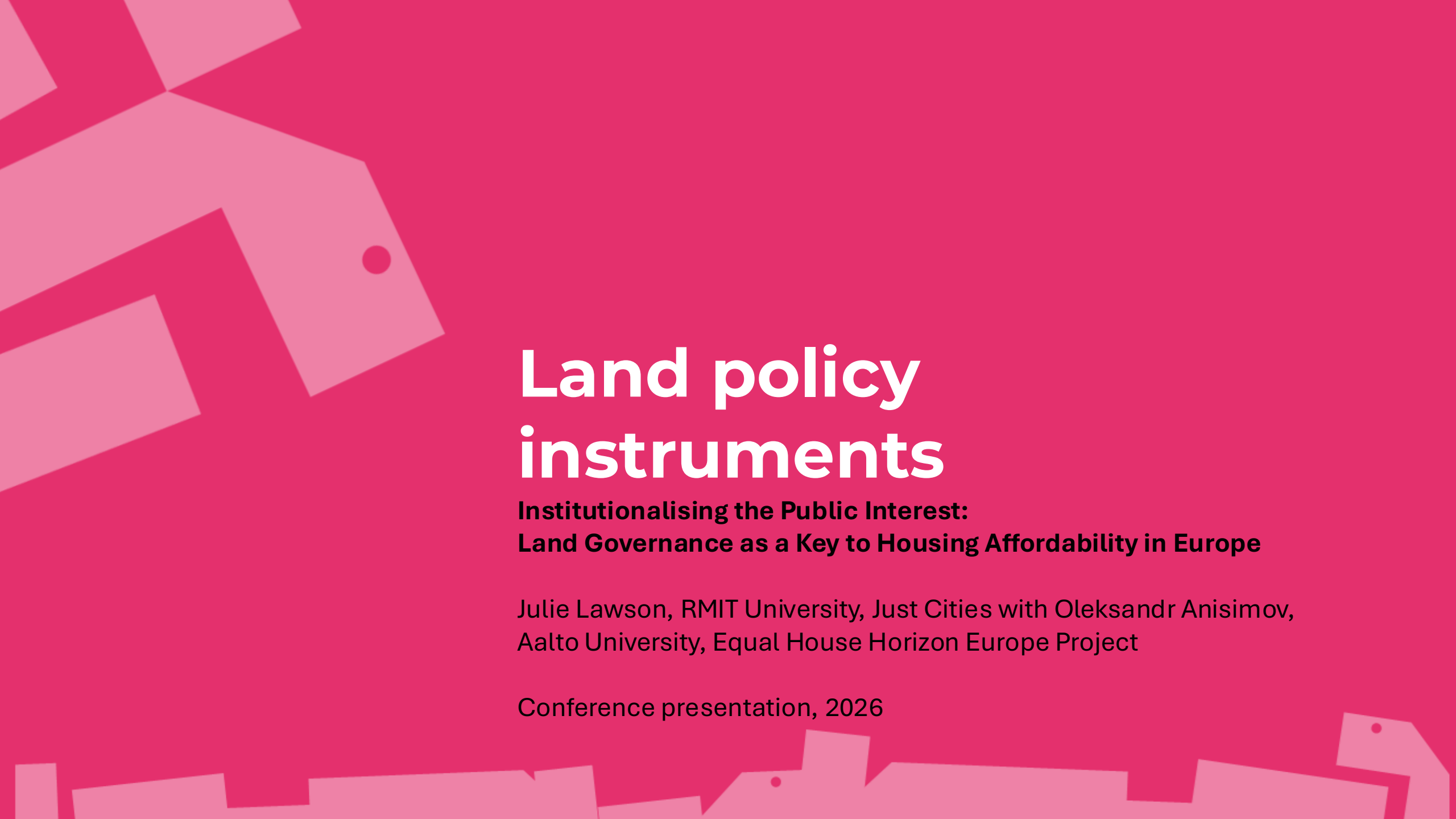




Land policy instruments

**Institutionalising the Public Interest:
Land Governance as a Key to Housing Affordability in Europe**

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Housing affordability is not only a supply problem

- Affordability is shaped upstream by how land is owned, valued, regulated, released and stewarded.
- Where land governance is weak, public investment and planning decisions are capitalised into higher land prices and rents.
- Where land governance is institutionalised, affordability can become a condition of development rather than a residual outcome of market delivery.

Key message: durable affordability depends on governing land value before it is absorbed into speculative land markets.



Why land governance matters now?

This paper shifts the question:

From:

How can land use planning systems release land faster for development?

European housing debates increasingly recognise land, planning and permitting constraints, but too often frame the problem as one of procedural delay.

To:

How can land, development rights and planning-induced value uplift be governed in the public interest?

The issue is not speed alone, but whether public authorities can retain, redirect and steward land value for affordability, spatial inclusion and democratic accountability.



Research question

How do land-policy instruments institutionalise the public interest in land and contribute to housing affordability, accessibility and spatial equality?

Contribution

- Repositions land governance as constitutive of housing systems, not a secondary planning concern.
- Provides comparative evidence from five European cities on how land instruments operate through ownership, regulation, value capture and stewardship.
- Shows that instruments matter less as isolated tools than as parts of wider housing, finance, planning and governance systems.



Analytical framework

Public-interest land governance

- Public-interest land governance refers to institutional arrangements that govern:

Land ownership

- Who controls land, when, and under what mandate?

