



Making a Difference: Land Policies and Housing in the Field

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Acronyms used in this report

CALICO	<i>Care and Living in Community</i> – EU Urban Innovative Actions project in Brussels
CIRIEC	International Centre of Research and Information on the Public, Social and Cooperative Economy
CLT	Community Land Trust
CLTB	Community Land Trust Brussels
CNMC	<i>Comisión Nacional de los Mercados y la Competencia</i> (Spanish National Commission on Markets and Competition)
ESA 2010	European System of Accounts 2010
EU	European Union
GBV	<i>Gemeinnützige Bauvereinigungen</i> (Limited-Profit Housing Associations in Austria)
REUJ	<i>Review of European Urban Justice</i> (working paper/article series cited in report)
SHICC	Sustainable Housing for Inclusive and Cohesive Cities (Interreg North-West Europe project)
SRU Law	<i>Solidarité et Renouvellement Urbains Law</i> (France's urban solidarity and renewal law, 2000)
UIA	Urban Innovative Actions (EU programme)
WIFO	Österreichisches Institut für Wirtschaftsforschung (Austrian Institute of Economic Research)
wohnfonds_wien	<i>Vienna Housing Fund</i> (public land banking and housing development agency)
ZAC	<i>Zone d'Aménagement Concerté</i> (Concerted Development Zone, France)

Executive summary

Making a Difference: Land Policies and Housing in the Field

Purpose

This report investigates how land policy shapes housing affordability, inclusion and spatial equality across European cities. It addresses a central gap in housing policy: while most interventions focus on subsidies, finance or construction, the critical upstream role of land governance remains underdeveloped in policy and practice.

The report demonstrates that housing outcomes are largely determined before construction begins: at the point where land is acquired, planned, serviced, valued and allocated. As such, land policy is not a secondary planning tool but a primary structural lever that determines who benefits from urban development and how value is distributed.

Drawing on the Equal House project, the study provides empirically grounded evidence to inform policymakers, practitioners and EU institutions seeking to design housing systems that supply and maintain durable affordability, social inclusion and spatial justice.

Approach and Method

The report adopts a comparative, mixed-methods fieldwork approach examining five mature land-policy instruments across five European cities:

- Public land banking – Vienna
- Long-term public land leasing – Helsinki
- Community Land Trusts – Brussels
- Inclusionary zoning and negotiated development – Paris
- Land pooling/readjustment – Valencia

The research combines:

- Documentary and legal analysis
- Structured expert interviews
- Site visits and direct observation
- Cross-case comparative validation

Selection of cases followed strict criteria: scale, institutional maturity, clarity of mechanism, data availability, and transfer relevance, ensuring that findings reflect systemic practices rather than pilot projects.

Each instrument is assessed consistently across:

- Policy aims and institutional design
- Implementation processes and governance
- Cost structures and financing
- Outcomes for affordability, access and social mix
- Impacts on marginalised groups
- Unintended consequences
- Transferability conditions

The analytical framework evaluates outcomes across four dimensions: affordability, diversity, accessibility and inclusivity—capturing both economic and social performance of housing systems.

Content and Structure

The report is organised as a comparative institutional analysis of land-policy systems in practice.

- **Chapter 1** establishes the conceptual framework, demonstrating how land governance shapes value creation and distribution in housing systems.
- **Chapters 2–6** provide in-depth case studies of each instrument, combining system-level analysis with neighbourhood-scale fieldwork.
- **Chapter 7** synthesises cross-case findings and sets out policy implications for the European Union and Member States.

Across more than a dozen field sites: from large-scale urban extensions in Vienna and Paris to community-led developments in Brussels, the report documents how land policy operates across the full development cycle: land assembly → planning → servicing → allocation → development → long-term stewardship.

Key Messages

1. Housing affordability is structurally produced through land governance

Affordable housing outcomes are determined upstream. Where public authorities shape land markets—through acquisition, leasing, regulation or conditional release—they can embed affordability directly into development.

Where land is treated as a speculative commodity, planning decisions and infrastructure investment instead generate private windfall gains, driving inequality and price escalation.

2. Embedding affordability in land is more effective than downstream subsidy

The most effective instruments, such as public land banking, long-term leasing and Community Land Trusts, control or condition land value before development.

This produces:

- Lower and more stable rents
- Reduced exposure to market volatility
- Long-term affordability that persists across housing cycles

By contrast, policies applied after land prices have been capitalised (e.g. subsidies alone) face structural limitations and higher fiscal costs.

3. Land value capture is a distributional mechanism

All successful cases redirect planning-generated land value toward public goals:

- Preventing private capture (Vienna, Helsinki)
- Recycling value uplift into housing and infrastructure (Paris, Valencia)
- Removing land from speculative markets entirely (Brussels CLT)

This is not merely a fiscal tool—it is a core mechanism for shaping equity, access and spatial opportunity.

4. Location and social mix are central to housing outcomes

Effective land policies do not only reduce costs—they shape where housing is located and who can access it.

The strongest systems:

- Embed affordable housing in central, well-serviced locations
- Enforce tenure mix at neighbourhood scale
- Counteract segregation through binding planning rules

This demonstrates that spatial justice is a direct outcome of land governance.

5. Institutionalisation—not pilots—delivers scale and impact

The most successful systems operate as long-term, rule-based programmes, not isolated projects.

Key features include:

- Dedicated land agencies
- Standardised contracts and lease structures
- Transparent allocation mechanisms
- Integrated planning and financing systems

These institutional arrangements reduce risk, build delivery capacity, and allow affordability gains to accumulate over time.

6. Meaningful change is achievable within a political generation

While some systems evolved over decades, the evidence shows that **substantial transformation can occur within 10–20 years** when:

- Legal mandates are clear (e.g. Paris SRU law)
- Institutions are empowered
- Land is governed as a public resource

Conversely, weakening land governance quickly leads to rising prices, lost public value and increased inequality.

7. Policy transfer requires adaptation of mechanisms, not replication of models

There is no single “best model.” Effective transfer depends on:

- Legal authority to regulate development rights
- Institutional capacity to manage land
- Alignment with housing finance and provider systems

- Political commitment to long-term public value

The report emphasises policy translation rather than imitation, guided by the principle:

what works, for whom, in what conditions, and why.

Implications for European and National Policy

The findings have direct relevance for EU and national housing agendas, particularly in contexts facing:

- Rising land and housing costs
- Fragmented land ownership
- Weak public land capacity
- Growing inequality and spatial segregation

The report identifies a coherent policy direction:

- Rebuild or retain public control over strategic land
- Embed affordability conditions at the point of land allocation
- Align land policy with cost-based housing provision
- Strengthen institutional capacity for long-term land stewardship
- Integrate land policy with infrastructure, climate and social objectives

Bottom Line

Land policy is not an adjunct to housing policy—it is its foundation.

Housing systems that deliver affordability and inclusion do so because they govern land deliberately, capturing and redistributing value created by urban development.

Governments seeking to address housing crises cannot rely on subsidies and supply measures alone. They must act earlier—at the land stage—to shape markets rather than respond to them.

When land is treated as a shared societal resource rather than a speculative asset, the evidence shows that affordable, inclusive and resilient housing systems are achievable within a single political generation.

1. Making a Difference: Land Policies and Housing in the Field

1.1. Land governance and the foundations of housing affordability

Housing affordability and equality are shaped long before a dwelling is built, or a household signs a tenancy or purchase contract. They are determined upstream, at the moment land is acquired by various means, uses determined, the is zoned, serviced and allocated for development.

Land governance therefore plays a foundational role in housing systems, influencing how urban value is created, who captures it, and whether development outcomes serve broader social goals. When public authorities actively shape land markets through coherent institutional arrangements, they can anchor permanently affordable housing and distribute access to urban opportunity more fairly. Where land governance is weak or fragmented, planning decisions and infrastructure investments frequently generate private windfall gains through rising land values rather than contributing to affordable housing or public infrastructure. For example, in the United Kingdom the absence of systematic land value capture mechanisms has allowed much of the uplift generated by rezoning to accrue to private landowners, while in many post-socialist cities fragmented land ownership and limited planning leverage have constrained the ability of municipalities to secure affordable housing through development processes. Such dynamics illustrate how planning-generated land value can reinforce housing inequality when land governance institutions are weak (Badcock, 1994; Haila, 2015; Gerber, Hartmann & Spit, 2018; Scottish Land Commission, 2019). On the other hand, where land governance is stronger and public stewardship of land is intentional, planning and infrastructure investments can generate enduring public value rather than speculative gains.

A number of European cities have developed institutional frameworks that enable public authorities to guide land development to not only create value for also capture this for public interest outcomes – including affordable, diverse, accessible and inclusive housing. These land development related arrangements include strategic public land acquisition and land banking, long-term public land leasing, regulated development rights, and planning frameworks that embed affordability obligations within land allocation processes. Comparative research demonstrates that such instruments allow municipalities to stabilise land costs, coordinate infrastructure provision and ensure that development contributes to wider social objectives, including affordable housing and balanced neighbourhood development (Lawson & Ruonavaara, 2020; Gerber, Hartmann & Spit, 2018).

A growing body of international research therefore recognises that land policy is one of the most powerful yet frequently overlooked instruments for achieving

affordable and inclusive housing. Land policy encompasses the legal, institutional and financial mechanisms through which land is assembled, serviced, valued and released for development. These mechanisms shape how development rights are allocated, how planning-generated land value is captured or redistributed, and how the benefits of urbanisation are shared across society. Comparative research demonstrates that land policy instruments, such as public land banking, land leasing, planning obligations and land readjustment, can significantly influence housing affordability outcomes by restructuring the incentives and bargaining power of actors involved in urban development (Lawson & Ruonavaara, 2020).

Understanding housing affordability therefore requires attention not only to housing finance, construction costs or welfare systems, but also to the **institutional governance of land markets themselves**. Land is not simply a passive factor of production; its value is socially constructed through planning decisions, infrastructure provision and regulatory frameworks. As a result, the way societies organise land ownership, development rights and value capture mechanisms becomes a central determinant of how wealth, opportunity and housing access are distributed across cities (Badcock, 1994; Haila, 2015). Recent research on land regimes and housing systems further emphasises that these institutional choices determine whether planning-generated land value is captured privately or redirected toward collective purposes such as affordable housing provision, infrastructure investment and neighbourhood quality (Lawson & Anisimov, forthcoming).

Across Europe, renewed policy attention to land governance reflects growing recognition of these dynamics. National governments and international organisations increasingly acknowledge that housing affordability cannot be addressed solely through construction subsidies or planning deregulation. Instead, durable affordability depends on institutional frameworks that shape land markets and ensure that publicly created value is reinvested in collective urban outcomes. This perspective is reflected both in international policy research and in contemporary debates on land value capture and land market reform, including recent work by the Scottish Land Commission and the UK Collaborative Centre for Housing Evidence, which highlights the importance of proactive land assembly, value capture mechanisms and transparent land markets in supporting housing delivery.

The **Equal House project** builds on this evolving body of research by examining how land policy instruments operate in practice within European housing systems. Through comparative fieldwork in **Vienna, Helsinki, Brussels, Paris and Valencia**, the project investigates five established land policy instruments:

- public land banking,
- long-term public land leasing,
- community land trusts,

- inclusionary zoning and negotiated development frameworks, and
- land pooling or land readjustment.

These instruments intervene at different stages of the land development process, from land assembly and spatial planning to developer selection and long-term stewardship, and therefore shape how land value is created, allocated and redistributed within housing systems. By analysing these mechanisms across different institutional contexts, the project seeks to demonstrate how land policy can embed affordability directly within development processes rather than relying solely on downstream subsidies or market corrections (Lawson & Ruonavaara, 2020; Lawson & Anisimov, forthcoming).

The analysis presented in this report shows that **housing affordability is structurally produced through land governance**. Where public authorities retain strategic influence over land acquisition, planning, valuation and allocation, they can embed affordability, social mix and spatial equity within urban development itself. Conversely, where planning-generated land value is largely captured privately, housing systems tend to reproduce spatial inequality and escalating costs. In this sense, effective housing policy begins not only with housing construction or subsidy programmes, but with the governance of land itself.

The following sections therefore introduce the analytical framework used in this report and present the key land policy instruments examined in the Equal House study.

1.2. Land policy, value creation and housing outcomes

This *Equal House* land policy fieldwork report is grounded in a shared European legacy of knowledge, practice, and public purpose. It does not begin from first principles, nor does it propose a single model to be copied. Rather, it builds on decades of accumulated experience by planners, housing providers, public authorities, community organisations, financial institutions, researchers and residents who, together, have shaped the institutional foundations of fairer, more inclusive cities. What distinguishes this report is its focus on land policy as the pivotal system through which value is created, steered and retained for affordable and inclusive housing.

Across Europe, housing affordability and inequality are often addressed downstream - through subsidies, allowances, or accelerated construction - after land values have already been capitalised and spatial patterns locked in. The evidence examined in this report shows that such approaches, while necessary, are structurally limited. Housing outcomes are largely determined earlier, at the point where land is acquired, serviced, zoned, leased or released. It is at this upstream stage that public decisions, public investment and collective action generate substantial land value. Whether that value is captured privately or

retained for public benefit depends on the design and capacity of land policy institutions.

The comparative analysis of land policy instruments in Vienna, Helsinki, Brussels, Paris, and Valencia draws on a rich body of European research and practice, including national evaluations, municipal planning frameworks, and long-standing traditions of social and affordable housing delivery. In particular, the study builds on the foundations laid by the Housing2030 initiative - a joint UNECE, Housing Europe and UN-Habitat process that consolidated international evidence on the central role of land governance, cost-based housing finance and strong public institutions in shaping affordability and equity. Housing2030 demonstrated that housing systems capable of delivering the common good do so not by accident, but through deliberate institutional design. This report takes that insight further by examining how land policy instruments operate in practice and why some succeed in retaining value for society while others do not.

The Equal House evidence confirms that effective land policy is inherently collective and skill-intensive. It depends on the interactions among multiple actors, each contributing distinct yet interdependent capabilities. Planners and urban designers translate social and environmental objectives into spatial frameworks that organise land, infrastructure and access to opportunity. Municipal and regional authorities acquire, bank, lease and condition land, aligning development rights with long-term public goals. Public, municipal, limited-profit, and cooperative housing providers convert land conditions into lived affordability through cost-rental delivery, stewardship, and reinvestment. Community Land Trusts, neighbourhood organisations and NGOs safeguard permanence, inclusion and legitimacy, particularly for households poorly served by markets. Developers, architects and engineers respond to public-interest briefs through design competitions, construction innovation and ecological performance. Financial and regulatory institutions underpin long-term sustainability, value-for-money and accountability. Residents and communities contribute lived knowledge, democratic legitimacy and long-term stewardship, without which no land policy can endure. International organisations support comparative learning, standard-setting and policy transfer across jurisdictions.

What unites these actors is a shared recognition - sometimes explicit, sometimes implicit - that land is not merely a commodity but a foundational resource for social well-being, economic opportunity, and environmental sustainability. Where land is treated solely as a source of short-term fiscal revenue or speculative gain, public investment in infrastructure, climate transition and urban regeneration tends to inflate prices and rents, undermining affordability and social cohesion. Where land is governed as long-term public infrastructure, that same investment can be converted into durable housing affordability, mixed neighbourhoods and inclusive access to opportunity.

This report evaluates five land-policy instruments that exemplify different ways European cities seek to govern land in the public interest: public land banking, long-term public land leasing, Community Land Trusts, inclusionary zoning and negotiated development frameworks, and land pooling or readjustment. Each instrument is examined through mature, real-world cases using documentary analysis, site visits and in-depth interviews. The analytical framework assesses policy aims, implementation processes, costs, effectiveness for affordability and access, impacts on marginalised groups, unintended consequences, enabling conditions and suitability for transfer.

By foregrounding land policy as a system of value creation, investment and retention, the Equal House study reframes the housing challenge. It shows that transformative urban change does not arise from a single discipline, sector or programme, but from the alignment of planning, land governance, housing finance, delivery capacity and community engagement. The evidence demonstrates that when these elements are brought together through institutionalised land policy, cities can shape housing markets rather than merely react to them - delivering affordable, inclusive and resilient housing within a single political generation.

1.3. Approach and methods

This study uses a comparative, mixed-methods design to examine how different public land and delivery instruments shape affordability and inclusion across five European settings.

The selection of the land policy instruments and associated fieldwork sites for Equal House was undertaken by the Glasgow and Just Cities research team in consultation with the European Community for Housing Equality (ECHE), through an evidence-led, consultative process grounded in both the conceptual literature and the practical constraints of the research programme. The process proceeded in two structured stages: (1) identification of the full set of relevant land-policy instruments used across Europe to support social and affordable housing and consultation with the ECHE; and (2) a narrowing of these to a feasible set of five instruments and five corresponding field sites based on explicit criteria outlined below:

1.3.1. Identifying the Instruments

An important starting point for instrument selection was the draft literature review prepared by the University of Glasgow (O'Brien, Early and Stephens, 2025), which mapped the landscape of land policy approaches used across Europe to support affordable and inclusive housing. The review grouped land instruments into three analytical categories of market engagement, market replacement, market shaping and market enabling, and identified the most institutionally significant tools within each category.

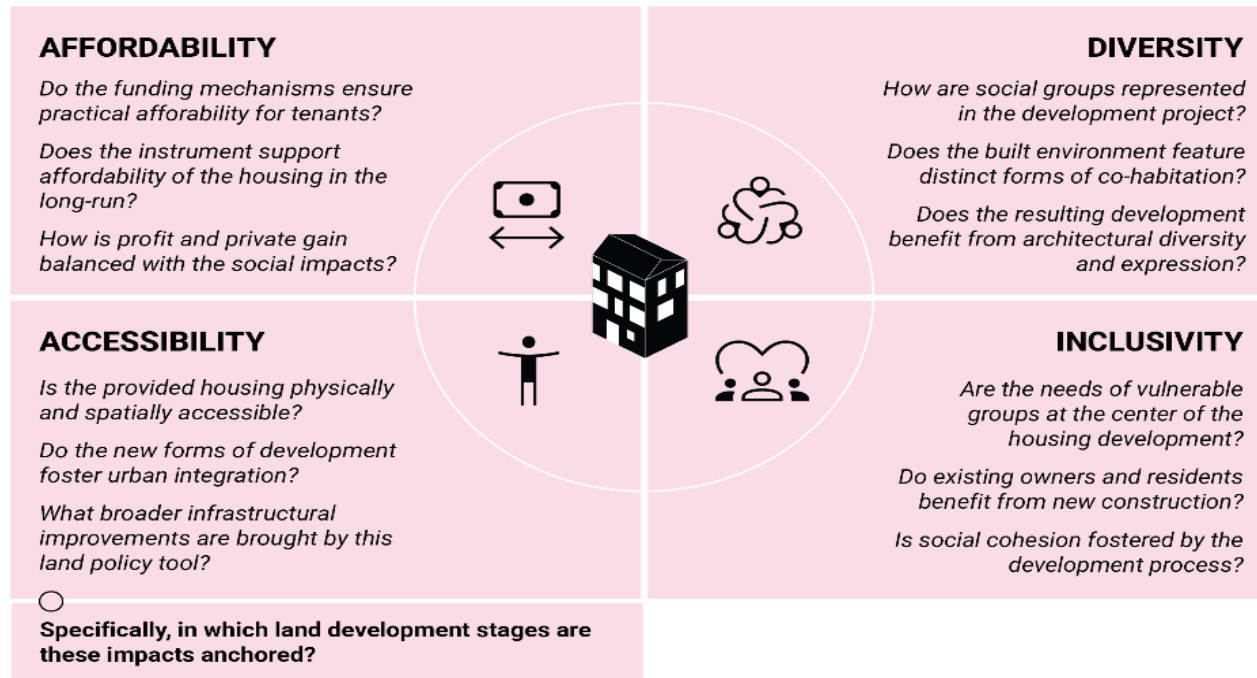
Building on this framework, five instruments were selected for detailed examination: public land banking, public land leasing, community land trusts, inclusionary zoning, and land pooling/readjustment. These instruments reflect the dominant mechanisms through which European cities intervene in land markets to influence housing outcomes. Together they span the spectrum of public action, from direct public provision of land, through regulatory shaping of private development, to enabling collective or negotiated forms of land assembly. This range makes them analytically comparable while capturing the main institutional pathways through which land policy affects housing supply.

The impacts of these instruments are assessed in relation to four dimensions of housing outcomes, affordability, diversity, accessibility and inclusivity, illustrated in Figure 1. These dimensions provide a common analytical framework for evaluating how land policy interventions shape not only the cost of housing but also who benefits from development, how neighbourhoods are integrated into the wider city, and whether new development contributes to broader social inclusion. By linking the selected land instruments to these four outcome dimensions, the report highlights how different forms of land governance can influence both the economic and social performance of housing systems.

LAND POLICY INSTRUMENTS FOR AFFORDABLE HOUSING



Multiple positive effects of embedding public interest in land can be identified. Specific impacts generated across the instruments relate to four dimensions of affordable housing, explained in brief for each tool. Some instruments are best positioned to deliver diverse built environment, while other are attuned for social inclusion, and yet some are more focused on infrastructure provision.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 1 Land policy instruments for affordable housing

Developing Fieldwork Selection Criteria

Making best use of given resources (approximately 35 on-site days), it was necessary to identify one exemplary city or region for each instrument. To guide this selection, five transparent criteria were developed: (i) scale and maturity (preference for metropolitan or long-standing programmes rather than pilots); (ii) clarity of mechanism (codified rules, contracts, pricing approaches, or quotas); (iii) data availability (accessible program files, project-level datasets, tenders, leases or compliance dashboards); (iv) governance transferability (models with potential relevance to EU Member States, including CEE); and (v) policy variation (cases offering internal diversity, such as multiple communes or delivery pathways).

Applying the Criteria to Select Field Sites

The criteria were applied to all cities referenced in the literature review and longlist. The resulting five cases offer a robust, diverse and feasible fieldwork programme:

- **Vienna (Wohnfonds Wien)** for public land banking, due to its metro-scale land fund, transparent release rules and design competitions.
- **Helsinki** for public land leasing, given its ~70% municipal land ownership and codified tenure-mix requirements delivered through standardised leases.
- **Brussels (CLTB)** for community land trusts, offering a regionally embedded, permanently affordable model with strong stewardship and available data.
- **Paris Region (SRU & ZAC)** for inclusionary zoning/value capture, combining enforceable national quotas with local ZAC revenue models and rich policy variation.
- **Valencia** for land pooling/readjustment, where tendered implementing agencies and detailed reparcelación files allow clear observation of valuation, cost-sharing and public-use allocations.

1.3.2. Ensuring Relevance and Transferability

This report seeks to identify how land-policy instruments operate in practice and under what conditions they produce durable affordability and inclusion. The selection of cases therefore prioritises analytical relevance, comparability and explanatory power, rather than breadth.

The five cases: Vienna, Helsinki, Brussels, Paris and Valencia, were chosen because they provide clear, mature and well-documented examples of the principal land-policy instruments identified in the literature: public land banking, land leasing, Community Land Trusts, inclusionary zoning and negotiated development, and land pooling/readjustment.

Together, these cases capture the main pathways through which public authorities intervene in land markets: through ownership, regulation, coordination and stewardship, allowing systematic comparison of how land value is shaped, captured and redistributed. This enables the report to move beyond descriptive accounts toward identifying causal mechanisms linking land governance to housing outcomes.

Ensuring transferability is therefore approached through mechanism-based comparison rather than model replication. The cases are selected not as templates, but as institutional configurations that make policy logic visible: including how legal powers are applied, how development rights are conditioned, how value is retained, and how implementation is sustained over time.

This approach establishes a clear foundation for the next sections. Section 1.4 defines the five land-policy instruments in analytical terms, while Sections 1.4.1 and 1.5 explain their coverage, relevance and duration of reform. The case selection that follows is thus directly derived from the report's central objective: to understand what works, how, and under what institutional conditions, in order to inform adaptation across diverse European contexts, including Central and Eastern Europe.

1.3.3. Methods involved

The study adopts a mixed-methods, multi-scalar design combining desk-based analysis with structure comparative fieldwork across five European cities. The methodology provides both a system-level understanding of land-policy instruments and a detailed account of how they function in institutional practice. Non-English interview material was processed using translating software, with resulting abstractions and organisational diagrams validated through expert interviewee review. The empirical strategy integrates five components: (1) comprehensive literature and document analysis, (2) semi-structured expert interviews, (3) site visits and direct observation, (4) documentary follow-up and verification, and (5) cross-case validation. All fieldwork adhered to established ethical research standards, including informed consent, agreed attribution, reliance on scholarly and peer-reviewed sources, and systematic triangulation of interpretations with interviewees.

1.4. Land Instruments selected

Across the Equal House study, five major land-policy instruments, applied across five cities and illustrated through more than ten concrete field cases, demonstrate that land policy operates as a primary structural lever for improving housing affordability and reducing spatial inequality, rather than as a residual tool of urban planning. By shaping the conditions under which land is assembled, serviced, allocated and developed, land policy determines how urban value is created and how that value is distributed between public and private actors.

The instruments examined in this report are: (1) public land banking, (2) long-term public land leasing, (3) community land trusts, (4) inclusionary zoning and negotiated development frameworks, and (5) land pooling/readjustment. Together these represent the principal ways in which European cities intervene in land markets, from direct public control of land supply to regulatory shaping of private development, and to cooperative mechanisms that reorganise fragmented land ownership.

These instruments are analysed through both city-wide governance systems and neighbourhood-scale development cases in Vienna, Helsinki, Brussels, Paris and Valencia. The analysis draws on detailed field cases including Sonnwendviertel, Nordbahnhof and Aspern Seestadt in Vienna; Kalasatama and Jätkäsaari in Helsinki; multiple Community Land Trust Brussels projects; major ZAC-led regeneration areas in Paris; and Sociópolis, Benimaclet and Grau in Valencia, producing a body of evidence across more than twelve distinct development contexts.

The analytical framework used to interpret these cases is illustrated in Figure 2. The diagram highlights four key dimensions through which land policy affects housing outcomes: affordability, diversity, accessibility and inclusivity. These dimensions reflect the multiple ways in which land governance can shape urban development. Affordability concerns whether land and financing arrangements produce housing that remains economically accessible over time. Diversity addresses the extent to which development delivers a socially and architecturally mixed built environment. Accessibility refers to the spatial and physical integration of housing within the city and the infrastructure that supports it. Inclusivity examines whether development processes and outcomes benefit vulnerable groups and existing communities rather than reinforcing exclusion.

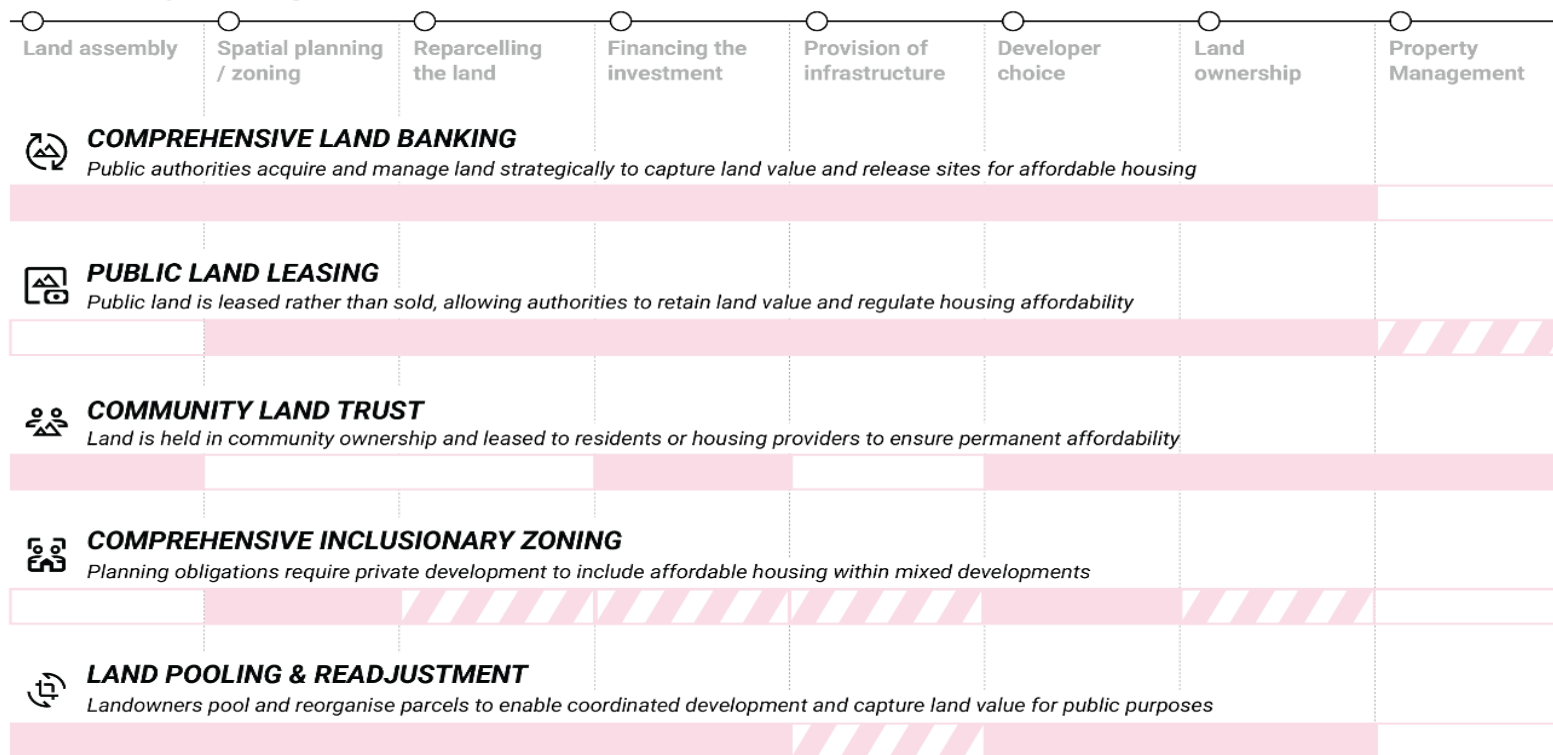
The five instruments analysed in this report intervene at different stages of the land development process, from early phases such as land assembly, spatial planning and infrastructure provision, through to developer selection, financing structures and long-term ownership arrangements. As the diagram below suggests, the impacts of land policy are therefore not confined to a single stage of development. Instead, they influence how land value is generated and captured across the entire development cycle. Their effectiveness ultimately depends on where they intervene in the value-creation process and how successfully they enable publicly generated land value to be redirected toward affordable and inclusive housing outcomes.

LAND POLICY INSTRUMENTS FOR AFFORDABLE HOUSING



The five instruments influence key stages of land development: from land assembly and planning to infrastructure provision, developer selection and long-term stewardship. By shaping how land is allocated, serviced and released for development, they determine how publicly generated land value can be captured and redirected toward affordable and inclusive housing outcomes.

Land development stages



Note: Fill colour = primary role; hatching = secondary role in each land development stage.

Julie Lawson and Oleksandr Anisimov, 2026

Figure 2 Land policy instruments across stages of land development

By linking these instruments to the four outcome dimensions illustrated in Figure 2, the report provides a structured way of comparing how different land policy approaches shape the social and economic performance of urban housing systems.

The analytical framework illustrated in Figure 2 provides the conceptual lens through which the five land-policy instruments examined in this study are assessed. Rather than treating affordability solely as a question of housing supply or subsidy, the framework highlights how land governance shapes a broader set of housing outcomes, affordability, diversity, accessibility and inclusivity. These dimensions capture the multiple ways in which land policy influences not only the cost of housing but also who benefits from development, how neighbourhoods are integrated within the wider urban fabric, and whether development processes contribute to social inclusion.

Building on this framework, Table 1 shifts the focus from analytical concepts to the institutional design and practical operation of the instruments themselves. It summarises the core characteristics of the five land-policy instruments identified in the Equal House study, public land banking, long-term public land leasing, community land trusts, inclusionary zoning and negotiated development frameworks, and land pooling/readjustment. For each instrument, the table below outlines the definition of the policy tool, the governance and institutional conditions that influence its performance, the operational mechanisms through which it intervenes in the land development process, and the housing outcomes that may result.

The table therefore provides an institutional bridge between the conceptual framework and the empirical material. Subsequent sections of the report examine each instrument in much greater depth, drawing on the detailed case studies from Vienna, Helsinki, Brussels, Paris and Valencia to illustrate how these tools operate in practice and how their institutional design affects housing outcomes over time.

Table 1: Comparative overview of instruments

Land instrument	Definition	Conditions influencing performance	How it works	Housing outcomes produced
Comprehensive public land banking (Vienna – Wohnfonds Wien)	Proactive public acquisition, holding, servicing and conditional release of land for housing under regulated terms. Land is treated as a public asset rather than a commodity.	<ul style="list-style-type: none"> • Strong municipal legal powers to acquire and hold land • Dedicated, professional land agency • Integration with subsidy system and cost-rent providers • Capacity to finance early acquisition and servicing 	<ul style="list-style-type: none"> • Public agency acquires land before rezoning or infrastructure uplift • Land is serviced and subdivided • Release via non-price competitive procedures (developer competitions) • Contracts cap land price and bind tenure, rent and quality conditions 	<ul style="list-style-type: none"> • Large-scale, well-located cost-rental and social housing • Rents structurally 30–50% below market new-build • High tenure mix and social integration • Long-term affordability embedded in land, not time-limited
Public land leasing (Helsinki)	Retention of public land ownership with long leases (60–100 years) granted to housing providers and developers under standardised conditions.	<ul style="list-style-type: none"> • High municipal land ownership share • Standardised lease law and mortgage compatibility • Cost-based rent regulation (ARA system) • Political commitment to tenure-mix targets 	<ul style="list-style-type: none"> • Municipality allocates plots on long ground leases • Lease terms specify tenure, rent formula, indexation and renewal rules • Land rent moderated for regulated housing • Renewal and transition rules prevent rent shocks 	<ul style="list-style-type: none"> • Stable cost-price rental housing in central locations • Prevention of speculative land price capitalisation • Predictable lifecycle rents and lower volatility • Durable social mix across new districts
Community Land Trust (CLT) (Brussels)	Permanent separation of land and housing ownership; land held in trust for	<ul style="list-style-type: none"> • Enabling legal framework for split ownership • Public subsidy and 	<ul style="list-style-type: none"> • CLT acquires land (often with public support) • Homes built and sold or rented at below-market 	<ul style="list-style-type: none"> • Permanent affordability across generations • Access to ownership for low-

**Comprehensive
inclusionary
zoning (Paris –
SRU & ZACs)**

community benefit, housing sold or rented under resale and use restrictions.

Statutory or negotiated requirements for affordable and social housing as a condition of development rights, often combined with public-led development zones.

concessional finance · Strong community governance capacity · Access to well-located urban land

· Strong national legal mandate (quotas, sanctions) · Public development agencies with land powers · Capacity to capture value uplift from rezoning · Political backing to enforce compliance

prices · Resale formula limits equity extraction · Land remains permanently de-commodified

· Mandatory social housing quotas (SRU) applied city-wide · ZACs assemble land and internalise infrastructure costs · Developers contribute land/value for affordable housing · Conditions fixed through development agreements

income households · Strong tenure security and community stability · Small but deep affordability impact (limited scale)

· High shares of social and intermediate housing in high-value areas · Rapid spatial rebalancing of affordable housing · Strong locational equity outcomes · Affordability duration depends on tenure type (permanent for social rental)

**Land pooling /
readjustment
(reparcelación)
(Valencia)**

Collective reorganisation of land parcels where landowners pool land, share costs of urbanisation, and receive serviced plots in return.

· Clear statutory framework for cost and benefit sharing · Effective public oversight of implementing agents · Ability to enforce public land and housing cessions · Balanced power between landowners and authorities

· Landowners' plots pooled into a development area · Costs of infrastructure shared proportionally · Land redistributed as serviced plots · Statutory shares reserved for public uses and protected housing

· Potential to deliver affordable housing without public purchase · Equitable sharing of urbanisation costs · Outcomes highly sensitive to governance quality · Risk of weak affordability if public control is diluted

1.4.1. Coverage across Europe and relevance

Although the empirical focus of this report is on land-policy instruments in North and West European cities, its relevance extends well beyond these contexts. The cases examined - Vienna, Helsinki, Brussels, Paris and Valencia - are not presented as models to be replicated wholesale, but as evidence-rich institutional experiments that reveal how land governance shapes housing outcomes upstream, before prices, rents and inequalities are locked in. These causal mechanisms are directly relevant to Central and Eastern European (CEE) countries, where housing affordability pressures have intensified under conditions of land fragmentation, speculative development and limited public land capacity.

Public land banking is most fully developed in a small number of European countries where it is embedded within long-term urban development strategies and supported by strong institutional capacity. It is particularly advanced in Austria, where Vienna's *wohnfonds_wien* systematically acquires, services and releases land for cost-rental and subsidised housing through structured developer competitions aligned with metropolitan planning. In France, public land agencies (EPFs), especially in Île-de-France, play a central role in acquiring, remediating and preparing land—particularly brownfield sites—for social and affordable housing. The instrument has also been widely applied in the Netherlands, where municipalities have historically pursued active land policies, assembling and servicing land to guide urban expansion and infrastructure provision.

Elements of land banking are also evident in Germany, where cities such as Munich, Hamburg and Berlin undertake strategic land acquisition through municipal companies or development agencies, often in combination with land readjustment and inclusionary planning tools. In the Basque Country (Spain), land banking functions alongside strong planning and land readjustment frameworks to ensure that serviced land is reserved for social housing within urban development processes.

In Central and Eastern Europe, land banking is less institutionalised, reflecting the legacy of land privatisation and fragmented ownership. However, some countries—including Poland, Czechia and Slovenia—are beginning to reintroduce elements of strategic land acquisition through national or municipal land agencies and public development companies. Across these contexts, the effectiveness of land banking depends on sustained public investment, legal powers to assemble land, and close integration with planning systems that enable cities to act proactively rather than reactively in land markets.

Community Land Trusts (CLTs) are used in a growing but still geographically dispersed set of European countries, particularly in Belgium, the United Kingdom, France and the Netherlands, with emerging initiatives in Ireland, Spain and

Germany. Across Europe there are now over 500 CLTs, although around 300 represent active or developing projects, with the largest concentration in the United Kingdom. On continental Europe, activity is spread across a small number of cities rather than concentrated in one location. Brussels is the most established example, where the model has been supported by regional policy, public land and subsidy frameworks since 2012. However, except for France, CLT development remains small scale and uneven in countries lacking comparable institutional and policy support.

Public land leasing is used across Europe as a strategic instrument to support affordable and inclusive housing, although its scale, legal form and institutional depth vary significantly. It is most systematically embedded in Finland, where municipalities, particularly Helsinki, retain ownership of a large share of residential land and lease it through long-term ground leases to deliver cost-rental and mixed-tenure housing within a regulated framework. In the Netherlands, leasehold (*erfpacht*) has historically underpinned urban development in cities such as Amsterdam, providing long-term public influence over land use, although its role has evolved towards more standardised and financially oriented arrangements in recent decades.

Elsewhere, long-term leasing is used more selectively and in combination with other land policy tools. Cities such as Vienna, Copenhagen, Paris and Brussels, and several German municipalities (through *Erbbaurecht*), deploy leasing to support public-interest housing, limited-profit providers, cooperatives and community land trust models, often linked to specific sites or programmes rather than as a universal system. In Southern Europe, instruments such as *derecho de superficie* are used in Spain, Italy and Portugal to enable development on public land while retaining ownership, typically on a project-by-project basis. In Central and Eastern Europe, the use of land leasing is more limited, reflecting reduced public land ownership following privatisation, although legal frameworks exist and interest is growing in cities seeking to rebuild municipal land capacity. In the United Kingdom, leasing has re-emerged through municipal and community-led initiatives, including partnerships with community land trusts.

Across these varied contexts, public land leasing enables cities to retain land ownership, provide more predictable development conditions, and embed affordability, tenure mix and long-term stewardship within development agreements, while maintaining flexibility to guide future urban development.

Inclusionary housing requirements are used across much of Europe, though again their application varies. France applies national SRU obligations requiring 20–25% social housing, while Spain requires land reservations for protected housing under national law, typically around 30% in new development but with significant regional variation, including stronger requirements in the Basque Country and Catalonia. These tools are also widely used in England and Wales (Section 106 agreements), Scotland (Section 75 agreements) and Ireland (Part V,

up to 20%), while major cities in Germany (e.g. Munich, Hamburg, Berlin) operate local schemes typically targeting around 30% subsidised housing. Vienna represents a distinct model, where since 2019 rezoning or upzoning larger sites (over 5,000 m²), often brownfield, triggers a requirement for around two-thirds subsidised housing. In Italy, inclusionary approaches exist through planning standards and negotiated contributions but vary across municipalities.

However, in many CEE contexts, post-socialist transition processes resulted in rapid privatisation and restitution of land, weakening municipal control over strategic sites and severing the link between spatial planning and housing affordability. As a result, land value gains generated through rezoning, infrastructure investment and urban growth have frequently been capitalised into land prices before affordability obligations could be applied. The Equal House cases demonstrate that this sequence is not inevitable. Where land is acquired early, retained in public ownership, leased long-term, or released under binding conditions, cities can shape housing outcomes structurally rather than compensate for market failures ex post.

The report is therefore particularly relevant to CEE countries not because they share the same historical trajectories as Vienna or Helsinki, but because they face analogous policy challenges. The evidence shows that weak land governance amplifies housing volatility and inequality, while strong, institutionalised land-policy instruments act as stabilisers. Importantly, several of the instruments examined - conditional rezoning, long-term public leasing, regulated land pooling, and inclusionary requirements - do not require mass public ownership or extensive expropriation powers. They rely instead on the strategic conditioning of development rights, a tool that is often legally feasible in CEE planning systems.

By focusing on mechanisms of land policy instruments rather than projects, this report provides tools for systemic land policy reform. It demonstrates that meaningful change does not depend on copying of blueprints, but on building legal authority, administrative capacity and political commitment to treat land as a shared societal resource. In this sense, the findings are directly aligned with the reform agendas facing CEE countries within EU cohesion, climate and social policy frameworks.

1.5. Policy 'transfer'

Land policy instruments are not "plug-and-play" devices. Their effectiveness depends on the institutional, legal, fiscal and political conditions into which they are introduced. A useful starting point is Pawson and Tilley's critical realist question: what works, for whom, in what circumstances, and why? Their context-mechanism-outcome approach is especially relevant to land policy because instruments such as land banking, land leasing, inclusionary zoning, CLTs and land readjustment generate different outcomes depending on municipal land

ownership, planning powers, provider capacity, financing systems and political commitment.

This means that policy transfer should be understood as policy adaptation, not replication. Lawson's critical realist approach (2006) applied to comparative housing research stresses that housing outcomes are shaped by deeper causal mechanisms: property rights, welfare arrangements, finance systems, planning institutions and market relations, not simply by the visible 'official' policy instrument itself. A city cannot simply "import Vienna" or "copy Helsinki"; it must understand the institutional conditions that make land banking or land leasing effective and then reconstruct equivalent mechanisms within its own governance system.

For land policy, this requires moving beyond inspirational case studies toward structured learning. The Equal House fieldwork explicitly assesses each instrument according to aims, implementation processes, costs, affordability and access outcomes, impacts on marginalised groups, unintended consequences, enabling conditions and transferability. This provides a practical framework for city-to-city knowledge exchange: not "which model should we copy?", but "which mechanism addresses our problem, and what conditions are needed for it to work here?"

Common implementation challenges include limited municipal land reserves, weak acquisition powers, fragmented ownership, underdeveloped public or non-profit housing providers, fiscal constraints, legal uncertainty, and political pressure to sell public land for short-term revenue. The UN initiative #Housing2030 emphasises that effective land policy requires legal authority, professional expertise, funding capacity, long-term strategy and flexibility to adapt to changing market conditions. It also stresses that poorly functioning land markets can constrain land supply, drive up housing costs and fuel urban sprawl, while stronger land policies can support more stable, inclusive and good-quality urban environments.

Knowledge exchange should therefore focus on transferable principles and institutional capacities, rather than isolated instruments. These include retaining or rebuilding public land portfolios; linking land policy with housing finance and provider regulation; using public land release conditions to secure affordability and accessibility; embedding stewardship through leases, covenants or non-profit ownership; and coordinating land policy with infrastructure, climate and social inclusion objectives.

In practical terms, cities adapting land policy instruments should begin with a diagnostic: What land does the municipality control? What legal powers exist for acquisition, leasing, readjustment or inclusionary requirements? Which providers

can deliver and steward affordable housing? What financing model supports long-term affordability? What safeguards are needed for marginalised households? The Housing2030 toolkit identifies a broad set of land tools—public land banking, public land leasing, land readjustment, planning regulation, inclusionary zoning, land value taxation and publicly managed development—which can be combined according to local capacity and need.

The key lesson is that successful policy transfer is not the circulation of a finished model, but the translation of a policy logic. Cities learn most effectively when they compare the problem, mechanism and institutional conditions behind each case. Land policy adaptation is therefore both technical and political: it requires evidence, legal tools and financial capacity, but also a public-purpose mandate to treat land as long-term urban infrastructure for affordability, accessibility and inclusion.

1.6. Duration of reform process

A common misconception in planning and housing is that meaningful change takes a very long time. Vienna and Helsinki, often held up as gold standards, are admired because their systems evolved and have been applied over decades. Yet the EqualHouse case studies show something more hopeful: substantial change can occur within 10–20 years when land is governed as a public good and clear rules shape its use.

Rapid, structural improvements in affordability and spatial justice are also achievable – and can also be undone.

For example, Paris shows that strong legal mandates shift behaviour quickly: within two decades, the SRU social-mix law opened affluent municipalities to low-income households, and ZACs delivered thousands of affordable homes in high-opportunity areas. In Helsinki, tenure-mix rules and revised lease contracts introduced in the 2010s visibly improved affordability and social mix in new districts like Kalasatama and Jätkäsaari, proving even mature systems can be redirected within a decade. When land governance is weakened, speculative forces quickly fill the vacuum: land prices surge, public value is lost, and housing systems drift toward inequality. The Dutch experience since the 1990s shows that once proactive public land policy is diluted, regaining control becomes far harder than maintaining it in the first place.

Experience demonstrates that land policy is one of the few instruments capable of altering a housing system within a single political generation. What matters is not the age of the tool, but its design and implementation: clear mandates, enforceable rules, transparent processes, and resourced institutions empowered to act (see Paris case and #Housing2030, governance and land).

For emerging planners and policy reformers, the message is simple: your work can make a difference now. The ideas and instruments you develop can reshape

cities within your career. Systems that treat land as a shared resource, rather than a speculative asset, can deliver lasting affordability, social fairness, and more inclusive urban futures.

Change does not require a century. It requires beginning, insisting on fairness, and giving land-policy instruments the authority to do their work.

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Photo: 1 Vienna study visit with municipal housing and planning officials. (Lawson, 2024)

2. Vienna – Comprehensive land banking

Public land banking involves governments acquiring, holding, servicing and releasing land in advance of need to steer development and secure affordable housing. By moderating land costs, capturing value uplift and directing land to mission-driven providers, it replaces speculative dynamics with public-interest outcomes.

Vienna provides one of the most developed and institutionally coherent examples of comprehensive public land banking and planned urban development in Europe. Over several decades, the city has built a system in which land policy, housing policy and urban planning operate in close coordination to support long-term housing affordability and balanced urban development. Through the municipal land development agency wohnfonds-wien, the city strategically acquires land, prepares it for development and releases it under regulated conditions that prioritise cost-rental housing, social housing provision and high-quality urban design. This approach allows Vienna to influence the housing system at a structural level, shaping both the price of land and the conditions under which development occurs. The city also has a strong tradition and capabilities in gender mainstreaming and social inclusion. As a result, land policy functions not simply as a planning instrument but as a central mechanism for

delivering affordable housing, maintaining tenure diversity and integrating new neighbourhoods into the wider urban fabric.

