EXPLANATORY MEMORANDUM TO

The Rates (Unoccupied Hereditaments) (Amendment) Regulations (Northern Ireland) 2013

SR 2013 No. 47

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel ("the Department") to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under Article 25A(6) of, and paragraph 1(1) to (3) of Schedule 8A to, the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28) ("the 1977 Order") and is subject to the negative resolution procedure.

2. Purpose

2.1. Paragraph 2 of the Schedule to the Rates (Unoccupied Hereditaments) Regulations (Northern Ireland) 2011 (S.R. 2011 No. 36) ("the principal Regulations") provides as exemption from the rating of empty homes for house-builders and developers who are entitled to possession of newly built domestic properties. The exemption is for a period of twelve months except that where a property first appears in the valuation list before 1 April 2012, the exemption is for a period of eighteen months.

2.2. The Regulations amend the principle Regulations by increasing from eighteen months to thirty months the period of exemption from the rating of empty homes for a newly built domestic property first appearing in the valuation list before 1 April 2012.

3. Background

3.1. The rating of empty homes was introduced on 1st October 2011. At that time it was decided to provide a 18 month exemption period for house-builders and developers designed to afford protection to developers who had built speculatively during the property boom but had been left with surplus housing stock following the sudden downturn. For many of these developers the 18 month exemption period is due to expire on 31st March 2013.

3.2. With house-builders and the housing market still slow to recover this exemption is being extended from 18 months to 30 months.

4. Consultation

4.1. The policy to introduce the rating of empty homes was a key outcome of the Executive's Review of domestic rating in 2007. A consultation report, setting out the way forward on a range of policy issues, was published on 6 January 2009. Full details of the consultation process and associated documentation can be accessed at the Rating Policy Division website at the following link:- http://www.dfpni.gov.uk/rating-review

4.2. No further consultation was deemed necessary in relation to this amendment. All present recipients of the exclusion have however been written to by the Department.

5. Equality Impact

5.1. An EQIA was carried out at as part of the initial policy development on the rating of empty homes.

5.2. It is the Department's assessment that no further EQIA is required in relation to this amendment.

6. Regulatory Impact

6.1. A regulatory impact assessment was not considered necessary as the Rule does not result in any new direct cost to business, charities or voluntary bodies.

7. Financial Implications

7.1. On the basis of an average rates bill, and based on the current eligibility figures provided by LPS, the cost in total revenue for the developer exclusion (district and regional rates) would be in the region of £4million per annum.

7.2. However, the imposition of rates on builders carrying large stocks of new houses "built in better times" could put some firms in financial difficulty and therefore a proportion of this figure would be uncollectable in any case.

8. Section 24 of the Northern Ireland Act 1998

8.1. It is the view of the Department that these Regulations are compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. There are no relevant European Regulations or Directives.

10. Parity or Replicatory Measure

10.1. There is no corresponding Great Britain legislation.

11. Additional Information

11.1. Not applicable.