



To: Directors of Planning Services, City and County Councils
CC: Chief Executives, City and County Councils
Senior Planners, City and County Councils
Directors of Regional Assemblies
Office of the Planning Regulator
An Bord Pleanála

Circular Letter: PL 04/2023

28 April 2023

Re: Temporary Time-Limited Waiver in respect of Development Contributions

I have been asked by Mr. Darragh O'Brien, T.D., Minister for Housing, Local Government and Heritage to refer to the new package of housing support measures as announced by the Government on 25 April 2023, and specifically to the temporary time-limited exemption from development contributions in respect of residential development.

Boosting supply is key to addressing the problems at the heart of the housing system. Housing for All has set an average annual delivery target of 33,000 homes per year over the period to 2030. In this connection, some permitted developments are currently not being commenced due to increasing housing construction costs (labour and materials) and viability issues. In order for the annual Housing for All completion targets to be met, the Government recognises that further measures need to be urgently put in place to help address cost and viability issues and to incentivise the activation of an immediate pipeline of new commencements, thereby impacting on delivery as quickly as possible.

In light of the foregoing, the Minister has obtained Government approval to extra measures under the Housing for All plan to expedite home building and help reduce building costs in relation to housing, including the introduction of temporary time-limited arrangements for the waiving of local authority “section 48” development contributions and the refunding of Uisce Eireann water and waste water connection charges.

Development contribution waiver scheme - conditions and operational arrangements

The temporary development contribution waiver arrangements will apply for 1 year to all permitted residential development –

- that commences on site between **25 April 2023** (the date of the Government Decision approving the measure) and **24 April 2024**, and
- is completed not later than **31 December 2025**.



This end date is to facilitate large schemes to be speedily brought forward and progressed, while also incentivising their completion as quickly as possible within a reasonable timeframe.

The waiver arrangements are being applied irrespective of the date of planning permission for residential development availing of the scheme. In addition, in recognition of the fact that developers are required to submit “commencement notices” or “7 day notices” to the local authority in accordance with the Building Control Regulations prior to the commencement of works, the waiver arrangements will also apply to developments in respect of which –

- (i) “commencement notices” were submitted to the local authority within the 28 day period prior to 25 April 2023 i.e. on or after 28 March 2023; or
- (ii) “7 day notices” were submitted to the local authority on or after 4 April 2023.

In terms of the practical operation and administration of the new measure, it is proposed that instead of developers/ project promoters having to pay the relevant development contributions to the local authority in the normal manner (usually on commencement of construction or in accordance with an agreed phased payment plan with the local authority), the Department will, further to the submission of commencement notices from developers to local planning authorities and verification by the planning authority that development has actually commenced on site, pay the relevant charges due to the local authority on behalf of the person liable for the contribution.

In this regard, the Minister is cognisant that the waiver scheme should not impact on local authorities ability to fund the ongoing provision of necessary infrastructure to support development in their functional areas or require the taking out of interim borrowing to prevent delays to infrastructure development works. In light of this, it will be necessary for efficient administrative arrangements to be put in place to ensure that local authorities are promptly compensated by the Department for development contributions that would normally be paid at commencement stage by developers. To facilitate this, local authorities will be required to invoice the Department on a monthly in arrears basis in respect of development contributions payable further to the receipt of commencement notices from developers. The Department will notify local authorities in relation to the detailed operation of the waiver arrangements – including how they will be administered, claimed and paid - as early as possible.

For information and clarification, it should also be noted that the **Uisce Eireann water and waste water connection charges** referenced in the new Government support package will still have to be paid upfront by developers in the normal manner, with the monies being subsequently refunded by Uisce Eireann on notification of the commencement of works i.e. in effect a rebate rather than a waiver arrangement.



Financial safeguards

A number of financial safeguards are in place to prevent profiteering by the sector and ensuring that the measures will benefit purchasers and help boost supply. Developers are already subject to compliance with specified regional price caps in relation to the First Home scheme and a €500,000 cap under the Help to Buy scheme. In addition, the Department applies unit cost recommendations on proposed social and affordable housing developments to ensure value for money. These requirements will remain in place as a price control mechanism under the new waiver arrangements.

Further conditions and requirements of the waiver scheme

In order to ensure that the measure operates as intended, it will be important that appropriate arrangements are put in place to ensure compliance with the terms of the scheme, including that developers availing of the scheme sign an undertaking confirming that they agree to comply with the said conditions of the scheme. This will include the application of clawback/ refund arrangements in relation to development contributions paid to local authorities by the Department on behalf of the person liable for the contribution where the conditions of the scheme have not been met i.e. safeguarding against situations where – (i) reported commencements have not actually been started, and (ii) units have not been completed prior to the end date of the scheme. Verification arrangements will be required in both such instances. These and other relevant requirements in relation to the practical operation of the scheme are currently being developed and will be notified to local authorities as early as possible.

Any queries in relation to this Circular letter should be emailed to planning@housing.gov.ie.

Terry Sheridan

Principal

Planning Policy and Legislation