

**LIABILITY FOR RATES
IN THE
LANDLORD SECTOR**

CONSULTATION REPORT

SEPTEMBER 2016

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INTRODUCTION

1. This document summarises responses a public consultation on the subject of liability for domestic rates in the private and social rented sectors.

The decision to review the current arrangements was initiated by the then Finance Minister Simon Hamilton in 2013/14 during the passage of the Financial Provisions (Northern Ireland) Act 2014. The Minister recognised the complex issues this raises, when he addressed the Assembly on the subject, stating:

...the rating system that has served us and previous Administrations for over 160 years is founded on the principle that the occupier pays. That works pretty well, given that rates are a charge for regional and local services. However, there are practical difficulties in strictly adhering to the principle when it comes to rented domestic property, because of the problems associated with recovering unpaid rates from tenants, who tend to move about more in lower- and average-value houses.

That is not a new phenomenon, which is why landlord allowances are a long-standing feature of the domestic rating system here. Various discounts are given to landlords in return for collecting rates from tenants and passing them on to Land and Property Services (LPS). It helps revenue collection. At the moment, the allowances vary, depending on whether they relate to compulsory or voluntary landlord liability, and there are differences between the private rented sector and the social rented sector.

Members may well jump to the conclusion of asking why we should give landlords anything by way of discount. I can understand why Members might think that, but I reiterate that, in essence, rates are an occupier-based charge. Even if the landlord is liable to hand over payment to LPS, the tenant still pays the rates through the rent, and the landlord is effectively acting as a collection agent.

There is another key point to make — one that sometimes gets drowned out — which is that landlords' representatives have consistently told us that they do not want anything to do with rate collection. Their preference is to have no liability at all for the payment of rates to the Department, as is the case in the rest of the UK with council tax. Therefore, to impose a duty on a landlord to collect rates, as part of the rent, from the person who lives in the house and not make an allowance for it would represent a major shift in policy. It is not something that we can contemplate without undertaking a lot more research and consultation. For that reason, I wish to initiate a fundamental review of the whole policy area later this year, and I have asked my Department to factor that into its plans.

2. This excerpt sets out the context of the review and succinctly identifies the policy issues and competing interests that the consultation had to take into account.
3. This is purely a factual report and does not identify a preferred way forward at this stage. The quality of responses was high and diverse. Indeed, it is worth pointing out the wide range of views expressed on the subject and the difficulty this presents in finding a broadly acceptable middle ground in terms of policy outcomes.
4. This is not surprising, as the domestic rating system is regarded as different things to different people. On the one hand some see it as a simple property tax or even a wealth tax; whereas others regard it more as a democratically accountable charge placed on residents in an area as means of paying for public or community services. Both sets of views have merit and the various landlord liability arrangements that have evolved over many years have fostered these differences of opinion.
5. The review of rate liability in the domestic rental sector sought views on the policy governing rate liability for domestic rental properties including halls of residence. Responses were sought on a number of aspects of the policy –
 - who liability should fall to – tenant or landlord;
 - the capital value liability threshold within Article 20 (compulsory liability);
 - the level of collection allowance provided by LPS;
 - the clarity of guidance provided on the policy;
 - halls of residence exemption; and
 - the conflict between tenancy agreements and rating law.
6. Comments on six policy options were also sought in order to facilitate responses –
 - Option 1 – No change
 - Option 2 – Introduce a hierarchy of liability
 - Option 3 – No change but remove landlord allowance
 - Option 4 – Remove £150,000 threshold from Article 20
 - Option 5 – Universal owner liability
 - Option 6 – Tenant liability for payment
7. The consultation was open for comment for an eight week period and closed on 3 June 2016. There were 21 responses to the in total; 17 of those came from organisations (including six district councils whose revenue is directly affected

by the landlord allowance and collection levels) and four from individual ratepayers. The various organisations and individuals are representative of both landlords and tenants resulting in diverse and detailed opinions being presented in response to the paper.

