

## “Living City Initiative launches for 6 cities in Ireland”

18th May 2015

### About the Living City Initiative

Earlier this month the Minister for Finance Michael Noonan T.D, accompanied by the Minister for the Environment, Community and Local Government launched the Living City Initiative. The focus of this new initiative is on the regeneration of the historic centres of six cities throughout Ireland - Dublin, Cork, Galway, Kilkenny, Waterford and Limerick by making available tax relief for owner occupiers who refurbish relevant residential and commercial properties built before 1915. The implementation awaits final sign off of ministerial order.

Keith Lowe, Chief Executive of DNG welcomed the initiative by saying:

“The Living City Initiative will encourage the redevelopment of many of the residential and commercial properties located in historic parts of Dublin and five other keys cities. Many of the buildings in these particular areas have fallen into disrepair in recent years. With the proposed relief lasting for up to 10 years, an individual can avail of attractive income tax relief against the cost of refurbishment as long as they meet the relevant criteria. The maximum size of a qualifying building is 210 square meters which unfortunately rules out many of the large Georgian and Victorian buildings in Dublin and other cities being converted back to single homes which is a missed opportunity as it would have been an opportunity to encourage prospective buyers to return these building back to their original grandeur and use as fine family homes which is rarely seen today. However, we believe that overall this is a positive step which should assist the regeneration of buildings in the key cities”

There are two types of relief in the Living City Initiative -

- Residential - owner occupier
- Retail / commercial element

For more information on the new scheme please see attached the DNG explanatory note and maps of the ‘special regeneration areas’ (SRAs). This is DNG's brief summary of the LCI and DNG take no responsibility for any errors or omissions contained herein.

For more details visit <http://www.revenue.ie/en/personal/living-city-initiative.html>

### PROPERTY ADVISORS

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**DNG Explanatory Note - 25th May, 2015**  
**Living City Initiative**  
**Dublin, Cork, Galway, Limerick, Waterford & Kilkenny**

The information below comes from the FAQ on the Department of Finance website.

For more detail or clarification please go to

<http://www.finance.gov.ie/sites/default/files/Frequently%20Asked%20Questions.pdf>

**Bullet Points – Residential Properties**

- Residential relief is only available to owner occupiers. Landlords cannot claim the relief.
- Property developers can carry out the refurbishment and then sell the property to an individual who can claim the residential relief. The individual must take up residence and not let out the property and obtain a certificate from the builder confirming the allowable relief.
- Property must have originally been built as a dwelling and have been built prior to 1915.
- Floor area must be between 38 and 210 square metres.  
If a property comprises an apartment contained within a larger building it is only the floor area of the apartment which is relevant, not the entire building.
- The first occupation of the property after the work must be as your sole or main residence.
- If relief for one year cannot be used in that year due to insufficient income the excess cannot be carried forward.
- A subsequent sale of the property will not trigger a claw back. The new purchaser is not entitled to the relief.

**What are the allowances?**

Qualifying expenditure must be equal to at least 10% of the market value of the property prior to the refurbishment/conversion.

- There is no upper limit to the amount of qualifying expenditure for residential.
- There is a limit for commercial properties (detailed under the commercial heading below).

**What areas are covered?**

Dublin City, Cork City, Waterford City, Kilkenny City and Limerick City are covered.

Maps can be found here: <http://www.finance.gov.ie/living-city-initiative>.

**What date does it start & how long it lasts?**

- There is no start date yet. It will start once the Minister signs the Ministerial Order.
- It will last for 5 years from the date the Ministerial Order is signed. Only expenditure during this period is eligible for relief.

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## How is it calculated?

**Example 1:** *An individual buys a house that has a market value of €200,000. The individual then spends €100,000 renovating the property (which meets the requirement that the work be equal or more than 10% of the value).*

*The individual will then be entitled to a deduction of €10,000 from their total income per annum for 10 consecutive years at their marginal rate of tax.*

*If their marginal rate of tax is 40% this works out at to a total of €4,000 per year for 10 years - €333 per month.*

*If their marginal rate of tax is 20% this works out at to a total of €2,000 per year for 10 years - €166 per month.*

## Three ways it operates:

- You may already live in the property and pay directly for the work
- You may buy a vacant or derelict property and pay for the work
- You may buy a fully refurbished/converted property from a builder

The first two operate as the Example 1 above. The third is slightly different see example 2 below:

