

Submission on behalf of Dublin City Council's Finance SPC to the Review of the Local Property Tax

22 March 2018

Introduction and Overview

This report is prepared for Dublin City Council's Finance Strategy Policy Committee by Dr. Pat McCloughan, Managing Director of PMCA Economic Consulting. It concerns certain issues of relevance in the context of the Review of the Local Property Tax currently underway by the Inter-Departmental Working Group set up for the Review. The Review Group is, understandably enough, concerned by the possibility of a significant increase in the LPT that households could face at the end of next year, when the current phase of the LPT comes to an end: the LPT commenced in July 2013 with the valuation date for properties liable to the new tax fixed at property values on 1 May 2013 and applying until 1 November 2019. Economic recovery since the coming-into-effect of the LPT has proved stronger than originally envisaged at the time, with the escalation in residential property values being especially rapid in Dublin. Under the current system, the higher property values would mean substantial increases in the LPT. Accordingly the Review is timely and important, in view of the need to achieve "*relative price stability*" and the avoidance of 'shocks' for households when their new LPT bills come through for the post-November 2019 period.

This study is primarily about the sustainability of local government financing and the role of the LPT. Ideally, *local* taxation should be designed to support *local* services provided by *local* authorities. Hence, the Inter-Departmental Working Group's Review also provides a unique opportunity to consider progressing to a more effective system whereby local authorities retain all or 100% of the LPT revenues raised in their areas, with councils having weaker tax bases receiving supplementary funding from the Exchequer, rather than through Equalisation, as presently the case. Under the current, complex system, LPT receipts are collected by the Revenue Commissioners and then transferred to the Local Government Fund under the remit of the Department of Housing, Planning and Local Government ('Department'). LPT payments are neither collected nor retained by local authorities.

Established in 1999 under the Local Government Act 1998, the LGF was designed to provide local authorities with *discretionary* funding for their day-to-day activities and for non-national roads, and funding for certain local government initiatives, such as social housing and addressing deprivation. The LGF was originally financed from Motor Tax receipts and the Exchequer (i.e. Government tax receipts). However, since 2012, there is no longer an Exchequer contribution to the LGF, and in fact the LGF has contributed to the Exchequer. In Dublin City Council's case, the funding from the LGF to the Council, *via* the Department, has been sourced *only* to LPT payments, with no funding from Motor Tax receipts or the Exchequer. This, and other features of the LPT (outlined in this submission), have resulted in discretionary funding from the LPT available to Dublin City Council of just €4 million per year (versus annual LPT receipts of €80m). LPT receipts have in the main replaced funding previously allocated to the Council from the Exchequer. The LPT allocation system urgently requires simplification and greater transparency, with LPT receipts being available locally, where there is "*an expectation on the part of Dublin householders discharging their LPT liability, of additional service provision as a consequence*" ('Dublin City Council Annual Report and Accounts 2016', p. 71). The Council has made submissions to the Department on these issues, concerning the funding the needs of the Capital City and tackling deprivation within the City.

The submission also considers the Parliamentary Budget Office's Briefing Paper 2 of 2018 on the LPT.

Operation of the LPT to Date

The LPT was introduced under the Finance (Local Property Tax) Act 2012, with liability for the tax commencing at the beginning of July 2013. The current value of LPT liability was determined by the property valuation of liable properties before the time of commencement of the tax, and payable on most residential properties with some exceptions. In particular, the fixed valuation date for properties liable to the LPT is 1 May 2013 and this valuation applies until 1 November 2019. Property valuations have been determined largely on a self-assessment basis and exemptions from the LPT include residential properties purchased from builders/developers or unsold by them and properties in unfinished housing estates, and first-time buyers have also been exempt from the LPT.

The ‘Thornhill Review of the Local Property Tax (LPT)’ for the Minister for Finance completed in July 2015 recommended that the exemptions from the LPT should not be renewed when the new valuation of residential properties takes place, for the application of the LPT after 1 November 2019 (Recommendation 1 of the Thornhill Review).¹ On self-assessment, the Thornhill Review observed that the *“introduction of the LPT in 2013 was the largest extension of self-assessment in the history of the State, with over 1.3 million taxpayers obliged to file LPT Returns and pay the tax in respect of around 1.9 million properties”* (p. 6).²

The LPT replaced the Household Charge, which was abolished from 1 January 2013 (Household Charge arrears that were not paid by 1 July 2013 were converted into the LPT and are now collected by Revenue through the LPT system). The Non-Principal Private Residence (NPPR) charge on second homes applied during 2009-2013 and was collected by local authorities to help fund local authority services. From 2014 onwards, the NPPR is no longer charged, but outstanding liabilities and payments are still required to be collected by local authorities. The Household Charge and the NPPR were flat charges levied on owners of residential properties, in contrast to the LPT, which is a progressive tax (as outlined subsequently).

The Revenue Commissioners, which collects LPT receipts on liable properties, is also responsible for producing statistics on LPT revenue, which are considered in this report.³ The Revenue’s LPT statistics are contained in end-of-year reports and quarterly reports – the former cover 2013-2015 (one report) and there are separate end-of-year reports for 2016 and 2017, while there are quarterly reports for each of 2013-2017. The statistical information contained in the Revenue’s reports includes results by local authority, showing the number of properties returned, compliance rates and LPT collected, *inter alia*.

There has been a high rate of compliance with the LPT to date, including in the Dublin City Council area. This outcome reflects the self-assessment character of the LPT, whereby householders have been insulated from the large increases in property values since the LPT began in July 2013.

The Revenue’s end-of-year statistical reports also include, for each local authority, a frequency distribution of the number of properties returned by six valuation bands, with the frequencies presented in percentage terms. Nonetheless, the corresponding absolute numbers of properties in each council area can be derived because the reports also include data on the total number of properties returned.⁴

¹ The Thornhill Review (2015) is available [here](#).

² In the same paragraph of the Thornhill Review (1.3), it is observed that there was to be second valuation date for the LPT, originally set at 1 November 2016, which would have determined the LPT liabilities for 2017, 2018 and 2019. But the second valuation process did not transpire, meaning that the first valuation date pertaining to 1 May 2013 continues to apply, until the next valuation date, planned for 1 November 2019.

³ The Revenue data on the LPT are available [here](#).

⁴ The six valuation bands common to all local authority areas in the Revenue’s statistical reports are: €0-€100,000; €100,001-€150,000; €150,001-€200,000; €200,001-€250,000; €250,001-€300,000; and Over €300,000.

However, there is no corresponding statistical information in the Revenue's statistical reports concerning the values of LPT collected by valuation bands. Together with the frequency distribution data, as published by Revenue, this extra piece of information would be useful in assessing the *progressivity* of the LPT *among local authorities*. In particular, armed with both pieces of information, it would be possible to estimate the extent of inequality in the LPT collected per year for each local authority, with the understanding that higher inequality indicates greater progressivity: that is, higher inequality in LPT collected signals that the share of all LPT receipts is larger in the higher valuation bands – households in the higher bands are contributing proportionately more to LPT collected, and the extent of LPT progressivity in this way can be examined in all local authorities.

While the information needed to estimate such inequality in LPT collected by valuation bands per local authority in a given year is not available from the data/statistics made publicly available on the Revenue's website,⁵ it turns out that Revenue did conduct such an exercise for the Thornhill Review, but on a once-off basis and for a single year.

The information in question is contained in Tables 4.3 and 4.4 on pages 23-24 of the Thornhill Review, which respectively provide information on the number of properties returned and LPT collected by the aforementioned six valuation bands⁶ for each local authority (for the year 2014).⁷

The information in the two tables in the Thornhill Review enables estimation of the Gini coefficient of inequality in LPT collected for each local authority in 2014, which can be used to assess the extent of progressivity of LPT collected among local authorities: higher inequality (i.e. larger Gini coefficients) corresponds with greater progressivity because households in the higher valuation bands contribute proportionately more in LPT receipts.

At the same time, however, bigger Gini coefficients of LPT receipts also reflect higher underlying socio-economic inequalities. It turns out from PMCA's analysis of the distributional data contained in Table 4.3 and 4.4 of the Thornhill Review (the details of which are given below) that the estimated Gini coefficient of LPT collected is highest among all local authority areas in the State in the Dublin City Council area. In other words, the particularly progressive nature of the LPT in the DCC area occurs in an environment in which high affluence and high deprivation occur simultaneously, and such high socio-economic inequality is generally not conducive for sustainable, inclusive economic growth, including the goal of equality of opportunity.

These facts in turn support the argument for Dublin City Council to have control for the LPT collected in its area, in common with other local authorities.

⁵ *Supra* footnote 3.

⁶ *Supra* footnote 4.

⁷ On coming across these tables of relevant information in the Thornhill Review, PMCA enquired with Revenue whether the same data might also be available for 2013, 2015, 2016 and 2017 as well as for 2014, as contained in the Thornhill Review. Revenue in turn informed PMCA that the exercise behind Tables 4.3 and 4.4 in the Thornhill Review entailed a lot of work and has not be carried out for other years (besides 2014).

LPT Funding Ultimately Available to Dublin City Council – Experience to Date

The Finance SPC of Dublin City Council has assembled information on the sources of funding available to the Council, in comparison with other local authorities in the State, for this study. The information includes the proportion of LPT receipts available to the Council after Equalisation and Variation of the LPT (basic rate) are factored in and the amount of LPT revenue ultimately available to DCC in *discretionary funding* after incorporating the fact that LPT revenue has in the main replaced funding previously allocated to the Council from the Exchequer. The effect of these deductions from the total LPT collected in each of the past three years (2015-2017) is that discretionary funding for Dublin City Council has been approximately €4m per annum during the period. The figures for 2017 reveal an even lower level of discretionary funding for DCC (a drop of almost €160,000), even though LPT collected in the DCC area rose by nearly €2m between 2016 and 2017.

The figures contained in Table 1 reproduce the LPT funding movements and allocations set out in the Council's 'Report to the Finance SPC Re: Revenue Grant Funding of Local Authorities 2016-2017' and its latest publicly available annual accounts (2016) (at the time of preparing this PMCA report).⁸ The table illustrates the LPT funding available to the Council, the allocation of the LPT receipts and ultimately what is left for Dublin City Council in discretionary funding from the LPT, namely just 5% of LPT collected in the DCC area in each of 2015-2017 (after Equalisation, the maximum reduction in the basic rate of the LPT and the fact that the LPT has replaced previous grants from the Government).

