

CCMA Opening Statement to the Joint Oireachtas Committee on Housing, Local Government and Heritage on Land Value Sharing and Urban Development Zones

May 2023

Chairman, members of the committee, my name is AnnMarie Farrelly, Chief Executive, Fingal County Council and member of the County and City Management Association (CCMA) Committee on Housing, Building and Land Use.

I am accompanied here today by Máire Igoe, Acting Executive Manager and Deirdre Scully, Dublin City Planning Officer, Dublin City Council.

Firstly, on behalf of the CCMA, I would like to thank the committee for its invitation and look forward to assisting the committee, in relation to the pre-legislative scrutiny of the Draft Planning and Development (Land Value Sharing and Urban Development Zones) Bill 2023.

Planning is one of local government's core functions and local authorities play an essential leadership role across the full planning service.

The CCMA welcomes the consolidation of planning legislation via the recent Planning Legislative Review, resulting in the draft Planning and Development Bill 2022. The CCMA would support a clear vision that aligns this Bill with the draft Planning and Development Bill 2022.

It should be noted that the recent publication of the Planning and Development (Land Value Sharing and Urban Development Zones) Bill 2023 necessitates careful attention to its potential implications. However, owing to the novelty of the document and that the full consideration is ongoing, there is a risk of misinterpreting certain sections of the Bill.

The CCMA supports the concept of Land Value Sharing (LVS) and Urban Development Zones (UDZ) and the need to address the levels of land speculation experienced in areas of high demand.



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Moreover, it is a positive step forward to have the recommendations of the Kenny Report incorporated into legislation.

The CCMA appreciates the decision to incorporate this provision in the Planning and Development legislation rather than the Finance Act, contrasting with the Residential Zoned Land Tax (RZLT). The commitment to conduct a 5-year review is equally welcomed as this provision is untested, it's essential to address any emerging lacunae or gaps, apply lessons learned, and incorporate options to streamline the process as the impacts of the provisions become apparent.

Land Value Sharing

The CCMA posits that, ideally, valuations should be conducted during the zoning phase. However, payment can also be levied through a condition of the permission, effectively transferring the responsibility to the developer instead of the landowner who benefits from the initial zoning. This strategy integrates the payment as part of the development levies. As such, it remains uncertain whether the Land Value Sharing (LVS) scheme would influence land cost more than the existing levy scheme, especially if this method of collection at the permission stage remains predominant.

The effect of the Land Value Sharing (LVS) scheme on land cost compared to the current levy scheme remains uncertain. Unforeseen valuations at the planning stage could disrupt development viability. The requirement for Planning Authorities to publish an LVS eligibility map by March 2024, and review self-assessments by July 2024, demands substantial resources. With insufficient valuers, evaluating numerous submissions in a tight timeframe is a challenge.

The legislation necessitates four distinct valuations on relevant sites, presenting challenges for local authorities lacking in-house valuation teams and potentially risking reliance on private valuers. The Bill's interpretation indicates LVS applies to all lands designated for residential or mixed use. But it fails to clarify implications for unserviced lands. The LVS map's publication, coinciding with the first review of the Residential Zoning Land Tax (RZLT) map, could cause confusion and resource strains.

In smaller settlements, intertwining LVS and RZLT could complexify zoning recommendations. Thorough contributions processes are vital for large scale transformations to ensure appropriate funding. Elements related to land price publication may need reviewing for full data access. The CCMA is concerned about mandatory land value assignments due to potential risks and challenges. In areas with stagnant land and property values, LVS could discourage owners, leading to zoning removal requests, adversely affecting sustainable development.

Urban Development Zones

The CCMA notes the overlap between UDZs and SDZs, questioning the future role of SDZs and whether transitioning from UDZ to SDZ is worthwhile. The legal deadline for An Bord Pleanála to decide on non-material UDZ changes is appreciated, as it promotes timely resolution of issues and increases responsiveness. The revised UDZ approach, encouraging early involvement of stakeholders, is seen as an improvement over SDZs. However, land speculation concerns and unrealistic expectations of local authorities to create detailed plans within tight deadlines amidst resource constraints persist. Several deadlines, including the four-week period for a Chief Executive report post-consultation and the six-week window for council proposal consideration, are considered impractical. Extensions for consultation periods, assessments, and environmental screenings are recommended.

Clarification

The CCMA would welcome further clarity on the following items.

Land Value Sharing

1. Whether the valuation date is established at the point of re-zoning or the creation of the development plan
2. How applicant self-assessment deadlines will be enforced as considerable delays could cause a number of problems
3. How updated Market Value (MV) will be dealt with if the land stays undeveloped and the LVS remains unpaid for a prolonged period
4. How ministerial direction on a County or City Development Plan (CDP) will impact the LVS.
5. It is unclear if the maximum levy of no more than 50% of the increased value includes LVS, Part V and Residential Zoning Land Tax (RZLT)
6. Whether smaller settlements that do not have a specific zoning for residential development will be included
7. Considering the additional layer of assessment for smaller applications concerning their statement of exemption, if a development is rejected, is the reason considered non-compensatable?

Urban Development Zones

1. The benefit to local authorities of having a UDZ in their plan
2. The benefits to local authorities of progressing from UDZ to SDZ, as the UDZ phase could potentially incorporate the required level of detail
3. The implications and advantages of having UDZ or SDZ in local authority plans.

The memorandum affirms that "The measure is structured to streamline the valuation process as much as possible, minimising administrative strain on local authorities and avoiding undue delay to



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the decision-making timelines within the planning process, which could otherwise impede the approval and initiation of development." Despite these stated aims, the LVS process is highly intricate. It requires all local authorities to invest in new administrative information management systems and GIS systems to track all payments and valuations in addition to the requirement for local authorities to make land value determinations for individual sites.

Conclusion

Overall, the revised approach for UDZ is largely welcomed, although land speculation risks remain. Unrealistic deadlines and insufficient consultation periods require revision for thorough decision-making. The implementation of a legal deadline for non-material UDZ changes is welcomed and would enhance the responsiveness of the planning process.

The introduction of the Bill and other complex, resources-heavy changes like RZLT, pose significant operational challenges for local authorities. The adequate funding of additional skilled staff is imperative to avoid diverting staff and resources from other planning functions like Urban Regeneration and Development Fund (URDF) and local plan preparation.

The increased intricate workload necessitates a centrally funded, integrated resourcing strategy, established and tested well in advance of before the Act's commencement to realistically achieve its objectives.