



UCD Geary Institute for Public Policy  
*Research, Analysis, Evidence*



An Ghníomhaireacht  
Tithíochta  
The Housing Agency



# TALKING ABOUT LAND

## Session 6

### Land Value Tax

**January 24th 2023 @ 12pm**

To register and for more information visit  
[housingagency.ie/news-and-events](https://housingagency.ie/news-and-events)

## Speakers

Dr. Fabian Wenner, University of Munich

Dr. Ronan Lyons, Trinity College Dublin

# Land Value Taxation

## Land Policy Tool for Sustainable Urban Development?

Presentation

The Housing Agency, Ireland

24 January 2023

Dr.-Ing. Fabian Wenner

Chair of Urban Development

Technical University of Munich, Germany

# Types of Real Estate Taxes

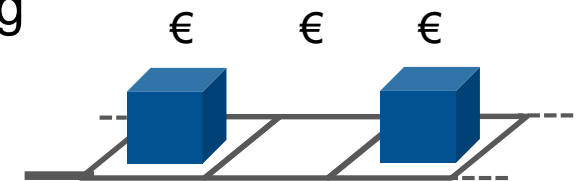
Frequency:	Non-recurring (e.g. stamp duty, development levy) Recurring (e.g. annual tax)
Tax object:	Building, land, or both
Assessment:	By monetary value, size, or other criteria
<b>Land Value Tax (LVT):</b>	<b>A recurring tax based on the monetary value of land (without consideration of buildings or other improvements)</b>

# What makes LVT exceptional?

- **Land supply is fixed**
  - No distortion of market supply as with other taxes
  - No deadweight loss (welfare loss)
- Endorsed by many classical and contemporary economists
- Most prominent advocate: Henry George (1839-1897) – “single tax”

# Potential advantages for sustainable urban development

- Tax does not depend on actual development, only on **development potential**
  - Tax burden would be the same for two hypothetical identical neighbouring plots, one built up to the maximum allowed, the other vacant
  - **Incentivises landowners to exploit development potentials**
- **Ecological** advantages: Incentive for **infill housing and densification** – reduction of pressure for greenfield development and sprawl
- **Social** advantages: Increases **housing supply, (re-)captures value increases** from public investments, discourages speculative land holding



