This paper focuses on the implications of the different governance structures and fiscal measures for housing and planning on the island of Ireland. Divergent planning systems, land use regulations, tenure profiles and urban structure, makes the systems in Northern Ireland and the Republic of Ireland ripe for comparative exploration. Property tax in particular is an issue that continues to dominate political and media debates in the Republic of Ireland, and much can be learnt from the experiences and recent amendments made to the property rates system in Northern Ireland.

In the future, if the local burden of housing, infrastructure and service costs increases, then the fiscal implications of planning decisions become all the more important. This paper argues that the new interim household charge, in addition to earning income for local government, will supplement existing census household data, and assist in the establishment of evidence-based planning through the availability of more timely and rigorous spatial data.

Introduction
Housing, both in relation to the property market and planning decisions, has been in the headlines since the global economic crisis began. Media reports have focused on the bust of the property boom and the ‘ghost estates’, or unfinished developments, in the Republic of Ireland, the stagnant housing markets in Northern Ireland, and the uncertainty about the future of access, affordability and the market in general.

The island's divergent planning systems, land use regulations, tenure systems and urban structures provide challenging and rich material for comparison. Despite the need for an all-island examination of the relationship between planning and housing, authentic comparative themes are difficult to identify due to the fundamental differences between the organisational structure and level of decentralisation among state agencies involved in these sectors.

Examining the two jurisdictions provides interesting insights into the contrasting governance and fiscal systems that have impacted planning decisions and outcomes. The impact that different governance structures have on how housing and planning policy is formulated and implemented in each of the two jurisdictions is an important theme for this study. Another key issue is the implication of property taxes on planning and housing – a focus of this article.

Research Approach
This article draws on applied research by the International Centre for Regional and Local Development (ICLRD) on the relationship between housing and planning. In the 2011 issue of Borderlands, this author wrote a briefing paper identifying the need for up-to-date, annual housing indicators to highlight and investigate interdependencies that may persist between the two sectors (Keaveney, 2011). In May 2011, the ICLRD and the All-Island Research Observatory (AIRO; wwwairo.ie) launched the first Island of Ireland Housing Monitoring Tool as a first step in disseminating spatial housing statistics at the all-island level. These mapped outputs assist in understanding the spatial implications and outcomes of policy decisions and interventions over time.
Building on this work, as part of the ICLRD’s longer-term housing and planning research, the author conducted a series of interviews with senior personnel in national organisations in Northern Ireland and the Republic of Ireland, namely the Northern Ireland Housing Executive, the Department of the Environment, Community and Local Government, the Chartered Institute of Housing, the Irish Bankers’ Federation, the Housing and Sustainable Communities Agency, the Northern Ireland Federation of Housing Associations and the National House-Building Council.

These interviews have helped identify linkages between housing and planning in Northern Ireland and the Republic of Ireland, as well as potential issues for all-island analyses. In particular, they revealed two key issues in the relationship between planning and housing in each region: the organisational structure and governance of states’ direct roles in housing and planning, and property taxation and rates.

Organisational Structures for Planning and Housing

A disconnect exists between housing and planning sectors, manifesting itself in a number of ways within and between the two jurisdictions. In order to explore this disconnect, this article highlights some of the similarities and differences within the two sectors and discusses the linkages between these sectors in the two jurisdictions, which mostly operate separately within their designated boundaries.

On the surface, the planning systems in each of the administrations appear quite similar due to their shared historical basis in the British town and country planning tradition. Drilling down into the everyday operations of the planning regimes, however, regulatory differences that have wider impacts on strategic planning begin to emerge. For instance, statutory timelines for planning applications exist in the Republic of Ireland (a basic example of this is the eight week deadline for planning application decisions), but do not form a part of the Northern Ireland statutory planning process.

In addition, the organisational structures of the two systems also differ. In Northern Ireland, the Department of Environment administers land-use planning and the Department for Regional Development formulates strategic plans, while elected representatives have no legislative role in development management (i.e. planners are the decision-makers). On the other hand, in the Republic of Ireland, local government and elected representatives administer development management and forward planning by assuming the role of official decision-makers (i.e. planners are advisors, not decision-makers).

