

Response to Consultation

Date: 12 August 2008

Consultation: Review of Domestic Rating: The Rating of Empty Homes

Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents 40 housing associations. This includes 33 associations registered and regulated by the Department for Social Development (DSD). Collectively, these associations provide 30,000 good quality, affordable homes for renting or equity sharing. Further information is available at www.nifha.org

Background

The Federation is pleased to contribute to this consultation exercise.

General Comments

- A. NIFHA welcomes this review of the rating of empty homes.
- B. In the public interest, the rating system should give owners of domestic and commercial property an incentive to make positive use of their property (by occupying it themselves, renting it to others, selling it, converting it to non-domestic use or demolishing it) rather than leaving it empty and at risk of blighting adjacent property. This should be the guiding principle of the review.
- C. It is important to establish a system that is reasonable and sustainable over the long term, whether the market is dynamic (as it was when the review was initiated) or depressed (as it is now).
- D. The system should also be as simple as possible to maximise public understanding and minimise the potential for anomalies.
- E. With a few exceptions, NIFHA supports the preferred approach.

Specific Comments

Section 2

- (a) See general comments A - D
- (b) In line with General Comment B, vacant properties that need considerable repair should generally be liable for vacant property rates unless the owner keeps them secure and wind and watertight.
- (c) To reduce the disincentive to property development, the government should give developers temporary exemption from liability for empty dwelling rates. This should end one year after introduction of the new system. Developers should therefore be able to consider the impact of empty property rates before starting to build.

Section 3

Subsection 1

(a) and (b) As a general principle, the rating of empty homes at 100% is reasonable and the number of exceptions should be minimised.

Subsection 2

(a) and (b) The rating of empty homes should be introduced on a phased basis over two years. Half of the liability should apply in the first year and the whole liability thereafter. This system should apply across N Ireland.

Subsection 3

(a) – (d) See our specific comment on Section 2(b)

Subsection 4

(a) – (b) NIFHA accepts that, in the owner-occupation sector, most households move from one home to another on the same day so neither dwelling becomes unoccupied. We also acknowledge that all landlords (private and social) have the option of collecting rates with their tenants' rent and claiming a financial allowance from the Rates Collection Agency. Under this system the landlord's rates liability depends simply on the stock, not whether it is occupied. In these circumstances, NIFHA agrees that empty rates should apply immediately a dwelling becomes vacant, except in special cases where the vacancy is due to factors outside the control of the owner.

Subsection 5

(a) and (b) The Completion Notices system in use for commercial premises should be extended to the domestic sector.

Subsection 6

(a) – (c) Certain classes of domestic properties should be excluded from rates when empty but the number of classes should be minimised and reflect situations where the vacancy is beyond the control of the owner and the owner keeps the property secure, wind and water tight.

Subsection 7

(a) – (e) The present arrangement whereby all landlords (social and private) can opt to collect rates on behalf of the government in return for an allowance works well and should continue. It represents good value for the government so the present rate of allowance should be maintained unless an overwhelming case for reduction is presented.

Subsection 8

(a) – (e) NIFHA agrees with the proposals.

Subsection 9

(a) and (b) NIFHA agrees with the proposed introduction of anti-avoidance measures.

Section 4

(a) – (c) We repeat the points made in the General Comment B and the Specific Comment on Section 2(b).

Secondly, the income raised from the rating of vacant property should be used to supplement the inadequate budget for social housing development.

Section 5

NIFHA supports the preferred approach with three exceptions:

- we feel the rating of vacant homes should be phased with only half the liability being charged in the first year
- we believe that only a temporary exemption (ending one year after the introduction of vacant home rating) should be given to brand new property that has never been occupied
- we believe that exclusions should only apply when the vacancy is beyond the control of the owner so it should not apply to persons in prison

Section 6

NIFHA has no comment to make on the impact assessments.

Submitted on behalf of NIFHA by:

**Christopher Williamson
Chief Executive**