IRELAND – December 2019

This is where Ireland's most expensive street is located

All of Ireland's most expensive streets are in Dublin, with Temple Road now taking the crown as the costliest street in the country.

Near Rathgar, Milltown and Rathmines, properties on Temple Road come with an average price tag of €5.5m.

Property website Daft.ie has issued its 2019 Property Wealth Report, a study which tracks the most expensive towns, streets and regions in Ireland.

The value of all Irish residential property is now €519bn, up from €514bn a year ago. This works out at a rise of €15m every day.

This is an increase of 60% from the low-point of the market in late 2013. At that stage, the property market was worth just under €325bn.

In 2019, some 715 properties have been sold for more than €1m.

The most expensive markets are concentrated in Dublin. Mount Merrion, Dalkey, Sandycove, Foxrock and Sandymount are the top five, all averaging above €700,000.

When looking at the most expensive streets in the country, Dublin 4 and Dublin 6 dominate.

Eleven streets had two or more transactions of €2m or higher for individual properties in 2019, so far. Four of those streets are in Dublin 6.

This includes Temple Road, as well as neighbouring streets Temple Gardens, Orwell Road and Palmerston Road.

Three of the other top ten streets are in Dublin 4 – Ailesbury Road and Clyde Road, which rank 2nd and 3rd, and Park Avenue.

Outside Dublin, the markets vary widely depending on region.

In Munster, Cork city is the most expensive in terms of cities or counties, with an average price of €281,000. At a more localised level, Kinsale is the most expensive town at €383,000, with Adare (€313,000), Bandon (€301,000) and Crosshaven (€293,000) also among the priciest.

In Connacht, Galway city is top of the list (€297,000), with Kinvara (€317,000) the most expensive town.

Outside Dublin, Leinster is dominated by Co Wicklow. All five of the most expensive towns and regions are in Wicklow, with Enniskerry (€619,000) top of the list.

The most expensive listing in the country was the €20m Abbeyleix Estate in Co Laois. The 18th-century estate was recently restored and comes with 1,000 acres of grounds, including walled gardens, farmland and ancient woodlands

Ronan Lyons, economist and author of the report, noted that Ireland is potentially missing out on huge amounts of tax revenue based on property values.

According to Mr Lyons, in a typical high-income country, roughly 1% of housing wealth is tax each year. It is typically the principal way that local services are funded.

Ireland's local property tax generated just €428m in revenue in Ireland; less than 0.1% of all housing wealth.

"In theory, the rate of property tax in Ireland is 0.18% - but this is 0.18% of its mid-2013 value, when prices were effectively at their lowest," Mr Lyons said.

"If Ireland's LPT were at 1% of market value, as in many of its peers, and updated regularly, property tax would bring in €5.2bn, rather than €0.5bn. In other words, by choosing such a low rate of property tax, the Irish state – and more specifically its local authorities – are foregoing over 90% of potential revenues."

Divine Intervention on Vacant Site Levy

The levy on vacant residentially zoned land was introduced under the Urban Regeneration and Housing Act 2015 (as amended) ("the Act"). According to the Minister, the principle aim was to encourage the development of land and not the raising of revenue.

The levy may be applied to residentially zoned lands which are (or the majority of which are) vacant and the vacant nature of the site has an adverse effect on existing amenities, reduces the amenities provided by existing public infrastructure and facilities and/or has adverse effects on the character of the area.

For the purpose of assessing whether a site has such an adverse effect, consideration will be given to whether the site being vacant contributed to (i) the site or other properties in the area being in a neglected or ruinous state (ii) anti social behaviour taking place or (iii) a reduction in the number of habitable homes or people living in the area.

As the charge is levied annually in arrears, entry of a site on to the register does not give rise to an immediate levy but instead allows property owners an opportunity to develop the property and apply to the local authority for removal of the property from the vacant site register before the levy becomes due for payment.

The interpretation of what is deemed to constitute a vacant site under the legislation varies between local authorities. Appeals to An Bord Pleanála may be made against the notice of entry on the register, the entry of a site on the register and the demand for payment of the levy. As of 29 November 2018, there had been 122 appeals to An Bord Pleanála against entry on the register, of which 37 were upheld and the entry on the register cancelled [1]. This equates to a successful appeal rate of 30%. Furthermore, 29 of those 122 appeals had yet to be decided at that date. The decisions of An Bord Pleanála have provided some useful guidance on the application of the Act.

Take the recent appeal by the Carmelite Order of a decision by Dun Laoghaire Rathdown County Council ("DLRCC") – albeit its application is limited to the most devout.

In that case, DLRCC entered a 1.64 hectare meadow in Stillorgan, which was surrounded by a circular path allegedly used by the Carmelite Monastery for exercise and prayer, on the DLRCC's vacant site register in December 2018 on the basis that:-

- The site was in an area zoned for residential development and in which there was a need for housing;
- There was minimal evidence that the site was being used for amenity purposes;

- The provision of an area "conducive of tranquil reflection, passive thought and allow[ing] for silence and solitude" was not sufficient reason to keep a site vacant.

