Land & Property Services
Seirbhísí Talún agus Maoine

Department of Finance
An Roinn Airgeadais
www.finance-ni.gov.uk

Revenue Raising Consultation Summary Report

Introduction

This consultation report provides a factual summary of responses received from the public consultation process undertaken in respect of Domestic and Non-Domestic Rates Revenue Raising Measures by the Department of Finance between 7 November 2023 and 13 February 2024.

This report contains a distillation of the responses provided to that consultation, and summarises the views expressed during the consultation. It is intended to provide the Executive and Minister with the necessary information to not only take account of the consultation exercise, but to also consider the responses alongside the wider Executive policy priorities when determining the future direction of the rating system. The Finance Committee have received an advance copy of this report to facilitate their work.

The Consultation Process

In September 2023 the Secretary of State, Rt Hon Chris Heaton-Harris, directed Departments to undertake a consultation exercise on revenue raising measures. The Department of Finance sought views on 7 rating proposals: 4 in the non-domestic sector, and 3 in the domestic sector.

The proposals were presented to highlight ways of maximising revenue through the potential removal of selected rate support, discounts and allowances. As such it highlighted the potential means of realising the revenue gain to address the budget shortfalls facing central government at that time. In that regard the consultation was limited and without wider options appraisal.

Given the nature of the process the Department of Finance, in undertaking the consultation on behalf of the NIO, made it clear that following the conclusion of the consultation exercise, further consultative and policy development work would need to be conducted. This could include the development of potential further options, the appraisal and analysis of any impacts and mitigation measures that may accompany any proposed implementation, taking account of any information on potential impacts and mitigations brought to the Department's attention during the consultation process.

The consultation process was advertised in the local press and attracted a significant amount of coverage in local and national media and social media; it launched on 7 November 2023.

The Department offered in-person consultation events and delivered 8 public briefings including with Councils, Chambers of Commerce and business organisations, and received valuable feedback. Online meetings were also held as part of the process.

1,406 written responses were received by the closing date for the consultation; the number and variety of respondents was extremely encouraging. Responses were received from individual ratepayers, district councils, businesses, voluntary and community organisations and professional bodies.

Despite the very specific scope of the consultation process, the process will serve to refresh and inform thinking to help assess how the domestic and non-domestic rating systems operate, and to gain fresh sectoral insights into changes that may be required.

That process can be progressed further now that devolved Ministers are in place to provide strategic direction on rating policy. As has been well documented the rating system, as the Executive's only devolved tax mechanism, is essential to fund key services, both at regional and district level. The system, like any tax, together with the suite of support measures, is continuously monitored so that it can be adapted to ever-changing marketplaces and local economic conditions. This will continue in order to help the system align with the new Executive's policy priorities.

2. Responses

Citizen Space (online)

In terms of the practicalities of the consultation exercise, respondents could choose to respond to one or more of the measures being consulted on. Therefore, whilst there were over 1,400 respondents (across the four non-domestic measures, three domestic measures) not all measures were considered by each respondent.

Each measure being consulted upon posed two questions to provide the Department with a broad overview of support or opposition to a proposal. The first question prompted a 'Yes or No' answer, while the second asked for commentary (in a free text box) to derive more qualitative detail from consultees. Not all respondents included a supporting comment in their response, with many only engaging with the 'yes' or 'no' query.

Likewise, where some respondents did include a comment, there were occasions when this could be read as contrary to their 'yes' or 'no' answer, or provided a caveat or qualification to that answer.

Taking this into consideration, the findings from the responses cannot be based purely on the number of 'yes and no' answers, these can only be assessed in terms of a broad indication of position. As a result, this consultation report will note the response to the yes/no approach, but focuses on the substantive commentary provided by consultees in terms of its narrative structure.

Detailed responses in writing / by email

Those wishing to respond to the consultation in more detail also did so by writing to the Department either by posting or emailing their responses.

Some respondents taking this approach followed the online format of yes/no and commentary for each measure, others provided a more general response including narrative on the revenue raising subject as a whole and/or particular views on public sector spending. This report covers all forms of feedback provided.

