

Response to the Review of Domestic Rating: The Rating of Empty Homes

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Introduction

Housing Rights Service was established in 1964 and is the leading provider of independent specialist housing advice services in Northern Ireland. We believe everyone has the right to a decent, safe and affordable home. Our services include:

- Providing a housing advice line
- Undertaking advocacy and legal representation on behalf of people with housing problems
- Providing online advice through our award winning website www.housingadviceNI.org and an email advice service
- Providing a specialist housing advice service within the prisons
- Delivering a skills and knowledge based training programme
- Producing information resource materials
- Supporting (in partnership with Citizens Advice and AdviceNI) generalist advice agencies to deliver high quality housing in their local communities
- Providing client based comment to influence the development of relevant public policy and legislation

Overall, we work to achieve positive change by protecting and promoting the rights of people who are in housing need in Northern Ireland. Our policy work is based on the experience of our clients and our work actively supports current government policy commitments in the broader areas of:

- Tackling Poverty & Promoting Social Inclusion
- Promoting Access to Social Justice
- Preventing Homelessness and Meeting Housing Need
- Promoting Equality & Better Relations
- Working in partnership with the voluntary sector

Core services are funded by the Housing Division of the Department for Social Development.

Level of Rating for Empty Homes

Housing Rights Service has advocated that rate liability should be introduced for vacant properties and supports the NI Executive's proposal to introduce this new system. In our view this could be an effective mechanism for bringing empty homes back into the market. Additionally, by establishing a programme to occupy and vest vacant properties using their existing powers the Housing Executive could help increase the overall supply of housing stock.

We welcome the opportunity to respond to these proposals and have provided comment on the issues which lie within our areas of knowledge and expertise.

What are your views on the rating of empty homes at 100%?

Housing Rights Service agrees that the level of rates on empty homes should be no different to occupied homes and should therefore be 100%. There may be some merit in considering increasing the level of rates for properties which remain unoccupied for over 12 months for example, in cases where owners are deliberately allowing their properties to decline into serious disrepair to avoid rates. However a flexible approach to this system would be needed.

Phasing

Would there be merit in introducing empty homes on a phased basis?

We believe that the phasing in of rates on empty homes would undermine the intended policy aim of bringing properties back into use as quickly as possible. Therefore we disagree with a phased in approach.

Maximum Capital Value

Should certain categories of empty low value homes be excluded from rating?

The Housing Executive has identified that there are 16,300 empty properties which are potentially available for use.¹ From this they estimate that only 4,900 are available for action. This figure has been arrived at by removing 10,700 properties because they have been vacant for 6 months or less. A further 700 have been removed as they are unfit and in isolated rural areas and the Housing Executive deems them "...very unlikely for creating viable occupied dwellings". The Housing Executive has also stated that this figure (700) has the potential to be reduced as a direct consequence of the availability of grant aid.

The consultation document suggests excluding certain properties from rating on the basis of a low capital value. Applying a minimum capital value threshold of £20,000 would mean that approximately 1,500 properties would be exempted.

There are serious discrepancies in these figures. If government is considering exclusions it must consult with the Housing Executive (acting as the Empty Homes Agency) to ensure that there is a joint and co-ordinated approach to rating empty homes and bringing them back into use.

With regard to unfitness, it is also important to ensure that the rating of empty homes policy does not indirectly lead to an increase in unfit properties being let in the private rented sector. Where a property is identified as being unfit, and the intention is to let it on the private market, a system is needed to ensure that owners carry out necessary works to render it suitable for occupation before letting. Currently we are not aware of any legal provisions to enable this to happen. Under the Private Tenancies (NI) Order 2007 local councils have enforcement powers to ensure that certain properties meet certain physical standards. However this only applies to tenanted properties.

¹ Empty Homes Strategy for Northern Ireland: Final Report, NIHE November 2007

Initial Exemption Period

What are your views on an initial exemption period not applying to rating of empty homes?

We have no firm views on whether or not there should be an initial exemption period. However, we do feel that the suggested 12 months for property developers of newly built homes seems unnecessarily generous.

Exclusions

Should certain classes of domestic properties be excluded from rates when empty?

We agree that certain people should be excluded from rates liability to avoid undue hardship or inequality. In particular, we support the need to protect those needing long term care or hospital treatment as well as people whose properties are unoccupied because of a prison sentence. We currently have experience of some sentenced clients who are facing extreme difficulties meeting rates payments.

Rented Sector

What are your views on the rating of empty homes in the social rented sector?

We agree that current arrangements should continue and that social rented properties should be excluded from the rating of empty homes policy. It is however important to monitor voids in the sector and where action is needed to ensure it is dealt with through the Empty Homes Strategy.

Should the private rented sector (subject to a written agreement) be excluded from the mainstream policy with the current arrangements continuing to apply?

On a general point, in our experience, it is common practice for landlords to pass the annual rates charges onto their tenants. Landlords who enter into this agreement with

the Department for Finance and Personnel make a direct 15% saving which does not normally benefit the tenant.

Interaction with other Allowances, Exemptions and Reliefs

Do you agree that disabled persons allowance, housing benefit, lone pensioner allowance, rate relief and the education, training and young person care relief, all of which are based on a property being occupied should not apply to empty homes?

We agree that reliefs and allowance should benefit the occupier rather than the owner and therefore should not apply when a property is empty.

Rates Avoidance

What are your views on the introduction of anti-avoidance measures?

It is likely that some owners may try to evade the law and therefore we can see the need for introducing anti-avoidance measures through legislation.

Financial Impact - Revenue

Do you have any views on the financial impact of introducing the rating of empty homes?

One of the main policy objectives behind the introduction of the rating of empty homes is to address the problems of housing affordability and supply. There is no guarantee that the rating of empty homes will indeed lead to more affordable homes, as most are likely to be sold or let in the private market. It is Housing Rights Service view that, given the social housing budget constraints, the revenue raised from this rating policy should go towards increasing the supply and availability of affordable social housing.