The Vienna case therefore provides an important illustration of how the land policy instruments operate in practice. The following sections examine the objectives, institutional arrangements and operational mechanisms of comprehensive land banking, before analysing how these translate into housing outcomes across major development areas including Sonnwendviertel, Nordbahnhof and Aspern Seestadt.

2.1. System context

Austria stands out in Europe for comparatively low inequality² and more stable supply³, largely due to its sizable socially regulated rental sector and cost-rent traditions, even as pressures have risen since 2000. Nationally, Austria combines one of Europe's lowest homeownership rates with a large rental sector, and it has seen rents and prices rise faster than wages since 2000, intensifying cost burdens in urban cores and intermediate regions (ReHousIn, 2025). In Vienna, a long-run public/non-profit housing regime keeps a large share of dwellings outside pure market dynamics: around 43% of main residences are in the long-term rent-controlled stock (municipal + limited-profit), a scale that still differentiates Vienna from most EU capitals (Wolfgring, 2024). Although affordability is relatively stable compared with many European cities, inequalities remain, particularly among households exposed to market rents and lower-income renters (ReHousIn, 2025)

Austria and in particular Vienna's distinctive model rests on a century-long tradition of municipal housing and limited-profit housing associations (LPHAs), known in Austria as **GBVs (Gemeinnützige Bauvereinigungen)**, operating under cost-rent rules and supported by active public land policy. The interwar "Red Vienna" programme institutionalised municipal construction on publicly acquired land and set a political economy of housing that endured through post-war resettlement and reconstruction (Matznetta, 2002, Lawson, 2010, Holzer and Huberman, n.d). The limited-profit housing framework in Austria originated in

² Income inequality is low by OECD standards: Austria's Gini coefficient for disposable income is about 0.28–0.31, among the lowest in the EU.

³ Austria and especially Vienna have comparatively more stable housing supply than many European countries. However, recent macroeconomic shocks (interest rates, construction costs) have slowed output, showing that stability is relative-not absolute.

early twentieth-century cooperative housing initiatives and was later formalised in the Limited-Profit Housing Act (Austria) of 1979.

Since the 1980s, Vienna has institutionalised proactive land policy through Wohnfonds Wien, which acquires, services and allocates land for housing development in line with metropolitan planning strategies, allowing the city to steer land prices, tenure mix and the delivery of affordable housing. This has influenced the tenure mix, price levels and allocation of new supply.

Over recent decades, Austria's limited-profit housing sector expanded to around one million dwellings nationwide, delivering roughly a quarter of annual housing construction and charging rents on average around 20–30% below those of commercial landlords, making it a key stabiliser of housing affordability (GBV, 2024). Novy et al. (2024) argue that Vienna's housing system illustrates the potential for **social-ecological housing provision**, but that achieving this requires even stronger ecological obligations, limits on housing inequality and governance reforms that move beyond building-level policies toward securing sustainable habitation for all residents.

Despite its long-standing institutional stability (Kadi and Lilius, 2024), the Austrian and Viennese housing system faces emerging pressures, including construction-cost inflation, demographic growth and affordability pressures in segments of the private rental market, reinforcing the importance of strong land policy instruments and allocation mechanisms to steer land prices, tenure mix and the governance of housing supply.

In this context, Wohnfonds Wien plays a pivotal institutional role. Through the strategic acquisition and servicing of land, the setting of tenure and quality conditions, and the allocation of development sites through structured competitions, the agency enables the city to align land development with metropolitan planning objectives and the delivery of cost-rent housing by limited-profit providers. The following sections examine the aims, institutional framework and implementation of these land governance instruments and their role within Vienna's broader housing system.

2.2. Aim of the policy

Vienna's land policy is designed as a structural housing policy instrument, with the primary aim of securing long-term affordability and social mix by governing land as a public-interest resource. The city explicitly recognises that housing outcomes are shaped upstream, at the point where land is acquired, priced and allocated, rather than solely through subsidies or regulation applied after development.

The central objective is durable affordability. Through public land banking, capped benchmark land prices for subsidised housing, long-term building leases, and conditional land release, Vienna prevents land value escalation from being

capitalised into rents. This enables cost-rent housing to remain significantly below market levels over the full lifecycle of dwellings, with rents declining further once loans are repaid.

A second aim is distributional fairness and spatial inclusion. By reserving a large share of newly rezoned residential land for subsidised housing and distributing it city-wide, Vienna uses land policy to avoid residualised social housing and to embed affordable homes in well-located, opportunity-rich neighbourhoods.

Vienna's land policy also seeks to combine affordability with quality and sustainability. Land is allocated through developer competitions assessed on affordability, architectural quality, environmental performance and social sustainability, ensuring that cost control does not come at the expense of long-term liveability.

Finally, the policy aims to stabilise housing supply and recycle land value. Dedicated institutions and standardised rules create a predictable pipeline of affordable housing, while publicly created land value is retained and reinvested to support future housing provision.

2.3. Implementation of the policy

Public land banking enables public authorities to intervene early in land markets: before rezoning or infrastructure investment, to acquire sites, prepare them through planning, servicing and parcelling, and release them under conditions that prioritise affordability and public value. Where housing supply is delivered through non-market channels such as municipal providers and limited-profit housing associations, institutionalised land and subsidy systems create a predictable pipeline for affordable housing development.

In Vienna this approach is operationalised through *Wohnfonds Wien*, which acquires strategic sites, applies zoning provisions that reserve land for subsidised housing, and allocates development rights through developer competitions assessing cost, social mix, sustainability and design. Comparable approaches operate elsewhere in Europe. In Île-de-France, the public land agency (*Établissement public foncier*, EPF) acquires brownfield sites, undertakes remediation and transfers prepared land to social housing providers. In the Netherlands, active municipal land policy similarly enables local authorities to assemble and service land in support of strategic planning objectives. Across these cases, the model depends on strong legal powers, long-term financing and integration with metropolitan spatial planning.

Wohnfonds Wien's implementation rests on a clear institutional setup. The fund itself (a city agency) works with MA18 (planning), MA50 (housing funding) and municipal developers. Key instruments include:

- **Public land acquisition:** City acquires strategic plots early, creating a land bank.
- **Zoning for affordability:** A special “subsidised housing” zoning forces 2/3 of up-zoned areas to be affordable, locking in conditions on all new sites.
- **Building leases (Baurecht):** Land is often leased long-term to developers under contracts specifying rent formulas, tenure mix and renewal rules. This retains municipal control over design and future use.
- **Developer competitions:** Projects are awarded via competitions (Bauträgerwettbewerbe) or board reviews, where proposals are scored on cost-efficiency, architectural quality, sustainability and social mix. The winning developers commit to those requirements under the lease agreements.
- **Allocation to providers:** Approved sites go to limited-profit housing associations, municipal builders or cooperatives (via quasi-market auctions or direct negotiation), ensuring delivery by mission-driven actors.

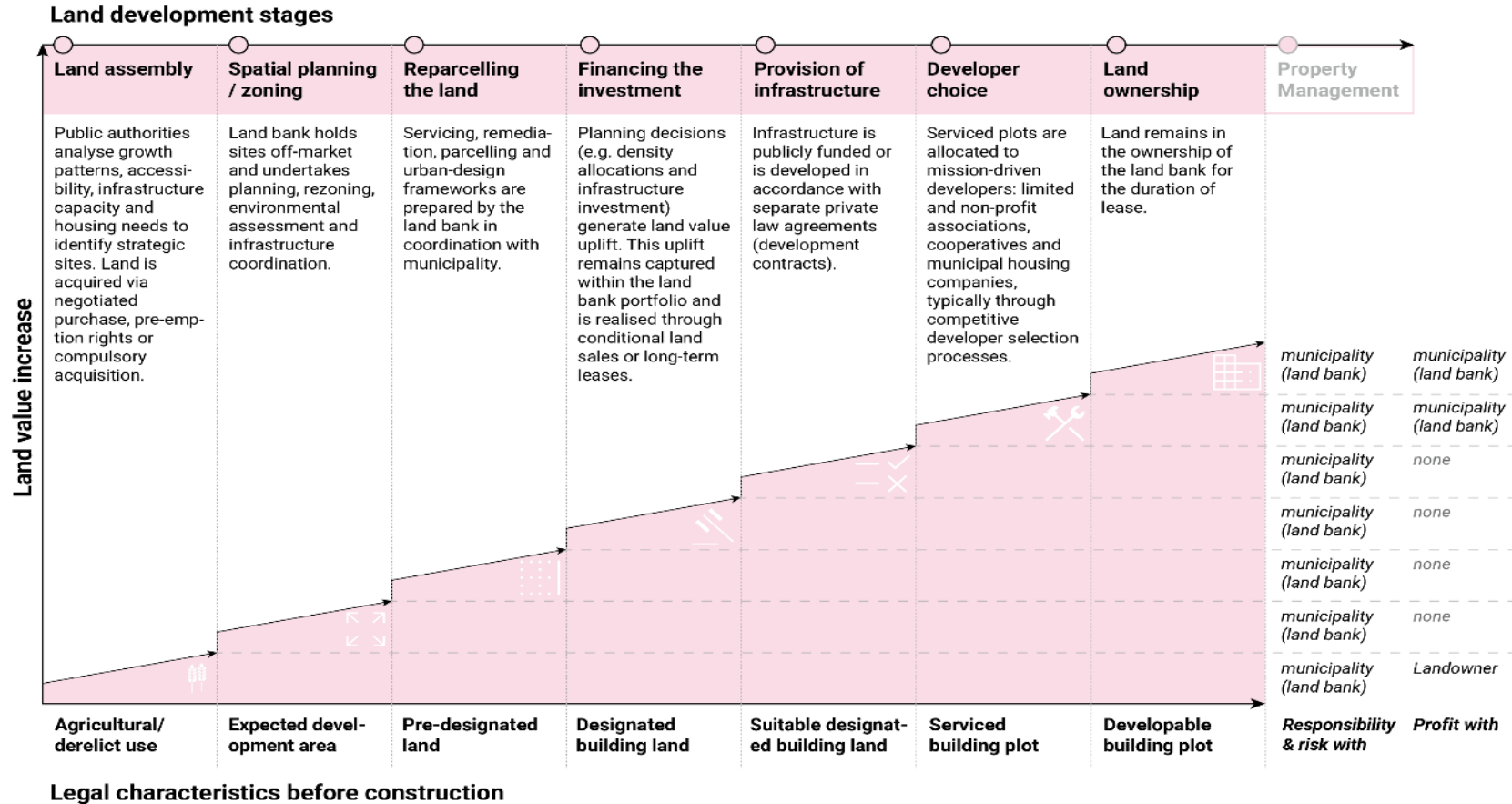
The operation of Vienna’s approach can therefore be understood as a sequence of coordinated interventions across the development cycle. Instead of entering the process only at the stage of planning approval or housing subsidy, the city intervenes upstream: at land identification, acquisition and servicing, thereby shaping how land value is created and distributed. Figure 3 illustrates this process, showing how the land bank progressively transforms land from agricultural or under-used status into serviced development plots while retaining influence over the value increases generated by planning decisions and infrastructure investment. Through this staged process, land assembly, zoning and planning, servicing and parcelling, infrastructure provision, developer selection and long-term land stewardship, the city is able to capture land value uplift and redirect it toward public housing objectives.



COMPREHENSIVE LAND BANKING (CLB)

Public authorities strategically acquire, plan and release land to capture land value and deliver affordable housing and infrastructure.

Comprehensive land banking retains rezoning gains under public control rather than allowing them to accrue as private windfall profits.

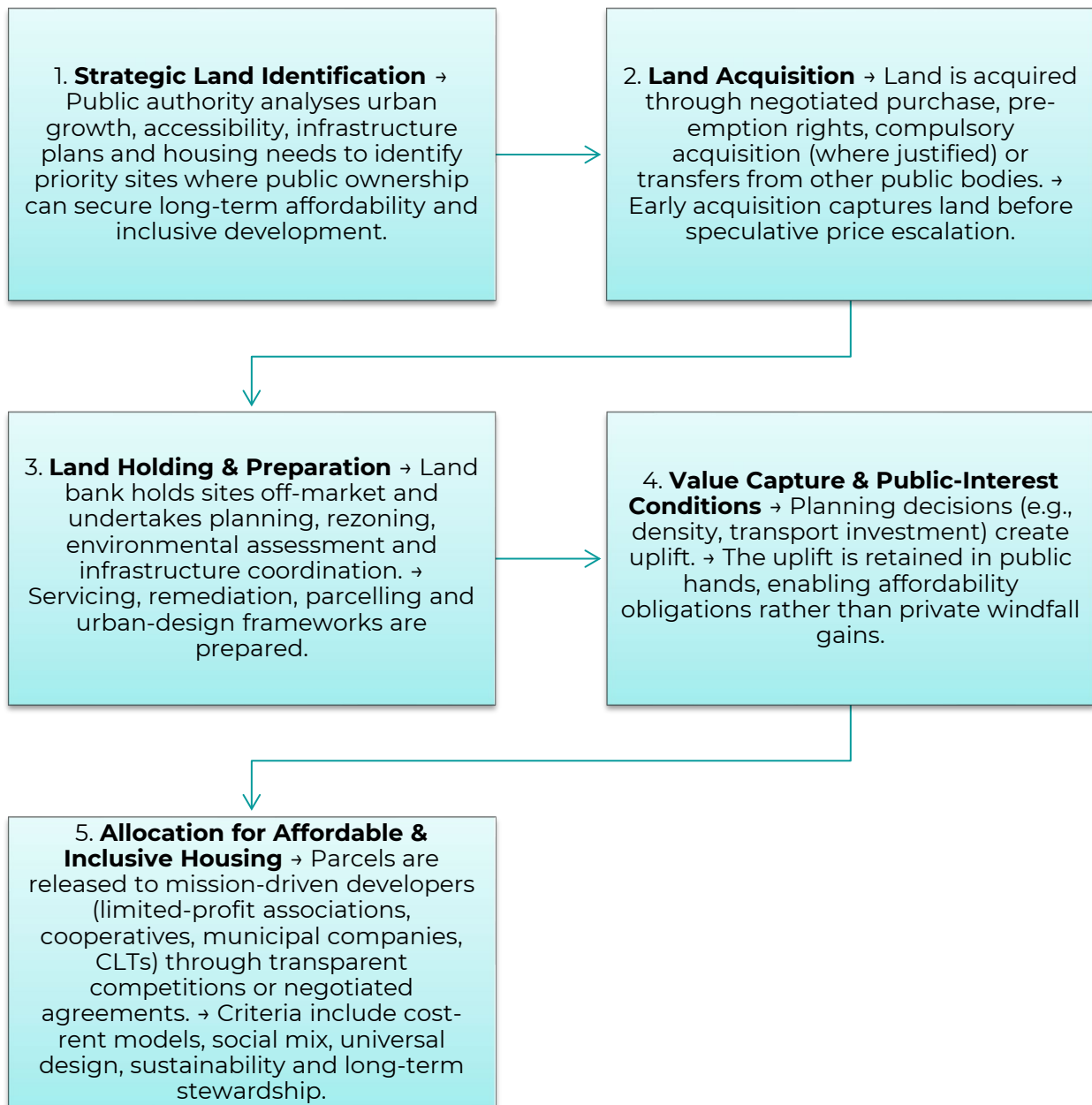


Julie Lawson and Oleksandr Anisimov, 2026

Figure 3 Comprehensive land bank and land development stages

The practical implementation of public land banking can be understood as a staged sequence of coordinated interventions across the land development process. Rather than intervening only at the point of planning approval or housing subsidy, the public land agency enters the development cycle upstream, identifying strategic sites, acquiring land, preparing it for development and allocating serviced plots under public-interest conditions.

Figure 4 illustrates this implementation sequence. The process begins with strategic identification of sites aligned with metropolitan planning priorities, followed by early land acquisition to secure land before speculative price escalation. The land bank then prepares sites through planning, zoning, environmental assessment and infrastructure coordination, transforming under-used land into serviced development plots. Planning decisions and infrastructure investment generate land value uplift, which is retained through public-interest conditions and allocation rules. Finally, parcels are allocated through transparent competitions or negotiated agreements to mission-driven developers, typically



limited-profit housing associations, under criteria covering affordability, social

Figure 4 Comprehensive land banking as a process (authors)

mix, sustainability and long-term stewardship.

By intervening upstream in the development cycle, at land identification, acquisition and preparation, Vienna is able to influence how land value is created and distributed. This sequencing enables land value uplift generated by planning decisions and infrastructure investment to support affordable housing provision

rather than being fully capitalised into land prices. The coordinating role of wohnfonds_wien is therefore central: it operates both as a land assembler and as an institutional platform linking spatial planning, housing subsidy and developer selection.

The implementation framework is outlined below, covering the institutional architecture, land instruments, project selection and quality assurance, and supply and product mix .

2.3.1. Institutional architecture

- wohnfonds_wien (Vienna Housing Fund). Established in 1984 as a city-controlled land and quality agency, wohnfonds_wien acquires, holds, and manages land for subsidised housing while overseeing quality assurance. It divides banked land into plots, leases or sells them to limited-profit housing associations (LPHAs), and conducts competitive procedures that select projects based on quality and price. Total holdings amount to approximately 3.2 million m² (including leasehold).

- Limited-profit housing associations (LPHAs) are private, not-for-profit providers governed by the Limited-Profit Housing Act (WGG). They mainly deliver subsidised new builds under cost-rent rules and indefinite contracts, reinvesting surpluses through revolving funds.

- Municipal departments. Spatial planning (MA18) coordinates land banking with the Urban Development Plan (STEP); the housing department (MA50) manages subsidy programmes and, together with wohnfonds_wien, organises competitions and allocates rules.

2.3.2. Land instruments

- Strategic public land banking. Vienna acquires land in anticipation of demand, especially near transit corridors, then releases it under regulated terms. Banked land is connected to social and mobility infrastructure to reduce household expenses (e.g., affordable annual transit passes) and ensure sustainable densities.

- Capped land price for subsidised housing. When subsidised housing is constructed on public or private land designated for “subsidised housing” zoning, the land price used in project economics is limited to a moderated benchmark per square metre of actualised living space. This enables cost-based rents at sustainable levels and prevents land speculation within the regulated pipeline.

- New zoning category for subsidised housing (since 2018; in force 2019, implemented 2020). On newly rezoned residential areas larger than approximately 5,000 m², around two-thirds of the permitted floor area must be allocated for subsidised housing. The category is applied whenever an up-zoning enhances private development rights, ensuring affordability is integrated into the plan.

- Building lease (Baurecht) on municipal land. Long leases maintain public ownership of the ground, restrict the right-to-buy, and limit exchange value while allowing for long-term affordable rents.

2.3.3. Project selection and quality assurance

Since the 1990s, Vienna has institutionalised gender mainstreaming across urban planning and housing policy, requiring planners to consider how spatial design, housing provision and public space affect women’s everyday mobility, care responsibilities and safety (City of Vienna, 2013). These principles are embedded in land development processes, particularly through developer competitions (*Bauträgerwettbewerbe*) administered by the Vienna Land Fund (*wohnfonds_wien*), where proposals are evaluated not only on cost and architectural quality but also on social criteria reflecting gender-sensitive design. In practice, this has influenced housing outcomes by promoting neighbourhood layouts with accessible services, safe and visible public spaces, flexible dwelling designs and shared facilities that support diverse household structures and care routines.

For sites typically exceeding 500 units, *wohnfonds_wien* organises two-stage or dialogue-oriented competitions. Teams of LPHA developers and architects submit proposals evaluated on four key aspects: architecture and urban design, economy and affordability (construction costs and final rents), ecology and energy, and social sustainability (including a mix of unit types and tenures, services, community spaces, and the integration of vulnerable groups). Winning teams refine their schemes through workshops incorporating jury feedback.

Further more, Land and Quality Advisory Boards: expert bodies provide guidance on site development, mix, standards, and feasibility.

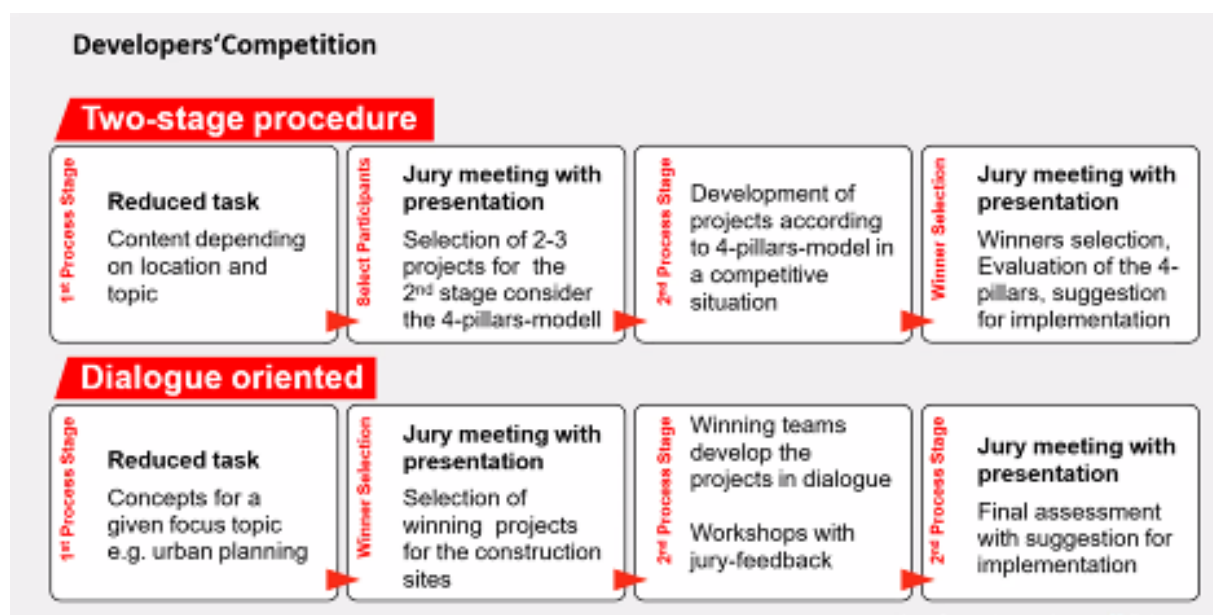


Figure 5 Developers' competition process (two-stage and dialogue-oriented): Source: *wohnfonds_wien - Land banking & developers' competitions presentation (City of Vienna, n.d.)*.

2.3.4. Supply and product mix

Vienna's strategy of pre-emptive land purchase, long leases and zoning mandates effectively converts city land-value into public housing. This keeps rents affordable without large subsidies. The coordination of Wohnfonds, city planners and limited-profit builders create a reliable pipeline (2,700–2,800 new units/year recently) that buffers market volatility. Continuous renewal further maintains stock quality. Affordable housing outcomes reflect the combined effect of the 2018–19 reforms (zoning plus SMART) and active land management. Together they have accelerated delivery and broadened access.

The combination of instruments is key: land banking, subsidy programmes and developer competitions produces a diversified pipeline of affordable housing. These units are primarily developed and managed by limited-profit housing associations (LPHAs). There is further need for data clarity where the city regularly publishes detailed annual statistics (by unit type, district, tenure) and actual rent levels to allow independent evaluation and aid ongoing policy adjustment.

Mainstream LPHA cost-rent housing.

Most new subsidised dwellings are delivered by limited-profit housing associations operating under cost-rent rules established in the Limited-Profit Housing Act (WGG). Rents are calculated on a cost-recovery basis covering construction, financing and management costs. As loans are amortised over time, rents decline to a lower “basic rent”, supporting long-term affordability. On state-owned land, the capped land price (often only a few hundred €/m²) dramatically cuts developer cost. Rents are set to cover costs plus moderate return. Rents are well below market, often 40–60% lower. These cost-based rents drop further after loan amortisation (the “Basismiete” stage). By design, no up-front subsidy beyond cheap land and concessional and efficient financing is needed.

Spatially, new subsidised housing is distributed citywide: inner districts (Favoriten, Simmering, Leopoldstadt etc.) and outer districts (Liesing, Donaustadt) all feature major projects. This broad coverage ensures equitable access and avoids clustering affordability only on the urban fringe.

SMART dwellings.

Developer competitions include a quota for SMART housing, designed to improve access for households with limited savings. These dwellings require lower household equity contributions, which are capped, while rents remain comparable to those of municipal housing. Since 2019, approximately half of subsidised dwellings delivered through competitions have been SMART units.

Renovation and urban renewal.

In addition to new construction, Vienna's housing policy supports the upgrading

of the existing housing stock. Subsidies and advisory programmes promote building modernisation and energy efficiency while applying the principle of “gentle urban renewal” (sanfte Stadterneuerung) to avoid tenant displacement and preserve neighbourhood stability.

2.4. Costs involved in implementation

Upfront costs of Wohnfonds efforts, mainly involve land acquisition, servicing, competition administration, quality assurance, and subsidy payments. Vienna reduces many transaction costs by centralising due diligence, covering planning, environmental assessments, and utilities, and running standardized competitions on a scale.

Capital expenses on renewal projects—such as thermal retrofits and heat decarbonization—are partly balanced by lower lifecycle costs and decreased housing allowances as energy bills fall. The city also utilizes demand-side housing benefits to maintain affordability while ensuring cost discipline on the supply side.

2.4.1. Public finance

Housing subsidy envelope. Vienna’s housing subsidies amount to several hundred million euros each year. For example, in 2018, the city allocated approximately €533 million, with €300 million for subsidised new builds, €164 million for renovations, and €70 million for housing allowances. The revolving nature of low-interest loans means that expenditures are partly funded by repayments from earlier loans.

- Land banking. Capital for land purchases is cycled through wohnfonds_wien’s portfolio. When plots are leased/sold under capped prices to LPHA projects, the public captures development gains in the form of durable affordability rather than one-off sales receipts.

2.4.2. Development cost and financing mix

Based on the average cost structure of a LPHA project: construction approximately €2,000/m², land around €300/m² ⇒ total €2,300/m².

- Financing mix (illustrative): bank loan approximately 56% (interest rate around 2–2.5%), public loan approximately 26% (interest rate around 1%, subordinate), LPHA equity about 15%, tenant equity (initial payment) around 3%.

- Rent outcome (new build during loan phase): net approximately €6.0/m²/month (before admin, services, VAT), which equates to a gross of around €8.5–€9.0/m². After loans are repaid, the rent decreases to basic rent (Grundmiete) plus maintenance, resulting in a gross of roughly €7.7–€8.0/m² in the example.

2.4.3. Household-side costs and supports

- Tenant equity and down payments. In mainstream LPHA schemes, these can be substantial (historically up to several hundred €/m²), creating a liquidity barrier; they are reimbursed (depreciated) at exit. SMART dwellings limit the contribution to a much lower level to increase accessibility.

- Housing allowances and minimum income support. Subject-side aids (Wohnbeihilfe; Mindestsicherung) supplement low incomes with specific housing cost components and are aligned with supply-side subsidies. Additional affordable mobility services and other amenities also help reduce overall living expenses.

2.5. Effectiveness: affordable housing and distributional outcomes

Vienna's comprehensive land banking and promotion approach has provided large, consistent portions of subsidized rental homes while upholding design standards and neighborhood amenities. The two-stage competition process helps align developer incentives with public objectives, favoring suppliers that can demonstrate social management skills and ecological innovation-not just low costs. This market shaping effect supports stable rent levels across cycles and maintains a broad base of affordability.

2.5.1. Market share and output

- Vienna's social rental sector (municipal + LPHA) accounts for roughly 43% of main residences (about 21% municipal and 22% LPHA), with the private rental sector making up about one-third and owner-occupation under one-fifth. The scale of the de-commodified sector notably benchmarks rents across the city.

- LPHA and municipal construction constitute a significant, stable portion of annual output; the proportion of subsidised starts varies with cycles but remains a key pillar of supply.

2.5.2. Rent levels and stability

- Cost-rent regime ensures new LPHA gross rents typically around €8–9/m², materially below market asking rents; analyses estimate the LPHA segment is 30–60% cheaper than private market equivalents.

- Lifecycle effect: as loans amortise, projects shift to the basic rent phase; aggregate LPHA rents therefore become more affordable over time, creating a growing stock of permanently moderate-rent dwellings.

2.5.3. Wider economic and distributional effects

- Purchasing power and public budgets. Lower housing costs increase disposable income, leading to measurable positive effects on GDP and reduced expenditure on housing allowances compared to counterfactuals. The LPHA model functions

as a macro-stabiliser - an “insurance” against market volatility - while providing a net benefit to public budgets in the medium term.

- De-commodification. Land-price caps, building leases, competitions with quality and social criteria, and permanent cost-rent rules collectively restrict exchange value and anchor use-value, thereby limiting speculative cycles.

2.6. Impact on marginalised groups of households

Vienna’s land policy instrument - municipal land banking combined with conditional land allocation through developer competitions - plays an important **structural equalising role** by anchoring a large share of new housing supply in the limited-profit, cost-rent sector and distributing it spatially across the city. By suppressing land prices and decoupling rents from speculative escalation, the instrument directly addresses one of the key mechanisms through which gendered inequality in housing is reproduced: the translation of wage gaps, part-time employment and care-related income penalties into housing insecurity. In this sense, land policy acts upstream, moderating the exposure of women-led and care-burdened households to market volatility.

Despite strong universalist features, gaps can remain at the lowest end of the income spectrum if eligibility rules, deposit requirements, or administrative barriers interact poorly with poverty dynamics. Comparative evidence from other European cities demonstrates how high-capacity systems may unintentionally direct the poorest towards the private rental sector unless access is specifically targeted, and social services and emergency pathways are integrated. Policy improvements include removing certain formal barriers where possible, formalizing collaboration between housing and social services, and protecting allocations or allowances for highly vulnerable groups.

Against this backdrop, Vienna’s land allocation system functions as a preventive inequality instrument by anchoring a large share of new housing supply within the limited-profit, cost-rent sector and distributing it spatially across the city. By fixing land prices administratively and requiring cost-based rents, the instrument directly suppresses the transmission of land-value escalation into rents - thereby reducing the risk that affordability pressures convert into arrears and eviction, the form of precariousness identified by Equal House as particularly salient. In this sense, land policy operates upstream of housing outcomes, shaping not only prices but also long-term tenure security.

However, the [Equal House profile](#) for Austria (2025) also clarifies the limits of universalism. While land-based cost-rent delivery moderates inequality at system level, access to its benefits is uneven at entry. For marginalised households - particularly low-income renters, younger households, and migrants - the equalising potential of land policy is weakened by other barriers (incomes, savings for deposits mediating access) as well time-to-rights constraints which

affect recent migrants. These barriers are not failures of land policy per se, but of its interface with allocation rules and household finances.

Land competitions and land release conditions are the appropriate governance point to correct these inequalities - by prioritising security-precarious households, expanding low-deposit products, and requiring providers to evidence who is excluded from land-enabled housing and why.

2.6.1. Access rules and breadth of eligibility

- Broad eligibility bands. Income limits for municipal/LPHA access are deliberately wide (around 80% of residents qualify), promoting social diversity while allowing prioritisation based on housing needs (overcrowding, disability, homelessness, domestic violence, etc.). The centralised application process (Wohnticket) enhances transparency.

2.6.2. Design for inclusion

- The social sustainability pillar in competitions requires a mixture of different unit sizes, shared and communal spaces, on-site amenities, and targeted programmes (e.g., integration of older persons, single parents, young households). Many successful projects feature ground-floor facilities and neighbourhood services.
- SMART dwellings lower the equity barrier (capped contribution) while maintaining affordable rents, allowing access for liquidity-constrained households like young adults and lower-income families.

2.6.3. Complementary income supports

- Minimum income and housing allowances allocate funds for rent and utilities; the city also provides energy and mobility support. These measures help reduce poverty risks for low-income tenants in both municipal and LPHA stock.

2.6.4. Equity risks and mitigations

Despite Vienna's strong institutional framework for affordable housing, equity risks remain within the system. As Vienna housing expert Michaela Kauer emphasises, housing outcomes are shaped by broader socio-economic inequalities that disproportionately affect women, including persistent gender income and wealth gaps, career interruptions linked to care work, and the higher incidence of single-parent households headed by women (Kauer, 2022; University of Galway, 2022). Because housing affordability ultimately reflects the relationship between household income and housing costs, these structural differences translate into unequal capacity to enter and sustain housing.

One important risk arises from entry requirements within Austrian subsidised housing, particularly deposits or tenant equity contributions (*Eigenmittelanteil*) required in parts of the limited-profit housing association (LPHA) sector. While

these contributions help reduce borrowing costs and strengthen the financial sustainability of housing providers, they can create barriers for households with limited savings, including younger households, migrants and women-led households whose lifetime earnings and asset accumulation are often lower. At the system level, strong demand combined with limited expansion of municipal housing also creates the potential for residualisation, whereby municipal housing becomes increasingly concentrated among the highest-need households.

Vienna addresses these equity risks through a range of complementary policy instruments operating across land policy, housing finance, allocation systems and urban design. Within the LPHA sector, low-interest loans are available to help households meet deposit requirements, while the share of SMART dwellings, where tenant contributions are reduced or eliminated, has gradually increased within developer competitions. At the system level, broad eligibility criteria and the continued production of mixed-income LPHA housing help sustain social diversity and prevent excessive residualisation.

Mitigation also occurs at the level of urban development and housing design. Vienna embeds gender-sensitive planning principles within developer competitions (*Bauträgerwettbewerbe*), through which publicly assembled land is allocated by the Vienna Land Fund (*wohnfonds_wien*). These competitions evaluate proposals not only on architectural and economic criteria but also on social and functional quality, including gender-sensitive design considerations developed through the city's gender mainstreaming programme. Since the 1990s, Vienna's planning administration has incorporated gender-aware criteria into urban development guidelines, encouraging housing projects that support everyday care routines, safety and accessibility (Damyanovic, Reinwald, & Weikmann, 2011). Competition briefs promote design solutions such as visible and well-lit public spaces, proximity to childcare and everyday services, flexible dwelling layouts adaptable to changing household structures, and shared spaces that support supervision of children and social interaction. Pilot projects such as *Frauen-Werk-Stadt* demonstrated how these principles can be translated into practical architectural and neighbourhood design (Damyanovic, Reinwald, & Weikmann, 2011).

Within the developer competition system these criteria are assessed alongside economic efficiency and environmental performance, ensuring that gender-sensitive planning is embedded within mainstream housing production rather than treated as a separate policy objective (City of Vienna, 2013; *wohnfonds_wien*, 2022). Together, these measures illustrate that while land policy instruments shape the price, location and design of housing supply, socially inclusive outcomes depend on a broader institutional architecture. As Kauer's analysis suggests, reducing gendered and socio-economic inequalities in housing access requires coordinated action across land governance, housing finance, allocation mechanisms and urban design (Kauer, 2023).

2.7. Unintended consequences and emerging tensions

- Shift towards non-subsidised LPHA output. With high demand and limited subsidy budgets, LPHA “free-financed” production has increased in some years. Although still subject to cost-rent rules, it yields higher rents than subsidised schemes and diminishes the share of units directly influenced by public affordability tools.
- Equity contribution hurdles. Even with reimbursements at exit, large down-payments favour wealthier entrants and may disadvantage migrants and younger households. The SMART quota is a corrective, but enforcement and targeting are important.
- Land market pressures. The two-thirds zoning and price caps curb land price inflation where implemented, but outside newly rezoned areas, residual speculative forces continue; consistent land acquisition is necessary to maintain negotiating power.
- Interest-rate sensitivity. Increasing capital market rates raise cost-rent during the loan period; subordinate public loans and tendered bank finance act as hedges but do not provide complete insulation.
- Right-to-acquire (RtA). In parts of the LPHA stock (not municipal land under a building lease), the RtA can convert some rental units to ownership; so far, the volume sold has been modest relative to completions, but policy vigilance is warranted to prevent the erosion of affordable rentals.

2.8. Contextual factors enabling Vienna’s model

- A robust, regulated third sector (LPHA). Private, mission-locked providers governed by the WGG (profit limitation, cost-rent, revolving funds, strict audits) deliver most of the pipeline while remaining off the city’s balance sheet. Annual audits by the LPHA Auditing Association and regional authorities ensure compliance.
- Scale and path dependence. Vienna’s legacy municipal stock and decades of LPHA building have created a large, mature affordable sector that now holds market power.
- Strategic land stewardship. Large public land holdings and a specialised land bank (wohnfonds_wien) support STEP planning, transit investment, and affordability measures.
- Policy mix and complementarity. Supply-side subsidies, land policy, rent regulation, and demand-side supports are aligned and mutually reinforcing.

- Political and administrative capability. The city maintains expert boards, competition procedures, and a culture of quality that reduce long-term costs (e.g., energy) and increase resident satisfaction.

Summing up, while the previous figures and text explains how Vienna's land bank intervenes in the land development and its implementation process, it is equally important to understand **what housing outcomes these interventions produce.**

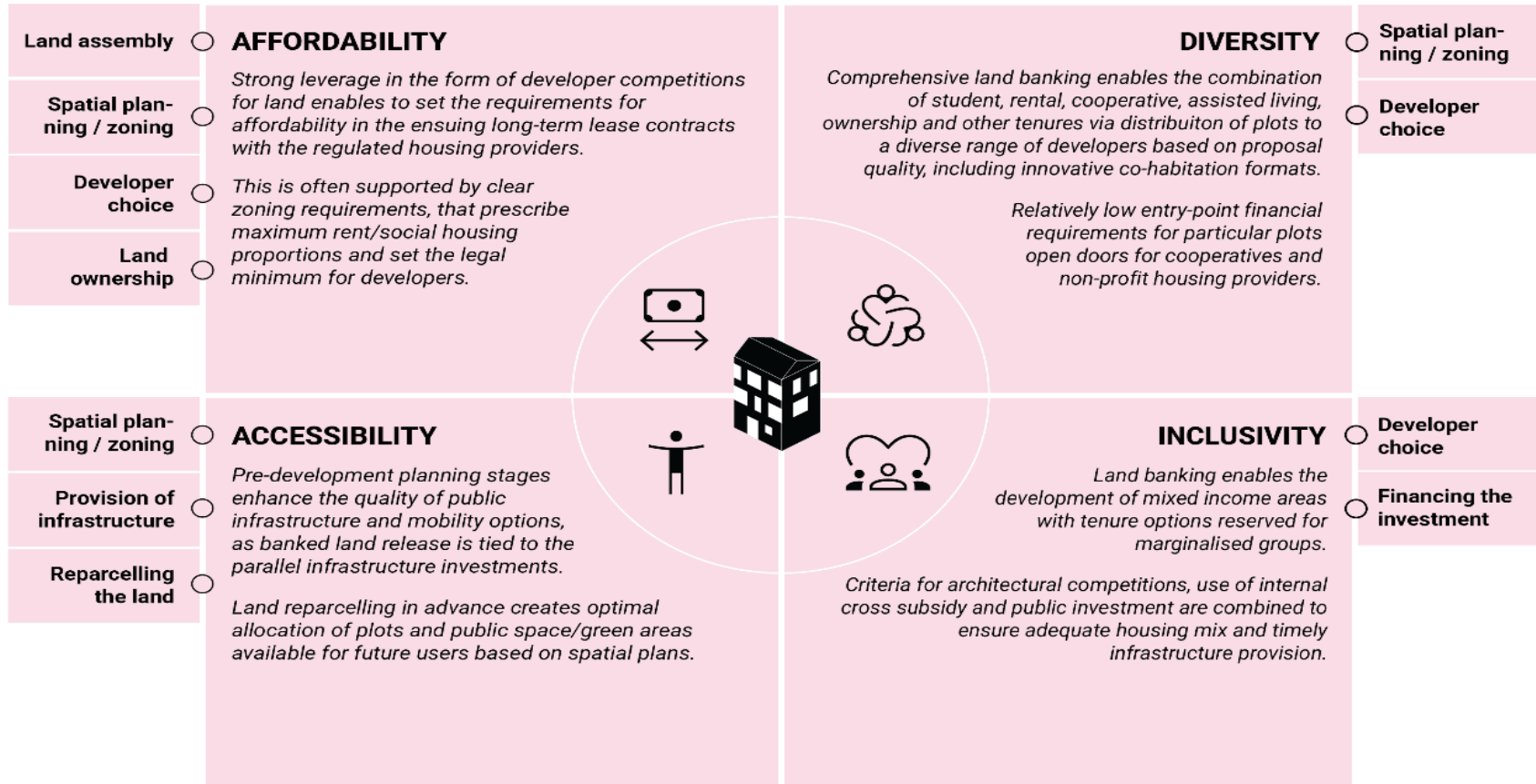
Comprehensive land banking is not designed solely to moderate land prices; it aims to shape a broader set of urban outcomes related to affordability, spatial integration and social inclusion. **Figure 6** therefore links the operational stages of land banking to four outcome dimensions used throughout the Equal House study, affordability, diversity, accessibility and inclusivity, demonstrating how decisions taken during land assembly, planning, developer selection and land ownership influence the character of housing development.



COMPREHENSIVE LAND BANKING (CLB)

Comprehensive land banking enables the long-term pursuit of diverse and affordable urban development, supporting vibrant and accessible neighbourhoods.

Through development controls and competitive land allocation processes, plots can be released strategically to mission-oriented developers.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 6 Comprehensive land making impacts on affordability, diversity, accessibility and inclusion

The diagram above (Fig. 3) highlights that Vienna's land policy affects housing outcomes at multiple points in the development process. By setting affordability conditions during developer competitions and long-term land leasing, the city secures cost-rental housing that remains below market levels. Through coordinated spatial planning and infrastructure provision, new neighbourhoods are integrated with transport and public services, enhancing accessibility. At the same time, competitive allocation of plots to a diverse range of developers, including limited-profit housing associations and cooperatives, supports tenure diversity and mixed-income neighbourhoods.

The following sections examines why the Vienna methods works well, and provides case studies which demonstrate how these mechanisms operate in practice across three major redevelopment sites.

2.9. Suitability for policy transfer

The Vienna method works best where three enabling conditions are in place.

First, there must be a strong institutional backbone: a capable municipal or metropolitan organisation with the authority and expertise to acquire land early, service and parcel it, prepare clear development briefs, and allocate sites through structured procedures. The Vienna cases demonstrate that land banking is not a passive holding function but an active, professionalised task requiring planning, financial, legal and design capacity. Without such an institution, affordability objectives tend to be diluted during rezoning or disposal.

Second, transparent, quality-driven allocation mechanisms must be tightly linked to subsidy decisions and backed by enforceable post-award controls. In Vienna, developers' competitions operate as a hybrid land-allocation and subsidy-allocation instrument. By removing price bidding and replacing it with multi-pillar assessment - covering affordability, architecture, ecology and social sustainability - the city ensures that land value is translated into public benefit rather than capitalised into rents. Crucially, contractual fixation of conditions after award prevents later renegotiation that could erode affordability outcomes.

Third, the system relies on a dual delivery strategy: large-scale new construction on banked or conditionally released land, combined with "soft" urban renewal of the existing stock. Advisory services, renovation subsidies and energy-efficiency programmes ensure that affordability gains from new supply are not offset by rising costs or declining quality elsewhere. The Vienna cases show that land policy alone is insufficient unless paired with measures that stabilise and upgrade the wider housing system.

Where land value capture powers are legally constrained or property protections are strong, Vienna's cooperative, competition-based approach offers a pragmatic alternative to more coercive tools. By embedding affordability through negotiated land allocation and subsidy-linked contracts - rather than

expropriation or heavy taxation - the model has proven politically durable and administratively workable.

To reach households at the very bottom of the income distribution, Vienna combines land-based cost-rent delivery with nearly cost-free rental options, targeted housing allowances, and integration with social services. The fieldwork cases underline that land policy acts upstream - moderating rent formation - but must be complemented by allocation rules and income supports to fully address extreme housing precarity.

What travels well

- **Up-zoning with embedded affordability requirements**
A zoning category that reserves a super-majority share of newly rezoned residential land for subsidised housing is a powerful, legally structured tool. When paired with a benchmark land price and clear eligibility rules for subsidies, it creates predictable deal flow and reduces speculative pressure.
- **Developers' competitions with multi-pillar scoring**
Competitive allocation of land and subsidies based on affordability, design quality, environmental performance and social sustainability can be adapted to diverse contexts. Publishing scoring criteria and involving independent expert juries enhances transparency, legitimacy and outcomes.
- **Active public land banking**
An arm's-length public agency that acquires land early - especially around planned transport investment - services it and releases it under affordability covenants is transferable where municipalities can borrow or capitalise such an entity and are legally permitted to hold land.
- **Lifecycle cost-rent frameworks**
Statutory cost-rent systems with a basic-rent phase, in which rents fall as debt is amortised, can be adopted by not-for-profit providers elsewhere, provided they are supported by long-term, low-cost public borrowing and robust audit regimes.
- **Low-deposit access products (SMART-type models)**
Introducing a standardised, low-deposit cost-rent product within the subsidised pipeline is an effective way to improve access for liquidity-constrained households without undermining cost recovery.

Preconditions and cautions

- **Provider ecology matters**
Vienna's land policy presumes the existence of mission-locked, audited limited-profit housing providers with revolving funds. Where such providers do not exist, they must be created or accredited through enabling legislation - a process that takes time.

- **Fiscal architecture is critical**

Revolving public loan systems funded by earmarked revenues and repayments underpin Vienna's efficiency. Systems relying solely on grants or market finance are unlikely to achieve comparable scale or durability.

- **Legal authority over zoning and development rights**

Instruments such as the two-thirds subsidised-housing rule depend on the ability to impose conditions when development rights are upgraded. Transferability is contingent on national and local planning law.

- **Scale, credibility and time horizons**

Vienna's market-shaping effects derive from decades of consistent output and a large, regulated stock. Early adopters should expect gradual impact and communicate long-term objectives clearly to manage expectations.



Photo: 2 Courtyard and mixed-tenure residential development in Nordbahnhof, Vienna (Lawson, 2023)

2.10. Field work on cases

The Vienna fieldwork focuses on three large-scale urban redevelopment and expansion sites - Sonnwendviertel, Nordbahnhof, and Aspern Seestadt - selected to illustrate how public land banking operates across different urban contexts, land histories, and development phases. Together, the cases demonstrate that Vienna's affordability outcomes are not site-specific anomalies, but the result of a repeatable land governance system applied consistently over time.

Each case reveals a distinct dimension of Vienna's land policy instrument:

- Sonnwendviertel shows how public land control on former railway land enables high shares of subsidised housing in an inner-city location, translating land allocation rules directly into low, predictable rents and broad accessibility.
- Nordbahnhof demonstrates how coordinated land assembly, conditional land release, and non-price-based developer selection can decouple land value from rent formation in a high-value regeneration area, while delivering large-scale public space and social mix.
- Aspern Seestadt illustrates how land banking and developer competitions can be institutionalised at metropolitan scale, shaping tenure mix, affordability, and quality across a multi-decade urban extension rather than a single project.

2.10.1. Sonnwendviertel

The development of Sonnwendviertel, located on former railway land adjacent to Vienna's Hauptbahnhof, demonstrates how land policy instruments can be used as the primary drivers of housing affordability, accessibility and quality, rather than relying on zoning or subsidies alone. From the outset, the City of Vienna framed land as a strategic public asset, embedding housing objectives directly into land acquisition, allocation and disposal processes (City of Vienna, 2018; wohnfonds_wien, 2018).

In quantitative terms, Sonnwendviertel is a large-scale inner-city development, comprising approximately 5,000–5,500 dwellings intended to house around 13,000 residents, alongside major employment functions (around 20,000 jobs) and extensive public infrastructure, including the 7-hectare Helmut-Zilk-Park, schools, childcare and local services (IBA_Wien, 2017; Socialhousing.wien, 2019; City of Vienna, 2020). Delivering such scale in a prime location without triggering displacement or price escalation required direct public control over land.

This control was exercised through wohnfonds_wien, Vienna's dedicated land and housing fund, which consolidated land ownership and released plots only under conditional contracts aligned with the city's housing subsidy regime (wohnfonds_wien, 2018; Rechnungshof, 2021). As a result, Sonnwendviertel

achieved a very high share of subsidised and cost-rental housing: official sources consistently report more than 2,000 subsidised dwellings, representing roughly 35–40 per cent of total housing supply (Socialhousing.wien, 2019; IBA_Wien, 2017). This share is unusually high for an inner-city redevelopment and reflects the decisive role of land policy in shaping tenure outcomes.