Organisational and individual ratepayer responses

The responses received for the non-domestic measures came largely from businesses or business stakeholder organisations. Where the narrative in this report benefits from attributing examples of views expressed from these organisations these are noted. This is for illustrative purposes, and does not mean that it was the sole view held by those stakeholders, nor that that stakeholder was the only one to raise that particular issue.

By contrast for the domestic measures, as these came predominantly from individual ratepayers the report has not attributed views to individual responses, but has instead conveyed the general themes and points provided within the exercise in order to accurately reflect the views of consultees.

Consultation responses will also be published in due course alongside this report, in accordance with the processes of consent, and anonymisation of responses from individuals.

3.Industrial Derating

762 responses were received to this proposal, in broad terms 599 wanted to see this support retained, while 163 broadly opposed retention.

Overview

The overview of the points made in the consultation on this issue were as follows:-

In terms of the points in favour of removal of Industrial Derating these included that:-

- the support, or a large element of the support was perceived as going to multinationals;
- the support has been removed elsewhere, and it was time to remove it here;
- the support provided wasn't enough at an individual business level (average benefit of between £15,000-£16,000) to make a substantial difference and so should be removed;
- that support of this kind was simply subsidising unprofitable activity;
- that support of this kind favoured foreign businesses and manufacturing ahead of other sectors of the economy such as retail hospitality and leisure;
- that the support should be reduced rather than removed, or instead retained for smaller manufacturing businesses only.

In terms of the points against removal of Industrial Derating these included that:-

- the sector was already facing challenges including Covid and EU Exit, wider global economic conditions, increases in electricity, fuels, gas, hikes in raw materials, disrupted supply chain, increasing transport costs, skills shortage, wage inflation, increased bureaucracy and paperwork;
- it would run against the industrial policy direction which is to support and increase manufacturing strength and competence;
- manufacturing by its nature is "space intensive" meaning occupation of large premises and the derating scheme allows new companies to deal with that and find a suitable property in the north to help grow;
- it would reduce tax revenue, off-putting for Foreign Direct Investment, reduce investment by indigenous manufacturing companies, and would encourage displacement to the south of Ireland;
- manufacturing businesses have re-invested the savings back into growing their businesses and into creating local employment;
- would have a disproportionate impact on Mid Ulster Council given its concentration of manufacturing companies;
- would reduce local businesses' competitiveness internationally.

Themes

There was a wide spectrum of responses in relation to Industrial Derating, with the majority broadly in favour of retaining the relief.

Those in favour of retention, including those stakeholders from the manufacturing sector such as **Manufacturing NI, Logistics UK** and the **NI Chamber of Commerce** took the strong view that it should be retained at the same level, with government's focus being placed on supporting and growing a sector vital to the local economy (as identified in the 10x economic vision from the Department for the Economy). The **Mineral Products Association NI (MPANI)** outlined their view that there should be a publicly stated long-term commitment to Industrial Derating so as to provide certainty and stability to the sector. All of those representative organisations stressed the importance of the sector to the wider economy and the impact of any job losses on the economy.

Others including **Antrim and Newtownabbey Borough Council** were concerned in relation to the possibility of job losses and **Confederation of British Industry (CBI)** and others also raised the costs for the sector due to increases in the minimum wages, increased energy cost, transport costs due to our geographical location and post-Brexit trade administration and compliance costs.

A point stressed by many respondents was that the sector is highly 'space intensive' so the scheme helps mitigates that issue, allowing new companies to find suitable property to help expand their business.

A small number including **Institute of Revenues, Rating and Valuation (IRRV)** and **Larne Business Forum** favoured reviewing the level of relief provided (the application of the liability cap), with the former also suggesting that the 2007 Economic Research Institute of Northern Ireland (ERINI) research should be refreshed using new data, reflecting the economic and unique trading position we find ourselves in, in 2024. The need for refreshed analysis was also advocated for by **Ulster University (Belfast School of Architecture and the Built Environment)**. A number of stakeholders which included **Newry BID** and **Belfast Skills Development** advocated for the full or partial removal, or retargeting of, the relief (for example to incentivise manufacturing businesses who invest in R&D).

