Land policy for affordable and inclusive housing

An international review

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Executive Summary

How policy makers regard and manage the ownership and use of land has profound consequences for the affordability of our homes and the inclusiveness of our neighbourhoods.

The purpose of this international review is to shed light on the range of land policy instruments that governments can use to inform best practices that improve housing affordability and promote more inclusive neighbourhoods. These instruments include: public land banking, public land leasing, land re-adjustment, land value recapture, regulatory planning, neighbourhood planning and regulating the platform real estate industry.

The geographical scope of the illustrations presented is both broad and deep and includes Europe, Asia, North America and Australia to provide national, regional and local territorial perspective. The report begins by defining land policy strategies and contrasting the development trajectories of two of the world's most populous countries: India and China, emphasising the importance of adequate collection and transferal of fiscal resources, appropriate administrative capabilities at the right territorial scale, strategic public land banking and purposeful land use regulation.

Land policy is not always good policy. It can play both a positive role securing, promoting and protecting affordable housing and also a negative role in raising costs, reducing access and driving households from certain neighbourhoods. Indeed, land policy can discriminate between different groups: including or excluding households by their composition, income, racial origin and religious beliefs at the metropolitan and even national level. Land policy used in an authoritarian and discriminatory way can segregate communities and disrupt households – especially with regards to politically and economically vulnerable populations.

Citizens and their governments are important stakeholders in land policy decisions. They have human rights and are not merely passive shareholders in land development processes. They can play a constructive and active role in determining the use and value of land and how this is shared and contributes to their collective well-being. A more strategic long term vision can also steer markets to deliver a more mission focused and inclusive investment and development outcomes.

Land policy interacts with the market to enable, supplement, direct or replace interactions between investors, developers, owners and users, in order to promote social cohesion, economic well-being and environmental sustainability. It is more effective when interventions aim to shape desired market processes and outcomes through strategic land banking, purposeful leasing and comprehensive land use planning. When combined with mission focused developers and housing providers such as public land bankers, co-operative and not for profit housing developers, such policy can be even more effective over the long term. Where these institutions and fiscal resources are lacking, contributions from private development can also be harnessed to fund necessary investments to promote more affordable and inclusive living areas.

There are major challenges facing cities and localities as real estate investment becomes ever more capacious, global and less responsive and accountable to local communities. Some city governments are reasserting control from global investors, digital real estate platforms and corporate landlords, regulating short term letting and protecting affordable housing, but they too need public policy leadership and support.

Cheap global credit has accelerated the process of financialization in the 21st century. In the absence of effective financial regulation and land policy and more flexible working conditions, this has generated worsening affordability, insecurity of incomes and occupancy rights, threatening secure access to affordable housing. To combat these challenges, it is important that the supply and preservation of affordable and social housing be improved.

This will require a more proactive approach to land policy coupled with a more effective investment by citizens, social enterprises, businesses and most importantly their national and local governments in the immediate future. This report provides many illustrations of how.

Table 1 Land policies illustrated in this report

Land policy instrument	Illustrations
Public land banking	Singapore land banking and release for public housing sales program Vienna's land banking via Wohnfond - strategic sites for affordable rental and key worker housing Dutch municipal land companies and their collaboration with affordable housing providers Australian land bankers and the best practice of West Australian Land Corporation Chinese municipal land banking as growth engines and public rental housing promoters
Public land leasing	Helsinki leasing of land for right-of-occupancy and social housing - keeping development feasible and housing accessible Stockholm and municipal land leasing - a powerful history of effective and efficient collaboration Community land trusts - their promise and limitations
Land re-adjustment	German land re-adjustment and co-operation Korean land re-adjustment and its transformative role in the development of Seoul's housing outcomes
Land value recapture	China Land Value Capture and Re-investment UK planning contributions and the Community Infrastructure Levy US Tax and Increment Financing
Regulating planning	National Law on Urban Inclusion and Anti Speculation Charter of the City Paris England and Scotland's planning contributions to provide sites for affordable housing US inclusionary zoning and density bonus schemes
Comprehensive neighbourhood planning and investment	Finnish Land, Housing and Transport Agreements Scottish Housing Needs and Demand Assessment and Affordable Housing Supply Program Berlin Social City neighborhood investment
Addressing real estate platform economy	Regulating impact of short term letting Local responses to global REITs and Built to Rent