**Example 2:** *a builder purchases a derelict property for €75,000 and spends €25,000 on refurbishment (a total cost of €100,000). The property is then sold for €150,000.*

*The builder incurs 25% of the total cost on refurbishment and at the time of sale informs the purchaser and issues a certificate confirming the percentage of allowable relief is 25% of the purchase. This 25% is applied to the sale price resulting in €37,500 spread evenly over 10 years (€3,750 per annum) for the purchaser at their marginal rate of tax.*

*If their marginal rate is 40% this works out at €15,000 over 10 years - €1,500 per annum - €125 per month.*

*If their marginal rate is 20% this works out at €7,500 over 10 years - €750 per annum - €62.50 per month.*

## What is the situation for commercial property?

- Properties do not have to be built prior to 1915
- Allowance is at the rate 15% for 6 years and 10% for year 7.
- Premises must be used for retail purposes or the provision of services within the State.
- The limit applies differently to individual investors and companies. This is due to the different taxes applied to each.
  - Individual - €400,000 is the limit.
  - Company - €1.6m
  - Multiple individuals can't exceed the €400,000 between them.
  - Company and an individual combining can't exceed €200,000 between them.
  - This relief does not apply to property investors.

It is unclear in the FAQ who the first occupant needs to be. It appears an investor cannot buy a property, renovate it and sell it on in order for the purchaser to obtain the relief.

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## About DNG

The DNG Group is a multi-disciplinary property advisory practice based in the capital.

We are Ireland's premier agency with a branch network which extends to just over 75 branded offices located in virtually every major city and town in the country.

Our agency is the largest seller of residential property in the greater Dublin area.

At the time of this upload we have more properties uploaded on our web site up than any other agency in this country. Our national franchise network contains some of the best agents in the business offering their superb local expertise with the backing of Ireland's premier property brand.

DNG pride ourselves on our innovative approach to business. We were the first agency to introduce "Sale Agreed" boards to this country and the first nationwide agency to have its own digital application (APP). We also produce Ireland largest property newspaper "DNG Express" which includes over 100 pages of property and is distributed free throughout our network.