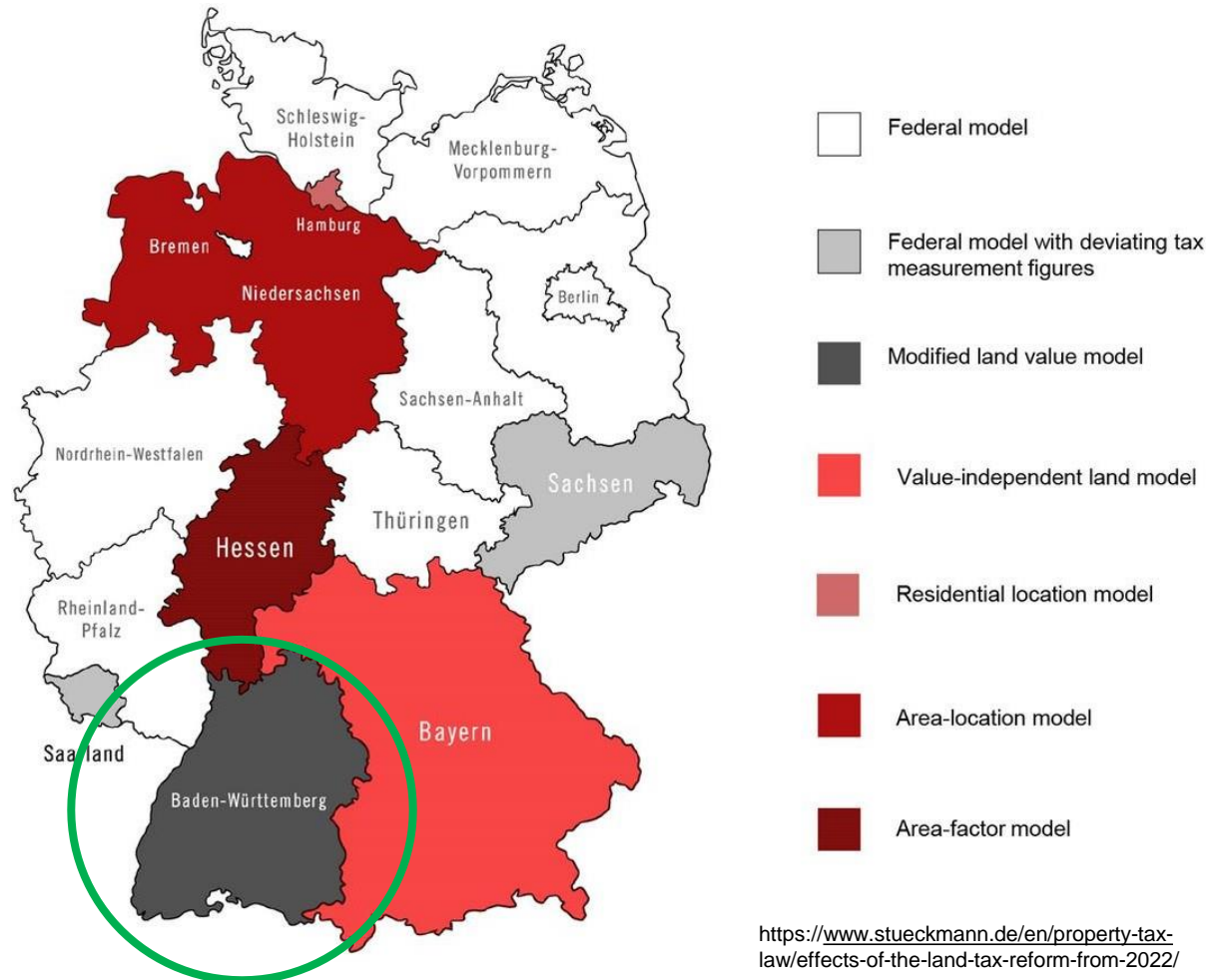
# Current implementation of LVT

- Relatively **few countries** worldwide have implemented LVT so far
  - In many cases, LVT is just one of several property taxes levied at the same time by different administrative units of a country (e.g. Australia, Denmark, some states of US) – empirical research difficult
  - Exclusive use of LVT: **Taiwan, Estonia**
  - From 2025: One federal state of **Germany**

# LVT implementation in Germany

- Current property tax in Germany on combined value of land and buildings
  - Last assessment in West Germany in 1964, in East Germany in 1935 (!)
  - Taxation based on outdated values declared unconstitutional by Constitutional Court in 2018
- **Reformed tax** will be applied from 2025
  - Federal model: again taxes both land and buildings
  - However: new „**escape clause**“ **for states** to deviate from federal model
  - 7 of 16 states will use the clause and apply different tax models
  - **LVT will be introduced** in the state of Baden-Württemberg

# Real Estate Tax Reform in Germany 2025



<https://www.stueckmann.de/en/property-tax-law/effects-of-the-land-tax-reform-from-2022/>



# LVT in Baden-Württemberg: How will it work?

- Land values determined by **independent committees of valuation experts** in each municipality, based on sales transactions of the last years
- Annual **tax rate 0,13%**; further reduced for residential uses, social housing, heritage buildings
- Municipalities can apply an **individual local multiplier** for their entire territory
- Intensive lobbying for LVT by alliance of environmentalist groups, professional bodies of architects and planners, mayors, tenants' associations
- Urban development advantages were discussed widely during parliamentary process and are mentioned in the exposition of motives of the law

# LVT: Requirements

## Requirements

- **Land register**
- Independent and accurate **value assessment**
- Regular **re-assessments**
- To influence decisions of landowners, **tax rate** is decisive
- Functions particularly well with **zoning**-based urban planning system

# Critique of LVT

- **Value assessment methods**
- „**High Asset Low Income**“ households might be overburdened
- Can lead to **premature development** with low density

# References

- Gerber, Jean-David, Thomas Hartmann and Andreas Hengstermann (eds.) (2018): Instruments of Land Policy - Dealing with Scarcity of Land. Abingdon: Routledge.
- Löhr, Dirk (2020): Grundsteuerreform: Die neue Unübersichtlichkeit. In: FUB - Flächenmanagement und Bodenordnung 2020(4), 171-179. [German]
- Organisation for Economic Co-operation and Development (OECD) and Lincoln Institute of Land Policy (2022): Global Compendium of Land Value Capture Policies. Paris: Organisation for Economic Co-operation and Development (OECD).
- Wenner, Fabian (2018): Sustainable urban development and land value taxation: The case of Estonia. In: Land Use Policy 77, 790-800. doi: 10.1016/j.landusepol.2016.08.031.