Affordability impacts can also be demonstrated at the dwelling level. Sonnwendviertel served as a key pilot area for Vienna's SMART-Wohnen model, which targets low- and moderate-income households through standardised, cost-controlled housing products delivered on municipally allocated land. Published examples indicate gross rents of €6.67 per m², equivalent to around €367 per month for a 55 m² two-room apartment, with up-front tenant contributions capped at €60 per m² (around €3,300) (wohnfonds_wien, 2013; Glaser, 2019). These figures illustrate how land allocation rules, when coupled with subsidy conditions, translate directly into predictable and accessible housing costs in locations where market rents would otherwise be substantially higher.

Qualitative evidence further suggests that Sonnwendviertel's land-led approach delivered not only financial affordability but also accessibility in everyday life. Plot-level allocation through Bauträgerwettbewerbe (developer competitions) required competing development teams to demonstrate social sustainability, architectural quality and integration of communal facilities, rather than competing on land price (URBACT, 2017; Wohnbauforschung, 2008). Evaluations and resident studies report high levels of residential satisfaction, particularly in non-profit and cooperative developments, citing access to green space, schools, public transport and shared facilities as key contributors (Babos, 2024; Lang et al., 2022).

Crucially, tenure mix and social inclusion were achieved administratively through land allocation rather than left to market sorting. Parcels were pre-designated for limited-profit housing associations, cooperatives, building groups and selected market housing, ensuring that subsidised housing was spatially integrated and indistinguishable in quality (wohnfonds_wien, 2018; IBA_Wien, 2017). Research on collaborative housing in Vienna highlights Sonnwendviertel as an example where institutionalised access to land enabled non-market actors to participate in inner-city development, strengthening long-term social stability (Lang et al., 2022; Höpler, 2023).

Overall, Sonnwendviertel demonstrates that affordability and accessibility outcomes were not incidental, but the cumulative result of a coherent land policy system - municipal land banking, conditional disposal, quality-based competitions and subsidy-linked allocation. The case provides strong empirical support for the proposition that where land policy is aligned with housing finance

and governance, cities can actively shape housing markets rather than merely respond to them.



Photo: 3 Sonnwendviertel (Urbanitarian, IBA Vienna, 2026)

2.10.2. Nordbahnhof (Vienna)

Nordbahnhof is best understood as a case of strategic public land management in which land banking, conditional land disposition, and development control were deliberately aligned with Vienna's cost-rental housing system to secure measurable affordability and access outcomes. The redevelopment of the former ÖBB rail yards involved large-scale land assembly under public or quasi-public ownership, enabling the City of Vienna to negotiate development rights and sequencing without exposure to speculative land price formation (Haunold, 2024; Glaser, 2019).

Rather than monetising land through market-based disposal, the city applied a model of controlled land release. Development parcels (Baufelder) were transferred under use-value-oriented conditions, with development rights contingent on compliance with predefined housing, rent and tenure requirements embedded in planning instruments and development agreements (City of Vienna, 2020). Research emphasises that this approach effectively



Photo: 4 Nordbahnhofviertel (Lawson, 2023)

decoupled land price from residual land valuation, preventing land costs from being capitalised into rents (Koessler, 2022).

A critical operational instrument was the developer selection procedure (Bauträgerwettbewerb) administered by *wohnfonds_wien*, which functions as a hybrid of land disposition and subsidy allocation. Parcels were allocated without price bidding, using juried evaluation against binding criteria covering economic efficiency (including capped land costs), social sustainability, architectural quality and environmental performance (Glaser, 2019; URBACT, 2017). Once awarded, development rights were contractually fixed, preventing post-selection renegotiation that could erode affordability outcomes. In the 2010 Nordbahnhof Phase 2 selection round, approximately 550 subsidised rental dwellings were contractually secured through this mechanism, demonstrating how land release decisions translated directly into unit numbers and tenure outcomes (*wohnfonds_wien*, 2010; BUWOG, 2013).

From an affordability perspective, evaluative research highlights two quantifiable effects. First, tenure composition: Nordbahnhof consistently meets Vienna's structural benchmark whereby around two-thirds of residential floor space is delivered as subsidised or cost-regulated housing, primarily by limited-profit housing associations (LPHAs) (IBA Wien, 2017; Haunold, 2024). Second, rent formation: by capping or excluding land acquisition costs at the land disposition stage, initial cost-rents are empirically 30–50% below prevailing new-build market

rents in comparable inner-city locations, with long-term rent stability ensured through the limited-profit, cost-recovery model (Koessler, 2022; Amann, 2024).

Land policy instruments also shaped access and allocation. Because affordability and target-group criteria were embedded upstream - in land release conditions and developer selection - allocation rules (income thresholds, household types, intercultural housing models) became structural features of the development pipeline, rather than compensatory measures applied after construction (Haunold, 2024). Research contrasts this with market-led regeneration, where access is mediated almost exclusively through income testing and housing allowances, often after land value has already been capitalised into prices (Glaser, 2019).

Finally, the “Freie Mitte – Vielseitiger Rand” framework illustrates value capture through spatial development control. By designating a substantial central area as non-developable public open space and redistributing allowable floor area to peripheral plots, the City increased overall site value while simultaneously conditioning that value uplift on affordable housing delivery and infrastructure contributions (City of Vienna, 2020; Krau, 2022). Evaluations emphasise that this only succeeded because land remained under coordinated public control during the rezoning and disposition phases.

In sum, Nordbahnhof demonstrates that affordability outcomes were not incidental but engineered through land banking, conditional land release, non-price-based disposition, and cost-rent stewardship. The case confirms research findings that control over land acquisition and development rights is the primary lever through which cities can secure durable housing affordability and access in high-value locations (Glaser, 2019; Haunold, 2024).

2.10.3. Aspern Seestadt (Vienna)

Aspern Seestadt is one of Europe’s largest brownfield urban extensions, planned for around 20,000 residents and jobs on approximately 240 hectares in Vienna’s 22nd district. From the outset, housing outcomes in Seestadt were deliberately shaped through a coherent bundle of land policy instruments rather than reliance on zoning alone. Central to this approach was public control of land disposition, combined with developer competitions (Bauträgerwettbewerbe), binding contractual conditions, and continuous evaluation.

A decisive instrument was the retention and strategic disposal of land by public or quasi-public entities, notably Wien 3420 aspern Development AG and Wohnfonds Wien. Rather than selling land to the highest bidder, development rights were allocated through competitive tendering processes that evaluated proposals against four weighted pillars: architecture, ecology, economy and social sustainability (Wohnfonds Wien, 2018; URBACT, 2019). This mechanism effectively

transformed land allocation into a policy lever, enabling the city to condition access to land on the delivery of affordable, high-quality housing.

The outcomes are visible in Aspern Seestadt's tenure structure. Across completed development stages, approximately two-thirds of housing is delivered by limited-profit housing associations, with the remainder split between subsidised rental, cooperative models (including Baugruppen), and a capped share of owner-occupied dwellings (Wohnfonds Wien, 2019; Wien 3420, 2024). Rents in subsidised and limited-profit housing are typically 30–40 per cent below comparable market rents in Vienna, reflecting both cost-based rent regulation and the de-commodification effect of non-market land allocation (Krisch & Suitner, 2020).

Qualitative research highlights how the developer competition altered developer behaviour. Instead of minimising cost through standardised products, bidders invested in social infrastructure, shared spaces, and innovative dwelling layouts, as these attributes increased their likelihood of securing land (Azevedo et al., 2023). Baugruppen and cooperative projects, enabled by small plot subdivision and tailored competition criteria, further diversified access pathways for middle-income households typically excluded from home ownership in Vienna's inner districts (Temel, 2012).

Environmental and quality outcomes were also land-policy driven. Through land contracts and masterplan updates, Aspern Seestadt mandated high energy standards, car-reduced neighbourhoods and green-blue infrastructure, embedding long-term operating cost savings into housing provision (City of Vienna, 2021; MDPI Sustainability, 2021). These requirements were not optional design aspirations but pre-conditions for development rights, reinforcing the causal link between land governance and housing quality.

Importantly, Aspern Seestadt institutionalised continuous evaluation through the EVA (Evaluation Aspern) programme. EVA reports (2022–2024) show high resident satisfaction with housing quality (over 80%), strong perceived affordability relative to other new developments, and comparatively low housing cost burdens for subsidised tenants (Wien 3420, 2024). Evaluation findings have fed back into revised land-allocation criteria, demonstrating an adaptive governance loop rather than a fixed blueprint.

Overall, Aspern See Stadt illustrates how public land control combined with competitive, criteria-based allocation can systematically influence housing affordability, access, tenure diversity and quality at scale. The case confirms that land policy instruments, when embedded in enforceable contracts and monitored through evaluation, function as primary determinants of housing outcomes, not merely enabling conditions.



Photo: 5 Model of See stad-Aspern (Lawson, 2024)

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3. Helsinki's public land leasing

Public land leasing separates land ownership from land use, allowing municipalities to retain long-term control while leasing plots to developers or households. Ground leases channel publicly created land value back to the community, prevent speculation and enable stable, cost-based housing. Widely used in Helsinki, the mechanism locks affordability into land while supporting mixed-tenure, well-located neighbourhoods.

Helsinki's case offers a practical, scalable example of how land can be governed for long-term public benefit - but requires careful alignment with local institutional realities to be effectively transferred.

The Helsinki experience demonstrates how long-term public land leasing can function as a structural instrument of housing policy rather than simply a land management tool. By retaining public ownership of land and attaching long-term development conditions through lease agreements, the municipality is able to moderate land price escalation, coordinate infrastructure provision and maintain influence over the mix of housing tenures and expand housing choices.

Three lessons emerge from this case. First, public land ownership creates long-term leverage over development outcomes, allowing affordability and tenure



Photo: 6 Mix of Heka dwellings across Helsinki (Lawson, 2025)

diversity to be embedded in land use agreements rather than relying solely on housing subsidies. Second, institutional coordination between planning, land allocation and housing policy is essential, as the effectiveness of leasing depends on the alignment of zoning, infrastructure investment and developer selection. Third, long-term lease frameworks can balance public revenue and housing affordability, providing municipalities with predictable income while maintaining stable land costs for housing providers.

Together, these features illustrate how public land leasing can support durable affordability and socially balanced neighbourhood development when embedded within a coherent municipal land governance system.

3.1. System context

Finland's housing system stands out in Europe for its persistent emphasis on universal access, municipal land management, and cost-based housing finance, even as inequality and affordability gaps widen across the continent. While many EU countries have experienced sustained house-price inflation and increasing wealth disparities since the 1990s, Finland has maintained relatively low housing inequality (housing wealth Gini \approx 0.56 versus EU average \approx 0.69) and stable affordability ratios—largely due to its long-standing public role in land and housing development (OECD, 2023; ARA, 2024). However, pressures are mounting: the national homeownership rate, at 67%, masks significant regional differences—with Helsinki and Espoo facing severe affordability constraints and also rising income segregation (Hyötyläinen & Hedman, 2023). In 2025, (ARA (2025) *Homeless People 2024*. Recent reports (ARA, 2025) also point to increases in Finnish homelessness, the first in over a decade. Street homelessness rose particularly sharply, with 694 people counted as living outdoors, in stairwells or emergency shelters, up 50% in a single year. The increase was attributed primarily to rising living costs and cuts to social security, housing support and income benefits.

Compared to southern Europe, Finnish affordability issues are less driven by speculation and more influenced by land scarcity, construction costs, and regulatory constraints, further compounded by an ageing population and inward migration to urban centres (Bank of Finland, 2024).

The roots of Finland's distinctive housing and land policy stem from its post-war resettlement programmes (1945–1955), when over 400,000 displaced Karelians received plots through large-scale public land acquisition and subdivision (Ruonavaara & Kuronen, 2019). This era built strong institutional capacity for municipal land banking, planning, and long-term leasing. Local authorities—particularly Helsinki, Tampere, and Turku—systematically purchased peri-urban land to direct development and stabilise prices. Over time, this practice developed into a “public land leasing model”: municipalities maintain land ownership and issue long leases (usually 60–100 years) to housing associations, cooperatives, and developers, ensuring both spatial coordination and fiscal

revenue through lease rents (Väliniemi & Kurvinen, 2023). By separating land from speculative trade, Finland established a “commons-based” approach to urban land well before community land trusts appeared elsewhere in Europe.

In this context, Helsinki’s land-leasing system has regained strategic significance as both a housing and spatial justice instrument. The city currently leases about 70–80% of all residential land, charging ground rents linked to assessed land values (usually 4% annually). Recent policy discussions focus on whether lease terms can be better designed—through capped indexation, renewal rights, and non-profit priorities—to promote long-term affordability and lessen socio-spatial polarisation. This paves the way for a deeper exploration of how community land leasing can extend Finland’s egalitarian planning tradition to new, inclusive housing models.

3.2. Aims of the policy

Finnish land policy is a central instrument through which municipalities shape housing affordability, tenure mix, spatial equity, and long-term urban sustainability. Its overarching aim is to ensure that land functions as a public resource for collective welfare, rather than merely as a speculative asset. This orientation reflects Finland’s strong municipal autonomy and the extensive public ownership of urban land, particularly in growth cities such as Finland’s capital region.

A primary aim is housing affordability and price stability. By retaining ownership of land and allocating it through long-term ground leases rather than freehold sales, municipalities can moderate land prices and prevent land scarcity from being capitalised into housing costs. Land policy is therefore used to delink housing prices from speculative land markets and to stabilise rents and purchase prices over time. This is especially important in high-demand urban areas, where land values would otherwise escalate rapidly.

A second core aim is to enable a socially balanced housing system. Municipal land allocation is explicitly tied to housing policy objectives, including tenure diversity and social mix. Land is routinely earmarked for specific housing types, such as state-subsidised rental housing, right-of-occupancy housing, limited-profit or cooperative models, and owner-occupied dwellings, in predetermined proportions. This allows municipalities to embed social objectives directly into the land development process, rather than relying solely on ex-post subsidies or planning controls.

Third, Finnish land policy seeks to support long-term, cost-based housing finance. Long-term leases (often 60–80 years) provide predictability for non-profit and limited-profit housing providers, enabling lower financing costs and alignment with cost-recovery rent models. By controlling land conditions, lease terms, indexation, renewal rules, municipalities ensure that public investment in

infrastructure and planning yields durable affordability outcomes rather than one-off windfall gains.

A fourth aim is strategic urban development and infrastructure efficiency. Through proactive land acquisition, land banking, and phased release of serviced plots, municipalities coordinate housing supply with transport, schools, and utilities. This supports compact urban form, reduces infrastructure costs, and aligns housing growth with climate and mobility objectives.

Finally, Finnish land policy aims to capture and redistribute land value increases generated by public action. Retaining land ownership allows municipalities to recycle ground rent revenues into new land acquisition, infrastructure, and affordable housing investment, reinforcing a revolving public land model.

3.3. Implementation of the policy

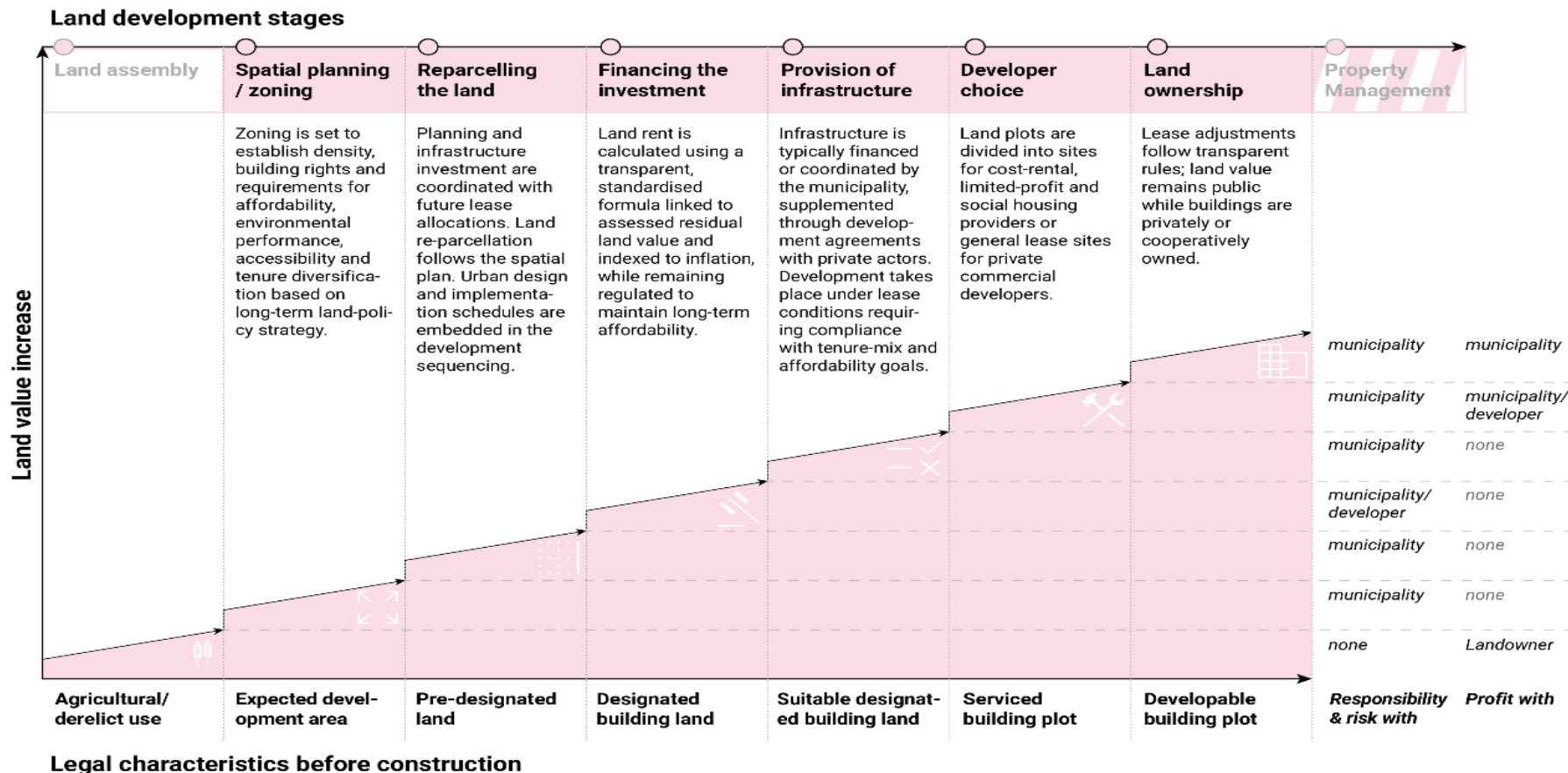
The Helsinki model of public land leasing is best understood as a sequenced institutional process rather than simply a tenure arrangement. Instead of disposing of publicly owned land through one-off sale, the city retains ownership and uses long-term lease contracts to guide development from early planning through to long-term land stewardship. **Figure 8** illustrates how this instrument operates across the land development cycle: strategic planning establishes density, tenure and quality requirements; plots are reserved and prepared; lease terms structure financing and infrastructure obligations; and long-term public ownership ensures that value created through planning and public investment is not fully capitalised into private land gains. In this respect, public land leasing functions both as a land-policy instrument and as a value-governance mechanism.



PUBLIC LAND LEASING (PLL)

Long-term land leasing secures the public interest by retaining public ownership of land while attaching conditions that support lasting affordability.

Through selective allocation to suitable developers and carefully designed lease terms, authorities can balance public revenue, housing affordability and spatial quality.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 7 Public land leasing and land development stages

Figure 7 illustrates how Helsinki's leasing model intervenes at several decisive points in the development process. The municipality uses planning and plot allocation to set the framework for development and then establishes lease conditions that determine land rent, tenure obligations and renewal rules. Because the city retains ownership of land while allowing buildings to be privately or cooperatively developed and managed, it preserves long-term influence over neighbourhood composition, infrastructure coordination and affordability outcomes. The following sections explain these mechanisms in more detail, including governance roles, plot allocation, lease pricing, indexation and renewal arrangements.

Public land leasing separates land ownership from development by granting long-term (typically 60–100 year) ground leases with regulated terms. In Helsinki, the municipality owns most residential land and leases it to ARA-regulated developers, cooperatives and private actors under standardised contracts specifying land-rent formulas, affordability obligations, tenure mixes and sustainability requirements. Lease rents are indexed and predictable, enabling cost-rental housing to be financed sustainably. Because the municipality retains ownership, it can steer neighbourhood design, density and social mix while preventing speculative land gains.

3.3.1 Institutional architecture

The implementation of Helsinki's land-leasing model depends on a multi-level institutional framework linking national housing regulation, municipal land policy and housing providers.

Finland's state-subsidised housing system has historically been administered by the internationally recognised Housing Finance and Development Centre of Finland (ARA), which oversaw the allocation of subsidised loans, monitoring of cost-price rents and regulation of tenant selection in publicly supported rental housing.

In 2024–2025 the Finnish government reorganised this institutional framework, transferring ARA's regulatory and supervisory functions to a new authority, the **Centre for State-Subsidised Housing Construction (VARKE)** operating under the Ministry of the Environment. VARKE now performs the core tasks previously undertaken by ARA, including supervision of subsidised rental housing, monitoring compliance with the cost-price rent system, oversight of tenant-selection rules, and the production of national housing statistics and monitoring reports (Ministry of the Environment, 2024; VARKE, 2025).

The reform did not fundamentally alter the regulatory principles governing Finnish land policy, social housing or cost-price housing provision. Municipal

housing providers and non-profit landlords continue to operate under the same legislative framework, while VARKE now functions as the central supervisory authority responsible for ensuring compliance and publishing national monitoring data (VARKE, 2025).

Implementation involves several key actors:

- **City of Helsinki – Urban Environment Division and City Executive Office:** responsible for land ownership, zoning, plot allocation, housing targets, monitoring and programme delivery through the council-approved four-year Housing Programme.
- **VARKE:** provides interest-subsidy loans and guarantees, supervises compliance with the cost-price rent framework, and monitors the national subsidised housing portfolio.
- **Housing providers:** municipal company HEKA and approved non-profit providers deliver cost-price rental housing; HASO and other operators deliver right-of-occupancy (ASO) housing; ATT (the city's in-house developer) builds projects aligned with programme goals.
- **MAL agreements:** national–regional agreements integrating housing production volumes and locations with transport investment through iterative planning and monitoring.

Together these actors create a governance system in which municipal land policy, national housing finance and regional planning coordination reinforce one another.

3.3.2 Land stewardship and plot allocation

Helsinki owns approximately two-thirds of the land within its municipal boundaries and allocates most housing plots through long-term leases. Plot allocation is rule-based and publicly documented, specifying selection pathways, allocation methods (lease or sale), pricing principles and minimum quality standards such as energy performance, accessibility and the share of family dwellings.

Market-driven housing projects are typically allocated through price competition, while subsidised housing plots are allocated through municipal development programmes or open calls. Plot briefs frequently require tenure mixes at the block or neighbourhood scale and incorporate architectural quality and low-carbon design criteria.

Through these allocation mechanisms, municipal land policy translates strategic housing objectives, such as affordability, social mix and environmental performance, into concrete development conditions.

3.3.3 Ground lease framework

The ground-lease system operates through a structured sequence of contractual stages:

- 1. Plot reservation (approximately two years).**
The City Board sets development parameters including tenure type, energy standards, dwelling mix and architectural quality requirements.
- 2. Short-term lease or power of attorney (approximately six months).**
This stage allows developers to obtain planning permission and building permits.
- 3. Long-term ground lease (typically 60 years, legally possible between 30 and 100 years).**
The final lease contract establishes rent, construction obligations, mortgage security, maintenance responsibilities, environmental liabilities and renewal rights.

This staged process allows the city to coordinate planning approvals, infrastructure delivery and development financing before the long-term lease becomes binding.

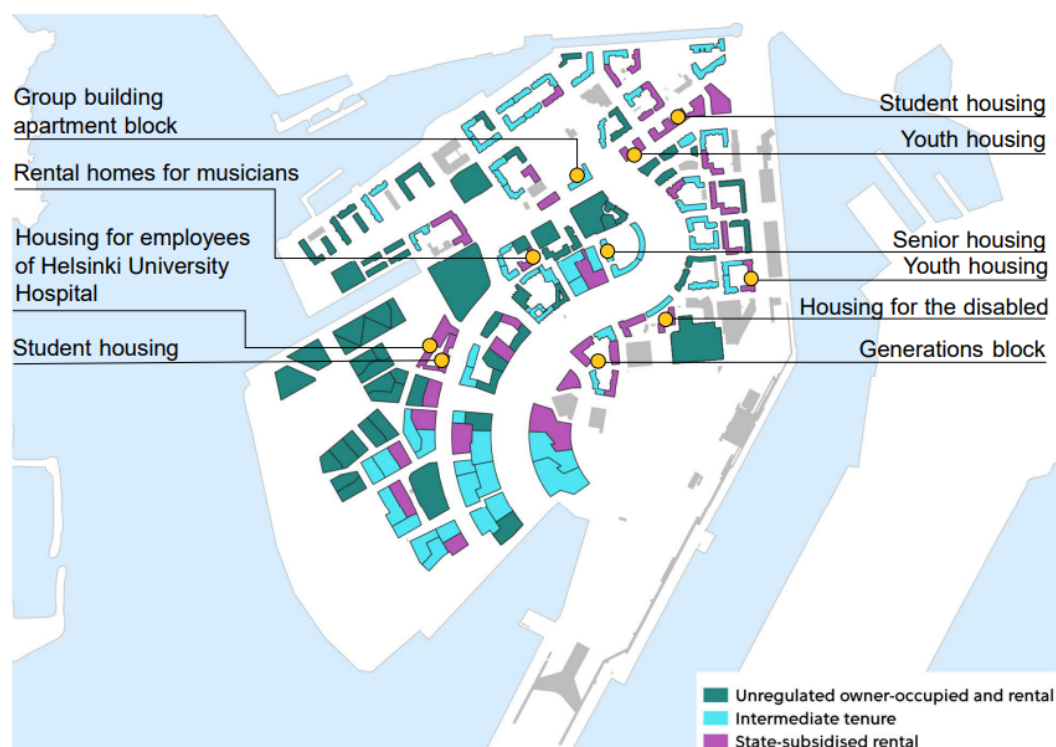


Figure 8 Tenure and housing-use mix in a redevelopment block (Jätkäsaari) (City of Helsinki, 2024)

Figure 8 demonstrates how Helsinki's land-leasing system translates housing policy objectives into neighbourhood-scale outcomes. The example shown from the Jätkäsaari redevelopment area illustrates how municipal land ownership enables plots within the same urban block to be leased to different housing providers, such as student housing organisations, ARA-subsidised rental providers, intermediate tenure operators and private developers. The Generations Block further demonstrates how specialised housing for students, young people, seniors, people with disabilities and key workers can be integrated within the same neighbourhood rather than segregated into single-purpose estates.

This spatial pattern reflects Helsinki's housing programme and plot allocation practices, through which municipal land policy operationalises tenure-mix targets and social inclusion objectives during the development stage.

3.3.4 Pricing and indexation of leases

Ground rent is calculated as a percentage of the administratively assessed market value of the land and paid annually throughout the lease period. A commonly applied guideline is **4% of the assessed land value**, although this may be reduced to around **3.5% when periodic rent adjustments are permitted**, typically every twenty years.

Ground rents are indexed to the cost-of-living index to maintain real value over time. For ARA-regulated dwellings, lease rents are moderated while price and rent controls remain in effect, ensuring that land costs remain compatible with regulated affordable housing provision.

3.3.5 Lease renewals and transition management

Ground leases are typically renegotiated approximately two years before expiry. Renewal agreements update rent levels and contract conditions to reflect contemporary land policy principles.

To avoid abrupt increases in housing costs, Helsinki commonly applies phased transition arrangements, often over ten years. For example, the first year may apply approximately 50% of the new rent level before gradually increasing to the full amount.

Empirical evidence suggests that steady-state renewal rents remain roughly 20% lower than those applied to newly developed plots, helping maintain long-term affordability within older neighbourhoods.

3.3.6 Redevelopment and densification of leased plots

Because lessees do not capture land value appreciation directly, the municipality retains leverage over redevelopment and intensification. When zoning changes create additional building rights, the city may purchase these rights, often at around 40% of market value, and modify lease boundaries or contractual terms to enable redevelopment.

This mechanism has become increasingly important as urban growth shifts toward redevelopment and infill construction. In Helsinki today, approximately half of new dwellings are produced through redevelopment within existing urban areas, particularly in locations with strong public transport access.

3.3.7 Programme pipeline and allocation

Housing production within Helsinki's leasing system is guided by the city's four-year Housing Programme, which sets quantitative housing targets, tenure mixes and policy instruments. The programme establishes the main mechanisms of implementation, centred on politically agreed levers of zoning, land policy, and plot allocation.

ATT and municipal housing company HEKA, together with accredited non-profit developers, deliver ARA-subsidised rental housing and right-of-occupancy housing in line with these programme targets. Allocation rules prioritise households with the greatest housing need, including young people, older persons and households exiting homelessness, while ASO housing provides a regulated intermediate tenure for households above social-housing eligibility thresholds.

3.3.8 Land costs and the cost-recovery regime

Land costs in Helsinki's subsidised housing system reflect the interaction between municipal land policy and national housing-finance regulation.

Because the City of Helsinki retains ownership of most residential development land, housing providers typically obtain plots through long-term leases rather than outright purchase. Ground rent is calculated as a share of the administratively determined lot value and paid annually over the lease period, avoiding large upfront land acquisition costs (Haapanen, 2022; City of Helsinki, 2024).

For housing financed through the national interest-subsidy system, the land price used in lease calculations must also comply with maximum lot price guidance defined within the state-subsidised housing framework. These ceilings, published

annually through regional datasets prepared by HSY⁴, define the highest permissible land price per permitted floor area for subsidised housing projects across the Helsinki metropolitan area (HSY, 2026). This mechanism prevents excessive land values from being capitalised into development costs and rents. Each year HSY publishes **regional housing and land price datasets** used by municipalities and the national housing regulator (formerly ARA, now VARKE) to guide subsidised housing policy. These datasets typically include:

Once completed, rents in subsidised housing must follow the **cost-price principle (omakustannusvuokra)** established in Finnish housing legislation. Landlords may charge rents only to recover eligible costs, including financing, maintenance, management expenses and provisions for major repairs. Profit distribution is restricted and rents cannot be determined according to market demand. Comparable dwellings within the same project must have similar rents unless objectively justified cost differences exist (Ministry of the Environment, n.d.; ARA, n.d.).

Together, municipal land leasing, land-price ceilings and cost-based rent regulation form an integrated **cost-recovery regime**. Land-price moderation reduces development costs at the outset, while the cost-rent framework ensures that housing providers can recover lifecycle costs without extracting profit from subsidised housing.

3.3.9 Monitoring, KPIs and learning loops

Monitoring of the Finnish subsidised housing system is now undertaken by VARKE, which publishes national statistics on housing production, affordability indicators and homelessness. These monitoring systems track the performance of subsidised housing programmes and provide evidence for policy adjustments within the national housing strategy (VARKE, 2025; see also ARA, 2024).

After a long period of declining homeless, national monitoring shows that long-term homelessness increased in recent years with **1,306 individuals classified as long-term homeless in 2025** (VARKE, 2025). The report identifies rising housing costs, insufficient affordable rental supply and mismatches between rent levels and social-benefit thresholds as structural factors contributing to increased homelessness in Finland's largest cities.

Municipal data collection plays an important role in this monitoring process. Local authorities compile information from social services, municipal housing

⁴ HSY refers to the Helsinki Region Environmental Services Authority (Finnish: *Helsingin seudun ympäristöpalvelut*)

companies and housing applicant registers. Monitoring systems track annual housing starts and completions, the share of state-subsidised housing and the spatial distribution of new housing relative to public-transport corridors and growth areas, reflecting Helsinki's objective of integrating housing production with transit-oriented development (Ministry of the Environment, n.d.; City of Helsinki, 2026).

Monitoring also covers the performance of municipal land-lease arrangements, including lease revenues, moderated leases used for subsidised housing and the timing of lease renewals. These indicators allow the city to evaluate how land policy contributes to both affordable housing supply and municipal revenue streams (City of Helsinki, 2026).

Finally, climate performance and building quality are increasingly incorporated into monitoring frameworks. State-supported housing must comply with energy-efficiency standards and building-performance requirements, while national authorities supervise compliance and collect programme data. MAL agreements add an additional monitoring layer by linking housing production targets with transport investments and regional planning objectives through periodic evaluation cycles (Ministry of the Environment, n.d.; City of Helsinki, 2026).

The implementation of Helsinki's public land-leasing system can be understood as a sequenced governance process linking municipal land ownership, planning, plot allocation and long-term lease management. Rather than selling land, the city retains ownership and uses ground leases to guide housing development, regulate affordability and maintain tenure diversity over time. Figure 9 summarises the key stages of this process, from strategic land policy and zoning through plot allocation, lease structuring, development and long-term stewardship.

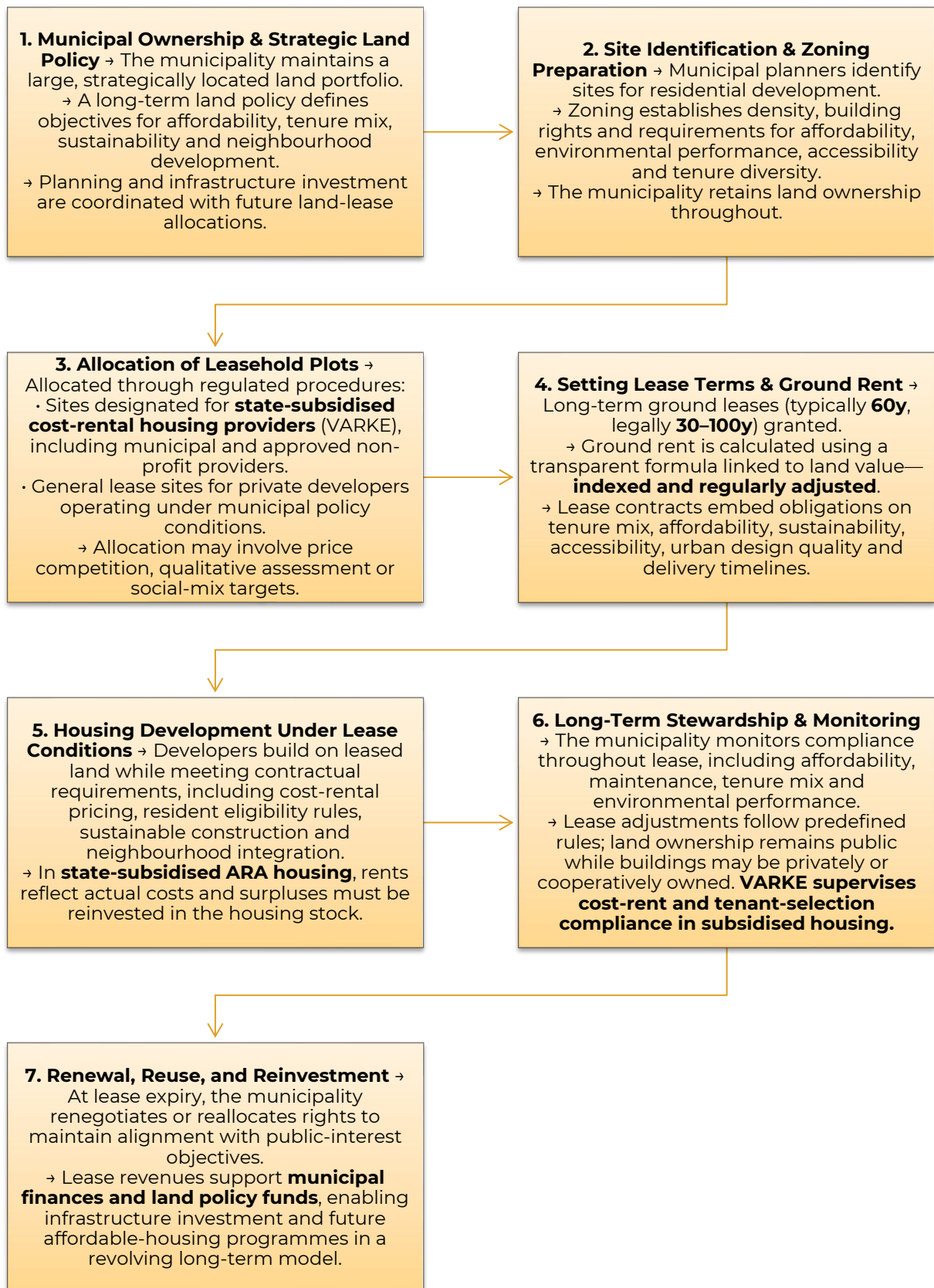


Figure 9 Implementation cycle of Helsinki's public land-leasing system (the authors, 2026)

3.4. Costs involved in implementation

Public-side costs and revenues

Implementing Helsinki's land-leasing and affordable housing model requires substantial public investment, administrative capacity and long-term land stewardship. However, the system also generates stable municipal revenues because the city retains ownership of development land and leases it through long-term ground leases. Helsinki receives approximately €260 million annually in ground-rent income, within total municipal land-property revenues of around €350–€400 million per year (City of Helsinki, 2024; Haapanen, 2022). This recurring income stream allows the municipality to moderate land rents for subsidised housing while maintaining overall financial stability in its land portfolio.

More broadly, the land-leasing system enables the city to capture part of the land value created through planning decisions, infrastructure investment and urban growth. Comparable approaches exist in other European cities with strong land-policy traditions, such as Vienna, where long-term public land stewardship similarly allows land-value gains to be recycled into affordable housing supply and urban infrastructure (Lawson & Ruonavaara, 2020). These systems demonstrate how municipal land ownership can function as long-term fiscal infrastructure supporting housing policy.

The city bears the costs of land acquisition, planning and zoning, plot preparation, infrastructure servicing and lease administration. These activities are largely managed by Helsinki's Urban Environment Division, which coordinates land-use planning, property development and plot allocation within the municipal governance structure (City of Helsinki, 2024a). With approximately 64% of the city's land under municipal ownership, Helsinki has the institutional capacity to allocate development sites through leases rather than sale (Dhalmann, 2024). Moderating lease levels for state-subsidised housing represents a form of foregone land revenue, but this is partly offset by the overall performance of the municipal land portfolio. Revenues from leases on market housing and commercial plots help cross-subsidise moderated leases for regulated housing. In addition, the municipality retains the ability to capture value from redevelopment and infill on leased land, an increasingly important source of land value as Helsinki's housing growth relies more heavily on densification rather than outward expansion (City of Helsinki, 2025; Haapanen, 2022).

State finance and regulatory costs – from loan assets to interest subsidies

At the national level, Finland's subsidised housing system reduces development finance costs through interest-subsidy loans, loan guarantees and regulatory oversight, historically administered by ARA and now supervised by VARKE. These instruments lower borrowing costs for municipal and non-profit providers while

ensuring compliance with social objectives and cost-based rent regulation (Turunen & Lawson, 2024).⁵

As a result, municipal land policy has become an increasingly important complementary instrument: cities such as Helsinki use publicly owned land, moderated ground leases and long-term stewardship to contain development costs and support affordable housing production, partially compensating for the reduced revolving capacity of national housing finance.

The cost-price rent principle limits rents to the recovery of eligible costs only. These include construction or renovation loan costs, property management and maintenance, administrative expenses, provisions for major repairs and limited returns on owner equity (Turunen & Lawson, 2024). Providers must also prepare annual cost calculations demonstrating that rents correspond to actual operating costs. Surpluses or deficits remain within the housing portfolio rather than being distributed as profits. This regulatory framework ensures that public subsidies translate into lower rents while maintaining long-term financial sustainability for regulated providers.

Provider-side costs

For housing providers, the main development costs include ground lease payments, construction finance, compliance with subsidy regulations and lifecycle maintenance obligations. Helsinki's municipal housing production agency ATT (Asuntotuotanto) plays a central role in managing these processes and converting municipal land allocations into completed housing projects. Operating within the Urban Environment Division, ATT is responsible for project development, design supervision, construction management and renovation of the municipal housing stock (City of Helsinki, 2024a; Kivisyryjä, 2024).

ATT works closely with municipal housing companies such as HEKA, which provides social rental housing, and HASO, which delivers right-of-occupancy housing. According to Helsinki's housing policy guidelines, ATT aims to produce approximately 1,500 dwellings annually, with roughly half delivered as rental housing and half in other tenure forms. Importantly, ATT develops only government-subsidised or city-subsidised housing, ensuring that municipal land policy translates into actual housing delivery (Kivisyryjä, 2024).

⁵ Earlier phases of the system relied on direct state lending through the ARAVA programme, under which loan repayments replenished the state housing fund, creating a strong revolving financing capacity. Since the 1990s, however, Finland has gradually shifted toward interest-subsidy loans issued by private lenders (primarily most efficient Munifin) with state guarantees, with the public sector supporting borrowing costs rather than providing the principal loan capital. This transition reduced the scale of publicly held loan assets and as interest rates increased, weakened the automatic revolving capacity of the national financing system, significantly eroding the ARAVA fund.

Providers typically finance projects through a combination of state-supported loans, commercial bank debt and limited equity contributions. Because land is leased rather than purchased, large upfront land acquisition costs are avoided, significantly reducing the capital cost embedded in rents and improving long-term affordability.

3.5. Effectiveness: affordable housing & distributional outcomes

The Finnish system remains exposed to broader macroeconomic conditions. The Helsinki planning review reports that housing construction slowed significantly in 2024 due to rising interest rates and high inflation. Approximately 4,000 dwellings were completed, compared with 6,000–8,000 annually in previous years, while about 3,000 new dwellings were started and around 3,600 received building permits (City of Helsinki, 2025).

Nevertheless, the city's planning system maintains a substantial development pipeline. In 2024 Helsinki had around 3.8 million square metres of unused residential building rights in legally valid plans and about 1.5 million square metres of reserved plots, enabling more than 20,000 dwellings to be developed in coming years (City of Helsinki, 2025).

Regional MAL agreements (land use, housing and transport agreements) further support system stability by coordinating housing production targets, infrastructure investment and land policy across the metropolitan region. The current agreement covering 2024–2035 establishes a long-term target of around 16,500 new dwellings per year across the Helsinki metropolitan area, helping maintain a strategic pipeline even when market conditions temporarily weaken (City of Helsinki, 2025).

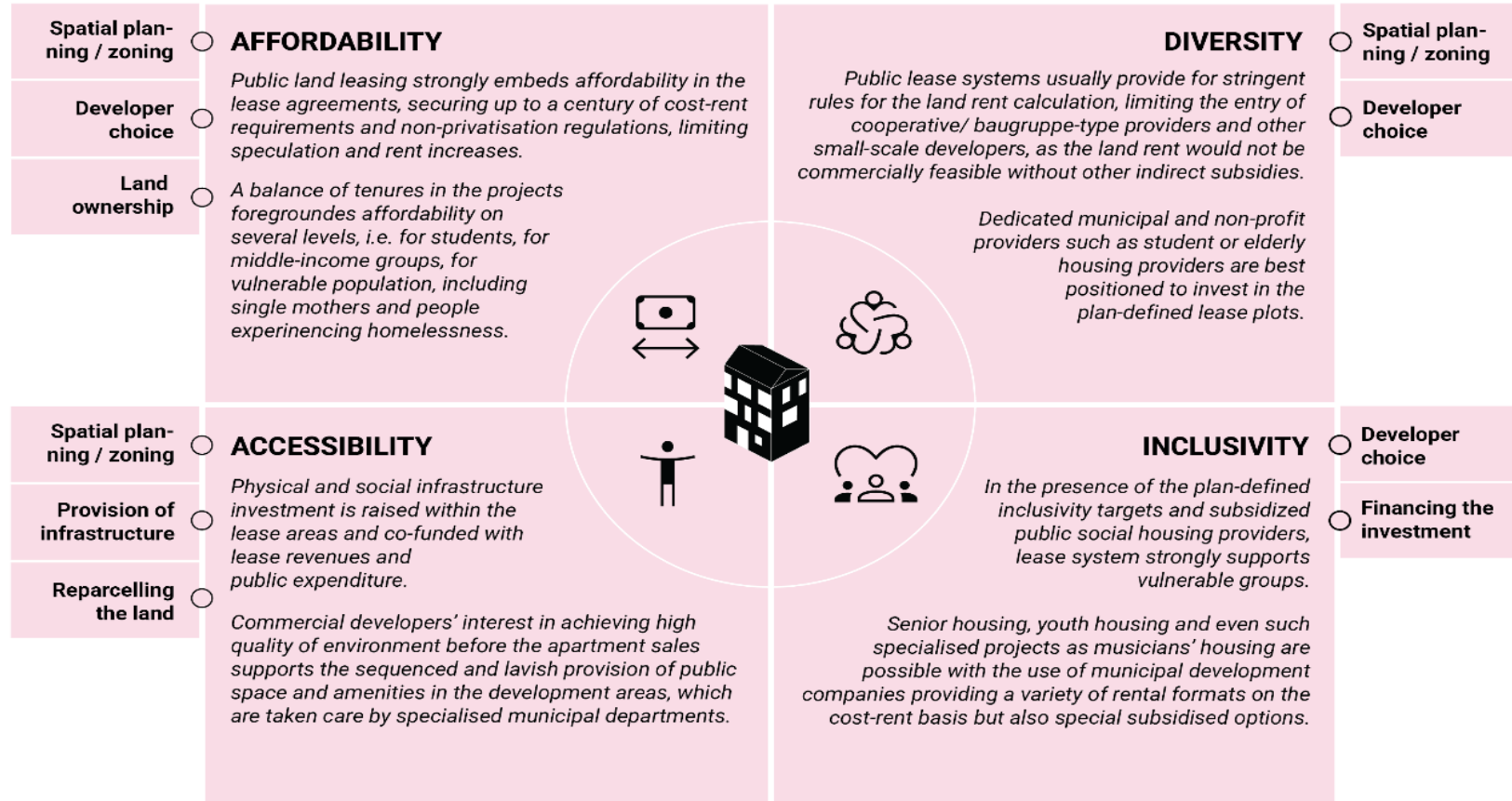
Public land leasing does not operate only as a financial arrangement between municipality and developer. By attaching long-term conditions to land use and development rights, it shapes a broader set of outcomes related to housing affordability, tenure diversity, spatial accessibility and social inclusion. **Figure 10** summarises these relationships by linking key stages of the leasing process, such as planning decisions, developer selection, infrastructure provision and lease conditions, to the four outcome dimensions used throughout the Equal House study.



PUBLIC LAND LEASING (PLL)

Public land leasing reflects a balancing of objectives: generating public revenue from land while maintaining long-term housing affordability and spatial quality.

Long-term leases provide predictable revenue for municipalities and low up-front and stable land costs for public, cooperative, and non-profit housing providers.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 10 Public land leasing impact on affordability, diversity, accessibility and inclusion

The diagram highlights how public land leasing influences housing systems through multiple channels. Affordability is supported through moderated land rents and predictable lease terms; diversity is enabled through the allocation of plots to different housing providers and tenure forms; accessibility is reinforced through the coordination of land release with infrastructure and urban design; and inclusivity depends on how leasing conditions align with subsidised housing programmes and target-group provision. The following sections assess these outcomes in more detail, examining the effectiveness of the Helsinki model as well as its impacts on marginalised households, its unintended consequences and its potential transferability to other urban contexts.

In the Helsinki metropolitan area, land represents a substantial share of housing prices. Empirical estimates suggest that the land component of single-family housing prices approached **around 50% during the early 2000s housing cycle**, highlighting the importance of land costs in overall housing affordability (Oikarinen, 2010). By retaining public ownership of development land and allocating plots through long-term ground leases, Helsinki moderates the impact of land price fluctuations on housing production costs. When combined with regulated land pricing in state-subsidised housing programmes (ARA/VARKE) and cost-rent regulation, this approach reduces exposure to land-price cycles, stabilises development costs for affordable housing providers, and helps ensure that public land value contributes to long-term affordability rather than speculative gains.