Table 1: Local Property Tax (LPT) Funding Movements in the Dublin City Council Area 2015-2017

Item	€m		
	Budget 2015	Budget 2016	Budget 2017
LPT Receipts - 100%	82,659,298	77,547,442	79,467,549
Equalisation Fund - 20%	16,531,860	15,509,488	15,893,510
Maximum 15% Reduction (Council Resolution)	12,398,895	11,632,116	11,920,132
Supplementary Funding	0	255,593	0
Available LPT Funding	53,728,544	50,661,430	51,653,907
% of LPT Receipts - 100%	65%	65%	65%
Distribution of LPT Funding			
Self-Funding (Roads & Housing)	46,928,600	43,861,135	28,584,938
LGF/GPG	2,667,330	2,667,330	2,667,330
PRD	0	0	16,428,262
Discretionary Funding	4,132,614	4,132,965	3,973,377
% of LPT Receipts - 100%	5.0%	5.3%	5.0%
Change in Discretionary Funding		352	-159,588
Cumulative Change in Discretionary Funding			-159,237

Source: 'Dublin City Council Annual Report and Accounts 2016' (which shows the LPT funding movements during 2015-2017) and 'Report to the Finance SPC regarding Revenue and Grant Funding of Local Authorities 2016-2017' by Dublin City Council (including Appendix E and Appendix F); PMCA Economic Consulting analysis.

Note: LGF denotes Local Government Fund; GPG General Purpose Grant; and PRD Pension-Related Deductions.

⁸ The Dublin City Council Annual Report and Accounts for 2016 and previous years are available [here](#).

The level of discretionary funding (c. €4m or 5% of all LPT receipts) is insufficient to meet the many and varied needs of the Council, including the funding of local services, which is an issue in the area, which could be alleviated to a large extent if local authorities were permitted to retain all of their LPT receipts under a more effectively designed system for the usage of LPT collected. The Council has in the past made submissions to the Department on the local services needs of its users, which include inbound commuters from elsewhere in the country and visitors/tourists as well as residents in the DCC area.

LPT receipts were €82.7m in 2015, which translated into a 16.5% share of all LPT revenue in the State, compared with the DCC area's 12% share of the national population in Census 2016.⁹ After deducting the contribution to the Equalisation Fund (20%), designed to compensate local authorities with weaker tax bases, and applying the maximum reduction of 15% to the basic rate of the LPT (which Dublin City Council has done each year), the available LPT funding for the Council in 2015 was €53.7. This represented 65% of LPT receipts in that year and the same proportion also obtained in 2016 and 2017 (the 65% figure also occurred in the three other local authority areas of Dublin in 2016 and 2017, and in Clare in 2016).¹⁰

Following Government retention of LPT funds for Equalisation and the reduction in the basic rate of 0.18% for residential properties up to €1m effective by Dublin City Council Resolution, the vast majority of LPT funds available to the Council are then directed by Department Circulars to finance specific services in roads and housing, which in previous years (before the LPT) were granted to the Council by the Government, leaving just €4m available to Dublin City Council in discretionary funding, which was retained at this amount in 2016 but fell to less than €4m in 2017, as shown in Table 1 (5% of all LPTs receipts).

In effect, the LPT to date has failed to act as a new funding source for much-needed local services improvements in the Dublin City Council area. As summed up in the 'Dublin City Council Annual Report and Accounts 2016' (p. 71) (PMCA emphasis underlined here):

"There is an expectation on the part of Dublin householders discharging their LPT liability, of additional service provision as a consequence. The introduction of the LPT is broadly understood to be a 'new' funding source for local government. However, LPT income has in the main replaced funding that was previously allocated by Government. In addition, €48m of LPT paid by households in Dublin City over the period 2015 to 2017 was used to fund local services outside Dublin City in other local authority areas."

Recommendations of the Thornhill Review to Address the Complexity of the LPT Accounting System and Greater Local Accountability and Transparency

Regarding the complexity of how LPT receipts are allocated by the Department to local authority funding – with just 5% of all LPT receipts ending up as discretionary funding for Dublin City Council – the Thornhill Review (2015) recommended moving to a simpler model in which local authorities would retain all (100%) of the LPT revenues raised in their areas, with local authorities with weaker tax bases receiving supplementary funding *from the Exchequer* as needed. In other words, the Thornhill Review recommended cessation of the Equalisation Fund, with such supplementary funding coming from the Exchequer rather than through redistribution of LPT receipts among local authorities. In arriving at this recommendation, the Thornhill Review observed that *"there appears to be little evidence of support or "ownership" of the tax at local authority level"* (paragraph 5.48).

⁹ LPT revenue accounts for c. 1.2% of all tax revenue in the State – see, for example, the Thornhill Review, which also contains projections for this share to 2020 (at 1.2% in each year to that year) (2015, Table 5.1, p. 31).

¹⁰ The corresponding figures for the country as a whole in 2016 and 2017 were 95% and 1.04% respectively.

The Thornhill Review also recommended greater transparency to householders and the general public regarding how LPT receipts are spent, and that the LPT should be re-designated as a 'Local Council Tax' to emphasise that it is a tax raised to pay for local council services.

Recommendations 8, 9 and 10 of the Thornhill Review (p. 9) (emboldened text reproduced here) are:

“Recommendation 8: Local authorities should be more engaged in supporting the Office of the Revenue Commissioners in the LPT process and also to provide the general public and individual households with programmatic and other useful information on how they spend the public funds available to them and the proportionate contribution made by the LPT.”

“Recommendation 9: Over the medium term, the Government should consider moving to a system whereby local authorities retain 100 percent of the LPT revenues raised in their areas. Authorities with weaker tax bases would consequently need to receive supplementary Exchequer funding.”

“Recommendation 10: In line with the retention of 100 percent of LPT revenues by individual local authorities, LPT should be re-designated as the Local Council Tax (LCT) to emphasise that it is a tax raised to pay for local council services.”

Note well that these three recommendations are reproduced from the *executive summary* of the Thornhill Review. In the *main body of the report*, they are set out at the bottom of page 48 and motivated on the basis of the arguments contained in that page of the report (paragraphs 5.48-5.51). In this part of the Thornhill Review, there is no mention of “*Over the medium term*” regarding Recommendation 9, namely to have all local authorities retain all of the LPT revenue raised in their areas. PMCA considers that the ‘medium term’ could well be said to have already occurred since the introduction of the LPT in July 2013 to the present time (almost 5 years). The corresponding three recommendations on page 48 of the Thornhill Review remove any doubt that the proposals should be phased in over time:

“Local authorities to be more engaged in supporting the Office of the Revenue Commissioners and also to provide the general public and individual households with programmatic and other useful information on how they spend the public funds available to them and the proportionate contribution made by the LPT.”

“Local authorities to retain 100 percent of the LPT revenues raised in their areas. Authorities with weaker tax bases to receive supplementary Exchequer funding as needed.”

“Consideration be given to re-designate the Local Property Tax (LPT) as the Local Council Tax (LCT).”

Public Consultation Process in the Dublin City Council Area – LPT Receipts should be used to Fund Local Services for the Benefit of Users (including Commuters and Tourists/Visitors as well as Residents)

The Local Property Tax (Local Adjustment Factor) Regulations 2014 requires that Dublin City Council consults with the public in its administrative area regarding its consideration of the setting of a local adjustment factor; and it is further required to have regard to the written submissions received from the public consultation process. For each of the years 2014-2017 inclusive, the Council has resolved to reduce the basic rate of the LPT (namely the 0.18% rate, for residential properties up to €1m) by the maximum extent permitted, namely 15%. While the current process does include public consultation, and entails analysis of the impact of possible changes in the LPT rate, the Council would nevertheless like to become *more engaged* with its residents regarding *how LPT revenue in the DCC area is spent*.



A summary analysis by PMCA of the results of the (survey-based) public consultations carried out by Dublin City Council for the Budget Years 2015-2018 is given in Table 2 below (the outcomes of the consultation process, informing the Council's Budget, is considered at a special meeting of the Council).

The number of respondents to the annual public consultation process, ahead of the decision by Dublin City Council to vary the basic rate of the LPT, was highest in 2014 (in respect of Budget 2015), which is not surprising given that this was the first full year since the LPT came into effect in July 2013. The number of respondents were much lower in the next two years (Budgets 2016 and 2017) but picked up in 2017 (in respect of Budget 2018). In each year to date, the vast majority of respondents have been residents (as opposed to organisations) (> 85%) and a significant majority have been in favour of a reduction in the basic rate of the LPT. In the first year (Budget 2015), almost 72% of the respondents included qualitative comments/observations regarding the LPT; since then, the proportion has reduced, although it has increased to 55% in the most recent exercise (Budget 2018).

As the years have gone by, more of those making comments/observations have emphasised the *local services* aspect of the LPT, in which almost one-third of those contributing in this way have referenced that the LPT should be used to fund services for the City, including social housing, helping the homeless, libraries, footpaths, street cleaning and cycling infrastructure.



Table 2: Summary of Key Findings of the Dublin City Council Annual Budget Public Consultation Process in regard to the Local Property Tax Adjustment/Variation (Budgets 2015-2018)

Item	Dublin City Council Budget			
	2015	2016	2017	2018
Completed Surveys	899	168	174	273
DCC Residents	805	147	160	252
% DCC Residents	89.5%	87.5%	92.0%	92.3%
Respondents in Favour of Variation	759	152	129	223
% Respondents in Favour of Variation	84.4%	90.5%	74.1%	81.7%
Respondents who included Comment/Observation	645	82	89	150
% Respondents who included Comment/Observation	71.7%	48.8%	51.1%	54.9%
Summary of Respondents' Comments of Relevance				
Public Realm/Services	8% said that LPT paid by householders in Dublin should fund services provided in Dublin and not fund services in other areas.	22 (26.8%) referenced that LPT monies should be used to fund Council services, including homelessness and supporting the local community.	18 (20.2%) said that the LPT should be used to fund services for the City, including helping the homeless, social housing, anti-litter. The respondents were concerned about the lack of funding the LPT generates for the City.	43 (28.7%) said LPT should be used to fund services for the City, including social housing, helping the homeless, libraries, footpaths, street cleaning and cycling infrastructure.
Transparency	3% said that efficiencies should be made to allow a reduction in LPT without impact on services.	Among the aforementioned 22 (26.8%) commenting on the need for the LPT to help fund local services were the observations that there should be more transparency around the spending of the LPT and that the Council should demand more money from the Government.	12 (13.5%) made miscellaneous remarks, including the power of the councils.	8 (5.3%) said there needs to be greater transparency, with more accountability on the uses of LPT funding.

