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Building a better future with some old ideas from the Kenny Report

With development land prices prohibiting many young people from owning their own home, Tim Ryan says the 1973 Kenny Report is now more relevant than ever.

Forty-six years have passed since the report by the Committee on the Price of Building Land (the Kenny report) was first published in 1973.

It contained a set of radical recommendations which had the potential to transform the way building land was purchased by local authorities forever. However, the recommendations were never implemented, thereby missing a key opportunity to avoid subsequent decades of very incoherent and distorted housing policy.

To this day, in virtually every housing debate in the Houses of the Oireachtas, reference is made to the report and calls are still made for the implementation of some of its key recommendations.

For example, speaking at the opening of the Thomas Kent School of History in Fermoy on September 30, 2018, the Fianna Fáil leader Micheál Martin said he was asking the party's justice spokesperson and senior counsel, Jim O'Callaghan, to examine whether the report could be implemented without the need for a constitutional referendum on the right to private property.

The committee was established in 1971 by the then Fianna Fáil Minister for Local Government, Robert Molloy TD, in reaction to the disproportionate price of building land at the time, notably in the capital.

Chaired by High Court judge Mr Justice John Kenny, it had two representatives from the Department of Local Government, one from the Taoiseach's Department (Dr Martin O'Donoghue, who later served as Minister for Economic Planning & Development), one from the Revenue Commissioners and one from the Valuation Office.

Its terms of reference included the consideration of possible measures for controlling the price of land required for housing and others forms of development as well as ensuring that all or a substantial part of the increase in the value of land attributable to the decisions and operations of public authorities would be secured for the benefit of the community.

The members were also asked to advise on what changes in the law may be required to give effect to any measure recommended.

The committee sought written submission from interested parties and also wrote to organisations which it believed had a special interest in the area. In total, 42 submissions were received, including 16 from local authorities, three from Government departments and the remainder from interested parties and organisations such as the IDA, the City and County Manager's Association and the Construction Industry Federation.

One TD, Fine Gael Deputy Mark Clinton (who later served as Minister for Agriculture from 1973 – 77) made a submission. A total of 59 meetings were held at which two heard oral evidence. The report was published in March 1973. It included a Majority and a Minority report, the Minority report drafted, ironically, by the two civil servants from the Department of Local Government, the commissioning department.

In its opening chapter, the committee noted that in the period 1963 to 1971, the average price of "serviced" land (ie undeveloped land which has the main services of water, sewerage and drainage close to it) in county Dublin increased by a staggering 530% compared to a rise of 64% in the consumer price index.

When the committee reported in March 1973, the Majority Report recommended that local authorities be given the right to acquire undeveloped lands at existing use value plus 25 per cent by adopting Designated Area Schemes.

This financial deal was deemed to be "a reasonable compromise between the rights of the community and those of the landowners". The Majority Report members believed this would, in turn, stymie the disproportionate price rise in building land and thus end speculative land banking.

As the increase in the value of building land was in many cases attributable to infrastructural works carried out by local authorities, the Majority Report argued that the local community had a legitimate claim to all profit accruing to the land. This increase in value was referred to as 'betterment'.

The Minority Report recommended that areas required would be "designated" by the local authorities. In a designated area, the local authority would have first option to purchase land put up for sale. A levy of 30% would be charged on all disposals of land in the area. The proceeds of levies would accrue to the local authorities to be used by them to finance capital works.

However, regulating the price of building land was considered by many, including the two Minority Report members, to be an infringement of private property rights which are protected under the Constitution, notably Article 43.1.2.

By the time the report was published, the Fianna Fáil Government had left office and was replaced by the Fine-Gael Labour Coalition of 1973-77 led by Taoiseach Liam Cosgrave.

Since then, there has been much general commentary as to why its recommendations were not implemented. In January, 1974, the government announced their acceptance in principle of the concept of the Majority report.

However, no commitment was given as to the amount of compensation payable in a designated area and the questions as who should be the Designation Authority was left open.

Records in the National Archives show that the Government was advised that the principles did not infringe the Constitution but concurred with the view in the Majority Report that the opinion of the Supreme Court on the legislation should be obtained, pursuant to Article 26 of the Constitution.

The economic recession of the mid-70s caused further consideration of the Report to be side-lined and, in 1976, the then Minister for Local Government, Jimmy Tully, decided to defer the implementation of the Kenny majority proposals in view of the then prevailing economic and fiscal circumstances.