Ground rents are typically calculated at roughly 4% of the administratively determined lot value, ensuring that land costs remain compatible with the cost-rental framework and below market land-price benchmarks. Since leases are indexed gradually rather than reset to market values, land affordability is maintained structurally over time.

In the Helsinki model, diversity in housing provision is actively produced through the strategic allocation of development plots to different housing providers and tenure forms within the municipal land portfolio. Because the City of Helsinki owns a large share of urban development land, it can distribute plots among municipal companies such as HEKA (social rental housing), right-of-occupancy providers such as HASO, non-profit organisations delivering state-subsidised rental housing, and private developers producing market housing. Plot allocation decisions are guided by the city's Housing Programme and detailed planning processes, which establish targets for tenure distribution across neighbourhoods. This enables social rental, intermediate and market housing to be delivered within the same districts rather than segregated spatially (City of Helsinki, 2024; Helsinki City Executive Office, 2022).

Accessibility is reinforced through the coordination of land release with infrastructure investment and urban design. Helsinki integrates land policy with metropolitan planning through MAL agreements (land use, housing and

transport agreements), which align housing production targets with major transport infrastructure investments and urban development corridors. Detailed planning and plot reservation processes ensure that housing development coincides with the provision of public transport, schools, green space and other neighbourhood services. This sequencing helps ensure that new housing areas function as complete urban districts and that affordable housing is located in well-connected areas with access to employment and services (City of Helsinki, 2025; Ministry of the Environment, n.d.).

Inclusivity within the system depends on how municipal land-leasing conditions align with the national subsidised housing framework. In projects financed through the state interest-subsidy system, rents must follow the cost-price principle (*omakustannusvuokra*), which limits rents to the recovery of eligible costs and restricts profit distribution. Regulatory oversight ensures that the benefits of subsidised finance are reflected in lower rents and that dwellings are allocated according to social objectives (Turunen & Lawson, 2024). Municipal land policy reinforces this framework by allocating leased plots to subsidised housing providers at moderated land prices consistent with national lot-price guidance, ensuring that land costs remain compatible with the cost-rent system (Haapanen, 2022; HSY, 2026). In practice, the interaction between public land ownership, regulated land prices and cost-based rent regulation enables Helsinki to support socially mixed neighbourhoods while maintaining long-term affordability in the subsidised housing sector.

3.6. Impact on marginalised groups of households

Within this Finnish context, Helsinki's municipal land-leasing system plays an important stabilising role for vulnerable households. By retaining land ownership and conditioning development through long-term leases, the city can shape tenure mix, influence access and promote affordability in ways that respond to the housing insecurity highlighted in the national profile. From a gender perspective, this framework can help stabilise housing during life-course stages associated with increased vulnerability, including family formation, separation and periods of part-time employment linked to care responsibilities.

The Finnish housing profile nevertheless highlights risks of spatial concentration and specialisation within regulated housing sectors, which can undermine security and reinforce social stigma. Helsinki explicitly uses municipal land leasing as a tool of social mix and anti-segregation, rather than relying solely on aggregate supply targets. Through strategic plot allocation and regulated tenancy rules, municipal rental housing supports needs-based allocation, including pathways for young people, older residents, people with disabilities and individuals exiting homelessness. By integrating subsidised and regulated housing within mixed-tenure neighbourhoods and locating these developments in well-served urban areas, the city aims to broaden access across income groups and reduce spatial segregation.

At the national level, housing programmes have historically supported these outcomes through investment grants and interest-subsidy loans for special-needs housing, which have been central to Finland's Housing First strategy and to the provision of supported housing for vulnerable groups. However, recent policy adjustments may affect the scale of these programmes. Since 2023 the Finnish government has reduced overall housing subsidy budgets and restructured national housing governance, transferring the functions of ARA to the supervisory authority VARKE and integrating the former Housing Fund into the state budget. While subsidies for special groups and the cost-rent regulatory framework remain in place, lower production targets for subsidised housing may reduce the volume of new regulated dwellings delivered in metropolitan regions.

In this context, municipal land policy instruments, particularly Helsinki's public land leasing and strategic plot allocation, become increasingly important in sustaining access to affordable housing for lower-income and vulnerable households. By moderating land costs, allocating plots to non-profit and municipal housing providers, and maintaining tenure diversity within neighbourhoods, the city can partly compensate for reductions in national programme scale.

At the same time, redevelopment pressures in attractive urban areas present new challenges. In neighbourhoods undergoing renewal, rising land values and increased private rental investment may alter local social composition and housing costs. These dynamics underline the importance of anti-displacement safeguards and continued monitoring of redevelopment outcomes, to ensure that the objectives of social mix and inclusion are maintained over time.

3.7. Unintended consequences

While Helsinki's municipal land-leasing system has supported affordability, land value capture and coordinated urban development, it also generates several structural tensions that require ongoing policy management.

3.7.1 Lease renewal pressures and affordability risks

Most residential land leases in Helsinki were originally granted for long periods, typically 50–60 years, and many early leases are now approaching renewal. Updated lease terms may reflect current land values, which can lead to significant increases in ground rent even when introduced gradually. Although the city applies transitional arrangements to smooth these adjustments, rising lease payments can increase operating costs for housing providers and housing companies. In owner-occupied housing companies in particular, higher land rents may translate into increased maintenance charges for residents. Managing renewal conditions, indexation rules and transition mechanisms has therefore become an increasingly important policy issue as the municipal lease portfolio matures (City of Helsinki, 2025; Peltola, 2011).

3.7.1. Redevelopment disincentives on leased land

A second challenge arises where existing buildings on leased land have redevelopment potential. Because the municipality retains ownership of the land and captures much of the value uplift through revised lease terms, leaseholders may have limited financial incentives to initiate redevelopment or densification projects. Research on Helsinki's leasehold system describes this dynamic as an "uplift asymmetry", in which the landowner captures a substantial share of land-value gains while leaseholders bear redevelopment risks. To address this issue, Helsinki has developed mechanisms such as building-rights buy-back arrangements, plot boundary adjustments and negotiated redevelopment agreements, enabling densification while maintaining municipal land ownership (Peltola, 2011; Väliniemi & Kurvinen, 2023).

3.7.2. Uneven affordability outcomes in regeneration areas

In areas undergoing large-scale regeneration or densification, rising land values and strong housing demand can create financialisation pressures that challenge long-term affordability objectives. Although municipal land ownership provides significant leverage over development outcomes, market-rate housing built on leased land may still capture a significant share of the value created through urban growth and infrastructure investment. Without explicit tenure allocation policies, new investment could gradually reduce the share of regulated housing in high-demand neighbourhoods. Helsinki addresses this risk through tenure-mix targets in the Housing Programme and plot reservation policies for social and intermediate housing providers, but maintaining this balance requires continued policy attention as urban land values increase (City of Helsinki, 2024; Sutela, 2023).

These tensions illustrate that the effectiveness of Helsinki's land-leasing system depends not only on public land ownership itself, but on continuous policy management of lease terms, redevelopment incentives and tenure allocation as urban land values evolve.

3.8. Contextual factors enabling Helsinki's model

Helsinki's land-leasing and mixed-tenure housing model operates within a broader institutional and policy environment that has for many years actively supported long-term housing supply and affordability. Several contextual factors are particularly important.

3.8.1. Robust national housing framework.

Finland's housing system operates within a strong national policy framework, including a constitutional commitment that public authorities should promote the right to housing and support the possibility for citizens to arrange adequate housing. Long-term housing policy programmes and national legislation governing state-subsidised housing provide a stable regulatory environment for

affordable housing development and management. This framework has historically enabled municipalities to plan housing supply and infrastructure investment over long time horizons.

3.8.2. Institutional depth and financing infrastructure.

Finland has developed extensive institutional capacity for social and regulated housing provision over several decades with municipalities, through ARA and now VARKE. The system has combined public finance instruments, compliance mechanisms and a strong culture of regulatory oversight to maintain predictable housing production. Historically, the Housing Fund of Finland played a central role in financing subsidised housing and managing revolving funds derived from loan repayments. However, institutional continuity has recently been disrupted. In 2025 the Finnish government abolished the Housing Fund as part of broader fiscal reforms, transferring responsibilities to new institutional arrangements. This change may weaken some of the long-standing financial stability mechanisms that supported the system's scale and predictability.

3.8.3. Integrated metropolitan planning through MAL agreements.

Long-term land use, housing and transport agreements (MAL agreements) between the national government and municipalities in the Helsinki metropolitan region provide an important framework for coordinating urban development. These agreements integrate housing production targets with transport investment and land-use planning over multi-decade horizons, helping to support transit-oriented development and mixed-tenure neighbourhoods across the region. By linking infrastructure investment with housing supply commitments, MAL agreements reinforce the feasibility of Helsinki's land-leasing strategy and help maintain a predictable development pipeline.

3.8.4. Market context and cyclical pressures.

Like many European housing markets, Finland experienced a sharp slowdown in residential construction during 2023–2024 as rising interest rates and construction costs reduced development activity. Housing starts declined significantly during this period. Nevertheless, Helsinki's institutional framework, including municipal land ownership, planning pipelines and the subsidised housing system, helps moderate cyclical volatility by maintaining development capacity and enabling production to recover more quickly when market conditions improve.

3.9. Suitability for policy transfer

The Helsinki case holds several key lessons that are highly relevant for other countries aiming to improve housing affordability and social inclusion through land policy but also presents important contextual factors that must be considered before adaptation.

What's interesting for others is Helsinki's strategic use of *public land ownership and long-term land leasing* to shape inclusive, tenure-diverse urban development. Across projects like Kalasatama, Kuninkaantammi, and Alppikylä, the city maintains ownership of most residential land and allocates it through long leases - typically 60 to 100 years - with conditions on affordability, tenure mix, and quality. This model enables the municipality to control housing outcomes long after zoning or permitting, ensuring affordability is embedded in the land and not lost to speculation. It also prevents segregation by mandating that all housing - market-rate and subsidised - meet the same architectural standards and share infrastructure.

Another transferable element is Helsinki's *standardised land lease contracts and clear allocation procedures*, which reduce transaction costs and increase transparency. The city enforces a balance between social rental (ARA), regulated ownership (Hitas), right-of-occupancy (ASO), and market housing in each new neighbourhood, directly addressing inequality through urban form. Importantly, Helsinki does this *at scale*, as around 70–80% of the city's residential land is publicly owned and leased.

What needs to be kept in consideration is the strong institutional and legal infrastructure that supports this system. Helsinki benefits from decades of municipal planning capacity, a national cost-rental housing regime, and relatively low legal barriers to lease-based development. Moreover, cultural acceptance of municipal land stewardship and long-term rentals is high. In countries where public land ownership is limited, or leaseholds are viewed with suspicion, replicating Helsinki's model may require institutional reform, public communication efforts, and adaptation to local legal and market norms.

3.10. Field work case studies

This report presents three case studies from the Helsinki metropolitan area and Espoo: Tapiola, Kalasatama, and Kuninkaantammi, that illustrate how land policy has been used to influence housing affordability, tenure mix, and social inclusion across different urban contexts.

- Tapiola represents a post-war, non-profit development model rooted in unified land ownership and early planning ideals of social integration.
- Kalasatama showcases Helsinki's contemporary approach to urban regeneration, where long-term municipal land leasing and tenure quotas embed affordability into a high-value waterfront redevelopment.
- Kuninkaantammi, a more recent greenfield project, demonstrates how Helsinki continues to use land allocation, conditional leasing, and housing diversity to guide sustainable and equitable suburban growth.

3.10.1. Tapiola (Espoo)

Tapiola was developed in the 1950s–60s by the Finnish Housing Foundation (*Asuntosäätiö*) as a model of socially integrated suburban planning. Designed as a “garden city” outside Helsinki, its planning drew from Ebenezer Howard's ideals: a deliberately mixed community of different housing types, income levels, and green surroundings (von Hertzen and Spreiregen, 1971).

Central to its success was the land policy framework: the Foundation acquired and controlled a large, unified land parcel, avoiding fragmented ownership that often complicates development (Soininvaara, 2014). This allowed planners to implement a coherent vision, allocating land flexibly between rental and owner-occupied housing, public services, and park space.

Initially, land was not leased but held in freehold by the non-profit Foundation. This model enabled complete control over land use and housing allocation.

Approximately 80% of Tapiola's original 4,600 units were subsidised rental flats, built with ARAVA loans and let at cost-covering rents. The remaining homes were modest ownership dwellings. These housing outcomes reflected both state subsidies and the absence of market-driven land costs - an outcome made possible by unified land ownership and public financing tools.

While municipal land leasing was not used in early Tapiola, the project's success directly influenced national policy. From the 1960s onward, Finnish municipalities - including Espoo - adopted the practice of long-term public land leasing to guide development, maintain tenure mix, and moderate housing costs. In this way,

Tapiola helped inspire the expansion of public land stewardship as a planning and affordability tool (Vaattovaara and Kortteinen, 2003).

Tapiola's early residential environment was shaped by a remarkable group of Finnish architects whose work contributed to the district's architectural diversity and experimental housing forms. Alvar Aalto designed several landmark residential buildings, including the Harjuviita apartment houses and the seven "point blocks" (tower houses) completed in the 1960s. Viljo Revell developed the distinctive "Hip Flask" (Taskumatti) tower houses, while Aulis Blomstedt designed smaller-scale housing, including the semi-detached Nallenpolku wooden studio houses. Markus Tavio contributed several residential projects such as the "Viisikko" houses. Kaija and Heikki Sirén designed a collection of red-brick residential buildings alongside the nearby Otaniemi Chapel, and Raili and Reima Pietilä created the Suvikumpu apartment blocks, notable for their varied green façades that blend with the surrounding forest landscape. Together, these architects produced a rich mix of building types, towers, terraces, studio houses and apartment blocks, reflecting the Garden City ambitions of Tapiola and reinforcing the district's reputation as one of Finland's most significant experiments in modern residential planning.



Photo: 7 Tapiola Garden City built in the 1960s, in winter of 2024 Espoo (Lawson)

Over subsequent decades, however, housing outcomes in Tapiola evolved with market conditions. As land values and household incomes rose, market pressures began to erode the area's original affordability. While many original residents aged in place, newer private developments - including luxury flats - pushed up average costs.

Recent spatial data (2010–2021) rank Tapiola among Helsinki's upper-middle-income zones. Despite this, Espoon Asunnot (Espoo's municipal housing company) continues to operate several ARA-funded rental blocks in the area, charging regulated rents that remain ~47% below market averages (City of Espoo, 2020). These public units act as vital anchors of affordability in an otherwise high-cost neighbourhood.

More recently, expiring land leases have become a flashpoint. Since the 1970s, Espoo has leased city-owned land for housing under long-term contracts - often 50 years, indexed to inflation. As these leases now come up for renewal, ground rents based on updated market values threaten major cost increases. To manage this, Espoo has introduced transitional lease models with phased rent increases and allows leaseholders to purchase plots outright. These interventions underscore how long-term land lease policies, while initially stabilizing, require recalibration to sustain affordability over time (Peltola, 2011).

Tapiola's trajectory shows how land policy can shape housing outcomes across decades. Its founding model - non-profit ownership of land and subsidised housing finance - enabled inclusive, high-quality housing. Later, municipal land leases extended affordability elsewhere in Espoo. Today, maintaining that legacy



Photo: 8 Variet of homes in Tapiola, Espoo (Lawson, 2024)

depends on careful lease management and a continued public role in land allocation. Tapiola illustrates both the promise and the long-term challenges of using land policy to embed social equity into urban development.

3.10.2. Kalasatama (Helsinki)

Kalasatama is Helsinki's largest brownfield regeneration project, transforming a former harbour into a high-density, mixed-use waterfront neighbourhood for 25,000 residents. The project posed a central policy challenge: how to ensure affordability and social inclusion on some of the city's most valuable land.

Helsinki's response was rooted in land policy. Because the city owns nearly all Kalasatama's land, it used long-term public leasing and zoning conditions to regulate housing tenure, control prices, and maintain social balance. It is also hosts the city's new urban planning office.

Helsinki's land policy set a clear mandate from the outset: each new residential district, including Kalasatama, would follow a tenure quota - initially 20% ARA-subsidised rental, 40% intermediate (e.g. Hitas and right-of-occupancy), and 40% market-rate. These ratios were embedded directly into land allocation agreements and lease terms. Developers were selected on the condition that they build designated housing types, with leases tied to affordability commitments. This policy gave Helsinki the leverage to shape not just the form of development, but who could live there.



Photo: 10 Kalasatama in Helsinki, Finland (Hovinen, 2024 CCA)

Most housing in Kalasatama is built on 100-year leases, indexed and subject to periodic rent reviews. Ground rents - typically 4% of land value - are discounted for affordable housing providers, keeping operating costs lower. These leaseholds allow the city to recover land value increases over time and reinvest in public infrastructure. Importantly, they prevent the privatization of land profits that usually accompany regeneration in prime locations. Where plots are sold, zoning contracts include inclusionary housing requirements to ensure affordability is retained.

The housing outcomes of this land-led strategy are notable. By 2025, Kalasatama included social rental towers (Heka), capped-price Hitas condominiums, right-of-occupancy (HASO) buildings, and market-rate units - often within the same block. These tenures share infrastructure, parking, and courtyards, with no visible distinction between subsidised and market housing. All units meet Helsinki's uniform design standards, avoiding segregation by quality or appearance.

Affordability has been achieved through multiple channels. ARA rentals operate on a cost-rent basis (~€13–15/m²), with access prioritised for lower-income applicants. Hitas homes, sold at capped prices, are 20–30% cheaper than equivalent market units, with resale restrictions preserving affordability over time. Right-of-occupancy units require a modest upfront payment and offer below-market monthly fees. Each tenure is allocated through open or means-tested systems, ensuring broad accessibility to low- and middle-income households.

Kalasatama's mixed-tenure, land-controlled model has yielded a socially diverse urban community. Income distribution mirrors the city average, with students, workers, retirees, and professionals sharing schools, parks and services. Early signs suggest this inclusion is durable, not tokenistic. The city's stewardship of land - rather than simply reacting to market forces - has allowed it to create lasting affordability and prevent exclusion in a high-demand central location.

In sum, Kalasatama illustrates how public land policy can be a powerful driver of equitable urban development. Through long-term leasing, tenure quotas, and affordability-linked land terms, Helsinki has not only delivered housing but shaped who benefits from urban transformation. As rising land values threaten inclusion in cities worldwide, Kalasatama offers a compelling model of how to embed affordability into the very foundation of city-building.

Sources: City of Helsinki (2012; 2022); "The Port and the City" blog (2014); Housing2030 case study (2021); Tyvimaa *et al.* (2015); Vaattovaara & Kortteinen (2003).

3.10.3. Kuninkaantammi (Helsinki)

Kuninkaantammi is a newly developing residential district in northwest Helsinki (Kaarela) envisioned as an ecologically sustainable, community-oriented “walking city”. A 2018 partial master plan allocated mostly “kaupunkientalo” (urban small-block) housing, emphasizing green space and wooden construction. The first building projects began in 2021, focusing on energy-efficient wooden apartments. Development sites lie just north of Central Park (Keskuspuisto) and south of Palettilammi lake. Over 3 ha in the Lammenranta sector alone are zoned for mixed housing (525 units). City promotion highlights nature integration (“city and nature shake hands”). Local streets (e.g. Kuninkaantammenkierto) and parks (e.g. Vennynpuisto) are planned in tandem with housing.



Photo: 11 Kuninkaantammi is located in the Kaarela district of northwestern Helsinki, between Central Park and the Vantaa River. (Source: avainasunnot.fi)

Municipal Land Ownership & Leasing: The City of Helsinki retains most Kuninkaantammi land and allocates it via long-term leases. For example, in 2018 the City Council explicitly reserved a Kuninkaantammi plot (lot 33417/2) for state-supported (ARA) rental housing, to be developed by the municipal housing company Heka. Similarly, the HASO right-of-occupancy project (Vennynpuisto, 65 units) will be built on a leased city lot. In Helsinki, typical housing leases run 50–

100 years with rents indexed (often set near 4% of land value) and periodic reviews. (In practice Heka projects charge a flat monthly rent per m² that is much lower than market, but can still reach €14–20/m².) Short-term leases are also used (e.g. one-year permits during construction phases). Lease allocations may occur via tenders or continuous calls: e.g. an open “continuous call” invited developers to apply for Kuninkaantammi sites in 2023. In some cases, land is sold: for instance the city recently agreed to sell two Kuninkaantammi lots (33401/2 and /3) to private developer Olas Group (Fokus fund) for condominium projects.



Photo: 12 Walking through Kuninkaantammi a new district in northwest Helsinki

Kuninkaantammi combines social rentals (Heka/ARA), ASO apartments (HASO), regulated owners (Hitas), and market housing (both for sale and unsubsidized rent), often on the same blocks. About half the housing plots appear earmarked for subsidized or non-profit housing (Heka, HASO, ASO) while the rest go to private owners/developers. The city-led wooden apartment district (Etelärinne) exemplifies this mix: free-sale owner flats (Karnevaali), non-profit rental (Tammen), HASO, ASO, and Hitas in adjacent buildings. The summary below outlines the tenures and type of housing outcomes produced.

- **Free-market ownership:** Arktan's *Asunto-Oy Helsingin Karnevaali* (2021–23) is an

energy-efficient wooden block of owner-occupied apartments (vapaa-rahoitteisia omistusasuntoja). Similar market-sale condominiums have been or will be built by private firms (e.g. YIT, A-Kruunu).

- **Regulated-owner (Hitas/ “puolihitas”):** A design competition (2021) produced plans for a *puolihitas* block (~4400 m²) – a limited-price owner-occupied building. These will be sold under Helsinki’s price-control rules.
- **State-subsidized rental (ARA):** Several sites are reserved for ARA rental housing (typically owned by Heka). For example, *Kuninkaantammenkierto 14* (58 units) is an ARA-supported Heka rental building, with an average rent ~€14.8/m². Another Heka block (“Tammen”) was selected in 2019 via a plot contest and yields 79 total units across two wooden towers. Helsingin Asuntotuotanto (city builder) is constructing 99 rental apartments (2021–23) on adjacent lots.
- **Right-of-occupancy (ASO/ “asumisoikeus”):** HASO (Helsingin Asumisoikeus Oy) is developing a 65-unit ASO project (*Haso Vennynpuisto*) on city-leased land. Helsinki also has a 97-unit HASO block (*Kuninkaantammenkierto 4* completed 2019) in the area. Applicants pay a moderate capital fee (e.g. ~€4,990/m² for Vennynpuisto) and below-market monthly charge.
- **Other non-profit housing:** The student housing foundation HOAS has begun planning a wooden CLT apartment building (for students) on Muotokuvankatu (coming 2022–23).

Despite the presence of subsidised housing, affordability outcomes in Kuninkaantammi illustrate broader tensions in Helsinki’s housing system. Newly completed Heka social rental dwellings typically have rents in the range of €14–15 per m² per month, reflecting the cost-rent principle applied to recently constructed ARA-financed housing. At the same time, right-of-occupancy (ASO) dwellings require an initial equity payment of approximately 15% of the dwelling’s acquisition value, which for a typical 65 m² dwelling can imply an entry contribution exceeding €30,000. While these models remain substantially below market ownership costs, the required rents and equity contributions may still be challenging for lower-income households.

Helsinki’s urban land policy aims to maintain “kohtuullinen” (moderate) rent levels in subsidised housing through regulated land prices and long-term municipal land leases. However, rising construction costs, energy-efficiency standards and financing costs have pushed new ARA rents closer to lower-market rental levels in some locations. The city therefore relies on a mixed-tenure production strategy, typically targeting around 20–30% of new housing as state-supported production across the metropolitan region, including ARA rental housing, ASO dwellings and other regulated forms. In Kuninkaantammi, these

tenure forms are combined with market housing within the same district. Allocation follows established rules: Heka/ARA rental dwellings are assigned through the municipal waiting list prioritising households with the greatest need, ASO housing targets moderate-income households, and regulated ownership housing (e.g. Hitas-type models) includes price and resale restrictions.

Nevertheless, some analysts argue that current policy instruments do not fully secure affordability for the lowest-income groups. Official policy documents emphasise the need for “monipuolinen, kohtuuhintainen asuntotuotanto” (diverse and reasonably priced housing production) in Helsinki, yet annual production of long-term ARA rental housing has at times fallen below policy targets. Commentators suggest that without stronger subsidies or tighter land-price moderation, newly built subsidised housing may remain out of reach for some lower-income households. Early experience in Kuninkaantammi therefore reflects a wider Helsinki pattern: mixed-tenure development does deliver regulated housing, but access to newly built dwellings may remain concentrated among middle-income households or those receiving housing benefit support.

Field work conclusions

The Finnish approach to land policy and affordable housing demonstrates the advantages of combining municipal land ownership, national housing finance regulation, and long-term planning frameworks. As shown throughout this chapter, retaining public ownership of development land and allocating plots through long-term ground leases enables municipalities to steer tenure mix, moderate land costs, and capture land value created through planning and infrastructure investment. When combined with the national cost-rent framework of the ARA/VARKE system, interest-subsidy finance, and needs-based allocation rules, this institutional architecture has enabled Finland to sustain a significant stock of regulated rental housing and maintain socially mixed neighbourhoods over long periods.

The case studies illustrate how these mechanisms operate in practice. Tapiola, the post-war garden city in Espoo, shows how early integration of non-profit land ownership, architectural innovation and subsidised finance produced high-quality mixed housing that remained socially inclusive for decades.

Kuninkaantammi, a contemporary Helsinki development area, demonstrates how similar principles continue to shape urban expansion: municipal land preparation, climate-conscious planning, and plot allocation across ARA rental, right-of-occupancy and market housing ensure a diverse tenure structure within a single district. Meanwhile, the broader Helsinki land-leasing system, covering most of the development land, provides a stable fiscal base for the city while embedding affordability conditions within long-term land contracts.

These examples show that Finland’s model functions not as a single policy instrument but as an integrated land–finance–governance system. Municipal

land ownership provides the spatial and economic leverage to guide development; national housing finance instruments reduce capital costs and enforce cost-based rent regulation; and long-term metropolitan planning agreements (MAL) align housing production with infrastructure investment. This combination has enabled Finland, and Helsinki in particular, to deliver consistent housing production, mixed-tenure neighbourhoods and relatively stable affordability outcomes compared with many European metropolitan regions.

However, the chapter also highlights emerging pressures. Rising construction costs, lease renewals on mature land portfolios, and recent reductions in national subsidy programmes may weaken some of the stabilising mechanisms that historically supported the system. As a result, the effectiveness of the Finnish approach increasingly depends on continued municipal capacity to manage land strategically and maintain tenure diversity through plot allocation and moderated lease terms. The Finnish experience nevertheless provides an important lesson for housing policy internationally: long-term public stewardship of land, combined with regulated financing and mission-driven providers, can embed affordability and social mix structurally within urban development rather than relying solely on short-term subsidies or market incentives.

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4. Brussels: Community Land Trust

Community Land Trusts (CLTs) represent a distinctive approach to securing long-term housing affordability by removing land from speculative markets and placing it under non-profit community stewardship. Unlike municipal land banking or public land leasing systems that operate at citywide scale, CLTs typically intervene at the project or neighbourhood level. Their defining feature is the separation of land ownership from housing ownership: the trust retains land in perpetuity while residents hold long-term rights to occupy and transfer homes under resale formulas that preserve affordability for future households. Through this mechanism, CLTs aim to stabilise housing costs, prevent speculative windfall gains and strengthen community participation in housing governance.



Photo: 13 Arc-en-Ciel (Vandenpeereboom, Molenbeek) Lawson, 2025

In Brussels, Community Land Trust Brussels (CLTB) has developed one of the most prominent European examples of this model, combining public support, cooperative development partnerships and community governance to deliver permanently affordable housing in a high-pressure urban market.

4.1. System context

Belgium's housing system reflects a long-standing "homeownership society" built on favourable tax treatment, extensive mortgage finance, and fragmented regional governance. Since the federalisation of housing policy in the 1980s, Flanders, Wallonia, and the Brussels-Capital Region have pursued divergent approaches within shared fiscal and institutional constraints. Homeownership now exceeds 70% nationally but is far lower in Brussels ($\approx 40\%$), where population growth, migration, and limited land supply have pushed both house prices and rents beyond wage growth (Winters, 2025). The private rental sector accommodates most low-income and migrant households but remains largely unregulated, with modest rent controls and weak tenure security. Social rental housing, provided by regional housing companies, accounts for 6–7% of the national stock, concentrated in older peripheral estates and insufficient to meet growing demand.

While aggregate indicators suggest relative stability, deeper evidence reveals unequal exposure to affordability stress and housing inequality. Domènech-Arumí and Gobbi (2025) estimate that the Gini coefficient for housing values is 0.25, reflecting moderate but spatially concentrated inequality. In Brussels, affluent inner districts and redeveloped quarters coexist with pockets of severe deprivation, where overcrowding and substandard quality persist.

Rising housing prices, land and construction costs continue to exclude younger and lower-income households from ownership. The social sector's limited size, combined with fiscal constraints on new construction, has pushed local authorities and non-profits to experiment with alternative access models, such as cooperative housing, right-of-use schemes, and land trusts.

The energy transition and housing-quality deficit add a further dimension to Belgium's housing challenge. Over 40% of dwellings pre-date 1960 and require deep renovation to meet energy-performance targets, yet low-income owner-occupiers-often "locked-in" households-struggle to finance upgrades (De Meulder et al., 2025). Recent Ghent pilot programmes show that targeted subsidies and technical assistance can improve energy efficiency, comfort, and satisfaction, but scale remains limited.

These housing market and quality conditions and pressure for sustainable renewal-have motivated several community-based and land-holding innovations, notably the Brussels Community Land Trust (CLTB). By separating land ownership from building ownership, CLTs provide a mechanism to stabilise affordability, retain public investment, and ensure long-term stewardship in a housing system otherwise shaped by individualised property relations and fragmented governance.

4.2. Aims of the policy

CLTs seek to stabilise housing costs, prevent displacement, and ensure that public and collective investment in land delivers enduring social returns rather than short-term capital gains.

CLTB pursues three interrelated objectives. First, it provides a stable and affordable pathway to ownership for low-income households who would otherwise remain locked into insecure and high-cost private rental markets. By reducing the upfront price of housing: through the removal of land costs and controlled resale formulas, CLTB lowers entry barriers to ownership while protecting households from excessive debt exposure.

Second, CLTB actively prevents displacement in a high-pressure urban housing market by stewarding land as a common. Because the land cannot be sold or speculated upon, affordability is retained in perpetuity, even as surrounding neighbourhood property values rise. Third, CLTB seeks to strengthen neighbourhoods through resident participation and co-governance. Residents are involved in decision-making structures that span project design, management, and long-term stewardship.

4.3. Implementation of the policy

The Brussels Community Land Trust (CLTB) offers a distinctive model for generating affordable housing by permanently removing land from speculative markets and anchoring it in community stewardship. Through a dual legal structure-combining a nonprofit association and a public-purpose foundation-Participatory processes foster social cohesion, strengthen local networks, and build residents' skills and confidence, contributing to more resilient communities.

In this sense, CLTB operates simultaneously as a housing provider, land steward, and civic institution. Its experience demonstrates how alternative land governance arrangements can translate public and collective investment into durable affordability outcomes, while also generating broader social benefits that conventional market-based housing systems struggle to deliver.

CLTB acquires land with public subsidies and leases it to low-income households under long-term surface rights. Homes are sold at 25–50% below market rates, and resale formulas ensure affordability is preserved across generations. This structure not only lowers entry costs but also prevents displacement and speculative turnover. CLTB's participatory development process, inclusive governance, and targeted outreach to marginalised groups-such as migrants, single-parent families, and racialised minorities-make it a powerful tool for

addressing housing inequality on a site specific space. By embedding affordability in tenure and integrating projects into well-connected urban areas, CLTB promotes spatial equity and long-term inclusion within Brussels' housing system

CLTB exemplifies this approach through a legally and institutionally robust model that separates land ownership from building ownership. Land is held in trust by CLTB for the common good, while dwellings are owned by households through long-term real rights, subject to resale and price-regulation conditions. This structure anchors affordability in the land itself and preserves public value across generations.

The Brussels Community Land Trust is best understood not simply as a housing provider, but as a distinct land governance and stewardship model that intervenes at several stages of the housing development process.

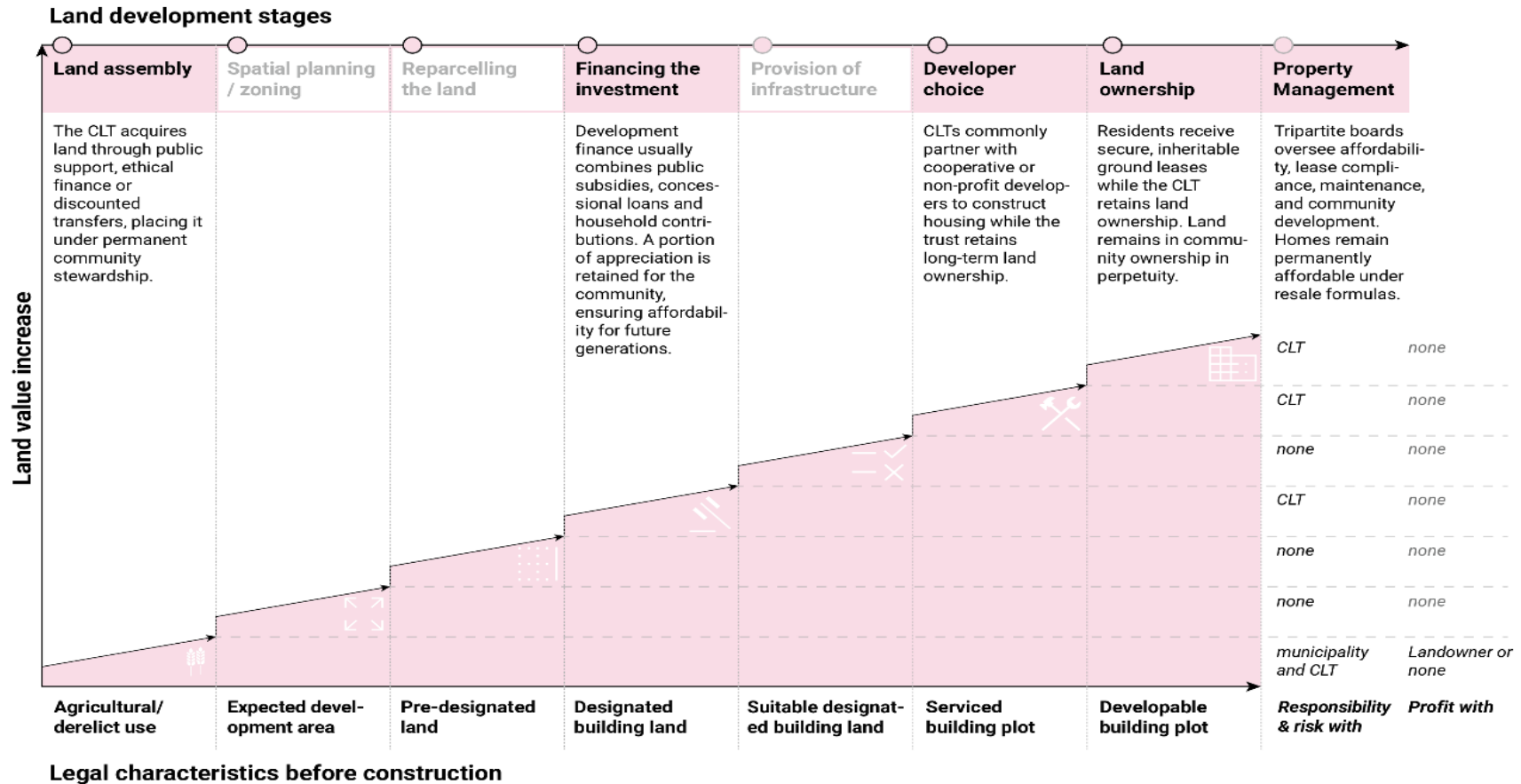
Unlike public land banking or municipal leasing, the CLT model does not primarily rely on large-scale state control over urban expansion. Instead, it removes selected sites from speculative land markets and holds them in trust for long-term community benefit. Figure 11 illustrates how this model operates across the development cycle: land is acquired through public support, ethical finance or discounted transfer; development is financed through a mix of subsidy, concessional lending and household contribution; homes are delivered through partnerships with mission-driven developers; and long-term affordability is secured through split land and building ownership, resale controls and collective stewardship. In this way, the CLT embeds affordability in the tenure structure itself rather than trying to recover it after land values have already been capitalised.



COMMUNITY LAND TRUST (CLT)

Community Land Trusts remove land from speculative markets by placing it under non-profit community ownership and regulating its use through affordability provisions.

CLTs typically operate in already serviced urban areas where little additional infrastructure or land re-parcelling is required, helping to limit development costs.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 11 How the Community Land Trust model intervenes across the housing development and stewardship cycle (Source: the authors).

4.3.1. Institutional architecture

In Brussels, CLTB operates through a dual legal framework: a nonprofit association responsible for operations, projects, and community engagement, and a public utility foundation that holds land in perpetuity. This structure adapts the common law “trust” concept to Belgian civil law, ensuring that assets are permanently dedicated to public benefit. The association elects the foundation’s board, maintaining alignment with CLTB’s mission (Lenna, n.d.; CLTB, 2023).

Tripartite democratic governance. CLTB embeds the classic CLT triad- residents/leaseholders, public authorities, and civil society/community actors- across its general assembly and board. This structure balances interests, sustains legitimacy, and institutionalises stewardship beyond individual projects (Moore & McKee, 2012; CLTB, 2023).

Mission & eligibility. CLTB’s statutes and policies clearly articulate its mission: to guarantee perpetual affordability, prevent speculation, and deliver lasting community benefit. Eligibility and allocation criteria are aligned with regional social housing income thresholds, ensuring access for low-income households. Membership is open, and appeals procedures are transparent, reinforcing the trust’s commitment to fairness and inclusion (CLTB, 2023).

Resource the organisation. Budget not only for development staff, but also for community workers, facilitation, and postoccupancy stewardship-core components of CLT performance, not overhead (Aernouts & Ryckewaert, 2017; CLTB, 2023).

4.3.2. Design the tenure: land/building split, ground rent, resale control

The most crucial land policy aspect of the Brussels Community Land Trust (CLTB) model is its use of surface rights and long-term ground leases to permanently separate land ownership from building ownership. This legal structure-enabled by Belgium’s civil law system-allows CLTB to retain ownership of land in perpetuity while leasing it to low-income households under secure, mortgageable terms. By removing land from the speculative market and anchoring it in community stewardship, CLTB ensures that affordability is embedded in the tenure itself, not just achieved through one-off subsidies. Understanding how surface rights are structured, regulated, and accepted by lenders is essential for any city or region considering a CLT approach.

Design the tenure: land/building split, ground rent, resale control

Split tenure is implemented using real rights. The land is held by the foundation; while building and occupancy rights are conveyed to households through surface rights or emphyteusis-renewable long-term arrangements paired with a modest, indexed ground rent. These instruments are secure and mortgageable under

Belgian law, while ensuring the land remains under fiduciary stewardship (Lenna, n.d.).

Resale control (limited equity). A transparent resale formula ensures that exit prices reflect affordability rather than market fluctuations. Sellers recover their initial equity and a limited share of value growth, plus approved improvements. The CLT retains pre-emption rights and guarantees that the next eligible buyer can purchase well below market value. Standardised formula sheets and improvement policies are provided to lenders and notaries to ensure clarity and consistency (Moore & McKee, 2012; Lenna, n.d.).

Lender alignment. CLTB offers lender-approved lease and surface right templates, appraisal guidance for restricted resale, and clear step-in rights to reduce underwriting risk. Where necessary, public guarantees may be explored to support capped-equity mortgages (Moore & McKee, 2012).

4.3.3. Building a pipeline via capital and financing

Since its establishment in 2012, the Brussels Community Land Trust (CLTB) has gradually expanded from small pilot projects to a modest but growing portfolio of permanently affordable housing. Early implementation was incremental: by 2020 CLTB had delivered 49 dwellings with a further 59 under construction, demonstrating proof of concept for the model (Housing2030, 2020). In the early 2020s the programme scaled up to five completed projects providing 103 homes for around 450 residents, with more than 100 additional homes in preparation (World Habitat, 2021; Metropolis, 2022). More recent reporting indicates continued growth, with around 115 dwellings already inhabited and several projects currently under construction (CLTB, 2024).

Regional policy now provides a more formal basis for continued CLTB activity, including a 2023 management contract with the Brussels-Capital Region setting financing and production objectives; however, the scale remains modest, with CLTB positioned as a complementary affordability and land-stewardship instrument.

CLTB's development pipeline is underpinned by formal recognition in Brussels' regional housing policy and operational alignment with municipal planning tools. This institutional support enables access to discounted public land—often through urban regeneration schemes such as *Contrats de Quartier*, which allow municipalities to sell land at up to 75% below market value.

The financing model combines multiple layers of public and private capital. At its core is a **€2 million annual investment subsidy** from the Brussels Capital Region (BCR), allocated to CLTB's Public Purpose Foundation (FUP) for land acquisition and affordability grants. This subsidy is project-specific: CLTB must submit a feasibility study and business plan for each site to access funds.

Housing development is typically financed through a **60/40 split**:

- **Sixty percent** comes from household mortgages, primarily via the Fonds du Logement, a semi-public lender offering 25-year loans at ~2% interest, capped at 30% of household income.
- **Forty percent** is covered by public investment, including land grants (€350/m²), affordability grants (€415/m²), and occasional EU or innovation funds (e.g. CALICO, SHICC).

CLTB also benefits from reduced VAT rates (6%) when partnering with accredited housing providers, further lowering delivery costs. However, CLTB itself is not yet accredited and is actively seeking pathways to access this fiscal benefit.

This pipeline model allows CLTB to deliver homes at roughly **€1,650/m²**, or 25–50% below market rates in Brussels, while maintaining long-term affordability and public value retention.

4.3.4. Participation and co-production

CLTB places resident participation at the heart of its development model. From the earliest stages, future inhabitants are invited to form project groups (*groupes-projet*) tied to specific housing developments. These groups engage in structured training and capacity-building activities that cover both the technical aspects of housing development—such as public procurement, design processes, and building permits—and the financial and legal dimensions of homeownership.

CLTB project managers, often with architectural backgrounds, facilitate co-design workshops—typically six per project—where residents contribute to decisions on layout, energy performance, shared spaces, and neighbourhood integration. This participatory process not only enhances project quality but also fosters a sense of ownership and community cohesion.

To support residents in navigating the path to ownership, CLTB collaborates with local associations such as Ciré and Convivence. These partners provide tailored guidance on co-ownership rights, savings strategies, and legal procedures, particularly for immigrant and vulnerable households.

While participation is empowering, it is also time-intensive. CLTB has explored partnerships through *Contrats de Quartier*—three-year urban regeneration programmes that include community-building components—but has faced challenges aligning project timelines with funding cycles. As CLTB scales, sustaining deep participation will require dedicated facilitation, flexible funding, and continued collaboration with mission-aligned organisations.

- **Candidate → owner pathway.** Maintain a transparent candidate list; provide budgeting and homebuyer education; use savings groups and resident

workshops to build financial readiness and collective capacity (CLTB, 2023).

- Co-design that feeds procurement. Run thematic workshops (layout, energy, shared spaces, neighbourhood ties); channel outputs into briefs/tender criteria and coach resident assessors-balancing meaningful voice with public-procurement rules (Aernouts & Ryckewaert, 2017; CLTB, 2023).
- Post-occupancy stewardship. Facilitate resident committees, governance, and neighbourhood projects; monitor arrears/support needs; mediate early to avoid evictions and protect public value (Aernouts & Ryckewaert, 2017).

4.3.5. Allocation, fairness and safeguards

Targeting & transparency. CLTB targets low-income households eligible for social housing, using income ceilings aligned with the Brussels Capital Region's social homeownership grid. This ensures access for those most excluded from the conventional housing market, including migrants, single-parent families, and other vulnerable groups. (CLTB, 2023; Aernouts & Ryckewaert, 2017).

Allocation is managed transparently through a chronological registration system. Households are grouped into income categories (A–D), with eligibility and pricing calibrated accordingly. This system avoids indirect exclusion and ensures affordability is matched to household capacity. As of 2018, CLTB had over 600 members, including 400 candidate owners, 170 supporting members, and 30 nonprofit organisations.

To reinforce fairness, CLTB maintains open membership and provides clear appeals procedures. Early enrolment has shown strong diversity, with a high proportion of residents from immigrant backgrounds. This underscores the importance of inclusive outreach and culturally sensitive support, often delivered in partnership with associations such as Ciré and Convivence.

Affordability is preserved not only at entry but across generations. CLTB's resale formula captures 69% of value appreciation:

- Sellers retain 25% of added value
- CLTB (via the FUP) receives 6% or €3,000, whichever is higher
- Buyers pay the original price plus 31% of added value

This mechanism ensures that public investment remains within the asset and resale prices stay well below market levels-on average, CLTB homes are priced at €1,650/m², compared to €2,800–€4,000/m² on the private market.

Together, these mechanisms-income-based eligibility, transparent allocation, and resale controls-ensure that CLTB homes remain accessible, equitable, and permanently affordable.

4.3.6. Monitoring & improvement

CLTB has developed a structured monitoring framework to track affordability, inclusion and long-term impact. Key performance indicators include entry price-to-income ratios, monthly housing cost burdens (mortgage, ground rent and charges), arrears and evictions, demographic reach, resale outcomes and subsidy retention, energy performance and participation metrics. These indicators are reported annually to assess progress and guide programme improvements (CLTB, 2023).

Recent reports show increasing delivery volumes and positive social outcomes, including a steady rise in occupied CLT homes since 2020 and high shares of residents reporting improved wellbeing, community cohesion and housing security (CLTB, 2023).

CLTB also evaluates the effectiveness of its participatory governance model, monitoring the functioning of resident committees, co-ownership arrangements and post-occupancy stewardship. New residents receive support for up to two years after moving in, including training in building management and community living, and some projects introduce shared value charters to strengthen collective responsibility.

Together, this monitoring and learning framework supports transparency, builds trust with stakeholders and helps ensure that affordability and inclusion are maintained as the CLTB model expands.

4.3.7. Scaling up

Scaling up the Community Land Trust (CLT) model requires moving from one-off pilot projects toward a programmatic approach that ensures predictable access to land, capital and institutional support. While the Brussels Community Land Trust (CLTB) has demonstrated proof of concept, delivering homes at **25–50% below market rates** through public land support, affordability grants and regulated resale covenants, its long-term impact depends on overcoming structural constraints and embedding the model within wider housing systems.

Capacity and participation. CLTB's participatory governance is central to its social impact but is also time intensive. As the organisation expands, sustaining meaningful resident involvement will require professional facilitation, flexible funding and dedicated staff for community engagement. Research shows that CLTs often rely heavily on volunteer labour, which can constrain organisational capacity and create risks of burnout or uneven participation when governance demands exceed community resources (Moore & McKee, 2012; Aernouts & Rycckewaert, 2017; SHICC, 2019).

System integration. CLTs function most effectively when positioned as a complementary tenure within a broader housing system rather than as a

substitute for social rental housing or inclusionary planning. Their impact is strengthened when combined with active land policies, such as public land banking or municipal leasing, and supported by enabling legal frameworks and long-term concessional finance.

Programme approach. Scaling requires a pipeline of sites and stable funding rather than isolated projects. Key measures include establishing regular land allocations and grants, standardising legal and financial instruments (such as lease templates and resale formulas), and maintaining robust tripartite governance as the portfolio grows. The SHICC case study of CLTB highlights the importance of predictable regional investment, around **€2 million annually**, in supporting early development, though future expansion will require diversified funding sources and stronger institutional partnerships (SHICC, 2019; CLTB, 2023).