Housing policy and provision operate very differently between the two administrations. In Northern Ireland, the Northern Ireland Housing Executive (NIHE) centralises social housing provision and functions both as the strategic housing authority and as the region’s largest landlord. Since its establishment in 1971, after the 1960s civil rights movement when housing access was a core concern, NIHE has achieved major improvements in housing conditions and provision. Property improvement schemes, as well as social housing and housing with rental subsidies – which account for 60 percent of all housing in Northern Ireland (Interview with NIHE, 2011) – have resulted in a more equitable distribution of good quality housing to all. However, segregation based on ethno-religious grounds remains a strong characteristic of housing in Northern Ireland, particularly in lower- to middle-income households cohorts (see, for example, Murtagh, 2002). Such a disproportionately high need for housing support has undoubtedly impacted the ‘natural’ housing market for decades and contributed to the nature of the property boom of the mid-2000s. Relative to the Republic of Ireland, the boom in Northern Ireland took place over a shorter length of time from 2004 to 2007, and faced greater banking and valuation conservatism. It therefore never reached the heights of the property market in the South. Nevertheless, the North is currently experiencing a similar stagnation in property sales, with much of the minor growth in house sales (not in house price)
being attributed to the growing number of home repossessions (Frey, 2011).

In the Republic of Ireland, social housing accounts for a small proportion of total tenure (approximately 7 percent), one of the lowest rates in Europe and distinctly low in comparison to Northern Ireland (16 percent) (Keaveney, 2011). The Department of the Environment, Community and Local Government (DoECLG) is responsible for the formulation and implementation of the country’s housing policies and legislation, and administers housing budgets both directly and indirectly through Local Authorities. Social housing administration, however, tends to be decentralised to local government and/or voluntary housing associations. Although social housing is not as prevalent, ‘hidden’ tax subsidies certainly exist. For example, there is a system of tax relief on mortgage repayments payable at the lower rate of income tax (20 percent)1 whereby householders are entitled to a reimbursement of 20 percent on their annual mortgage repayments (only new mortgages taken out since the beginning of 2004 are eligible), returned at source from the mortgage provider. In the 2012 budget, it was announced that households who bought homes between 2004 and 2008 are entitled to a tax relief of 30 percent (an additional 10 percent) on mortgage repayments from 1st January 2012. This is intended to assist those who are now in negative equity and potentially struggling to meet their monthly repayments.

The island of Ireland provides unique insight into how two separate housing and planning sectors relate to each other, and the extent to which interdependencies occur between both. This insight is provided through the direct comparisons that can be drawn in how the sectors are organised, and in how planning in particular fits with local government funding and decision-making in each of the two jurisdictions.

Property Taxation
Although property taxation is not always administered directly by housing and planning authorities, it has a tremendous impact on these sectors’ governance in terms of both day-to-day decision-making and strategy development. Property tax is an issue that continues to dominate political and media debates in the Republic of Ireland. It has also caused contention in Northern Ireland over the past decade due to recent amendments in the method of rates calculation and collections procedures. The key difference between the two jurisdictions is that there has been no Residential Property Tax in the Republic of Ireland since 1997, while in Northern Ireland there has been a continuous form of property tax (more commonly known as rates) since 1852.
The right to collect rates was first established under the *Valuation (Ireland) Act, 1852*, which allowed rates to be collected based on the rental values of property. Following partition, little changed in rates collection procedures despite the transformation in tenure from a largely tenant-based system to the dominance of owner-occupancy in both jurisdictions. In the Republic of Ireland, the last form of rates collected was known as Residential Property Tax (RPT) and was established in 1983. The RPT valuation was calculated based on the market value of a property, and was abolished by the Fine Gael – Labour coalition government of the time.