## Contact

To learn more about DNG, please contact

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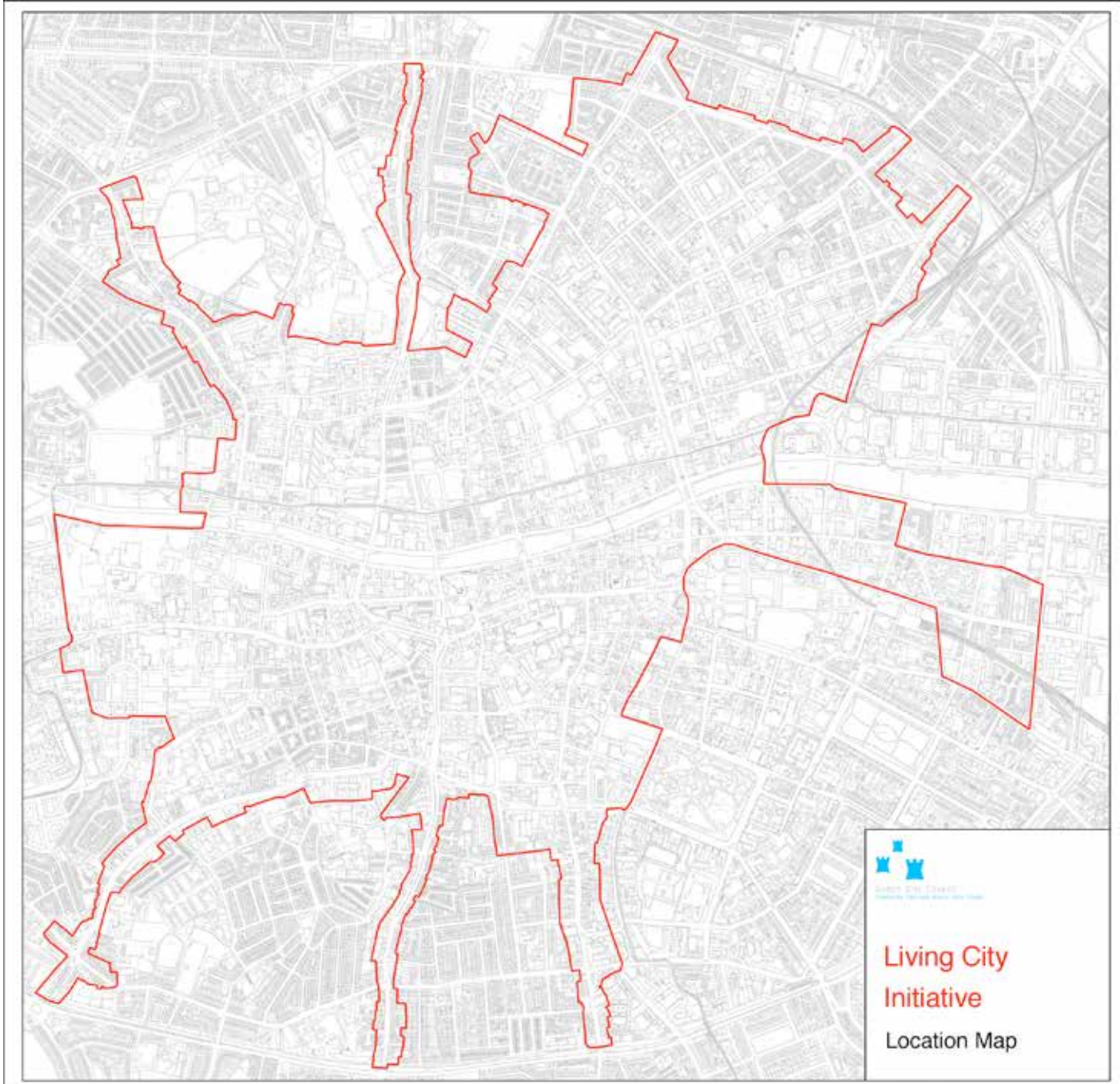