Source: the authors

Acronyms used in this report

Air BnB	Short term letting digital real estate platform
AEDES	Association of Dutch Housing Corporations (the Netherlands)
AHD	Affordable Housing Demand (Scotland)
AMI	Area Median Income (US)
ARA	Centre for Housing Finance and Development (Finland)
BauGB	Baugesetzbuch federal law statute on land use planning (Germany)
BUWOG	Former state owned residential property company privatized in 2000 and currently owned by Vonovia (Austria)
CDC	Deposits and Consignments Fund (France)
CEE	Central and Eastern Europe
CIL	Community Infrastructure Levy (England)
CLT	Community Land Trust
DURD	Former Department of Urban and Regional Development (Australia)
EC	European Commission
ENHR	European Network for Housing Research
EPFIF	Public Property Establishment of Ile-de-France
EU	European Union
GCL	Global Corporate Landlord
GLM	Ground Lease Model
HLM	Habitation à Loyer Modéré Controlled rent housing (France)
HOC	Housing Opportunities Commission (US)
IZ	Inclusionary Zoning
JRC	Joint Research Centre (EU)
KHB	Korean Housing Bank
KLDC	Korean Land Development Corporation
KNHC	Korean National Housing Corporation
KRIHS	Korean Research Institute for Housing Settlements
LCP	Land Commission Program (Australia)
LDPI	Land Deal Politics Initiative
LGFP	Local Government Financial Platform (China)
LIH	Loan for Integration at lowest rent (France)
LI	Low Income
LIHTC	Low Income Housing Tax Credit (US)
LR	Land Readjustment
LRP	Land Re-Adjustment Process (Korea)
LS	Loan for Social Housing (France)
LUR	Land Use Rights (China)
MAL	Land use, housing and transport agreements (Finland)
MPDUP	Moderately Priced Dwelling Unit Program (US)
Munifin	Municipal Finance Corporation (Finland)
NM	Neighborhood Management
OECD	Organization for Economic Co-operation and Development
PG	Planning Gain
PLAI-I	Loan for integration accommodation (subsidized rental accommodation for very low income)
PLT	People's Land Trust

PLU	Urban Development Plan (France)
PLUS	Loan for rented accommodation (France)
PMD	Publicly Managed Development (Korea)
REITS	Real Estate Investment Trust
SILC	European Union Statistics on Income and Living Conditions
SRU	Urban Solidarity and Renewal Act
STEP	City of Vienna Strategic Urban Plan
TIF	Tax Increment Financing (US)
UCLG	United Cities Local Governments
UK	United Kingdom
ULC	Urban Land Commission
UN Habitat	UN Human Settlements Program
UN	United Nations
UNECE	UN Economic Commission for Europe
UNESCAP	UN Economic and Social Commission for Asia and the Pacific
US	United States of America
Wohnfond	Vienna's not for profit land banker for housing