Source: Dublin City Council Reports of the Head of Finance regarding the Budget Public Consultation Process (for Budgets 2015, 2016, 2017 and 2018 considered at special meetings of the Council in late 2014, 2015, 2016 and 2017 respectively); PMCA Economic Consulting analysis.



In a recent newspaper article carried in the *Sunday Business Post* (4 February 2018), a well-known commentator on financial and housing affairs, Mr. Karl Deeter, writes how the property tax in the US is not one that people begrudge in the same way as other taxes *because residents are informed about where their money is paid, on local services etc.* According to the article, by linking property tax to local expenditure, the tax becomes based on the latter rather than the value of people's properties.

"In a nutshell, if you link property tax to local expenditure, then the value of your home isn't what the tax is based on: the tax is based on what gets spent in your area. To me, this is the most sensible conclusion you could come to."

Deeter also sees Equalisation as unjustified when he remarks that an expenditure-based system *"would put an end to cities paying for rural counties that don't pull their weight when it comes to raising the tax they need to run themselves. It would also lead to more accountable councils merging to create greater efficiencies"*. He concludes by saying:

"If we don't link property tax to the area it is raised in and offer transparency in terms of what it is spent on, we will never get beyond it being seen as another way to take money from people."

Deeter is obviously in favour of ending Equalisation and of allocating LPT revenue to local services, in line with the aforementioned recommendations of the Thornhill Review (2015).¹¹

Centralised Nature of Local Authority Funding in Ireland – Recent IMF Commentary

The high level of control by Government in regard to local authority financing has recently been noted by the International Monetary Fund in its Technical Assistance Report – Public Investment Management Assessment (IMF County Report No. 17/333, November 2017).¹²

In its assessment of coordination between central and local government, the IMF rated Ireland as 'Medium' on Institutional Strength and on Effectiveness (on a scale of 'Low', 'Medium' and 'Good'). Regarding Institutional Strength, the IMF observed that *"Borrowing by local governments is restricted by law, but [they] have little flexibility in their spending envelope or choice of projects"*; and on Effectiveness the IMF said that *"Decisions on investments by local governments are largely formula-driven from the center, though there are consultations with central departments"* (Table 1, p. 9).

On Government control of local authority spending, the IMF states (p. 27) (IMF emboldened text reproduced here) (PMCA emphasis underlined):

"The local government sector in Ireland accounts for only 3 percent of GDP, one of the smallest shares in the EU. The self-financing rate is also extremely low. The sector was restructured under the Local Government Reform Act of 2014, following which the number of [local] authorities was reduced from 88 to 31. Three Regional Assemblies, whose members are representatives of the constituent local authorities were also established, with a view to coordinating the plans and activities of their members. Overall, Ireland has one of the most centralized fiscal systems in Europe, with local authorities having relatively little political power or fiscal discretion. Local authorities prepare development plans which cover a six-year period, but most of these plans include little information on capital investment projects, or their cost."

¹¹ The article by Karl Deeter ('A kinder, gentler property tax') is available online [here](#) (for registered users of the SBP).

¹² The IMF report is available [here](#).

As outlined in the IMF's assessment (paragraph 33), the local government sector is required to operate in accordance with the Medium-Term Budgetary Framework (MTBF), which in Ireland is maintained by the Department of Finance and provides an overview of the set of arrangements, procedures, rules and institutions that underlie the conduct of budgetary policies by the Irish Government. The MTBF was originally published in December 2013 (the 'Six Pack') and was revised in July 2014.

On the LPT and its allocation among local authorities, the IMF states in its 2017 assessment that (paragraph 35) (PMCA emphasis underlined):

"The tax base for local government is relatively small, but was expanded in 2014 to include a local property tax (LPT). Eighty percent of the LPT is retained by local authorities to finance their own spending, and 20 percent is redistributed to poorer authorities whose tax base is smaller. The government decides on the allocation of expenditure of LPT to local authorities each year as part of the budgetary process."

In the case of Dublin City Council, as outlined earlier in this report by PMCA, most of the LPT receipts collected in the DCC area have been used to replace funding previously allocated by the Exchequer to the Council, with just 5% of all LPT receipts (c. €4m over each of the past three years) being available to the Council for discretionary funding. The LPT has therefore not acted as a new funding source for much-needed local services improvements in the DCC area, as one would expect with a tax of this type.

Significant Improvements in Ireland's Fiscal Position

The LPT had its genesis in the economic crisis that erupted in 2008, triggering the arrival of the Troika in December 2010 (comprising the European Commission and the European Central Bank as well as the IMF). The LPT was recommended to broaden the tax base and address the then over-reliance on transactions-based taxes, like property stamp duty. Since the introduction of the new tax, the fiscal situation of the country has improved dramatically, driven in large part by the strong economic recovery, and the Troika exited the country at the due date in December 2013.

According to the Department of Finance's Monthly Economic Bulletin (6 February 2018, available [here](#)), economic growth (real GDP) was 5.1% in 2016 and is expected to exceed 4% for 2017 (when the data are finalised) and to be 3.5% in 2018 (which would mean the country is the fastest growing in the eurozone). The seasonally adjusted unemployment rate for January 2018 was 6.1%, down from 6.2% in December 2017 and down from 7.4% in January 2017. Unemployment continues to fall and is expected to reach full employment level at the end of the decade, with a seasonally adjusted unemployment rate of 4-5%. Regarding the country's public finances, the headline General Government Deficit for 2016 was €1.9 billion or 0.7% of GDP, which is forecast to fall to 0.3% of GDP in 2017 (when the data are finalised) and to 0.2% of GDP in 2018. The central fiscal assumption in Budget 2018 is that Ireland will have a balanced budget in 2018. This is defined as achieving the country's Medium Term Budgetary Objective (MTO), namely a structural deficit of 0.5% of GDP (the projected outcome will be even better than this) (these figures incorporate all arms of the State, including local government).

Progressive Nature of the LPT – Progressivity Greatest in the DCC Area

Widely recognised as the 'father' of economics, it was Adam Smith who first formulated the principles of taxation in his famous book 'The Wealth of Nations' (1776). Four key 'canons' of taxation are accredited to Smith, namely:

- *Canon of Equity* – every person should pay to the government on the basis of ability to pay. This canon captures tax progressivity.

- *Canon of Certainty* – taxation should be certain and not arbitrary, meaning that taxpayers will be able to manage their income and expenditure, and accordingly government will benefit by planning their revenue and spending for wider society.
- *Canon of Convenience* – tax should be levied in a manner and at such time that it affords the maximum convenience to the taxpayer, benefitting both taxpayers and government (when Smith was writing in the late 1700s, Britain was still a largely agricultural economy and a convenient collection time for tax was post-harvest time in the latter part of the year).
- *Canon of Economy* – the cost of collecting tax should be as small as possible (the revenue system should be efficient).

As observed in the Thornhill Review of 2015, the charging structure for the LPT is progressive: the basic rate of 0.18% applies to property values up to €1m, with the higher charge of 0.25% applying to the proportion of value above the €1m threshold. Thus, for example, a property valued at €950,000 commands an LPT of €1,665 (the mid-point of the relevant valuation band is €925,000) while a property valued at €1.5m entails an LPT of €3,050 (note that no mid-point bands apply to properties valued over €1m). To the extent that people with *higher incomes* tend to live in and/or own more valuable properties, the LPT is progressive. However, this is not always the case – for example, an elderly person could be living in a valuable property but also be on a limited income (such a person may be described as ‘asset-rich’ but ‘income-poor’). In such cases, and other cases (regardless of property values), the LPT includes a system of voluntary deferrals (partial and full), which increases the certainty and convenience principles of the LPT. According to Revenue estimates (June 2015), 94.2% of deferrals at that time were due to income being below the thresholds for deferral (Thornhill Review, Table 4.6, p. 25). The Thornhill Review also observes that “[a]lmost 30,000 claims for deferral of property tax in respect of individual properties have been made to date ... Deferrals account for approximately 1.3 percent of the total property tax base” (paragraph 4.9). Thus, according to Thornhill, deferrals are a small part of the LPT and that review report recommends the deferral provisions be continued, and extended in certain cases.

A relevant question for this study concerns whether or not there are marked differences in the progressivity of the LPT among local authorities. To assess this question, we may compute a summary statistical measure of inequality in LPT returns by property valuation bands across the whole distribution, with the understanding that greater inequality is synonymous with a higher share of LPT collected among higher valued properties, or greater progressivity, to the extent that better off people reside in and/or own higher valued properties (which appears to be the case in practice, judging from the Thornhill Review). The Gini coefficient may be applied to the distributional data shown in Tables 4.3 and 4.4 of the Thornhill Review (pp. 23-24), the only time such complete data on the LPT have been made available.

Comparing local authorities on the basis of the progressivity of the LPT collected, through application of the Gini coefficient, is also relevant because the Gini coefficient of LPT collected also signals the extent of underlying socio-economic inequalities within local authorities: higher Gini coefficients of LPT collected indicate greater socio-economic inequalities (i.e. affluence and deprivation occurring simultaneously) as well as greater LPT progressivity, which in turn brings us back to the importance of discretionary funding for local authorities to address socio-economic inequalities, and their effects, including serious crime and disorder. *A priori*, and generally speaking, socio-economic inequalities tend to be greater in main city centres, where high incomes/wealth tend to coincide with deprivation and poverty, and so we would expect to see Dublin City and Cork City having the highest Gini coefficients here (and Limerick City – but the data on Limerick include both the (merged) Limerick City and County Council areas).

By way of overview to the following results of PMCA’s analysis of the Revenue data shown in Tables 4.3 and 4.4 of the Thornhill Review (which pertains to 2014), it turns out that progressivity of LPT collected is greatest in the Dublin City Council area, as indicated by the Gini coefficient. In other words, the proportionate extent to which higher valued properties contribute to LPT revenue is largest in the DCC area. However, the relatively high Gini coefficient of LPT collected in that local authority area is also reflective of the comparably high socio-economic inequalities in Dublin City. Dublin City Council is particularly aware of the high socio-economic inequalities in its local administrative area, and their effects in terms of crime and disorder; but will be inhibited in effectively combating the adverse effects of such inequalities if the discretionary funding available to the Council is as limited as it has been, with just 5% of all LPT receipts collected in the DCC area being available to DCC in recent years (Table 1).