The Carmelite Order successfully argued that:-

- The Order had owned the lands since 1892 – long before the land was zoned for residential use - and retention of the land was important for both the longevity and amenity of the Carmelite Order;
- The property was actively used by the Order as both a residence (being part of the grounds of the monastery) and a place of worship, with reflective prayers regularly taking place on the land.

The appeal was upheld by An Bord Pleanála which found that the land was an “integral part” of the monastery complex within which the Carmelite nuns resided and therefore part of the Carmelite nuns’ home. An Bord Pleanála also found that DLRCC had provided insufficient evidence to support its contention that the lands were vacant for in excess of 12 months before placing the property on the vacant site register – relying in part on Google Maps’ aerial photography.

Whilst the specific facts surrounding the Carmelite Order decision are very particular to that property, the decision illustrates the willingness of An Bord Pleanála to reverse the decisions of local authorities to enter sites onto the register.

Green Party calls for reinstatement of ‘windfall tax’ on rezoned lands

THE Green Party has called for the reinstatement of an 80% ‘windfall tax’ on lands rezoned for housing purposes, saying that the tax on land speculation could help to fund local authorities, as well as helping to fund affordable housing projects.

“Successive Governments have failed to tackle the value extraction that occurs when lands are rezoned for housing,” said Green Party councillor in Cork city, Colette Finn.

Ms Finn, who is a researcher in the School of Nursing and Midwifery, University College Cork, said: “The price of land should not be dictated by a change in its zoning. Ordinary, hard-working people are being priced out of affording their own homes — either to rent or buy — because of this situation.

“Cork is set to be the fastest-growing city in the Republic. We will end up with even more unaffordable housing if we don’t act now,” said Ms Finn.

The call for the reinstatement of the 80% windfall tax comes as a new report prepared by Dublin City Council suggests that 325 hectares of industrial lands in Dublin’s inner suburbs may be rezoned to allow for housing.

The prior tax rate, which was altered in the 2015 budget, would result in the state receiving €1.5 billion.

Green Party MEP for Dublin Ciarán Cuffe said: “It would be madness if the State were to miss out on €1.5bn in rezoning levies due to a flawed Fine Gael decision. The 80% rate helped to curb speculation by imposing a tax on profits from land rezoning.”

Green Party Finance spokesperson, and councillor for Cabra-Glasnevin in Dublin, Neasa Hourigan, added that “the huge profits made by property developers during the boom in the 2000s due to the rezoning of land by local authorities led to a highly politicised process and poor regional planning decisions. A windfall tax still allows property owners to realise a significant profit while ensuring the price of land for housing remains reasonable.”

Ms Finn, who was recently selected as the Green Party candidate to contest the next general election for Cork North West, further emphasised the benefits of such a rate for Cork: “As Cork is set to be the fastest-growing city in the Republic, the need for land to be rezoned may increase, and thus such a rate would kick in.

"Myself and my colleagues in Cork City Council are constantly told that there isn't money in the budget to make improvements to benefit everyone in the city. An 80% windfall tax would mean, quite simply, that the rich in our society will be paying back into society to help everyone. It just makes sense.

"In a housing crisis, in a climate crisis, we're not in a position to just leave €1.5bn on the table."

The 80% windfall rate was removed by the Fine Gael government in the budget of 2015, and organisations like Social Justice Ireland have since called for its reintroduction.

Ms Finn has studied economics to doctoral level after a 30-year career in the Hospital Laboratory Service.

Louth County Council release statement on rates in the county

Statement released in response to media commentary over recent days

Louth County Council have issued a statement in response to media commentary in respect of rates in the county. In it the local authority said:

"Rates in County Louth are set based on a valuation process, which is run by the Valuation Office. The Valuation Office and the process arising is entirely independent of Louth County Council, both its executive and elected members.

"Revaluation is a reassessment of rateable value of all properties in any Local Authority area. The result of a revaluation is the production of what is termed a New Valuation List that contains modern valuations for all rateable properties in the County, bringing rateable values back into line with current property rental values. This reassessment of rateable value leads to a redistribution of commercial rates burden between ratepayers.

"The revaluation process is revenue neutral for Local Authorities and the results are based solely on the calculation set out in the legislation.

"In this latest process, there were a set of steps involved in the revaluation over the last two years, with the new valuation list and the rates arising coming into effect at the start of next year. The Valuation Office wrote to the ratepayers throughout the revaluation explaining the process and collecting the necessary information they required to carry out their calculations. They also provided walk-in clinics and a helpline to assist ratepayers with the process.

"It is important to understand and to again clarify that changes in rates in any area of Louth for 2020 derive solely from the valuation figures and assessments made in that independent valuation process.

"While over time it is the policy of Louth County Council to move toward rate equalisation across the county, the changes to rates for 2020 arise solely from the independent valuation process, as set out in legislation.

"The assessment process outlined in this statement is independent of BIDS, the cost of which is additional to ratepayers in Drogheda and Dundalk."