# Thank you for your attention!

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# TALKING ABOUT LAND: LAND VALUE TAX

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Discussion by Ronan Lyons, Trinity College Dublin  
Housing Agency  
January 2023

## A quotation or two to get us started...

*“The economic case for a land value tax is simple, and almost undeniable. Why, then, do we not have one already? Why, indeed, is the possibility of such a tax barely part of the mainstream political debate, with proponents considered marginal and unconventional?”*

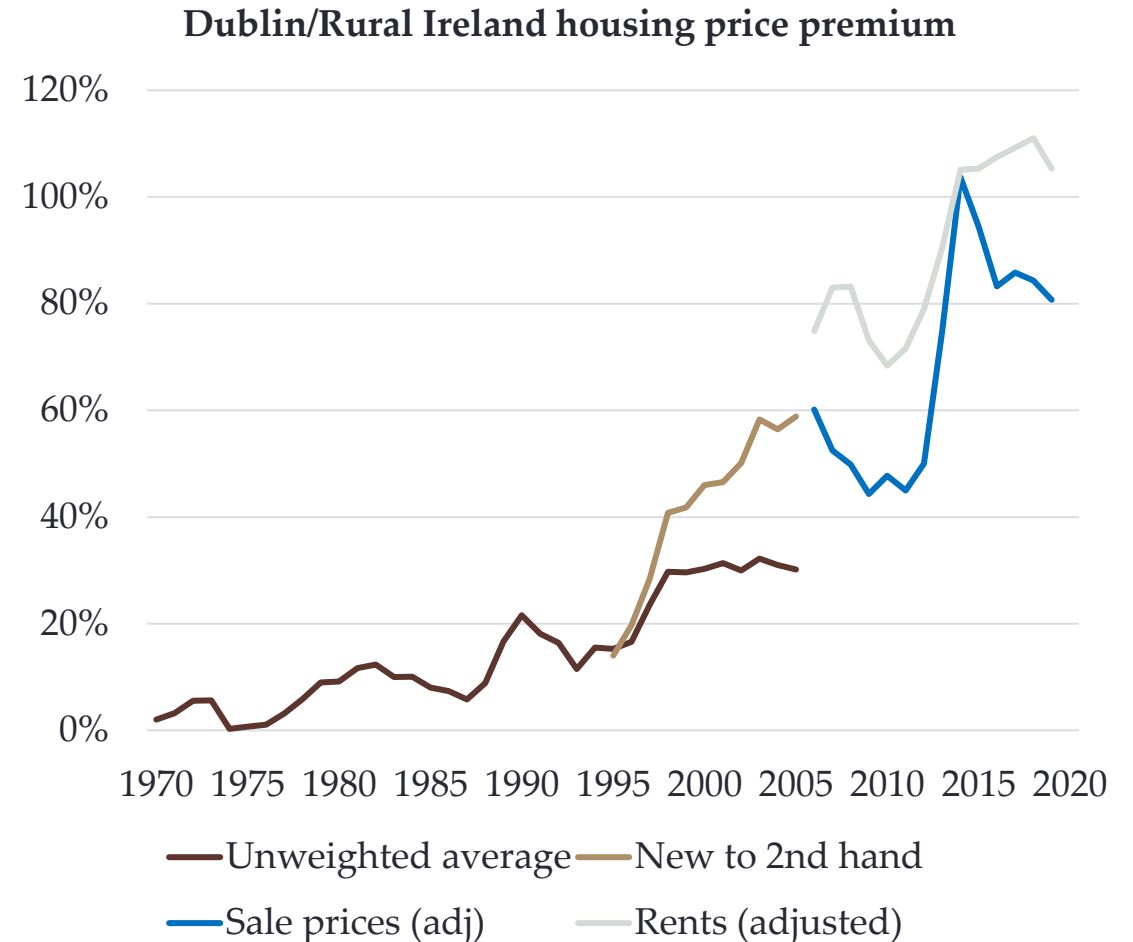
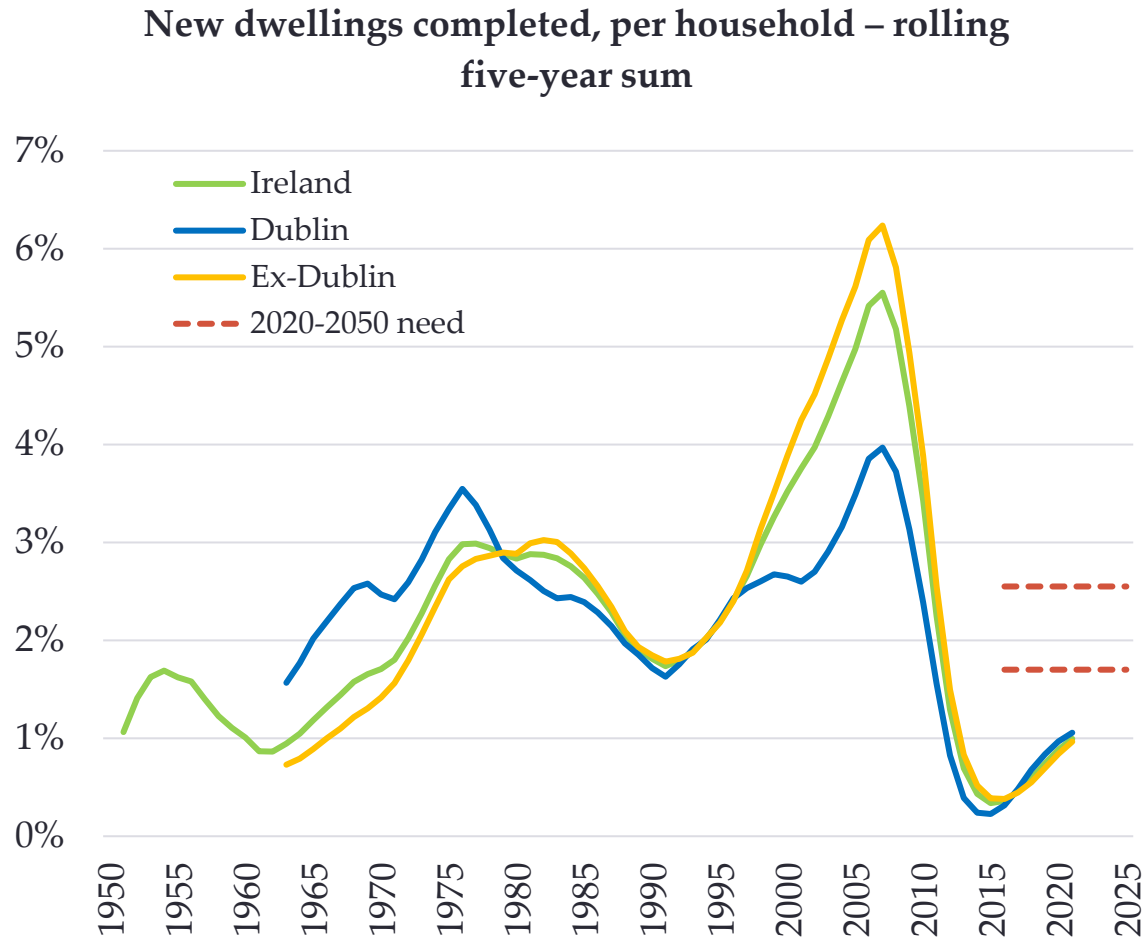
**UK Mirrlees Review, Tax by Design (2010), Chapter 16**