GL Hearn felt that the relief should be phased out, with others taking the view that ability to pay should be recognised when awarding the relief. It was suggested by some that the legislation governing Industrial Derating should be amended to reflect more modern industry and that the de-minimis valuation end adjustment should be removed.

Other points raised by respondents in favour of the removable of the relief were that the relief goes to multi-nationals, it has been removed in Britain, the relief is subsiding unprofitable activity, public money is going to foreign businesses and that the sector is favoured over other sectors.

One other suggestion was that rather than removing the support, it could be reduced or retained to support small businesses.

Some **local councils** responding to the paper raised the matter of funding Industrial Derating, in the context of the Derating Grant, and the fact that central government carries the total burden of lost revenue associated with the Industrial Derating provision. Therefore, they felt that any changes to the support would need to ensure that Councils continue to be compensated for the full rating revenue associated with those properties.

4. Non-Domestic Vacant Rating

741 responses were received to this proposal, in broad terms 527 wanted to see this support retained, while 214 broadly opposed retention.

Overview

The overview of the points made in the consultation on this issue were as follows:-

In terms of the points in favour of removal of Non-Domestic Vacant Rating Relief of 50% these included that:-

- it would remove potential for rates evasion and fraud (as properties may potentially be claimed as vacant when in fact they are occupied to get 50% reduction);
- current policy risks dilapidated commercial buildings being left to ruin until the next phase of government regeneration funding comes around, whereas 100% liability may prevent this;
- a 100% liability would help encourage active use of land and property and penalises land banking, and end any incentive for property owners to keep non-domestic property vacant for extended periods;
- a 100% liability should be payable and powers should be put in place to create a requirement to maintain them / prevent them becoming derelict (i.e. anti-avoidance powers);
- a phased reduction approach should be employed, maintaining 50% relief for the initial 3 months, transitioning to 100% after 6 months to offer a more suitable option for property owners.

In terms of the points against removal of Non-Domestic Vacant Rating Relief of 50% these included that:-

- a property that is vacant was perceived as not benefitting from public services;
- some unused property is a liability for an owner in the current market rather than an asset;
- planning here is perceived as so difficult that developers can wait many years for change of use permission;
- removal of the 50% relief could lead to a distortion in the property market as owners move to offload at a lower price;
- the “grace period” of 3 months is, in practical terms, insufficient to re-invest and turn around existing property to meet current market requirements;
- removal of the 50% relief would deter improvements in existing stock, which given the environmental/climate change pressures, is not desirable;
- there were already issues with letting office space since the Covid pandemic;
- it is high rates liability for properties in occupation that is leading to less tenants, which is leading in turn to even higher poundage rates to subsidise the loss of occupied rates, and a spiral of decline within the built environment;
- consideration should be given to reducing the 50% relief but not entirely removing it, and to reducing the 100% relief for listed buildings to a lower percentage.

Some other views were also noted on this issue including that:-

- vacant property relief should no longer be automatically granted but should be the subject of an annual application;
- such applications for vacant property relief must be accompanied by statement from an estate agent to the effect that the property is available for occupation and is actively being marketed at an appropriate rent;
- to accompany this the current arrangement whereby derelict properties are removed from the valuation list and thus attract zero rates should end;
- derelict properties should henceforth attract rates at the full 100% rate liability until they are no longer derelict and are available for occupation and are actively being marketed at an appropriate rent at which point they should be eligible for vacant property relief at a level of 50%;
- if a building is to be left unoccupied longer term and land banked for no good reason then the 100% rating liability should apply.

Themes

This issue attracted a wide range of responses across a range of areas. Again, there was a split in opinion, with some advocating for vacant rating to be used as an incentive mechanism to promote use of property, while others stated that conversely vacant rating, as a tax, created difficulties - either in relation to owners who couldn't let property, or in terms of deliberate dereliction.

