



Belfast City Council

Briefing to:	Strategic Policy and Resources Committee
Subject:	Council response to consultation on "Review of Domestic Rating, The Rating of Empty Homes"
Date:	20 June 2008
Reporting Officer:	Trevor Salmon, Director of Corporate Services
Contact Officer:	Ronan Cregan, Improvement Manager

Relevant Background Information

At present vacant domestic properties are excluded from paying rates. The Minister is now seeking views on a proposal of the Executive to introduce the rating of empty homes from April 2010. Views are also being sought on specific policy issues including exclusions, the possibility of phasing, whether an initial exemption period should be provided for and the interaction with other rating reliefs and allowances.

The purpose of this report is to seek agreement on the Council's formal response to this consultation. The proposed response can be found at Appendix One and the key points are summarised below.

Key Issues

Land and Property Services estimates that some 13,500 properties are listed as vacant across the city. The introduction of the rating of empty homes would therefore raise additional revenue. The DFP, in their consultation paper, have posed a number of questions and the following summarises the proposed Council's response to them.

- Rates currently are the City Council's principal source of income accounting for some 74% of total expenditure and it is essential with ever increasing demands for improved services that the tax base is maintained and enhanced.
- The increased taxation would encourage owners to find ways of making better use of the empty properties by, selling, re-letting or redeveloping the empty properties.
- Empty properties enjoy the infrastructure services provided by the City Council whilst the owners do not currently contribute to the costs incurred by the local authority.
- The Council supports the proposal that empty homes should be rated at 100% and does not support a tiered charge with the rate increasing after a period of time. This level of liability will simplify administration and will be readily understood by taxpayers.
- Should the Executive decide to introduce vacant rating in a phased way, the Council believes that the only reasonable phasing would be by a stepped liability starting with 50% in year one, 75% in year two and 100% in year three. It is

essential, if this were to happen, that the full charge is not deferred for longer than three years because a charge lower than 100% would encourage owners to not report the occupancy of properties.

- There should be an exemption for low value properties such as garages and caravans. The Council does not believe a minimum capital value should be applied to derelict properties or those in disrepair as this would not encourage re-use or redevelopment of these properties. These properties can be dealt with by a time-limited exemption.
- It would not be unreasonable to have an initial exemption period for empty homes of six months. The six month exemption period for new properties would commence upon issue of the completion notice.
- Where appropriate, consideration should be given to some exemptions, particularly where the reason the property is vacant is beyond the control of the owner. Social housing would also be excluded from the provisions of an empty property rate.
- Reliefs, such as transitional relief and the maximum capital value reliefs, should continue to apply in relation to the rating of empty homes because they are related to the property not the ratepayer.
- The Council supports the introduction of the rating of empty homes because it will raise additional revenue, which can be used to either reduce the current district rate or used to improve services or a combination of both. The main point is that it provides political choice.
- The number of vacant properties is likely to be half that used for the estimate in the consultation paper following a survey carried out by the Council Building Control Service on behalf of LPS found 51% of the surveyed properties listed as vacant were found to be occupied. This will impact of the level of income generated.
- The Council agrees with all aspects of the preferred approach detailed in the consultation paper except on the general initial exemption period. The Council would rather there was a general period on six months rather than a 12 month exemption for new properties only.

Recommendation

Members are requested to agree the consultation response as provided at Appendix One.