8. The full responses to the consultation and list of consultees can be viewed on the [Department's website](#). This paper seeks to summarise the views of those who responded to inform a way forward. It is purely a factual report and does not identify a preferred way forward at this stage.

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POLICY OPTIONS

9. The consultation asked for a view on whether the tenant or the landlord should be liable for payment of rates to LPS. Of the 21 respondents 18 responded on this point; five of whom were in favour of the tenant being liable including, LANI and McFarlane & Smyth Chartered Surveyors. An individual respondent commented that ***“we should be consistent with practice in GB”***. The Inner City Trust commented that the tenant should be liable and when a property is vacant liability should fall to the landlord in the same way as the non-domestic rental sector.
10. Eight respondents were in favour of the landlord being liable and five wished to see the system remain the same with the landlord liable in the majority of cases. Citizens' Advice highlighted concerns over resultant debt should the tenant become liable and commented –

“Since support for council tax was localised in Great Britain in 2013, council tax arrears have overtaken credit card debt as the number one debt problem Citizens' Advice clients seek help with...We do not want this situation to be replicated in Northern Ireland...”
11. The Chartered Institute of Housing NI believes that private landlord should have compulsory liability for payment of rates ***“but should be legally entitled to recover the cost of rates through their contractual agreement with tenants... effecting a system where landlords are legally liable to pay Land & Property Services (LPS) while tenants are contractually liable to pay landlords”***.
12. Many of those who favour landlord liability are representative of tenants such as Housing Rights and NI Private Tenants' Forum.
13. Of the five respondents who wished to see the current arrangement remain, the Northern Ireland Housing Executive (NIHE) commented –

“...given the current levels of confusion and uncertainty around the full implementation of universal credit, and its introduction in Northern Ireland, NIHE would fully support the retention of the existing arrangements until there is greater clarity on and familiarity with universal credit and non-working age benefits structure.”
14. As suggested by NIHE, retention of the current landlord liability arrangements possibly with increased guidance would assist with understanding of the system for both landlords and tenants.

15. One individual respondent commented that the system would be clearer if responsibility lay with either the landlord or the tenant in all cases and not the mixed system currently in place.
16. Following on from this question views were sought on which policy option reflected the respondents' preference. 19 of the 21 respondents chose one of the six options presented in the consultation paper. One of the respondents, Mid & East Antrim Borough Council, suggested that both Options 3 and 4 merited further consideration. Half a vote has therefore been allocated to each of those options. The table below shows the options in order of preference –

OPTION		NUMBER OF VOTES
1	No change	6
6	Tenant liability	5
4	Remove £150,000 threshold from Article 20	4.5
5	Universal owner liability	3
3	No change but remove landlord allowance	0.5
2	Introduce a hierarchy of liability	0

17. A third of those who chose an option felt that the system should remain as it is. These responses came mostly from local government and also from NIHE. However NIHE also commented that, in the longer term, they would like to see the tenant made liable for paying rates. The second most popular choice was Option 6, Tenant Liability, favoured by five respondents many of whom are representative of landlords such as LANI and McFarlane & Smyth. This highlights the diametrically opposed views that stakeholders hold on this policy. This was not however unexpected as the consultation paper had previously referred to this historic polarisation of views in relation to policy preference. The removal of the £150,000 threshold from Article 20 (Option 4) was also given considerable support. In effect, this would make landlords liable in most cases. Citizens' Advice commented that this ***“will make it clear to landlords and tenants who is responsible for the payment, and will facilitate the collection of rates for LPS”***.
18. 18 of the 21 respondents gave reason for their option choices. Of those who favoured the system remaining the same (Option 1) the following reasons were given –

This Option ***“will enable the development of some stability to the April 2015 changes to the system, and should prevent excessive confusion due to the simultaneous introduction of complex changes to the welfare reform system.”*** NILGA

“...this will provide stability for both landlord and tenants. Additionally, as stated it is less than a year since the last

changes and therefore too early to determine improvements.”

