

Voluntary Dwelling Purchase Scheme

December 2016

Condition 9 of An Bord Pleanála grant of planning for North Runway states that:

“Prior to commencement of development, a scheme for the voluntary purchase of dwellings shall be submitted to and agreed in writing by the planning authority. The scheme shall include all dwellings predicted to fall within the contour of 69 dB LAeq 16 hours within twelve months of the planned opening of the runway for use. Prior to the commencement of operation of the runway, an offer of purchase in accordance with the agreed scheme shall have been made to all dwellings coming within the scope of the scheme and such offer shall remain open for a period of 12 months from the commencement of use of the runway.”

This document sets out the scheme to comply with this condition.

Contour map 69dB



Step 1: Notification of Opening of Scheme

daa will write to eligible dwelling owners when it is commencing the development of the North Runway to formally invite them to participate in the Scheme.

Step 2: Valuation

Following the formal notification of the opening of the Scheme, if an owner advises daa that he/she would like daa to make him/her a voluntary purchase offer for his/her dwelling, daa will ask its valuation advisor to value the dwelling in accordance with international valuation standards, as per the Royal Institution of Chartered Surveyors Valuation/Professional Standards (“Red Book”), January 2014.

In terms of valuation approach and rationale, the valuation process will adopt a market approach¹ and outline detailed analysis of and have regard to market transactions of comparable residential properties in the same or similar locations, including consideration of proximity to Dublin and rural character. Where no market is sufficiently proven to exist, then a cost approach² will be applied in line with the Red Book and will have regard to depreciation³ of the asset in question. The valuation will be made without taking any account of the North Runway, the Insulation Scheme, or this Voluntary Dwelling Purchase Scheme.

The owner may then choose to get his/her own valuation from a qualified valuer and if the owner chooses to do so daa will cover a fee up to a maximum of €1,500 (plus VAT).

If the difference between the two valuations (not including the premium – see below) is less than five per cent daa will make a revised offer to the owner based on the mid-point of the two valuations.

If the difference is greater than five per cent then the question of valuation will go to an independent third party valuer acting as an expert. The valuer will be selected from a panel from the Society of Chartered Surveyors of Ireland and will be appointed by both parties on agreement (or, if there is no agreement, the President of the Society). The independent valuer will review both valuation reports and arrive

¹ A market approach is defined in the RICS Red Book as “an approach that provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available”.

² A cost approach is defined in the RICS Red Book as “an approach that provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction”.

³ Depreciated replacement cost is defined in the RICS Red Book as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation”.

at a final binding determination of market value⁴ (for owners who would like to continue with the process). This final valuation will then be the basis for daa's offer. daa will pay the costs of the third party valuation.

Step 3: Offer

daa will make the owner an offer to buy the dwelling at the determined valuation plus a 30% premium as an additional consideration for the sale of the dwelling.

Step 4: Conclusion

Based on the results of the valuation and offer, it is each owner's decision whether to take up daa's offer at that time. The Scheme will remain open until three years after the commercial commencement of North Runway (i.e. for three years after the date of the first commercial flight landing on or departing from the North Runway). daa currently expects that the runway will be operational in 2020.

Owner's Questions Answered

Q1. Why are you developing the Scheme?

- daa is progressing with the development of the North Runway and is complying with the planning permission received from An Bord Pleanála in 2007, one condition of which is to put in place a voluntary purchase scheme for dwellings located in the 69 dB contour.

Q2. Am I forced to sell? Is this a compulsory purchase order (CPO)?

- No. This Scheme is not a CPO and neither you nor any other dwelling owner is being forced to sell their dwelling. The Scheme is entirely optional and voluntary - you can choose to participate or not. You can also choose to accept a valuation or reject it and you are free to opt out of the process at any point up to signing a contract to sell.
- In order to comply with planning permission we will make an offer to purchase those dwellings within the 69dB LAeq 16 hour contour forecast for 2022, even if they have not responded to the Scheme.

⁴ Market value is defined in the RICS Red Book as "the estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Q3. Am I eligible for the Scheme?

- All dwellings in existence at the time the Scheme is finalised and which are predicted to fall within the 69dB contour in the first 12 months of operation of the North Runway are eligible for the Scheme.
- The dwellings must have been in existence, or have received planning permission, at the time the Scheme was finalised
- The Scheme covers habitable and occupied dwellings including the yard or garden associated with those dwellings which are for the private enjoyment of the owner or occupier. It does not include agricultural or commercial property.
- Valuations will reflect a dwelling's internal floor area at the time the Scheme is finalised. After the Scheme is finalised only reasonable extensions to a dwelling (up to a 25% increase in the internal habitable floor area) will be taken account of in valuations, however such extensions must have planning permission where applicable
- Registered owners of dwellings may apply (tenants are not eligible to apply)

Q4. I have a garage and a farm yard and a shed, is this included in the Scheme?

- The Scheme covers private residential dwellings only.
- Outbuildings which are "attached" to the dwelling in the general sense will be regarded as part of the dwelling-house, but a building or part of a building which is separate and is used for the purposes of a trade, profession or vocation is not included within the Scheme.
- The Scheme does not apply to land, which, immediately before the Scheme, was not part of the garden or grounds of the dwelling. An adjoining plot of land which, although in the same ownership, was never incorporated in the garden is not regarded as being part of the Scheme.