A large number of consultees were of the view that relief from vacant rating needed to be evaluated fully to address issues associated with absentee landlords, with some including **IRRV** suggesting that the exclusions currently provided on vacant properties could potentially be reduced or phased out the longer a property is not in use. **The Northern Ireland Retail Consortium** along with others advised that this would bring parity with UK regions and added that retail has suffered no negative effects from this policy within these regions.

Concerns were raised by some stakeholders about landlords who have been able to let a property to a charitable organisation at a higher rent due to the charity being exempt from rates and therefore helping to distort the market and spoil the retail offering. There was also a view expressed, however, that Non-Domestic Vacant Rating should be reduced to help landlords with empty property that they were unable to lease.

Concerns were raised within the consultation process that landlords could be forced to sell, leading to a distortion within the market and also could contribute to the decline of our town centres. One other issue raised was the removal of this support may deter landlords to carry out the necessary improvements regarding environmental and climate changes to their stock.

CBI advised that the one size fits all approach will not work stating that while Industrial property is limited and the removal may alleviate supply issues and encourage owners to free these properties for use, it is different on the retail side with low consumer demand and footfall makes it difficult to let these properties. **GL Hearn** felt that 100% liability would have an adverse effect on those unable to let or redevelop empty properties and this could lead to financial stress or bankruptcy, and that fundamentally rates were originally designed as a tax on occupied property.

Some consultees including **Mid and East Antrim Borough Council** called for the re-introduction of the 'Back in Business' to help target 'problem' properties and supports businesses in their early stages.

5. Freight Transport

726 responses were received to this proposal, in broad terms 544 wanted to see this support retained, while 182 broadly opposed retention.

Overview

The overview of the points made in the consultation on this issue were as follows:-

In terms of the points in favour of removal of Freight Transport Relief these included that:-

- the support was outdated, harbours and freight companies have never been busier and making massive profits so rates affordable;
- companies in receipt should be forced to show corresponding rent reduction for these haulage companies before any award of support;
- affected ratepayers would simply seek to recover those costs through its customers – thus the burden would be shared among a high volume of customers and parties throughout the supply chain;
- there were specific concerns about the quantum of support going to Belfast Port.

In terms of the points against removal of Freight Transport Relief these included that:

- increased costs will be passed on to the other businesses importing and moving goods around;
- business in this sector have to pay extra to transport goods to and from the north greatly reducing our potential to be or stay competitive in either Ireland or Britain;
- our geographical location means Freight Transport companies here are already massively disadvantaged relative to our competitors – and Freight Transport companies will simply move to the south/ England;
- there is only a modest cost associated with this provision against a positive point-of-difference with England, Scotland Wales and the south of Ireland which can only help to generate more money for the economy here;
- the opportunity vs cost balance lies in favour of opportunity.

Themes

The majority of the responses to this proposal were broadly in favour of retaining of this support. A number of responses including **Logistics UK**, **Warrenpoint Harbour** and **Belfast City Council** favoured retention. Consultees highlighted that removing the support could result in increased costs to transport goods and therefore resulting in higher prices for the consumer. Others including **Newry Chamber** highlighted that this sector is currently coming to terms with increased costs due to Brexit. One other issue raised was the removal of this support would affect the competitiveness of our ports and the possibility of operators changing the route via Republic of Ireland due to the attractiveness of reduced costs. The **NI Chamber of Commerce** - any decision to remove the relief should take into account our location and also the scale which puts us at a competitive disadvantage and it is vital that we continue to have competitive advantages to become sustainable and conducive to private investment.

Some of the respondents such as **IRRV** felt that there may be merit in reducing the support to 50% and others including **GL Hearn** suggested that the relief could be phased out over time. The view was provided, including from **Ulster University (Belfast School of Architecture and the Built Environment)** that before any removal of the support, an evidence based review of the economic impact should be carried out.