Glossary of terms

Affordable Housing	Housing for rent or purchase that is affordable to households on defined income range. Housing costs may include rent and or a range of utility costs and may be defined as part of a contract or as a condition of an assistance program. It may be delivered via private, public or co-operative providers.
Betterment	Land value rises which are not attributable to the occupier or owner but a result of public action, are called ''betterment".
Community land trust	A non- profit, community-based organization whose mission is to provide long term affordable housing by owning land and leasing it to those who live in houses built on that land.
Housing Cost Burden	Total housing costs (net of housing allowances) as a percentage of total disposable household income (net of housing allowances).
Housing Cost Overburden Rate	Percentage of the population living in a household where the housing cost burden is higher than 40% (EC)
Housing Stress	When housing costs rise too far above household incomes and households have to pay too large a proportion of their income in housing costs and thereby reduce spending on other essentials such as food and health). HS occurs when the household has an income level in the bottom 40 per cent of income distribution and is paying more than 30 per cent of its income in housing costs. (Australia, US)
Inclusionary zoning	where a proportion of new development or redevelopment (or a financial equivalent) within a particular zone is set aside for affordable housing, proportion of affordable housing may be negotiated or mandatory, may or may not involve fines or incentives
Individual housing allowances	Payments to individual tenants or home purchases to assist in housing costs.
Land readjustment	consolidating multiple pieces of land into a more orderly pattern and prepare for desired use and development
Land Value Recapture	This increase in land value, caused by public actions, can be taken by the individual owner or occupier of the land or the broader community. Efforts to capture betterment for the broader community are known as land value recapture.
Land use planning	Encompasses a range of land policy instruments (from expropriation to negotiated agreements) which aim to promote a desired pattern of development in the public interest and enhance social and economic well-being and environmental sustainability
Low Income Household	A household with income in the bottom 20 per cent of all household income distribution, yet often defined differently
Neighborhood planning	Small scale area focused planning processes often involving the local community in various forms of control, action and participation.

Planning Gain	A betterment tax on the improved land value derived from planning permission. It may be dedicated to general of specific purposes including affordable housing.
Land Tax	Methods to collect development value through taxation or levies.
Public Housing	Housing that is directly owned and managed by government, for example by municipal housing companies, for a broad range of households or targeted to address specific needs not met by the market.
Public land banking	The practice of government acquiring land in advance of need and at lower cost in order to pursue strategic development goals, such as to provide infrastructure or lower cost land for affordable housing.
Public land leasing	A contract between the lessor and lessee concerning usage and improvement rights responsibilities, over a defined time period. Leasing can make developments more feasible and in the case of cost rent housing, reduce rents.
Publicly managed development	The purchase of sites for broadly defined public purposes including housing, from landowners for less than the market price. These sites would be prepared for construction by major public utilities and sold to selected builders for permitted development.
Regulatory planning	A system of land use and development rules, often laid down in legislation, governing public administration and interaction with private land owners, public decision making processes and enforcement of the development and use of land (see also strategic planning).
REIT	Real Estate Investment Trusts is a special purpose financial instrument which holds and manage illiquid residential assets and enables investors to buy and trade units in the trust. REITs may be exempt from tax where they distributes all or most of its profits to shareholders.
Segregation	When opportunities for interaction between people of different socio-economic class, age, racial, gender and cultural backgrounds are limited.
Short term letting	The letting of a house or apartment, or part of a house or apartment, for a short period (weekly, monthly) often associated with ABnB or anti-squatting lets, with no security of tenure.
Social cohesion	A set of beliefs held by citizens of a given nation-state that they share a moral community, which acts as a social glue and enables them to trust each other, form a collective identity while respecting differences and addressing inequality and marginalisation.
Social Exclusion	Social exclusion is the process that impedes access to various rights, opportunities and resources that are normally available to members of a different group, and which are fundamental to social integration and human rights.
Social Housing	Social housing typically provides secure, affordable housing for eligible households and is typically provided on a not for profit basis rather than for commercial gain.

Social Inclusion Social inclusion is the process of improving the terms on which individuals and groups take part in society—improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity. (World Bank definition).

Strategic Planning Longer term planning clarifying desired city model to improve the living conditions of the citizens affected, which specifies prioritized actions, responsible stakeholders and required resources. SP may be reviewed at intervals to assess progress and adapt to new circumstances.

Supply side subsidy Public assistance for the development of housing.

Tax increment financing TIF is a public financing instrument to stimulate development. It uses the increase in property tax revenue that new development causes to finance costs of the development, such as land acquisition, site preparation or public infrastructure.

Zoning A form of land use regulation which specifies uses, dimensions and densities of permitted development in specific areas in order to guide and enforce standards of future development.