We begin with the Revenue data on Dublin City Council in 2014, by way of illustrating the analysis, before showing the corresponding results for the rest of the country. Table 3 shows two distributions for the DCC area in that year grouped by valuation band (the last group pertaining to properties over €300,000 is both broad and open-ended but these features do not hinder estimation of the Gini coefficient in this context). The two distributions given in the table are: (1) the distribution of the number of properties returned for the LPT in 2014 and (2) the corresponding distribution of LPT collected. Both are needed for calculation of the Gini coefficient.

Table 3: Progressivity of the LPT in the Dublin City Council Area (2014)

Dublin City Council Area (2014)		
Residential Property Valuation Band (€)	No. Residential Properties	
	Returned (000s)	LPT Collected (€m)
0-100,000	52.0	1.8
100,001-150,000	41.7	8.9
150,001-200,000	42.4	12.6
200,001-250,000	35.4	13.6
250,001-300,000	19.4	8.9
Over 300,000	39.8	34.1
Total	230.7	79.9
% State	12.4%	16.5%
<i>Progressivity of LPT</i>		
% Properties > €300k		17.3%
% LPT Collected for Properties > €300k		42.7%
Crude Progressivity Ratio 1		2.5
Crude Progressivity Ratio 2		1.3
Gini Coefficient of LPT Collected		0.4126

Source: Revenue data (as shown in Tables 4.3 and 4.4 of the Thornhill Review (2015) (pp. 23-24)); PMCA Economic Consulting analysis.

The first of the two distributions in Table 3 above shows that almost 231,000 residential properties were returned for the LPT in the Dublin City Council area in 2014, or 12.4% of the country as a whole. Of the total, 39,800 or 17.3% of all properties returned were in the highest valuation band. The second distribution shows that these same properties accounted for an even larger share of all LPT collected in the DCC area in that year, namely 42.7% (or €34.1m of the total of almost €80m).

The ratio of the latter to the former is 2.5 (greater than unity), which in turn suggests that the degree of inequality in LPT collected was/is high in the DCC area. Another way of assessing progressivity of LPT collected is to consider the ratio of the share of all LPT collected in the State due to the DCC area to the corresponding share of all properties returned. This second measure of progressivity of LPT collected in the DCC area is also greater than one (1.3, shown towards the bottom of Table 3), which further supports the view that LPT collected is progressive in the DCC area.¹³

But the two measures examined so far are crude indicators of progressivity because they are based on just one point in the two distributions – statistically they are insufficient measures because they ignore most of the information contained in the data. The Gini coefficient provides a more reliable measure of inequality, and in turn progressivity, because it makes use of all information in the two distributions.

It might be thought that accurately estimating the Gini coefficient of inequality for the distributions shown in Table 3 above is not possible because we are dealing with pre-grouped data (by Revenue) over which we have no control. However, the Abounoori-McCloughan method of estimating the Gini coefficient given grouped data may be deployed here to estimate the Gini coefficient of LPT collected and thus to assess progressivity of LPT collected in the DCC area, and in other local authority areas of the State.

Applying the AM estimator to the data in Table 3 results in a Gini coefficient of 0.4126 for LPT collected in the Dublin City Council area in 2014.¹⁴

How may we interpret the estimated Gini coefficient of 0.4126 for LPT collected in the DCC area in 2014? Does it signify high or low inequality and thus high or low LPT progressivity?

In general, the Gini coefficient ranges from zero (absolute equality, in which every household would pay the same LPT) to unity (absolute inequality, in which one household would pay all LPT). One way of benchmarking the estimate of 0.4126 would be to compare it with publicly available information on national income inequalities using the Gini coefficient. The OECD (Organisation of Economic Cooperation and Development) provides cross-country estimates of the Gini coefficient of income inequality, based on disposable income (income after taxes and social welfare transfers) and market or primary income, or income before taxes and transfers. Ireland had a Gini coefficient of 0.298 for disposable income and a Gini of 0.549 for primary/market income in 2014, with the gap between the two Ginis illustrating the extent of the social welfare system in the country, which is reasonably generous internationally.

¹³ The two measures of progressivity of LPT collected considered so far are analogous to that often used to appraise progressivity of income tax. For instance, in the recent speech by the Minister for Finance and Public Expenditure Reform to IBEC (7 February 2018), Mr. Paschal Donohoe TD stated (p. 6): *“Of course, Ireland is recognised as already having a highly progressive and redistributive tax system. The OECD said so in 2016, and this will not change during my tenure as Minister for Finance”*. The Minister then observes: *“Indeed, in 2018, it is estimated that the top 1% of earners in Ireland, in receipt of 12% of total income, will pay over 25% of all income tax and USC”*. The Minister’s speech is accessible [here](#).

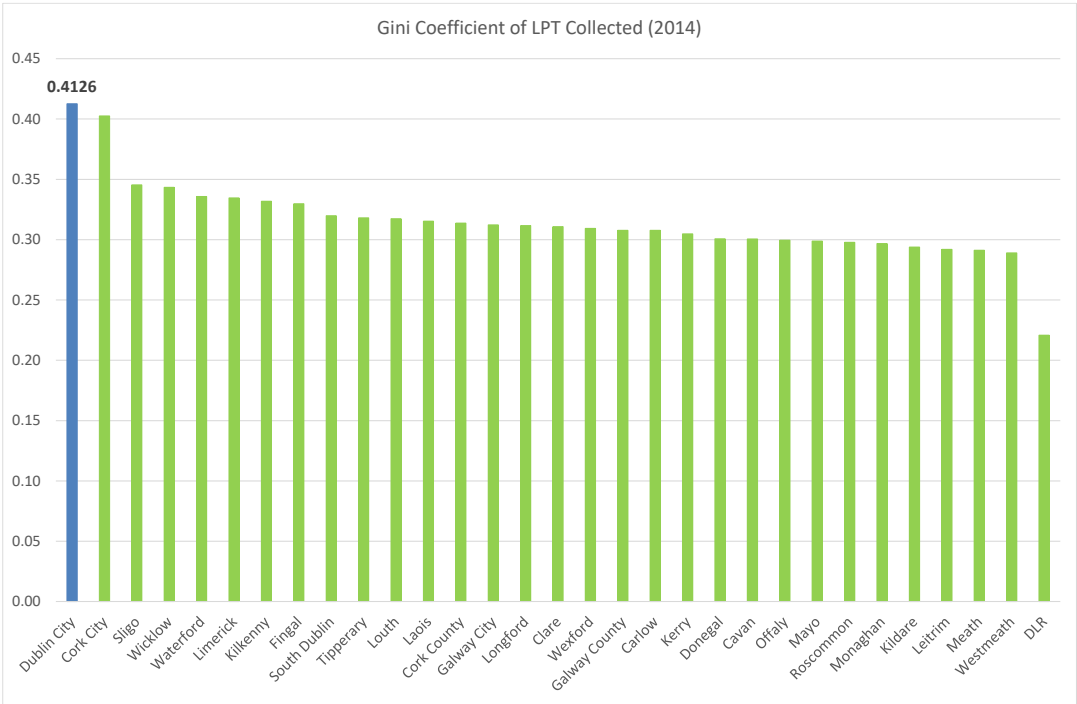
¹⁴ The AM estimator is derived and outlined, with a numerical example, in the following publication: Abounoori, E. and P. McCloughan (2003) ‘A simple way to calculate the Gini coefficient for grouped as well as ungrouped data’, *Applied Economics Letters*, Volume 10, Number 8, pp. 505-509. The paper is available [here](#).

The gap between the two income Gini coefficients for Ireland has widened over the years, where the Gini coefficient of disposable income inequality has fallen from 0.323 in 2004 to 0.298 in 2014, while the Gini coefficient of market income (before taxes and transfers) has risen from 0.509 in 2004 to 0.549 in 2014 (or the gap between the two Ginis has increased from 0.186 in 2004 to 0.251 in 2014). Compared with other OECD (advanced) countries, Ireland would be in the middle of the range in regard to the Gini coefficient of disposable income inequality.¹⁵

Compared with the Gini coefficient of disposable income inequality for Ireland in 2014 (0.298), the Gini coefficient of LPT collected for the DCC area in 2014 (0.4126) is much greater and suggests that inequality in this regard was/is high in the area, in turn implying that the LPT has been/is progressive in the Dublin City Council area – higher valued properties contribute proportionately more to LPT collected.

But the best way of appraising the progressivity of LPT in the DCC area is to apply the AM estimator to all local authorities and compare with the value for Dublin City in 2014. The results are shown in the chart below, where the Dublin City Council area emerges as the local authority area with the highest progressivity of LPT collected in that year.

Figure 1: Progressivity of the LPT in all Local Authority Areas in Ireland (2014)



Source: Revenue data (as shown in Tables 4.3 and 4.4 of the Thornhill Review (2015) (pp. 23-24); PMCA Economic Consulting analysis.

¹⁵ The OECD data on Gini coefficients for Ireland and other member countries are available [here](#). Note also that income inequality is different from wealth (or asset) inequality, which generally tends to be higher than income inequality, as one would expect *a priori*. Not surprisingly, measuring wealth inequality is more difficult than income inequality. According to latest OCED figures, the top 10% of the wealthiest in Ireland had 54% of all wealth in Ireland in 2013 (higher in the US but lower in the UK). The OECD’s estimates of wealth inequality are available [here](#).

Two other local authority areas are especially noteworthy in Figure 1. First, Cork City emerges as the local authority area with the second highest Gini coefficient of LPT collected in 2014 (0.4025), and thus the second highest progressivity on this basis, after Dublin City (0.4126). Both coefficients reflect the comparably high socio-economic inequalities within the respective cities, where high deprivation and high affluence occur simultaneously. Secondly, the Dún Laoghaire-Rathdown area is noteworthy for having the lowest level of progressivity, based on the Gini coefficient (0.2208) – the underlying Revenue data show, for example, that the proportion of properties returned and valued at over €300,000 in the DLR area was 56.4% in 2014 and the corresponding percentage of all LPT collected due to these properties was 76.7%, giving rise to a (crude) progressivity ratio of 1.4 for DLR, compared with 2.5 for the DCC area, 3.7 for Cork City and 3.1 for the State (where the Gini coefficient was 0.3942). The low Gini coefficient of LPT collected in the DLR area reflects the general affluence of this part of Dublin, in contrast to the DCC area, where high affluence and high deprivation co-exist to a greater extent.