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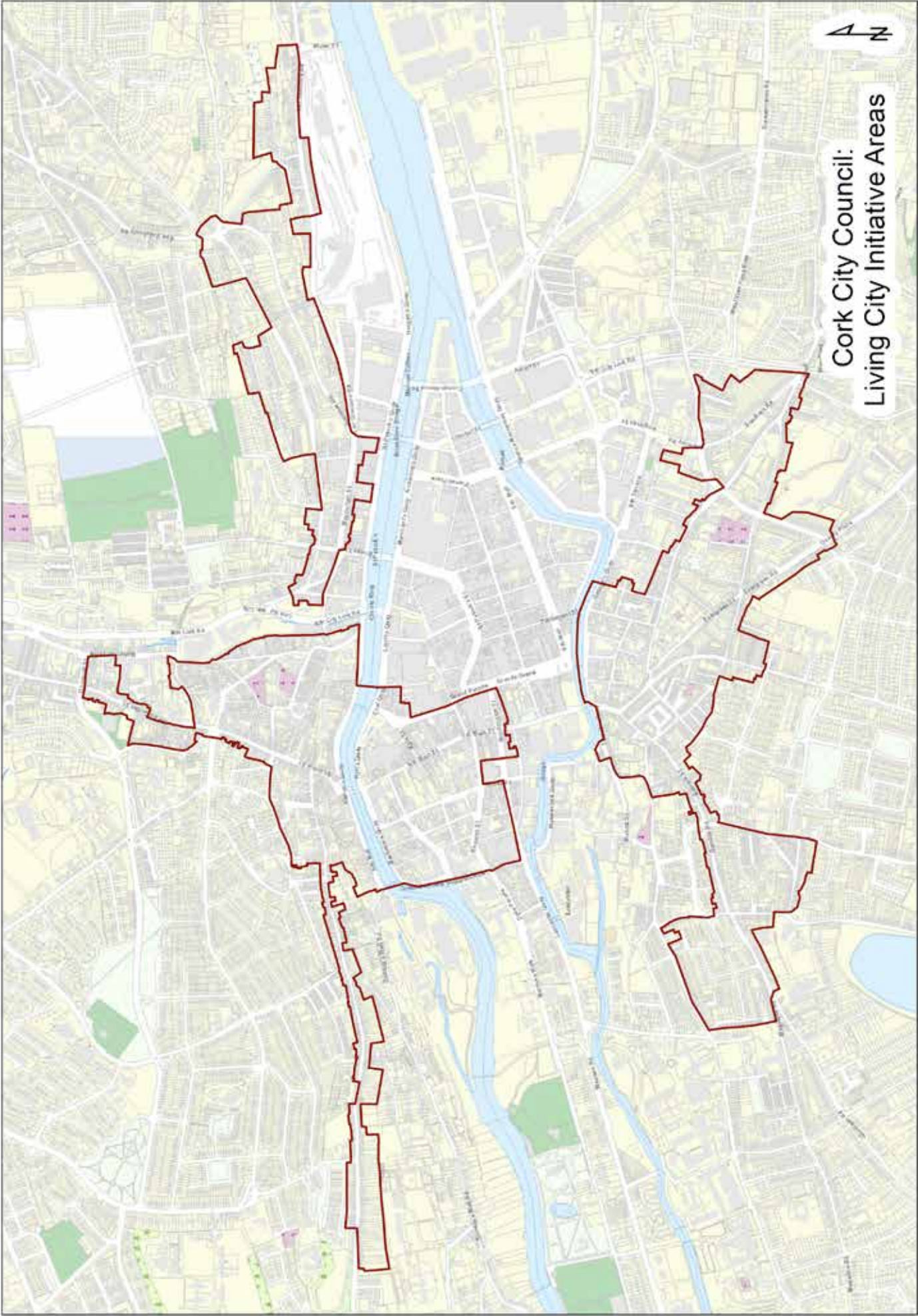
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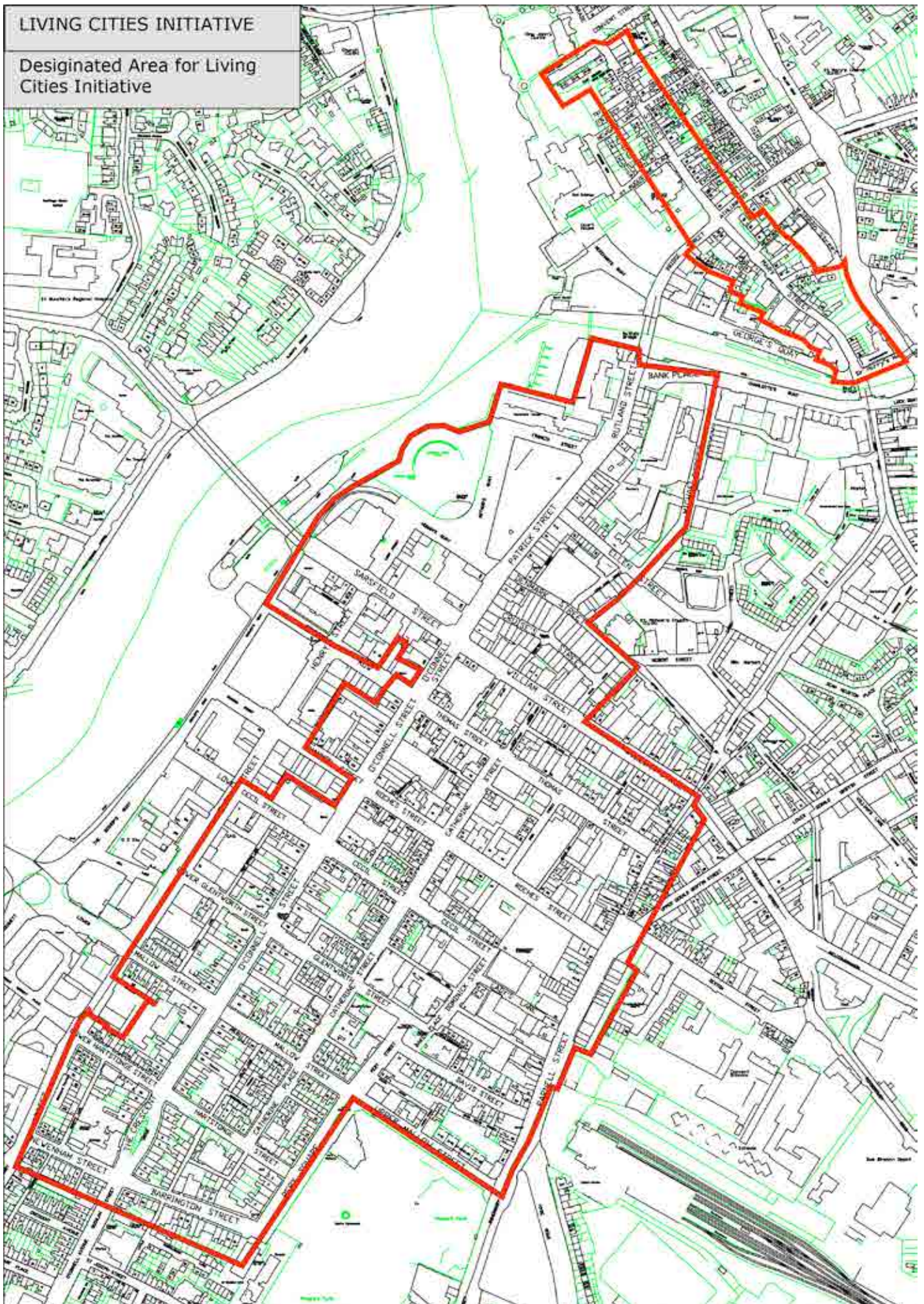