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"How any society regards and manages property, and particularly the ownership of land, is a central defining element, which helps to distinguish the collective value system underpinning the institutions of government and policy formations. … the property system also functions as a profoundly important - though often under-rated - mechanism for the transfer of public and private wealth within society." (Badcock, 1994:425).

1. Introduction

Land policy is one of the most influential and potentially more effective means to promote affordable and inclusive housing development, but in recent years has often been overshadowed by concerns relating to housing finance. This is understandable in an era of cheap credit and growing financialization but is just dimension of our complex housing system. This international review redresses this imbalance by placing the focus more squarely on land policy instruments which promote more affordable and inclusive housing via illustrations from Europe, Asia and Australasia and North America.

Land policy seeks to address perceived spatial problems and respond to prioritised challenges or opportunities and affect change to generate a desired range of outcomes (Davy, 2012:37). Bringing about change through land policy is rarely straightforward, as it interacts with multiple causal processes, involving stakeholders with differing interests, power resources and contingent conditions. While the choice of land policy instruments often reflects and builds on past practice, this path dependence may be subject to crises, become politically contested and even subject to radical reform. We see this these processes occurring again and again in land policy, and note the radical change in countries such as China.

There persist fundamentally different philosophical and ethical bases for justifying governments' intervention in land markets. Contrasting ideas concerning property rights, their allocation and fairness emerged in 17th century Europe, which still pervade land policy debates in many countries today. For example, the Hobbesian view emphasises the superior authority of government in property relations to maximise the public interests, while Locke stressed the protection of property rights and Rousseau the moderation of ownership rights that cause inequality.

In recent decades, international agencies have promoted a range of preferred land market strategies, particularly in emerging and transitional economies, which have focused on a reduced role for government and an 'enabling' approach. Several international government organisations and global policy advisors have encouraged the establishment of registration, transfer and contract processes to provide a basis for mortgage financing (World bank, 2014, De Soto, 2000). This has occurred alongside the growing financialization of real estate, reliance by individual households on available credit markets to fulfil their housing needs and preferences, and the globalisation of real estate investment. This has been further facilitated by global investment platforms, as well as tax structures and enabling or weak regulation.

In Europe, those unable to meet their need for shelter or access mortgage financed homeownership: low income and increasingly middle income households (OECD, 2019) must increasingly rely on the private rental market. In some countries, including many Western countries, rental payments have become supplemented by demand side strategies (Vouchers, Housing benefit, Housing Allowances, Rent Assistance). This had to lead to the sharp rise in recurrent expenditure for governments on individual housing assistance. This shift in public expenditure has occurred amidst a corresponding decline in public investment in capital via land policies and 'brick and mortar' investment. Consequently there has been a decline in the production of social and affordable housing in many European countries - but not all – as in Finland, France and Austria since (Housing Europe, 2019:28).

Despite the need for affordable housing and concerns about inequality and social segregation, barriers to affordable and accessible housing remain high in part due to high land costs and inadequate access to affordable housing supply. Some critics argue this is caused by limited access to land by (affordable) housing developers and exclusive planning practices and higher standards. There is much debate on this and little evidence. Conversely, some cities have developed and applied pro-affordable and social land policies involving land banking, value capture, inclusive zoning and incentives. This review provides a range of illustrations of how they work in practice, both for better and worse.

1.1 What is land?

Land is a valuable resource which plays an integral role in both economic development and social wellbeing. While land in liberal market economies is a tradable commodity, its use and value is often shaped by policy instruments and institutions affecting the rights and duties of owners and occupiers.

Land is essential to the production and consumption of housing, spatially fixed and a scarce resource. Occupants, owners, financiers, developers and city administrators, have varying control over the availability of land for development, its potential use and cost.

In some countries land is poorly regulated, leading to haphazard development, land grabs, under serviced or neglected areas and wasteful urban sprawl. Good land regulation involves planning for the wider public interest via effective use of land policy instruments.

