

LPT Decision

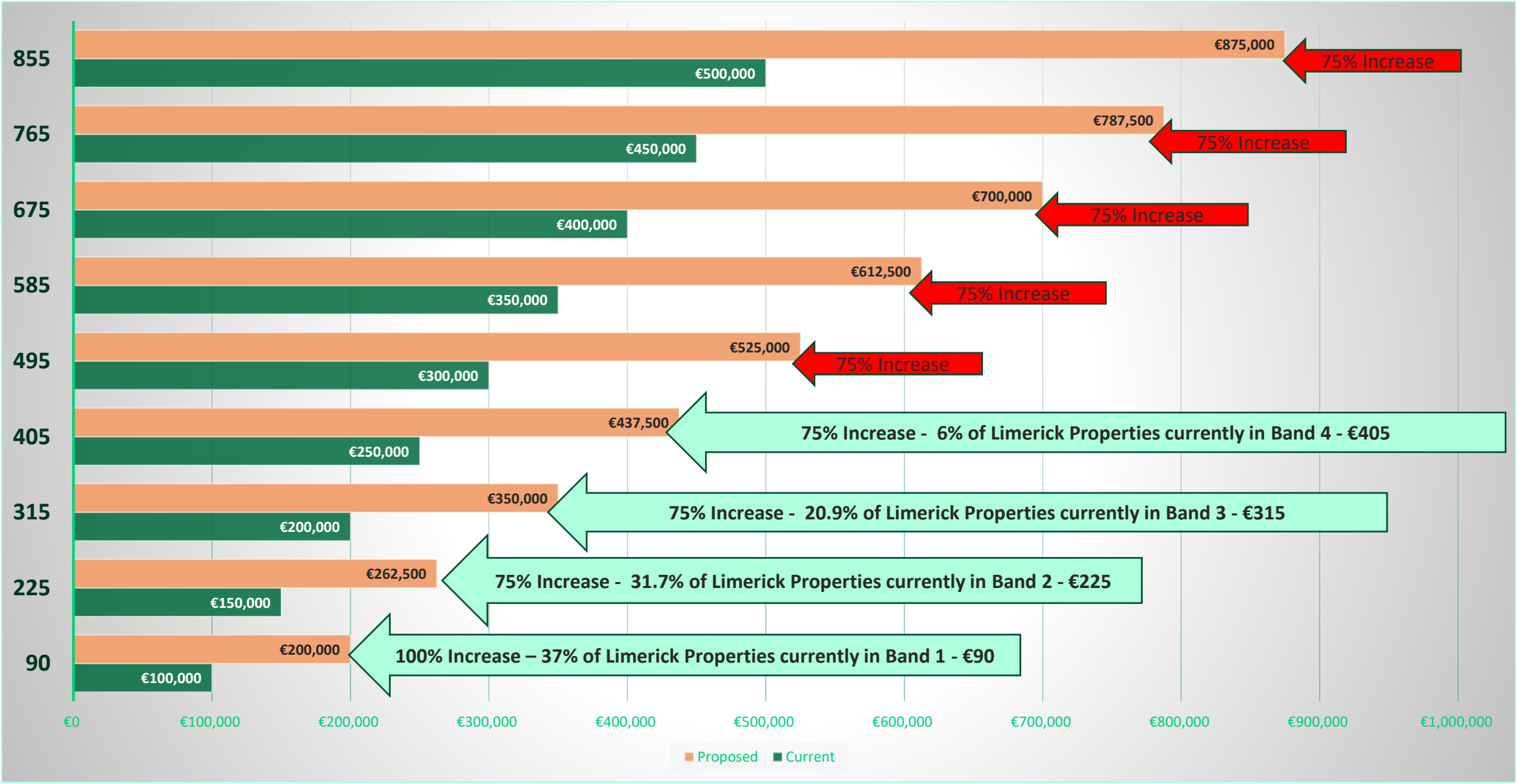
- **The Government recently announced plans to proceed with a revaluation of Local Property Tax (LPT) later this year, to take effect for the 2022 liability year.**
- **Heads of a Bill have been published and the intention is that the necessary legislation will be enacted by the Oireachtas before the summer recess.**
- **The legislation has brought forward the deadline for notifying Revenue of the Local Adjustment Factor (LAF) to 31 August in a revaluation year.**
- **Clarity has been provided by the Department in June 2021 that the yield from LPT for 2022 will be at least the same as 2021 Baseline:
€17,554,464**