Cork City Council:  
Living City Initiative Areas

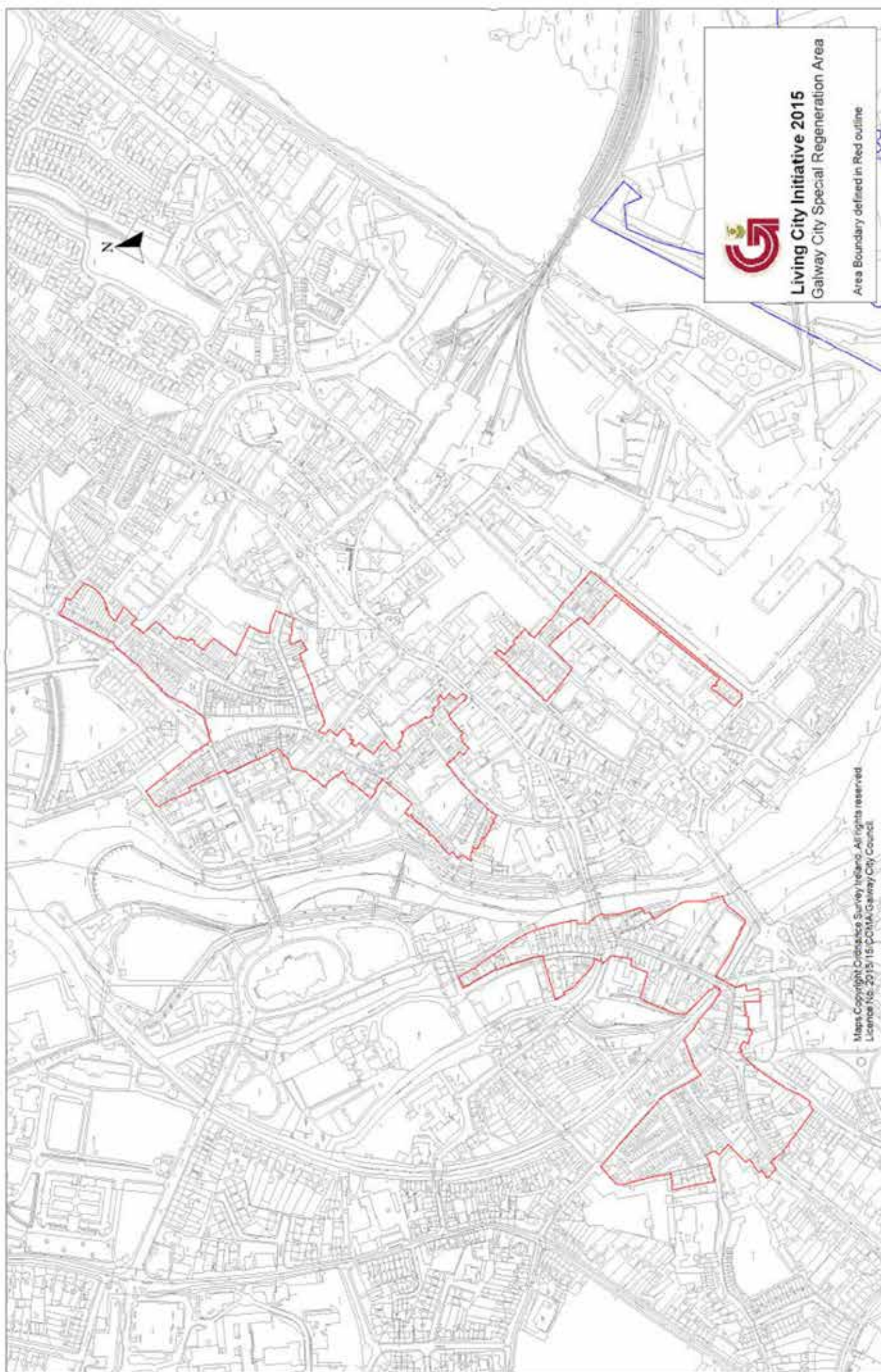


## LIVING CITIES INITIATIVE

Designated Area for Living  
Cities Initiative







**Living City Initiative 2015**  
Galway City Special Regeneration Area

Area Boundary defined in Red outline