1.1.1 Land values

Land values are a function of many attributes: the value of an areas potential use, its proximity to contingent resources, such as transport infrastructure, and its relative scarcity to demand (fuelled in turn by access to credit and tax settings). Its value tends to decline with diminishing access to valued urban resources, such as water connection, access to employment opportunities, cultural resources and recreation areas. When private resources alone determine the allocation and use of land, this may lead to sub-optimum public outcomes, such as energy inefficient urban sprawl, environmental degradation, socio-economic exclusion and polarisation.

Governments not only influence land values, but also influence land uses, development rights and exchange processes through their land and housing policies. Of note for this study, land policy can make a vital difference to the cost and related financial feasibility of affordable and social housing (as modelled in Lawson, Pawson et al, 2018). Land policies which influence affordable and inclusive housing are the focus of this report.

1.1.2 Land markets are not 'free'

The intrinsic characteristics of land, being a finite resource, spatially bound and of limited substitutability, implies that exchange markets can never be 'free' in the neo-classical sense responsive to demand and reaching 'equilibrium'. Far from being 'natural' systems, land markets are subject to historically embedded, often uneven but dynamic power relations. Land market relationships, rights, duties and processes can be characterised as collaborative, competitive, oligarchic or monopolistic, depending on the position of various landowners and purchasers.

Policy makers may choose to formally or informally influence the position of actors in the land market, via the design of specific rules and practices such as holding and transfer taxes, time-limited planning permission, co-financing conditions (setting price caps on purchased land), joint venture requirements (partnership with registered social landlords), land re-adjustment mechanisms (pooling fragmented ownership) as well as accumulating and releasing their own land banks.

Seen in this way, land markets can be considered to be as a political, negotiated outcome of many market players – with public interests playing either a dominant or subordinate role. Hence, land markets are neither 'natural' or 'given', but socio-spatially embedded, practiced and contested.

1.1.3 Land rights concern ethics

Decisions about property rights and land policy affect housing and urban outcomes. This raises important moral and ethical issues concerning distributive justice, differential capabilities, equality and emancipation.

The property rights embodied in a piece of land define the liberties, benefits and costs associated with the use, ownership, development and exchange of this scarce resource. They imply norms of behaviour between people with respect to ownership, trespass and usage of land including who has right to capture the benefits from that usage, as well as the right to alter the property or transfer it to another party. While property rights may protect owners from intruders, this exclusion is not always in the collective interest. In some instances compulsory purchase or repossession may be enacted to meet 'public interest' goals, such as access to water resources, recreation opportunities and the preservation of scarce natural resources. Housing involves multiple layers of property rights, by tenants, owner occupiers, builders and investors influencing rights of occupation, possession and dispossession. Sometimes, scarce housing resources are also protected by public intervention, such as well-located affordable housing in areas attracting mass tourism, by curtailing rights to short term letting.

A system of land survey and registration provides not only evidence of ownership, but a secure means for property occupation, investment, exchange and taxation. For occupiers, registered leases and the rights they incorporate may provide a certain degree of security. For tenants this security may be in the form of lease, right to occupy and freedom from eviction. For owners, occupiers and investors, secure land title not only provides certainty but also equity, collateral to raise debt and a hedge against inflation.

Changing permitted uses or development rights can also increase values and reap considerable windfall gains – but also risk of losses. This affects owners, occupiers and investors in different ways and it is not always equitable. Who captures the uplift from rising land values? As mentioned above, capital gains from land value increase, often occur with the presence of a connecting road, planning permission or other public investments and services. Increases in value can be substantial when land is rezoned from agricultural to residential usage on the edge of growing cities or when permitted development densities are increased in well located areas. Increases in land value can occur due to scarcity (inner city locations) or simple due the availability of cheap credit – as is currently the case with near zero interest rates. The increase may simply be absorbed and extracted by the individual owner or occupier- but some governments also try to capture this value, referred to as betterment, in order to distribute the benefits more widely and invest in purposefully strategic public goals.