Disability Action

“The current arrangements balance the practical issues of rates collection with incentives for participation in additional voluntary arrangements.” Belfast City Council

“Option 1 should continue pending implementation of Universal Credit and the establishment of some stability given the raft of forthcoming welfare changes.” NIHE

19. Respondents favouring the status quo saw it as a way to assist with understanding of the arrangements, commenting that further changes could add to confusion over liability. NIHE in particular highlighted the Universal Credit changes taking place which they felt would have an impact on landlord liability arrangements.

20. In contrast those who favoured changing to tenant liability commented –

“The main principle here is that is the occupier and not the owner who is the consumer of local services provided by the council and also the occupier is the voter who holds the council to account. That is why occupiers pay rates and it should apply across the board as fundamental to the democratic process.” Individual ratepayer response

“That the occupier should pay the rates is long established and in GB tenants pay the council tax not the landlords.”
Individual ratepayer response

“...equity would dictate that Northern Ireland landlords should be put on an equal footing with those in GB.” LANI

21. One respondent who favoured tenant liability took a more pragmatic approach to the situation, realising the practicality of the option and commenting –

“Ideally the tenant should be responsible as it has always been an occupier based liability, but I accept that it is more efficient from a collection point of view to invoice the owner/landlord...Landlords would probably all prefer Option 6 but politically and practically I suspect this would be difficult.” McFarlane & Smyth

22. The respondents who favoured the removal of the threshold from Article 20 (Option 4) also saw this as a way of simplifying the arrangements and aiding

understanding of liability. Indeed, Citizens' Advice felt that this option best met the criteria set out at the start of the consultation. Housing Rights commented –

“...Housing Rights views Option 4 as having the potential to simplify the policy environment surrounding rates liability; align with the Department and others' view regarding existing widespread tenant understandings of rates liability; and align with expressions of rate liability as contained within many tenancy agreements in the private rented sector.”

23. The Chartered Institute of Housing went on to cite a number of beneficial outcomes of Option 4 –

- tenants incentivised to pay rates as part of their contractual obligations to a landlord
- landlords incentivised to inform benefit claimants of rates rebate/allowance
- rate account is more likely to be paid
- does not represent a substantive change in practice
- compatible with a sector where nearly 30% of tenants have no written record of what their rights and responsibilities as a tenant are.

24. Taking with those who favoured the system remaining the same and those who favoured the removal of the threshold together, more respondents are in favour of the landlord remaining liable.

ARTICLE 20 CAPITAL VALUE THRESHOLD

25. Respondents were asked for their views on whether the £150,000 capital value threshold should be retained and if so was the level of the threshold too low or too high. 15 of the 21 respondents directly answered this question with five saying the threshold should remain and 10 saying it should be removed. Two of the six respondents who did not answer were not in favour of landlord liability and Citizens' Advice commented that the level of the threshold should be raised or abolished altogether but suggested that LPS should be the ones to judge which the best option was.
26. Many of the respondents in favour of removing the threshold felt that it would simplify arrangements and aid understanding.
27. NIHE commented that ***"it would be less confusing and that collection would be maximised by leaving this liability consistently with the landlord and removing the £150k threshold."*** This was echoed by Mid & East Antrim Council who said the removal of the threshold would; ***"support clear and consistent communication of respective roles, responsibilities and rights of tenants, landlords and agents."*** Whilst the Chartered Institute for Housing made the point that ***"...tenants are unlikely to know the capital value of the property they are letting and it further muddies an already unclear situation."***
28. Those who felt the threshold should remain in place; including NILGA and McFarlane & Smyth appeared to think it would assist with continuity –
- "The capital value threshold works well. At this level of property value both landlord and tenant are normally able to agree at the tenancy negotiation stage who will be liable for the rates."*** McFarlane & Smyth
- "It is preferable to maintain regular payments, and a liability on landlords of lower value properties will assist in ensuring continuity of this funding stream, given the high turnover of tenants in this part of the sector."*** NILGA
29. Of the five respondents who wished to retain the threshold three commented that it was set at the correct level. NILGA commented that whilst £150,000 appeared to be the correct level now ***"the department should consider reviews of this value on a regular basis, and consider what intervals for review would be appropriate."***