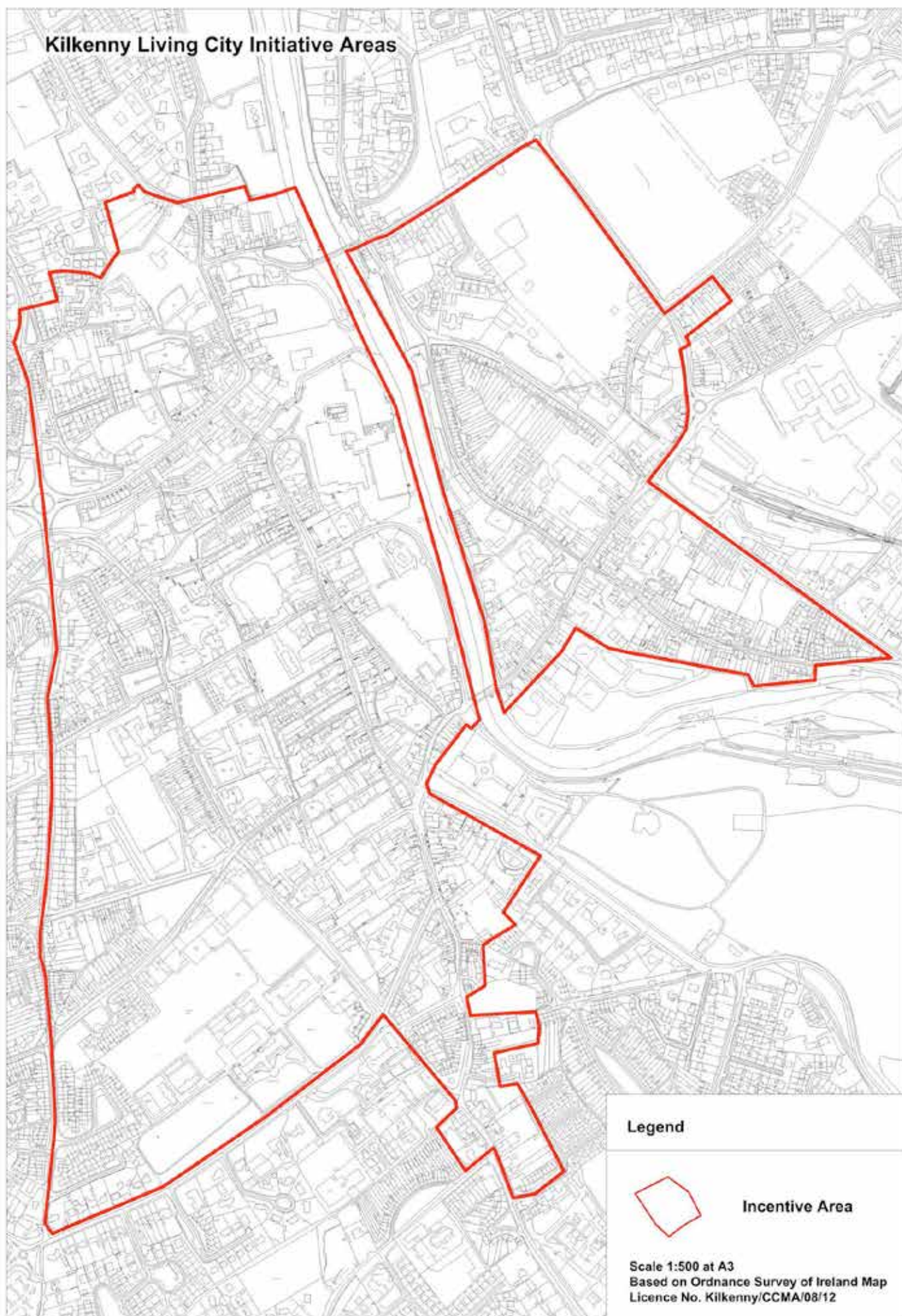
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## Kilkenny Living City Initiative Areas



### Legend



**Incentive Area**

Scale 1:500 at A3  
Based on Ordnance Survey of Ireland Map  
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