Within this framework, CLTB illustrates how alternative land governance can generate durable affordability outcomes. The model separates land ownership from housing ownership: land is held in trust for the common good, while dwellings are owned by households under long-term real rights subject to resale and price-regulation conditions. This structure anchors affordability in the land itself, lowers entry costs for low-income households, and prevents speculative turnover while preserving public investment across generations.

CLTB therefore operates not only as a housing provider but also as a land steward and civic institution. Its participatory development process, inclusive governance arrangements and targeted outreach to marginalised groups, including migrants, single-parent families and racialised minorities, support social cohesion and spatial inclusion within Brussels' housing system.

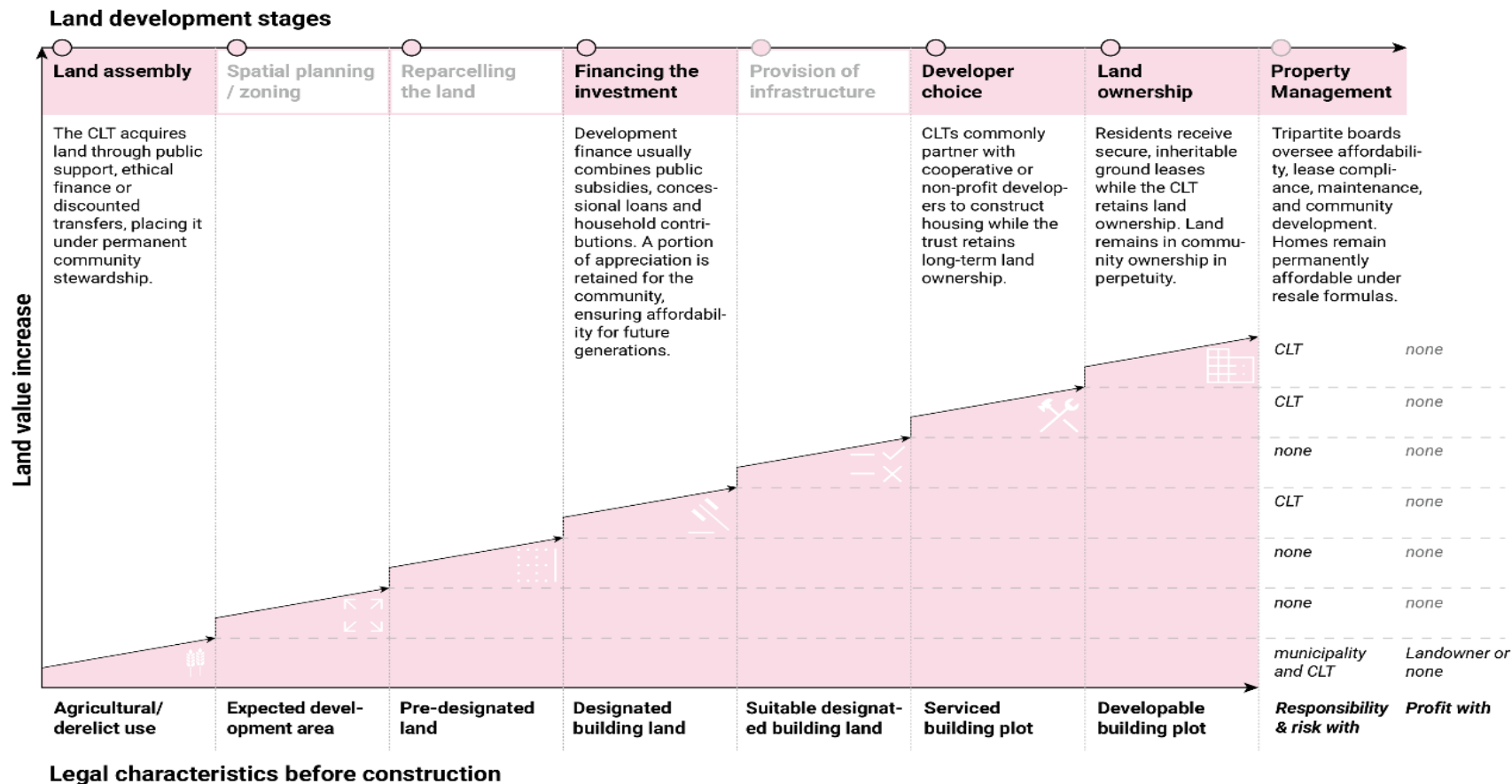
Unlike large-scale public land banking or municipal leasing models, CLTs intervene selectively by removing sites from speculative land markets and holding them in trust for long-term community benefit. **Figure 12** illustrates how this model operates across the development cycle: land is acquired through public support or ethical finance, housing is developed with mission-driven partners using concessional funding, and long-term affordability is secured through the separation of land and building ownership combined with resale controls and collective stewardship. In this way, affordability is embedded directly within the tenure structure rather than recovered after land values have already been capitalised.



COMMUNITY LAND TRUST (CLT)

Community Land Trusts remove land from speculative markets by placing it under non-profit community ownership and regulating its use through affordability provisions.

CLTs typically operate in already serviced urban areas where little additional infrastructure or land re-parcelling is required, helping to limit development costs.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 12 How the Community Land Trust model intervenes across the housing development and stewardship cycle (Source: the authors).

Figure 12 illustrates the operational sequence of the Community Land Trust (CLT) model, showing how permanently affordable housing is created and maintained over time. The process begins with acquiring land and placing it in community ownership, followed by the development of housing on leased land with mission-driven partners. Homes are then allocated to eligible households under long-term ground leases, while regulated resale formulas ensure that affordability is preserved for future occupants. Ongoing stewardship and tripartite governance maintain compliance with affordability rules, and partnerships with municipalities and housing policies support the replication and scaling of the model.

Overall, the figure highlights how CLTs intervene across the full housing cycle, from land acquisition to long-term governance, to stabilise housing costs and protect affordability over generations.

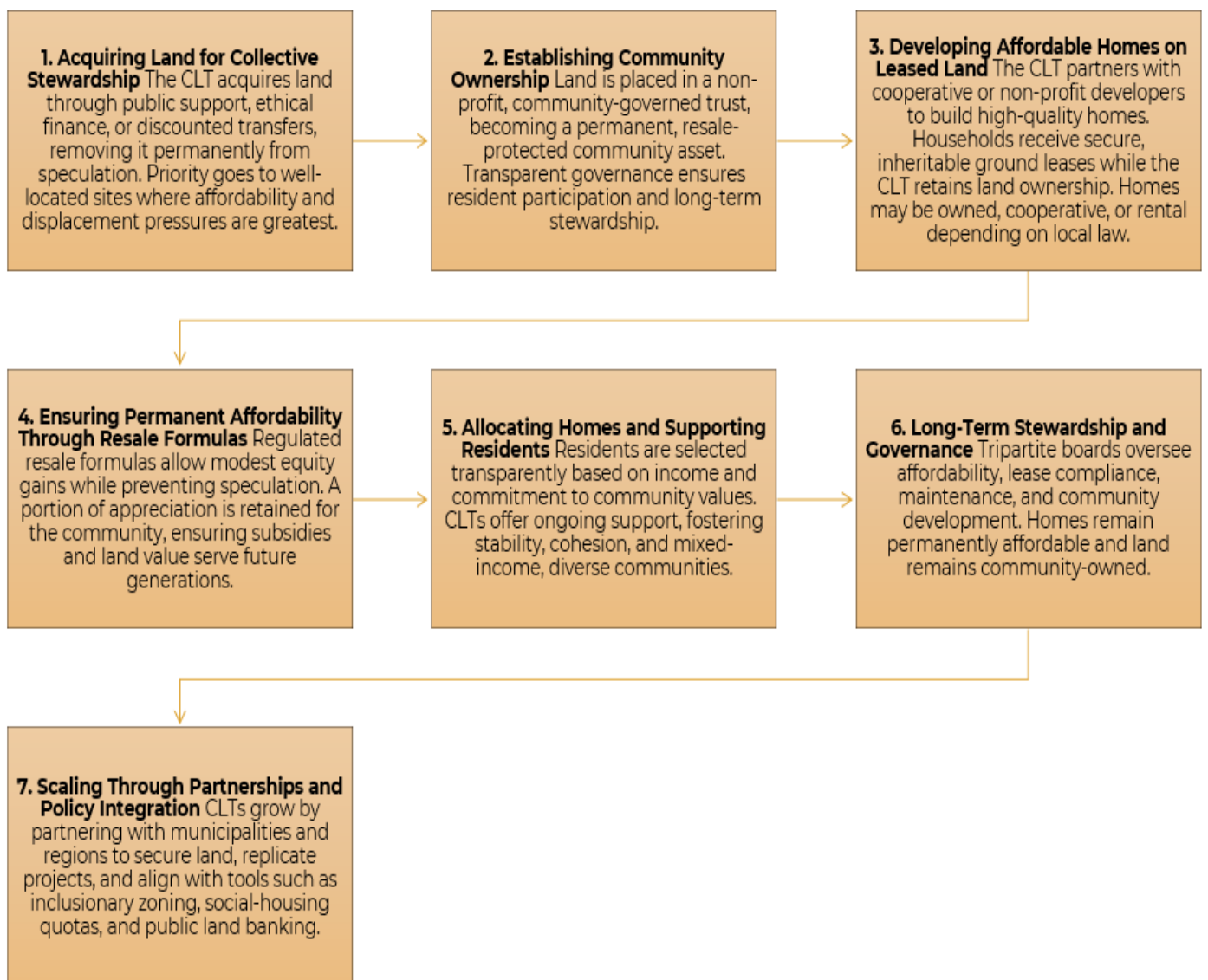


Figure 13 Process of implementing community land trusts (the authors)

4.4. Costs involved in implementation

The financial model of the Brussels Community Land Trust (CLTB) combines public investment, household finance and long-term stewardship to deliver permanently affordable housing. Rather than eliminating development costs, the model restructures them so that public subsidies remain embedded in the asset while entry costs for households are substantially reduced.

4.4.1. Public investment and development financing.

CLTB's affordability model is anchored in public investment from the Brussels-Capital Region, which provides an annual subsidy of around €2 million to the CLTB Public Purpose Foundation (FUP) to support land acquisition and affordability grants. Each project must be supported by a feasibility study and business plan before funding is allocated (CLTB, 2023). According to the Interreg SHICC financial case study, CLTB developments typically rely on a layered financing structure in which approximately 40 per cent of total project costs are covered by public investment and 60 per cent by household mortgages, mainly provided through the semi-public lender Fonds du Logement (SHICC, 2019). Public contributions may include land grants of around €350/m², affordability grants of approximately €415/m², and reduced 6 per cent VAT when projects are delivered with accredited housing providers. Additional sources such as EU innovation funds (for example CALICO), municipal grants and ethical lenders may also contribute to project financing.

4.4.2. Development and organisational costs.

In construction terms, CLTB projects resemble conventional multifamily housing developments, covering land acquisition, professional services, permits, construction and VAT. However, the financial structure differs because CLTB retains ownership of the land, meaning that land value is not fully incorporated into the sale price of dwellings. This reduces entry costs while ensuring that public investment remains attached to the asset over time (Aernouts & Ryckewaert, 2017; CLTB, 2023). Project-level administrative costs such as registration and permit fees are relatively modest compared with total development costs. Beyond development management, CLTB also incurs organisational costs associated with its broader institutional role. The organisation manages land stewardship, resale procedures and resident governance across its portfolio. By 2022, CLTB reported 107 inhabited homes across five projects, with 84 additional homes in development across eleven sites in Brussels, illustrating the ongoing organisational responsibilities associated with long-term affordability management (CLTB, 2023).

4.4.3. Household costs and affordability.

For residents, affordability is achieved through a combination of subsidised development costs and the separation of land from building ownership. CLTB

homes are typically sold at 25–50 per cent below market prices, averaging around €1,650/m² compared with €2,800–€4,000/m² in the Brussels housing market. Buyers purchase the dwelling but not the land, which remains in trust and is leased through a renewable surface right. Mortgages are sized to the capped purchase price and are usually provided by the Fonds du Logement through long-term loans at approximately 2 per cent interest, with repayments capped at about 30 per cent of household income (Moore & McKee, 2012; CLTB, 2023). Households also pay a modest indexed ground rent: typically, around €10 per month, alongside standard owner charges.

Together, these mechanisms allow CLTB to deliver permanently affordable homes while retaining public investment within the asset. The model demonstrates that combining predictable subsidies, discounted land and regulated resale conditions can produce stable affordability outcomes, although long-term scaling depends on sustained public investment and integration into broader housing policy frameworks (SHICC, 2019).

4.5. Effectiveness: affordability, quality and distributional outcomes

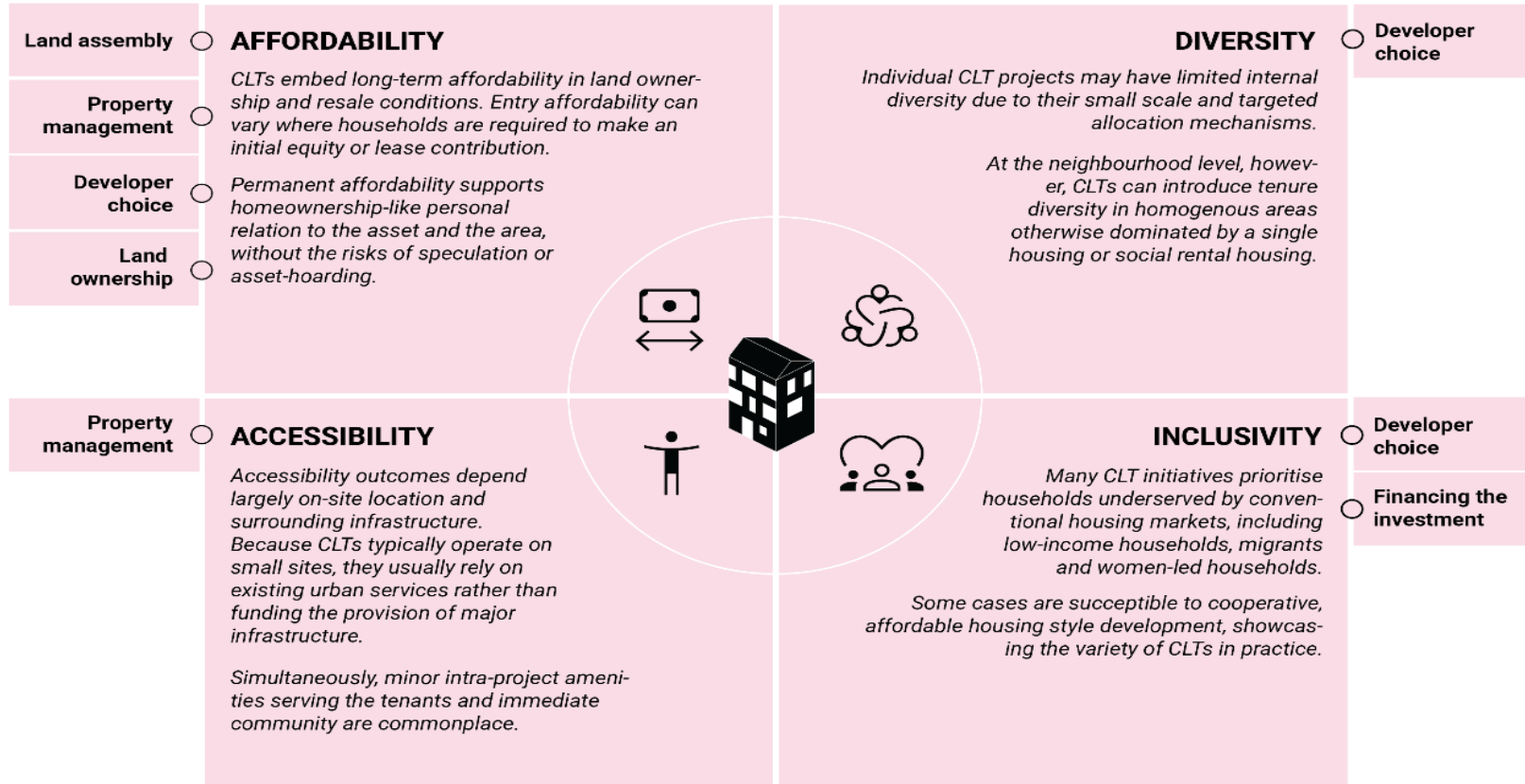
Having described the legal form, governance arrangements and financing model of Community Land Trust Brussels, the next step is to assess how these institutional features translate into housing outcomes. **Figure 13** summarises these effects through the four outcome dimensions used throughout the Equal House study, affordability, diversity, accessibility and inclusivity. It highlights both the promise and the limits of the CLT model. Affordability is highly durable because land is permanently removed from the market, but scale remains constrained by the availability of land, subsidy and organisational capacity. Diversity can be modest within individual projects, yet CLTs may introduce new tenure forms and social mix into otherwise homogeneous neighbourhoods. Accessibility is often strong where CLTs secure well-located urban sites, although they usually depend on pre-existing infrastructure rather than funding major new provision. Inclusivity is one of the model's strongest dimensions: in Brussels, CLTB has explicitly prioritised low-income households and groups facing structural disadvantage, while participatory governance helps translate affordability into longer-term social stability and community empowerment. The following sections assess these outcomes in greater detail, including the distributional impacts, risks and transfer conditions of the Brussels model.



COMMUNITY LAND TRUST (CLT)

Community Land Trusts provide a locally grounded approach to permanently affordable and inclusive housing, often operating within established urban areas.

Although typically limited in scale and financial capacity, CLTs emphasise community stewardship and long-term affordability, alongside public or philanthropic support.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 14 Impact of community land trusts on affordability, diversity, accessibility and inclusion

Community land trusts impact on affordability, diversity, accessibility and inclusion

CLTB's model delivers affordability both at the point of purchase and across generations. By removing land from the transaction and capping resale prices, CLTB homes are sold at 25–50% below market rates, with average prices around €1,650/m² compared to €2,800–€4,000/m² in Brussels. The resale formula ensures that 69% of value appreciation is retained by the trust, preserving affordability for future buyers and locking public investment into the asset. (Moore & McKee, 2012; CLTB, 2023). This approach aligns with broader European land policy goals: embedding affordability into tenure rather than relying solely on upfront subsidies. It also reflects the CLT principle of “ownership for use, not exchange,” which prioritises housing as a social good over speculative gain.

CLTB's participatory development model contributes to high-quality housing and strong community ties. Co-design processes yield durable, efficient buildings and shared spaces—such as gardens and community rooms—that foster everyday support and local cohesion. Residents report increased well-being, satisfaction, and a sense of empowerment, particularly in projects like Arc-en-Ciel and CALICO, which integrate social services and community anchors. (Aernouts & Ryckewaert, 2017; CLTB, 2023). This aligns with international evidence that CLTs can enhance neighbourhood stability and civic engagement when governance is inclusive and stewardship is sustained.

CLTB's allocation system targets households excluded from conventional mortgage markets, including larger families, single parents, and racialised minorities. Income-based eligibility and capped resale prices ensure that homes remain accessible to low-income groups over time. Early enrolment patterns show strong reach to immigrant communities, supported by savings-group pathways and partnerships with associations such as Ciré and Convivence. (Aernouts & Ryckewaert, 2017; CLTB, 2023). This distributional impact is particularly significant in Brussels, where social housing supply is limited and affordability pressures are acute.

While numerically modest relative to need, CLTB adds a permanent affordable tenure stream that does not evaporate at resale. It potentially dampens localised price pressure in boom cycles and sustains delivery in weaker markets, but the scale is modest.

As Moore & McKee note, CLTs can act as “market stabilisers” when embedded in broader housing systems on a larger scale and supported by enabling institutions. (CLTB, 2023).

4.6. Impact on marginalised groups

Within this Belgian housing system context and with regards to inequality⁶, the Community Land Trust functions as a highly targeted land policy instrument, designed to interrupt the direct translation of income and wealth inequality into housing exclusion. CLTB's model is explicitly designed to serve households excluded from conventional housing pathways, particularly those facing structural barriers due to income, migration status, family composition, or discrimination. Its impact on marginalised groups is evident across several dimensions:

Housing tenure security outcomes, not just access, are also note worthy. CLT stewardship offers a platform to stabilise housing outcomes for women-led households over time. The Brussels section should therefore explicitly link the land instrument's effectiveness to gender-relevant indicators - arrears, forced moves, and tenancy sustainment - consistent with the Belgian national inequality profile.

CLTB calibrates prices to low incomes, reduces monthly cost burdens, and secures indefinite tenure. Homes are sold at 25–50% below market rates, and resale formulas ensure affordability is preserved across generations. This is especially critical in Brussels, where social housing supply is limited and private rental costs are rising faster than incomes.

CLTB's allocation system is designed to reach groups often excluded from mainstream housing, including racialised minorities, single-parent families, and migrants. As of 2018, over 400 candidate owners were registered, with a high proportion from immigrant backgrounds. Partnerships with associations such as Ciré and Convivence provide culturally sensitive support, legal guidance, and financial coaching, helping residents navigate ownership and co-governance. This inclusive outreach is essential to counteract the risk-identified by Moore &

⁶ See earlier discussion 4.1 on system context. The recently published Belgium Equal House [country profile](#) identifies very steep income gradients in housing precariousness, with cost-precariousness affecting around 40% of individuals in the lowest income quintile and remaining significant in the second quintile. This national pattern has a pronounced gender dimension, as women - particularly single mothers, migrant women and older women - are disproportionately represented among low-income renter households exposed to affordability stress and material deprivation.

McKee (2012)-that community-led housing models may inadvertently reproduce exclusion unless safeguards are built into governance and allocation.

CLTB's participatory development model fosters empowerment and capacity-building. Residents are involved in co-design workshops, governance structures, and post-occupancy stewardship. This "commoning" approach builds social capital and strengthens community resilience.

CLTB projects are sited in well-connected urban areas, often through strategic land acquisition under *Contrats de Quartier*. This ensures that marginalised households gain access to opportunity-rich environments-near schools, transit, and services-rather than being relegated to peripheral or residual sites

The resale mechanism-where 69% of value appreciation is retained by the trust-prevents speculative gains and ensures that affordability is not eroded over time. This structure supports intergenerational access for low-income households, including those with precarious employment or limited savings (Aernouts & Ryckewaert, 2017).

4.7. Unintended consequences

While the Brussels Community Land Trust (CLTB) model offers a robust mechanism for securing permanent affordability, its implementation also reveals several potential unintended consequences that require careful management.

A key issue concerns scale relative to housing need. Without predictable access to land and multi-year capital commitments, CLTs risk remaining small demonstration initiatives rather than becoming a structurally significant part of the housing system. In Brussels, this risk is addressed by efforts to move towards a more programmatic delivery model, including annual site programmes, standardised legal and financial documentation, and framework agreements with public authorities and financial partners to stabilise project pipelines (CLTB, 2023).

A second concern relates to spatial concentration. If CLT developments rely primarily on lower-cost land, projects may cluster in less accessible locations, potentially reinforcing existing spatial inequalities. Mitigation therefore requires deliberate site selection strategies, including locating projects in well-served urban areas, integrating them into mixed-tenure developments, and using public land policies or pre-emption mechanisms to secure sites in neighbourhoods where land prices would otherwise exclude affordable housing (Aernouts & Ryckewaert, 2017).

Mortgage financing presents another challenge. Because CLT housing separates land ownership from building ownership through long-term surface or ground rights, lenders may initially be cautious about underwriting mortgages for restricted-equity properties. These concerns can be addressed through

standardised lease and resale documentation, clear appraisal guidance, and lender step-in rights, with targeted guarantees where necessary to reduce perceived lending risk (Moore & McKee, 2012).

Finally, participatory governance can place significant demands on residents and community organisations. While deep participation strengthens legitimacy and social cohesion, it may also create pressure on volunteers. Sustaining this model therefore requires professional facilitation, adequate organisational capacity and practical supports that enable broad participation, alongside clear decision-making procedures as the organisation grows (Aernouts & Ryckewaert, 2017; CLTB, 2023).

4.8. Contextual factors influencing the Brussels model

The development of the Brussels Community Land Trust (CLTB) reflects a particular combination of legal instruments, land policy tools and civic institutions that enable the Community Land Trust model to operate within the Brussels housing system.

4.8.1. Legal and institutional framework.

Belgium's civil law system provides suitable legal instruments for implementing the CLT tenure structure. Real rights such as surface rights (*emphytéose*) and long-term ground leases enable the separation of land and building ownership while maintaining legal security for households and lenders. These instruments are familiar to notaries and mortgage providers and therefore compatible with conventional housing finance. In parallel, the Brussels-Capital Region has progressively incorporated CLTB into its housing policy framework, enabling access to public land and annual investment subsidies that support land acquisition and affordability grants (CLTB, 2023).

4.8.2. Strategic land access.

Public land was transferred at discounted prices through neighbourhood regeneration programmes such as the *Contrats de Quartier*, allowing municipalities to dispose of land below market value for social housing purposes. These mechanisms allowed CLTB to secure sites in well-served neighbourhoods and embed affordability in opportunity-rich locations.

In combination with municipal land banking and pre-emption powers, these land policy tools enable public authorities to steer urban development toward inclusive housing outcomes and reduce the risk of speculative displacement (Aernouts & Ryckewaert, 2017).

4.8.3. Civic and political ecosystem.

The Brussels context also includes a strong civic sector and traditions of community organising around housing issues. This environment has supported

CLTB's participatory governance model, which brings together residents, civil society organisations and public authorities within a tripartite institutional structure. Regional and European housing innovation programmes, including initiatives such as CALICO and SHICC, have further supported experimentation and knowledge exchange, providing funding and visibility for the CLTB approach (CLTB, 2023).

4.8.4. Regulatory alignment and remaining constraints.

Despite this supportive context, some regulatory constraints remain. For example, reduced VAT rates (6 per cent) for housing construction are available only to accredited social housing providers, and CLTB has not yet obtained full accreditation under this framework. This limits its ability to reduce development costs and compete on equal fiscal terms with other publicly supported housing providers. The Brussels experience therefore illustrates that regulatory clarity and formal integration within housing policy frameworks remain important conditions for the long-term scaling of CLT initiatives (Lenna, n.d.; CLTB, 2023).

4.9. Suitability for policy transfer

The Brussels experience demonstrates how Community Land Trusts can function as a complementary institutional mechanism for securing long-term housing affordability and community stewardship of land. By separating land ownership from housing ownership and embedding resale restrictions in legal agreements, CLTs prevent speculative land value capture and preserve affordability across generations. The model also creates opportunities for resident participation and neighbourhood stabilisation, particularly for households excluded from conventional housing markets. However, CLTs typically operate at modest scale and depend on access to land, public subsidy and organisational capacity. When embedded within supportive institutional frameworks, CLTs can contribute to durable affordability, social inclusion and community-led housing development in high-pressure urban markets. The Brussels CLT model offers one prototype for cities seeking to do so.

4.9.1. What travels well

Several features of CLTB's model are highly transferable:

- **Public control/acquisition tools:** Instruments such as municipal land banking, pre-emption rights, and discounted land transfers (e.g. via *Contrats de Quartier*) enable cities to steer land use toward inclusive outcomes.
- **Fit-for-purpose tenure law:** Civil law instruments like surface rights and long-term ground leases allow for the separation of land and building ownership, anchoring affordability in the land layer while preserving legal security and mortgageability.
- **Tripartite governance:** CLTB's democratic structure-balancing residents, civil

society, and public authorities-builds legitimacy and resilience. Moore & McKee highlight this as a key feature of successful CLTs internationally.

- **Resale covenants and affordability formulas:** CLTB's resale mechanism captures 69% of value appreciation, ensuring affordability is preserved across generations. This model can be adapted to local income dynamics and housing markets.
- **Programme approach:** Moving from pilots to annual pipelines of sites and grants, with standardised legal and financial documentation, improves predictability and scalability.

4.9.2. Preconditions and cautions

Policy transfer requires careful adaptation to local contexts:

- **Legal framework:** Jurisdictions must allow for separable land/building rights, enforceable resale restrictions, and lender step-in clauses. Where these are absent, enabling legislation may be needed.
- **Institutional capacity:** A capable delivery vehicle-whether a nonprofit, cooperative, or municipal entity-is essential. CLTs must be able to acquire land, manage projects, and steward affordability over time.
- **Funding architecture:** CLTB's success relies on predictable public investment and access to ethical finance. Transferability depends on the availability of similar capital stacks, including land grants, affordability subsidies, and low-interest mortgages.
- **Community engagement infrastructure:** Deep participation is central to the CLT model but requires time, facilitation, and trust. Moore & McKee caution that without adequate support, participation may be uneven or exclusionary.
- **Integration with broader housing systems:** CLTs should complement-not replace-social rental, cooperative housing, and inclusionary planning. Embedding CLTs within a mixed system ensures reach across income bands and housing needs.

Transfer cautions. Co-production and "commoning" practices are empowering but time-intensive; plan staffing accordingly. Adapt resale formulas to local income dynamics and indexation. Integrate CLTs alongside social rental and inclusionary tools to address the full spectrum of housing need (Aernouts & Ryckewaert, 2017; Moore & McKee, 2012).

4.10. Field work case studies

Fieldwork examined two completed Community Land Trust Brussels (CLTB) developments, Arc-en-Ciel and CALICO, to understand how the CLT model operates in practice. The cases illustrate different applications of the model: Arc-en-Ciel demonstrates the delivery of permanently affordable owner-occupied housing through participatory development, while CALICO explores how land stewardship can be combined with care infrastructures and gender-responsive housing initiatives.

4.10.1. Arc-en-Ciel (Molenbeek, Brussels)

Arc-en-Ciel is one of the earliest major developments delivered by Community Land Trust Brussels (CLTB). Located on Rue Vandenpeereboom in Molenbeek-Saint-Jean near Gare de l'Ouest, the project comprises 32 permanently affordable owner-occupied dwellings built to passive energy standards, together with shared facilities including a collective garden and a ground-floor community space (CLTB, 2020). Households moved into the development in February 2020 following a multi-year participatory development process (Maison de Quartier Bonnevie, 2020).



Photo: 14 Arc and Ciel CLT Brussels (Lawson, 2025)

The project emerged from CLTB's "project group" methodology, first initiated in 2012. Prospective residents met regularly over several years to build collective capacity, define housing needs and participate in the design process (CLTB, 2018). Two long-standing community organisations in Molenbeek, Maison de Quartier Bonnevie and CIRÉ, played key roles in supporting this process. Bonnevie acted as a neighbourhood development partner, while CIRÉ provided housing guidance for migrant and refugee households, assisting residents in navigating financial, legal and organisational aspects of shared-equity housing (CIRÉ, 2019; Bonnevie, 2020).

Architectural design was developed by stekke + fraas architects, working closely with the resident group to shape floorplans, shared spaces and energy performance targets consistent with CLTB's affordability and sustainability objectives (Aernouts & Oosterlynck, 2019). The resulting building incorporates collective circulation spaces, communal facilities and a shared garden designed to encourage everyday interaction and social cohesion (Germain et al., 2020).

Arc-en-Ciel reflects a co-production model linking providers, producers and users. CLTB acts as landholder and long-term affordability steward through a ground-lease arrangement, while the Brussels-Capital Region provided capital subsidies and regulatory support (CLTB, 2020). Architects, engineers and contractors formed the producer network responsible for project delivery, while resident households became collective co-owners of the building and long-term leaseholders of the land. The ground-floor associative space is managed by the feminist organisation Vie Féminine, while Fair Ground Brussels holds ownership of the associative unit to ensure its continued community use (Fair Ground Brussels, 2021).

Post-occupation research indicates that residents initially valued the strong collective identity developed during the participatory phase, although patterns of participation diversified after move-in as everyday household routines reshaped the balance between individual and shared responsibilities (Aernouts, 2020).

Research conducted within the ERUDIT urban studies programme at Université libre de Bruxelles provides further insight into these dynamics. Evaluations of CLTB projects, including Arc-en-Ciel, find that the extended pre-development phase, where residents meet regularly to design the project and develop collective capacity, generates strong social capital and trust among residents before occupation (Germain et al., 2020). However, the research also highlights that meaningful participation requires substantial institutional support. Facilitating workshops, mediating conflicts and supporting residents with diverse organisational capacities requires dedicated professional facilitation and sustained organisational resources. Participation therefore remains a structural component of the CLT model rather than a voluntary add-on (Germain et al., 2020).

The ERUDIT research also notes that governance patterns evolve after occupation. While participation tends to be intense during development, engagement typically stabilises into more routine forms of building management once residents move in. This transition highlights the importance of ongoing facilitation and institutional support to sustain collective governance over time (Germain et al., 2020).

Overall, the Arc-en-Ciel case illustrates how the CLT model can combine permanent affordability with participatory governance and social integration. At the same time, it demonstrates that community-led housing requires sustained organisational capacity to maintain the collaborative structures that underpin the model.

4.10.2. CALICO (Forest, Brussels)

CALICO (Care and Living in Community) is a **34-home community-led housing project in Forest**, developed between 2018 and 2022 through the EU Urban Innovative Actions programme (Urban Innovative Actions, 2022a). The project demonstrates how permanently affordable housing can be combined with care infrastructures and gender-responsive housing initiatives.

The project is based on CLTB's land stewardship model. CLTB acquired and retains ownership of the land and shared spaces, while residents obtain long-term emphyteutic leases for their dwellings. Resale prices are regulated to preserve affordability for future low-income households (Community Land Trust Brussels, 2018; Urban Innovative Actions, 2022a). This structure embeds affordability through land governance rather than through time-limited subsidy conditions.

Housing in CALICO is organised into **three thematic clusters**, each supported by a civil-society partner (Urban Innovative Actions, 2022b):

- **CLTB cluster:** permanently affordable dwellings under the CLT model
- **Angela.D cluster:** feminist housing supporting women's autonomy and collective governance (Angela.D, 2022)
- **Pass-ages cluster:** intergenerational cohousing integrating birth, ageing and end-of-life care (Pass-ages ASBL, 2022)

The building incorporates shared kitchens, meeting rooms, guest accommodation for care and a communal garden designed to encourage everyday encounters and mutual support (Urban Innovative Actions, 2022a). Governance is organised through a multi-stakeholder assembly linking CLTB, resident groups, civil-society organisations and municipal actors. Two cooperatives, Fair Ground and Vill'ages de Pass-ages, were established to acquire

and manage cluster housing while reinforcing democratic governance and anti-speculation principles.

Evaluation of the project indicates that CALICO achieved significant social-mix outcomes. Around **50 % of households are aged over 50, 78 % meet eligibility criteria for social housing, and 55 % of adults were born abroad**. Resident satisfaction levels are very high, with all surveyed households reporting satisfaction with their housing conditions. Overcrowding decreased substantially, from **28 % before relocation to 13 % after move-in**, and quality-of-life indicators improved for most residents (CALICO Final Report, 2022).

Participation structures evolved during implementation. Governance is strongest in the Pass-ages cluster, where residents have substantial autonomy, while Angela.D residents, who are social tenants, have a more limited governance role. A jointly developed **Care Charter** now structures commitments to mutual care and community wellbeing within the project (CALICO Final Report, 2022).

The Urban Innovative Actions evaluation identifies CALICO's main innovation in its governance architecture, which combines land stewardship, feminist housing principles and community-based care infrastructures within a single development (Urban Innovative Actions, 2022b).

Taken together, Arc-en-Ciel and CALICO illustrate two complementary trajectories within the CLTB model. Arc-en-Ciel demonstrates the feasibility of delivering permanently affordable homeownership through participatory development and land stewardship. CALICO expands this approach by integrating care infrastructures and thematic housing clusters within the CLT framework. Both cases highlight the potential of CLTs to embed affordability and community governance within housing systems, while also illustrating the organisational capacity required to sustain participatory governance after project completion.



Photo: 15 CALICO (Source: Simon Blackley, Bruxelles Logement, Paul Smith, Fair Ground Brussels)

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5. Paris: Comprehensive inclusionary zoning

Inclusionary zoning (IZ) reshapes the relationship between private development and the public interest by requiring that a proportion of new housing be delivered as affordable or social housing. Rather than relying solely on subsidies or public land, IZ ensures that market-led development contributes directly to social goals. France offers the most sophisticated European example: the national SRU law mandates that municipalities maintain a minimum share of social housing, while Paris' ZAC system embeds affordability requirements and value capture into large-scale urban development operations.

Paris actively addresses housing affordability through a public planning-led land governance system that combines binding social-housing obligations with coordinated redevelopment frameworks. The SRU law (Solidarité et Renouveau Urbain) requires municipalities in metropolitan areas to maintain minimum levels of social housing, creating a strong regulatory driver for mixed-tenure development across the metropolitan region. These obligations are implemented in practice through coordinated redevelopment operations, particularly Zones d'Aménagement Concerté (ZACs), which allow public authorities to assemble land, provide infrastructure and negotiate development conditions within designated urban projects. Together, these instruments enable municipalities to capture part of the land value created through planning decisions and public investment and redirect it toward affordable housing provision and mixed neighbourhood development. Unlike systems based primarily on public land ownership, the Paris model embeds affordability



Photo: 16 Former Olympic athletes village, now home to over 8,000 Parisians (Lawson, 2025)

requirements directly within planning and development processes, shaping the distribution of housing opportunities across the city.

5.1. System context

France's housing system is characterised by a diverse yet interdependent mix of tenures and institutions that together form a “balanced trinity” of homeownership, private rental, and social rental housing. Homeownership has expanded steadily since the post-war period but remains supported by strong non-market pillars: a large social rental sector (encompassing about 17–18% of the housing stock) and a regulated private rental market influenced by state incentives. Central to this architecture are the Caisse des Dépôts et Consignations (CDC) and HLM organisations, which mobilise savings-bank deposits and low-interest loans to finance new and rehabilitated dwellings at cost-based rents. This institutional depth combining land policy instruments with circuits of investment has allowed France to sustain relatively high levels of housing production compared with its European peers, even amid inflation, political instability, and construction-sector turbulence (Schaefer, 2025).

Over the past two decades, however, rising land and construction costs, environmental regulation, and demographic shifts have intensified the need for active land policy to maintain affordability and spatial balance. The Solidarity and Urban Renewal (SRU) Law of 2000, reinforced in successive revisions, requires municipalities within metropolitan areas to ensure that 20–25% of their housing stock is social rental. This binding quota links housing objectives to local land-use planning, encouraging inclusionary outcomes and discouraging social segregation.

Paris has continued to expand its SRU-classified social housing stock. Beyond the SRU 25% threshold, Paris has adopted a 2035 strategy aiming for 40% public housing overall, including 30% social rental housing. As of January 1, 2024, the city counted 271,906 SRU units, representing 23.1% of primary residences. This represents enormous progress compared to 13.44% of main residences in 2001, rising to 21.8% in 2020, and about 24% now, falling just short of the 25% SRU target required by law for 2025 and its own ambitious 30% target.

Compliance with SRU obligations is enforced through financial penalties and, in extreme cases, the substitution of municipal planning powers by the State. As a result, the SRU framework has become a strong cornerstone of France's housing solidarity model, embedding distributional goals directly into the spatial governance of land. Complementing SRU quotas, the Zones d'Aménagement Concerté (ZACs) provide a powerful operational mechanism for assembling, servicing, and redistributing urban land. In these zones, public development agencies or municipalities acquire land, invest in infrastructure, and allocate plots under conditions that secure a mix of social, affordable, and market-rate housing. ZACs enable these public actors to capture land value increments and reinvest

them in social and also environmental objectives-such as low-carbon construction and green-space provision-while ensuring coherence with local urban plans.

Together, SRU and ZAC instruments illustrate how France's housing system integrates land stewardship with social obligations, maintaining affordability and tenure diversity even amid current market turbulence and fiscal constraint.

5.2. Aim of the policy

The Loi Solidarité et Renouvellement Urbains (SRU) (2000) was introduced to promote urban solidarity and renewal by mandating a minimum proportion of social housing in every commune within large metropolitan areas. As clarified by Garnier (2025), the SRU now applies to 2,157 communes nationwide, with 25% social housing required in Île-de-France and 20% elsewhere, depending on market pressure and population size ($\geq 3,500$ inhabitants or $\geq 1,500$ in Île-de-France within an EPCI of more than 50,000). Of these, 1,161 communes remain in deficit, 846 are compliant, and 152 temporarily exempt. The SRU is central to France's long-term commitment to spatial equity, ensuring balanced access to affordable housing across socio-economic geographies.

Paris faces a persistently tight housing market, with prices and rents rising faster than incomes, long social-housing waiting lists, and a historically uneven geography of non-market stock-concentrated in some arrondissements and neighbouring communes while scarce in others (Hofer, Wicki, & Kaufmann, 2021; Górczyńska, 2015). The policy response couples a stock mandate (SRU) with a place-making and delivery vehicle (ZAC) to pursue three linked aims: scale (grow regulated social rental supply across PLAI/PLUS/PLS), geography (shift more affordable homes into central and well-connected areas), and access (ensure the lowest-income and priority households can obtain these homes through fair and enforceable allocation rules) (Maaoui, 2021; "Urban Social Mix Policy in Paris, France," n.d.). SRU provides a binding, monitored municipal obligation with sanctions and state substitution to overcome local vetoes, while ZACs translate obligations into built outcomes by enabling public sponsors to assemble and service land, deliver infrastructure, and hard-wire tenure mixes and design/energy standards at neighbourhood scale (Arteaga Arredondo, 2008; Schaefer, 2025).

Paris addresses housing affordability through a **combined planning and development approach** in which enforceable social-housing obligations are tied to urban development rights and implemented through coordinated redevelopment frameworks. The SRU law establishes the binding solidarity requirement: communes in high-pressure metropolitan areas must maintain a minimum share of social housing, with sanctions and possible State substitution where they fail to comply. ZACs then provide the operational vehicle through which these obligations are translated into built outcomes by allowing public

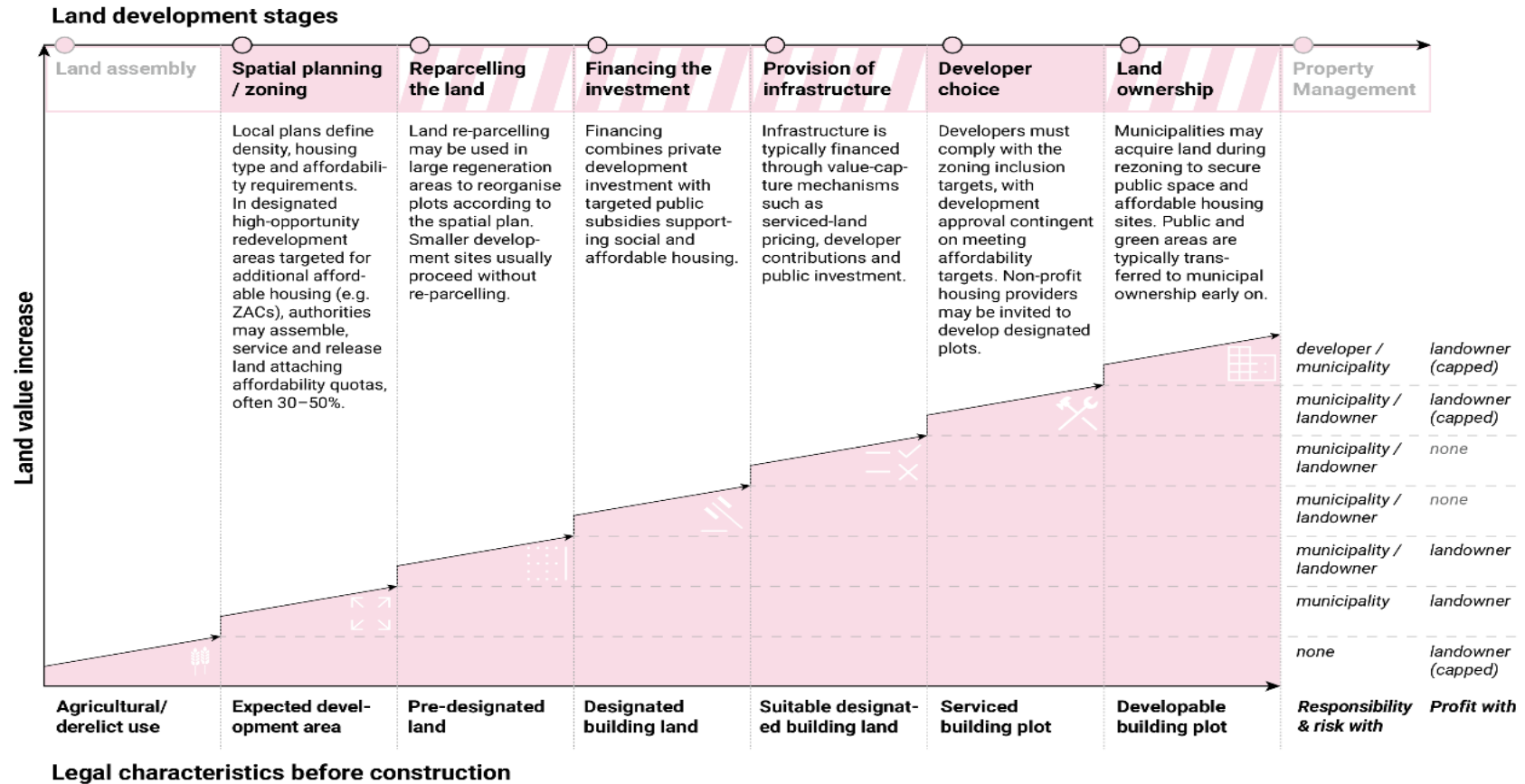
actors to assemble land, provide infrastructure, sequence development and fix tenure mixes at project scale. **Figure 15** illustrates how this combined model intervenes across the land development process, from spatial planning and land reorganisation to developer selection, infrastructure provision and land transfer, so that value created through planning and public investment is redirected toward affordable housing and mixed neighbourhoods rather than left entirely to private capture.



(CIZ) COMPREHENSIVE INCLUSIONARY ZONING

Comprehensive inclusionary zoning combines planning obligations, land development tools and public subsidies to secure affordable housing.

Unlike purely regulatory zoning, it also enables infrastructure provision and cost recovery through value-capture mechanisms within private development areas.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 15 How SRU and ZAC instruments intervene across the land development and value-capture process.

As the figure shows, Paris's model is not a purely regulatory form of inclusionary zoning. Its distinctive strength lies in the way planning obligations and public development capacity are combined with public interest developers.

SRU sets the municipal obligation and legal threshold for social mix, while ZAC operations make delivery feasible by coordinating land assembly, infrastructure investment and development sequencing. This allows public authorities not only to require affordable housing within redevelopment areas, but also to capture part of the uplift generated by rezoning and servicing and recycle it into public space, amenities and social housing provision.

The implementation sections that follow explain these mechanisms in greater detail, including the role of public developers such as SEMAPA and Paris & Métropole Aménagement, the use of charges foncières and developer participations, and the interaction between municipal planning tools and social-housing finance.

5.3. Implementation of the policy

SRU requires municipalities to meet social housing targets and share allocation responsibility, while tenancy and rent management remain with the regulated social landlords, under a negotiated system of reservation shares and priority rules to ensure social mix. Social housing providers are indispensable in both the SRU compliance process (helping municipalities reach the 25% target) and in ZAC developments (ensuring mixed, inclusive neighborhoods). They act as builders, financiers, and long-term managers of affordable housing, turning legal obligations into lived urban reality.