Q5. Is it the same process for everyone?

- Yes.

Q6. For how long is the Scheme open? If I reject the offer, can I participate again?

- The Scheme will remain open until three years after the commercial commencement of use of North Runway (i.e. for three years after the date of the first commercial flight landing on or departing from the North Runway).
- The valuation stated in any offer will be valid for nine months.
- If you reject an offer you can re-engage in the Scheme at any time up to two years and nine months after the commencement of use of the North Runway,

whether or not you had accepted the insulation scheme. If you re-engage daa will provide an updated valuation per the scheme terms at that point.

- Daa will be reviewing the results of noise and flight track monitoring every 2 years per Condition 10 of the planning permission to re-evaluate noise impacts and the application of mitigation measures, including the Voluntary Dwelling Purchase Scheme. Any future scheme will not preclude a dwelling from participation on the basis that it has declined to participate in the current scheme provided that the dwelling is located within the 69dB LAeq 16 hour contour line.

Q7. Will the new North Runway affect the valuation placed on my dwelling for the purposes of the Scheme?

- No. The valuation of your dwelling will be made without taking any account of the fact that North Runway has been consented, is being constructed, or is operational.
- The valuation will also not take any account of the Insulation Scheme, or this Voluntary Dwelling Purchase Scheme.

Q8. Who will conduct the valuation?

- The daa valuation will be conducted by Lisney who have been engaged by daa as valuation advisers for the Scheme.

Q9. How will valuations be made?

- All valuation reports will be prepared in accordance with international valuation standards, as per the Royal Institution of Chartered Surveyors Valuation/Professional Standards (“Red Book”), January 2014.
- Valuation reports will provide an independent opinion of the market value, as defined in the Red Book, of an eligible dwelling. In terms of valuation approach and rationale the report should outline detailed analysis of and have regard to market transactions of comparable residential properties in the same or similar locations, including consideration of proximity to Dublin and rural character.
- Where no market is sufficiently proven to exist, then a cost approach will be applied in line with the Red Book.
- The opinion of market value will be made without taking any account of the North Runway, the Insulation Scheme, or this Voluntary Dwelling Purchase Scheme.

Q10. What if I’m unhappy with daa’s valuation?

- You may choose to obtain your own valuation from a recognised valuer. daa will pay the fee up to a maximum of €1,500 (ex VAT). The valuer will be required to prepare the valuation report in accordance with international valuation standards, as per the Royal Institute of Chartered Surveyors Valuation/Professional Standards (“Red Book”), January 2014.
- The mid-point of the two valuations will be used as the basis for the revised offer if the valuations are within 5%.
- If the differential between daa’s valuation and that of the owner is greater than five per cent, then a final independent valuation will be conducted by a valuer selected from a panel from the Society of Chartered Surveyors of Ireland (per Step 2 of the Process). The valuer will be required to review both sets of valuation reports and provide a final binding written opinion of market value.

Q11. Do I have to get a valuation now; can I wait, if so how long can I wait to get my valuation?

- The Scheme is open to you to participate in for up to three years after the runway becomes operational. daa will make an offer based on the market valuation. If you choose to sell your dwelling, a contract for the sale must be signed before the expiry of the Scheme.

Q12. How does the premium compare to Gatwick and Heathrow schemes?

- The 30% premium compares well to Gatwick and Heathrow schemes:
 - Gatwick home relocation assistance scheme provides 1.5% plus a lump sum to a maximum of £12,500
 - Gatwick voluntary purchase scheme provides for 0% premium
 - Gatwick purchase scheme for properties required for new runway provides for 25% premium
 - Heathrow scheme for compulsory or voluntary purchase provides for 25% premium

Q13. Can I get my house valued more than once?

- A daa valuation will be valid for 9 months.
- A request for an updated daa valuation can be made after expiry of the valuation.

Q14. What costs will daa cover?

- daa will pay the cost for you to obtain your own valuation once per 9 month period at up to €1,500 (ex VAT) per valuation.
- daa will cover conveyancing fees up to €4,000 (ex VAT) for the sale of the dwelling and up to €4,000 (ex VAT) for the purchase of a replacement dwelling. Alternatively, if you do not have a preferred solicitor, daa can draw up a panel of solicitors from which you can choose. daa will cover the legal costs of that panel.
- daa will reimburse the owner up to €500 (ex VAT) for tax advice received by the owner in relation to their individual position.
- daa will pay the owner €4,000 (ex VAT) towards stamp duty for purchase of a new dwelling.
- daa will pay moving costs of up to €2,500 (ex VAT) for the dwelling owner to relocate to a new property following the purchase of the owner's current dwelling.

Q15. Will I be liable for tax on the sale proceeds?

- If an Owner satisfies all of the conditions for Principal Private Residence (PPR) Relief throughout his/her period of ownership, our general expectation is that, on the basis of current tax rules, relief from Capital Gains Tax should be available on the consideration received from the disposal. However, owners should seek independent tax advice regarding their individual tax position. daa will make a contribution of up to €500 (plus VAT) to cover the cost of this advice.