*“The Commission considered these issues in the round and concluded that the potential benefits of a simple, efficient and equitable tax based on the site value outweighs the potential costs and implementation challenges”*

**Ireland’s Commission on Taxation & Welfare (2022), p.345**



Context in Ireland: significant undersupply of homes – especially urban and for smaller households – has created a ‘Dublin premium’, driven by higher land values



## How, in theory? Economic considerations

- Rationale for land value taxation
  - Due to immobility of land, burden of taxation falls on landowner, not resident – in other words, the taxation does not have a negative supply-side effect (rather a positive one)
  - Internalises the externality: (change in) value of any given site not due to the owner's efforts but rather due to society – example of new light rail line in an area
  - A step further: revenue for investments that improve economic opportunity in an area can be funded through land value taxation – e.g. of Phoenix Park
- Ireland's housing need is concentrated over coming decades is concentrated in homes for smaller households and in urban areas
  - A very different land-use pattern to the 20C: very small land footprints per dwelling – but in areas with highest land values
  - €10,000 per home in land value should be more than sufficient – but €100k possible

## How, in practice? Administrative considerations

- No need to reinvent the wheel
  - Rateable valuations exist via the Valuations Office for commercial/industrial property
  - Rich information from 1850s Griffith's Valuation – such as Galway example opposite
- But there is a need to reimplement a cadastre
  - Missed opportunity when setting up LPT to get informational infrastructure
  - Another missed opportunity when switching from priority to title for urban lands
- Critical role of Tailte Eireann
  - Combines OSI, Valuations Office and Land Registry – identify unknown lands

**VALUATION OF TENEMENTS.**  
**PARISH OF ANNAGHDOWN.**

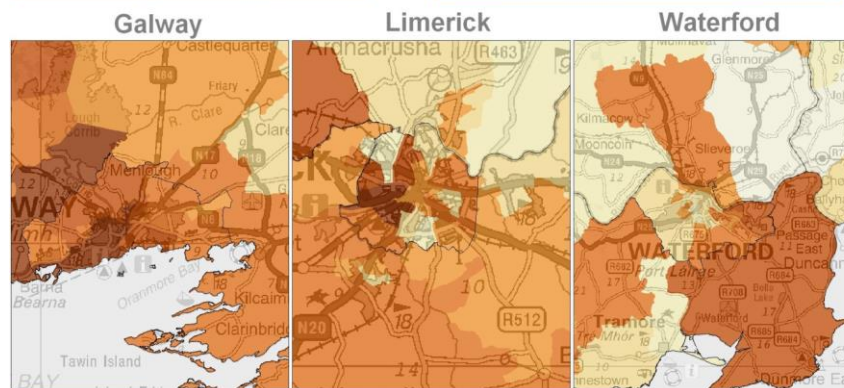
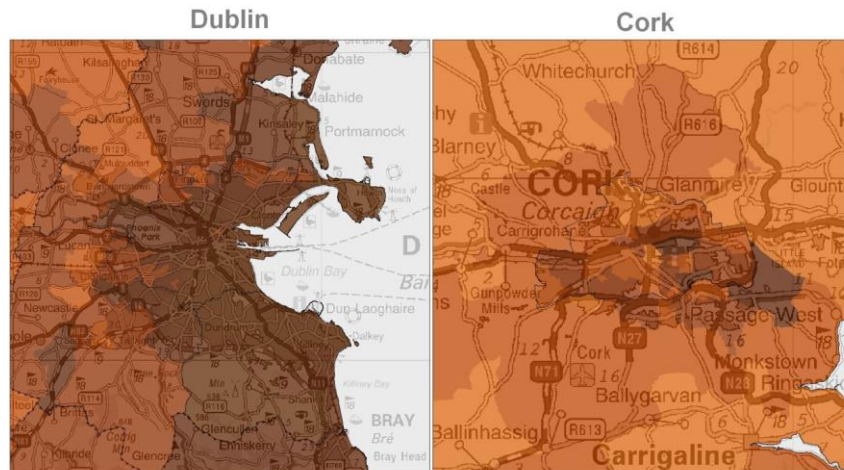
213