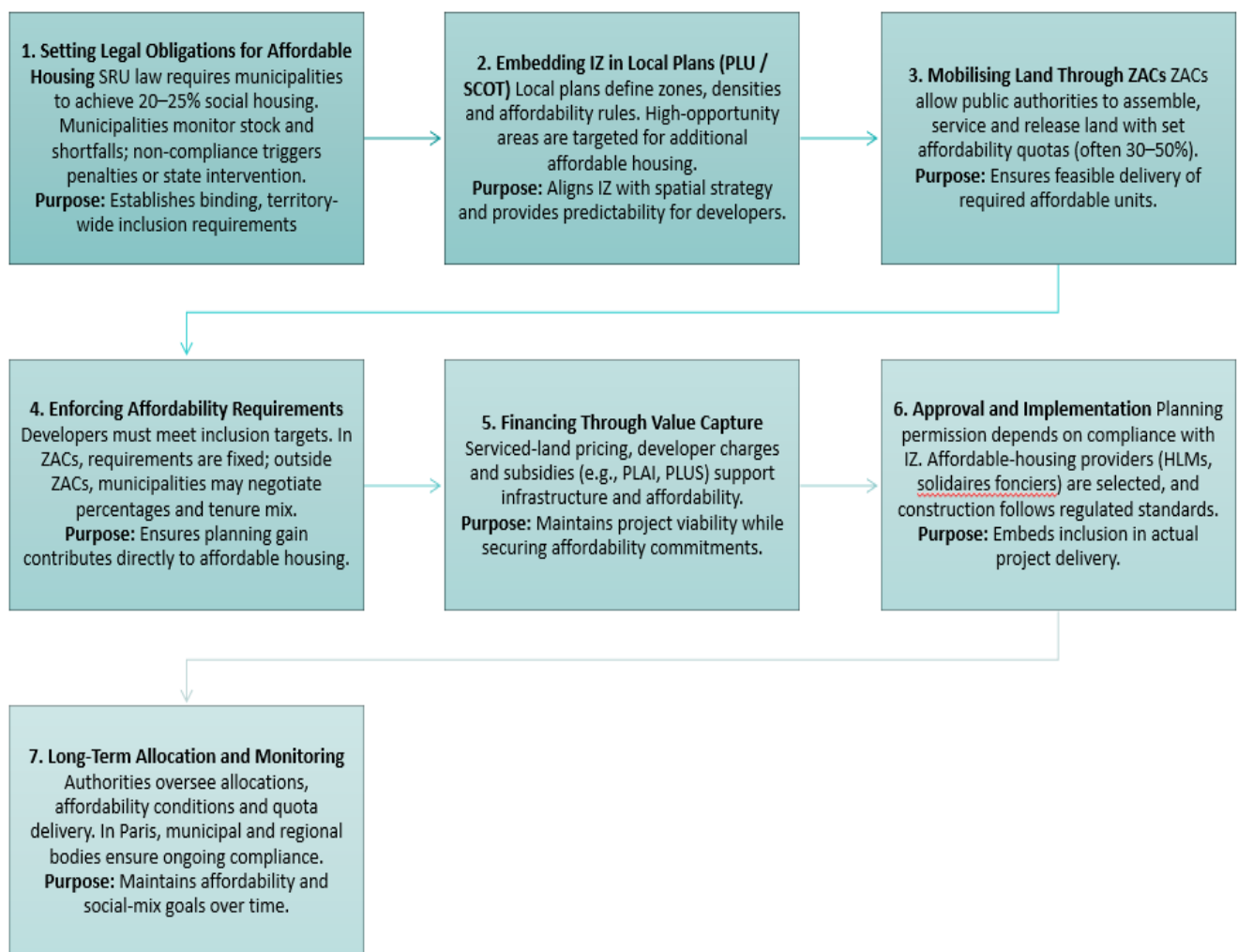


Photo: 17 Implementation of comprehensive inclusionary zoning (authors)

5.3.1. Institutional architecture

National and regional authorities set the legal framework, define which dwellings count toward SRU (PLAI/PLUS/PLS, defined below) and specific supported/student categories). They also monitor triennial trajectories, and levy penalties for shortfalls, and—where delivery is blocked—enable prefects to substitute for local authorities.

Municipal and inter-municipal bodies align planning instruments (PLU/PLUi/OAP) with SRU trajectories, identify high-opportunity sites, and secure land and permits. They also co-finance social housing, and mandate tenure mixes within ZACs (Hofer et al., 2021).

According to recent review by Garnier (2025), SRU quotas are embedded within broader instruments such as the PLU, OAP (Orientation d’Aménagement et de Programmation), and SCOT (Schéma de Cohérence Territoriale), ensuring that land-use, transport, and housing goals remain aligned.

The City of Paris coordinates SRU compliance through district-level quotas, zoning tools, and urban renewal projects such as ZACs (Zones d'Aménagement Concerté). These tools are embedded in the PLU (Plan Local d'Urbanisme), which translates SRU targets into site-level requirements.

The public developer (aménageur) acquires or secures land, delivers primary infrastructure, sets the tenure matrix, sells serviced plots under binding cahiers des charges, and manages cash-flow and charges foncières to capture value (Arteaga Arredondo, 2008). Examples of a public developer in Paris is Solido and SEMAMPA.

Social landlords and private developers build to this publicly steered and invested programme, in compliance with design and energy codes, accepting capped land prices for social plots, and follow ZAC tenure obligations. An example of a social landlord in Paris is Paris Habitat (outlined below)

Social housing allocations in Paris are formally decided by the landlord's allocation commission (CALEOL), based on nominations from several public authorities, including the City of Paris, the State (Préfecture) and Action Logement, while transparency portals such as LOC'annonces and DALO priority rights help steer lettings toward vulnerable households ("Urban Social Mix Policy in Paris, France," n.d.).

5.3.2. SRU quotas - turning targets into delivery

SRU implementation begins by fixing legal scope and coverage, then building a reliable data architecture to establish baselines and shortfalls for each commune (Maaoui, 2021). Authorities set quantified three-year production trajectories toward the 20–25% stock target and up to 50% in some ZAC areas and track site-specific pipelines by tenure; sanctions (prélèvements) and carence procedures enable state substitution in obstructive communes, with receipts hypothecated to social-housing funds (Maaoui, 2021). ZAC areas typically encompass around 2000-2500 units.

Planning and land tools (PLU/PLUi/OAP, pre-emption) are aligned to SRU trajectories in high-opportunity areas to promote inclusion and address inequality. There are density/parking standards and permit sequencing to support triennial goals (Hofer et al., 2021). Transparency relies on annual dashboards and clear counting rules, while allocation is integrated through a single portal, DALO-style enforceable rights, and steering of lettings to the lowest-income deciles outside QPV (Beaubrun-Diant, Lefranc, & Maurin, 2022; "Urban Social Mix Policy in Paris, France," n.d.). Triennial compliance cycles reconcile outputs, recover unpaid fees, refresh site lists, and, where needed, trigger substitution; independent evaluations help address evasion and façade-mix risks (Maaoui, 2021; Beaubrun-Diant et al., 2022).

SRU KPIs include stock share; triennial delivery vs objective; fees assessed/paid; number of carencées; allocation shares to the lowest-income deciles outside QPV; and time to fulfil enforceable-right cases (Maaoui, 2021; Beaubrun-Diant et al., 2022).

5.3.3. ZACs - designing and running public-led development

ZACs typically advance through a predictable sequence, starting with public-interest framing and site selection, followed by build-out and post-occupancy review (Arteaga Arredondo, 2008). The process begins with authorising the perimeter of the ZAC and its programme, then appointing an aménageur (e.g., SEMAPA; Paris & Métropole Aménagement) who has performance duties (SEMAPA & P&MA dossiers). A master programme establishes the tenure matrix (e.g., 50% social, 20% intermediate, 30% market) and civic amenities, supported by a multi-year cost/revenue plan and contingencies (Hofer et al., 2021). Public authorities can secure land for development, exchange plots to facilitate project implementation, and establish enforceable rules governing land use and sharing. Infrastructure is phased to open development fronts and prevent stranded plots - particularly important in contexts like rail yards such as Tolbiac/Bercy/PRG (Arteaga Arredondo, 2008). In projects of over 40,000sqm developers must conduct impact studies on such issues as pollution, air quality, the school and transportation systems.

Value capture is embedded via charges foncières in serviced-plot prices; below-market pricing of social plots and developer participations are codified in a published pricing note (SEMAPA & P&MA dossiers). Competitive plot calls deploy cahiers des charges that bind tenure, urban design, and environmental standards with enforceable milestones; plot calendars actively manage cycles and protect social tranches during downturns (Hofer et al., 2021; SEMAPA & P&MA dossiers).

ZAC tools/KPIs: standard cahiers des charges; a pricing note + plot calendar; and a live risk register (acquisition, utilities, cost inflation, rates, absorption). KPIs track tenure delivery per phase, cost variance, land/charges receipts, public-realm completion, family-sized unit share, energy-use targets and time to allocation for priority households (SEMAPA & P&MA dossiers; Hofer et al., 2021).

The SRU operates alongside the POS→PLU and SDAU→SCOT reforms that restructured France's planning hierarchy. In Paris, ZACs such as Paris Rive Gauche and Clichy-Batignolles translate these principles into concrete operations by defining tenure mixes and phasing at the block scale. The POS to PLU reform allows OAPs to embed SRU quotas spatially, while the PDU (Plan de Déplacements Urbains) ensures alignment with mobility and densification goals (Garnier, 2025).

5.3.4. Categories of regulated social rental supply

In the Paris housing system, regulated social rental supply is delivered through three main financing categories defined by the French state. These categories structure who the housing is for, the rent levels allowed, and the financing available, and they collectively underpin the growth of the regulated rental sector in Paris and the wider Île-de-France region.

PLAI (Prêt Locatif Aidé d'Intégration)

- Target group: very low-income households, including people exiting homelessness, migrants, and highly vulnerable households.
- Rent level: the lowest regulated rents in the French social housing system.
- Financing: heavily subsidised through state loans, grants and local authority support.
- Role in supply ensures deep affordability and social integration, often delivered by public housing offices (OPH) or social housing providers (HLM).

PLUS (Prêt Locatif à Usage Social)

- Target group: low- to moderate-income households, representing the core of the French social housing system.
- Rent level: moderate regulated rents, higher than PLAI but still well below market levels.
- Financing: concessional long-term loans (typically via Caisse des Dépôts) with some subsidy.
- Role in supply: largest component of social rental production, forming the backbone of regulated housing delivery.

PLS (Prêt Locatif Social)

- Target group: middle-income households who exceed PLUS income limits but still face barriers in expensive markets like Paris.
- Rent level: higher regulated rents (around 20–30% above PLUS but still below market).
- Financing: less subsidised loans with greater reliance on private financing.
- Role in supply supports tenure and income mix in new developments, particularly within large regeneration areas (ZACs).

5.3.5. Meeting Obligations for Eligible Dwellings

Following the ELAN (2018) and 3DS (2022) reforms, dwellings counted toward SRU obligations now include PLAI, PLUS, PLS rentals, and certain forms of social homeownership (under resale or ten-year occupation constraints), as well as student and elderly residences. Garnier (2025) notes that this broadening risks inflating compliance without ensuring equal access for low-income households.

Reservation rights for the State, City, Action Logement and social landlords are clarified up front, with a priority ladder for urgent cases (DALO). A transparent platform publishes eligibility bands and waiting times; anti-segregation steering sets minimum shares for the poorest deciles outside QPV; annual reporting discloses allocation profiles by income, household size, disability and neighbourhood (Beaubrun-Diant et al., 2022; “Urban Social Mix Policy in Paris, France,” n.d.).

Non-compliant communes pay annual levies of €150 to €600 per missing dwelling, indexed to market pressure. Prefects can issue *arrêtés de carence*, quintupling the levy and temporarily transferring social-housing permitting and pre-emption powers to the State. Garnier (2025) reports that in 2022 the total SRU levies amounted to €225 million gross (€113 million net) after accounting for social-housing investments by municipalities. These resources contribute to the Fonds national des aides à la pierre (FNAP) and Établissements publics fonciers (EPFs), reinforcing public delivery capacity.

Beyond financial sanctions, the SRU law introduced administrative enforcement via *contrats de mixité sociale* (CMS) under the 3DS Law (2022). These formal contracts between the State and non-compliant communes define triennial catch-up trajectories, monitored by prefectures and the DRIHL. Garnier (2025) highlights these as a key innovation to ensure predictable and measurable delivery obligations.

Evasion by affluent communes calls for firmer fee schedules, decisive substitution, linking permits/incentives to SRU trajectories, and public league tables (Maaoui, 2021). Façade mixité-headline compliance without genuine neighbourhood integration-requires hard-coding siting in high-opportunity areas, steering allocations to the poorest deciles, and monitoring micro-spatial outcomes (Górczyńska, 2015; Beaubrun-Diant et al., 2022). Cost and rate shocks in ZACs are managed by re-sequencing plot releases, prioritising social plots and activating contingency lines (Schaefer, 2025; Hofer et al., 2021).

5.3.6. Public interest developers

Delivery capacity in Paris is supported by public-interest development entities, including semi-public development companies such as SEMAPA and Paris & Métropole Aménagement, which manage major ZAC redevelopment projects,

alongside specialised project agencies such as SOLIDEO, created to coordinate the delivery of large strategic developments.

For example, SEMAPA (Société d'Économie Mixte d'Aménagement de Paris) is a semi-public urban development company responsible for delivering major regeneration projects in Paris. Established in 1985, it operates as a société d'économie mixte (SEM), a mixed-ownership company in which the City of Paris holds the majority share alongside public institutions and private investors. SEMAPA acts as a public-interest development operator, managing large-scale redevelopment zones (ZACs), most notably the Paris Rive Gauche project, one of Europe's largest urban regeneration programmes. Its responsibilities include land assembly, infrastructure provision, coordination of developers, and integration of public facilities such as schools, transport links and green spaces. Through development agreements and planning conditions, SEMAPA also ensures the delivery of social housing quotas and mixed-tenure neighbourhoods, embedding public policy objectives, such as social mix, environmental performance and urban design quality, within major redevelopment schemes.

5.3.7. Public interest housing providers

Social housing delivery in Paris is supported by several public-interest housing providers, including the municipal housing office Paris Habitat, the semi-public developer-landlord RIVP, and the city-owned provider Elogie-Siemp, alongside national mission-driven landlords such as CDC Habitat and Immobilière 3F.

For example, Paris Habitat is the largest social housing provider in the capital and operates as an Office Public de l'Habitat (OPH) owned by the City of Paris. Created in 1914 as the municipal housing office, it manages approximately 125,000 dwellings and houses more than 250,000 residents, making it one of the largest public housing landlords in Europe. As a public-interest housing provider within the French HLM (habitations à loyer modéré) system, Paris Habitat develops, manages and rehabilitates social rental housing across the city, delivering units across the PLAI, PLUS and PLS rent regimes. Its governance structure includes a board chaired by the Mayor of Paris or a municipal representative, alongside representatives of the State, tenants and other public stakeholders. Beyond property management, Paris Habitat participates in urban regeneration projects, works with public developers such as SEMAPA in ZAC operations, and provides social support services for tenants to sustain tenancies and address housing vulnerability.

5.4. Costs involved in implementation

Implementing the Paris model involves costs at two levels: the administrative costs of enforcing the SRU framework and the capital costs of producing mixed-tenure urban development through ZAC operations. Under Article 55 of the SRU law, the State maintains a detailed monitoring system of municipal social housing rates, establishes triennial catch-up targets, evaluates compliance, and

applies financial penalties where targets are not met. Administrative costs therefore include maintaining national and regional housing data systems, assessing compliance and penalties, and implementing substitution procedures where municipalities are declared *carencées* (Maaoui, 2021; Ministère de la Transition écologique, 2023).

The SRU mechanism has become a major driver of social housing supply: national reviews indicate that around 186,000 social homes were produced in SRU municipalities during the 2020–2022 triennial period, following 229,000 in 2017–2019 and 189,000 in 2014–2016, with approximately one million social dwellings produced in SRU municipalities since 2000 (Ministère de la Transition écologique, 2023).

SRU also has a fiscal dimension. Municipalities that fail to meet their obligations pay levies, while those declared *carencées* may face increased penalties and the loss of certain planning powers, including prefectural substitution to facilitate social housing development. Legislative reforms, including the 3DS law, have reinforced this mechanism by making the obligation permanent while introducing instruments such as the *contrat de mixité sociale* to guide catch-up trajectories (Ministère de la Transition écologique, 2022). SRU levies are partly redistributed through national housing funds and programmes aimed at supporting very low-income housing provision, illustrating how the system converts local non-compliance into resources for affordable housing production (Ministère de la Transition écologique, 2023).

At the level of **ZAC (Zone d'Aménagement Concerté)** operations, implementation costs are substantially broader. Public or semi-public development companies must finance land acquisition, demolition, depollution, infrastructure provision and public facilities, including roads, utilities, schools, parks and public spaces. In complex brownfield redevelopment sites, such as the Paris Rive Gauche project, major engineering works such as rail-yard decking or structural platforms are also required. These investments are typically financed upfront by the development authority and recovered over time through land sales or development rights transfers as serviced plots are released to developers (Arteaga Arredondo, 2008; Cour des comptes, 2023).

Cost recovery in ZACs relies primarily on land charges (*charges foncières*) and developer participations, combined with public contributions for infrastructure and equipment. This creates a system of internal cross-subsidy, in which higher-value uses such as offices or market housing help finance infrastructure costs and enable lower land charges for social housing projects. Public development authorities can therefore modulate land prices to ensure social housing viability and maintain tenure diversity across projects (APUR, 2015; Hofer et al., 2021). In practice, social housing development typically depends on a layered financial package combining moderated land prices, long-term concessional loans (such

as PLAI, PLUS and PLS products provided through the Caisse des Dépôts), and complementary municipal or regional subsidies.

Since 2022, however, the financial equilibrium of many ZAC operations has become more challenging. Rising construction costs, supply chain disruptions and higher interest rates have increased development costs while reducing the borrowing capacity of social housing providers. These pressures have required more conservative phasing of development programmes, adjustments to land pricing assumptions, and periodic public support to maintain planned tenure mixes (Schaefer, 2025; Union sociale pour l'habitat, 2024). As a result, while the SRU-ZAC framework remains a powerful institutional mechanism for delivering mixed-tenure neighbourhoods, its effectiveness increasingly depends on maintaining stable financing conditions and sustained public investment.

5.5. Effectiveness for affordable housing and distributional outcomes

Several evaluations of the French **SRU (Solidarité et Renouvellement Urbains) law** broadly confirm that the policy has significantly increased the production and spatial distribution of social housing across municipalities, particularly in high-demand metropolitan regions. A parliamentary evaluation by Estrosi-Sassone and Létard (2021) concluded that the law has been effective in expanding social housing supply in municipalities subject to quotas, although it has been less successful in reducing socio-spatial segregation between territories. This assessment is broadly supported by the **Cour des comptes (2021)**, which found that Article 55 of the SRU law has contributed to sustained social housing production but highlighted persistent disparities in enforcement and implementation across municipalities. Academic research similarly emphasises the importance of SRU as one of the most ambitious fair-share housing policies internationally, while also noting that local political resistance and administrative constraints can weaken its redistributive impact (Maaoui, 2021; Freemark, 2021). Together, these evaluations suggest that the SRU framework has been effective in increasing social housing supply but that its capacity to reshape socio-spatial inequality depends on consistent enforcement, strong municipal planning capacity, and complementary housing policies.

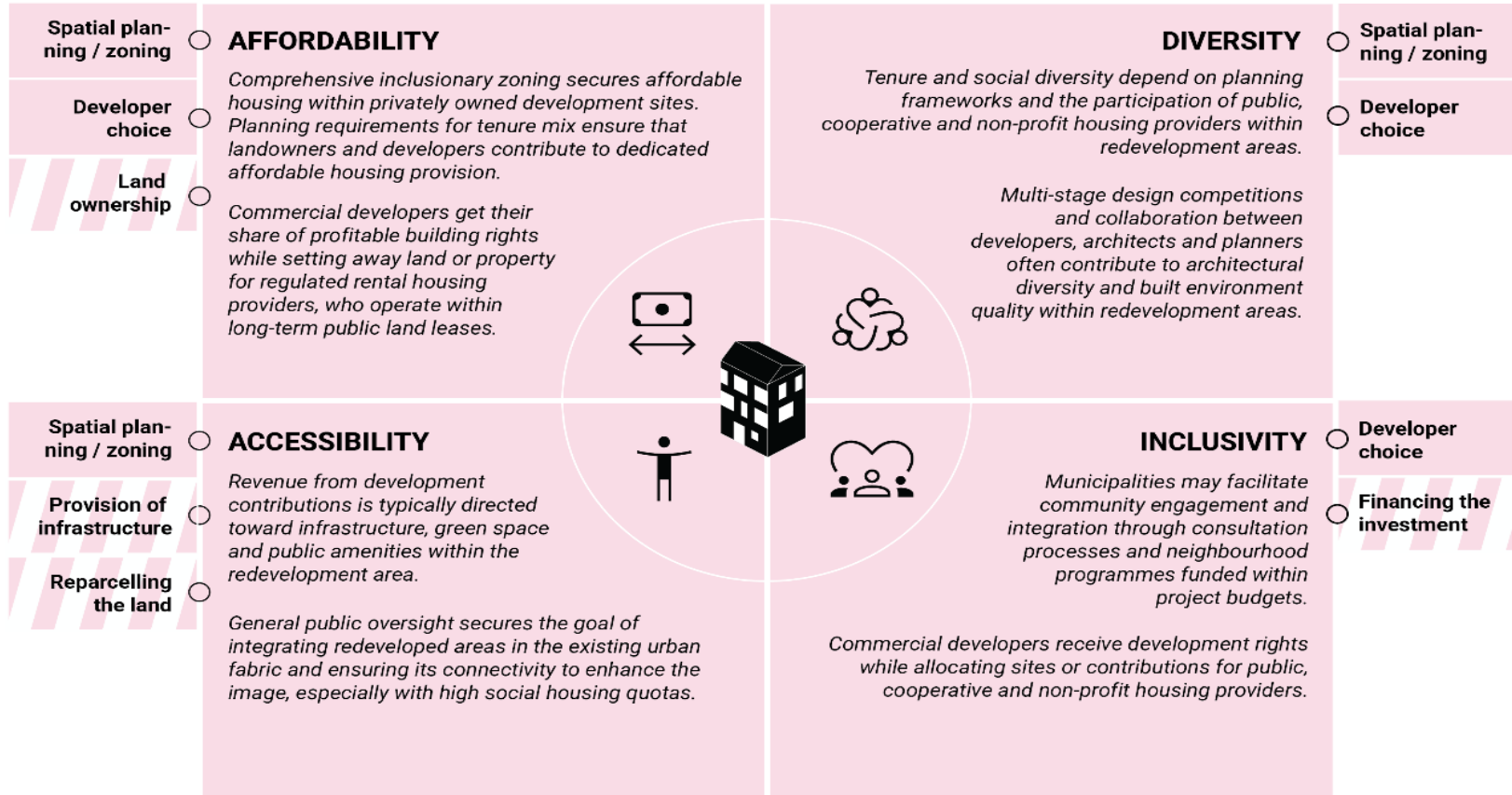
Effectiveness of the French SRU in Paris, depends on the wider planning framework, the location of redevelopment sites, the capacity of public development agencies, and the extent to which land value capture is reinvested in infrastructure, public space and social housing delivery. Figure 16 summarises these relationships through the four analytical dimensions used throughout the report, affordability, diversity, accessibility and inclusivity, showing how planning decisions, developer obligations and infrastructure provision interact to shape both housing supply and neighbourhood outcomes.



(CIZ) COMPREHENSIVE INCLUSIONARY ZONING

By combining planning regulation with proactive municipal development capacity, CIZ enables affordable housing delivery even in high-value land markets.

Capturing land value increases within the development area supports coordinated infrastructure provision and mixed-tenure neighbourhoods.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 16 Housing outcomes associated with the Paris model of comprehensive inclusionary zoning and coordinated development.

The diagram makes clear that Paris's approach works through several interdependent channels. Affordability is secured where planning obligations require landowners and developers to contribute to regulated rental housing and where public development frameworks moderate land costs for social providers. Diversity depends on tenure-mix rules, the participation of public, cooperative and non-profit providers, and design processes that avoid visible separation between market and non-market housing. Accessibility is strengthened when land value capture is used to fund transport, schools, parks and neighbourhood amenities within redevelopment areas. Inclusivity depends on whether the additional social housing created through SRU and ZAC is effectively allocated to lower-income and priority households and whether mixed developments are embedded in well-connected, high-opportunity locations. The following sections assess these outcomes in practice, including both the substantial gains achieved through SRU and ZAC and the persistent limits identified in the Paris case, such as micro-spatial concentration, local resistance and façade mixité.

Since its introduction, the SRU has produced more than 750,000 social dwellings (2002–2024)-about 40% of France's total social-rental output (Garnier, 2025). Despite this, in the 2020–2022 triennium 64% of communes still failed to meet their required targets, revealing persistent spatial disparities. Paris continues to meet or exceed the 25% threshold, due to proactive land policy and the integration of SRU quotas into ZAC frameworks.

At metro scale, SRU and ZACs have increased social-rental shares and embedded high social shares in central districts that historically lacked affordable options, improving proximity to jobs, education and services (Hofer et al., 2021). Yet aggregate gains can mask micro-spatial patterns: **SRU compliance** does not always deconcentrate poverty at neighbourhood scale without explicit siting and allocation steering (Beaubrun-Diant et al., 2022; Górczyńska, 2015). For households, regulated rents (PLAI/PLUS/PLS) reduce rent-to-income ratios relative to market levels, and ZAC energy/design standards moderate total housing costs.

Long-term tenants pay lower rents because the base rent at the time of construction was much lower than what it is today. Since yearly increases in rental costs are modest, their rent remains lower compared to the current rent caps for new construction (Paris Habitat, 2025, interview).

Persistent waiting lists underline the need to sustain ZAC pipelines, enforce SRU, and strengthen allocation/mobility strategies (Maaoui, 2021; Hofer et al., 2021).



Photo: 18 Entering the new Parc Martin Luther King, Clichy-Batignolles, Paris (Lawson, 2025)

5.6. Impact on marginalised groups

In the French context, Paris' land-policy instruments, SRU obligations and ZAC-based development frameworks, function as mechanisms of spatial redistribution by requiring the delivery of social housing within high-value urban areas. By embedding regulated rental housing in well-served neighbourhoods, these instruments influence both the location and accessibility of affordable housing opportunities. This spatial integration is particularly relevant for households structurally disadvantaged in housing markets, including women, who often face cumulative constraints related to income insecurity, care responsibilities and access to services.

Evidence from national evaluations shows that the **SRU law has significantly increased the production and territorial distribution of social housing** across municipalities subject to quota requirements of 20–25 % of the housing stock (Estrosi-Sassone & Létard, 2021; Cour des comptes, 2021). These obligations, combined with large-scale redevelopment operations such as ZACs, ensure that a share of newly developed housing is reserved for regulated rental tenure within high-demand locations. The effectiveness of this approach is reinforced by the institutional structure of the French social housing sector, which relies on

mission-driven housing organisations supported by concessional finance and regulated rents, enabling providers to accommodate households with limited market purchasing power (Schaefer, 2017; Schaefer, 2025).

Supply-side mechanisms interact with allocation frameworks that prioritise households facing the greatest housing need. Through municipal and state nomination rights, together with the legally enforceable DALO (Droit au logement opposable) framework, a significant share of social housing lettings is directed toward households excluded from the private rental market. These include very-low-income households, migrants, survivors of violence, large families and people experiencing homelessness (Beaubrun-Diant et al., 2022; “Urban Social Mix Policy in Paris, France,” n.d.). In Paris, the combination of SRU quotas, ZAC-led development and priority allocation systems expands access to regulated housing in central and well-connected neighbourhoods. Garnier (2025) notes that enforcement procedures under SRU, particularly *carence* measures⁷, have increased the supply of social housing in municipalities that previously resisted development.

The allocative impact of the system is reinforced by the structure of the French social housing model itself. As Schaefer (2017) notes, regulated rents linked to cost-recovery financing allow social housing providers to accommodate households with incomes significantly below market thresholds while maintaining long-term financial sustainability. More recent analysis highlights that this system continues to absorb households increasingly excluded from private housing markets during periods of market turbulence and rising housing costs (Schaefer, 2025). In practice, the social housing sector therefore acts as an institutional buffer, stabilising housing access for households facing structural market disadvantage.

However, evaluation studies also highlight limits to the redistributive impact of these policies. While SRU quotas have increased social housing production and improved its territorial spread, their effect on reducing socio-spatial segregation remains more modest (Estrosi-Sassone & Létard, 2021; Cour des comptes, 2021). Research also shows that administrative complexity, local political resistance and unequal capacity to navigate allocation systems can constrain access for the most vulnerable households (Maaoui, 2021). For this reason, additional safeguards, such as reserving units for priority households, protecting family-sized dwellings and monitoring allocations by income group, are necessary to ensure that social-

⁷ *Carence* measures (French: *procédure de carence*) are enforcement mechanisms in the SRU law used when a municipality fails to meet its legally required social housing targets.

mix policies translate into equitable outcomes (Górczyńska, 2015; Beaubrun-Diant et al., 2022).

At the operational level, social landlords contribute to sustaining housing outcomes for marginalised households. Providers such as **Paris Habitat** combine housing management with tenancy-support services, including financial counselling and connections to social welfare programmes, helping vulnerable tenants maintain stable housing situations (Paris Habitat, 2025, interview by the author).

Taken together, the Paris case illustrates how planning-led land governance combined with targeted allocation systems and a regulated social housing sector can expand access to affordable housing for households marginalised in market housing systems. The impact arises from the interaction between quota-based development obligations, priority allocation mechanisms and institutional housing providers capable of delivering and sustaining regulated housing within high-opportunity urban locations.

5.7. Unintended consequences

Despite its strong redistributive objectives, the evolving SRU framework has also generated several unintended consequences that influence how social housing obligations are implemented across French municipalities.

One frequently observed response is strategic non-compliance. Some affluent communes have opted to budget for the SRU levy rather than expand their social housing stock, effectively treating the penalty as an “anti-solidarity tax.” Garnier (2025) identifies three categories of exemption that contribute to uneven spatial outcomes: (1) communes with limited buildable land (zones non constructibles), (2) low-attractiveness zones, and (3) low-demand territories. While these exemptions reflect genuine planning constraints or demographic conditions, they nonetheless produce differentiated territorial outcomes that weaken the redistributive intent of the policy.

More broadly, three recurring implementation risks emerge in the evaluation and case-study literature. The first concerns local resistance and regulatory evasion, where municipalities delay compliance through planning procedures or administrative barriers. In such cases, effective use of state substitution powers and stronger financial or permitting levers are required to ensure implementation. The second risk involves façade mixité, whereby developments formally meet social-mix quotas but do not achieve meaningful neighbourhood integration, for example where social units are spatially clustered or delivered in less desirable locations within projects. The third relates to market sensitivity in ZAC development pipelines, where increases in construction costs, interest-rate shocks or shifts in developer profitability compress residual land values and can delay private sector participation in mixed-tenure developments (Maaoui, 2021;

Beaubrun-Diant et al., 2022; Arteaga Arredondo, 2008). In periods of market turbulence, these pressures may slow the delivery of projects that rely on cross-subsidisation between tenure segments, a dynamic also noted in broader analyses of the French housing system (Schaefer, 2025).

A second concern relates to the evolving definition of dwellings counted toward SRU compliance. Legislative reforms under the ELAN and 3DS laws expanded the categories of housing that municipalities may include in their social housing quota. While this flexibility can facilitate compliance, it may also inflate reported progress without necessarily generating additional deeply affordable rental dwellings. This issue arises in a broader context in which the French social housing sector faces increasing financial and operational pressures. Rising construction costs, macroeconomic shocks and growing demand from very-low-income households have intensified the tension between the sector's social mission and its financial sustainability (Schaefer, 2017; Schaefer, 2025). These pressures can indirectly encourage compliance strategies that rely more heavily on intermediate categories of housing, rather than the delivery of the most affordable rental units.

These dynamics highlight that while SRU obligations and ZAC-based development frameworks are powerful instruments for redistributing affordable housing supply, their effectiveness depends on continuous regulatory oversight and favourable development conditions. Without these safeguards, compliance mechanisms may be diluted through fiscal substitution, definitional expansion of "counted" dwellings, or market-driven delays in mixed-tenure development.

5.8. Contextual factors

As shown above, the Parisian application of the SRU framework operates within a dynamic market context and dense and layered planning environment that integrates shifting national housing obligations with increasingly ambitious metropolitan and municipal planning instruments. Key components of this planning framework include the PLU bioclimatique (2023), OAP sectoriels⁸, and the detailed development frameworks embedded in ZAC cahiers des charges.

Within this system, SRU quotas are not implemented as isolated requirements but are incorporated into planning and development programming processes. This institutional integration reflects the maturity of Paris's governance

⁸ OAP sectoriels (more formally Orientations d'Aménagement et de Programmation – sectorielles) are planning guidance instruments within the French Local Urban Plan (PLU or PLUi) that define how specific areas or sites should be developed.

framework for social-mix planning and its capacity to align housing delivery with broader urban policy objectives.

Garnier (2025) emphasises that the interaction between SRU obligations and ZAC-led development has become a reference model for integrating housing production with transport infrastructure, environmental objectives and large-scale urban regeneration. In Paris, this coordination is supported by experienced public development agencies such as SEMAPA and Paris & Métropole Aménagement, which manage complex redevelopment projects while embedding tenure-mix requirements into land allocation and development agreements. By integrating social housing quotas at the land-development stage, these agencies can ensure that regulated rental housing is delivered alongside private housing within major regeneration areas.

Beyond Paris, SRU operates as a national corrective to the fragmentation of local planning powers over land use and social housing provision. While communes retain significant control over zoning and development decisions, the SRU framework establishes binding national targets for social housing supply. These obligations interact with the broader planning hierarchy, including PLU/PLUi, OAPs and SCOT frameworks⁹, which coordinate land use and housing programming across municipalities and metropolitan territories (Maaoui, 2021). In an uneven political and economic landscape, national housing obligations and local planning instruments operate in combination to steer both the location and scale of social housing delivery.

Delivery capacity within the Paris region is also anchored by a robust institutional ecosystem of public developers and social housing providers. Major public development agencies such as SEMAPA and Paris & Métropole Aménagement coordinate land assembly, infrastructure provision and developer participation, while large social landlords such as Paris Habitat provide the organisational scale required to manage substantial housing portfolios. These actors operate within a very stable and strong financing system characterised by long-term concessional loans, regulated savings circuits and predictable subsidy frameworks, which provide stability for social housing investment (SEMAPA & P&MA dossiers; Hofer et al., 2021).

The French housing system has benefited from public interest financial circuits to sustain social housing production, allowing regulated housing providers to operate with controlled rents and long investment horizons (Schaefer, 2017;

⁹ SCOT frameworks refer to Schémas de Cohérence Territoriale (SCoT)—statutory strategic spatial planning frameworks in France that coordinate land-use, housing, transport, environmental policy, and economic development across multiple municipalities.

Schaefer, 2025). This financial architecture plays a critical enabling role that combines concessional lending, state guarantees and regulated rents, enabling housing providers to pursue long-term social missions while maintaining financial sustainability. More recent analysis highlights how this system continues to underpin housing delivery even during periods of market turbulence, although rising construction costs, macroeconomic uncertainty and growing demand for very-low-income housing place increasing pressure on social landlords (Schaefer, 2025). Within this context, the institutional coordination between planning instruments, development agencies and social housing providers becomes particularly important for sustaining production.

The spatial form of central Paris regeneration also reinforces the importance of coordinated development frameworks. Many major projects involve technically complex brownfield redevelopment or large-scale infrastructure integration, including railway deck construction and former industrial sites such as Paris Rive Gauche. These conditions favour the use of ZACs as dedicated development vehicles, allowing land assembly, infrastructure financing and tenure programming to be managed within a single coordinated framework. ZAC governance structures support robust cash-flow management and enable planners to apply tenure-blind urban design principles while ensuring that social housing quotas are embedded in the overall development programme (Arteaga Arredondo, 2008).

All these contextual factors illustrate that the Paris model does not rely on SRU quotas alone. Instead, it operates within a broader institutional ecosystem combining national housing obligations, coordinated planning instruments, experienced public development agencies and stable social housing finance. This alignment of governance, planning and financial structures helps explain why the Paris region has been able to integrate social housing into high-value urban development areas more consistently than many other metropolitan contexts.

5.9. Suitability for policy transfer

The Paris experience demonstrates how planning systems can play a decisive role in shaping housing affordability and spatial equity. Through the combination of SRU social housing obligations and coordinated redevelopment operations such as ZACs, public authorities can capture part of the land value created through planning decisions and infrastructure investment and redirect it toward affordable housing and mixed-tenure neighbourhoods. In this model, the planning system functions not only as a regulatory tool but also as a mechanism for structuring development outcomes and redistributing land value.

Unlike models that rely primarily on public land ownership or community land stewardship, the Paris approach operates largely through regulatory and development frameworks that shape private land markets at metropolitan scale. Planning obligations embedded in municipal quotas ensure that affordable

housing is incorporated into market-led development, while public development agencies coordinate infrastructure provision, land assembly and project sequencing. As a result, the model demonstrates how planning-led land governance can influence both the location and the volume of affordable housing supply within high-value urban markets. Although implementation remains uneven and tensions between social-mix objectives and local political resistance persist, the Paris case illustrates how binding housing quotas combined with proactive development coordination can reshape the spatial distribution of housing opportunities.

A key transferable feature of the model is the pairing of enforceable municipal quotas with active public land development capacity. By embedding social housing targets within redevelopment frameworks, public authorities can capture part of the land value generated by zoning decisions and infrastructure investment while internalising the costs of public space, utilities and social infrastructure within development programmes. This approach allows tenure mixes to be locked into the development process and ensures that affordable housing is delivered alongside market housing rather than retrofitted after land values have already been capitalised (Maaoui, 2021; Hofer et al., 2021). Similar planning-led value-capture mechanisms have been identified in comparative research as important tools for influencing housing affordability outcomes and restructuring the incentives of urban development actors (Alterman, 2012; Crook & Whitehead, 2019; Lawson & Ruonavaara, 2020).

However, the transferability of the Paris model depends on several institutional and financial preconditions. These include enabling legal frameworks that allow binding municipal housing quotas, capable public development entities able to manage complex redevelopment operations, and stable long-term finance for social landlords. Equally important are planning powers that protect the delivery of family-sized dwellings and support tenure-blind urban design, ensuring that social housing is integrated within neighbourhoods rather than segregated spatially. Comparative research on inclusionary housing programmes shows that such safeguards are essential to avoid unintended outcomes such as concentration effects or “façade mixité”, where social housing quotas are met numerically but do not produce genuine neighbourhood integration (Ribeiro & Silveira, 2021; Górczyńska, 2015).

For international policy transfer, the governance architecture of the SRU framework is particularly relevant. Garnier (2025) emphasises that SRU’s effectiveness relies on clear numerical thresholds, progressive sanctions and the possibility of State substitution where municipalities fail to comply. This combination of enforceable targets and escalating sanctions creates strong incentives for municipal compliance while maintaining flexibility in how housing delivery is achieved. In addition, the *contrats de mixité sociale*, negotiated agreements between the State and municipalities outlining pathways toward

compliance, provide a potentially transferable governance instrument for jurisdictions seeking predictable and legally enforceable social-housing delivery.

Finally, the Paris case highlights the importance of integrating planning-led land governance with sustainable financial frameworks for social housing providers. Where housing systems rely on cost-based rents and long-term concessional finance, social landlords can participate effectively in mixed-tenure development and maintain affordability over time. Integrating quota-based planning tools with cost-recovery financing systems and transparent accounting frameworks can also improve compatibility with EU State aid rules and fiscal governance requirements, an issue increasingly relevant for jurisdictions seeking to expand regulated rental housing at scale.

In sum, the significant and well-established Paris experience suggests that planning systems can serve as powerful institutional platforms for redistributing land value and embedding affordable housing within urban development processes. While the specific legal instruments of the French system may not transfer directly, the underlying principles, binding quotas, active public development capacity, integrated planning frameworks and stable social housing finance, offer valuable lessons for jurisdictions proactively seeking to expand affordable housing supply in high-value metropolitan markets.

5.10. Field work case studies

5.10.1. Paris Rive Gauche (13^e arrondissement, Paris)

Paris Rive Gauche (PRG) is one of Europe's largest urban-repair projects, launched in 1991 as a Zone d'aménagement concerté (ZAC) to transform obsolete rail yards, printing plants and port infrastructure south of Gare d'Austerlitz into a mixed-use, mixed-tenure neighbourhood. Before redevelopment, the area was physically fragmented by railway cuttings, service roads and the Seine embankment, with limited residential presence and extensive publicly owned industrial land (Institut Paris Région, 2020; SEMAPA, 2014). This combination of industrial decline and state landownership created a rare opportunity for Paris to reconnect the Left Bank to the river through "urbanism over rail."

To operationalise the project, the City of Paris created the ZAC Paris Rive Gauche in 1991 and appointed SEMAPA, a municipal société d'économie mixte, to assemble land, deck over the rail lines, deliver infrastructure, and coordinate public-private development. Strategic objectives included: (1) reclaiming and reconnecting industrial land; (2) expanding the housing supply with a substantial share of social and intermediate units aligned with SRU social-mix obligations; (3) anchoring major public institutions such as the Bibliothèque nationale de France, Université Paris-Cité, and later Station F; and (4) creating new public quays, promenades and green spaces (City of Paris, 2025; DRIEAT, 2020). The 2000 SRU

Law provided a legal basis to embed social mix into the ZAC's programme,

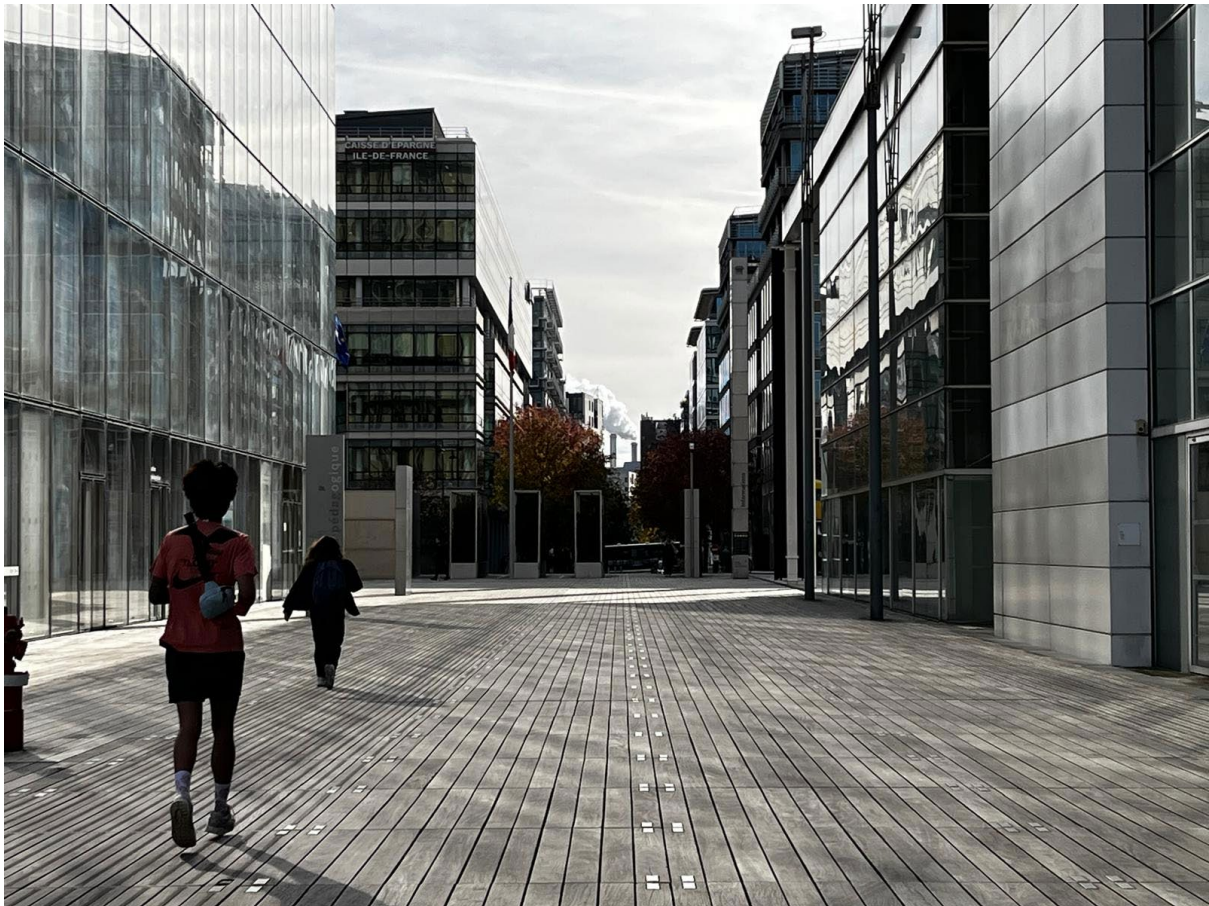


Photo: 19 Public plaza and office frontage near the Bibliothèque nationale de France (François-Mitterrand site), Avenue de France, within the Paris Rive Gauche redevelopment (ZAC Paris Rive Gauche), 13^e arrondissement, Paris. Photo: Lawson (2025)

making affordability a structural rather than optional component.

Over three decades, PRG has delivered approximately 7,500 dwellings, of which around half are social or intermediate housing, enabled through parcel-level tenure prescriptions, cross-subsidy (péréquation) between high-value office/market parcels and affordable units, and municipal allocation rights ensuring access for low- and moderate-income households (SEMAPA, 2014; DRIEAT, 2020). Student housing is also a strong feature, with the City University and National Library.



Photo: 20 Residential building with stepped timber terraces, Avenue de France, ZAC Paris Rive Gauche (Tolbiac sector), 13^e arrondissement, Paris (Lawson, 2025)

A deliberate design strategy of mixed-tenure buildings, multi-architect blocks, and public waterfront amenities—including Quai François-Mauriac, Passerelle Simone-de-Beauvoir and Piscine Joséphine-Baker-sought to prevent visual or social segregation. The project has become a national reference for combining land-value capture, SRU obligations and major institutional anchors within a coordinated long-term regeneration framework.

Planning and institutional analyses emphasise the project's success in embedding permanent social mix in a high-value central district and in leveraging ZAC-based financial tools without overburdening municipal budgets (Institut Paris Région, 2020; SEMAPA, 2014).

Urban-design evaluations highlight high-quality public spaces, improved connectivity and the catalytic role of cultural and knowledge institutions. Architectural critics also note a tendency toward monolithic blocks (such as the national library) and a lack of fine-grain urbanity, partly due to large development parcels and the long phasing of the operation. Sociological research points to tensions between planned social mix, lived experience and market impacts, noting that market-rate prices remain extremely high, generating selective gentrification pressure. There is also uneven commercial activity.

Overall, PRG demonstrates how ZAC mechanisms, SRU social-mix mandates and long-term municipal stewardship can integrate affordability into high-value urban transformation. It also illustrates the inherent limits of large-scale urban-repair operations: the need for multi-decade coordination, vulnerability to market pressures, and the difficulty of ensuring socially cohesive outcomes despite strong policy intent. While PRG is a robust model of state-led, value-capturing regeneration, it relies on strong public planning capacity in a varying commercial market. Nevertheless, PRG remains one of Europe's clearest examples of aligning land-value capture with redistributive urban policy.



Photo: 21 Contemporary mixed-use residential buildings in the Tolbiac sector of the ZAC Paris Rive Gauche, near Quai François-Mauriac and the Bibliothèque nationale de France (13^e arrondissement, Paris). (Lawson, 2025)

5.10.2. Clichy-Batignolles (17^e arrondissement)

Clichy-Batignolles is one of Paris's most ambitious inner-city regeneration projects, transforming fifty-four hectares of disused SNCF rail yards and industrial land into a dense, mixed-use district in the north-west of the city. Before redevelopment, the area formed a physical and social void, caught between the wealthy western arrondissements and the working-class suburbs of Clichy and Saint-Ouen (Béal et al., 2023; Paris Batignolles Aménagement, 2022). An earlier Olympic redevelopment proposal of the 1990s failed, enabling the City of Paris to designate the area as the ZAC Clichy-Batignolles in the early 2000s, with the strategic aim of addressing territorial inequities, expanding affordable housing in a high-value location, and anchoring redevelopment around the new Palais de Justice (Institut Paris Région, 2020).