Development rights

- Who receives planning permission, density, servicing and infrastructure benefits?

Land-value uplift

- How is value created by public action captured, retained or redistributed?

Long-term stewardship

- How are affordability, access and accountability maintained over time?



Learnings: causal architecture

Land governance operates through three linked mechanisms

1. Redistributing power

Making access to land, development rights or planning permission conditional on public-interest obligations.

2. Redistributing value

Capturing or redirecting planning-induced land-value uplift toward affordable housing, infrastructure and stewardship.

3. Redistributing access

Shaping where affordable housing is located, who can enter it, and whether affordability endures.

Key point: housing systems distribute not only dwellings and subsidies, but also land value, locational opportunity and long-term security.



Comparative institutional analysis

Five land-policy instruments were examined across five European urban regions:

Selected instrument → city (case)	Why selected?
Public land banking / development → Vienna (Wohnfonds Wien)	Mature metro-scale land bank with clear acquisition/release rules and developer/design competitions aligned to the city plan.
Public land leasing (long leasehold) → Helsinki	Well established systemic approach, enabled 70% municipal land; conditional leases underpin a codified tenure mix (~6,000 homes/yr; 25% subsidized rental; 30% regulated ownership).
Community land trusts → Brussels (CLTB)	Region-backed CLT with permanent affordability via ground-lease + resale rules; scalable stewardship model, focus of EU attention, but faces many political hurdles.
Inclusionary zoning / developer obligations → Paris region	SRU mandates 20–25% social housing with documented rebalancing across Île-de-France; ZACS capture uplift to finance substantial on-site social housing, rich enforcement and value-capture mechanics to study.
Land pooling & readjustment → Valencia (Spain)	Spain is a core LR example; the Valencian model allows appointing an implementing agency by public tender, contrasts with other regions such as Basque County and offers useful governance variation with Germany.

How the cases were examined

The multi method field work case studies combined:

- Documentary analysis of laws, plans, contracts, programme rules and policy frameworks.
- Institutional mapping of actors, mandates and decision points.
- Semi-structured interviews with officials, planners, providers, community organisations and local experts.
- Field visits with local expert guides and site observation to assess spatial outcomes, tenure integration and neighbourhood form.
- Process tracing to follow how land is transformed into housing outcomes through acquisition, planning, allocation, development and stewardship.

Vienna



Instrument

Public land banking through wohnfonds_wien, linked to limited-profit housing provision.

Mechanism

Land is acquired early, held off-market, prepared through planning and infrastructure coordination, and released through competitions with affordability and quality conditions.

Affordability effect

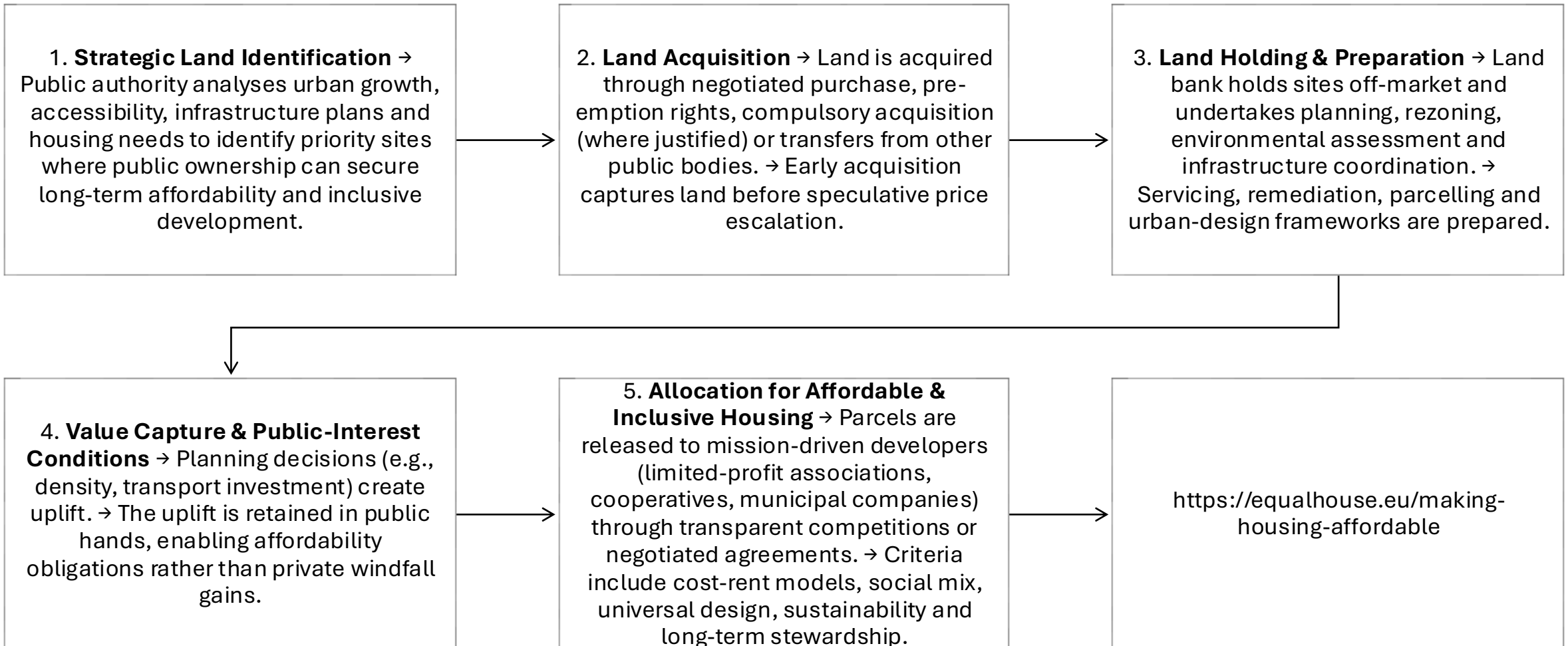
Speculative land-cost pressures are reduced before development begins. Cost-rent delivery, reinvestment obligations and social-mix criteria become embedded in the development process.

