



**To:** Directors of Planning Services, City and County Councils

**Cc:** Chief Executives, City and County Councils  
Senior Planners, City and County Councils  
Directors, Regional Assemblies  
Office of Planning Regulator  
An Bord Pleanála

**Circular Letter: NRUP 06/2021**

22 December 2021

A Chara,

**Re: Active Land Management Measures:  
Introduction of Residential Zoned Land Tax as part of the Finance Act  
2021, and Publication of the general scheme of the Land Value Sharing  
and Urban Development Zones Bill 2021**

I am requested by Minister Darragh O'Brien TD, Minister for Housing, Local Government and Heritage, to write to inform you of:-

- a) Enactment of the Finance Bill 2021 today, 22 December, which includes provisions for the introduction of the Residential Zoned Land Tax at section 80 of the Act, and
- b) Publication, also today, of the general scheme (draft heads) of a Bill relating to Land Value Sharing and Urban Development Zones.

**Residential Zoned Land Tax**

As set out in Housing Policy Objective 15.2 of *Housing for All*, a new tax to activate land for residential purposes, and which will in time replace the Vacant Site Levy, has been introduced by the Department of Finance and the Revenue Commissioners in conjunction with the Department of Housing, Local Government and Heritage.



The Residential Zoned Land Tax provisions of the Finance Act 2021 set out criteria to facilitate the identification of lands which fall within the scope of the tax, the aim of which is to activate and bring forward the development of housing on lands that are suitably zoned and serviced, as indicated on maps to be prepared by planning authorities for their respective functional areas. These maps are to be based on the local authority development plan and where relevant, local area plan zoning maps. The legislation also sets out certain lands which are to be excluded from the scope of the tax.

All land that was zoned for residential development, or residential development and a mix of other uses, in a development plan or local area plan, before 1 January 2022 and which remains subject to the relevant zoning on that date, is liable for consideration within the initial scope of the Residential Zoned Land Tax. This is intended to encourage activation of existing planning permissions on lands which are identified as being in scope and to incentivise suitable lands without planning permission to commence the process of engagement with planning authorities.

The relevant provisions of the Finance Act 2021 set out specific dates for actions and processes to be undertaken by planning authorities and An Bord Pleanála in facilitating the introduction of the Residential Zoned Land Tax, which will be operational on 1 February 2024. The key dates are summarised in Appendix 1 of this Circular.

Following final publication of the relevant maps further to the processes set out in the legislation, the Revenue Commissioners will manage the process of collection and enforcement of the tax. The tax is set at 3% of the site value, to be self-assessed by the landowner where in scope, with liability and enforcement arrangements to be managed through the Revenue system. Any site occupied by a dwelling liable for Local Property Tax will not be liable for the zoned land tax.

The Department of Housing, Local Government and Heritage will publish Guidelines under Section 28 of the Planning and Development Act 2000 to assist Planning Authorities, An Bord Pleanála and other stakeholders in implementing the tax measure. There is also up to €1m available for the provision of funding of resources required to facilitate the establishment of the measure. The Department will engage with the CCMA with regard to the optimal deployment of this resource.



It is also necessary to make one-off provision for landowners who find that their lands are identified as being in-scope on draft or supplemental maps to make a request to the planning authority to consider an amendment to the zoning objective relating to their land. In considering any request received the Local Authority must have regard to the proper planning and sustainable development of the area and it is proposed to issue a ministerial policy directive under section 29 of the Planning and Development Act 2000 to assist Planning Authorities in the performance of their functions under Section 13 of the Planning and Development Act 2000 regarding such requests, and in order to ensure consistency of approach and given the exceptional nature of the provision.

A working group to facilitate the development of these measures will be established early in 2022.

The Residential Zoned Land Tax is intended to replace the Vacant Site Levy, which will remain operational until the new tax measure comes into effect. As part of the transition between the measures, the Department will consider whether any additional legislative arrangements are required to activate lands which may fall outside the scope of the zoned land tax.

Once the process is established, the Map that identifies lands that fall within scope of the tax will be updated by Local Authorities annually, commencing in 2024. This will include any lands that come within scope from 1 January 2022 and also involves publication of a draft map, review of submissions received and potential for appeal of any Local Authority decision to An Bord Pleanála. Publication of the final map to facilitate updated applicability will be on 1 February 2025 and on the same date each year thereafter. There is no further provision for change of zoning requests after the initial map preparation process.