High Affluence and High Deprivation in the Dublin City Council Area

The simultaneous occurrence of both high deprivation and high affluence in the DCC area can also be seen by reference to the Haase-Pratschke (HP) Deprivation Index produced by Pobal. There are two HP Indices – the HP Absolute Index and the HP Relative Index. Both are based on official Census data produced by the Central Statistics Office (CSO), where both indices aggregate variables grouped into demographic profile, social class composition and labour market situation. The HP Absolute Index is relevant to assessing deprivation for a given area (e.g. local authority area/county or electoral division) over time (Censuses 2006, 2011 and 2016), while the HP Relative Index is relevant to comparing deprivation or affluence across areas at a given point in time.

As part of this assignment, PMCA has examined the HP Relative Index Scores for all 162 EDs in the DCC area in 2016 and has also looked at the HP Absolute Index Scores for the EDs during 2006, 2011 and 2016. The detailed results are presented in the Appendix to this report.

The key findings are as follows:

- 23 or 14% of all EDs in the DCC area were ‘disadvantaged’ or ‘very disadvantaged’ in 2016, based on the HP Relative Index, which ranges between -20 and -30 for ‘very disadvantaged’ and between -10 and -20 for ‘disadvantaged’ (the lower the number, the more disadvantaged the ED). These EDs accounted for 71,157 persons, meaning that 13% of the 554,554 residents of the DCC area in Census 2016 were living in EDs characterised as ‘disadvantaged’ or ‘very disadvantaged’. Looking at the HP Absolute Scores, deprivation in the 23 EDs generally worsened between 2006 and 2016, by on average 1.4 points per ED. The detailed results are shown in Table A1 (p. 24).
- A further 44 EDs in the DCC area had deprivation ‘marginally below average’ in 2016, in which the HP Relative Index was between -10 and 0. These EDs made up 24% of the total population of the DCC area in 2016 (133,520 persons). What is more, deprivation in these EDs deteriorated on average by 1 point between 2006 and 2016. The detailed results are shown in Table A2 (p. 25).
- Adding the previous two categories means that over one-third (37%) of all residents of the DCC area were living in deprivation in 2016 and the degree of deprivation has worsened since 2006.
- On the other hand, 54 EDs were characterised as being ‘marginally above average’ affluence in 2016, with the HP Relative Score between 0 and 10. These EDs accounted for 191,643 persons or 35% of the population of the DCC area in 2016. Nonetheless, there was a slight deterioration in the average level of affluence among the 54 EDs between 2006 and 2016 (by 0.2 points). The detailed results are shown in Table A3 (p. 26).



- Finally, there were a further 41 EDs that were ‘affluent’ or ‘very affluent’ on the basis of their HP Relative Scores in 2016 (10-20 for ‘affluent’ and 20-30 for ‘very affluent’). These EDs comprised 29% of the population of the DCC area in 2016 (158,234). However, in common with the rest of the DCC area, there was a deterioration in their affluence/position since 2006, which on this occasion averaged 0.04 points per ED (the deterioration in this case was very marginal). See Table A4 for the detailed results (p. 27).
- Overall, in the last Census of Population (2016), over one-third of all people living in the DCC area (37%) were doing so in deprivation, many in conditions of ‘disadvantage’ or ‘very disadvantaged’ (13% of all people living in the DCC area); while at the same time the other almost two-thirds were living in conditions of affluence (from ‘marginally above average’ to ‘very affluent’).

The socio-economic inequality of the Dublin City Council area is also manifest by the pockets of high unemployment, long-term unemployment and youth unemployment characterising the most deprived parts of the City, while at the same time it emerges from analysis of the CSO’s POWSCAR for 2016 that the DCC area was home to 319,092 persons at work in that year, or 16% of all employment in the State, the single largest level of employment among any local authority area in the country (in comparison the DCC area accounted for 12% of the national population in 2016). In short, the DCC area is an employment rich local authority area – the biggest in the country – but many of the jobs therein are held by people living elsewhere in the other parts of the Dublin Region and elsewhere in the State. In contrast, the residents living in the deprived parts of Dublin City tend to be unemployed and many have remained in that way since the previous Censuses.¹⁶

Spending Needs of DCC in regard to Tackling Socio-Economic Deprivation and its Effects

The Dublin City LECP (Local Economic and Community Plan) contains 12 high-level goals, among which are the aims to combat deprivation and its effects, namely High-Level Goals 2 and 11:

“Work in partnership with communities to promote social inclusion, tackle poverty and disadvantage, and promote participation, empowerment and positive social change.”

“Tackle the causes and consequences of the drugs crisis and significantly reduce substance misuse across the City through quality, evidence-informed actions.”

In fact, tackling socio-economic disadvantage and its consequences pervades all of the High-Level Goals of the Dublin City LECP.¹⁷

Relevant to understanding funding needs to tackle these issues are the RAPID areas within the DCC area and SICAP funding.

¹⁶ POWSCAR is short for Place of Work, School or College Census of Anonymised Records and was conducted as part of Census 2016. The results of POWSCAR 2016 or previous versions are not publicly available. The 319,092 persons at work in the DCC area in 2016 compares with 94,751 in Fingal, 84,627 in South Dublin and 79,458 in DLR in that year, illustrating the extent to which employment in the DCC area drives the Capital and the national economy. Put alternatively, the DCC area had a jobs-population ratio of almost 58% in 2016, by far the highest in the State (whose ratio was 41.4%). The corresponding ratios for DLR, Fingal and South Dublin were 36.4%, 32% and 30.4%, implying an overall ratio for the Dublin Region of 43%. Another important aspect of POWSCAR 2016 is that inbound commuting from other parts of the country to Dublin – mainly to the DCC area – is rising, not just from the counties contiguous with Dublin (the so-called ‘commuter belt’), but also from further away counties in Ulster, Munster and Connaught.

¹⁷ The Dublin City LECP 2016-2021 is available [here](#).

RAPID (Revitalising Areas by Planning, Investment and Development) was set up in 2001 and aims at improving the quality of life and opportunities for residents of the most disadvantaged communities in the country's cities and towns. The RAPID areas of Dublin were among the first identified in Strand 1 of the initiative in February 2001, including the following within the DCC area:

- Ballyfermot
- Ballymun
- Finglas
- Dublin Northside
- Dublin North East Inner City (NEIC)
- Dublin South East Inner City (SEIC)
- Dublin South Inner City (SIC)
- Dublin South West Inner City (SWIC).

Linked to RAPID was the Local Community Development Programme (LCDP), the predecessor to the current SICAP (Social Inclusion and Community Activation Programme), which is also related to the LECP structure – local authority LECPs comprise an Economic Element and a Community Element, that are required to be specified and implemented in an integrated way over the six-year LECP period (2016-2021). The Economic Element of LECPs is overseen by local authority SPCs responsible for economic development while the Community Element comes under the remit of LCDCs (Local Community Development Committees), which are also responsible for SICAP.¹⁸

In the transition from the former LCDP to SICAP in 2015, funding to tackle disadvantage in the DCC area has been cut. LCDP funding was €6,357,267 in 2014, reducing to €5,511,379 in 2015, which saw SICAP replace the LCDP from April of that year, and thence to €5,367,155 in each of 2016 and 2017. The Dublin City LCDC wrote to Department Ministers on two occasions (in 2014 and 2015) seeking clarification on the rationale for the funding cuts but the Department of Housing, Planning and Local Government did not provide anything further on the Resource Allocation Model (RAM), which draws on several demographic factors, including the aforementioned Pobal HP Deprivation Index. Nonetheless, in the 2014 letter from the then Minister Kelly to DCC, acknowledgment was given to a “*legacy issue*” in the Inner City (relating to the former LCDP) and the then Minister asked his officials to liaise with Dublin City Council, and other appropriate stakeholders, to “*find a workable solution for transition*”.

Since that time, additional funding allocated to tackle deprivation and its effects in the NEIC (North East Inner City) within the DCC area over 2016 and 2017 has been €7.5m, and a further €2.5m is expected later this year, totalling €10m by the end of 2018. This money is expended by a host of agencies, through Dublin City Council along with the Gardai, HSE and educational bodies, *inter alios*. While funding alone cannot solve criminal activities arising from high deprivation and inequality, targeted interventions around the provision of education and behavioural issues can assist local communities to make the change from more to less dangerous – including homework clubs and the value of schooling, for example.

It is important for both Dublin City, the wider Dublin Region and the country as a whole – including for inward investment and tourism – that the adverse effects of deprivation are confronted through carefully designed intervention, with relevant organisations, including Dublin City Council, involved in the process.

¹⁸ LECPs are provided for in the Local Government Reform Act of 2014, which is designed to give a clearer and stronger role to local government in community and economic development. That act stems from the Putting People First initiative of 2012, and ultimately from the need to make government (local and central) more efficient and effective, in view of the unprecedented economic crisis from 2008.

Other Relevant Issues

Exemptions

The Thornhill Review of 2015 recommended that the exemption from the LPT for residential properties purchased from builders/developers or unsold by them should not be renewed at the time of the next revaluation; neither should the exemption for properties on unfinished housing estates and the exemption for first-time buyers be retained.

These exemptions might have had a rationale back in 2013 – namely to assist with the residential property market in parts of the country (outside of Dublin and the main cities/urban centres that were yet to experience economic recovery at that time) – but even then such a rationale was questionable because of the risk of perverse incentives to which the exemptions would give rise. It is estimated (roughly) that the new house exemptions have cost Dublin City Council, or Revenue, in the region of €10m (in gross LPT receipts) to date in LPT receipts foregone.¹⁹

Voluntary Deferrals

As remarked earlier, the LPT includes a system of voluntary deferrals (partial and full), which increases the certainty and convenience principles of the LPT as a form of taxation. The voluntary deferral arrangements allowing for postponement of payment of LPT are designed to provide relief to low income or income-stressed people. If the taxpayer elects to defer payment the LPT remains due and becomes a charge on the property. Deferrals account for a small proportion of the total LPT base – according to Revenue statistics, LPT deferred in 2017 was estimated at €10.5m or 2.2% of LPT declared in that year. The vast majority of the number of deferrals in that year (97%) were due to income being below the thresholds. The Thornhill Review (2015) recommended that the deferral provisions be continued and be extended in certain cases in the next revaluation of the LPT. Ensuring the adequacy of deferral arrangements, in conjunction with income levels, will be important in the coming years.