Photo: 22 Parc Clichy-Batignolles – Martin Luther King, Clichy-Batignolles eco-district in the 17^e arrondissement of Paris.

The project's social mix was shaped by the SRU Law (Solidarité et Renouvellement Urbains, 2000), which mandates minimum municipal social-housing quotas. In Clichy-Batignolles, the City went significantly beyond the legal minimum, requiring around 50% social or intermediate housing, a ratio embedded directly into the ZAC's regulatory plan (Paris Batignolles

Aménagement, 2022). This was operationalised through municipal land control, plot-level tenure requirements, and the project company Paris Batignolles Aménagement (PBA), which allocated serviced parcels—often through long-term leases—to major social landlords including Paris Habitat, RIVP, and Élogie-Siemp. A cross-subsidy (péréquation) model enabled market-rate development to co-finance affordable housing, infrastructure and the 10-hectare Martin-Luther-King Park, reducing reliance on state subsidy (SEMAPA & PBA, 2019).



Photo: 23Parc Clichy-Batignolles – Innovative housing surrounding Martin Luther King in the Clichy-Batignolles eco-district (17^e arrondissement, Paris).

Approximately 7,000 dwellings have now been delivered, with half as social or intermediate units. Mixed-tenure buildings and multi-architect blocks were used to avoid tenure clustering and visible social segmentation (Béal et al., 2023). While the project has succeeded in increasing the supply of affordable homes in a high-value area, scholars note that affordability depth remains constrained by rising land values and construction costs, and that not all Parisian districts adopt similar social-mix targets, limiting metropolitan wide social equity (Clerval, 2013; Cusin, 2021).

Clichy-Batignolles is widely recognised for integrating climate and ecological planning, including a geothermal network, low-carbon construction standards, storm-water reuse, passive-design requirements and car-light mobility systems

aligned with the Paris Climate Plan (Ville de Paris, 2021). The district is often cited internationally as a rare example where dense urbanism, climate transition and mixed-income housing are delivered together within a financially viable framework (OECD, 2022).

Scholarly evaluations highlight several challenges: the district's new-built character can feel less organically integrated than older neighbourhoods; administrative complexity requires strong institutional capacity; and affordability remains subject to structural cost pressures (Béal et al., 2023; Cusin, 2021). Critics also question whether long-term social integration is fully achieved, as socio-economic differences persist even within mixed-tenure blocks (Clerval, 2013).

Despite these limitations, Clichy-Batignolles is widely regarded as a successful demonstration of how SRU legislation, municipal land stewardship, and ZAC-based financial engineering can be used together to produce a mixed-income, low-carbon district in a land-constrained capital. It provides a strong comparative reference for cities seeking to integrate affordability, climate transition and spatial equity through long-term public land governance and coordinated planning authority.

5.10.3. Paris Olympic Village (Seine-Saint-Denis Department)

The Paris 2024 Olympic Village occupies approximately 50–52 hectares of former industrial, logistics and railway land along the Seine across the municipalities of Saint-Denis, Saint-Ouen-sur-Seine and L'Île-Saint-Denis. Although these municipalities already exceeded the 25% social-housing threshold required under the SRU law, the policy's principle of balanced territorial mix required that new neighbourhoods integrate social, intermediate and private housing rather than reproduce mono-tenure estates.



Photo: 24 Residential buildings and riverside promenade in the Saint-Ouen sector of the Paris 2024 Olympic Village (ZAC Village Olympique) along the Seine.(Lawson, 2025)

To enable coordinated redevelopment, the site was organised through two Zones d'Aménagement Concerté (ZAC), the ZAC Village Olympique and the ZAC Cluster (Pleyel). These planning frameworks enabled land assembly, infrastructure provision and phased parcel release, with tenure-mix requirements embedded directly in development agreements. Delivery was coordinated by SOLIDEO (Société de livraison des ouvrages olympiques) in partnership with Plaine Commune and the host municipalities, aligning Olympic construction timelines

with longer-term housing and regeneration objectives (Plaine Commune, 2025a; SOLIDEO, 2024).

In its post-Games legacy, the Village will deliver approximately 2,800–3,000 dwellings, representing a substantial housing programme within the northern Paris metropolitan area. The tenure structure reflects SRU principles of mixed provision, with roughly 25–33% social rental housing (PLAI/PLUS), 20–25% intermediate housing (including PLS and regulated affordable ownership), and the remainder private market housing (Plaine Commune, 2025a; SOLIDEO, 2024). Within the ZAC framework, development plots were pre-allocated to social housing providers (including Paris Habitat, ICF La Sablière and CDC Habitat), student and youth housing organisations, and private developers, ensuring that the intended tenure mix was secured through contractual land-release conditions. Long-term land control mechanisms, including leasehold structures and development agreements, further stabilise the housing mix and reduce the risk that projects drift away from SRU targets during implementation (CDC Habitat, 2025; Plaine Commune, 2025a).

The national evaluation programme on the impacts of the Paris 2024 Olympic and Paralympic Games concludes that the Athletes' Village represents one of the most significant long-term housing legacies of the Games, converting a temporary Olympic facility into a permanent mixed-tenure neighbourhood in Seine-Saint-Denis. The report highlights that the redevelopment delivers several thousand dwellings integrated with public transport, public spaces and local services, contributing to the regeneration of former industrial and railway land while expanding housing supply in a high-pressure metropolitan market. Importantly, the programme combines social rental, intermediate and market housing, aligning with national social-mix objectives and regional planning strategies. The evaluation also notes that the legacy housing programme was designed to prioritise family dwellings and long-term residential use rather than speculative or short-term accommodation, although it emphasises that the ultimate social outcomes will depend on allocation practices, rent levels and the capacity of local authorities to maintain affordability and accessibility for lower-income households over time (Délégation interministérielle aux Jeux Olympiques et Paralympiques [DIJOP], 2025).

Urban design, mobility and environmental performance

The Village is integrated with the emerging Pleyel hub of the Grand Paris Express, connecting metro lines 14, 15, 16 and 17 alongside existing RER and Transilien services, thereby linking the neighbourhood to major employment centres across the metropolitan region and operationalising SRU's objective of locating affordable housing in opportunity-rich areas (Plaine Commune, 2025a; Saint-Denis, 2025).

Environmental ambitions were articulated through SOLIDEO's "village durable" framework, which targeted a 47% reduction in life-cycle carbon emissions relative to conventional development. Measures include low-carbon construction materials, geothermal and district energy systems, high-albedo surfaces, extensive planting (around 9,000 trees and shrubs) and more than six hectares of public green space (SOLIDEO, 2024). The project has received the EcoQuartier "Livré" label, signalling state recognition of its environmental and inclusive-urbanism objectives (Ministère de la Transition écologique, 2024).

Governance combined national and local actors: SOLIDEO acted as delivery authority, while Plaine Commune and the three municipalities provided planning leadership and political oversight alongside multiple SEM/SPL developers and development consortia. A SOLIDEO reversibility study documents how buildings were designed with temporary Olympic interiors and permanent structural grids, enabling relatively rapid conversion after the Games into family housing, student residences and offices (SOLIDEO, 2024).

The ZAC mechanism allowed public authorities to:

1. specify tenure and programme mix at the parcel level;
2. coordinate infrastructure, schools, crèches and public facilities; and
3. apply value-capture tools, including serviced-plot pricing and developer contributions, to finance public spaces and affordable housing (Plaine Commune, 2025a; Sem Plaine Commune Développement, 2025).

Official planning documents describe the project as creating a "mixed, inclusive and sustainable" neighbourhood expected to accommodate around 6,000 residents and 6,000 workers in an area historically characterised by industrial activity and under-investment (Plaine Commune, 2025a; SOLIDEO, 2024). However, expert discussions on Olympic legacy highlight tensions between affordability objectives and development constraints, noting that the share of social housing was reduced from early ambitions of approximately 40% to lower levels in some sectors, reflecting financial and market conditions (Colloque JO 2024, 2025).

From an environmental and design perspective, the Village is widely presented as a demonstrator of low-carbon and reversible urbanism. Official evaluations highlight circular construction approaches, including the reuse of demolition concrete as planting substrate, a car-light urban layout, and the integration of green corridors and riverside promenades (SOLIDEO, 2024; Ministère de la Transition écologique, 2024).

5.10.4. Concluding remarks

The Paris case illustrates how legal mandates and public development tools can be integrated into a mature land-policy system. The SRU law embeds enforceable social-mix quotas within municipal land governance through triennial targets, financial penalties and, where necessary, state substitution of local planning powers. This shifts affordability from a discretionary housing objective to a structural land-use obligation, requiring municipalities to secure land, incorporate quotas into planning instruments and steer development rights toward social outcomes.

ZACs translate these legal obligations into operational land policy practice. Through public developers such as SEMAPA and Paris & Métropole Aménagement, ZAC frameworks assemble and service land, coordinate infrastructure investment, prescribe tenure mixes and apply value-capture mechanisms, including péréquation and developer contributions, to channel land value uplift into affordable housing and public amenities.

This combined SRU–ZAC system has delivered durable affordability outcomes in high-value urban locations. Major regeneration projects such as Paris Rive Gauche and Clichy-Batignolles deliver around 50% social and intermediate housing in central or opportunity-rich districts through parcel-level tenure prescriptions and cross-subsidy mechanisms. The Olympic Village extends this approach, embedding 25–33% social rental and 20–25% intermediate housing within a major new transit hub under long-term public land control. Together, these cases demonstrate how Paris has developed a robust land-policy regime capable of shaping development markets, redistributing access to well-located land and integrating affordability with climate-aligned urban development at metropolitan scale.



Photo: 25 Residential blocks in the Paris 2024 Olympic Village legacy neighbourhood, Saint-Denis / Saint-Ouen-sur-Seine (Plaine Commune, Île-de-France) (Lawson, 2025).

5.11.Key resources and references for the Paris case

Useful links and references to regulations for the two French planning/housing instruments - the Loi n° 2000-1208 du 13 décembre 2000 – Solidarité et Renouvellement Urbains (SRU) (SRU Law) and the Zone d’Aménagement Concerté (ZAC) (Concerted Development Zone).

1. SRU Law – “Solidarity and Urban Renewal”

- Solidarity and Urban Renewal Loi n° 2000-1208 du 13 décembre 2000 <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000000207538> See Article 55.
- L302-5 of the Building and Housing Code, article 55 is also regulated here: https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000038833969
- A summary report on the application of *Article 55* (which sets minimum social housing quotas for municipalities) by the French Court of Accounts provides useful regulatory details. It concerns the quota system and the sanctions for municipalities. <https://ccomptes.fr/sites/default/files/2021-12/20210310-summary-Application-of-article-55-of-solidarity-and-urban-renewal-SRU-Law.pdf?>
- A practical overview by Notaires of France outlines how Article 55 works in practice (municipalities with 20%–25% social housing obligations). <https://www.notaires.fr/en/housing-tax-system/social-housing/social-housing-regulations-french-municipal-authorities>

2. ZAC – Code de l’urbanisme – Provisions relating to the Zone d’Aménagement Concerté (ZAC)

- ZAC is a planning zone that enables more coordinated and integrated development in local plans, together with the SRU law.
- The Urban Code (code de l’urbanisme) in articles in Book III, Title I, Chapter I (“Zones d’aménagement concerté”) L. 311-1 define how a ZAC is set up, planned and managed. https://www.legifrance.gouv.fr/codes/texte_lc/LEGITEXT000006074075
- Regulatory/decretial level articles for ZACs are in Section 2 – Réalisation des ZAC (Articles R311-6 à D311-11-2) here: <https://www.legifrance.gouv.fr/codes/id/LEGISCTA000006175800>
- Financial arrangements are outlined in the Town Planning Code here: https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000029736572/2025-11-05

An official outline is provided also provided here, with links to ZACs in Paris covered later in this chapter.: <https://www.paris.fr/pages/les-zones-d-amenagement-concerte-zac-5763/>

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6. Valencia: Land pooling & readjustment

Land readjustment is a legal process that reorganizes property boundaries and reallocates parcels for planned urban development. All plots in a designated area are pooled temporarily; each owner receives a serviced plot proportional to their original contribution. This redistributes gains and losses, internalizing land-value increases without expropriation or municipal purchase. It translates land-use plans into practice through a formal procedure led by a municipal readjustment board

Valencia provides a critical case for assessing the limits of land pooling and readjustment as an affordable-housing instrument. Reparcelación can reorganise fragmented ownership, finance infrastructure and reserve land for public purposes, but it does not automatically secure durable affordability. Its housing outcomes depend on the governance architecture in which it is embedded: who controls implementation, how land value is valued and redistributed, whether protected-housing obligations are binding and long-lasting, and whether public or mission-driven providers remain responsible for long-term stewardship.

Valencia's experience is especially instructive because the 1994 LRAU introduced the agente urbanizador model, allowing a third-party urbanising agent to initiate and implement land readjustment even without owning land. This enabled rapid urban expansion, but also exposed the instrument to developer-led phasing, contested legitimacy and weak long-term affordability outcomes. The contrast with the Basque Country, where reparcelación operates within stronger public steering and mandatory affordable-housing quotas, shows that the same legal instrument can produce very different social outcomes depending on institutional design.



Photo: 26 Existing neighbourhood fabric near the Benimaclet urban expansion area, Valencia, illustrating the interface between historic village housing, late-20th-century apartment blocks typical of sites targeted for *reparcelación* (Lawson, 2025)

6.1. System context

Land readjustment (*reparcelación*) has long been a cornerstone of Spanish urban planning law, designed to reconcile fragmented landownership with collective urban development objectives. Unlike expropriation, which removes land from private ownership, *reparcelación* redistributes property rights in situ, reallocating plots in accordance with an approved plan while proportionally sharing the costs and benefits of urbanisation among landowners. From its earliest doctrinal formulations, *reparcelación* has been framed as a mechanism that preserves property rights while subordinating them to the public interest embedded in planning decisions (Fernández Rodríguez, 1974).

Valencia's experience with land readjustment must be understood as the product of a specific legal and political trajectory. The 1994 Land Law (LRAU) institutionalised a highly permissive, developer-led *agente urbanizador* model that enabled rapid urban expansion, often decoupled from municipal capacity or long-term affordability objectives. Subsequent reforms - culminating in the LOTUP framework - progressively tightened the conditions under which land could be reclassified for urbanisation, largely in response to legal challenges, corruption scandals, and social opposition. Interviews confirm that today this has resulted in a system where large-scale new *reparcelación* is legally possible but

procedurally slow, politically sensitive, and in many cases financially unviable, often requiring full general plan revision with timeframes exceeding a decade. This evolution explains why reparcelación has shifted from a dominant growth instrument to a residual tool applied selectively and with diminishing effectiveness for affordable housing outcomes.

Yet Spain's highly decentralised system of territorial governance has produced divergent regional interpretations of how reparcelación should operate in practice. While the State retains competence over basic property and valuation principles, autonomous communities exercise extensive authority over planning law and land management. As Muñoz, Maguregui and Burón observe, this has allowed regions to develop "different models of LR since the 1990s" (2017, p. 129). These regional models vary significantly in their governance structures, enforcement mechanisms, and - critically - their capacity to deliver affordable and inclusive housing.

This chapter focuses on Valencia as a paradigmatic case of a developer-led land readjustment model, shaped by the introduction of the *agente urbanizador* in the mid-1990s. It contrasts Valencia with the Basque Country, where reparcelación has been embedded within a more public-steered, rule-bound housing system featuring some of the highest mandatory affordable housing shares in Europe. The comparison is analytically powerful because it isolates the effects of governance design within a shared legal tradition and planning instrument.

The broader housing context is equally important. As Gaja i Díaz (2005; 2006) documents, Spain's post-war housing system evolved from chronic shortage to what he terms a condition of "false opulence": high levels of housing production coexisting with persistent affordability problems and social exclusion. Subsequent research demonstrates that this legacy continues to shape urban outcomes, including residential segregation, displacement and unequal access to adequate housing (Ilisei & Salom Carrasco, 2018; Salom Carrasco et al., 2021; Cano, 2022; 2024). Against this backdrop, reparcelación cannot be evaluated solely on its technical merits; it must be assessed in terms of how it distributes land value gains and mediates access to housing.

Valencia and the Basque Country employ the same basic legal instrument - reparcelación - but embed it within fundamentally different governance architectures.

In Valencia, the decisive shift occurred with the 1994 Land Act (LRAU), which introduced the figure of the *agente urbanizador*. This reform inserted a third party into the land readjustment process: "the urbanising agent (*agente urbanizador*)", who "is not required to own land" (Muñoz Gielen, 2010, p. 114). Once designated - either through direct appointment or public tender - the urbanising agent assumes responsibility for infrastructure provision, cost recovery and the

practical execution of *reparcelación*. Municipalities retain formal planning authority but delegate much of the operational control to private actors.

The Basque Country, by contrast, has combined *reparcelación* with an explicitly interventionist housing policy. Muñoz, Maguregui and Burón describe the Basque model as relying “partly on an active public governance approach” characterised by “large legal standards of non-negotiable obligations” (2017, p. 129). Most notably, these obligations include mandatory social and affordable housing quotas of 65 per cent, rising to 75 per cent from 2006 onwards. These requirements are embedded directly in the land readjustment process and enforced through strong public leverage.

Both regions face similar structural challenges: fragmented ownership, high infrastructure costs, and pressure to deliver housing at scale. Yet their divergent responses illustrate that *reparcelación* is not a neutral instrument. Its outcomes depend on who controls implementation, how obligations are specified, and whether affordability and social objectives are binding or discretionary.

6.2. Aim of the policy

In Spain, the objectives of land pooling and readjustment (*reparcelación*) are broadly consistent across regional planning systems. The instrument is designed to enable the implementation of spatial plans, internalise the costs of urbanisation, redistribute land value uplift and secure land for public purposes, including housing subject to legal protection (Fernández Rodríguez, 2005). Within Spanish planning law, these “protected uses” typically refer to legally regulated public-interest housing, most commonly *vivienda protegida*, delivered under statutory price controls, allocation rules and use restrictions that are secured through land readjustment procedures and recorded in the land registry. The underlying constitutional framework reinforces these objectives: Spanish land law explicitly recognises housing as a social right and requires planning systems to prevent speculative land gains that undermine collective welfare. As Fernández Rodríguez (2007; 2015) emphasises, valuation regimes and proportionality principles are therefore designed to balance two goals: protecting property rights by avoiding indirect expropriation, while ensuring that the value created through planning decisions contributes to public purposes such as infrastructure provision and affordable housing.

Land pooling and readjustment can therefore be understood as a **collective land development mechanism** through which fragmented property ownership is reorganised to enable coordinated urbanisation. Rather than relying primarily on public land acquisition, the system operates through a legally structured process in which municipalities designate an area for transformation, establish a binding planning framework and reorganise property boundaries to create serviced development plots. Landowners contribute land or value to fund infrastructure and public facilities and, in return, receive reallocated plots reflecting their

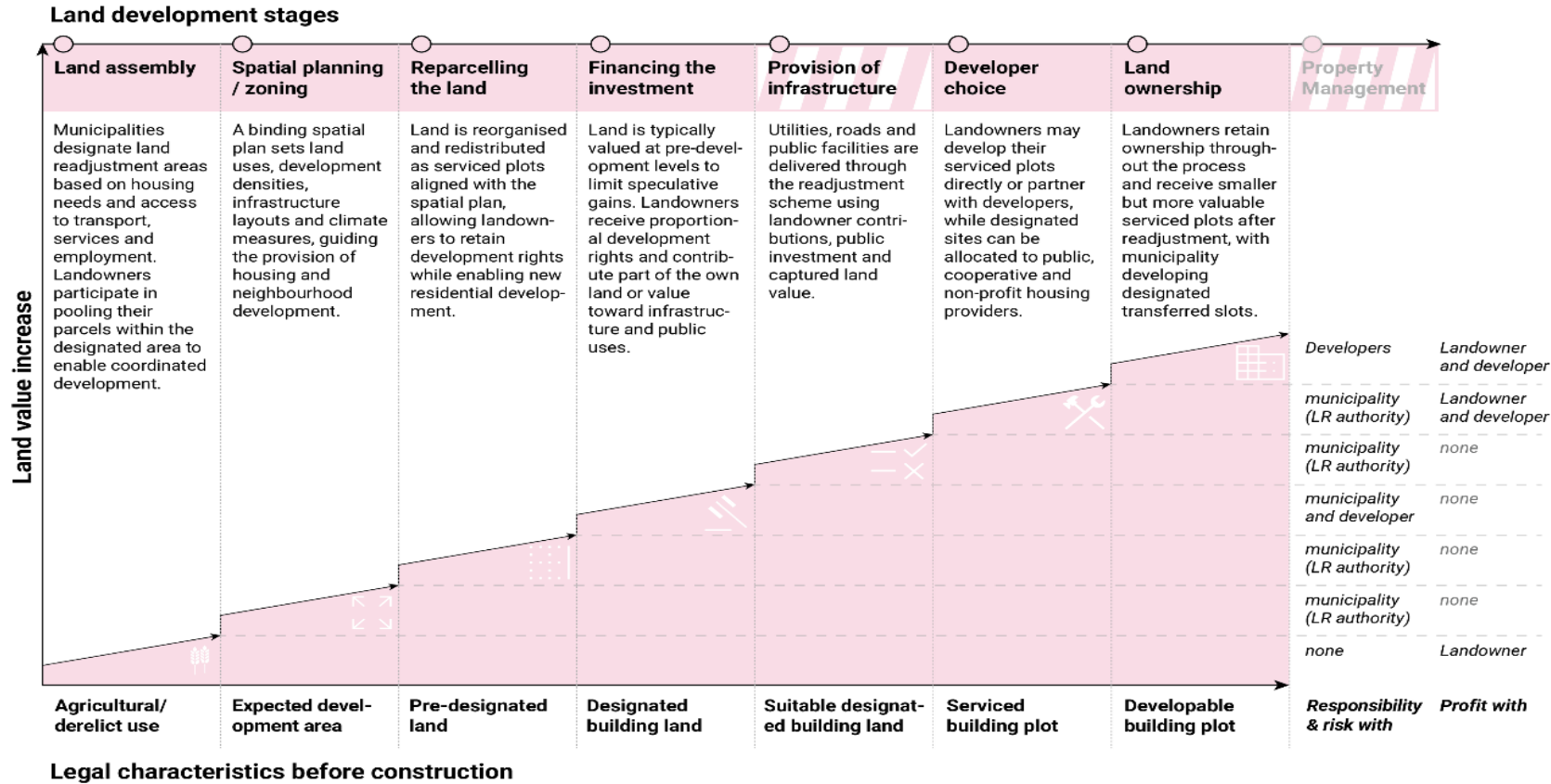
proportional share of the development area. **Figure 17** illustrates how this process operates across the land development cycle, from area designation and spatial planning through re-parcelling, infrastructure provision and the allocation of development rights. In doing so, the figure highlights how land readjustment converts fragmented land ownership into an implementable urban structure while capturing part of the value created through urbanisation for public purposes.



LAND POOLING & READJUSTMENT (LR)

Land pooling and readjustment reorganise fragmented land parcels to enable coordinated development, infrastructure provision and affordable housing.

Rezoning and reallocation increase land value, ensuring coordinated development, while capturing part of the uplift for public purposes.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 17 How does land pooling and readjustment influence land development?

As the figure illustrates, the distinctive strength of land readjustment lies in its ability to align property reorganisation, infrastructure provision and development sequencing within a single legal framework. Landowners are not simply displaced by public acquisition; instead, they remain participants in the development process and typically receive smaller but significantly more valuable serviced plots once urbanisation is complete. At the same time, municipalities can reserve land or development value for public infrastructure, open space and, where planning rules require it, protected or affordable housing. In this way, the mechanism redistributes the costs and benefits of urbanisation between private landowners, developers and the wider community. The implementation section that follows examines how this process operates in practice in Valencia, including the roles of municipalities, landowners, developers and urbanising agents, and the extent to which governance arrangements determine whether land value uplift supports broader public objectives such as housing affordability and spatial equity.

6.3. Implementation in practice: governance design and power relations

6.3.1. Institutional architecture

Land readjustment (*reparcelación*) in Valencia operates within a multi-layered legal framework combining state land law, regional planning legislation, and municipal implementation instruments. At the state level, the Spanish Constitution (Article 47) establishes the social function of land and explicitly mandates public authorities to prevent land speculation, providing the constitutional basis for compulsory land management instruments. This is operationalised through successive State Land Laws, which define basic valuation principles, proportionality requirements, and minimum public land cessions, while leaving detailed planning and management competences to the autonomous communities.

In the Valencian Community, land readjustment has been primarily governed by the Ley Reguladora de la Actividad Urbanística (LRAU, 1994) and its successors, now consolidated under the LOTUP (Ley de Ordenación del Territorio, Urbanismo y Paisaje). The LRAU introduced a decisive institutional innovation: the figure of the *agente urbanizador*, a third party empowered to initiate, manage and execute urbanisation and *reparcelación* processes, even without owning land in the affected area. This marked a significant departure from classical Spanish *reparcelación* doctrine, which had conceived landowners and municipalities as the principal actors in implementation (Fernández Rodríguez, 1974; 2005).

Municipalities retain formal authority over plan approval, authorisation of PAIs (*Programas de Actuación Integrada*), and final approval of *reparcelación* projects. In Valencia, these functions are exercised by the Urbanism Department of the Ajuntament de València, under the political direction of the Councillor for Urbanism and Housing, and the technical-administrative leadership of the

Director General de Urbanismo. As confirmed in the fieldwork for this report, this department is responsible for regulating, authorising and overseeing land readjustment processes, ensuring legal compliance, public notification, and formal balancing of public and private rights

.Alongside municipal authorities, regional public bodies - notably EVha (Entidad Valenciana de Vivienda y Suelo) - play an important role in land acquisition, management of public land obtained through reparcelación, and delivery of protected or public housing. AUMSA, the municipal development company, operates as a key delivery vehicle for public rental housing, managing land and housing assets transferred through planning and LR processes.

Although Valencian municipalities retain formal powers to initiate, substitute, or enforce land readjustment, interviews highlight a persistent gap between legal authority and effective use. Municipal reluctance to activate these powers is linked to litigation risk, limited technical capacity, and political exposure, particularly in contexts of high land values and organised landowner resistance. Importantly, the regional public housing agency (EVHA) no longer plays a direct role in planning or reparcelación processes; its mandate has narrowed to managing and developing already-urbanised public land transferred from municipalities or held by the Generalitat. This clarification corrects any assumption that EVHA operates as a substitute public developer within the land readjustment system and reinforces the conclusion that public leadership in land development has substantially retreated.

6.3.2. Core procedural steps in Valencian land readjustment

In formal terms, land readjustment in Valencia follows a sequence that appears, on paper, consistent with classical Spanish practice (perhaps insert revised diagram here):

1. **Planning designation:** Land is classified and zoned through the General Plan or a specific PAI, defining uses, densities, infrastructure requirements, public land cessions and (where applicable) protected housing quotas.
2. **Designation of the *agente urbanizador*:** A private developer may propose itself as urbanising agent, either as landowner or third party, subject to municipal approval or tender.
3. **Preparation of the reparcelación project:** This includes valuation of original plots, allocation of urbanisation costs, redistribution of buildable plots, and identification of land to be ceded for public uses.
4. **Administrative approval and registration:** The municipality approves the reparcelación project, which is then registered, extinguishing original plots and creating new legal parcels.

5. **Execution of urbanisation works:** Infrastructure is built, financed initially by the urbanising agent and ultimately charged to landowners through cost apportionment.
6. **Development and building:** Once urbanisation is completed or sufficiently advanced, housing and other developments proceed.

While these steps suggest a balanced, rule-based process, the distribution of power across them is highly asymmetrical. The urbanising agent controls key moments: cost estimation, phasing, infrastructure standards, and timing of development. Municipal authorities intervene mainly at approval checkpoints, often with limited capacity to renegotiate substantive parameters.

6.3.3. Stakeholders and their roles

Municipal government and urbanism department

Formally, the Ajuntament de València exercises decisive authority: it approves plans, authorises PAIs, validates reparcelación projects, and monitors compliance. The Urbanism Department is tasked with ensuring legality, public participation, and alignment with broader urban policy objectives, including housing provision

In practice, however, municipal power is constrained by administrative capacity, legal complexity, and political risk. As Gerardo Roger Fernández has repeatedly argued, Spanish - and Valencian - urbanism since the democratic transition has been characterised by a “renunciation of public management”, with municipalities retreating into regulatory oversight rather than active land and housing delivery (Roger Fernández, 2025). This institutional retreat has limited municipalities’ ability to shape outcomes beyond minimum legal compliance.

The agente urbanizador (private developer)

The *agente urbanizador* occupies a structurally powerful position. Empowered to initiate and manage LR, the developer controls information, technical expertise, and financial sequencing. In Benimaclet, for example, Metrovacesa acts as the principal urbanising agent, coordinating valuation, cost allocation, and engagement with the municipality and landowners.

While legally bound to respect plan parameters, the urbanising agent enjoys considerable discretion in interpreting feasibility, timing infrastructure delivery, and negotiating modifications. Market cycles further amplify this power: during downturns, municipalities often face pressure to renegotiate obligations to avoid project collapse.

Landowners

Landowners are formally protected by proportionality principles: they receive buildable plots equivalent in value to their original land minus infrastructure costs

and public cessions. In practice, especially where ownership is fragmented, individual landowners have limited influence over process design. They bear financial risk, face uncertainty over final plot value, and may be compelled to accept outcomes shaped largely by the urbanising agent.

Public housing and land agencies (EVha, AUMSA)

Public agencies play a crucial but often **reactive role**. They receive land through mandatory cessions and may develop public or protected housing where land is suitable and funding available. However, as Roger Fernández (2025) notes, the scale of public intervention has been structurally constrained by decades of reliance on private provision and the systematic declassification and privatisation of protected housing stock.

Community and civil society actors

Neighbourhood associations, such as the **Asociación Vecinal de Benimaclet**, represent affected residents and articulate concerns regarding scale, environmental impact, affordability and displacement. Their role is formally consultative, but in contested cases they can exert significant political pressure, delay implementation, and challenge legitimacy. Benimaclet illustrates how LR can become a prolonged arena of conflict when social objectives are unclear or weakly enforced.

6.3.4. Substitution and implementation gaps

While Valencian law provides for substitution (*ejecución sustitutoria*) where landowners fail to urbanise or build within statutory deadlines, interview evidence indicates that this power has been used sparingly in practice, particularly for housing-led outcomes. The interviewee emphasised that substitution was conceived as a routine governance mechanism to prevent speculative delay, yet municipalities have been reluctant to activate it due to litigation risk, political resistance, and limited administrative capacity. As a result, a tool intended to unlock stalled sites - especially in well-located urban areas - has remained largely dormant, reinforcing a gap between legal capacity and operational reality.

6.3.5. Power asymmetries and negotiated outcomes

The Valencian model is best understood as a negotiated governance system, in which outcomes emerge from bargaining between municipalities and developers rather than from fixed, rule-based obligations. This contrasts sharply with the Basque Country, where LR operates within a framework of non-negotiable standards, including mandatory affordable housing shares of 65–75 per cent and robust enforcement powers (Muñoz, Maguregui & Burón, 2017).

In Valencia, affordability obligations are typically modest, time-limited, or subject to reclassification. Municipal leverage depends on political will, administrative capacity, and market conditions. During periods of high demand, municipalities may secure additional concessions; during downturns, developers' threat of withdrawal weakens public bargaining power. This dynamic was evident in PAI del Grau, where market cycles delayed delivery and diluted social returns.

By contrast, the Basque model embeds affordability directly into the LR mechanism through land-based obligations - serviced plots reserved for regulated housing and transferred to public authorities. Enforcement is supported by credible sanctions, including compulsory expropriation of non-cooperating owners. As a result, power asymmetries are structurally constrained rather than managed through ad hoc negotiation.

The governance design of Valencian land readjustment has direct implications for equality of access to affordable and adequate housing. While the system is effective at mobilising private capital and delivering urbanisation, it systematically underperforms in securing long-term affordable housing outcomes. As Roger Fernández (2025) argues, reliance on private provision combined with the temporary nature of protected housing has resulted in the near-eradication of a permanent affordable housing stock in Spain.

The Basque experience demonstrates that this outcome is not inherent to reparcelación itself, but to the distribution of power and obligations within its governance framework. Where public authorities retain strong steering capacity and affordability is treated as a binding condition of development, LR can function as a powerful instrument for social inclusion. Where these conditions are absent, LR risks reinforcing market-driven inequalities.

6.3.6. The Basque alternative: rule-bound public steering

The Basque Country addresses similar coordination challenges through a different strategy: **strong public steering combined with binding legal rules**. Reparcelación schemes operate under non-negotiable standards, including high affordable housing quotas and mandatory land cessions. Municipalities receive serviced plots directly, enabling them to control tenure outcomes and long-term affordability. Enforcement is underpinned by credible coercive powers, including compulsory expropriation of non-cooperating owners (Muñoz, Maguregui & Burón, 2017).

This contrast reveals two distinct theories of action. Valencia relies on delegated private capacity to overcome coordination problems, accepting a degree of discretion and market dependence. The Basque Country relies on public authority and legal certainty, accepting higher upfront political and administrative costs in exchange for stronger distributive outcomes.

The comparison between Valencia and the Basque Country demonstrates that land readjustment is not inherently equitable or inequitable: its distributional effects depend on whether it is governed as a developer-led implementation mechanism or as a publicly steered instrument with binding social obligations.

Table 2 below contrasts the implementation differences in LR process in Valencia and Basque country:

Table 2: Governance structures and housing outcomes in land readjustment in Valencia and in the Basque Country

Step	Valencia (Developer-led LR)	Basque Country (Public-steered LR)
1. Strategic designation of LR areas	Designation through General Plans or PAIs based primarily on development feasibility and urban expansion objectives. Housing need and affordability are not binding preconditions.	Designation explicitly linked to housing policy objectives, including mandatory social and affordable housing targets. LR is used strategically to deliver regulated housing.
2. Initiation of LR process	Typically initiated by a private <i>agente urbanizador</i> , who may not own land. Municipal approval required but initiative is private.	Initiated by the municipality or public land agency as part of an active housing and land policy.
3. Leadership and governance	Municipality retains formal authority but delegates effective leadership to the urbanising agent. Developer sets agenda for phasing, costing and feasibility.	Municipality or public agency leads and steers the process. Private developers participate but do not control key decisions.
4. Valuation and equalisation	Valuation follows proportionality principles but is closely tied to development expectations and negotiated feasibility. Equalisation limits overt inequities but allows scope for speculative gains.	Valuation operates within a rule-bound framework with limited negotiation. Equalisation is combined with non-negotiable social obligations, constraining speculative upside.
5. Planning framework	Plan specifies land uses and infrastructure. Affordable/protected housing requirements are modest, negotiable and often time-limited.	Plan embeds mandatory, non-negotiable affordable and social housing quotas (typically 65–75%) as a core condition of LR.
6. Land contributions (cessions)	Landowners cede land mainly for infrastructure, roads and green space. Public land capture for housing is limited.	Landowners must cede serviced plots for social housing free of charge and offer additional plots at regulated maximum prices.

7. Infrastructure delivery	<p>Delivered by the <i>agente urbanizador</i>, financed upfront by the developer and recovered from landowners. Municipal control over timing is limited, especially in downturns.</p>	<p>Coordinated by public authorities, often aligned with broader investment strategies. Delivery is less dependent on market cycles.</p>
8. Redistribution of serviced plots	<p>Landowners receive reconfigured serviced plots proportional to holdings; outcomes vary widely. Affordable housing parcels are relatively few.</p>	<p>Redistribution systematically produces serviced plots earmarked for regulated housing and transferred to municipalities or public providers.</p>
9. Housing delivery	<p>Dominated by private developers, often including the urbanising agent. Public, cooperative or cost-rental providers play a marginal role.</p>	<p>Delivered by a mix of public housing companies, cooperatives and regulated private providers under strict price and cost controls.</p>
10. Long-term affordability and stewardship	<p>Protected housing is usually time-limited and reverts to the market. No systematic long-term stewardship or land leasing.</p>	<p>Affordability preserved through public ownership, regulated tenure and long-term controls, creating a durable non-market housing stock.</p>
11. Distributional outcomes	<p>Enables urban growth but delivers weak and uneven affordability outcomes; risks of segregation and displacement.</p>	<p>Delivers substantial affordable housing at scale and improves equality of access across market cycles.</p>

Further analysis synthesises lessons from the Valencian and Basque approach and adds insights from German experience where LR is also actively practiced.

This idealised LR process depicted in the figure below, begins with the strategic designation of LR zones by municipalities where fragmented land ownership prevents coordinated development and where housing need, accessibility to services and public objectives justify intervention.

Municipal authorities then initiate and lead the process, establishing a dedicated institutional framework to manage surveying, valuation, planning and negotiation while maintaining public control over key decisions.

Before development proceeds, land is subject to pre-development valuation and equalisation, typically based on existing-use values to avoid speculative windfalls. A binding development plan is then adopted, integrating infrastructure provision, climate considerations and mandatory affordable or cost-rental housing quotas.

Landowners contribute a share of land for public purposes, including affordable housing, public space and infrastructure corridors, ensuring that a portion of land value uplift is captured for collective benefit.

The LR authority subsequently coordinates infrastructure delivery and servicing, financed through land contributions, public investment and value capture.

Once land has been serviced, plots are redistributed to landowners in proportion to their original holdings, while parcels reserved for affordable housing are transferred to public or non-profit providers.

Housing development is then undertaken by a mix of municipal housing companies, cooperatives and regulated developers operating within cost-rent or social-housing frameworks. The final stage ensures long-term affordability and stewardship, typically through public ownership, long-term leases or affordability covenants that maintain accessibility and social mix over time.

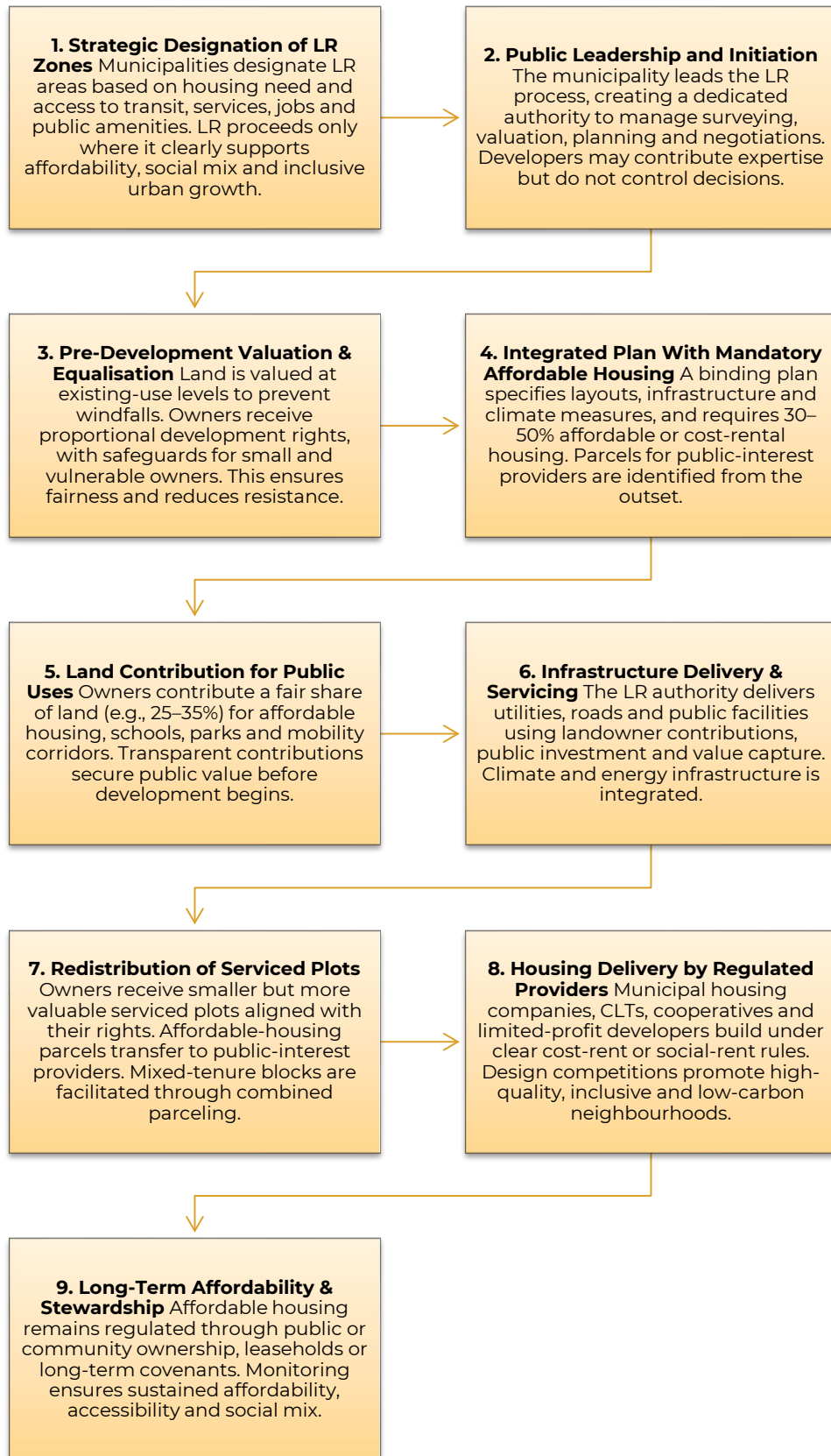


Figure 18 An idealised publicly led land readjustment process, drawing on Spanish and German experience (the authors)

6.4. Costs, burdens and benefits: who pays and who gains?

Reparcelación is often justified on fiscal grounds. Landowners typically cede between 5 and 15 per cent of serviced plots to municipalities and bear infrastructure costs, reducing direct public expenditure (Muñoz Gielen, 2010). In Valencia, landowners must also pay the urbanising agent's overheads and profit margin. While this shifts costs off public budgets, it does not ensure that cost savings translate into affordable housing.

In the Basque Country, cost internalisation is explicitly linked to distributive outcomes. Landowners fund infrastructure and, in return, deliver high shares of regulated housing and serviced plots to municipalities. In Valencia, by contrast, costs are internalised without equivalent guarantees, enabling land value uplift to accrue primarily to developers and investors.

Interview evidence underscores land valuation rules as a critical constraint undermining the feasibility of public-interest-oriented land readjustment. EVHA notes that prevailing valuation practices, reinforced by administrative jurisprudence, attribute values to undeveloped land that reflect speculative future expectations rather than its serviced or regulated end use

When combined with rising construction costs, lengthy procedures, and capped prices for protected housing, these valuation outcomes render public-led reparcelación financially untenable and significantly weaken incentives for private developers to deliver regulated housing within PAI schemes. This helps explain why land readjustment has struggled to function as a reliable land supply mechanism for affordable or social rental housing in contemporary Valencia.

6.5. Effectiveness for affordable housing and distributional outcomes

Assessing the effectiveness of land readjustment (LR) in Valencia requires moving beyond measures of delivery capacity or urbanisation output and focusing instead on distributional outcomes: who gains access to housing, under what conditions, and with what degree of long-term security. While Valencian LR has demonstrably enabled large-scale urban development, the accumulated evidence indicates that it has been weakly effective in expanding access to affordable and adequate housing, particularly for lower-income and marginalised households. This outcome is not accidental; it flows directly from the governance design, legal obligations, and power relations outlined in the previous section.

Senior local experts provide crucial clarification on why scale did not translate into durability in the Valencian case. Despite the large volume of protected housing initially generated through land readjustment, Spain today retains only around 2.5–3% of its housing stock in protected or affordable forms. This outcome is not the result of market failure, but of deliberate political decisions to permit

declassification and resale, justified historically as a means of promoting household asset accumulation. In contrast, jurisdictions such as the Basque Country (and Vienna, Paris, Helsinki) embedded permanence into tenure design, ensuring that land value captured through planning decisions continued to serve affordability objectives across generations. The Valencian experience thus demonstrates that land pooling alone is insufficient to secure long-term affordability unless paired with durable tenure and ownership constraints.

In formal legal terms, Spanish land readjustment is capable of delivering affordable housing. As Muñoz Gielen (2010) shows, where land is designated for protected housing, LR can lock affordability into the property regime itself: once reparcelación is completed, serviced plots designated for affordable housing are registered as such, and “future owners can only develop affordable housing on it” (Muñoz Gielen, 2010, p. 123). Moreover, LR redistributes the land-value differential between regulated and free-market housing across all landowners, rather than concentrating losses on those whose land is allocated to protected uses.

However, this formal capacity has translated into very limited practical impact in Valencia.

While Valencia has historically delivered substantial volumes of protected housing through land readjustment, interviewees emphasise that these outputs have not translated into a durable affordable housing stock. National and regional rules allowing time-limited protection and subsequent declassification have resulted in a dramatic erosion of the protected housing base over time, as dwellings revert to full market status. As Roger Fernández (2007; 2015) and Gaja i Díaz (2006) document, Valencian planning has relied heavily on privately promoted protected housing that is subject to time-limited price controls and eventual declassification. This structural feature weakens the long-term distributive impact of reparcelación, particularly in high-value urban locations such as Benimaclet and Grau, where public value generated through planning decisions is only temporarily retained for social purposes. The issue, therefore, is not solely one of insufficient quotas, but of institutional design that fails to lock in affordability across market cycles.

Once units exit the protected regime, they are absorbed into the open market, eroding any long-term affordability gains. Distributional outcomes are further clarified by interview evidence on income constraints. According to the interviewee, approximately two-thirds of Spanish workers can only afford rents in the range of €300–600 per month. Housing delivered through market-based or public–private models enabled by reparcelación - typically requiring profit margins and commercial finance - cannot reach this income group. As a result, land readjustment in Valencia has primarily benefited lower-middle-income households able to access ownership during the protected period, while younger households, renters, and security-precarious workers have remained excluded. This reinforces the conclusion that reparcelación without direct public rental

provision has limited capacity to address housing inequality at the lower end of the income distribution

This is also confirmed by Cano's analysis for the FOESSA reports (2022; 2024) confirms the social consequences of this model. Despite decades of high housing output, Spain - and Valencia in particular - exhibits persistent housing affordability problems, with low-income households, young people, and migrants facing severe access constraints. The problem, Cano argues, is not insufficient production per se, but the structural mismatch between housing supply mechanisms and social need. Valencian LR, embedded in a system that prioritises feasibility and private delivery over durable affordability, reproduces rather than corrects this mismatch.

Empirical evidence from the Valencian field work reinforces this diagnosis. In both Benimaclet and PAI del Grau, reparcelación has functioned primarily as a development-enabling instrument, with affordable housing treated as a secondary or residual consideration.

In Benimaclet, the absence of clear, binding affordability guarantees has been a central source of conflict. While the PAI includes some protected housing provisions, these are limited in scale and scope, and insufficient to address local housing pressures or to justify the scale and environmental impacts of the development in the eyes of residents. The result has been prolonged contestation, delay, and a breakdown of trust between the community, the municipality and the developer. From an effectiveness perspective, this illustrates a key point: LR that does not deliver visible and meaningful social benefits struggles to secure legitimacy, even if it is technically sound.

PAI del Grau illustrates a different but equally problematic dynamic. Here, LR has successfully coordinated complex brownfield redevelopment involving multiple owners and major infrastructure investments. Yet affordability outcomes have remained weak and highly sensitive to market cycles. Following the financial crisis, development stalled, public benefits were deferred, and the social returns initially envisaged were diluted. As Muñoz, Maguregui and Burón (2017) note more generally of the Valencian model, it has been argued to have "attracted speculative investments" and contributed to large stocks of "empty dwellings and offices" (p. 130). In such contexts, LR facilitates land value creation without ensuring that value is channelled into affordable or socially useful housing.

6.6. Impact on marginalised households

The distributional consequences of Valencian LR are therefore uneven. Developers and large landowners benefit from land value uplift and control over development timing. Municipalities benefit in the short term from reduced infrastructure financing burdens. However, renters, lower-income households

and new entrants to the housing market see few gains. Affordable housing provision is limited, spatially marginal, and affordability is temporary.