The justification for capturing and reinvesting betterment is based on several arguments: while there are multiple drivers of land value, windfall gains are mainly due to public decisions and should be distributed to the public. While gains may be intrinsic to the land itself, in term of its use, proximity, upkeep, investment in infrastructure and scarcity, an important part of the increment in land value occurs as a result of public decision making, such as on (re) zoning or infrastructure, and this should be returned to the community rather than withheld by the land owner.

When planning changes land values and development potential by influencing permitted used and development density, this is called *planning gain*. A variety of mechanisms and instruments can be utilised to capture this gain such as site specific planning obligations negotiated between local governments and developers. These obligations may be mandatory or negotiated as in the US and the UK. This is discussed in sections 5 and 6 of this report. However, customised and site specific land value capture is not a panacea for broad based land policy, taxation and more proactive approaches such as public land banking, conditional co-financing and direct public funding, and these instruments of land policy are also covered in sections 2, 3, 4 and 7.

1.1.4 Indigenous land rights and land policy

There are many alternatives to contemporary Western approaches to property rights and the implementation of land policy. These provide a foundation for institutions, norms and processes which allocate and use land resources very differently to market based mechanisms (De Schutter, 2015). Differences in these principles may create tensions, for example between traditional custodians of the land, with different inheritance rights, collective and individual resource use and with new settler populations, and the demands of trans-national corporations, concerning valuable resources such as fertile agricultural areas and valuable minerals – and affordable and secure housing - as discussed below.

Increasingly global, euro-centric concepts of land rights and related forms of settlement, post-colonial development, decolonisation, as well as forms of development assistance continue to shape land policies in settler societies continue to be a source of conflict with pre-existing populations and communities disrupting systems of land rights and their allocation. The consequences of settlement, either by force or treaty, still reverberate in many countries and regions such as Australia, Scandinavia, North America, Brazil, the Middle East, Asia and Eastern Europe and new forms of colonisation continue today.

In many of these countries, indigenous populations such as the Sami of Scandinavia, Roma of Eastern Europe, Indigenous Australians and First Nations peoples of North America have practiced forms of land occupation and custodianship which is at odds with those of the dominant economic, political and even military interests. These differences have given rise to misunderstanding, conflict, dispossession and subordination, not only pre-existing land rights, but a way of life (Johnson, Porter and Jackson, 2018).

Some scholars have critically examined the role of land policy and in particular urban planning instruments from the perspective of the indigenous population (McLeod, Viswanathan et al, 2015, Wensing and Porter, 2016). Beyond recognition of dispossession, they give attention to opportunities for reconciliation, land policy reform and compensation.

For example Australia's 1993 Native Title Act recognised indigenous land rights and interests and turning around the concept of Terra Nullius, enabled pre-existing land rights to be legally validated. However, in securing land title claims, applicants have been frustrated by process and achieved a very low success rate (12%). The Law created a complex and narrow route to redress their dispossession – the role of public administrators is crucial. Wensing and Porter have called for for a strategy to address this and greater acknowledgment by land policy practitioners and urban planners in this process of dispossession. They suggest reforms to planning education in matters such as native title, cultural heritage and land rights and their greater engagement with indigenous people about their country (2016:98-99).

There are also important parallels, yet to be made, between the displacement of local communities and trans-national corporations. How governments are regulating this through land policy instruments is addressed in section 8.

1.2 What is land policy?

Land policy is a mechanism for influencing development processes and its impacts on social and economic well-being and the environment. It is embedded in local state-market-citizen relations, expressed in terms of rights of ownership and usage, and influenced by a range of stakeholders with varying power and resources, which includes policy makers. These stakeholders, from farmers to city dwellers, governments, land developers and real estate investors, have contested and often conflicting perceptions of 'the problem' to be addressed by policy and the most effective mechanisms to use. As a result of these influences, land policy has evolved differently across countries over time.