Limitation

The model depends on decades of institutional maturity, public land capacity, subsidy alignment and a strong limited-profit provider sector.

Finding in a nutshell

Vienna shows that affordability becomes structurally durable when land control and cost-rent housing are institutionally aligned.



Vienna – strategic land banking and provision

Vienna demonstrates that when land is governed as a public-interest resource and tied to cost-rent delivery at scale, affordability and social mix become structurally durable rather than policy-contingent

- **Affordability is structurally embedded through land control and cost-rent rules**

Vienna's core strength lies in combining active public land banking (via *wohnfonds_wien*) with cost-rent delivery by limited-profit housing associations, ensuring that land value is capped and rents remain linked to costs over the long term.

- **Land policy operates upstream to rebalance market power**

By acquiring land early, setting benchmark land prices, and allocating sites through transparent developer competitions, Vienna shifts bargaining power away from landowners and speculative developers toward public objectives before market pressures crystallise.

- **Effectiveness derives from scale, standardisation, and institutional maturity**

The impact of Vienna's model depends on decades of institutional development, large-scale output, standardised competition procedures, and a mature limited-profit sector, enabling affordability and quality to be delivered consistently rather than episodically.

- **Distributional outcomes are broad but not fully universal**

The system moderates inequality across the housing market and delivers stable, relatively low rents for a wide income range, yet the report notes persistent entry barriers (e.g. deposits) and the need for targeted measures to reach the most vulnerable households.

- **Transferability is conditional on institutional and fiscal architecture**

Vienna's approach is transferable where cities can establish a capable land agency, regulate limited-profit providers, and finance land acquisition through revolving funds; without these preconditions, replication risks becoming symbolic rather than systemic.



Helsinki



Helsinki: public land leasing

Instrument

Long-term municipal land leasing, usually through 60–100 year leasehold arrangements.

Mechanism

The municipality retains land ownership while granting building rights through standardised contracts that embed ground rent rules, tenure mix, affordability obligations, sustainability standards and monitoring.

Affordability effect

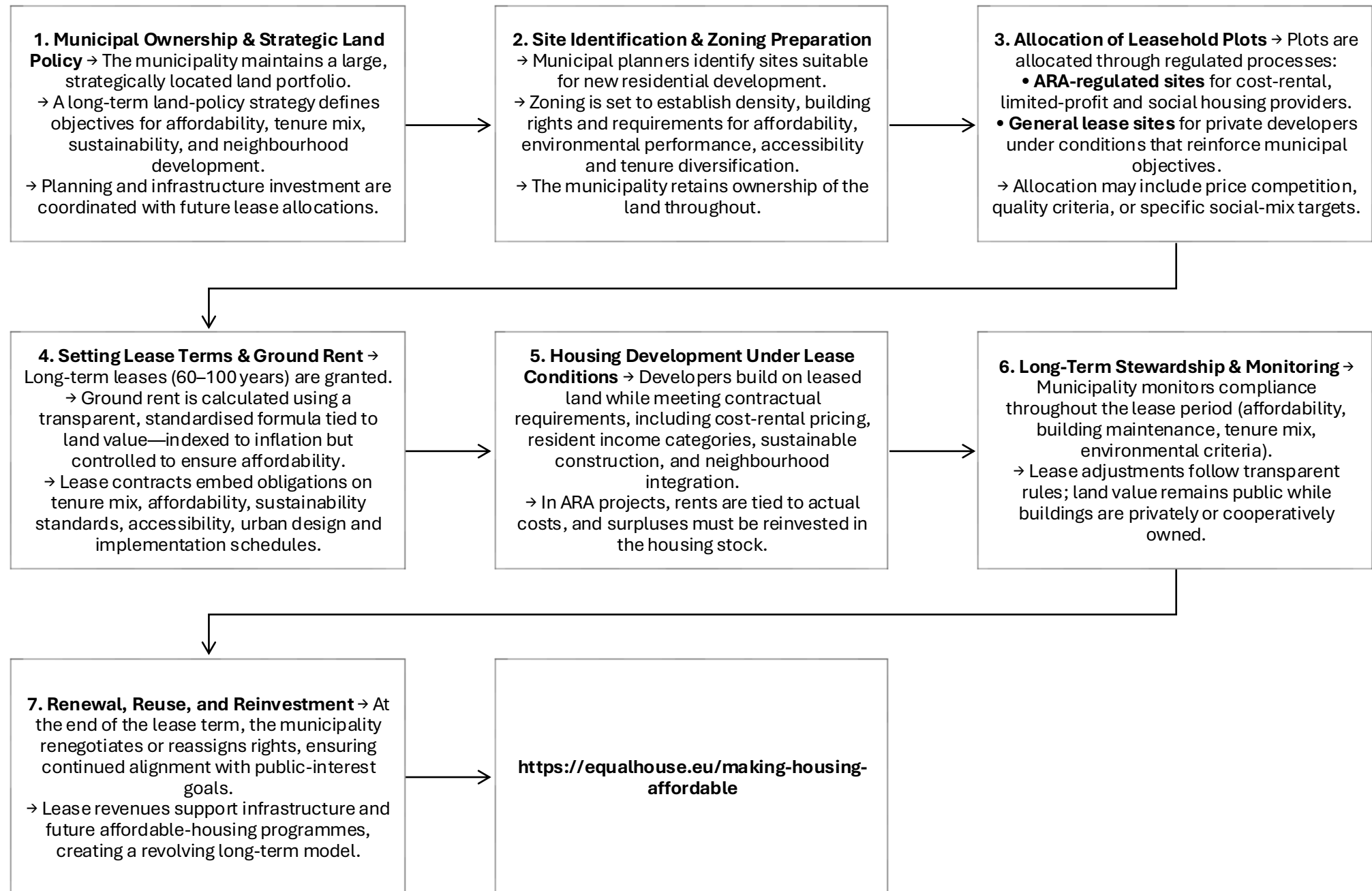
Land value is retained publicly rather than capitalised into housing prices. Leasehold supports social mix, cost-rental delivery and predictable development conditions.