30. An individual ratepayer commented that the threshold was too high as **“£120,000 can buy a great property.”**¹ Mid & East Antrim Council, who had favoured removing the threshold, made the following comment -

“...Council is minded that with our recovering, albeit slow, housing market the capital value threshold may merit revision upwards.”

In addition, two other respondents commented that the threshold was too low. Taken as a whole these views would indicate that more respondents are in favour of the threshold being raised or removed altogether.

31. When asked what implications the removal of the Article 20 valuation threshold would have for Article 21 voluntary liability the various comments detailed in the table below were made –

Individual respondent	<i>“Landlords would still be collecting rates for all their properties and paying a single sum to LPS. Forget the semantics of the Article number - build in the 10% allowance for the administrative burden on landlords and savings to LPS.”</i>
Individual respondent	<i>“If it is removed, and at the same time all landlords become responsible for the payment of domestic rates, both Articles become obsolete and the situation is clarified and simplified.”</i>
Macfarlane & Smyth	<i>“There would be some effect, particularly in the ‘occasional’ letting market where for instance an owner may decide to let a family house at a low rent with the tenant paying the rates while decisions are made regarding the future of the property. Interfering with this type of occasional tenancy may reduce supply and lead to houses unnecessarily lying vacant.”</i>
NILGA	<i>“There is potential for a downturn in rates collected, as the tenants in the sector affected are more mobile and accurate records would be difficult and costly to maintain.”</i>
Individual respondent	<i>“Both Article 20 and 21 would need to be replaced with a new arrangement.”</i>
Belfast City Council	<i>“We believe an Article 20 without a compulsory threshold would not be universally accepted with some landlords being very reluctant to work in partnership with Land and Property Services.”</i>
LANI	<i>“...on the basis of simplification it would appear on balance that all residential properties should be Article</i>

¹ It should be noted that this reference is to the current market value of the property. Rating valuations for domestic properties are assessed on the basis of the market value of a property on 1 January 2005 which is the common antecedent valuation date.

	<i>20 cases.”</i>
NIHE	<i>“No voluntary mechanism would be required. Suggest that the collection allowance should also apply to vacant properties under Article 20.”</i>
Chartered Institute of Housing NI	<i>“Both the imposition of rates on private landlords and the removal of the valuation threshold for compulsory liability in Article 20 would mean the Article 21 voluntary arrangement mechanism would no longer be needed for private landlords. The mechanism could still be used on the social rented sector where rates are imposed on the occupier and the landlord acts as a collection agent.”</i>
Causeway Coast & Glens BC	<i>Respondent states that the removal of the threshold from Article 20 almost renders Article 21 redundant but it would need to be retained for periods of vacancy. It further states that removing the allowance and permitting direct debit payment would make Article 21 unnecessary.</i>
Individual respondent	<i>“I don’t see why there should be a voluntary arrangement, businesses collect taxes and VAT for HMRC.”</i>

LANDLORD COLLECTION ALLOWANCE

32. Views were sought on the retention of the 10% collection allowance available to all landlords. When asked if landlords generally should continue to receive the allowance 16 of the 21 respondents answered. 13 were in favour of landlords continuing to receive a collection allowance and three were against. Those in favour mostly made the point that there were costs involved for landlords and it was right they should be compensated should compulsory landlord liability continue. In addition, The Chartered Institute of Housing NI commented that the current approach provides a **“better overall financial return to LPS than compulsory tenant liability with no allowances.”**
33. In their response, McFarlane & Smyth set out an estimate of cost involved for landlords commenting that the cost of the landlord allowance may be £10.7m but for this cost they collect £90m on behalf of the Department suggesting that the allowance provides value for money:-