The problems to be addressed by land policy may encompass concerns about security of tenure and freedom from conflict, competing land uses, uneven or under development, differential access to opportunities and resources by different interests, and the impact of land development on the environment. Policy influencers promote the development of instruments to address concerns which act as tools, levers or mechanisms of change, however small or large, to promote desired transformation in land development and its outcomes.

1.1.5 A focus on planning in the public interest

The aspirations of land policy have been variously defined over time. International organisations have considered land policy as a "framework for determining how land should be used and conserved in order to meet social and economic objectives" (UNECE, 2005:20) and more recently based on sustainable development goals, good governance, transparency, accountability, fairness and efficiency (UNECE, 2010).

In practice, land policies (or their absence) may apply to a defined territory at the macro or micro level: a small local area, a neighbourhood, the wider metropolitan region or entire nation states. Consequently, the impact of a land policy may be broad, comprehensive and strategic, or narrow, fragmented and opportunistic. Vehicles for policy delivery may be grounded in a clearly envisioned city model, with well-defined strategies for land use and development or apply more sporadically to specific pieces of land in isolation.

At the most fundamental level, governments may enact a system of land registration, which not only specifies the boundaries of land and its ownership but also enable a legally enforceable system for transferring ownership, valuing land and taxing landowners and users, providing collateral for mortgage financing and designating areas with specific development rights.

Governments may also intervene as direct players in this market, by accumulating land reserves and releasing this land via periodically conditional sale or leasehold arrangements, often in partnership with preferred developers to achieve desired outcomes such as schools, parks, roads, social housing and cultural institutions. The process of building a land bank may involve the purchase or expropriation of private land. Public land bankers may have a variety of goals: to ensure required development takes place, to reduce the cost of land and enable better quality outcomes, to finance public infrastructure and break the monopoly of private landowners impeding desired development.

Leasing is also a common way governments retain a very long term influence over development outcomes. It is also a means to reduce costs of affordable housing development, while maintaining a silent equity share and retaining a public land asset which acts as a hedge against inflation. Entire cities have been built on publicly leased land, such as Canberra and Brasilia and large parts of Amsterdam and Rotterdam. More recently smaller scale Community Land Trusts have been promoted as a means to facilitate affordable housing developments.

1.1.6 Land policy should be purposeful and strategic

The most common vehicle for explicit land policy is the practice of regulatory and strategic urban planning. According to Friedman's classic text *Planning in the Public Domain* (1987) the practice of urban planning may have the following goals:

- Guiding economic development to promote stability and growth.
- Providing public services to meet general needs.
- Investing in infrastructure (where private sector won't).
- Subsidising sectors to encourage actions.
- Protecting property owners from unrestrained market activity.
- Redistributing land development gains.
- Applying comprehensive and co-ordinated approaches (river basin, rural development).
- Restraining market rationality to protect societal interests (wilderness preservation, job protection).
- To transferring income to victims of market volatility (welfare, subsidies).
- Ameliorating market failure and turbulence (business cycle planning, spatial inequality).

Longer term strategic urban planning may aim to:

- Clarify which city model is desired;
- Work towards that goal;
- Coordinate public and private efforts;
- Channel energy and resources;
- Adapt to new circumstances; and
- Improve the living conditions of the citizens affected (Friedman, 1987).

In some countries planning and land policy has been refocused and re-energised to focus on issues of major public interest, including urbanisation and housing investment. Countries such as China, Singapore, Republic of Korea, Finland, Austria, France, the United States, United Kingdom and Canada and many other countries, have utilised a combination of land policy tools (land banking, land value capture, public managed development, inclusionary zoning and tax increment financing) to address key public interest concerns and maximise public outcomes.