The responses which were in favour of support being removed would like to see parity with the UK and thought this would also provide more revenue for the Executive and help to create an even playing field for other sectors. **Retail NI** suggested that there was no need for this support as the beneficiaries are successful trading entities and should contribute via the rating system.

6. Halls Of Residence

718 responses were received to this proposal, in broad terms 377 wanted to see this support retained, while 341 broadly opposed retention.

Overview

The overview of the points made in the consultation on this issue were as follows:-

In terms of the points in favour of removal of Halls of Residence Exemption these included that:-

- there was a perceived anomaly that these properties alone get an exemption while other student accommodation does not;
- removal would makes things clear and fairer;
- these properties generate a significant revenue for the educational institutions and the £2M support equates to an average award of £117,000 per year;
- the private sector accommodation model was profitable in absence of the measure and therefore the market should address accommodation need;
- the transfer of benefit condition built into the exemption is difficult to police.

In terms of the points against the removal of Halls of Residence Exemption these included that:-

- removal would increase costs for students that need to stay in halls, that this will result in student debt increasing when students are already struggling with student debt;
- students already come from households paying full rates;
- this had the potential to impact more on students from poorer backgrounds;
- University managed accommodation or Halls of Residence vary significantly from what is offered in the local private rental sector (pastoral care, etc).

Themes

The response to this proposal has been mixed. A number of respondents including **Mid and East Antrim Borough Council** and **Retail NI** felt that there was a capacity for these properties to pay full rates liability. It was highlighted that the Universities Halls of Residence were gaining an unfair advantage over privately-owned purpose-built accommodation and private landlords, with some adding that the additional revenue could help other less well off areas of the economy. **IRRV** stated that the current treatment could be considered anti-competitive and disruptive to the market which may discourage private developers, stating that the differential created by the exemption is no longer appropriate. Other respondents also questioned whether this saving was being successfully passed to the students by the universities. **Belfast City Council** felt it was unfair on all residents in Belfast that these occupiers make no contribution irrespective of financial circumstances.

Other respondents including **Mid Ulster District Council** who responded in favour of retaining the support, felt the universities would pass the increased cost onto the students and added that this may have a negative impact on the attractiveness of studying here and less young people applying for university places. **CBI** stated that the removal could exacerbate the 'brain drain' problem by encouraging A-level students to attend GB universities.

National Union of Students-Union of Students Ireland (NUSUSI) highlighted that students are low-income earners and may not be able to afford any additional costs.

7. Maximum Capital Value

1,199 responses were received to this proposal, in broad terms 967 wanted to see this support retained, while 232 broadly opposed retention. As this is a domestic measure, and views were received from a large number of individual ratepayers no views are attributed to specific individuals or stakeholders in this section.

Overview

The overview of the points made in the consultation on this issue were as follows:-

In terms of the points in favour of the removal of the Maximum Capital Value these included that:-

- it would make tax more progressive / equitable, and that by currently capping the rate it makes the tax inherently regressive with the wealthy paying a lower percentage of their income on property tax;
- there was a view that the wealthiest will always want to live in the most sought-after homes regardless of cost, i.e. status competition would see rates paid;
- at a minimum there was scope for alignment with highest bills in England/Scotland/Wales;
- that an annual inflationary increase should be applied to ensure capped bills tracks inflation.

In terms of the points against the removal of the Maximum Capital Value these included that:-

- owners of larger properties do not avail of any extra services – and potentially less if rural/remote location;
- this could result in housing “crash” or long-term deterioration of housing stock at the top end of the domestic market;
- could lead to cap properties broken up into multiple apartments or vacated to deteriorate and become derelict;
- genuine cases of people in cap properties with limited ability to pay increased charge with some being asset rich but income poor;
- there was a feeling of poor value for money in government services from councils and central government in current level of charge;
- there was a fear that this change would create “golden ghettos” where only the “super-rich” can afford to live due to rates charges;
- there were issues with average comparisons with England given wage gap, etc.

