

## DNG REACTION TO THE MEASURES IN BUDGET 2018

---

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

- Home Building Finance Ireland - A new agency that is to provide loans from the Irish Strategic Investment Fund to building developers who wish to build homes on commercially viable projects. Up to €750m is to be made available and the existing expertise in residential investment funding in NAMA is to be utilised in lending these funds.
  - This is welcome news. It has been well documented that developers struggle to obtain funding in the first instance and secondly at high street rates of interest. Providing an additional source of credit will ultimately lead to an increase in housing supply.
- €1.83 billion for housing in 2018 - This includes an additional €149million for the Housing Assistance Payment (HAP) and a €116m spend on homelessness. The aim is to build 3,800 new social houses in 2018. This is to be undertaken by Approved Housing Bodies and Local Authorities.
  - The increase of the HAP is welcome as the current rent levels paid under HAP fall short of market rents at present. This should go some way to allow additional HAP recipients to enter the private rental sector, however, this will also increase the already high demand for rental accommodation.
  - Any building of social housing is to be welcomed and 3,800 is an ambitious target.
- The Minister is increasing the Social Housing Current Expenditure Program (this is a long term leasing program of houses and apartments) by €31 million with the aim of providing additional 4,000 social homes in 2018.
  - This increase in funding will not directly create additional housing stock in the country and the additional social housing properties that this extra funding will create will come from the current housing stock in Ireland.
- A well flagged increase in stamp duty on commercial property was announced and is due to increase from 2% to 6% from midnight tonight. A stamp duty refund scheme will be available subject to certain conditions for commercial land purchased for the development of housing, with one of the conditions being that building commences within 30 months of the purchase of land.

PROPERTY ADVISORS

Head Office 30 Leeson Park, Ranelagh, Dublin 6 T 01 4912600 E info@dng.ie PSL No. 002049

Chairman Paul Newman FRICS FSCSI MIPAV Chief Executive Keith Lowe FRICS FSCSI MIPAV

Partners Pat Mullery MRICS MSCSI, David Horgan FCCA FMAAT, Michael Glynn MMII Grad, Susan Stevin MIPAV, Carol Strong MRICS MSCSI

Orla McMorrough MSCSI, Brian Dempsey MRICS MSCSI MIPAV, Deirdre O'Gara, Gemma Lanigan BA MIPAV



- We do not see the increase in stamp duty having a significant impact on large commercial property transactions however some investors purchasing lower priced investments may now favour similar priced residential properties instead.
- The time period incentive relief from Capital Gains Tax, introduced in Budget 2013, for those holding property for 7 years has been reduced to 4 years
  - This is welcome and may see property bought to avail of this scheme being re-marketed earlier than would have previously been anticipated.
- The levy on vacant sites which is to commence in 2019 has been expanded upon. The levy will be 3% for the first year and 7% for each subsequent year to discourage land hoarding.
  - Whilst land hoarding is frowned upon by many, builders like any other business should be able to hold a certain amount of 'stock' or land in their land bank for future development without being penalised. However, we do see the argument in this regard where developers hold excessive tracks of land.
- Mortgage Interest relief is to continue for those who took out mortgages between 2004 and 2012. This is to expire in 2020. The relief available will be 75% in 2018, 50% in 2019 and 25% in 2020.
  - Mortgage holders will be happy with this confirmation of reliefs at the current rates.
- The budget announcement was silent on the Help to Buy scheme and the Home Renovation Scheme each due to expire in 2019 and 2018 respectively.
  - DNG were particularly happy that the Minister did not signal any alteration at the present time to the Help to Buy Scheme in particular, as it is one of the key drivers assisting recovery in housing output.

The above statement is subject to the enactment of the Finance Act 2018.



Keith Lowe FRICS FSCSI MIPAV  
 Chief Executive  
 DNG  
 10<sup>th</sup> October, 2017

PROPERTY ADVISORS

Head Office 30 Leeson Park, Ranelagh, Dublin 6 T 01 4912600 E info@dng.ie PSL No. 002049

Chairman Paul Newman FRICS FSCSI MIPAV Chief Executive Keith Lowe FRICS FSCSI MIPAV

Partners Pat Mullery MRICS MSCSI, David Horgan FCCA FMAAT, Michael Glynn MMII Grad, Susan Stevin MIPAV, Carol Strong MRICS MSCSI  
 Orla McMorrough MSCSI, Brian Dempsey MRICS MSCSI MIPAV, Deirdre O'Gara, Gemma Lanigan BA MIPAV