Since then, there have been a myriad of reason why the Kenny Report was not implemented, including powerful vested interests and the well-trotted out threat of a constitutional challenge.

Furthermore, the introduction of the Local Government (Planning and Development) Act, 1963, saw the culture of compensation for landowners grow rapidly in cases where planning permission was refused.

But equally, there have also been many and varied calls for the findings of the Kenny Report to be implemented. In 1982, for example, the Commission on Taxation echoed calls for the recommendations in the Kenny report to be implemented, particularly in relation to betterment.

Most significantly, some 31 years later, in 2004, in the context of the emerging Irish housing bubble, the approach recommended by the Kenny report was reiterated in the Ninth Progress Report of the All-Party Oireachtas Committee on the Constitution. In its recommendations, the Report, whose legal advisor was Gerard Hogan SC, now an Advocate General in the Court of Justice of the European Union, concluded that “it is very likely that the major elements of the Kenny recommendations, that land required for development by local authorities should be compulsorily acquired for development by local authorities at existing values plus 25% — would not be found to be unconstitutional.”

In June 2017, RTÉ sold 8.64 acres at Donnybrook to Cairn Homes for a price of €107.5m. Cairn Homes plans to build 500 apartments and nine houses on the site, giving an initial cost of €210,000 per unit — for site costs alone.

Today, with development land prices still prohibiting many of the nation’s young people from owning their own home, the Kenny Report is as relevant as ever.

Tim Ryan is a former Irish Examiner journalist currently researching a PhD thesis on the 1973 Kenny Report at the School of Social Work and Social Policy, Trinity College Dublin.

Property tax cuts to benefit Dublin most

LPT reform being considered by Government as price boom prompts fears of steep rise this year

Homeowners in Dublin are in line to see a greater cut to their property tax rate compared with the rest of the country, under proposals being considered by the Government.

Taoiseach Leo Varadkar has confirmed that as the Government looks to prevent a massive hike in local property tax (LPT) bills later this year, one option under consideration is ceding more power to local councillors to vary the rates charged.

Already, councillors can vary the LPT rate up or down by 15pc but Mr Varadkar said a controversial proposal tabled by Culture Minister Josepha Madigan was now being considered that would allow councils to have even more freedom to vary the rates.

Under the current regime, only the four Dublin councils - where prices are highest - have voted to reduce the rate of property tax from the base rate.

Meanwhile, five other councils nationwide have used their power to increase the rate in a bid to raise money for local services.

Handing more power to local councillors to set rates of property tax would be seen as a boost for Fine Gael ahead of the Taoiseach's first electoral test since becoming Fine Gael leader when the country votes in the local elections in May.

Mr Varadkar acknowledged people in Dublin had benefited from a rate reduction.

"You'll see for example in areas where properties are much more expensive, like in Dublin, most if not all the local authorities have already varied the property tax downwards," he said.

He cited Longford as one example of a council that increased it to bring in more revenue to invest.

"So one thing we'll have to look at is whether we give local authorities more power to vary the property rates," he said.

Fianna Fáil has feared a pre-local election LPT announcement by the Government and has been demanding clarity over the review of property tax for months.

Mr Varadkar said the review was done and the Government now had to consider the options in a bid to avoid large increases for householders.

The LPT is assessed at 0.18pc of a property's market value and is designed to fund local services.

The rates paid by households are based on valuations after the economic crash but prices have risen considerably since then. People now fear they will face dramatically increased bills in 2020. But Mr Varadkar has insisted the Government will find a way to ensure the "vast majority" of people will pay the same amount of tax.

"There are different mechanisms and different options we can use to make sure that the vast majority of people pay the same amount of property tax.

"You can do that either by reducing the rates or widening the bands to reflect the fact house prices have gone up," he said.

Mr Varadkar said councillors should be allowed to "make some of those hard choices between how much money they want to spend in their local authorities...and what they want the property tax to be".

GOVERNMENT SET TO ANNOUNCE PROPERTY TAX CUTS AHEAD OF LOCAL ELECTIONS

Local Property Tax (LPT) levels will not increase next year and may come down further in Dublin in the years to come, the Government is set to announce.

Finance Minister Paschal Donohoe and Taoiseach Leo Varadkar are set to unveil new LPT proposals next month — just in time for the local elections in May.