It is with some irony then, following two years of debate and speculation, that the current coalition Fine Gael – Labour government introduced a property tax equivalent in the form of an annual ‘household charge’ to the value of 100 euro per primary residence starting 1st January 2012 (a 200 euro charge for second homes was introduced by the previous government in 2009). The EU/IMF Programme of Financial Support, which was established in 2010 to help address the Republic of Ireland’s severe economic crisis, requires the adoption of a number of measures and instruments that aim to increase state revenues. This interim household charge and the long-term objective of introducing a valuation-based property tax addresses one of the EU/IMF’s programme requirements. It is of little surprise that the reintroduction of property tax (or a household charge as it is currently called) is a source of controversy, particularly given the series of new taxation measures or charges that have been established in a number of guises since the current economic crises began. Already, politicians on all sides, together with interest groups, are encouraging a boycott of the charge.

In Northern Ireland, the equivalent property rates recently underwent reforms that changed how rates are calculated (now based on property valuation). Rates in Northern Ireland are collected by Land and Property Services (LPS), a government agency that is also responsible for mapping, land registration and valuation. The LPS was established in 2007 as an executive agency within the Department of Finance and Personnel and now includes organisations that had previous existences, for example, Ordnance Survey NI. Income from property rates contributes to both regional services and local government. In general, there is a high level of compliance in rate-paying in Northern Ireland (97 percent), which has been attributed to the relatively moderate size of the tax bill, which averages approximately half of one percent of the average house prices (McCluskey and Woods, 2010).

**Data Availability**

The obvious benefit of the collection of property tax is that an increasing share of local and regional services can be funded from household living within the administrative boundaries. In addition, there are indirect outcomes – if a state is to be successful in achieving high compliance in rates payments, it must have reliable data on each property under its jurisdiction. In Northern Ireland, the recording of housing data for the purposes of rates collection has inadvertently contributed to the LPS acquiring detailed data on all residential dwellings in the region.

A major issue for development planning in any country or region is the availability of reliable data that monitors trends and informs decisions. The *Planning and Development (Amendment) Act, 2010* in the Republic of Ireland introduced the legislative platform for evidence-based planning to become a core element of development plan-making. However, without extensive and reliable data on housing, evidence-based planning will remain limited. The value in having an umbrella organisation such as the LPS in Northern Ireland, for example, means that there are strong linkages between the gathering of spatial data, household information and property valuation. Coupled with other information collected and gathered by the Northern Ireland Statistics and Research Agency, which manages and analyses the decennial UK Census for Northern Ireland, the LPS property database provides a much fuller
picture of completed housing units, dwelling locations, population projections, urban-rural growth and so forth.

Previous research has highlighted the weak nature of planning and building completions data in the Republic of Ireland as far back as 2002, when public finances were not facing the challenges they are now (Keaveney, 2009). For example, in the early 2000s when the property boom was well underway and planning applications for residential development were rising exponentially, there was limited knowledge of small area statistics in relation to housing and the impacts of planning decisions. The Census, which takes place every five years in the Republic of Ireland, has provided the most useful data on households in the state and can be mapped at the Electoral Division level for rural areas or at Enumeration Area for urban areas of approximately 300 households. The challenge with these data is that confidentiality is a primary objective of any published data and as such, any data gleaned from the Census can only be used to a limited extent to establish information on housing and household type in small areas.

The inability for a national government to generate accessible data on the number and location of residential properties under its jurisdiction, as has been the case over the past decade in the Republic of Ireland, greatly hinders the state’s ability to establish evidence-based planning. For example, when the National Spatial Strategy (NSS) was being formulated in the late 1990s and early 2000s, the most reliable data for single dwellings in the countryside was based on ESB (electricity) connections. Consistent data on planning applications throughout the state was available only at the county level and featured limited information on residential property type and location within counties. Unfinished developments of housing estates throughout the country, for example, are in large part the manifestation of years of poor data recording in Local Authorities, and weak strategic data gathering nationally (Kitchin et al, 2010). The positive outcome of the need to address the challenge of unfinished developments is the heightened focus on amassing small area data nationally, and the DoECLG has led this strategic collection and gathering so that now there is much greater transparency and knowledge about what has been built and where (see, for example, current data availability for unfinished housing development, DoECLGb, 2011).