Charge by letting agents	10%
Loss of interest (full rates due after 6 months)	5%
Loss due to average vacancy rates	10%
TOTAL COST	25%

34. Two respondents (an individual ratepayer and Housing Rights) commented that the Department should consider withholding the allowance in certain circumstances. The individual ratepayer suggested, **“...the allowance should be withheld and not restored at a later date to landlords who collect rates from tenants and fail to pass them to L&PS”**. Housing Rights suggested that the allowance **“should be conditional on evidence of a clear tenancy agreement between the landlord in question and any tenant(s), which clearly expresses the landlord’s liability to pay rates, and any proportion of periodical rent which is paid, by the tenant(s), towards these rates.”**
35. LANI commented that if the 10% allowance was abolished **“landlords would have little incentive to pay the total rates due on the given date. Requests for staged payments would increase and administrative costs to the LPS would grow.”**
36. By contrast those respondents who wished to see the allowance removed did not feel it represented value for money. Citizens’ Advice commented there was no clear evidence to suggest that the cost to the Department of £10.7m p.a. **“is proportionate to the cost to landlords of collecting rates...”**. Also, both

Citizens' Advice and an individual ratepayer likened the landlord allowance to providing compensation to business collecting VAT and PAYE on behalf of HMRC.

37. When asked if social sector landlords should receive the allowance 10 respondents answered; six commenting that social sector landlords should be paid an allowance and four saying that they should not. Of the eleven respondents who didn't give an answer one did not feel able to comment and two gave a response that did not clearly denote a view for or against the allowance payment.
38. Of the six respondents in favour of retaining the allowance for social sector landlords, McFarlane & Smyth commented that **"...there should be a level playing field for all landlords and it follows that social sector landlords should also be given an allowance."** NIHE who are recipients of the allowance advocated its retention and, in relation to new Universal Credit arrangements commented that, if the new arrangements put in place for payment of rate allowances result in significantly increased complexity in managing their tenant debt, they would seek an increased allowance. Inner City Trust suggested retaining the social rented sector allowance but **"...it should be paid at a lesser amount than 10% - perhaps 5% - after all it's partially government funded."**
39. Those who felt the allowance for social sector landlords should be removed also commented on whether it was value for money. LANI said –
"These discounts to public sector providers give a clear example of the circulation of public funds with all its attendant administration costs and waste. ...no discount should be given to public providers of accommodation and the resultant savings could be awarded to the general account."
40. In addition Citizens' Advice made the comment that **"...in the majority of NIHE and Housing Association properties, the tenants are in receipt of Housing Benefit and the rates are paid directly to LPS, thus there is no cost to the landlord."**
41. Many of those who gave no direct answer commented that further research into this area would be required to assess whether the allowance represented value for money before a decision could be taken. Housing Rights, Chartered Institute of Housing NI and Mid & East Antrim Council all expressed this opinion. NILGA also took this view but added that there **"...is no indication in the consultation of what NIHE uses the £4m for, but removal is likely to**

leave a sizeable hole in the NIHE budget which could negatively impact on the quality and maintenance of the housing stock.”

42. When asked if Housing Associations should continue to receive an allowance, six respondents said yes, two said no and 13 did not answer or gave an unclear response. Responses in favour were similar to those in relation to social sector landlord allowance. Citizens' Advice commented that 4% early payment discount should be the only discount available to landlords. Value for money was again a feature of comments from those who gave no clear answer with Stranmillis Residents' Association suggesting ***“housing bodies should have a sound business case showing a net benefit to the public purse.”***

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GUIDANCE

43. Views were sought on the adequacy of guidance provided by the Department, landlords and letting agents. 16 of the 21 respondents answered this question with the majority (13) stating that guidance provided by the Department was not sufficiently clear. Housing Rights reported that –

“In the last year (June 2015 – May 2016), Housing Rights has dealt with 82 cases concerning rates liability in the domestic rental sector; in the experience of Housing Rights’ advisers, information relating to rates liability had not been sufficiently or effectively communicated to tenants.”