Limitation

Land leasing alone does not produce deep affordability. Its impact depends on ARA finance, allocation rules, regulated providers and income supports.

Finding in a nutshell

Helsinki shows that public land leasing can stabilise housing costs and steer social mix when embedded in a wider housing-finance system.



Helsinki – land leasing

Helsinki shows that large-scale public land leasing can stabilise housing costs and embed social mix over time, but its affordability effects depend on strong integration with housing finance, regulation, and allocation systems.

Affordability is stabilised by retaining public ownership of land

Helsinki's core strength lies in long-term municipal land leasing (60–100 years), which decouples land value from housing prices and prevents speculative land appreciation from being capitalised into rents and prices.

•Land leasing is the backbone of tenure mix and spatial steering

Standardised lease contracts are used to enforce a codified mix of ARA social rental, right-of-occupancy (ASO), regulated ownership (e.g. Hitas), and market housing, embedding social mix into new districts rather than negotiating it project by project.

•Effectiveness depends on integration with national housing finance and regulation

The affordability effects of land leasing are realised through its alignment with ARA cost-recovery rents, subsidy rules, and allocation systems; leasing alone does not produce affordability without this wider institutional ecosystem.

•Outcomes are strongest for stability and predictability, not deep affordability targeting

The model delivers moderate, stable housing costs and limits volatility across cycles, but the report notes that it is less effective at reaching the very lowest-income households without complementary income supports and allocation prioritisation.

•High transferability where public land ownership and administrative capacity exist

Helsinki demonstrates that municipal land leasing can operate at metropolitan scale when cities control large land portfolios, use standardised contracts, and coordinate land policy with transport and climate programmes; where land ownership or capacity is weaker, effects diminish.

Paris



Paris: inclusionary zoning and value capture

Instrument

SRU social-housing obligations combined with ZAC public development operations.

Mechanism

Development rights are made conditional on social and intermediate housing delivery. ZACs allow land assembly, infrastructure coordination, serviced-land pricing and contractualised tenure mix.

Affordability effect

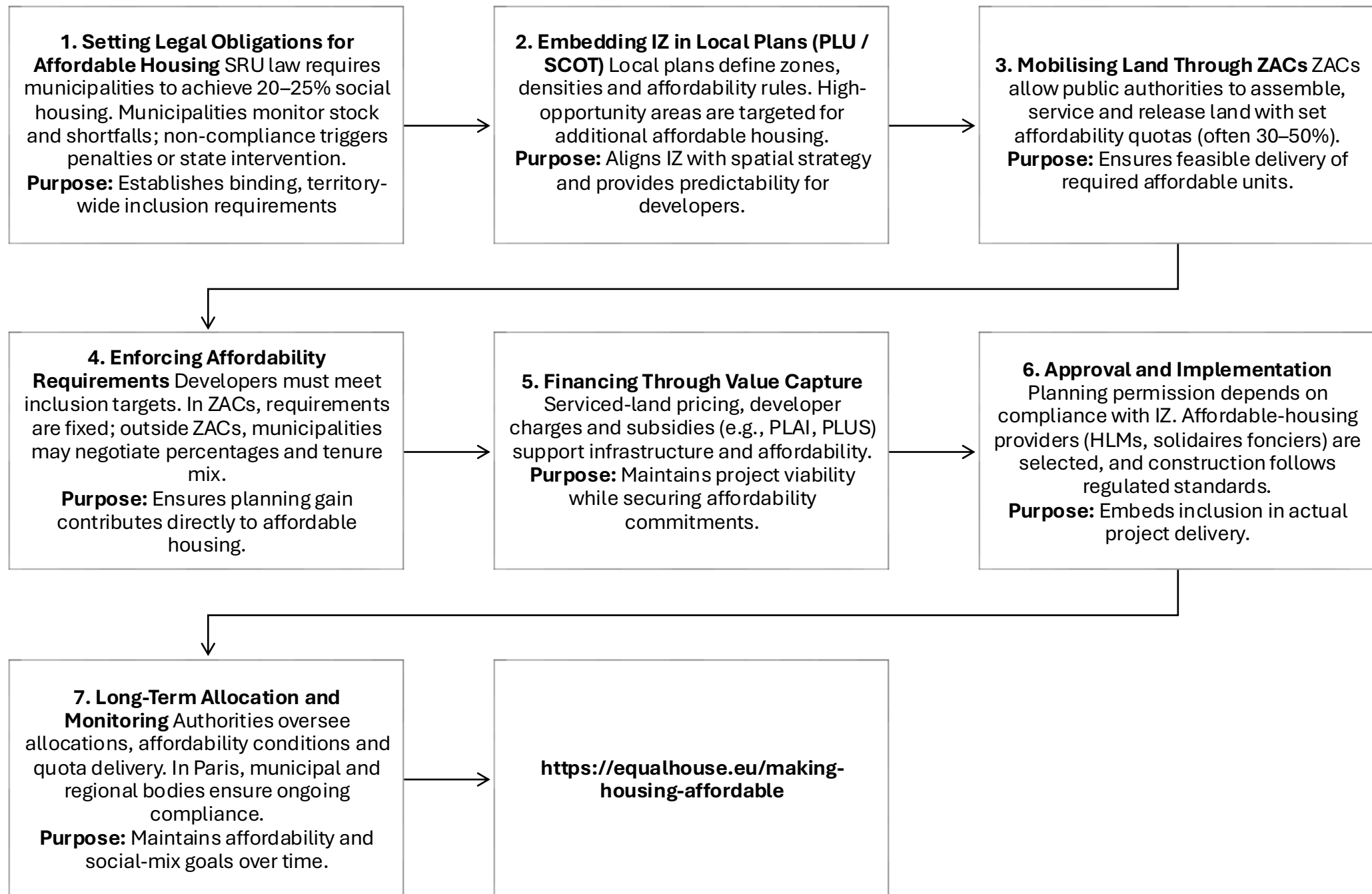
Planning gain is redirected into affordable housing and public amenities. Binding obligations help rebalance social housing into high-value and opportunity-rich areas.