The level of the LPT post-November 2019

The Government's aim of ensuring "relatively price stability" in respect of the level of the LPT post-November 2019, when the next valuation will occur, is understandable. There are different ways in which this can be achieved. In view of the current model, one method would be to recalibrate (reduce) the proportions 0.18% and 0.25% given the escalation of property values since 2013 to achieve the objective.

But in the final analysis, the LPT and its allocation should be the preserve of local authorities, in which householders, as well as commercial rate payers contribute to the cost of local authority services, and that the process is open and transparent, and seen to be such by householders/those liable to the LPT.

¹⁹ In end of year statistics for 2017, exemptions in the DCC area were valued at €2.2m, or 18% of the €12.5 for the country as a whole. The corresponding figures are not available for the earlier years (2013-2016) (although there are figures for the number of exemption claims in the State in these earlier years). Assuming the figure of €2.2m in 2017 applies to the earlier years leads to the rough estimate of €10m. It might be argued that the exemptions have a role in supporting first-time buyers but there is not a necessary correlation between new builds and first-time buyers.

Parliamentary Budget Office Briefing Paper on the LPT

Summary of Conclusions and Recommendations

On 15 January 2018, the Parliamentary Budget Office published a briefing paper entitled ‘Local Property Tax: Issues to be considered with the revaluation of the base’, available [here](#).²⁰

In the executive summary of the briefing paper, it is stated that “*The LPT forms 9% of total revenue for Local Authorities and is an important source of discretionary revenue for them*” (p. 2). However, as shown earlier in this study by PMCA (Table 1, p. 4), the discretionary funding available to Dublin City Council after Equalisation and Variation, and Government funding previously available to the Council prior to the LPT but replaced by the LPT, has amounted to just 5% of total LPT collected in the DCC area during 2015-2017.

On the matter of the revaluation, the PBO recommends *inter alia* that the overall amount of revenue to be raised by the LPT should be decided before any other reforms of the LPT are considered and that consideration should be given to introducing a mechanism for the LPT rate (the 0.18% and 0.25% rates) to change annually based on inflation, population change or local authority spending change etc.

Regarding the next valuation, the 1 November 2019 date comes after the point in the local authority budget cycle when they decide their LPT rates, which does not support sound budgetary planning among local authorities. Accordingly, the PBO recommends that consideration be given to moving the revaluation date to earlier in 2019 to support better budgetary planning among local authorities.

Regarding exemptions, the PBO recommends that all current LPT exemptions should be reviewed to ensure that they still meet a legitimate public policy rationale and removed if not and that any future exemption be based on a very strong public policy rationale backed up by clear evidence showing that the exemption will meet its goal. The PBO proceeds to suggest that the LPT exemption for newly constructed properties built from 2013 onwards, as well as for those properties purchased in 2013, should be allowed to end in 2019 as planned; while new properties built post the 2019 revaluation should not receive an exemption.

The PBO concludes that the Thornhill Review recommendation, namely that “*Local Authorities retain 100 percent of the LPT revenues raised in their areas*” still has merit. It also recommends that there be more cohesion between the LPT and the fiscal space from 2020 onwards, with responsibility for this proposal given to the Department of Finance. This particular recommendation becomes a little clearer in the main body of the report, when it considers the funding baseline set by the Department as the minimum requirements for local authorities. This is considered further presently.

Five Key Issues for Dublin City Council

Validity of the Funding Baseline for Local Authorities determined by the Department

The funding baseline for local authorities as determined independently by the Department is referenced in a number of places in the PBO’s briefing paper, including with some examples. This reflects the centralisation of budgetary control in Ireland, as commented upon recently by the IMF (and observed earlier in this report). However, such control is not necessarily negative but nevertheless given the actual effects on local authorities the funding baseline needs to be more open and transparent.

²⁰ The PBO has the objective of providing independent and impartial information, analysis and advice to the Houses of the Oireachtas regarding financial and budgetary matters.

As outlined earlier in this report by PMCA, the Local Government Fund was originally designed to provide local authorities with discretionary funding for their day-to-day activities and for non-national roads, and funding for certain local government initiatives, such as social housing and addressing deprivation. The LGF was originally financed from Motor Tax receipts and the Exchequer (i.e. Government tax receipts). However, since 2012, there is no longer an Exchequer contribution to the LGF, and in fact the LGF has contributed towards the Exchequer. In Dublin City Council's case, the funding from the LGF to the Council, via the Department, has been sourced *only* to LPT payments, with no funding from Motor Tax receipts or the Exchequer.

The LPT allocation system requires simplification and greater transparency, with LPT receipts being available locally, where there is *"an expectation on the part of Dublin householders discharging their LPT liability, of additional service provision as a consequence"* ('Dublin City Council Annual Report and Accounts 2016', p. 71). The Council has made submissions to the Department on these issues, concerning funding the needs of the Capital City and tackling deprivation within the City area.

PMCA considers that an independent appraisal of local authority needs and resources, and hence of the validity of the baseline funding model for local authorities, needs to be conducted at an early opportunity, within the lifetime of the current LPT valuation, before deciding on the next revaluation in 2019.

Equalisation

Throughout the PBO's briefing paper there are references to the retention by local authorities of 80% of LPT receipts. This is not so in Dublin City Council's case and with other local authorities deemed to have sufficient baseline funds. Regarding Dublin City Council, 20% of LPT receipts are retained, with the vast majority of these flowing back to households in the form of the maximum permitted 15% reduction in the basic rate, with 5% of LPT revenue being ultimately available to the Council in discretionary funding as outlined earlier in Table 1 (p. 4).

As evident from that table and the commentary around it, in practice 80% of LPT receipts have not been available to provide new funds for services to Dublin City due to (a) Equalisation and (b) substitution of LPT revenue for Exchequer funds previously allocated to Dublin City Council.

In summary, the manner in which the LPT has been administered in the DCC area is that:

- 20% has been determined locally, including the reduction in the basic rate.
- 20% has been held centrally for allocation to other local authority areas.
- 60% of LPT receipts have facilitated a release of Exchequer funds of that value, now being substituted by LPT monies generated in the DCC area.

Assumed Correlation between Property Valuation and the Value/Range of Local Authority Services

The LPT framework is based on many assumptions. One is that most of the funds are retained locally and hence actively support the provision of local services. But this is not the case in reality or practice. The setting of a baseline funding level means that there is no correlation between rises in property values having a direct causal effect on expanding the provision of local services through increased LPT receipts. The current model, as determined by Government, means the absence of a relationship between LPT receipts in the largest local authority area in the country, on the one hand, and the quantum and range of local services in that area, on the other hand. *Currently, there is leakage of LPT receipts from Dublin City to the Exchequer and to other parts of the State, with the result that residents in the DCC area are not gaining as they should be from the current system.*

‘Talent Pipelining’ for the Capital

We are told time and time again that having a strong and attractive Capital City is, and will continue to be, key to Ireland’s economic performance. It is therefore important that people choosing to work and live in the City are rewarded with the quantum and range/quality of local services in line with LPT funding available to finance those services. This is especially true of people working and living in the Capital active in key areas of the economy vital to the sustenance of Dublin and hence of the country as a whole, including teachers, nurses and Gardai on relatively modest salaries (there is no Dublin allowance as exists in other capitals, such as London).²¹ But these, and other people based in the City, are effectively getting hit in three ways: with higher residential prices (or rents); higher LPT levels; and at the same time reduced LPT receipts for local services that they would otherwise benefit from under a more transparent and effective local authority funding model. Now and in the future, Dublin will need many more of these public sector workers just as much as it will need ‘techies’ and other people attracted to the City by the prospect of working in global multinational enterprises, where pay prospects are comparably strong.

Councillors’ Incentive to Vote in the Maximum Reduction in the Basic LPT Rate

Understandably enough, the Elected Members of Dublin City Council have voted to apply the maximum reduction in the basic rate of the LPT. However, the key issue for the Council is to modify the design and operation of the current system so that from the next valuation period Dublin City Council retains all of the LPT collected in the DCC area for local services for householders and other users, including inbound commuters and visitors. The proposals are set out below.

Conclusions

The Local Property Tax (LPT) was developed under emergency conditions in the Irish economy, when the public finances were under severe strain following the financial/banking crisis from 2008. It was put into effect when the Troika were here, commencing in July 2013. Unlike water charges, which met with so much public resistance that they have been stood down (at least for the time being), the LPT has generally been successful, *from the standpoint of the level of the tax*, which has been based on a self-assessment model with residential property valuations fixed until November 2019, after which a revaluation will occur. The LPT seems destined to remain.

The Government is, naturally enough, concerned with the switch-over from the first to the next phase of the LPT and is keen to ensure “*relatively price stability*”, so that householders will not experience shocks in their LPT bills, given the significant escalation of property values since 2013, as the economic recovery has spread countrywide.

Local property taxes paid by households are justified on economic grounds – they provide a means by which people contribute to the provision of local services and help to broaden local authorities’ revenue bases. People benefit in numerous different ways from local authority services, including local roads, footpaths, social housing, business events, local enterprise supports and tourism facilities, including support for street cleaning and other local infrastructure, including parks and libraries. Householders as well as commercial rate payers benefit from local services, and accordingly should contribute too.

By the same token, local authorities have a responsibility to allocate their revenues to local services provision efficiently. The existence of contributions from householders as well as rate payers means that there is effectively a contract between the users and the providers of local services, with the expectation that what local taxpayers contribute stays local.

²¹ PMCA is not recommending here that there be a Dublin allowance for public servants.

But this implicit understanding between householders and local authorities does not apply in the Dublin City Council area. This is despite the fact that the LPT is at its most progressive of any local authority in the State in the DCC area, where the owners of higher valued properties contribute proportionately more in LPT revenue, on the expectation that the money will be spent on local services.

However, Equalisation means that 20% of all LPT raised in the DCC area is allocated to other local authority areas with weaker tax bases and an even larger proportion of the LPT receipts have served to replace Exchequer Funding previously allocated for Dublin City. The net effect, including the Variations passed by the Elected Members of Dublin City Council, which have seen the maximum 15% reduction in the basic rate of the LPT being applied each year, is that discretionary funding available to DCC from the LPT has amounted to just €4m per year during 2015-2017 or to only 5% of total LPT collected in the DCC area. The anomaly in the current system is manifest by the fact that while gross receipts in the DCC area rose by €2m in 2017, the level of discretionary funding available to the City dropped by €160,000 to less than €4m in that year, leaving residents even worse off in terms of local funding.