44. A number of the respondents commented on the complexity of the system and how this did not help in the communication of it. Chartered Institute of Housing NI said there was, ***“...scope to provide more comprehensive guidance but given the complexity of current arrangements, priority should be given to establishing a system that is inherently clear and easy to communicate.”*** Stranmillis Residents’ Association also commented that the system, ***“...is overly and unnecessarily complicated and no amount of guidance will make it clear.”***
45. Both NILGA and Citizens’ Advice said that many tenants were not aware of the relationship between rent and rates which would indicate a lack of clear guidance. Citizens’ Advice also cited an example of a tenant paying full rent and rates to a landlord but then discovering that NIHE had been paying HB directly to the landlord stating that this was one of a steady stream of similar cases.
46. Of the three respondents who felt the Department did provide clear guidance, one commented that it could be better publicised. The other two respondents were representative of the landlord sector rather than the tenant sector.
47. 14 of the 21 respondents gave a view on whether they felt letting agents provided landlords and tenants with an accurate view of relevant legislation. Nine did not think this was the case, two believed that accurate information was available from these sources and three said they did not know.
48. Of those expressing the view that letting agents did not provide adequate information a number commented that practices varied and that the process needed to be standardised. The Chartered Institute of Housing NI said it was ***“urging DfC to license letting agents with an emphasis on education to build on professional and well-managed private rented housing.”***

49. Following on from this, the consultation document asked for views on what further methods the Department could employ to ensure clear lines of responsibility for rates payments and how these methods could be both fair and contribute to effective collection. 12 respondents offered suggestions with many of these referring to standard tenancy agreement, compulsory provision of guidance by landlords, clear paths of communication. The various suggestions and how the respondent believes they contribute to fairness and effective collection are set out in the table below.

	Suggested Method	Contribution to fairness and effective collection
Individual ratepayer	<p><i>“Change the legislation on domestic rates to something simpler and easier for all parties to understand and operate.</i></p> <p><i>Have one line of responsibility for all levels of domestic rates.</i></p> <p><i>Ensure that L&PS are up to date on their domestic rates collection.</i></p> <p><i>Have one standard lease for all domestic rental properties in NI.</i></p> <p><i>And make better use of the (limited) information on the Landlords’ Registration scheme, to tie in with annual rates’ payments.”</i></p>	<p><i>“Effective by being simpler, easier to understand, and easier to monitor.”</i></p>
NILGA	<p><i>“The Department should work with councils to better inform landlords and to provide good practice advice on this issue. The Department could also require landlords to provide payment advice to tenants in a specific format, either in the tenancy agreement or in regular receipt format.”</i></p>	<p><i>“Sharing of good practice and requiring the provision of clear payment information is not likely to be costly, would be fair in application and will assist in developing more effective collection.”</i></p>
Individual ratepayer	<p><i>“The Dept could make it a legal obligation to include a plain English factsheet as part of any tenancy agreement.”</i></p>	<p><i>“I believe tenant liability is fair. Effective collection would depend on legislation requiring tenants to be registered and this registration would require their National Insurance Numbers so they can be traced and payments taken from their benefits or wages if necessary. If Landlords are made solely responsible then the allowance must continue and tenants informed by the Dept that</i></p>