Themes

Key themes from those in favour of removing the Max Cap covered a spectrum of concerns. These included that occupiers of more expensive properties should be able to afford higher rates, and that it was unfair on those on low incomes who were ‘paying their share’ for the same level of services.

Some respondents felt this measure, if removed, would be a good way to raise more revenue from those they felt were the wealthiest and who benefited from the cap being in place.

Commentary from individual ratepayers and organisations who responded that they did not want to see the Max Cap removed rotated around three core areas, namely ability to pay, fairness, and “income vs asset” value. Ability to pay was cited as being of concern, and in particular respondents commented that those most impacted could be the elderly or retired / pensioners. Some respondents felt it would be unfair to assume that those in properties of a higher value would have the financial means / income to pay more for rates and commented that those ratepayers who had inherited a family property would be impacted and may have to consider selling the property.

It should be noted that there were different views on what is considered fair, expressed from both those in favour and those against removal of the Max Cap depending on their perspective. Some expressed genuine worry that they would fall into financial hardship should the cap be removed and potentially lose their homes.

8. Early Payment Discount (EPD)

1,195 responses were received to this proposal, in broad terms 985 wanted to see this support retained, while 210 broadly opposed retention. As this is a domestic measure, and views were received from a large number of individual ratepayers no views are attributed to specific individuals or stakeholders in this section.

Overview

The overview of the points made in the consultation on this issue were as follows:-

In terms of the points in favour of the removal of the Early Payment Discount (EPD) these included that:-

- it was of no benefit except to ratepayers with more income/disposable income;
- most people cannot afford to take advantage of the discount;
- there was a significant overall cost to maintain the small discount at individual level;
- the scale of discount doesn't act as a real incentive;
- costs less to administer Direct Debit once they are set up and so there should be no incentives for other payment methods.

In terms of the points against the removal of the Early Payment Discount these included that:-

- the Executive and Councils would lose an immediate hit of revenue at outset of year;
- it would discourage the payment of rates early by those able to avail of the discount;
- it would create an administrative impact of having to administer an additional 158,000 monthly payments;
- that the value of £1 today is worth more than the value of £1 tomorrow;
- this measure significantly helps people budget.

Themes

Key themes from those who were in favour of removing EPD covered a broad spectrum including the perceived fairness, with many stating that those who could afford to pay their rates bill in full were simply being rewarded rather than incentivised, and in addition that these ratepayers would have had the financial means to pay in full with or without the discount i.e., they had the luxury of choice and probably would have paid the bill in full without any discount on offer. Those struggling financially felt that removing EPD would have no impact on those households that availed of it, and consequently the EPD could be removed and the revenue saved put to better use for other reliefs or public spending.

Whilst some respondents believed that collection of revenue early in the rating year would assist in good public finance/budget management which could only be a positive thing, the overwhelming theme was of fairness for those who could not afford to pay a rates bill in full.

Many respondents who don't qualify for other reliefs and are under pressure to manage their household budgets during a cost-of-living crisis felt that it was unfair that those who could afford to pay their bill in full are being rewarded.

In terms of those who were opposed to the removal of EPD these covered a spectrum of concerns, with a focus on the areas of incentive to pay and the cost effective / early collection of revenue in year, as well as fairness.

Other respondents felt that the discount made a difference to their financial budgeting and that any discount to household bills was welcomed with the current high cost of living. Reference was made in the responses to those who manage their household finances very carefully in order to avail of EPD each year with specific reference made to pensioners and those who fall outside other benefit or relief schemes.

Some respondents felt that those paying their rates early 'in full' helped the collection of revenue and saved on administrative costs for LPS so it was only fair that they received a discount for doing so, with some respondents noting that if EPD was removed they would simply switch to direct debit and this would have an impact on revenue collection and administrative costs.

9. Landlord Allowance

1,177 responses were received to this proposal, in broad terms 609 wanted to see this support retained, while 568 broadly opposed retention. As this is a domestic measure, and views were received from a large number of individual ratepayers no views are attributed to specific individuals or stakeholders in this section.