The Inter-Departmental Working Group's Review of the LPT provides an important and unique opportunity to amend and improve the system post-November 2019, for the benefit of local communities and local authorities. As well as providing local services for residents, and for inward commuters travelling to work in the Capital each day, and for the millions of people visiting the City annually, another important task faced by the Council is tackling the effects of socio-economic inequalities in the DCC area. A sobering fact is that, even though the Dublin City Council area is by some margin the largest employment centre in the State, with a jobs-pop ratio of almost 58% in Census 2016 (compared with 43% for the whole Dublin Region and 41% for the country), there are large swathes of people living in the DCC area effectively excluded from participating in the economic growth occurring in the City: in the most recent Census of Population (2016), over one-third of all people living in the DCC area (37%) were doing so in deprivation, many in conditions of 'disadvantage' or 'very disadvantaged'; while at the same time almost two-thirds were living in conditions of affluent to a greater or lesser extent (from 'marginally above average' to 'very affluent'). Dublin City Council is acutely aware of the effects of deprivation in its area but the funding from the LPT, as the system is currently designed, is inadequate to address the problems, as well as meeting other expectations of residents.

Proposals

The proposals stemming from this report are set out as follows, and echo those of the Thornhill (2015).

- *First*, an independent appraisal of local authority needs and resources, and hence of the validity of the baseline funding model for local authorities, needs to be conducted at an early opportunity, within the lifetime of the current LPT valuation, before deciding on the next revaluation in 2019. Currently, the substantial leakage of LPT receipts from Dublin City to the Exchequer and to other parts of the State means that DCC residents are not gaining as they should be from the system. In addition, the baseline funding review could also consider the financing arrangements for local government more generally.
- *Secondly*, a theme throughout this report is the importance of Dublin as the country's Capital City, within which the DCC area is the largest employment centre in Ireland, for commuters as well as those both living and working in Dublin. Dublin also tends to be the first port of call for visitors to Ireland, given the key roles played by Dublin Airport and Dublin Port. Accordingly, there is an opportunity to consider additional funding to help meet the requirements of the Capital City.



- *Third*, the LPT system needs to move to one in which local authorities retain 100% of the LPT raised in their areas as soon as possible, ideally from the next revaluation. Householders in the DCC area understood that they would benefit from more local services when the LPT was introduced but this has not happened because of how the LPT has operated to date. The LPT, as it currently stands, is not a true local tax, even though most people agree with the principle of the LPT; the reality is that people are struggling to see its benefits, even with high compliance.
- *Fourthly*, the next revaluation period should see cessation of the current arrangements for Equalisation, to be replaced by a new arrangement in which local authorities with weaker tax bases receive any supplementary funding needed from the Exchequer. In addition, such Exchequer funding to local authorities should be reviewed periodically in order to guard against the risk of ‘moral hazard’, in which the Exchequer funding could create disincentives for local authorities to become fiscally prudent.
- *Fifth*, from the next revaluation, local authorities should be required to provide householders and the general public in their respective areas with programmatic and other relevant information on how they spend the LPT funds available to them.
- *Sixthly*, the exemptions provided for in the current system are no longer warranted and should not be renewed in the next revaluation.
- *Seventh*, the proposals regarding the deferral arrangements set out in the Thornhill Review should be implemented in the next revaluation, pending the findings of the independent review as per the first proposal above. Given that the LPT is likely to remain for the foreseeable future, as a means of householders contributing to local authority services, ensuring the adequacy of deferral arrangements, in conjunction with income levels, will be important.
- *Eighthly*, the aforementioned independent review should also consider alternative models of the LPT, including from other jurisdictions, mindful of the need to ensure “relative price stability”. Given that the current system has generally been successful from a compliance perspective to date, the models should include consideration of a broadly similar system as currently, in which there are valuation bands (updated to reflect the reality of the marketplace) and a small number of rates (basic and high), the levels of which could be re-calibrated in line consumer price inflation or similar cost of living index.
- *Finally*, as noted by the Parliamentary Budget Office recently, in its briefing paper 2 (January 2018), the next revaluation date of 1 November 2019 comes after the point in the local authority budget cycle when councils decide their LPT rates, which does not support sound budgetary planning among local authorities. Accordingly, the PBO recommends that consideration be given to moving the revaluation date to earlier in 2019 to support better budgetary planning among local authorities. Whether there will be sufficient time between now and then to accommodate this requirement, which makes sense, should be a matter for the Review Group, in tandem with local authority inputs.

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Disclaimer

This report is the responsibility of PMCA Economic Consulting.



Appendix of Supplementary Information

Table A1: Pobal HP Relative and Absolute Deprivation Index Scores in the Dublin City Council Area – Electoral Divisions Classified as ‘Very Disadvantaged’ or ‘Disadvantaged’ in 2016 (23 EDs)

Electoral Division	HP Absolute				HP Relative 2016	Population 2016
	2006	2011	2016	2006-2016		
PRIORSWOOD B	-23.5	-25.8	-25.9	-2.4	-21.6	2,728
FINGLAS SOUTH C	-19.7	-26.0	-24.4	-4.7	-20.3	2,645
KILMORE C	-21.6	-26.1	-23.1	-1.5	-18.9	1,490
BALLYMUN D	-20.7	-23.5	-21.0	-4	-16.8	2,458
BALLYMUN B	-20.6	-25.4	-21.4	-9	-16.7	4,379
FINGLAS NORTH A	-18.5	-23.5	-21.0	-2.4	-16.6	3,319
PRIORSWOOD D	-16.5	-22.4	-20.8	-4.3	-16.6	2,756
FINGLAS SOUTH D	-16.5	-23.1	-20.5	-4.1	-16.4	2,427
KILMORE B	-18.7	-24.2	-20.4	-1.7	-16.3	2,681
KYLEMORE	-19.6	-23.6	-20.5	-8	-16.3	2,657
DECIES	-16.7	-21.4	-19.3	-2.6	-15.2	2,677
CHERRY ORCHARD B (CARNA)	-16.4	-22.4	-19.2	-2.9	-15.0	2,836
FINGLAS SOUTH A	-17.9	-23.2	-18.8	-9	-14.5	2,904
FINGLAS NORTH B	-17.9	-21.9	-18.6	-8	-14.4	2,874
DRUMFINN	-17.0	-21.5	-18.2	-1.2	-13.9	3,588
CHERRY ORCHARD A	-13.8	-19.0	-18.2	-4.3	-13.3	3,254
CABRA WEST B	-15.0	-21.1	-17.0	-2.0	-12.7	2,577
CABRA WEST A	-13.5	-19.1	-16.7	-3.2	-12.7	1,478
PRIORSWOOD C	-21.4	-17.8	-16.9	4.5	-12.0	4,854
BALLYMUN C	-18.4	-19.3	-16.3	2.1	-11.4	6,112
GRANGE C	-10.7	-18.2	-14.9	-4.2	-11.3	3,082
EDENMORE	-16.5	-19.5	-15.2	1.3	-11.2	2,836
CHERRY ORCHARD C	-20.7	-16.6	-15.6	5.1	-10.9	4,545

Source: Pobal HP; PMCA Economic Consulting analysis.



Table A2: Pobal HP Relative and Absolute Deprivation Index Scores in the Dublin City Council Area – Electoral Divisions Classified as ‘Marginally Below Average’ in 2016 (44 EDs)

Electoral Division	HP Absolute				HP Relative 2016	Population 2016
	2006	2011	2016	2006-2016		
FINGLAS SOUTH B	-13.1	-15.8	-14.6	-1.5	-9.9	4,206
KIMMAGE A	-12.7	-17.5	-13.9	-1.2	-9.5	1,944
KIMMAGE B	-11.6	-17.2	-13.5	-1.9	-9.1	3,572
INCHICORE B	-14.5	-16.9	-13.9	.6	-9.1	2,218
KILMAINHAM A	-11.7	-16.1	-13.6	-1.9	-9.1	2,534
PRIORSWOOD E	-8.7	-15.7	-13.0	-4.3	-8.8	2,839
CRUMLIN E	-12.8	-16.1	-12.9	-.1	-8.4	2,793
RAHENY-GREENDALE	-10.5	-16.2	-11.4	-.9	-7.7	2,169
KILMORE D	-6.7	-16.2	-11.2	-4.6	-7.6	2,032
CRUMLIN B	-10.6	-15.1	-11.9	-1.2	-7.6	2,968
GRANGE E	-8.1	-14.1	-10.8	-2.7	-6.9	2,680
CABRA WEST C	-9.8	-15.0	-11.0	-1.2	-6.5	2,953
WOOD QUAY A	-8.8	-11.6	-11.2	-2.4	-6.2	2,606
CRUMLIN A	-10.1	-14.9	-10.6	-.5	-6.2	3,714
PRIORSWOOD A	-6.5	-13.7	-10.7	-4.2	-6.1	1,618
BALLYBOUGH A	-11.5	-15.4	-10.9	.6	-5.8	3,718
USHERS E	-10.3	-13.1	-9.6	.7	-5.0	1,790
CRUMLIN D	-8.8	-13.2	-9.3	-.6	-4.9	4,089
BALLYGALL B	-9.2	-14.7	-8.5	.7	-4.8	1,887
CABRA EAST B	-9.2	-13.9	-9.1	.1	-4.6	3,737
BALLYGALL A	-5.4	-10.3	-9.1	-3.7	-4.3	3,606
CRUMLIN C	-6.3	-11.8	-8.6	-2.2	-4.1	2,331
WALKINSTOWN C	-8.7	-13.0	-7.8	.9	-3.9	2,169
HARMONSTOWN A	-6.4	-13.1	-7.2	-.8	-3.3	2,808
AYRFIELD	-2.5	-8.9	-7.3	-4.8	-3.0	5,639
CLONTARF WEST B	-7.3	-12.6	-7.3	.1	-3.0	2,411
WALKINSTOWN B	-7.1	-11.1	-6.9	.2	-2.9	1,885
BALLYMUN A	-15.8	-11.0	-7.5	8.3	-2.5	4,765
FINGLAS NORTH C	-6.1	-11.5	-6.7	-.7	-2.5	3,464
HARMONSTOWN B	-9.0	-10.7	-6.6	2.4	-2.4	2,758
GRANGE D	-1.5	-7.9	-6.1	-4.5	-2.2	4,005
CRUMLIN F	-5.0	-10.1	-6.4	-1.3	-2.2	2,985
INNS QUAY C	-6.6	-8.6	-7.1	-.4	-1.6	2,757
USHERS C	-9.8	-9.4	-6.7	3.1	-1.5	3,983
BALLYGALL D	-5.3	-9.3	-5.0	.3	-1.0	2,531
KILMORE A	-3.1	-10.1	-5.6	-2.4	-1.0	3,660
BEAUMONT C	-6.0	-9.8	-4.7	1.3	-1.0	3,242
RAHENY-FOXFIELD	-.7	-5.4	-4.5	-3.8	-.9	2,488
BEAUMONT A	-4.5	-10.4	-4.1	.4	-.7	2,463
WALKINSTOWN A	-8.9	-9.1	-5.2	3.7	-.7	2,765
BEAUMONT B	-.1	-7.2	-4.4	-4.2	-.5	4,962
KIMMAGE E	-3.1	-8.9	-4.8	-1.7	-.4	3,395
INNS QUAY A	2.9	-8.2	-5.7	-8.6	-.4	3,919
KIMMAGE D	-5.2	-11.0	-4.7	.5	-.2	2,462

Source: Pobal HP; PMCA Economic Consulting analysis.