When the reintroduction of a residential property tax was first mooted in 2009, it was initially regarded as too administratively burdensome to implement. This was mainly because there was no database in existence that could comprehensively identify every home in the state. The cost of implementing a property tax at that time would have outweighed the benefits of any income earned by the state. The household charge, with self-declaration as a core feature, will allow the government to earn income to put towards local government, add to data on households that already exists in the Census, and form the basis of a longer-term property tax system that is based on market valuation, which is due to be established in 2013. Interest groups and backbench politicians are actively encouraging householders to boycott the annual payment (Minihan, 2011) so it is yet to be seen how successful the charge and subsequent tax system will be.

Conclusion
Given the current debate on property tax in the Republic of Ireland, this article focused on this contentious issue to explore the implications in both the planning and housing sectors for such a transformation in local government funding. In this context, Northern Ireland provides an insightful comparative frame by which the benefits beyond funding can be examined. An indirect benefit of a national property tax system as exists in Northern Ireland is the availability of more reliable information which, when combined with up-to-date census data, allows planning and housing professionals to better understand housing markets, demographic trends and the social and economic characteristics of households when formulating longer-term local and regional planning strategies.
The Northern Irish system of data collection works well to a large extent because of the centralised nature of the majority of its public sector agencies. The decentralisation of functions such as planning to local councils through the Review of Public Administration and planning reform in general will bring about changes to this (see Creamer et al, 2010). It will be important in this transition to maintain this strong data-driven platform and provide access to high quality information for housing professionals and policy-makers, social housing providers, planners and decision-makers in local councils.

In the context of the fiscal challenges felt by central governments in both jurisdictions, the likely longer-term trend is for property taxes and rates to be more directly linked to local council revenues and budgets. This will create stronger relationships between the provision of housing and planning decisions. In the future, the fiscal implications of planning decisions in regards to the type and location of housing and the associated costs of infrastructure and service provision will be more keenly felt by local councils than in the past, a point that has been raised by ICLRD workshops and seminars on housing and planning. For local councils in both the Republic of Ireland and Northern Ireland, having well-documented and timely evidence in place will be a necessary element of good planning and the formulation of effective social and market housing policies.

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Endnotes

1 If an individual or couple pays the higher rate of income tax they can still only claim mortgage repayment relief based on the lower tax band of 20 percent.

2 At the time, a number of reasons were sighted for its abolition. It was always a very controversial tax given that it was based on property value and household income and, politically, governments were keen to abolish the tax. In essence, the location, rather than the quality of the house, was the main factor in deciding whether or not a household had to pay RPT. Politically, the tax was cited as being inequitable and anti-urban given the method of valuation; in addition, the tax raised approximately IR£12m per annum and the loss of that income to the state could be easily absorbed (Tynan, 1996). Almost three-quarters of the qualifying properties were located in Dublin, and together with the RPT being based on returned, taxable income, it meant that the majority of compliant taxpayers were from the PAYE sector. The Pay As You Earn (PAYE) system is a method of tax deduction under which an employer calculates and deducts any income tax due each time a salary payment is made to an employee. As a result enforcement of the tax had been difficult (Irish Times, 1996).
Key elements of the new primary residence household charge include the following:

- The onus will be on households to pay the annual charge through a process of self-declaration (legislation will be put in place for this through the Finance Bill, 2012);
- The charge will be collected centrally by the Local Government Management Agency (LGMA) and will then be distributed proportionately back to the corresponding Local Authority through the Local Government Fund. Eventually, when a property tax system based on property valuation is established in 2013, it is envisaged that the tax will be collected directly by local government;
- If households do not comply, the onus will be on the Local Authority to ensure the charge is paid, despite it not going directly to that Authority in the first instance; and
- The property tax in its current form is a flat fee, paid regardless of house value or income. Exemptions and waivers are being put in place for a number of circumstances, including exemption for households living in social housing (including voluntary and cooperative units), and housing where commercial rates already apply; waivers will be granted for those in receipt of mortgage interest supplement, and for households living in specified unfinished housing estates to be identified in 2012 and 2013 by the Minister for the Environment (DoECLGa, 2011).

Additional drivers include tax incentive schemes intended to boost local economies.

References


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