Socio-spatial research reinforces this picture. Ilisei and Salom Carrasco (2018) show how major urban projects in Valencia have contributed to residential segregation, creating “new attractive spaces” for higher-income and often foreign residents while displacing or excluding lower-income groups. Salom Carrasco et al. (2021) further document how residential mobility patterns among migrant populations tend to reinforce existing spatial inequalities, particularly where redevelopment raises prices and rents without providing compensatory affordable housing options.

FOESSA evidence underscores the cumulative impact of these dynamics. Cano (2022; 2024) identifies housing as a central axis of social exclusion in Spain, with affordability constraints intersecting with labour-market precarity and migration status. From this perspective, Valencian LR's limited effectiveness in delivering affordable housing contributes directly to broader patterns of inequality, even as it succeeds in transforming urban land.

6.6.1. The Basque contrast: binding obligations and demonstrable outcomes

The Basque Country provides a crucial counterfactual. Using the same basic instrument of land readjustment, Basque municipalities have embedded high, non-negotiable affordable housing quotas - initially 65 per cent, rising to 75 per cent from 2006 onwards - directly into LR schemes (Muñoz, Maguregui & Burón, 2017). These obligations are not symbolic; they are operationalised through concrete land-based mechanisms. Landowners must cede serviced plots for social housing free of charge to the municipality and offer additional plots at regulated maximum prices. As a result, affordable housing is delivered as part of the land transformation process itself, rather than as a residual afterthought.

Critically, these obligations are enforceable. The Basque model combines LR with credible public powers, including compulsory expropriation of non-cooperating owners. This sharply limits scope for renegotiation or dilution of social objectives during downturns. Muñoz, Maguregui and Burón (2017) report that this framework has enabled the delivery of high-quality infrastructure alongside serviced plots for affordable and social housing, even in large-scale developments with fragmented ownership.

From an effectiveness perspective, the contrast with Valencia is stark. Where Valencia relies on discretionary negotiation and market-dependent delivery, the Basque Country relies on rule-based redistribution. Where Valencia produces housing without resolving affordability, the Basque model structurally reshapes tenure mix and access conditions.

6.7. Unintended consequences

The Valencian literature links the *agente urbanizador* model to speculative investment and significant stocks of vacant housing following the boom (Muñoz, Maguregui & Burón, 2017). These unintended outcomes underscore the risks of relying on discretionary, market-dependent governance. The Basque model's rule-bound approach appears more resilient to such cycles

Expert local interviews conducted for this study point to significant unintended consequences associated with Valencia's land development model, notably the systematic leakage of publicly generated land value into private hands. The senior urban policy expert describes how political normalisation of declassification - often framed as enabling household asset accumulation - has functioned in practice as a mechanism for privatising planning gains

Across multiple political cycles, declassification of protected housing was framed as a socially progressive measure that allowed working households to accumulate wealth. In practice, this led to the systematic erosion of public housing stock and the privatisation of publicly generated land value, contributing to rising rents and reduced access for subsequent generations. This contrasts sharply with land-policy regimes where resale restrictions and public buy-back mechanisms are treated as non-negotiable safeguards of equity

This dynamic has undermined public trust, contributed to speculative behaviour, and weakened the legitimacy of land readjustment as a social contract between landowners, developers, and the wider community. Such outcomes reinforce the report's broader finding that land value capture instruments must be coupled with enforceable and permanent social obligations if they are to support equitable housing outcomes.

6.8. Contextual factors

Interview evidence highlights a persistent aversion to direct public housing provision as a key contextual constraint in Valencia. Despite possessing strong land readjustment powers, public authorities progressively withdrew from acting as housing promoters, relying instead on private implementation even where affordability objectives were explicit. This institutional retreat differentiates Valencia from comparator cases such as Vienna and Helsinki, where public or mission-locked providers play a central role in translating land instruments into durable housing outcomes.

Interview evidence also clarifies the fiscal paradox of the Valencian and wider Spanish approach. Since the late 1970s, land readjustment mechanisms enabled the delivery of approximately 3–3.5 million protected dwellings nationwide, demonstrating the system's capacity to generate large quantities of affordable housing without direct land purchase. However, the majority of this public value was captured only temporarily. Because protected dwellings were routinely

declassified after 10–20 years, the long-term benefit of land value capture was transferred back to the private market rather than retained as a public asset. This confirms that *reparcelación* has been effective at front-loading value capture, but ineffective at preserving that value over time in the absence of permanent tenure safeguards

Interviews indicate that Valencia's current affordable housing strategy is increasingly decoupled from new land readjustment. EVHA's focus has shifted to mobilising already-urbanised public land, including municipal land reserves derived from the 10 per cent land cession requirement (PMS), much of which has remained undeveloped to date.

The Basque Country offers a useful comparator. Its *alojamientos dotacionales* programme repurposes land reserved for public facilities into publicly owned, temporary rental housing for young people and vulnerable households. This is not *reparcelación* in the narrow sense, but it demonstrates how planning-generated land reserves can be converted into affordable housing when public housing institutions retain ownership, allocation authority and long-term stewardship. The contrast with Valencia is important: whereas Valencia has often captured land value only temporarily through protected housing that later returns to the market, the Basque model illustrates how public land reserves can be retained as a durable housing resource.

The Valencia–Basque comparison below, further demonstrates that *reparcelación* is not a single “Spanish model” but a family of governance designs. For jurisdictions seeking to advance equality of access to affordable and adequate housing, the transferable lessons lie not in delegating implementation to private agents, but in embedding non-negotiable affordability obligations, land-based delivery mechanisms and credible enforcement within *reparcelación* frameworks.

New initiatives such as Plan Vive, EVHA has identified over 200 public plots with capacity for approximately 6,000 dwellings and a medium-term ambition to deliver up to 10,000 homes through a mix of direct public provision and public–private partnerships. This pivot reflects an implicit recognition by regional authorities that *reparcelación* is no longer a dependable instrument for delivering timely and affordable housing supply.



Photo: 27 Newly constructed public rental housing in Valencia Source: Generalitat Valenciana (2025)

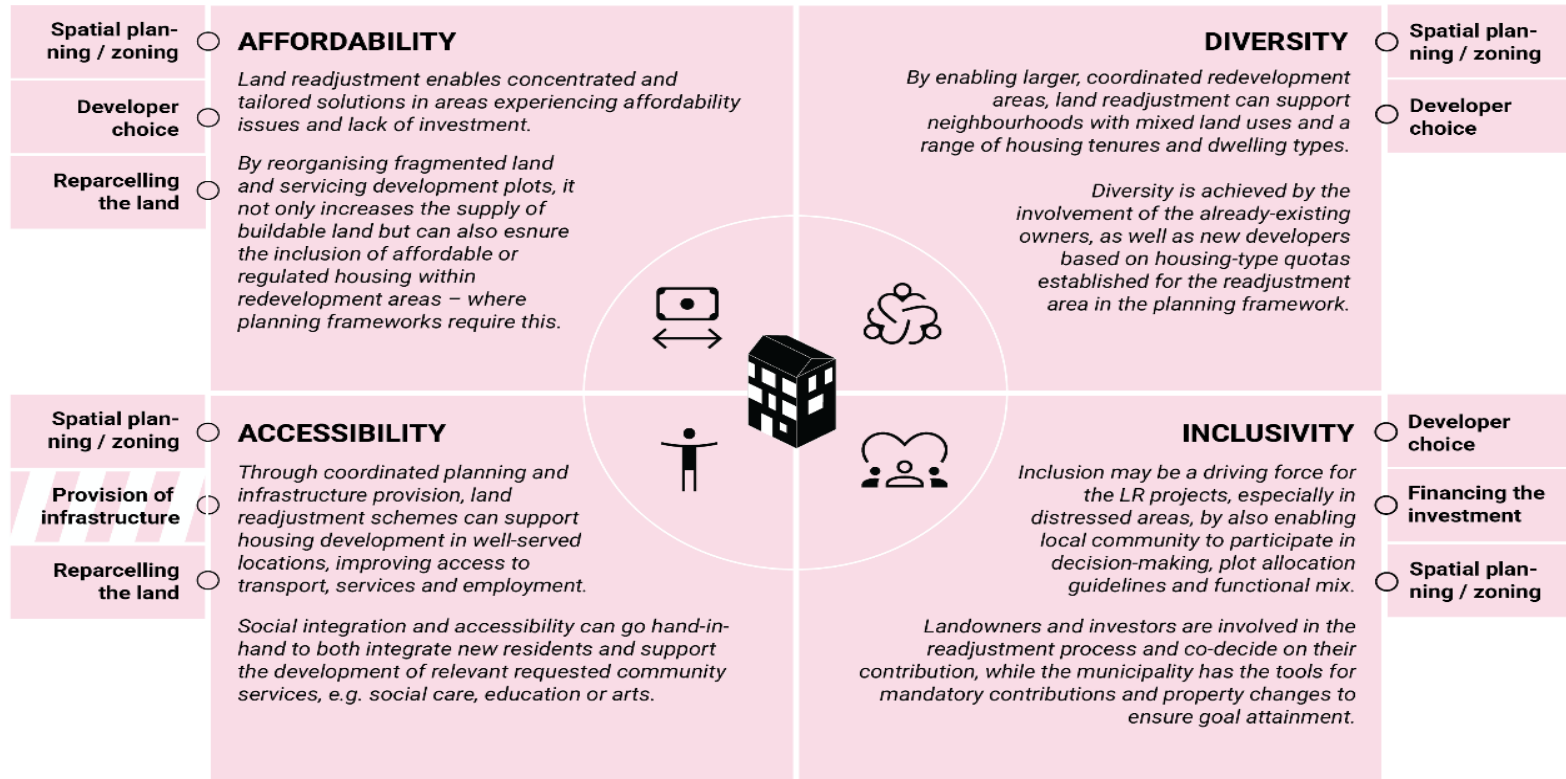
Having outlined how land readjustment operates institutionally and how the costs and benefits of urbanisation are distributed among landowners, developers and public authorities, the next step is to assess how this mechanism shapes housing and neighbourhood outcomes. While land readjustment is often discussed primarily as a technical tool for organising development, its broader significance lies in the way it structures the spatial and social results of urbanisation. By reorganising fragmented land ownership, coordinating infrastructure provision and redistributing development rights, the mechanism can influence not only the supply of buildable land but also the type of housing delivered, the location of development and the distribution of benefits between private and public actors. **Figure 19** summarises these relationships through the four analytical dimensions used throughout this study, affordability, **diversity, accessibility and inclusivity**, illustrating how the design and governance of land readjustment schemes can shape housing outcomes within redevelopment areas.



LAND POOLING & READJUSTMENT (LR)

Land pooling and readjustment enable coordinated housing development by reorganising fragmented land and servicing plots for construction.

Ensuring profitability for private landowners keeps the process flow and supports the achievement of cohesive development aims without unnecessary coercive tools.



Julie Lawson and Oleksandr Anisimov, 2026

Figure 19 Land pooling and readjustment and its impact on affordability, diversity, accessibility and inclusivity

The figure highlights both the potential and the conditional nature of land readjustment as a housing policy instrument. Affordability may improve where the reorganisation of land increases the supply of serviced plots and where planning frameworks require the inclusion of protected or regulated housing within redevelopment areas. Diversity depends on the extent to which planning frameworks and plot allocation rules encourage a mix of housing types, tenures and development actors rather than reproducing homogeneous market-led development. Accessibility is strengthened where readjustment is coordinated with the timely provision of transport, utilities and social infrastructure, allowing new neighbourhoods to be integrated into the wider urban fabric. Finally, inclusivity depends heavily on governance: when municipalities retain the capacity to enforce planning obligations and ensure meaningful participation by landowners and residents, land readjustment can support broader social objectives. Where public oversight is weak, however, the mechanism risks serving primarily as a tool for private land valorisation rather than a means of delivering equitable urban development. The sections that follow examine these outcomes in greater detail, assessing both the achievements and limitations of the Valencia experience and the conditions under which land readjustment can contribute to affordable and inclusive housing provision.

6.9.Suitability for policy transfer

Valencia's experience offers both inspiration and also cautionary lessons for jurisdictions considering land readjustment as a primary affordability tool. While the instrument can mobilise land and finance infrastructure at scale, its distributive outcomes depend critically on valuation rules, the permanence of affordability obligations, and sustained public development capacity.

The Basque *alojamientos dotacionales*¹⁰ model further shows that land readjustment should be linked to a broader public-land strategy, so that land ceded for public purposes can be actively reused for affordable rental housing rather than remaining dormant or being absorbed into market-led development.

In contrast to cases such as Vienna or Helsinki - where public landownership and long-term rental regulation secure durable social returns - Valencia demonstrates how reliance on developer-led implementation and in Basque County, time-limited protection can erode public value over time.

¹⁰ The "Alojamientos dotacionales" model in the Basque Country is different to Valencia's approach, and converts plots originally reserved for municipal facilities (dotacional land) into small temporary public housing units (often up to five years) aimed primarily at young people or socially vulnerable households.

6.10. Field work

The Valencia fieldwork undertaken early 2026 examines three contrasting urban development trajectories - Sociópolis/La Torre, Benimaclet (SUP-T4) and PAI del Grau - to assess how land readjustment (*reparcelación*) performs under different governance, financing and institutional arrangements. Together, the cases span state-led flagship urbanisation (Sociópolis), developer-led *agente urbanizador* implementation (Benimaclet), and large-scale brownfield redevelopment combining strong technical coordination with market-dependent delivery (Grau). Rather than treating *reparcelación* as a uniform instrument, the cases are analysed as stress-tests that reveal how outcomes hinge on governance design: the presence or absence of durable public land control, phased delivery mechanisms, enforceable affordability rules and long-term housing stewardship. Read together - and contrasted with the Basque Country experience discussed subsequently - the Valencia cases demonstrate that *reparcelación*'s technical capacity to pool land and finance infrastructure is necessary but not sufficient. It is the institutional embedding of the instrument, not its legal form, that determines whether land readjustment delivers cumulative, resilient social outcomes or fragmented urbanisation with temporary and reversible affordability gains.

6.10.1. Sociópolis / La Torre

The Sociópolis development, now administratively reframed within the La Torre neighbourhood in southern Valencia, constitutes a critical stress-test case for understanding the limits of land readjustment-style urbanisation when governance, finance and institutional continuity are insufficiently aligned. While Sociópolis is not a textbook example of private-owner-led *reparcelación*, its trajectory reveals what can go wrong when serviced land production is decoupled from phased delivery, durable public land control and long-term housing stewardship.

Scale, location and original policy intent

Sociópolis was conceived in the early 2000s as a large-scale social housing urban extension of approximately 35 hectares, planned to deliver between 2,500 and 2,800 dwellings, predominantly designated as *vivienda protegida*. The site is located on peri-urban land between consolidated neighbourhoods and major transport infrastructure, historically part of the irrigated *huerta* landscape. The project was promoted by the Valencian regional government, with municipal planning approval, and curated by architect Vicente Guallart, who coordinated contributions from multiple international design practices.

The policy ambition was explicitly redistributive: to urbanise land, capture planning gain and deliver affordable housing alongside public space, facilities and environmental integration. In this respect, Sociópolis shared surface similarities with *reparcelación*-based urbanisation elsewhere in Valencia. Its

governance configuration, however, differed fundamentally. Rather than a repeatable land-pooling programme distributing risks and obligations across multiple landowners, Sociópolis was a state-led, design-centred flagship project - highly visible politically but institutionally fragile.

Delivery outcomes and housing performance

Only a fraction of the planned dwellings - approximately 500–700 units - were completed and occupied before construction stalled following the 2007–08 financial crisis. Several mid- to high-rise residential blocks were delivered, but most of the site remains under-developed despite largely completed urbanisation works. The result is a partial neighbourhood: inhabited towers surrounded by vacant or residual serviced land, incomplete public facilities and weak functional integration with surrounding districts.

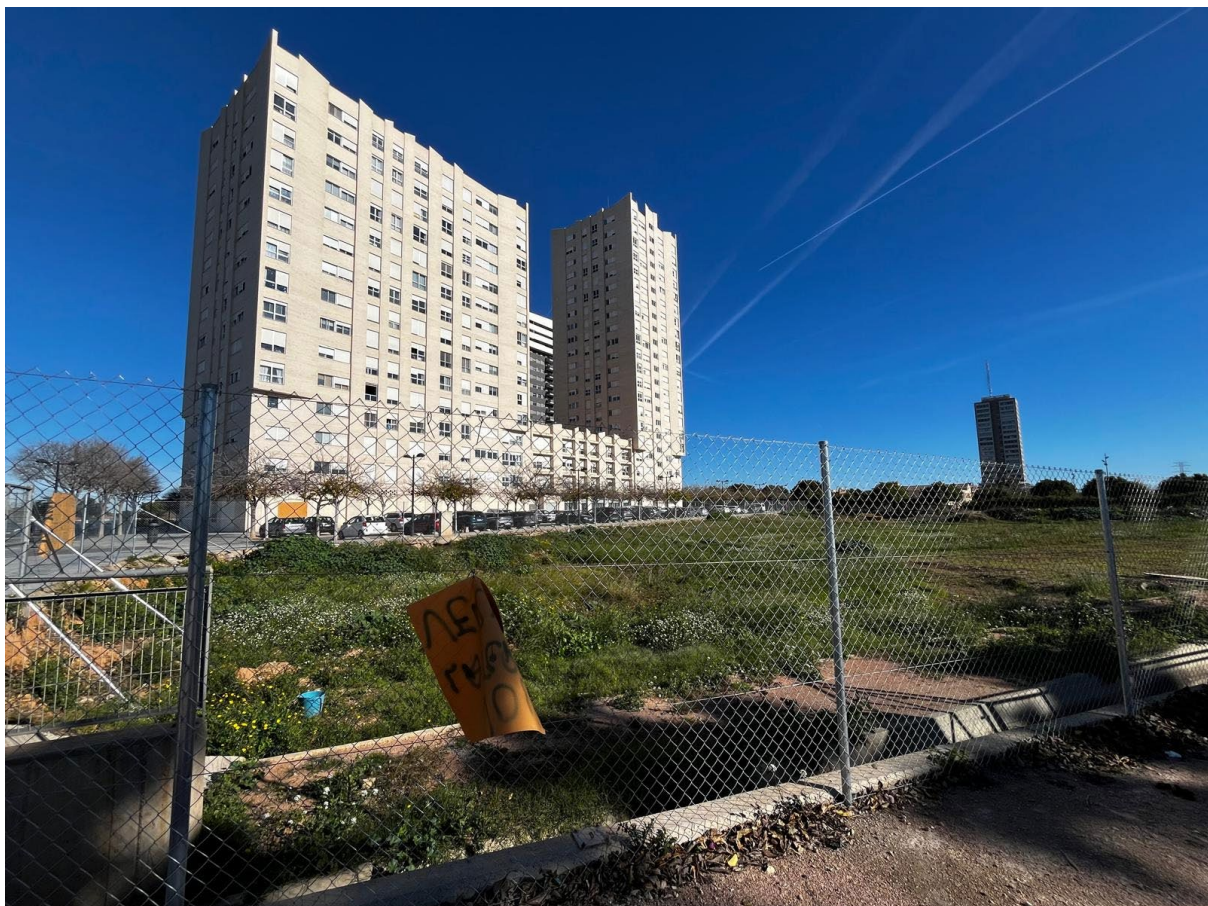


Photo: 28 Sociópolis a work in progress (Lawson, 2026)

From a housing-policy perspective, affordability outcomes have been limited and non-scalable. While initial prices or rents for protected dwellings were below prevailing market levels at the time of delivery, affordability was not embedded

structurally. There is no evidence of a cost-rent framework, no revolving finance mechanism and no institutional requirement to reinvest surpluses into additional supply or renewal. Allocation mechanisms were project-based and weakly connected to a permanent municipal housing register, constraining needs-based prioritisation and long-term social function.

Environmental and social sustainability ambitions - compact form, green space and landscape integration - were undermined by incomplete build-out. The absence of sufficient density, services and continuous public realm reduced walkability, everyday accessibility and public transport viability. Crucially, no long-term operating body was mandated to coordinate maintenance, energy upgrading or neighbourhood consolidation, leaving sustainability dependent on individual building management rather than systemic stewardship.

Political-economic contingencies and governance failure

Sociópolis illustrates how contingent political and economic conditions shape land-led housing outcomes. The project was launched during Spain's property boom, when abundant credit and rising land values masked delivery risk. When the financial crisis hit, private finance withdrew, regional and municipal budgets contracted and institutional responsibility fragmented. Unlike robust *reparcelación* systems, no counter-cyclical delivery vehicle existed to continue construction, no land bank or revolving fund was available to hold and release land gradually, and no mission-locked housing provider was responsible for completion.

This reveals a central governance lesson: urbanisation is not equivalent to neighbourhood delivery. Serviced land creation alone does not guarantee housing outcomes if public control dissipates after the initial development phase. In Sociópolis, planning gain was captured in theory but not sustained in practice, as obligations relating to phasing, completion and social infrastructure proved unenforceable once the delivery vehicle collapsed.

Recovery efforts and limits

Subsequent policy efforts have sought to reframe Sociópolis as part of a broader La Torre regeneration agenda, emphasising improved integration with the surrounding urban fabric and renewed public coordination. These initiatives implicitly acknowledge earlier shortcomings, particularly the absence of phased delivery and long-term stewardship. However, recovery has been incremental and constrained. In the absence of a clear institutional anchor - such as a municipal housing company or limited-profit provider with a mandate to build, manage and reinvest - progress remains dependent on ad hoc interventions rather than programme-based transformation.

Implications for land readjustment policy

Within the Valencia case study, Sociópolis functions as a negative comparator that clarifies why reparcelación works when it does. In contrast to Benimaclet and Grau - where land pooling is embedded in repeatable procedures, public leverage persists beyond urbanisation, and delivery is at least partially phased - Sociópolis demonstrates the risks of project exceptionalism. The case shows that land readjustment must be accompanied by:

- durable public or mission-locked control over land after servicing;
- phased release and delivery capable of absorbing economic shocks;
- enforceable affordability and allocation rules; and
- a permanent housing operator responsible for stewardship and reinvestment.

Absent these conditions, even ambitious land-led social housing projects can produce fragmented urbanisation, strand public investment and deferred social benefits. Sociópolis therefore strengthens - rather than weakens - the case for reparcelación as a governance instrument by illustrating the consequences of stripping it of its institutional and financial safeguards.

6.10.2. Benimaclet (PAI SUP-T4)

The Benimaclet PAI (Sector SUP-T4) represents one of the most contested applications of land readjustment (*reparcelación*) within the Valencian *agente urbanizador* model and provides a revealing contrast to both Sociópolis and PAI del Grau. Whereas Sociópolis exposes the risks of state-led, project-based urbanisation without institutional continuity, Benimaclet illustrates the social and political limits of developer-led reparcelación in the absence of binding public-interest guarantees - particularly with respect to affordability, environmental protection and democratic legitimacy.

The Benimaclet sector covers approximately 27 hectares on the northern edge of the consolidated city of Valencia, adjoining the historic neighbourhood of Benimaclet and forming one of the last transitional zones between the built city and the surrounding *huerta*. The site has been classified as *suelo urbanizable programado* since the 1989 PGOU, creating long-standing development expectations despite repeated delays and shifting market conditions.

An initial PAI was awarded in the early 2000s to the developer Urbem under the *agente urbanizador* framework. Implementation stalled following the 2008 financial crisis, and the PAI formally lapsed after Urbem entered insolvency proceedings. In 2018, the site re-entered the planning agenda when Metrovacesa submitted a revised PAI proposing approximately 1,345 dwellings, organised largely in high-rise blocks, with early iterations reporting towers of up to 20–30 storeys and an estimated private investment of €280 million. Having consolidated around 40 per cent of land ownership, Metrovacesa secured designation as *agente urbanizador* in 2020.

In doctrinal terms, reparcelación is a plan-led redistributive instrument intended to pool land, coordinate infrastructure provision and allocate costs and benefits proportionally among landowners (Fernández Rodríguez, 1974; 2005). In the Valencian model, however, implementation is frequently delegated to a private *urbanizador*, who prepares the PAI, designs the reparcelación scheme, finances urbanisation works and controls delivery phasing.

In Benimaclet, this governance configuration has been decisive. While the process remains formally compliant with land-use law, agenda-setting power is concentrated in the hands of the developer, with landowners participating largely by obligation and residents positioned outside formal decision-making channels. As a result, reparcelación has functioned less as a mechanism of social coordination and more as a focal point of conflict.

Opposition to the Benimaclet PAI has been sustained and highly organised, notably through neighbourhood associations and the platform *Cuidem Benimaclet*. Mobilisation has focused on four interrelated concerns: scale and density, environmental impacts on *huerta* land, weak affordability outcomes, and democratic legitimacy. Critics argue that the proposed building heights and typologies are incompatible with Benimaclet's historic morphology and social character, and that urbanising remaining *huerta* land undermines environmental quality, climate resilience and cultural heritage.

These claims are reinforced by demographic evidence indicating stable or slightly declining population in Benimaclet and by the existence of under-used housing stock elsewhere in the city. From this perspective, the necessity of large-scale greenfield expansion is contested. This critique closely aligns with Gaja's (2005; 2006) analysis of Valencia's speculative urbanisation trajectory, characterised by excessive land consumption and housing production during boom periods - what he describes as a shift from "penury to false opulence".

In response to escalating conflict, the previous municipal administration commissioned the public company AUMSA to prepare an alternative *Plan Especial de Benimaclet*. This proposal sought to reduce building heights, preserve key *huerta* elements and strengthen housing objectives, including targets of 30 per cent public housing and 10 per cent affordable rental. The initiative represented an explicit attempt to re-embed public-interest objectives within the reparcelación framework.

Following the 2023 municipal elections, this approach was abandoned. The new administration opted to advance Metrovacesa's revised PAI to public exhibition, highlighting a central park, mobility improvements and claims of more than 400 protected dwellings. However, significant uncertainty remains regarding tenure form, duration of protection, allocation rules and enforceability - an issue repeatedly identified in Spanish housing policy research (Cano, 2022; 2024).

Housing outcomes and analytical findings

Interviews with senior local experts converge on a central diagnosis: Benimaclet's limitations are political rather than technical. The project is fully deliverable under existing land readjustment law, yet its contribution to long-term affordability is structurally weak. Even where protected housing quotas apply, they tend to reflect statutory minima and are typically subject to time-limited protection, after which dwellings may be declassified and absorbed into the open market.

From an Equal House perspective, Benimaclet illustrates four core weaknesses of developer-led reparcelación:

1. Scale driven by land-value maximisation rather than demonstrated housing need.
2. Environmental degradation of transitional *huerta* land, undermining sustainability objectives.
3. Asymmetric distribution of risk and reward, favouring developers over residents and small landowners.
4. Absence of binding, long-term affordability guarantees, limiting equity outcomes.

In sum, Benimaclet demonstrates that while reparcelación remains a powerful technical instrument for coordinating land and infrastructure, its social legitimacy



Photo: 29 Benimaclet has suffered from conflict and fragmentation(Lawson, 2026)

and distributive effectiveness depend on governance choices. Where public-interest objectives are weakly specified or inconsistently enforced, *reparcelación* becomes a site of conflict rather than consensus and fails to deliver durable, equitable access to adequate and affordable housing.

6.10.3. 8.3 PAI del Grau

The PAI del Grau constitutes one of Valencia's most significant contemporary applications of land readjustment (*reparcelación*) in a large-scale brownfield context. Located between the Jardín del Túria, the port and marina, and consolidated neighbourhoods of the eastern city, the area encompasses approximately 460,000 m² of former industrial land, port-related infrastructure and residual transport surfaces, including extensive asphalted areas associated with the former Formula 1 circuit. From a land-policy perspective, Grau illustrates both the technical strengths of *reparcelación* in coordinating complex redevelopment across multiple ownerships and the structural vulnerabilities of the Valencian model to market cycles, political turnover and weak affordability lock-in.

Scale, location and redevelopment ambition

The Grau site occupies a strategically central position adjacent to major public investments in green infrastructure and waterfront amenities. Institutional narratives have consistently framed the project as an opportunity to reconnect the city to the sea, remediate degraded land and deliver a new mixed-use district structured around high-quality public space. Current planning discourse envisages between 2,550 and 3,200 dwellings, supported by a large "green delta" system repurposing former Formula 1 infrastructure into a continuous landscape corridor linking the riverbed to the Marina. Political commitments have referenced approximately 15-25 per cent protected housing - around 450 – 780 dwellings - although the legal robustness and durability of these commitments remain contested.

In principle, the site's scale and centrality create favourable conditions for public-value capture. Unlike peripheral greenfield developments, Grau benefits from proximity to employment, transport, services and cultural assets, making it a strong candidate for delivering well-located affordable housing and contributing to social mix. In practice, however, outcomes depend less on location than on governance design and enforcement capacity.

Reparcelación as a coordination instrument



Photo: 30 PAI del Grau (Valencia City Council, 2025)

From a technical standpoint, PAI del Grau showcases reparcelación's core capacities. The area comprises fragmented parcels held by multiple public and private owners, requiring coordinated re-parcelling, infrastructure financing and land cessions for parks, streets and facilities. Reparcelación enables these tasks by pooling land, redistributing serviced plots and allocating urbanisation costs proportionally among owners, while securing mandatory public land through statutory cessions (Fernández Rodríguez, 1974; 2005).

This capacity is most evident in the planned public-space system. The assembly of large, contiguous green areas - central to the project's identity - would be extremely difficult to achieve through incremental planning or parcel-by-parcel development. In this respect, Grau demonstrates why reparcelación remains institutionally attractive to municipalities facing complex brownfield redevelopment challenges.

Exposure to speculative and macroeconomic cycles

At the same time, the Grau case highlights the exposure of LR-driven redevelopment to speculative expectations and macroeconomic volatility. During the 2000s, the area was embedded in growth narratives linked to the Formula 1 Grand Prix and high-end waterfront development. Anticipated land-value uplift underpinned developer interest and financing assumptions. When the 2008 financial crisis struck, these expectations collapsed. Urbanisation stalled, housing

delivery was deferred and large areas remained underused despite substantial prior public investment.

This pattern reflects a longstanding critique in Valencian scholarship: while reparcelación can efficiently distribute gains during boom periods, project risk is shifted onto municipalities and communities during downturns, as delivery becomes contingent on renewed private confidence (Gaja, 2006; Roger Fernández, 2015). Grau exemplifies this asymmetry. Although reparcelación legally enables coordinated redevelopment, it does not insulate projects from macroeconomic shocks.

Governance shifts and delivery uncertainty

Political cycles have further shaped Grau's trajectory. Between 2020 and 2022, municipal discourse emphasised direct public stewardship, participatory engagement and the ambition to create an "innovative and inclusive neighbourhood." However, fiscal constraints and limited administrative capacity led to a reversion toward indirect delivery under the LR framework. Under this approach, landowners and the *urbanizador* finance an estimated €120 million in urbanisation costs.

While legally permissible, this governance configuration places the phasing, timing and sequencing of public benefits - parks, bridges and facilities - under market-dependent control. Experience from earlier Valencian LR projects suggests that housing delivery often precedes the full completion of public space and amenities, weakening early liveability and eroding public trust. The absence of a dedicated municipal delivery vehicle or land bank limits the city's capacity to intervene counter-cyclically or rebalance priorities if market conditions deteriorate.

Housing outcomes and affordability limits

Despite its scale and central location, PAI del Grau is unlikely to make a significant contribution to long-term affordability under current governance conditions. As in Benimaclet, protected housing quotas are expected to remain within statutory ranges and - critically - subject to time-limited protection. Once declassified, dwellings may enter the open market, allowing publicly generated land-value uplift to be privatised rather than retained for social purposes.

Interviews with senior local experts indicate that this outcome reflects political choice rather than legal constraint. Valencian land law permits stronger affordability requirements, including higher quotas and longer protection periods. Their absence in Grau signals continued reliance on market absorption as the primary delivery mechanism, limiting the project's capacity to serve renters, younger households and security-precarious groups.

Socio-spatial implications and analytical findings

Empirical research on Valencia's redevelopment patterns suggests that large-scale regeneration can intensify socio-spatial segregation by raising surrounding land values and excluding lower-income households from upgraded areas (Ilisei and Salom Carrasco, 2018; Salom Carrasco et al., 2021). Grau's transformation risks producing similar indirect displacement effects beyond the PAI boundary if durable affordability mechanisms are not secured.

From an Equal House perspective, PAI del Grau illustrates the dual nature of reparcelación. Its strengths lie in its capacity to coordinate complex brownfield redevelopment, assemble land for major public spaces and finance infrastructure at scale. Its weaknesses lie in vulnerability to market cycles, dependence on private delivery timing and limited ability to secure permanent affordability. The case demonstrates that scale and centrality alone do not guarantee equitable outcomes: without enforceable affordability rules, strong municipal capacity and long-term stewardship, reparcelación delivers impressive physical transformation but constrained social returns.

6.10.4. The Basque Country

In the Basque Country, by contrast, high regulated shares and municipal receipt of serviced plots stabilise social outputs across market cycles. This comparison underscores that technical capacity alone is insufficient; governance design determines whether reparcelación delivers resilient social outcomes.

Senior experts interviewed from Valencia repeatedly reference the Basque Country as proof that Spain's land readjustment framework *can* deliver durable affordability when combined with different political choices. The decisive distinction, in the interviewee's account, is the early rejection of declassification. In the Basque system, protected housing is retained permanently, with resale strictly regulated and, where necessary, dwellings transferred back to a public housing agency at controlled prices.

According to the interviewee, this single design choice fundamentally alters long-term outcomes. While the Basque Country employs land readjustment mechanisms like Valencia's, it has avoided the large-scale loss of public housing stock experienced elsewhere in Spain. As a result, affordability gains are cumulative rather than temporary, and public investment embedded in land value capture is preserved across generations. The interviewee presents the Basque case as a clear counterfactual: the failure of Valencia is not inherent to reparcelación, but to the political decision to allow protected housing to become a disposable asset

6.10.5. Concluding remarks

The Valencia cases show that reparcelación is best understood as a land-implementation mechanism, not a housing system in itself. It can pool land, finance infrastructure and redistribute some planning gain, but without

permanent affordability obligations, public development capacity and long-term housing operators, its social returns remain fragile. Sociópolis demonstrates the risk of flagship urbanisation without stewardship; Benimaclet exposes the democratic and environmental limits of developer-led implementation; and Grau shows the potential of coordinated brownfield redevelopment when public authorities retain stronger control over sequencing and programme mix.

For policy transfer, the lesson is not to copy Valencia's agente urbanizador model, but to combine land readjustment with enforceable affordability quotas, transparent valuation, public land retention, phased delivery and institutional providers capable of sustaining affordable housing beyond the initial urbanisation process

When LR operates within a market-led urbanisation regime, it tends to reproduce inequality and deliver only temporary affordability gains. By contrast, when LR is embedded in a rule-bound framework with strong public leverage, effective land-value capture, and permanent tenure safeguards, it can coordinate complex redevelopment, finance public infrastructure, and secure lasting affordability.

Recent legal reforms in Valencia signal a shift toward more balanced governance, but outcomes will hinge on implementation. Equitable housing delivery depends on municipalities using these tools proactively - embedding non-negotiable social-return obligations into LR agreements, enforcing them consistently, and resisting pressures to dilute affordability through time-limited protections. Without these conditions, LR risks remaining a technical instrument of urban growth rather than a structural driver of housing equity.

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7. Key findings

The comparative evidence presented in this report establishes a clear and consistent conclusion: land policy is a primary determinant of housing affordability, spatial equity and social inclusion. Across Vienna, Helsinki, Brussels, Paris and Valencia, the most effective housing outcomes emerge where public authorities intervene early in the land development process, before land value is capitalised into prices, and apply legal, financial and institutional mechanisms to retain or redirect that value for public purposes.

The five instruments examined—public land banking, long-term public land leasing, Community Land Trusts, inclusionary zoning and negotiated development (including ZACs), and land pooling/readjustment—demonstrate that affordability is structurally produced upstream, through how land is acquired, serviced, valued, allocated and governed.

1. Affordability is most durable when embedded in land governance

The strongest and most resilient affordability outcomes arise where land policy directly shapes development conditions before market pricing occurs.

- In Vienna, public land banking, capped land prices and developer competitions ensure land is allocated to limited-profit providers under cost-rent conditions.
- In Helsinki, long-term public land leasing retains municipal ownership and stabilises costs through regulated ground rents and cost-based rent systems.
- In Brussels, Community Land Trusts remove land from the market entirely, embedding permanent affordability through resale restrictions.

While institutionally distinct, these approaches share a common mechanism: they prevent planning-generated land value from being fully capitalised into rents and prices, thereby delivering long-term affordability with reduced reliance on subsidy.

2. Land value capture is a distributional mechanism

Effective land policy redistributes value created through planning and urban development.

- In Paris, statutory obligations under the SRU framework and publicly led development zones (ZACs) systematically redirect land value uplift into social and intermediate housing in high-opportunity locations.

- In Valencia, land pooling (reparcelación) demonstrates the capacity to generate serviced land and public-use obligations without direct public acquisition. However, where affordability protections are weak or reversible, public value can dissipate back into private markets.

The contrast with the Basque model highlights a decisive lesson: binding, rule-based obligations and permanence of affordability are critical to retaining public value. Without these safeguards, value capture mechanisms become unstable and subject to erosion.

3. Location and social mix are central to outcomes

Housing outcomes are not defined solely by the volume of supply, but by where housing is delivered and how neighbourhoods are structured.

Across the cases, land policy is used to embed affordable housing within well-served, central and opportunity-rich areas, rather than relegating it to peripheral or residual locations.

Fieldwork in major developments—such as Sonnwendviertel and Aspern Seestadt in Vienna, Kalasatama and Jätkäsaari in Helsinki, and Paris Rive Gauche and Clichy-Batignolles in Paris—demonstrates that land policy shapes not only price, but also:

- neighbourhood composition and tenure mix
- access to transport, employment and services
- urban design quality and liveability

Spatial equity is therefore a direct outcome of land governance.

4. Institutionalisation—not pilots—delivers scale

The effectiveness of land policy depends on institutional capacity, continuity and standardisation, rather than isolated projects.

Successful systems are characterised by:

- dedicated land agencies and professional expertise
- codified rules governing land allocation and pricing
- standardised contracts (leases, development agreements)
- long-term financing frameworks
- monitoring and enforcement mechanisms

While Brussels demonstrates the strength of community-led stewardship, it also illustrates the limits of scale without predictable access to land and finance. By contrast, Vienna and Helsinki show how institutionalised, repeatable systems build capacity and deliver affordability at scale over time.

5. Land must be governed as long-term social infrastructure

The overarching conclusion is unambiguous: housing crises cannot be resolved through subsidies alone where land markets remain speculative.

Where publicly created land value is captured privately, affordability interventions are continuously undermined. Conversely, where land is governed as a shared societal resource, cities can:

- stabilise housing costs
- ensure inclusive access to opportunity
- sustain mixed and resilient neighbourhoods

The evidence across all cases shows that when public authorities possess the legal mandate, institutional capacity and political commitment to shape land markets, affordable and inclusive housing systems can be realised within a single political generation.

6. System alignment is essential for effectiveness

The comparative analysis further demonstrates that land policy outcomes depend not only on instruments, but on the alignment of actors across the housing system.

Where national frameworks, municipal land practices, housing providers, finance systems and community actors operate within a coherent institutional architecture, as in Vienna and Helsinki, land policy consistently delivers affordable, well-located and socially mixed housing.

Where responsibilities are fragmented or weakly coordinated, the effectiveness of land instruments diminishes, and affordability outcomes become unstable.

Table 3 Evidence-based roles in land governance for affordable and inclusive housing

Actor	Demonstrated role	What the case evidence shows	Priority action
1. National governments	Enable or constrain effective land governance through law and fiscal architecture	The cases show that cities succeed only where national law permits binding affordability obligations on land, cost-based rent systems, long-term leasing, and public-interest land acquisition. France's SRU, Austria's WGG, Finland's ARA system, and Spanish/French rules on value capture and expropriation are decisive enablers. National subsidy and loan frameworks stabilise affordability created through land instruments.	Align planning, housing and fiscal law to enable cities to fix land value and affordability upstream, rather than compensating downstream through subsidies.
2. Regional and municipal governments	Act as the primary market-shaping authority over land	Across all cases, municipalities are the pivotal actors determining affordability outcomes. Where cities actively acquire, bank or lease land (Vienna, Helsinki), enforce tenure mix (Helsinki, Paris), coordinate landowners (Valencia), and monitor compliance, affordability is durable. Where they do not, outcomes fragment.	Use land ownership, leasing and conditional development rights as core housing instruments, not residual planning tools.
3. Public and limited-profit housing providers	Convert land conditions into long-term, lived affordability	Evidence shows that land instruments only translate into durable affordability where delivery is undertaken by mission-locked, cost-rent providers with reinvestment obligations (Vienna LPHA, Finnish ARA providers). These providers stabilise rents over time and maintain quality through stewardship.	Expand cost-rent, non-profit rental delivery on regulated or leased land and reinvest surpluses to scale affordability.
4. Community and civil-society organisations	Secure permanence, access and legitimacy where markets fail	Brussels CLT evidence shows community actors are uniquely effective at locking in permanent affordability, reaching excluded households, and preventing displacement in high-pressure areas. However, scale depends on integration with public land policy and finance.	Use community land stewardship to complement (not replace) municipal land policy, especially for permanent affordability and inclusion.

5. Private developers and landowners	Implement affordability where rules are clear and enforced	The cases show that private actors comply with strong, predictable frameworks: Vienna's competitions, Paris's ZAC/SRU obligations, and Valencia's land pooling. Where land value uplift is clearly conditioned, delivery follows; where negotiation is ad hoc, affordability erodes.	Operate within transparent, rule-based land frameworks that pre-define affordability, tenure mix and quality obligations.
6. Financial institutions (public and private)	Stabilise affordability through patient, low-risk finance	Evidence highlights the importance of long-term public loans, guarantees and lease-compatible lending in Austria and Finland. Ground-lease and CLT models show lower risk but require tailored financial products. Short-term or yield-maximising finance undermines land-based affordability.	Provide long-term, low-return finance aligned with cost-rent, ground-lease and stewardship models.
7. Planners, urban designers and built-environment professionals	Operationalise land policy into spatial outcomes	The case studies confirm that affordability and inclusion depend on how land policy is spatialised: masterplans, zoning categories, design competitions and neighbourhood frameworks determine location, mix and quality. Poor design can undermine otherwise strong land instruments.	Translate land affordability rules into well-located, mixed, high-quality urban form through binding plans and design criteria.
8. Residents and local communities	Legitimate, inform and sustain land-policy outcomes	Evidence shows resident participation strengthens legitimacy and long-term stewardship (CLTs, cooperatives, neighbourhood processes) but does not substitute for structural land control. Community engagement is most effective where land rules already secure affordability.	Participate as co-stewards and democratic guarantors of land-based affordability, not as its primary providers.

7.1. What can the EU do?

The EqualHouse case studies demonstrate that land policy is among the most powerful levers available to shape housing affordability, spatial justice and long-term sustainability. Across Vienna, Helsinki, Brussels, Paris and Valencia, a consistent pattern emerges: affordability becomes structurally achievable when public authorities govern land as a long-term public resource rather than a speculative commodity. These cities show that well-designed land instruments, public land banking, long-term leases, inclusionary zoning, community land trusts and land readjustment, can embed affordability directly into urban land systems, redistribute socially created value and counteract spatial segregation.

The preceding chapters also demonstrate that these outcomes do not arise automatically from local initiative alone. In each case, national legal frameworks, financing systems and regulatory rules enable cities to apply land policy instruments effectively. Austrian limited-profit housing law, the Finnish ARA/VARKE regulatory framework, French SRU obligations and Spanish land readjustment legislation all illustrate how higher-level governance frameworks enable municipalities to govern land markets in the public interest.

For the European Union, the question is therefore not whether it can support land-policy reform, but how EU policy frameworks can reinforce and scale the mechanisms already proven effective in leading Member State cities. EU competences in cohesion policy, state-aid regulation, climate governance, financial instruments and macro-economic coordination already shape the institutional environment within which national housing systems operate.

Building on the findings from Chapters 1–7, the following recommendations identify specific entry points where EU policy can strengthen land governance and accelerate affordable housing outcomes.

Below in Table 4 are five concise, evidence-based recommendations for the European Union, distilled directly from peer-reviewed research and the EqualHouse case studies.

Together, these recommendations translate the empirical evidence of the EqualHouse case studies into actionable EU policy levers. They recognise that housing affordability is fundamentally shaped upstream by land governance, and that European policy frameworks can play a decisive role in enabling Member States and cities to capture land value, stabilise housing systems and deliver socially inclusive urban development.

Table 4 EU Policy Recommendations

Policy recommendation	Evidence base from case studies	Implications for EU policy instruments
1. Make land governance a condition of EU housing and urban funding	Evidence from Vienna, Helsinki and Paris shows that durable affordability is achieved where land is publicly owned, publicly leased, or conditionally allocated before development. Where land value is fixed or moderated upstream, housing costs remain stable over time.	EU funding streams (Cohesion Policy, RRF, InvestEU) should require beneficiaries in housing-stress areas to demonstrate public land control, long-term ground leasing, or binding affordability covenants attached to land, rather than relying solely on project-level subsidies.
2. Clarify State-aid rules for public land and long-term affordability	Peer-reviewed evaluations confirm that discounted public land, capped land prices and long-term leases are central to durable affordability but remain under-used due to legal uncertainty. Case studies show these tools prevent speculative value capture and recycle benefits into new supply.	The European Commission should issue explicit guidance confirming that discounted land, price caps and long-term leases are compatible with SGEI rules where affordability, reinvestment and non-distribution constraints apply, reducing risk aversion among public authorities.
3. Integrate land use and affordability into EU climate policy	The cases demonstrate that compact, transit-oriented, mixed-income development simultaneously reduces emissions, household transport costs and housing inequality. Land use and tenure mix are decisive for climate and social outcomes.	EU climate frameworks (NECPs, EPBD, Renovation Wave) should require reporting on land use patterns, tenure mix, affordability outcomes and displacement risk, not building performance alone, to align decarbonisation with social objectives.
4. Treat land markets as a macro-economic and social risk in the European Semester	Comparative evidence shows that weak land governance amplifies housing price volatility, fiscal exposure and inequality, while strong public land instruments stabilise housing systems over time.	The European Semester should include indicators on land prices, land concentration and affordability duration, and issue country-specific recommendations on public land banking, inclusionary zoning and land-value capture where risks are identified.
5. Establish a European Land and Housing Observatory	Across all cases, fragmented and non-comparable land data limit policy learning and reform. Lack of transparency obscures the distributional effects of land policies and weakens accountability.	An EU-level observatory should systematically track land ownership, pricing, zoning, value capture, affordability duration and spatial segregation, providing an evidence base for policy coordination and reform across Member States.

7.2. Conclusion

Housing affordability is fundamentally shaped by how land is governed.

Where public authorities intervene early in the land development process, through public land ownership, strategic leasing, value capture, inclusionary obligations or community stewardship, they are able to moderate land costs, embed tenure diversity and maintain access to well-located housing over time. , The experiences of Vienna, Helsinki, Brussels, Paris and Valencia demonstrate that durable affordability does not emerge from subsidies alone but from institutional systems that align land policy, housing finance and delivery actors. These systems enable socially created land value. This value is generated through planning decisions and infrastructure investment, to be created, channelled and reinvested in inclusive urban development rather than absorbed and lost through speculation.

For the European Union, its Member States and city governments, the evidence points to a shared responsibility: EU policy frameworks can reinforce the financial, regulatory and knowledge infrastructure that supports land-based affordability strategies; Member States must establish the legal and fiscal conditions that enable land value capture and long-term affordability obligations; and municipalities play the decisive operational role in applying land policy instruments through planning, land ownership, leasing and development control.

Strengthening this multi-level alignment between EU policy, national frameworks and municipal land governance is therefore essential to achieving the Union's broader goals of social inclusion, territorial cohesion and sustainable urban development for all and for future generations..

Notes and comments