Table A3: Pobal HP Relative and Absolute Deprivation Index Scores in the Dublin City Council Area – Electoral Divisions Classified as ‘Marginally Above Average’ in 2016 (54 EDs)

Electoral Division	HP Absolute				HP Relative 2016	Population 2016
	2006	2011	2016	2006-2016		
BALLYMUN F	-3.6	-8.6	-3.5	.1	.1	2,350
CABRA WEST D	-3.0	-7.2	-4.3	-1.2	.2	2,845
BALLYGALL C	-2.1	-7.2	-2.9	-.9	.4	3,521
WHITEHALL C	-2.8	-7.2	-3.3	-.5	.6	2,153
MERCHANTS QUAY A	-4.8	-4.4	-4.6	.2	1.1	2,513
MOUNTJOY A	-6.2	-4.0	-4.7	1.4	1.1	5,389
BEAUMONT E	.0	-7.6	-2.0	-2.0	1.5	2,051
PEMBROKE EAST A	-1.8	-5.2	-2.5	-.7	2.1	5,078
WHITEHALL B	-3.1	-7.4	-1.9	1.2	2.5	4,128
INCHICORE A	-4.3	-7.1	-2.1	2.2	2.6	2,392
GRANGE A	-.4	-5.0	-1.8	-1.4	2.7	9,696
KILMAINHAM C	-2.4	-4.7	-2.4	.0	2.8	5,186
MERCHANTS QUAY C	-4.1	-3.1	-2.1	2.0	3.2	3,566
BEAUMONT D	3.6	-2.9	-.5	-4.2	3.4	2,135
NORTH DOCK C	1.6	-2.3	-1.6	-3.2	3.5	4,214
CLONTARF EAST A	-.8	-4.5	.5	1.4	4.0	3,438
USHERS F	-1.4	-4.9	-.4	1.0	4.1	3,484
USHERS D	-3.8	-2.9	-1.2	2.7	4.1	2,188
GRANGE B	2.2	-4.1	-.7	-2.8	4.3	5,326
BALLYMUN E	.4	-2.9	1.4	1.0	4.7	1,562
WHITEHALL D	-.1	-3.8	.1	.2	4.7	3,456
ARRAN QUAY D	-6.4	-6.8	-.3	6.1	4.8	3,109
BEAUMONT F	3.3	-3.3	.9	-2.4	4.9	3,590
CABRA EAST C	-3.4	-5.9	-.5	2.9	4.9	4,085
USHERS B	3.2	-1.8	-.7	-3.9	4.9	1,312
MANSION HOUSE A	2.1	-2.2	-.4	-2.5	5.0	4,665
BALLYBOUGH B	.2	-3.7	-.4	-.5	5.4	3,698
MERCHANTS QUAY F	-9.8	-9.1	.1	9.9	5.4	2,158
NORTH DOCK A	.1	-3.4	.7	.6	5.7	1,365
INNS QUAY B	-1.6	-2.8	.2	1.8	5.9	3,666
WHITEHALL A	6.8	1.4	2.2	-4.6	6.0	3,286
ROYAL EXCHANGE B	4.4	-2.2	1.1	-3.3	6.3	2,082
ROTUNDA A	-.5	-3.0	.0	.5	6.5	5,965
ARRAN QUAY A	3.3	-2.6	1.0	-2.2	6.7	1,785
MERCHANTS QUAY E	7.5	.2	1.5	-6.0	6.7	2,489
ARRAN QUAY E	-.3	-3.6	1.8	2.1	6.8	3,293
MOUNTJOY B	-2.3	-8.8	-.1	2.2	6.8	3,963
PHOENIX PARK	4.9	2.3	2.3	-2.6	7.1	1,534
ASHTOWN B	2.0	-3.5	3.3	1.3	7.1	2,643
GRACE PARK	4.1	-.8	3.4	-.7	7.2	5,806
CLONTARF WEST A	2.5	-1.2	3.5	1.0	7.6	3,658
ARRAN QUAY B	3.6	-.3	1.9	-1.7	7.6	4,166
CLONTARF WEST E	.0	-2.0	3.9	3.8	7.7	2,468
ROTUNDA B	4.9	2.0	2.1	-2.8	8.2	2,458
RAHENY-ST.ASSAM	2.4	2.3	5.1	2.8	8.5	3,672
KIMMAGE C	6.0	-.1	4.2	-1.8	8.6	3,043
TERENURE B	5.9	2.2	5.0	-.8	9.0	3,490
BOTANIC A	8.4	2.1	5.2	-3.2	9.2	3,174
CHAPELIZOD	6.6	2.4	5.2	-1.4	9.5	3,056
WOOD QUAY B	6.3	2.2	4.7	-1.6	9.5	3,414
ASHTOWN A	5.4	1.7	5.1	-.3	9.6	10,566
CABRA EAST A	5.6	.4	4.6	-1.0	9.6	5,650
MERCHANTS QUAY B	6.2	1.5	3.9	-2.2	9.8	3,966
DRUMCONDRA SOUTH B	1.1	1.5	4.7	3.6	9.8	1,697

Source: Pobal HP; PMCA Economic Consulting analysis.



Table A4: Pobal HP Relative and Absolute Deprivation Index Scores in the Dublin City Council Area – Electoral Divisions Classified as ‘Affluent’ or ‘Very Affluent’ in 2016 (41 EDs)

Electoral Division	HP Absolute				HP Relative 2016	Population 2016
	2006	2011	2016	2006-2016		
PEMBROKE EAST D	5.9	2.5	6.0	.1	10.2	5,263
CLONTARF EAST C	9.0	6.8	6.8	-2.1	10.2	3,183
CLONTARF WEST D	2.0	-.4	5.5	3.5	10.2	2,297
MERCHANTS QUAY D	4.2	-.1	5.9	1.7	10.3	2,185
NORTH CITY	7.4	7.7	4.7	-2.7	10.9	5,654
CLONTARF EAST E	7.7	4.1	7.6	-.1	11.0	1,791
NORTH DOCK B	-4.4	3.5	5.7	10.1	11.1	7,695
KILMAINHAM B	9.9	6.4	6.6	-3.3	11.5	2,414
ROYAL EXCHANGE A	7.5	6.7	5.9	-1.6	11.7	4,329
TERENURE A	8.2	3.3	7.7	-.5	11.9	3,741
ARRAN QUAY C	9.1	5.3	6.0	-3.0	11.9	4,471
BOTANIC B	7.2	5.5	7.6	.5	11.9	3,481
TERENURE C	11.1	6.6	8.9	-2.2	12.1	1,854
CLONTARF EAST B	8.4	6.3	8.8	.4	12.5	7,107
DRUMCONDRA SOUTH C	5.7	2.3	8.2	2.5	12.5	3,517
CLONTARF EAST D	6.9	5.7	9.5	2.7	13.0	2,766
BOTANIC C	6.9	3.6	8.4	1.5	13.3	2,222
DRUMCONDRA SOUTH A	6.2	4.7	9.1	2.9	13.8	5,064
TERENURE D	11.6	9.2	10.6	-1.0	13.9	792
RATHMINES WEST D	9.1	4.9	9.7	.6	14.2	3,106
RATHFARNHAM	13.6	9.4	10.1	-3.5	14.3	4,683
ST KEVIN'S	7.4	6.2	9.0	1.6	14.5	5,122
PEMBROKE EAST B	11.4	9.1	11.0	-.3	14.9	3,818
RATHMINES WEST B	10.9	6.9	9.5	-1.5	14.9	3,713
RATHMINES WEST F	12.2	7.5	10.3	-1.9	15.1	2,859
RATHMINES WEST A	10.0	6.5	9.8	-.2	15.1	5,461
RATHMINES WEST E	10.6	7.7	10.8	.2	15.2	3,390
PEMBROKE EAST C	14.8	11.0	12.0	-2.8	15.5	3,920
CLONTARF WEST C	10.7	7.5	11.7	1.0	15.9	3,659
SOUTH DOCK	14.4	12.0	10.9	-3.5	15.9	7,004
PEMBROKE WEST A	12.5	10.4	11.5	-.9	16.0	4,992
RATHMINES EAST C	14.1	10.1	12.9	-1.2	16.4	3,351
PEMBROKE WEST B	14.8	13.5	12.4	-2.4	16.6	3,003
RATHMINES EAST A	13.0	10.4	12.4	-.6	16.8	4,836
RATHMINES WEST C	13.7	9.5	12.7	-.9	17.1	2,681
RATHMINES EAST D	11.9	9.9	13.4	1.5	17.6	2,757
PEMBROKE EAST E	14.7	12.7	13.4	-1.3	17.7	3,902
RATHMINES EAST B	16.7	12.3	14.4	-2.3	18.6	6,058
USHERS A	6.4	8.3	13.1	6.7	18.7	3,930
PEMBROKE WEST C	14.7	12.3	14.9	.1	19.7	4,852
MANSION HOUSE B	15.9	18.3	16.8	1.0	22.5	1,311

Source: Pobal HP; PMCA Economic Consulting analysis.