Limitation

Outcomes depend heavily on enforcement, municipal capacity, development timing, land-market conditions and political commitment.

Finding in a nutshell

Paris shows that statutory obligations can rebalance spatial inequality, but only when backed by capable public development institutions.



Paris IZ field work findings

Paris demonstrates that binding social-housing quotas combined with development-zone planning can rebalance the spatial distribution of affordable housing, but affordability outcomes depend heavily on implementation capacity, land-development timing, and local political commitment

- **Paris's land instruments are primarily about spatial redistribution, not universal affordability depth**

The SRU law has been effective in compelling reluctant, affluent municipalities to deliver social housing, thereby redistributing affordable housing into higher-opportunity locations across the metropolitan region.

- **ZACs operate as coordinated land-development tools that *enable* affordability, rather than guarantee it**

ZACs allow public authorities to assemble land, finance infrastructure, and impose tenure and housing mix requirements through binding development agreements, but affordability outcomes depend on how these conditions are specified and enforced.

- **Land value capture is real but complex, uneven, and time-dependent**

The report shows that land value uplift can be recycled into social and intermediate housing through ZAC mechanisms, yet this relies on careful phasing, cross-subsidisation, and strong public balance sheets, and varies significantly by site and market cycle.

- **Legal mandates reduce negotiation asymmetry but do not eliminate local variation**

SRU shifts social housing from a voluntary to a mandatory obligation, strengthening public leverage, but municipalities retain discretion over compliance pathways, leading to uneven tenure mixes and delivery strategies.

- **Effectiveness hinges on high administrative and fiscal capacity**

The Paris model works because of strong national law, capable municipalities, and experienced public development bodies (SEMs/EPAs); where these capacities weaken, outcomes become thinner and more procedural.



Brussels



Brussels: Community Land Trust

Instrument

Community Land Trust Brussels, using permanent separation of land and housing.

Mechanism

Land is held by a public-purpose/community-governed institution. Households buy or occupy the dwelling under rules that prevent speculative resale and retain most value uplift for future affordability.

