



Updated Land Value Sharing & Urban Development Zones Bill Briefing Paper

The General Scheme for Land Value Sharing and Urban Development Zones Bill (“the General Scheme”), was released in December 2021, following which there was a consultation period beginning 27th May 2022. The IHBA, in conjunction with the PII and IIP made a submission on the 22nd of June 2022 to Indecon International Research Economists, who were appointed by the Minister of Housing to undertake an independent economic appraisal of proposed Land Value Sharing (LVS) options, outlining the key concerns for industry.

On Friday 14th April 2023 the Department of Housing published the updated General Scheme for the Land Value Sharing and Urban Development Zones Bill, which was approved by Government in December 2022. Following publication, the proposals will undergo pre-legislative scrutiny by the Joint Oireachtas Committee on Housing in the coming weeks. Having regard to any recommendations resulting from the pre-legislative scrutiny process and subject to Government approval, the final bill will be introduced into the Houses of the Oireachtas.

Overview of General Scheme as published in [December 2021](#)

- Under current legislative arrangements, the principal mechanisms for the State to secure a proportion of the benefit attributable to the decision to zone and permit development on land is via Part V social and affordable housing obligations and through Section 48 and 49 development contributions. These measures apply only at the point of grant of planning permission and therefore only materialise and become relevant only for the person who intends to develop the land.
- On announcing the public consultation in May 2022, the Dept. of Housing stated that the LVS measure is proposed to apply to all **new** residential (and mixed-use development that includes residential) zoning and to designated ‘Urban Development Zones’ (UDZs) as outlined in the ‘General Scheme’.
- Furthermore, it stated that the proposal is intended to be based on any increase in value which arises as a result of the zoning/designation and development process. A proportion of the value uplift of the development site will accrue to the local planning authority as a conditioned requirement of the planning permission. The value uplift may be provided as a financial contribution, land or equivalent value, or in certain circumstances, works/infrastructure, or some combination of each. Where applicable, LVS **would replace development contributions**.



Updated General Scheme 2023 - [Features that remain](#)

- The payment of this contribution would be a condition of a grant of planning permission to develop the land.
- The rate of contribution would likely be 30% of the amount of the uplift in value targeted for capture (but no less than 20%).
- Phased payment arrangements may be entered into. A planning authority may also facilitate the transfer of land or the development of infrastructure by a landowner in full or partial discharge of LVS obligations arising.
- Local authorities would be charged with maintaining a register of lands subject to the LVS rules.
- Amounts received by local authorities under the contribution will be ringfenced as capital for the provision of public infrastructure, facilities and related measures.

Updated General Scheme 2023 - [Proposed revisions to updated Bill](#)

The updated proposals differ in a number of critical ways, the effect of which is to expand the scope of the rules, introduce transitional rules, and change the interaction of the LVS contribution with existing costs such as Part V obligations and development levies.

Key changes include:

- Whereas the original General Scheme to the Bill had intended to capture the uplift in value associated with both the decision to zone land for residential use (or mixed use including residential) and the grant of planning permission, it is now proposed that the amount of the uplift would **only relate to the uplift in value associated with the zoning of the land**. The amount of the uplift would be determined by the following formula:

$MV - EUV$

- **MV** is the market value of the land, determined using capital gains tax principles, as at the valuation date without regarding to any extant planning permission in relation to the land, and
 - **EUV** is the value of the land as at the valuation date assuming it would have been, and would thereafter have continued to be, unlawful to carry out any development in relation to that land other than exempted development (e.g., minor development for which planning permission is not required).
 - The **valuation date** is the latest date that the lands have been zoned in a local area plan or county development plan, or designated as a Strategic Development Zone ("SDZ") or Urban Development Zone ("UDZ")
- 30% of this uplift would then be captured via the LVS mechanism. The proposals also include a mechanism whereby the Minister for Housing may, with the approval of the Houses of the Oireachtas, amend the rate having regard to a range of rates being not lower than 20% and not higher than 30% of the uplift.