### **Land Value Sharing and Urban Development Zones**

Further to Housing Policy Objectives 12.1 and 12.2 of *Housing for All*, the general scheme (draft heads) of a Bill to introduce proposals to ensure that communities get a greater share of increases in land value which arise from decisions made by the State to zone or designate land for development was published on 22 December 2021, following approval by Government to progress the measures.

The General Scheme for the Land Value Sharing and Urban Development Zones Bill envisages that local authorities will be enabled to secure a proportion of the increase in the value of land that is either *newly* zoned for housing or for housing



and a mix of other uses, or where *any land* zoned for housing or a mix that includes housing, is subject to an 'Urban Development Zone' or 'UDZ', designation. The contribution is to be used to deliver the necessary infrastructure to support the development of sustainable communities.

It is intended that local authorities will secure, by condition of a planning permission for development on the land, a proportion of the increase between the value of land in its current use at the time of zoning or designation, and the market value of the land when an application for development is permitted.

The General Scheme proposes that up to 30% of the value uplift (which, when combined with Part V requirement for 20% social and affordable housing will result in up to 50% in total, thus 'land value sharing'). The proportion is being further examined through a detailed economic appraisal of the proposed measures, which will consider the potential for a range of proportions due to the particular circumstances in different locations.

It is proposed that all or part of the contribution to be secured by condition of the planning permission may be facilitated by financial contributions, land transfer, and/or the undertaking of infrastructural works by the developer. Where applicable, this will replace current development levies, but there is a need to retain 'Section 48' type levy schemes elsewhere. The impact of this will be further considered as part of the economic appraisal.

Land Value Sharing will also apply to designated Urban Development Zones (UDZs), where significant potential for development including housing is identified. The proposed legislation will build on the existing Strategic Development Zone ('SDZ') concept. UDZs will involve a key decision-making role for the local authority and early engagement with the local community and landowners, through a plan-led approach that must include determination of a planning and delivery scheme.

It is intended that there will be certain restrictions on development applied between the designation of the UDZ and the adoption of the planning and delivery scheme for the area, in order to ensure that premature development does not take place that might affect the proper planning of the area.

Given the need to ensure that the key pieces of infrastructure to support the comprehensive development of these strategic areas can be delivered in a timely



manner, it is also proposed to introduce enhanced land assembly and acquisition powers, which may include obligations to transfer of 'critical land' required for infrastructure within the UDZ to the designated development agency on behalf of the State.

The general scheme sets out the key concepts and principles and detailed legislative drafting will be progressed on foot of a full economic appraisal and other expert advisory input and engagement with key stakeholders.

It is intended that the proposed land value sharing and urban development zone measures will operate in conjunction with the new Residential Zoned Land Tax. Working and Steering groups to facilitate the development of the land value sharing and urban development zone measures and oversee the economic appraisal process are currently being established.

Any enquires in relation to this Circular can be emailed to [ForwardPlanning@housing.gov.ie](mailto:ForwardPlanning@housing.gov.ie).

May I take this opportunity to wish you season's greetings and all the best for 2022.

Is mise le meas,

A handwritten signature in black ink, appearing to read 'Paul Hogan', is positioned above a horizontal line.

**Paul Hogan**  
**Chief Planning Adviser**  
**Department of Housing, Local Government and Heritage**



## **Appendix 1 - Residential Zoned Land Tax - Important dates to note**

**1 November 2022:** Publication of draft map by the Planning Authority showing lands in scope.

**1 January 2023:** Final date for submissions from landowners and members of the public.

**1 April 2023:** Date by which determinations are to be made by Planning Authority on submissions, after which the decision may be appealed to An Bord Pleanála. An Bord Pleanála have 16 weeks to determine appeals.

**1 May 2023:** Publication of a supplemental Map by Planning Authorities of any other lands identified as being in scope during the first consultation process.

**1 June 2023:** Final date for submissions on supplemental map by landowners.

**1 August 2023:** Date by which determinations are to be made of Planning Authorities on supplemental map submissions, after which the decision may be appealed to An Bord Pleanála. An Bord Pleanála have 8 weeks to determine appeals.

**1 December 2023:** Final Map to be published by the Planning Authority

**1 February 2024:** Residential Zoned Land Tax becomes operational.