Affordability effect

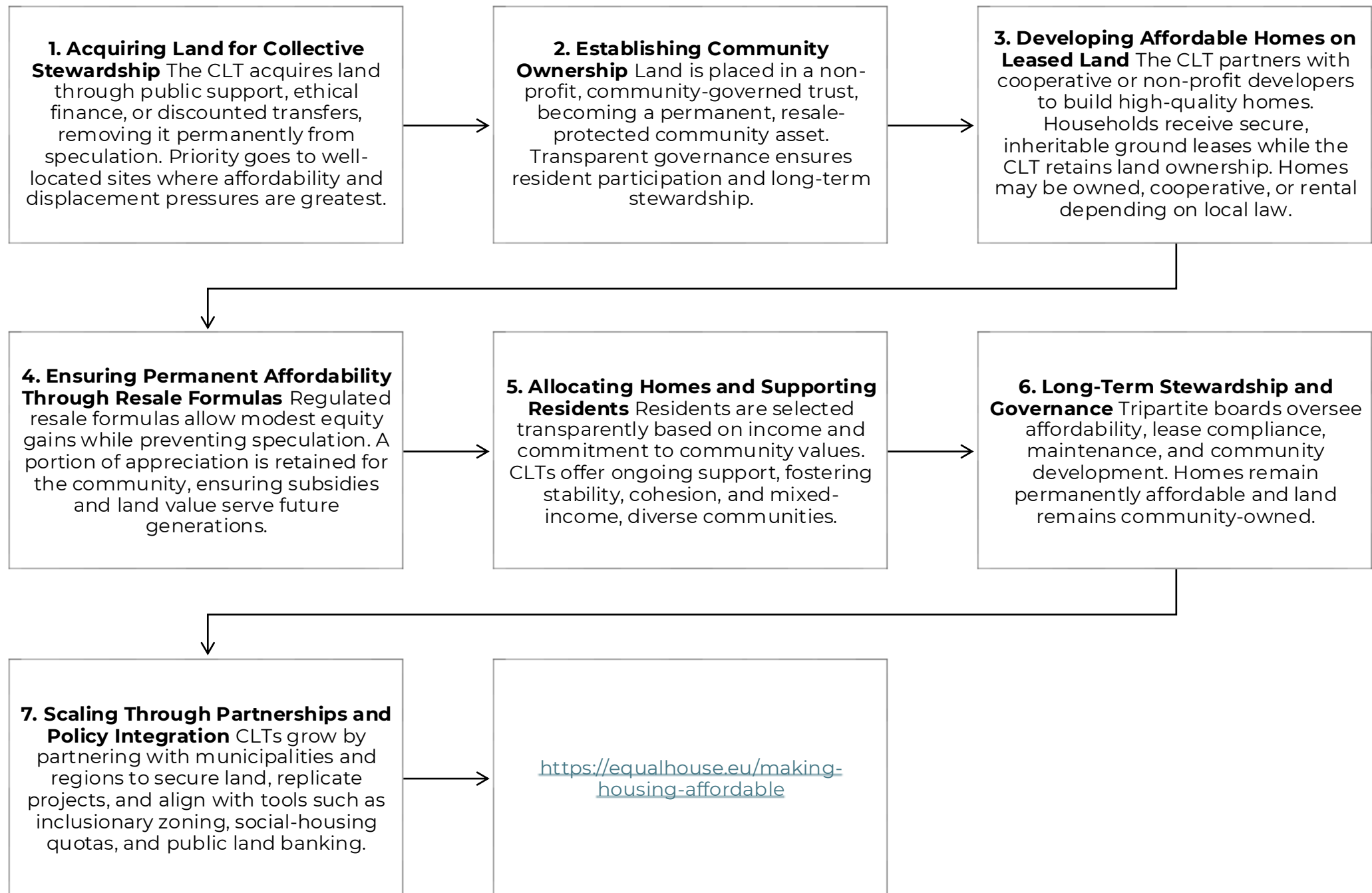
Housing remains permanently affordable across generations. Public subsidy and locational value are retained collectively rather than privatised through resale.

Limitation

The model is highly effective for targeted inclusion but remains constrained by land access, funding volumes and project throughput.

Finding in a nutshell

Brussels shows that CLTs can permanently decommodify land, but require stronger land and funding pipelines to move beyond niche scale.



Brussels CLT field work findings

Brussels shows that community land trusts can permanently decommodify housing and protect vulnerable households, but without parallel land and planning instruments, their system-wide impact remains structurally limited.

Brussels (CLTB) — findings in a nutshell

Permanent affordability is achieved by removing land from the market

The Community Land Trust Brussels (CLTB) model secures long-term affordability by separating land from housing through ground leases and resale price formulas, ensuring that public investment and land value gains are retained collectively rather than capitalised privately.

The model is highly effective for targeted inclusion, but limited in scale

CLTB delivers deep affordability (often 20–50% below market) and strong tenure security for low- and moderate-income households, but its overall impact on citywide affordability remains constrained by limited land access, funding volumes, and project throughput.

Land policy rebalances power but relies on negotiated governance

CLTB strengthens public and community leverage in a fragmented governance context by standardising rules and stewardship, yet still depends heavily on negotiated land transfers, political support, and coordination across regional and municipal actors.

Distributional outcomes are strong, but access remains selective

The model performs well in protecting marginalised households from displacement and speculative pressures, especially in central neighbourhoods, but entry is rationed and cannot substitute for broader system-wide affordability tools.

Transferability is high in principle, conditional in practice

CLTB demonstrates that permanent affordability is institutionally feasible in market contexts, but scaling requires complementary instruments (public land banking, inclusionary zoning, stable funding streams) and strong regional backing to avoid remaining a niche solution.



Valencia



Valencia: land pooling and readjustment

Instrument

Reparcelación / land pooling and readjustment.

Mechanism

Fragmented land parcels are pooled, serviced and redistributed. Landowners contribute land or value for infrastructure, public uses and, where specified, protected housing.