While the tax was first introduced in 2013 when house prices had collapsed, a revaluation exercise is due to take place later this year, prompting fears that homeowners' bills could soar given how much values have recovered.

Sources say a number of options are on the table to ensure costs are kept down for householders.

One of the remedies being assessed is giving councils the power to decrease or increase the tax by more than the current 15pc currently allowed. A reduction has already been applied across the four Dublin councils although some rural councils have used the power to increase the tax.

Some elected representatives are now saying they will gratefully make use of any extended leeway on behalf of their constituents.

'One thing we'll have to look at is whether we give local authorities more power to vary [the rate],' the Taoiseach said as he flew home from the US. He also said: 'You can't talk about local government without mentioning the Local Property Tax, which funds so many local services.'

Mr Varadkar said house prices in Dublin had bounced back since the crash, and while still lower than they were ten years ago, have gone up by about 80pc since the original 2013 LPT valuations.

The next national valuation date is November 1 this year. 'Understandably, this has created a fear that property tax will go up by that much as well. I want to allay those fears — that's not going to happen,' Mr Varadkar said.

Opening the party's local elections campaign, he added: 'If we in Fine Gael have anything to do with it, nobody will see a dramatic increase in their property tax.

'In fact, the vast majority of homeowners won't see any increase at all.

'It's simply a case of adjusting the bands upwards to reflect the upward increase in property prices. We'll talk more about that in the months ahead.' A report on the operation of LPT, and setting out the options for adjustment, has been sitting on the desk of the Finance Minister since the start of the year.

Kevin Humphreys, former junior minister at the Department of the Environment, predicted councillors in Dublin would use any means at their disposal to reduce rates if it was granted from on high. But he pointed out that the other means to achieve the same effect was by widening the bands, lowering the 0.18pc tax charge, or both.

Local authorities will not be able to act on the new valuations in November until September of 2020, therefore only affecting LPT bills in 2021. Thus the ball is in the Government's court to apply the brakes nationally to bills otherwise due to rise exponentially later this year.

Fine Gael ministers are expected to act within weeks — rather than allowing later glory to Dublin councils that are dominated by left-wing political parties.

Sinn Fein finance spokesman Pearse Doherty accused Fine Gael of 'letting the mask slip', saying a reduction in LPT was a 'push to shield the wealthiest in society from paying their fair share'.

WHAT YOU MAY SAVE

Valuation band, €	Current 0.18% rate	if reduced by 15%
0 - 100,000	€90	€76.50
100,001 - 150,000	€225	€191.25
150,001 - 200,000	€315	€267.75
200,001 - 250,000	€405	€344.25
250,001 - 300,000	€495	€420.75
300,001 - 350,000	€585	€497.25
350,001 - 400,000	€675	€573.75
400,001 - 450,000	€765	€650.25
450,001 - 500,000	€855	€726.75
500,001 - 550,000	€945	€803.25
550,001 - 600,000	€1,035	€879.75
600,001 - 650,000	€1,125	€956.25

***No figure has been given for how much the Government will allow local authorities to reduce the tax by – 15% is an estimate**

The Donegal TD said: 'Reducing LPT on higher value homes, alongside Fine Gael's tax-cutting agenda, will lead to greater inequality.'

Instead LPT should be abolished, he argued, to give ordinary families a break, with the shortfall being made up through reform of the wider tax system.

Fianna Fail spokesman for Dublin Darragh O'Brien TD said on behalf of his party: 'We remain committed to ensuring there is no increase in the Local Property Tax and that a fairer, more equitable system is put in place when the review of current rate is finalised and its report published in the coming weeks.'

Politics holds key to property taxes

Economists don’t normally get hate mail but Edgar Morgenroth, professor of economics at DCU, has a pile of the stuff on his desk. The missives were prompted by a recent interview he gave to Newstalk during which he had the temerity to suggest that Ireland needs higher property taxes.

It is an eminently sensible view. Every economist worth his or her salt will tell you that Ireland needs to widen its tax base, that dependency on income tax, VAT and corporation tax to maintain our economy leaves us very exposed should there be a sudden drop-off in just one of those categories.

The EU and IMF are big supporters of Irish property taxes. It was the 2010 bailout that led to our having to widen our tax base by bringing in local property taxes (LPT). It wasn’t popular but those were the times we lived in and so we wore it, if not happily then at least without undue rancour.

