

# **THE NORTHERN IRELAND FEDERATION OF HOUSING ASSOCIATIONS**

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30<sup>th</sup> June 2006

**Mr Brian McClure  
Rating Policy Division  
Department of Finance and Personnel  
Room D12  
Rathgael House  
Balloo Road  
BANGOR  
BT19 7NA**

Dear Mr McClure,

**Re: Standardisation of Rates Liability within the Social Rented Sector**

Thank you for the above document which was received by NIFHA on Thursday 8<sup>th</sup> June 2006 and the meeting on 26<sup>th</sup> June.

First and foremost we would like to advise that we are seriously concerned at the lack of information and very short timescale to allow a fully detailed response with regard to this issue. Please be aware that NIFHA and its members are disappointed with the consultation period for this document and are likely to make further comments when the draft Order is published.

Although NIFHA and its members support the review of Northern Ireland's rating system, we cannot endorse this document because of failure to properly consult key stakeholders on this issue. Housing associations own 25% of the total social housing stock in Northern Ireland and our members are concerned that this consultation document seems to make some very sweeping generalisations and does not take account of the following points:

1. At our meeting on Monday 26<sup>th</sup> June 2006 you advised that work in relation to this process has been ongoing for a year. NIFHA is extremely disappointed that only now are facts and views being sought from the housing association movement.
2. It is evident that the proposals outlined in the document are based on a model which only used NIHE properties as a basis for calculations of standard rates. This is disturbing because of the following key differences from the NIHE portion of the whole social rented stock:
  - Since 1992 the rents for nearly all lettings by registered housing associations have been set by each individual housing association on the basis of its own policy. Their rent policies are not necessarily the same as that of the NIHE. In contrast, the rents of housing association tenancies created before 1992 continue to be controlled by the DSD and set at the same level as the NIHE.
  - A significant minority of the housing association stock comprises accommodation which is not fully self-contained. The NIHE rent points scheme was not designed for such accommodation.

***Representing and promoting housing associations in Northern Ireland***

**Chairperson: Mr Arthur Canning Dip (Est Man) MBEng Chief Executive: Mr Chris Williamson MCIH**

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- On average, the housing association stock is newer than NIHE stock and, other things being equal, would therefore attract a higher number of NIHE rent points. Under the standardisation of rates proposal, housing association tenants would carry a disproportionate amount of the rates liability for the social rented sector. Bearing in mind the high proportion of elderly tenants of housing associations and the concentration of general needs development in parts of Belfast and Derry, significant equality implications should be carefully researched.
  - About 15% of the housing association stock has associated communal facilities and I gather that a significant proportion of this property benefits from charitable exemption from rates.
3. The DSD's Housing Division has embarked on a review of rent setting policy in social rented housing. In our opinion, the review of the rent setting policy has high priority for the relevant organisations and should be finished before considering the standardisation of rates in the social rented sector.
  4. The proposal would be out of step with:
    - the new water charges for Northern Ireland (which will be mainly based on capital value)
    - the property taxation system in Britain (which is mainly based on capital value and applies as much to social rented housing as to the other tenures)
    - the situation of restricted and regulated tenancies in Northern Ireland. Households with these tenancies are possibly less well-off and have fewer transfer options than tenants in the social rented sector.
  5. The proposal would cause administrative difficulties in the following respects:
    - when a social rented property is being sold to a sitting tenant, we presume the DSD would require the social landlord to ascertain the rates bill after completion of the purchase and advise the tenant
    - housing associations are continually adding to the social rented stock and house sales by the NIHE and associations are continuously reducing it. It will be difficult to allow for these unpredictable flows in distributing the whole rates liability under the proposed rates standardisation system
  6. It does not seem fair that social tenants living in detached houses should be cross-subsidised by fellow tenants living in properties which are smaller and/or have less amenities and therefore attract fewer rent points.
  7. Both NIHE and housing association tenants have a right to consultation on any significant changes that might affect them in terms of housing and/or their tenancy. The publication of this document has not facilitated any opportunity to adequately consult with tenants as required.
  8. Finally, NIFHA stresses that our members expect representation from the voluntary housing movement at any further discussions regarding this matter and prior to any overall decisions being made.

I trust that you will find these comments helpful and look forward to hearing from you soon.

Yours sincerely,



**CHRISTOPHER WILLIAMSON**  
**CHIEF EXECUTIVE**