		<i>their rent may increase.</i> "
NI Private Tenants Forum	<i>"The Forum believes that the production of a standard tenancy agreement would make a significant contribution to creating greater transparency and simplification regarding the liability for payment of rates.</i>	Not answered
Belfast City Council	<i>"...responsibility for communication to both landlords and tenants should rest with Land and Property Services but with active involvement of the individual local authorities." This aspect of rate collection "should be subjected to a comprehensive communication audit to ensure all parties are fully aware of their rights and obligations."</i>	<i>"Could improve the uptake of voluntary landlord agreements."</i>
Citizens' Advice	<p>In relation to the effect of Universal Credit – <i>"It is therefore imperative for the Department to develop a communication strategy with tenants and landlords in advance of the introduction of UC. Citizens Advice would be happy to participate in promoting the information drawn up by LPS."</i></p> <p><i>"Landlords and rental agencies should be required to state prominently in advertisements the amount of rent and the amount of rates. If this is done, the distinction between rent and rates should become better understood."</i></p>	<p><i>"...our advisors report that there is normally no difficulty if the rates portion of HB goes directly to LPS rather than the landlord as they provide clear and accurate statements."</i></p> <p><i>Response suggests that the option to pay the landlord HB should be removed resulting in the landlord having minimal admin costs and it being fair and effect for both landlord and tenant.</i></p>
NIHE	<i>"A clear policy with either the landlord or the tenant being consistently responsible would greatly assist.</i>	Not answered
Housing Rights	<p>Respondent believes guidance should –</p> <ul style="list-style-type: none"> • <i>"Be simply written and formatted, and understandable to the tenant (and landlord)</i> • <i>Signposted to further sources</i> 	Not answered

	<p><i>of information, independent advice and guidance....”</i></p> <p>They also suggest that the Private Tenants Forum should be involved in the production of such guidance and landlords should be required by law to provide it to their tenants.</p>	
Chartered Institute of Housing NI	<p><i>“...priority should be given to a system that is clear for landlords and tenants and is an easy process to communicate...”</i></p>	<ul style="list-style-type: none"> • tenants incentivised to pay rates as part of their contractual obligations to a landlord • landlords incentivised to inform benefit claimants of rates rebate/allowance • rate account is more likely to be paid • does not represent a substantive change in practice • compatible with a sector where nearly 30% of tenants have no written record of what their rights and responsibilities as a tenant are.
Causeway Coast and Glens Borough Council	<p><i>“...ensure that the regulations are as simple and straightforward as possible thereby removing any ambiguity...”</i></p> <p><i>“...if the need for Article 21 can be removed by other means then this can only assist to create those clear responsibilities.”</i></p>	<p><i>“Clearly established lines of responsibility will enhance fairness...”</i></p> <p><i>“The current arrangements are actually quite effective...it is vitally important that any amendments to the regulations are not a backward step.”</i></p>
Mid and East Antrim Council	<p><i>“...recommend that a robust and comprehensive communication campaign is developed in conjunction with any change to rates liability, and there is an argument that this should form part of wider information sharing in relation to the roles, responsibilities and rights of tenants, landlords and agents.”</i></p>	Not answered
Inner City Trust	<p>Suggests Department issued guidance should include a template of liability which would be included as a compulsory appendix to any tenant agreement.</p>	<p><i>“This would make it clear pre signing and remove confusion. If a landlord didn’t give a tenancy agreement then the landlord would be liable for rates. This would protect the tenant but clarify the liability.”</i></p>

50. The majority of these suggestions point to joined-up working between the various parties concerned and working towards provision of standard guidance. With that in mind NILGA suggested in their response that a cross-body working group be developed to work on such matters;

“NILGA would be keen to see the early formation of a special working group between councils, the Department for Communities, the Housing Executive and the Department for Finance and Personnel to explore issues of mutual concern in relation to the domestic rented sector, to ensure synergy between parallel policies, and to prevent government systems over-benefitting some parts of this sector.”