- Whereas the original Bill had applied only to lands zoned residential, mixed-use including residential or Urban Development Zones, the revised Bill would also apply to lands zoned Commercial or Industrial, or designated as a Strategic Development Zone.
- **In addition, the revised Bill would apply to zoned land regardless of when that zoning decision takes place (i.e., not just newly zoned lands).**
- Transitional measures have been introduced such that the charge will first apply:
 - For in-scope lands (other than those zoned Commercial or Industrial) acquired since 21 December 2021, with respect to planning applications lodged from 1 December 2024.
 - For in-scope lands (other than those zoned Commercial or Industrial) acquired before 21 December 2021, with respect to planning applications lodged from 1 December 2025
 - Applications to develop lands zoned Commercial or Industrial will fall within scope from 1 December 2026.
- The charge may also arise not just with respect to the first instance of lands being zoned in-scope. Rather, the charge would appear to be “refreshed” in each instance where lands are appropriately zoned in a new or revised local area plan or county development plan or designated as falling within an SDZ or UDZ. It is not relevant whether the lands were previously so zoned or designated. The underlying liability associated with each contribution would then form a statutory charge on the land from the date the relevant zoning criteria to fall within scope of the charge are met (i.e., with the publication of each new local area / county development plan, etc.).
- However, it is worth noting that although a new charge would appear to arise with respect to each new or revised local area / development plan etc., such amounts would only fall due and payable in conjunction with a grant of planning permission to develop the lands, where its payment will form a condition on the grant of planning permission. A mechanism for voluntary prepayment of the LVS contribution before the grant of planning permission is also available.
- **Whereas the *Housing for All* plan and original Bill had suggested that the charge would replace existing development levies, the updated Bill confirms that it will apply in addition to existing Part V and development levy costs.**
- The revised Bill includes proposed exclusions from the charge for certain small developments. Specifically, the charge would not be imposed with respect to planning applications that relate to fewer than 5 residential units or commercial developments of less than 500sqm gross floor space. Provisions to prevent abuse of this exclusion are proposed.



- In addition, the charge should not apply to developments for social, cost rental or affordable housing schemes, or the conversion/reconstruction of an existing building to create one or more dwellings, provided that at least 50% of the existing external fabric of the building is retained.
- Local authorities will draw maps to highlight areas that meet the zoning criteria, and which are identified as “substantially undeveloped”. Owners of such land will be required to submit a self-assessment of the EUV and market value of the site on the valuation date, as described above. The first of these maps will likely be published on 30 May 2024 (though it may be published earlier, depending on when the Bill comes into effect). As noted above, it appears that this requirement will likely be refreshed with each publication of a new or revised local area or county development plan. *See below.
- Although amounts received by local authorities under the contribution will be ringfenced as capital for public infrastructure, facilities and related measures, the requirement that such improvements and amenities be in the “vicinity” of the development in question appears to have been removed.

*Identifying Land in Scope

Planning authorities will be required to publish a map showing the lands in scope of the LVS in March 2024. Owners of ‘substantially undeveloped’ land, i.e., lands identified on the final RZLT maps published in December 2023, within scope of the LVS, with the exception of owners of residential properties within those lands, will be required to submit self-assessments of the EUV and MV calculations in respect of lands within their ownership by 1 July 2024, for entry by the planning authority onto a Land Value Sharing Register.

Owners of other lands in scope may also submit self-assessed valuations to the planning authority for entry onto the register, and they may make an early payment of the LVS contribution in order to discharge their obligation at any stage. However, the measure has been designed in the interests of prioritising the lands that are most likely to come forward for development within the lifetime of the development plan, rather than require all landowners within residential and mixed-use zoned lands to submit valuations where they may not come forward for development.

The process is based on a self-assessment methodology, with landowners required to submit valuations to the planning authority. However, the planning authority may undertake an assessment of the submitted self-assessed valuations at any time and may amend the valuation accordingly. Where this occurs, the landowner may appeal the valuation of the planning authority to the Valuation Tribunal.



Significant increase in revenues predicted

The explanatory memorandum to the updated General Scheme of the Bill highlights that economic experts predict the LVS will result in significant increased revenues for local authorities, **with greater than 50%** of the combined uplift in value from zoning and planning permission likely to be captured on occasions via a combination of LVS, Part V and development levy costs.

****Sources:** Department of Housing, Local Government & Heritage, KPMG, and internal docs