Q16. Can I sell my house and continue to live in it for a period?

- No, the Scheme does not provide for this. However the owner can elect for a delayed closing date of up to 12 months if they wish.

Q17. If ownership of the dwelling changes can the new owner participate in the Scheme?

- Yes.

Q18. Are there any conditions that must be complied with before a sale?

- A formal contract is developed for purchase and sale of dwelling.
- Good and marketable title is evidenced by the relevant owner of the dwelling.
- A full condition survey of the dwelling is carried out and does not disclose anything of unusual or particular concern.

- Appropriate planning history and compliance for the relevant dwelling is provided.
- All other relevant approvals.
- An owner accepting an offer of purchase under the Scheme may not relocate within the same noise contour and then seek to participate in the Scheme from that new dwelling

Q19. My house is co-owned, does this matter?

- In all cases, all owners must agree to the sale of the dwelling.

Q20. I am a tenant? Does this matter?

- This offer applies to owners of dwellings; tenants are not eligible to apply. However, in the event that there is a tenant in place under a formal agreement since the time of the finalisation of the Scheme, daa will include a term in any offer letter to the owner of such dwelling that daa will reimburse tenant moving costs up to €2,500 (ex VAT).
- Eligibility excludes tenants who do not have a formal agreement, or who became tenants after the date of approval of the Scheme by Fingal County Council.

Q21. Will you rehouse me if I sell?

- The Scheme does not provide for this.

Q22. If I don't sell, will you insulate my dwelling?

- Yes. Dwellings which are eligible to participate in the voluntary dwelling purchase scheme are eligible for the residential noise insulation scheme. This scheme involves a bespoke assessment of the dwelling and suitable insulation measures. Dwellings exposed to higher noise levels are expected to benefit at the upper end of the 5-10dB on average noise reduction, subject to the existing condition of the dwelling.

Q23. If you insulate my house can I still avail of the Scheme at a later point?

- Yes. Dwelling owners who reject an offer of purchase in favour of insulation may engage with the Scheme up to two years and nine months after commencement of use of the runway.

Q24. If you insulate my house and I avail of the buyout Scheme at a later point, will you deduct the cost of insulation from the value you offer me for the house?

- No.

Q25. If I don't sell, will you pay me compensation, how much?

- The Scheme does not provide for this.

Q26. Are you paying market value, or above market value?

- daa will pay the determined valuation plus a premium of 30 per cent as additional consideration for sale of the dwelling.
- There is no cap on the euro value of the 30 per cent premium.
- All specified costs as specified in questions 14 and 20 are in addition to and exclusive of the determined valuation plus a 30% premium of that determined valuation.

Q27. What are daa's intentions for the dwellings purchased under the scheme?

- daa will develop a strategy for dwellings purchased under the Scheme. This strategy will be dependent on the number of dwellings and their location. The strategy will also be influenced by Fingal County Council development plans, engagement with the local community and Fingal County Council, and daa's own operational and commercial requirements, including legal and regulatory considerations. daa will maintain the exterior of the dwellings purchased in reasonable order and where the strategy involves usage for residential purposes, daa will insulate the dwellings in accordance with the Insulation Scheme. daa is willing to work within a framework set by Fingal County Council regarding the ongoing use of purchased dwellings.

Q28. Will you be reviewing the Scheme in the future?

- Yes. The results of the noise and flight track monitoring shall be used to re-evaluate noise impacts and the application of mitigation measures, including the Voluntary Dwelling Purchase Scheme, every 2 years per Condition 10 of the planning permission.
- If additional dwellings are found to become eligible then these dwellings may participate under the same terms as the scheme.
- Any future scheme will not preclude a dwelling from participating in such a future scheme on the basis that it had declined to participate in the current scheme provided that the dwelling is located within the 69 dBA contour line.
- daa will keep Fingal County Council apprised of the status of the scheme on an ongoing basis.

Q29. What happens next?

- daa will contact owners when the scheme is open and owners may then elect to participate in the Scheme.
 - If an owner wishes to participate in the Scheme, the owner should complete the attached Participation Request Form (Appendix A), which will advise us that a valuation should be arranged.
 - We anticipate that a valuation will be arranged within 3 months, and an offer per the Scheme rules will be made within a further 6 weeks.
 - Subsequent steps will be in accordance with the steps set out above.
-

Appendix A

Participation Request Form

To:

*Voluntary Dwelling Purchase Scheme
North Runway
Dublin Airport
County Dublin*

From:

Owner Name: _____

Dwelling Address:

Telephone Contact Number: _____

Email Address: _____

Please confirm:

*I wish to participate in the Voluntary Dwelling Purchase Scheme
(Version 2, November 2016) and request daa to arrange for a valuation
of my dwelling*

☐

*I understand that to complete a sale of my dwelling to daa I will need
to comply with all conditions as outlined in Question 18 in the
Voluntary Dwelling Purchase Scheme (Version 2, November 2016)*

☐

Signed: _____

Date: _____