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CONTRACTUAL TENANCY AGREEMENTS

51. When asked to comment on the issue of contractual agreements between landlords and tenants and how these can conflict with rating law 13 of the 21 respondents commented. In general, these comments related to a need for clear communication and many of them suggested that a standard template tenancy agreement should be developed for all landlords to use. NI Tenants' Forum suggested that **"...if a standard tenancy agreement was to be introduced, it would need to be agreed by all relevant parties and be recognised in law as a legally binding contract."** Belfast City Council suggested that LPS should work with councils to review specific examples of tenancy agreements to inform a way forward.
52. The Chartered Institute of Housing NI suggested there is scope to consider compulsory written tenancy agreements citing the fact that the Welsh Government has already acted on a recommendation in the Law Commission's 2006 report regarding mandatory tenancy agreements. The Inner City Trust commented that if any landlord **"...does not comply with the proper regulatory agreement template then liability would stay with the landlord. So in essence, the landlord through proper compliance (written evidence to rates office) can shift the liability to occupiers..."**.
53. Macfarlane & Smyth however, urged caution, stating that they suspected **"...such cases of private contractual agreements which go against rating law are rare and it is important that the whole system is not changed for the many to catch the few."**

HALLS OF RESIDENCE

54. The consultation asked for views on the continuation of the full exemption from rates for University run hall of residence. 14 of the 21 respondents answered this question with four in favour of the exemption continuing, seven against and three not clearly denoting a view for or against the exemption. Generally, those wished to see the exemption continuing, were of the view that the removal would result in increased costs for students. Mid & East Antrim Council commented –

“Universities would be likely to pass on the cost to students, and whilst students may well indeed place demands on public services and should contribute to the cost of these services, there is a public interest in supporting our young people, where we can, through this stage of their education.”

55. Those who wished to see the exemption discontinued commented on the inequity of the excluding halls of residence whilst charging commercial landlords. Macfarlane & Smyth commented –

“Universities are now run on a more commercial basis than before and the halls are in direct competition with other landlords. With the increasing commercialisation of universities and also with the increasing numbers of purpose built student accommodation blocks which may seek to avail of this exemption through university link ups, those landlords who must pay full rates are currently very unhappy at what they perceive to be unfair competition.”

56. Belfast City Council commented that the exemption unfair to residents of Belfast as it resulted in a large proportion of occupiers making no contribution to local services. They also stated that another reason they were in favour of removing the exemption was that it ***“...would increase the tax base for the Council to help offset the additional costs incurred by the Council in providing services to new student accommodation developments in the city.”***

57. NILGA did not provide a definitive answer but noted that in the Republic of Ireland, both private sector and university managed halls of residence pay comparable rates. They also commented -

“This issue must be considered in the wider context of universities attracting rates exemptions as charities,

exemptions from HMO licensing requirements and exemption of halls of residence under the rating system. Attention must be paid to the cumulative impact of these exemptions and the drain on the public purse in relation to provision of services...

58. Half of those responding to this question favoured the removal of the exemption for halls of residence but concerns raised by some respondents that increased costs would be passed to students should be carefully considered.

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NEXT STEPS

59. Any changes emerging from this review will require the agreement of the Northern Ireland Executive followed by primary legislation subject to Assembly scrutiny and control. The Department's intention has been to use this consultation exercise to establish the case for change in this policy area with the aim of ensuring that arrangements:
- **are fair**, not simply to those in the sectors concerned but to the wider body of ratepayers;
 - **are workable and affordable** (and that any allowances that are provided are no more and no less than they need to be);
 - **support the effective and efficient collection of rates**;
 - **ensure clarity of responsibilities** for rate liability for both landlords and tenants; and
 - **are consistent**, so that one type of landlord is not placed at a disadvantage compared to another type of landlord.
60. The Department will be assessing the responses documented in this report in order to inform Ministerial decisions on the way ahead for the sector.
61. The DFP Committee will be briefed on the main review findings and provided with a copy of this report. Further briefing will take place over the coming months and the Committee's views will be taken into account by the Department.
62. Further information on next steps and any decisions taken by the Minister and Executive will be published on Rating Policy Division's website as and when it becomes available.