Nobody likes paying higher taxes but in the case of LPT the central issue is not how much tax we pay but how it should be collected. It is better for the economy that the tax base be wide and LPT helps us achieve that end.

In Ireland we are fairly comfortable with the notion of progressive taxes; not only that you should pay more if you have more but that you should pay a higher percentage of what you have if you are relatively well off.

A property tax is at its heart progressive because it only applies to people who are fortunate enough to own a home and of course the more expensive your home, the more you pay. Our LPT is levied at 0.18 per cent of the value of a home up to €1 million and 0.25 per cent thereafter.

Aside from broadening the tax base, property taxes benefit the economy because they allow us to levy less tax on work. Expensive houses are all well and good but unlike work they add little to a country’s overall wellbeing.

With our bailout masters having packed their bags LPT has been politically orphaned. Indeed it is difficult to think of any issue that so unites our political parties as opposition to local property taxes.

Irish people love their homes and are happy to tie up the vast amount of their wealth in them so, in Ireland at least, a property tax is in effect a wealth tax. Yet parties that style themselves as left-wing, including Sinn Féin and Solidarity-People Before Profit, are among the most vocal opponents of taxes on property.

Sinn Féin has pledged to abolish property tax on the family home if its gets into power, although it will retain the levy on second homes and holiday homes.

Local representatives have the power to increase or reduce the rate of LPT yet only five local authorities across the country have voted to increase their LPT rates while all four Dublin councils have voted the for the maximum reduction, with the parties that talk most about taxing wealth also being the ones that supported maximum reductions in our wealth tax.

The problem is that LPT has gotten a bad beat by being judged only on its negatives and not on its positives. Not having any political support, its good side rarely faced the camera. Few local politicians are planning to enter the May elections with the campaign slogan “Bad for you but great for the economy” or “Just think of what you’ll save in income tax”.

Of course, it is not just the parties that market themselves to low-income groups that are opposed to LPT. Having sired the measure in 2013 at a time when property valuations were historically low Fine Gael were caught in something of bind when valuations increased by as much as 80 per cent.

Michael Noonan, the former minister for finance, sidestepped a planned 2016 review by simply kicking the can to his successor, Paschal Donohoe, who then decided the issue merited a review. The results of that review are now due and because Leo Varadkar has told us that households will not face increased LPT bills we effectively know the result.

The expectation is that although Fine Gael will allow valuations to be updated they will reduce the rate at which LPT has to be paid.

This issue is arguably more pressing for Fine Gael and Fianna Fáil than the other parties in the Dáil. Having to review upwards the valuations of homes would not only increase the LPT of many of their voters by as much as 80 per cent, it could also move many onto the 0.25 per cent rate, leaving them with a more than doubling of their property-tax bill.

The taoiseach has also suggested that he is in favour of ceding more power to vary rates to local authorities. Based on previous experience, where most parties are happy to vote along populist rather than ideological lines, this means that homeowners could be in line for a reduction in their property tax at a time when property prices are soaring.

Even if Fine Gael were in favour of increasing LPT they would be ill-advised to pursue the matter right now. A proposed increase would leave a very convenient exit for Fianna Fáil who could then fight the resultant general election on an issue which people feel they understand and feel comfortable about.

Even if Fine Gael were moved to act in the national interest and increase valuations, their advisers would resign en masse before they'd be allowed drive through the measure.

Instead, expect the report to be stored in Fine Gael's most secure vault, to be unveiled only with the local election is under way so as to maximise the political benefit while giving opponents including Fianna Fáil, their government partner, as little room as possible to make hay from the issue.

Varadkar says 'vast majority' will enjoy property tax freeze in Fine Gael election ploy

The first shots of the local and European elections were fired by Taoiseach Leo Varadkar in a Dublin hotel last night.

His speech announcing former Tánaiste Frances Fitzgerald and ex-SDLP leader Mark Durkan as candidates was peppered with political swings.

But buried in the contribution was a promise that is likely to be more significant than any of his attacks on Fianna Fáil and Sinn Féin. It was a classic 'money in my pocket' gambit that he hopes will win Fine Gael votes.

It's more than a year now since Finance Minister Paschal Donohoe commissioned a review of the Local Property Tax (LPT) with the stated aim of achieving "relative stability" in the annual bills issued to 1.9 million householders.

That implied there would be some controlled increase on the back of the surge in property values - but now Mr Varadkar is promising the "vast majority of homeowners won't see any increase at all".

