person to whom the tenancy was assigned by the improving tenant by way of mutual exchange with the Association's consent;
- (g) a spouse or former spouse of the improving tenant to whom the tenancy has been transferred by an order arising out of matrimonial proceedings;

1.3 Tenants will **not be eligible** to apply for compensation under the scheme in any of the following circumstances:-

- (a) the tenant is purchasing the dwelling of which he/she is the secure tenant (but in such cases the improvement is not taken into account in the valuation process);
- (b) the tenancy is terminated as a result of:-
 - (i) the Association issuing a Notice of Seeking Possession,
 - (ii) a Court issuing an Order for Possession, or
 - (iii) the Association issuing an Abandonment Notice;
- (c) a new tenancy for the same property is granted to the qualifying tenant, or all the joint tenants, whether or not with anyone else.

2. **CONSENT**

2.1 To qualify for compensation the improvement must have the written consent of the Association. **Consent should be obtained prior to carrying out the improvement**, although in certain circumstances the Association may grant consent retrospectively provided the work was not completed before the introduction of this scheme. If retrospective consent is not granted the improvement is ineligible for compensation. Retrospective consent is entirely at the discretion of the Association.

2.2 Under this scheme, the Association will impose reasonable conditions when granting consent although it will not refuse consent without good reason. Reasonable conditions for the improvement relate to matters shown below:

- (a) design;
- (b) materials (eg: complying with British Standards or equivalent);
- (c) standard of workmanship;
- (d) use of contractors with particular qualifications;
- (e) the Association being given at least three working days' written notice of the commencement of work;
- (f) the Association being given written notice within three working days of completion of the work in order that post inspection can be arranged;
- (g) the Association being allowed access at reasonable times to inspect the property before, during and after completion of the work;
- (h) the "improving" tenant providing the Association with invoices for the improvement work, distinguishing between the cost of materials and labour.

2.3 Breach of any conditions of consent shall render the improvement ineligible for compensation and the Association shall have no responsibility to pay compensation.

2.4 When granting consent tenants will be reminded that, if they intend claiming compensation for the improvement in the event of terminating their tenancy, they should retain all invoices relating to the work as these will be required to determine the amount of reimbursement. Details relating to start date and completion date of works should also be retained.

2.5 The housing association may impose reasonable conditions but it will not refuse consent without good reason. Consent may be withheld for one of the following reasons:-

- (a) the proposed improvement could create future letting problems;
- (b) the proposed improvement could create unacceptable annoyance or nuisance to neighbours;
- (c) the proposed improvement could detract from the general appearance of the property or development;
- (d) it could create health and safety problems.

3. PROCEDURE FOR CLAIMING COMPENSATION

- 3.1 Qualifying tenants may claim compensation when their secure tenancy ends (eg: if they transfer to another property owned by the Association, move into accommodation owned by another landlord or purchase their own home other than the one which they occupy as a secure tenant. Please note, however, that the tenancy is not ended if a tenant exchanges his or her home by way of mutual assignment).
- 3.2 Any claim must be lodged during the last 28 days of the tenancy or 14 days after the tenancy ends.
- 3.3 Tenants will be asked to provide invoices, covering both materials and labour, but where these are not available they should provide an estimate of the original costs and details of the dates the work began and was completed.

4. CALCULATION OF COMPENSATION

- 4.1 Compensation is not payable for professional fees, statutory approvals or the tenant's own labour. Any financial assistance from the public purse which contributed to the cost of the improvement will be deducted. The net cost of the improvement will then depreciate on a straight line basis.
- 4.2 The Association may adjust the amount of compensation payable if any or all of the factors specified in paragraph 5 apply.
- 4.3 To avoid disproportionate administrative costs there will be a lower threshold of £50 per improvement to avoid minor claims, whilst the upper limit will be £3,000 per item. Both limits may be revised from time to time and **any outstanding debts will be deducted from the compensation payable.**
The upper limit on the scheme is £3,000.

5. ADJUSTMENTS AND DEDUCTIONS

- 5.1 The Association can make adjustments to the amount payable if it considers that:-

- (a) the initial cost outlay by the tenant for the improvement was excessive;
- (b) the improvement was of a higher standard than the Association would normally install;
- (c) the improvement has deteriorated at a greater or lesser rate than normal wear and tear;
- (d) the Association had incurred excessive inspection and administrative costs in connection with the improvement.

5.2. Any sums which the outgoing tenant owes the Association (eg: rent/heating arrears or recoverable charges) will be deducted from any compensation payable.

6. APPEALS

6.1 Tenants may appeal a decision in relation to:-

- (a) a refusal to grant consent to undertake works;
- (b) the improvement being judged to be a non-qualifying item;
- (c) the amount of compensation offered.

6.2 It is expected that most appeals will be resolved in the first instance by reference to the Association's own internal complaints procedure. Where a tenant has a complaint of injustice as a result of maladministration and the Association's own complaints procedure has been exhausted, they may ask the Department for Social Development to investigate. If, following the Department's investigation of their complaint, they are unhappy with the way in which the investigation was handled they may, through an MP, refer the case to the Parliamentary Ombudsman for Northern Ireland.

7. PAYMENT

7.1 Payment will be made to the qualifying tenant or tenants. In the case of joint tenancies where one of the qualifying persons cannot be traced (after the Association has made reasonable effort to do so), payment will be made to the other qualifying tenant(s) and it will be up to the missing tenant to recover his/her share from the others.

8. MAINTENANCE

- 8.1 Once an improvement has been made with the Association's consent the Association will normally be responsible for its maintenance. Consent will therefore be made conditional upon the tenant carrying out the work to the applicable British Standard or equivalent and to facilitating a post inspection.

9. RENT LEVELS

- 9.1 The Association will not increase the tenant's rent as a result of the improvement. However, when the tenancy ends and the property is being re-let the rent level can be increased to reflect the additional amenity for the incoming tenant.

The Association will indicate when giving consent whether the work is considered to be a "qualifying" improvement within the terms of this policy. If you require any further information please contact your Housing Officer.

Written claims for eligible improvements will be dealt with within 21 days of their receipt, or the termination of the tenancy, whichever is the later.