Affordability effect

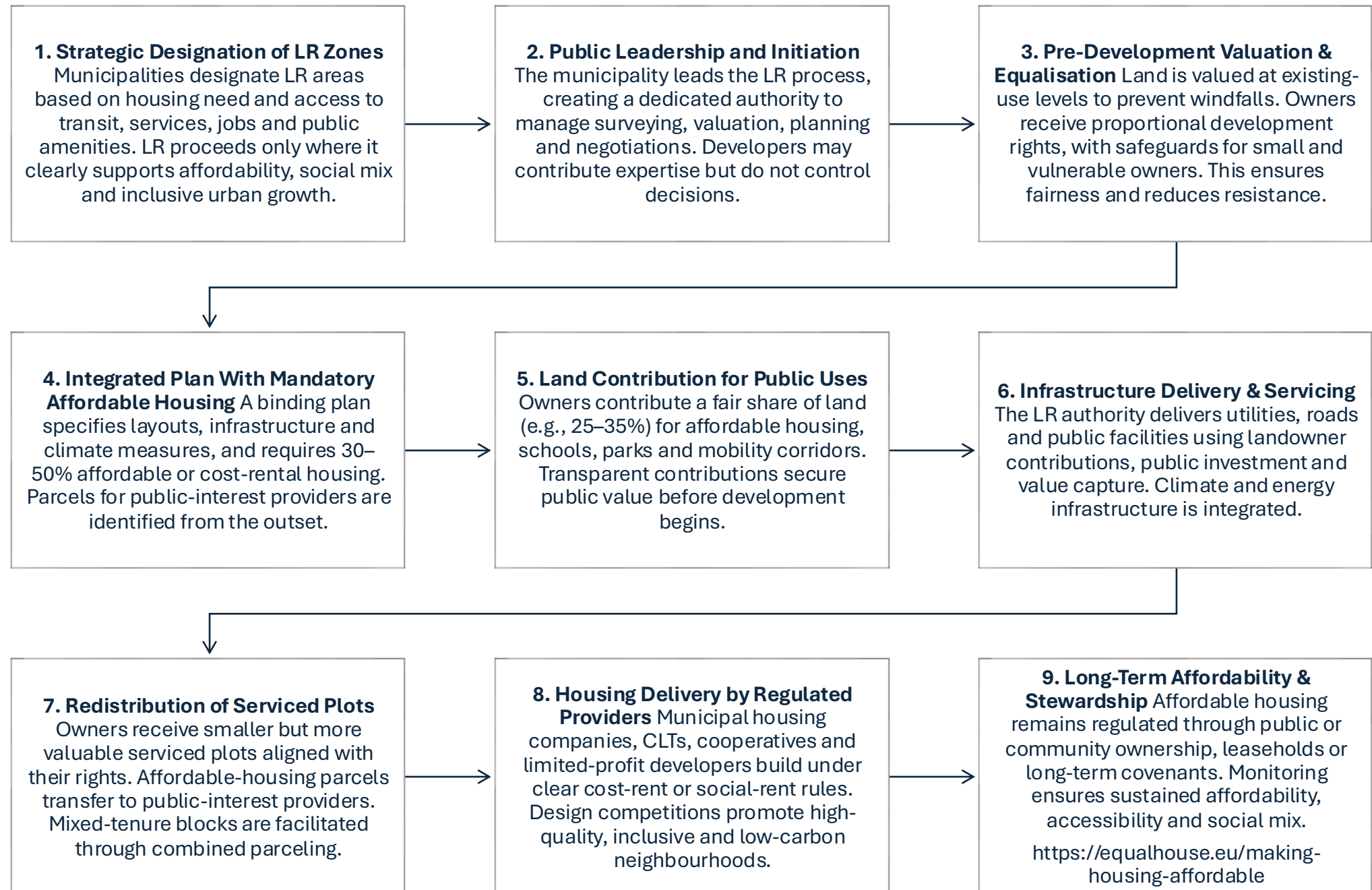
The model can coordinate urbanisation and capture part of development uplift through land contributions and cost sharing.

Limitation

It is not automatically an affordability instrument. Without binding affordable-housing obligations, regulated providers, public steering and allocation systems, it may produce serviced land without durable social outcomes.

Finding in a nutshell

Valencia shows that land readjustment is powerful for urban development coordination, but fragile as an affordability tool unless tightly coupled to housing policy.



Valencia - LR findings

Valencia shows that land pooling is a powerful tool for coordinating urbanisation and distributing land development gains, but on its own it is a weak affordability instrument unless tightly coupled with housing policy, finance, and allocation systems. **The core strength of the Valencian model lies in land servicing and coordination, not affordability per se**

The reparcelación system is primarily a *land development and servicing mechanism* that redistributes land, costs, and obligations to enable urbanisation. Affordable housing outcomes are possible, but they are **derivative**, depending on how protected housing requirements are specified and enforced.

Land value capture is procedural rather than strategic

Value uplift from rezoning and urbanisation is captured through mandatory land cessions and proportional cost-sharing, but the report stresses that this capture is **indirect, formula-driven, and not explicitly designed to maximise affordability or redistribution**.

Effectiveness varies widely with governance capacity and sequencing

Outcomes depend heavily on the competence of implementing agencies, clarity of valuation rules, timing of market cycles, and the ability of authorities to manage disputes. Delays, litigation, and stalled developments are recurrent risks identified in the chapter.

Distributional impacts favour landowners more than households

The system is effective at protecting landowners (especially small owners) from exclusion and arbitrary expropriation, but **does not automatically translate into deep or durable affordability for low-income households** unless complemented by housing finance, allocation, and provider systems.

Transferability is conditional and institutional, not plug-and-play

The report presents Valencia as a strong example of statutory land readjustment, but stresses that transfer requires robust planning powers, cadastral accuracy, administrative capacity, and complementary housing policy tools; without these, reparcelación risks producing serviced land without social outcomes.