The findings of that review were due to be published last August. Then there was an expectation of some clarity on Budget Day. Now we're being told it's nearly ready. A cynic would suggest there are active efforts to have it completed just in time for the local elections.

As taxes go, the LPT is hugely successful. There was a compliance rate of 97pc last year and preliminary figures show it raised €482m for the Local Government Fund in 2018.

However, the current self-assessment regime is outdated. Homeowners are expected to pay based on the market value of their property in 2013. Since then, prices have risen dramatically in most of the country, particularly the capital.

Mr Varadkar said last night: "If we in Fine Gael have anything to do with it, nobody will see dramatic increase in their property tax."

The statement sits funny. Fine Gael have everything "to do with it". As the main party in Government, it will be their ministers who decide how to proceed.

But the Taoiseach was clearly issuing a wider rallying call to his candidates. He was giving them a positive message to spread on the doorsteps in the coming months.

The local elections are usually seen as a mid-term review for the Government - but on this occasion they are far more significant.

All parties are looking at them as a dress rehearsal for the real contest which is increasingly likely to be later this year - and housing is a difficult subject for Fine Gael.

Only yesterday, Housing Minister Eoghan Murphy was struggling to turn a story about a home loan scheme that proved more successful than anyone predicted into good news.

The initial fund ran out and they didn't top it up before Opposition TDs were able to regale the media with tales of hapless house hunters being abandoned by Government.

Naturally a freeze on property taxes will be popular but the debate around it won't be straightforward.

Hard questions will have to be asked about the funding of local government in the absence of deeper pockets.

And almost 12,000 people who bought homes in 2013 will be kissing goodbye their exemption.

The election starts here.

The Times view on local property tax in Ireland

Successive governments have fetishised home ownership and lavished tax breaks on those with properties — helping nobody but the developers

Nothing touches the nerves of homeowners, and politicians looking for their votes, like a property tax. Successive governments have made a fetish of home ownership, lavishing tax breaks on mortgage holders, first-time buyers and owners. This is a socially regressive policy that contributes to inequality and the entrenchment of class divisions. The only winners are developers.

It is time for change, and the way to bring it about is to tax property fairly, transparently and consistently. Governments pay lip service to the principle, but they have been cowards when it comes to implementing measures that would bring it about. The latest political leader to dodge the issue has been Leo Varadkar.

The local property tax (LPT) is based on house values set in 2013. Since then, by many estimates, the average price has risen by 80 per cent. A revision of the value base for the LPT is due this year, but at a selection convention last week the taoiseach said that “the vast majority” of homeowners would not see any rise in their property tax despite the increased value of their homes.

Fianna Fáil accused him of “playing with people” when they needed certainty and said the review should have been published months ago. It also accused the government of withholding the review back until April to win votes in the local elections. Mr Varadkar denied this, but his comments were irresponsible. He cannot know what the new base value level will be from November, when it is due to be set, or how big the rise in the tax will be for individual homeowners. But he must be aware that the tax base on which the government relies to pay for public services has been distorted since the Irish economy began to recover from the crash.

Last year Revenue collected €54.5 billion in taxes, including €10 billion from companies that operate in Ireland. A new global slowdown looms, threatening to bring with it a fall in corporate tax revenue. That could leave a sizeable hole in the Irish exchequer. One way to insure against this is through higher property taxes.

Homeowners paid €482 million through the LPT last year, less than 1 per cent of the total tax take. All of Ireland's homes combined are valued at €420 billion, according to Ronan Lyons, the Trinity College Dublin economist. In his latest survey for the property advisers Daft.ie, Dr Lyons estimated that the value of the residential property market is rising by €150 million every day in the present cycle.

The wealth locked up in Ireland's property market is roughly twice the size of the economy, but successive governments have refused to tax it. Around the world there is an important debate on what should be taxed and who should pay it. The trend is towards taxing assets and unproductive wealth rather than, as is the case today, incomes and productivity.

Other countries raise more money than Ireland from taxing property. In Belgium, the revenue from property tax amounts to 3.6 per cent of the country's economic output; in France it is 4.9 per cent, according to the European Commission. Ireland could do much better, but the debate here is riven by political interest and class overtones. Josepha Madigan, the culture minister, said recently that the owners of the most valuable homes should pay at a lower rate than other homeowners. But why? Two fifths of the value of Irish homes is in Dublin, and Eglinton Road in Donnybrook is the country's most expensive street. In the interests of elementary fairness, Dublin and its wealthiest districts should bear a greater proportion of the burden.