Proposed Changes to LPT

- Valuation bands widened for calculating LPT liabilities to ensure that most homeowners will face no increase when properties revalued on 1st November 2021
 - *Implications of widening of bands for Limerick City and County Council*
- Property valuations to be reviewed every four years
- New properties will be brought into the system each November
 - *Estimated new properties based on CSO data = 3,333*
- Local authorities to retain 100% of LPT collected in their area
 - *Current Baseline = €17.5m versus 100% collection = €15.9m*

Clarity has been provided by the Department in June 2021 that the yield from LPT for 2022 will be at least the same as 2021 Baseline: €17,554,464.

Analysis of Current versus Proposed Valuation Bands Bands 1-9



Average Asking Prices Q1 2013 Versus Q1 2021

Table 1 - Qtr 1 2013 – Average Asking Prices

	1 Bed Apartment	2 Bed Terrace	3 Bed Semi	4 Bed Bungalow	5 Bed detached
County	€56,143	€66,121	€95,058	€190,448	€221,941
City	€60,640	€75,030	€117,736	€195,893	€268,512

Source: Daft.ie House Price Report Qtr1 2013

Table 2 - Qtr 1 2021 – Average Asking Prices

	1 Bed Apartment	2 Bed Terrace	3 Bed Semi	4 Bed Bungalow	5 Bed detached
County	€78,000	€93,000	€127,000	€259,000	€278,000
City	€102,000	€132,000	€192,000	€336,000	€430,000

Source: Daft.ie House Price Report Qtr1 2021

Table 3 - % Change

	1 Bed Apartment	2 Bed Terrace	3 Bed Semi	4 Bed Bungalow	5 Bed detached
County	39%	41%	34%	36%	25%
City	68%	75%	63%	71%	60%

Note: Valuation Band 1 increased by 100% - all other bands increased by 100%

Local Property Tax 2022

- The Public consultation process regarding the LPT was advertised both online and in the local media.
- Submissions had to be received by close of business the 28th June 2021.
- Submissions received from public consultation (one submission received):
 - 1 received online requesting no change on 2021 (i.e. increase by max of 15%)
 - The respondent's comments were

