Revitalising our High Streets

Background

1. Current policy interventions in this area have been led by the former DSD and the Housing Executive as part of the “Living over the Shops” (LOTS) scheme or as it is often referred to as the “Town Centre Living Initiative Areas” (TCLIA) scheme.

2. The Department considers that a demand led stimulus through the rating system could prove effective in order to increase “city/town centre” living.

3. It is unlikely that the rating system could be used to provide any meaningful assistance with the capital costs of converting a property. An annual rating liability is likely to represent a small proportion of any capital costs and is unlikely to significantly influence investor behaviour. Furthermore, while a property is being converted developers are not usually liable for rates, so it is difficult to design a rates scheme that would generate a saving on the supply side.

4. It is therefore apparent that the main option to consider in relation to incentivising occupancy would be whether a full or partial exemption should be applied to an otherwise vacant property for a defined period once it becomes occupied. This could include for example vacant space above a shop that is currently not being put to domestic use.

5. This begs the question of whether it should be limited to properties that would require a change in use or whether domestic properties in city/town centres that are currently vacant should also be exempt. In principle, there would appear to be little reason to exclude accommodation that has been vacant for a defined period of time if the objective is to simply increase the number of people living within town centres. In practice, however, this would represent a much more ambitious policy than providing an incentive to convert. It is also a matter that would require alignment with wider housing policy and therefore not for this proposed scheme at this stage.

Policy Proposal

6. It is the view of the Department that a 100% rates exemption should be applied to the first permanent resident of a converted property for a period of three years following its change of use from commercial to residential. It is intended that this will provide a sufficient incentive and make living in such locations a more attractive proposition for potential first time occupiers.
7. As the scheme is intended to stimulate demand for conversion, it is proposed that the relief is not transferrable should the first resident move within the 3 year period.

8. It is also proposed that the 12 month initial exemption period for new houses applies to conversions from commercial to residential properties, to ensure that builders undertaking this work speculatively do not pay ‘empty home’ rates for at least a year.

**Questions for Consultees**

- Do you agree that the rating system should be used to incentivise behaviour?
- Do you agree that this proposal will help demand for these properties?
- Do you agree with limiting the incentive to the first occupier?
- What criteria should be used to judge the success of this proposal?