



Oifig an Aire
Office of the Minister

13 April 2017.

Cllr. Ruairi McGinley
C/o Members Room,
City Hall,
Dublin 2

Dear Councillor,

As someone who believes in strong local government and the importance of putting elected members at the heart of strategic decision making for the people they work hard to represent, I am pleased to inform you that I today obtained the approval of Government to draft important new legislation on commercial rates.

Income from Commercial Rates is an important source of funding for local authorities, amounting to approximately €1.5bn in current income in 2015 (37% of total current income). However, the existing legislative code for commercial rates is outdated and creaking at the seams. It is spread over in excess of 20 separate enactments, dating back to 1838. As such, the overall legislative framework is complex and unclear for practitioners and ratepayers. Many of the provisions of the legislation are also outdated at this stage and are not suitable for business trends in the modern era. The shape of rates legislation has been the subject of adverse comment in a number of High Court Cases, with members of the judiciary concluding that much of the legislation was confusing and imperfectly drafted and in need of being modernised and simplified.

My proposals involve replacing the existing legislation with a single piece of new legislation, with the repeal of the majority of the existing legislation.

The main elements of my proposals are as follows:



A modernisation and consolidation of rates legislation;

- Provisions to allow the local authority to introduce rates alleviation schemes to support national and local policy objectives;
- Provisions to allow local authorities to levy rates based on a temporary valuation where the Valuation Office has not completed a valuation;
- The provision of stronger enforcement powers to local authorities to levy and collect rates;
- Minimum charges for vacant commercial premises;

While all of these are of crucial importance to the modernisation of our rates system, I am particularly excited by 2 areas as outlined further below.

Provision for temporary abatement of charge for vacant properties

First and foremost, the legislation proposes a 6 month exemption from rates where a property has become vacant to allow a property owner to seek new tenants. We need to also ensure that we remove as many potential disincentives to the use of vacant properties so that they can be put into productive use. The lack of any charge on vacant premises may also remove the level of certainty regarding the collectable amount of revenue. At present, the legislation governing rates provides that a local authority may provide up to 100% relief on rates where a premises is vacant, either due to renovation/repairs or because the owner is unable to find a tenant. Outside of the Dublin local authorities, the practice has generally been for the elected members to agree 100% relief. What I am proposing will set a maximum level of relief to be provided, for example 75%, with provision that this amount can be further reduced by Ministerial. I am also providing for the introduction of Regulations to allow an exemption from the maximum payment for small properties below a certain valuation threshold.

Where a property is not capable of being beneficially occupied or used, it would not be liable for rates. My Department is also introducing legislation which will allow the change of use of vacant commercial premises to residential use without planning permission.).

As elected members you will have the discretion to further reduce the level of relief. In this regard, it is proposed that any reduction in the vacancy refund, below the maximum level, would be added to the General Municipal Allocations of the Municipal Districts in the Local Authorities.

Provision for Rates Alleviation Schemes

The legislation in provides a new opportunity to elected members to actively shape the way in which national and local policy objectives can be implemented through rates by providing rates alleviation schemes to promote local and national policy objectives. The Head envisages that alleviation schemes may be to support the following policy objectives:

- Realising our Rural Potential – the Action Plan for Rural Development;
 - A local economic and community plan developed by a local authority;
 - Planning policies including National Planning objectives and local authority objectives including the objectives of the Development Plan and Local Area Plan;
- and

One such policy objective might be a rates alleviation scheme to support rural development policy objectives is an action in "Realising our Rural Potential – Action Plan for Rural Development".

The introduction of an alleviation scheme will be a matter for the elected members of the local authority. Increased collections from rates will improve the financial position of local authorities and increase their capacity to finance any such schemes.

In conclusion, I believe that these new measures will improve the financial position of local authorities and increase their capacity to continue providing quality services to residents and businesses alike. The provision to allow targeted rates alleviation schemes can be an important tool in allowing the elected members to introduce mechanisms to support specific policy objectives, depending on the priorities of the local authority. These measures can only improve the local democratic process and increase the powers of the elected member to shape how their local authority develops.

I would be interested in receiving your views at minister@housing.gov.ie

Yours sincerely



Simon Coveney
Minister for Housing, Planning, Community & Local Government