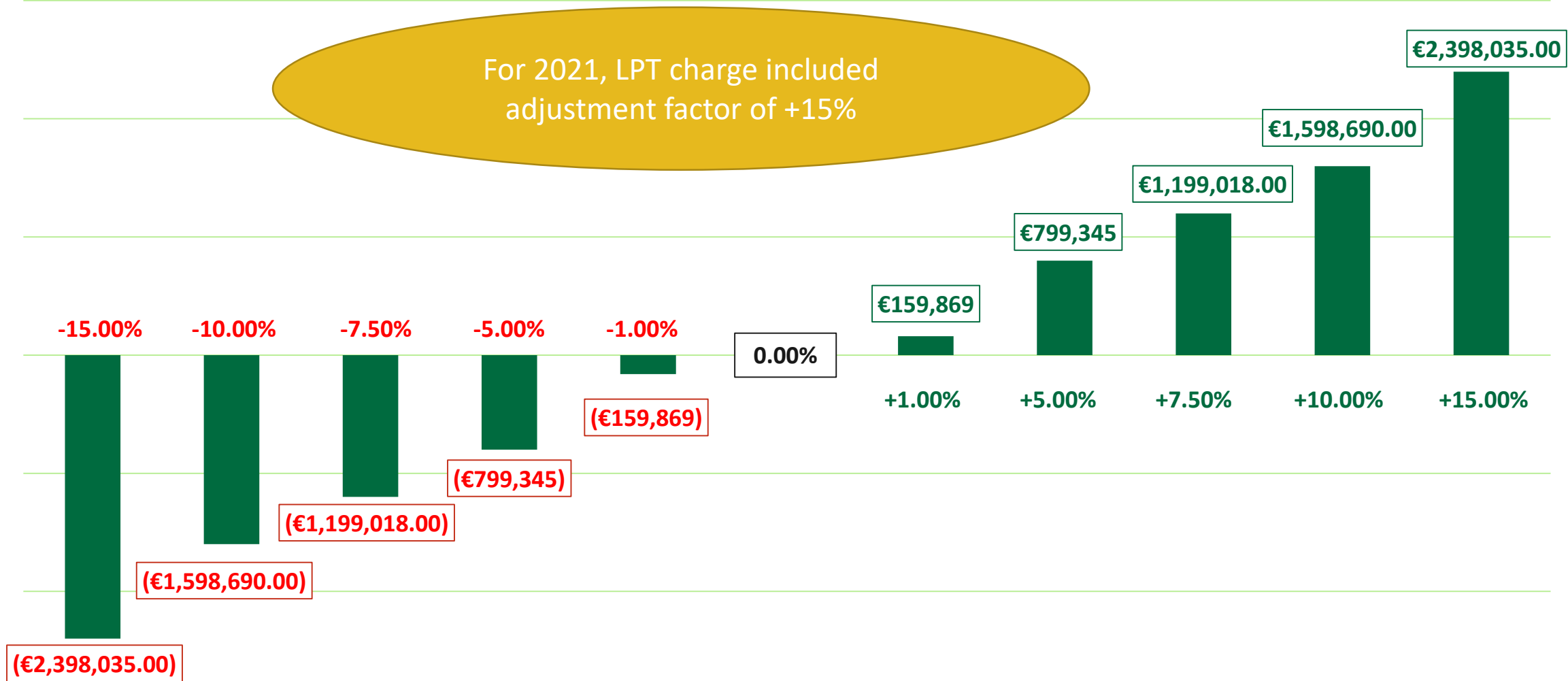
“If you reduce the LPT income, one(or more) outcome will be a lower tax take, with corresponding reduction in services. The other outcome would be an increase in the rate struck for Commercial Rates, with businesses being required to meet the shortfall”.
- Prepare report for Council meeting, setting out the matters to which the Council must have regard in making a decision on the LPT including the financial position of Limerick City and County Council.

Local Property Tax 2022 Summary

	€
LPT 100%	€15,986,957
LPT 20% towards Equalisation Funding	€3,197,391
2022 Baseline	€17,554,464
LPT Retained Locally (80%)	<u>€12,789,565</u>
2022 Shortfall (LPT Retained Locally – 2022 Baseline)	- €4,764,899
Distribution of Equalisation Funding	€4,764,899
Total LPT Funding to be Provided in 2022	€17,554,464
Value of potential increase/ decrease in 2022 LPT Allocation for every 1% of variation implemented	+/- €159,869

Impact of Variation of LPT (Income)

For 2021, LPT charge included adjustment factor of +15%



5-Year Programme Funded by LPT Rate Variation

Service	Per Annum Value	5 – Year Term Value
Local & Regional Roads / Traffic Management / Street Cleaning	€768K	€3.84K
Other Local Services (e.g. Fire / Library etc.)	€442K	€2.21M
Capital Investment in New Plant to Deliver Efficient Local Services	€400K	€2.0M
Urban and Rural Regeneration Fund	€550K	€2.75M
GMA	€200K	€1M
Total Investment	€2.36M	€11.80M

- **Summary**

- Projections included in Report accompanying agenda item include variation of LPT by 15% which means no change in LPT charge for 2021.
- Annual Value of LPT Variation of 15% is €2.4m