No. and Letters of Reference to Map.	Names.		Description of Tenement.	Area.	Rateable Annual Valuation.		Total Annual Valuation of Rateable Property.
	Townlands and Occupiers.	Immediate Lessors.			Land.	Buildings.	
				A. R. P.	£ s. d.	£ s. d.	£ s. d.
	<b>TONAMACE.</b> (Orl. S. 56 & 69.)						
a	Thos. Cahill (James),		House, office, & land,		4 0 0	1 5 0	5 5 0
b	Michael Hessian		House, office, & land,		1 0 0	0 14 0	2 0 0
c	John Cahill,		House, office, & land,		5 7 0	1 3 0	6 10 0
d	Thos. Cahill (Edmd.),		House, office, & land,		5 7 0	1 3 0	6 10 0
e	Owen Laval,		House, office, & land,		2 18 0	1 2 0	4 0 0
f	John Wynne,		House, office, & land,		5 7 0	1 3 0	6 10 0
g	James Wynne,		House, office, & land,		2 18 0	1 2 0	4 0 0
h	James Cosgrave,		House, office, & land,		2 18 0	1 2 0	4 0 0
i	John Laval,	Francis Blake,	House, office, & land,	226 0 14	5 7 0	1 3 0	6 10 0
j	Patrick Dooley,		House, office, & land,		2 18 0	0 12 0	3 10 0
k	Patrick Wynne,		House, office, & land,		2 18 0	0 12 0	3 10 0
l	Mary Ford,		House, office, & land,		2 18 0	1 2 0	4 0 0
m	Edmond Cahill,		House, office, & land,		2 18 0	1 2 0	4 0 0
n	Honorin Ford,		House, office, & land,		4 0 0	0 15 0	4 15 0
o	Honorin Laval,		House, office, & land,		2 18 0	0 12 0	3 10 0
p	Michael Laval,		House and land,		1 6 0	0 14 0	2 0 0
q	John Ford,		House and land,		1 12 0	0 13 0	2 5 0
2	Francis Blake,	In fee,	Land,	15 2 20	9 5 0	—	9 5 0
			Total,	241 2 34	66 1 0	15 19 0	82 0 0

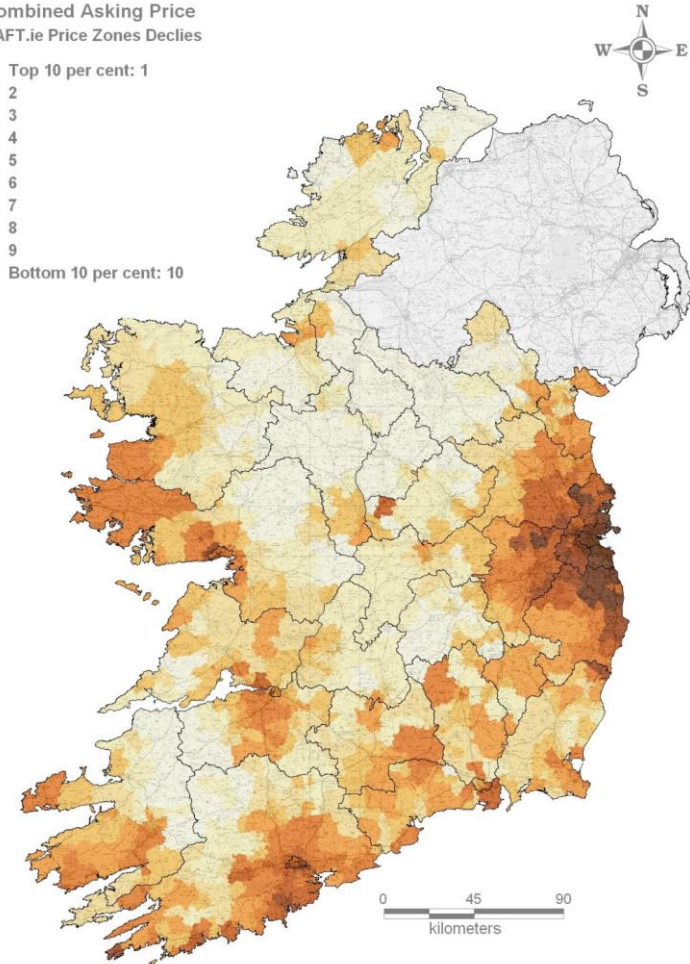
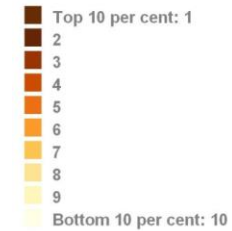
## How, in politics? Electoral considerations

- Coverage
  - Commercial (rates)
  - Public (?)
  - Residential (LPT, stamp duty)
  - Agricultural (?)
  - Development land (VAT, levies – but also LVS, ZLT)
- Scope
  - Revenue-neutral?
  - Revenue-shifting?
  - Revenue-raising?
- Start with land value literacy and a pilot

