

2 July 2007

Rating Policy Division
Department of Finance and Personnel
Room D12, Rathgael House
43 Balloo Road
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Consultative Response to 2007 Executive Review of Domestic Rating Reform

We recommend the following changes to the rating system that was introduced in April 2007:

1: The preferred option is to go from a property tax based system to one strictly based on income. We feel that this is the fairest and most reliable way to judge ability to pay and raise the much-needed revenue to run the country.

2: If we are to stay with a tax based on dwellings then we feel the following exemptions and conditions must be introduced. The conditions are applied throughout the North America as well as many EU countries including Spain, the Republic of Ireland, Italy and France; and as such should pose no real difficulty in instituting as law.

The first is a "Homestead Exemption" which provides a discount for the main residence. The applicant must be able to prove that the dwelling is main domicile. This can easily be done through the use of the electoral register

Additionally we recommend exemptions for widows/widowers, pensioners, disabled, low income/unemployed as well as single parents. This can be done through a percentage reduction or flat rate reduction.

We also feel that full rates should be paid on vacant property and there should be no reduction on student accommodation/HMO's, as these are businesses and are run for profit, and as such they should be charged full ratable value.

3: We also feel that the rates should be based on assessed value of the dwelling not full market value. For example, living in a house with a sea view may not always be an advantage.

It is stated on page 9 of rates valuation information booklet: "If a property has sea views it is likely that its capital value will be higher than a property without the views. The reverse is also true, if a property is next to a landfill site; its capital value is likely to be lower than a similar property located somewhere else."

This should mean that negative factors affecting seaside properties, such as coastal erosion and marine pollution will have to be taken into account as well as the positive effect of a sea view.

As market value is based on completely subjective information, intrinsic value becomes a more reliable way to formulate the rates.

We trust that you will take these representations into consideration in the review process.

Regards,

Suzanne Mortimer
Secretary
Portballintrae Residents' Association