A universal property tax that rises and falls with the value of the market is not only fair; it is easy to collect. Mr Varadkar must not duck the issue when it arises for real later this year.

Varadkar accused of stunt over property tax delay

Taoiseach Leo Varadkar has backtracked on his claim that ensuring property taxes remain stable will be "simply a case of adjusting the bands".

Amid accusations that he has withheld a long-awaited review of the local property tax (LPT) to coincide with the local elections, Mr Varadkar has now said it is a complicated process because "house prices haven't risen by the same percentage in every part of the country".

Householders currently pay the LPT based on the value of their property in 2013, but this is due to change from November.

At a Dublin selection convention on Wednesday night, the Taoiseach promised the "vast majority" of bill-payers would see no increase even though house prices have gone up 80pc in parts of the capital since the economic crash.

Fianna Fáil's housing spokesman Darragh O'Brien accused the Fine Gael leader of "playing with people" when they need certainty.

He told the Irish Independent a review established by the Government should have been published months ago.

"They are holding it back so that it can be released in April as part of an attempt to gain votes for Fine Gael in the local elections," he said.

Mr Varadkar denied this was the case, saying he doesn't have a date for the publication of the review yet "but obviously the re-valuations are due to happen in November 2019 so we'd have to have it well before that".

Around 1.9 million householders paid the LPT last year, raising €482m for local authorities.

Currently a householder whose property is worth between €150,000 and €200,000 must pay a standard annual rate of €315.

The bill rises to €405 for a property valued between €200,000 and €250,000.

Mr Varadkar announced the plan to ensure most homes attract no increase at the Fine Gael's selection convention for the Dublin constituency in the European elections.

He said "nobody will see a dramatic increase" in property tax next year.

Review of Local Property Tax necessary, says economist

A review of the Local Property Tax is necessary because property values have not been adjusted gradually, a leading economist has said.

Edgar Morgenroth, professor of Economics at Dublin City University told Newstalk Breakfast “unfortunately it is necessary, we do need taxes to deal with all sorts of crises such as health and housing, so there is a need for a tax review.”

He said that the Local Property Tax should have allowed for change all along, instead it had “stored up a large increase”.

Prof Morgenroth explained that the tax had been brought in to broaden the tax base, but by not indexing it the share of tax revenue has been declining. “Rather than broadening it, it has narrowed it. That’s not a good idea.”

Increases in the LPT had originally been due this year, but the government instead sent the tax for review amid fears that householders – especially in Dublin – would be hit with sharp increases driven by rising property values in the capital and other urban centres.

The tax is charged on market values, but the amount levied when calculating the value of a house has been frozen since 2013. Last week the government said that the review of the tax was to be published shortly.

He recommended that the percentages should remain the same, but that the values increase. He acknowledged that this “will hit places like Dublin more”, but that the Government “could give some of it back” by other allowances and means.

If the issue is trying to raise local taxes then perhaps there should be a system to pay for local services, he suggested. Maybe there is a need to change the way local government is run, he added.

However, Dublin Fine Gael councillor Paddy Smyth said that the Local Property Tax should not be based on “the capricious values” of the property market. “The effects on Dublin would be disproportionate.”

He said that Dublin pays “a huge amount” of tax compared with the rest of the country which is not fair on his constituents. Several Fine Gael and Independent ministers have expressed concern about the prospect of re-indexing the tax to current property values, including Josepha Madigan, Mary Mitchell-O’Connor and Shane Ross.

Fianna Fáil has put forward a bill that would would grant householders a reduction in their property tax worth a third of their management fee, if they are paying one, one third off the LPT, or €300 - whatever is the lowest amount. The government asked to defer the bill for six months to allow Minister for Finance Paschal donohoe to consider the review of the LPT and any new charging system that is proposed.

Mr Donohoe has said that any changes will be “affordable and predictable”.

The LPT is based on valuation bands. From 2015, local authorities have been allowed vary the rate levied on residential properties. Some properties are exempt from the tax – for example, properties bought in 2013 which are used as principal private residences are exempt until the end of this year, as are properties built between January and May of 2013.

There are also exemptions for properties with a significant level of pyrite damage, or those owned by a charity or public body, among others.