# What might Land Value Tax look like in Ireland?



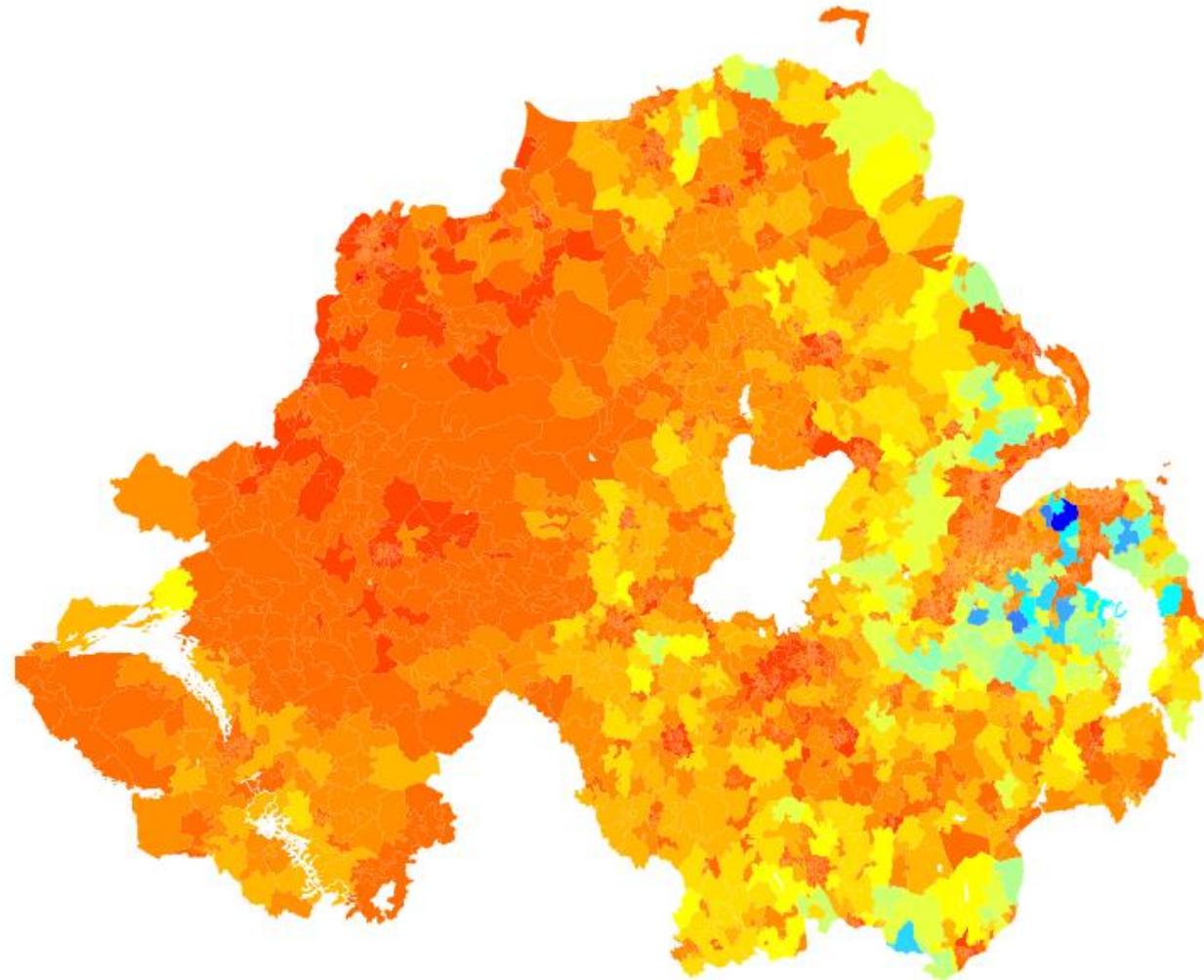
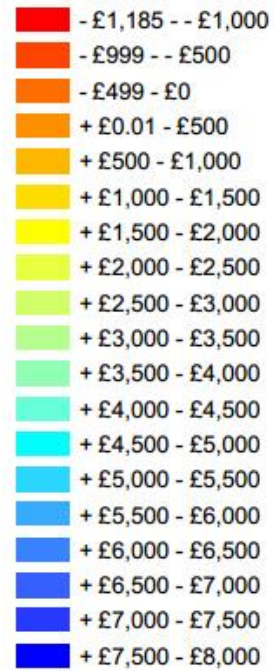
Combined Asking Price  
DAFT.ie Price Zones Declies





## What might Land Value Tax look like in Ireland?

Changes in Property  
Tax Bills under LVT  
per Dwelling (£)



Thanks for your time and attention – looking forward to the discussion

