

DNG REACTION TO THE MEASURES IN BUDGET 2017

DNG welcomes a number of the measures introduced in this year's budget.

- **Help to Buy Scheme** - One of the most welcome actions for the property sector is the re-introduction of a First Time Buyers Grant. This grant is only available to first time buyers of new houses for their primary residences. It is to take the form of a 5% tax rebate scheme of up to €20,000 ceiling for new houses up to €400,000. The €20,000 ceiling grant will also be available to first time buyers who purchase a house up to €600,000. This should be a key driver of supply, giving builders and their funders more confidence to finance and build new homes at entry level prices. It will also assist buyers who are struggling to comply with the Central Banks mortgage lending rules and help free up much needed rental accommodation. Buyers of second hand property do not qualify for the scheme. The new Help to buy scheme is applicable from the 19th of July to the end of 2019. This will be a very welcome windfall for many buyers who purchased house since that date.
- **The Home Renovation Scheme** is to be extended until the end 2018 - This provides tax relief to owners who undertake renovations and/or extensions to improve their properties. This measure was initially introduced in Budget 2014 to run until the end of 2015. DNG welcomes the extension of this scheme as it helps improve the quality of second hand homes.
- **Rent a Room Scheme** - This scheme facilities owners renting out rooms in their residential properties without having to pay any income tax liability. This allowance has been increased by €2,000 to €14,000 per annum. This measure should go some way to assist reduce the burden on the private rental sector making it more attractive for homeowners to rent out rooms.
- **Mortgage Interest Relief for Landlords** - The current restriction of 75% for writing off mortgage interest relief against rental income is to be increased to 80% in 2017. Each year thereafter the rate will increase by 5% until 100% is reached and available to landlords. With their current plight in the rental sector we are disappointed that the Minister did not allow 100% relief immediately.
- **Living in the City Initiative** - This scheme is been continued and expanded to include landlords and the cap on floor sizes has been removed. This should assist in bringing like to many buildings in the target areas that it applies.
- **Universal Social Charge** - The very modest adjustments to the three lower UCS bands of just 0.5% will, regrettably, do little to alleviate pressure on landlords providing private residential rental accommodation. As we are all too aware numerous landlords are exiting the sector due to the excessively high costs associated with providing rental accommodation and very few new entrants are coming to this segment of the market owing to the low returns largely due to the high tax regime. The Government has missed an opportunity to support this beleaguered sector, in our opinion tax incentives for landlords for the provision of long term private rental accommodation for social tenancies should have been considered.

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- Some other initiatives such as 50M for infrastructure for new homes schemes and increases in ret supplement levels is also welcome.

The above statement is subject to the enactment of the Finance Bill 2017.



Keith Lowe FRICS FSCSI MIPAV
Chief Executive
DNG
11th October, 2016

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