Field work findings

Main finding	What the Lawson and Anisimov field report shows	Illustrative cases cited in the report
Land governance is a structural driver of affordability and inequality	Affordability outcomes are traced upstream to land ownership, pricing, allocation, and development rights rather than to housing subsidies alone. Where land is governed in the public interest, affordability is systematically produced; where it is not, inequality persists despite downstream interventions.	All five cases (Vienna, Helsinki, Brussels, Paris, Valencia)
Affordability is most durable when embedded in land regimes	The report documents that permanent or long-term affordability is strongest when locked into land through ownership, leases, zoning obligations, or resale rules, rather than relying on time-limited subsidies or negotiated agreements.	Vienna (land price caps, cost-rent), Helsinki (public land leasing), Brussels (CLT ground leases), Paris (SRU quotas embedded in planning), Valencia (procedural embedding via reparcelación)
Land value capture underpins equitable outcomes	Each case demonstrates a mechanism through which publicly created land value is redirected to collective goals —either explicitly (ZAC financing, capped land prices) or procedurally (ground rents, resale rules, statutory land cessions). Where capture is weak or indirect, affordability outcomes are thinner.	Vienna (capped land values), Helsinki (ground rents), Brussels (retained resale value), Paris (ZAC financing), Valencia (land and cost redistribution)
Public authority over land rebalances power with market actors	The report shows that enforceable rules, public land control, and standardised instruments reduce asymmetric bargaining with developers and landowners, making affordability a condition of market participation rather than a negotiated concession.	Vienna (developer competitions), Paris (SRU enforcement), Helsinki (standard leases), Brussels (CLT stewardship)
Location and social mix are as important as price	Evidence across cases shows that land instruments are decisive in placing affordable housing in well-located, opportunity-rich areas rather than peripheral sites, directly addressing socio-spatial segregation.	Vienna (zoning + land banking), Helsinki (district-level tenure steering), Paris (SRU & ZACs), Brussels (central CLT sites)
Effectiveness depends on institutional capacity and scale	The report repeatedly emphasises that outcomes improve where instruments are institutionalised, standardised, and applied at scale ; fragmented governance or project-by-project application weakens results.	Vienna (mature LPHA system), Helsinki (municipal land portfolio), Paris (SEMs/EPAs), Brussels (capacity constraints), Valencia (implementation variability)
No single instrument is sufficient on its own	Each chapter identifies limits: strong land tools require complementary housing finance, allocation systems, and social policy to achieve deep and inclusive affordability. Land instruments enable outcomes but do not replace housing systems.	Cross-case synthesis section
Distributional impacts are real but uneven	The report shows broad market-shaping and inequality-moderating effects, while also documenting access barriers (deposits, eligibility rules, timing) that can exclude the poorest households if not addressed explicitly.	Vienna (entry costs), Helsinki (lowest-income reach), Paris (allocation outside land tools), Brussels (rationing), Valencia (weak household-level affordability)
Transferability is conditional, not automatic	The report concludes that land instruments travel only where legal powers, fiscal capacity, cadastral systems, and administrative competence exist ; otherwise, similar tools produce weaker or distorted outcomes.	All cases, especially Paris and Valencia
Meaningful change can occur within 10–20 years	Drawing on Paris and Helsinki in particular, the report shows that when land rules are codified and enforced, spatial and affordability outcomes can shift within one to two decades —contradicting claims that land reform requires a century.	Paris (SRU/ZAC evolution), Helsinki (post-2010 leasing reforms)

Comparative findings and lessons

Land-policy instruments are market-shaping institutional designs.

The five cases show different ways of making land governable for affordable and inclusive housing:

1. Land governance is upstream	Affordability is shaped before housing is built, through land ownership, valuation, allocation and development rights.
2. Affordability is most durable when embedded in land regimes	Leases, resale rules, land banks, zoning obligations and covenants can protect affordability beyond initial subsidy.
3. Value capture is central	Publicly created land value must be retained or redirected, not allowed to leak into higher land prices.
4. Institutions matter more than instruments alone	The strongest cases combine land tools with finance, regulated providers, monitoring and public-purpose mandates.
5. Transferability is conditional	Land tools travel only where legal powers, administrative capacity, finance and stewardship institutions exist.

Conclusions

The issue is not only how much and how fast housing is built, but how land value is governed

More supply does not automatically produce affordable housing where land values, development rights and public obligations are weakly governed. Planning reform can help where procedures are slow or fragmented, but deregulation can also accelerate land-value extraction.

Land instruments work when they form an institutional chain:

land control → development rights → public-interest conditions → regulated providers → long-term finance → affordability monitoring → stewardship and reinvestment.

Policy implication: EU, national and municipal frameworks should enable public land retention, land-value capture, long-term affordability covenants, mission-bound providers, State aid / SGEI clarity, and monitoring of affordability duration and displacement risk.

Final message: affordable and inclusive housing systems require durable institutions capable of shaping how urban value is created, captured, redistributed and stewarded over time.



Policy implications: Embedding response to Europe's housing challenge in institutionalised land policy instruments

The paper points to a practical agenda on the EU level:

1. Attach durable affordability conditions to EU-supported housing, regeneration, energy, transport and infrastructure investment.
2. Clarify State aid, SGEI and public land rules so municipalities can use land transparently, lawfully and mission-bound for affordable housing.
3. Remove fiscal and accounting barriers that incentivise short-term land disposal over long-term public stewardship.
4. Support enforceable land-value capture, inclusionary obligations, public leasehold, land banks, CLTs and mission-driven providers.
5. Monitor what matters: affordability duration, spatial accessibility, displacement risk and whether public value is retained or leaked into land prices.

Forward-looking message: the European Affordable Housing Plan, State aid reform, SGEI rules, the European Semester and future EU investment platforms should be aligned around one test: whether they enable public authorities to retain, redirect and steward urban land value for affordable housing.





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