Overview

The overview of the points made in the consultation on this issue were as follows:-

In terms of the points in favour of the removal of Landlord Allowances these included that:-

- there was a perception of misalignment with 4% early payment discount for households;
- there was a perception of landlords as a group not being "in need";
- there should be conditionality placed on the allowance, i.e. rent control or compliance with regulatory frameworks.

In terms of the points against the removal of Landlord Allowances these included that:-

- there would be additional administration costs incurred for government if landlords no longer volunteer to take on the rates liability if losing the allowance;
- the increased cost of administering monthly payments for all of these properties combined with a higher risk of non-payment outweighs benefits;
- any change of this type might restrict private rental supply further at time of housing crisis;
- agents and landlords would walk away from voluntary agreements leaving LPS to collect difficult bracket of debt;
- the current system seems to establish a fair balance between landlord sector and government;
- this may exacerbate current issues restricting housing supply in areas where second homes are prominent – likely to restrict housing supply for locals in areas such as Portstewart, Portrush, etc;
- it would have a potential upward impact on rents.

Themes

In terms of those who were opposed to the removal of the landlord allowance, they were mainly landlords, who stated that should the landlord allowance be removed this would be the catalyst for them to either raise rents for their tenants, or sell their properties and would impact the financial sustainability of their business. They felt that this would have an adverse impact on the housing market and availability of rental properties and felt that removal of the allowance would be a disincentive for new landlords entering the rental market.

Some respondents commented they were providing a vital service for the rental sector and that this was their reward for providing this service. They felt that if it was removed, they should no longer have to collect rates on behalf of LPS which would in turn increase the administrative costs for LPS should they (LPS) have to collect the rates from tenants, and this would make no sense.

Broadly those responses in favour of removal felt that it was unfair that landlords received a discount by way of allowance and did not understand why this was the case. They felt that there was no parity with domestic ratepayers, in particular they felt that landlords were 'businesses' and as such questioned whether landlords should pay business rates considering that businesses are run for profit. It was clear that some had no understanding of why landlords receive an allowance and there was a general lack of awareness from some of the responses on the type of landlords or number of properties a landlord may rent, including that housing associations are also landlords and receive the same discount.

Those responses that were provided by means other than Citizen Space broadly aligned with the responses for and against the removal of the landlord allowance. However, some respondents suggested that the allowance should be retained for NIHE and housing associations, whereas for other landlords the allowance was seen as over generous when compared with the early payment discount of 4% and a reduction rather than removal for other landlords would bring this in line.

Concern was raised that landlords could increase rents if the allowance was removed, and so consideration should be given to the impact of inclusive rents (rent and rates combined) and the rate rebate scheme. Generally, these respondents believed that further detailed research must be conducted to better understand the impact removal of the allowance would have on the different housing sectors. In addition, reference was made to better understanding of how much of the private rental sector is given over to tenants in need of social housing and concerns that landlord allowance being removed would impact on those most financially vulnerable and could lead to homelessness given that the current demand for social sector housing outstrips demand.

Given that the landlord allowance applies to any landlord who may have one property or multiple properties, it includes NIHE and Housing Associations. Therefore, some responses felt that any argument that all landlords would be affected in the same way would require further investigation. In respect of the NIHE and Housing Associations, the benefit of the landlord allowance and the impact of removal was felt to particularly need careful research and collaboration across the sector given the systemic nature of housing supply in general, as well as the social sector housing here.

Finally, responses noted that further consideration of other factors relating to the housing sector would need to be carefully thought through, such as the regulation of landlords through the DfC Landlord Registration Scheme and the increase to funding from central government that would be required for social sector housing providers should the landlord allowance be removed.

Next Steps

This document has been prepared to provide a summary and overview of the points raised as part of the consultation process, and the written responses received to the consultation process conducted between November 2023 and February 2024.

The Department will now consider the broader points raised by respondents as part of the wider process of aligning rating policy to the Executive's strategic priorities.

The Department thanks everyone who has taken the time to respond to the consultation and is grateful for the detailed contributions made as part of the consultation process.

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