Urbanisation and consequently planning concerns have risen on the agenda of international organisations in the 2010s. The UN's New Urban Agenda and Sustainable Development Goals emphasises the role of government with civil society and private sector in addressing urban equality, access to opportunities, liveable renewal, housing affordability and environmental sustainability. The OECD has also established a National Urban Policy Program taking a number of initiatives including a survey of national urban policies, report on land value recapture and is monitoring housing and urban policy responses to COVID-19. It has also established an Affordable Housing Database and is working on several policy reports concerning affordable and social housing. UNECEs Land and Housing Management Committee has published numerous country profiles of its 56 country members as well as guides on land policy, energy efficiency and affordable housing. During the past decade EU member states have agreed to an Urban Agenda, the Pact of Amsterdam, launching a three year Housing Partnership to focus on good quality, affordable and social housing, and the important role of local government and public investment. UN Habitat, UNECE and Housing Europe are now co-operating on a strategic guide Housing 2030, which addresses how land policy can be used to promote affordable and inclusive housing.

Alongside there has also been increasing international focus on the concept of infrastructure and lately, its relationship to affordable housing. The UN's Sustainable Development Goals (SDGs) promote infrastructure that supports industrialization, innovation and poverty eradication and also enables growth and sustainable development. Infrastructure investment has gained prominence amongst G20 nations. In some countries the absence of direct, upfront public funds has led to greater reliance on land value capture and private finance and lease contracts. Land policy instruments emerging from the

United States, such as inclusionary zoning, negotiated development bonuses and tax increment financing, have also risen in prominence and are also illustrated in this report in section 5 and 6.

Most recently, the case for social housing as infrastructure has been put forward in several studies (Lawson Denham et al, 2019, Flanagan, Martin et al, 2019, Maclennan, Crommelin et al, 2019) and this finding acceptance amongst infrastructure agencies informing future investment needs.

1.1.7 Land policy and social cohesion

Urban inequality has always existed, but should land policy do anything about it? From the perspective of Hobbes and Rousseau there are philosophical and ethical arguments that land policy should play an intervening, market shaping and even progressive role. While this ethic flourished in the post war period in Europe and other Western countries, commitment has weakened in recent years – even amongst the most assertive planning systems (Davies, 2012, Needham, 2014). In order to address the ongoing challenges of housing affordability and social cohesion, and contribute to a post-pandemic recovery, planning and land policy will need to become more pro-active and purposeful again.

According to the EU's Joint Research Centre (2019:6) planning can still be called upon to redress rising socio-spatial inequality:

> *"In European cities there is a growing polarisation, which can be addressed by inclusive and equitable place-based policies. These should take into account the multiple factors in play in deprived neighbourhoods (e.g. health, housing conditions, and ethnic background), and look at the causes of, and solutions to segregation that go beyond the boundaries of the segregated area."*

Social cohesion is central to the European project of integration and convergence, countering socio-economic fragmentation and exclusion. The notion of cohesion concerns both horizontal and vertical integration of society, on reducing poverty and addressing social inequality, as well as integrating immigrants and ethnic minorities, and addressing socio-demographic change such as the flourishing of youth and support for the aged. However, while the European Pillar of Social Rights asserts the right to cohesion, material conditions and countervailing policies, can potentially undermine it too, such as the reliance on private debt and absence of public investment amidst fiscal constraint.

Land policy and housing investment, also contend with other policy domains, such as labour market 'flexibility' amidst a rising gig economy, monetary policy amidst low mortgage interest rates and rising real estate investment and weakly regulated rental tenancies eroded by a growing short term letting industry fuelled by online platforms and mass tourism.

Land policy and the urban form it generates, can promote social equality and include groups such as young children, the elderly and newly establishing households – indeed a large and significant group. It can ensure public spaces are accessible and encourage different ethnic or migrant groups to mingle or live in isolation.

Dispersed urban form, single detached housing, reliance on cars and limited public transport can generate sprawling suburbs. Such patterns of development may reduce a resident's physical and mental health and even entrench their social disadvantage. The distribution across space of housing, employment, schooling and other services may promote or impeded access to services. Urban designs may emphasize the environment but not equality. In Norway, for example planning for good living environments has focused on access to sunlight and air (various), and the needs of children, but socio-spatial-tenure polarisation persists (Norwegian Government, 2014). New suburbs may include a mix of housing choices or only luxury villas, it may promote car dependence or foster use of efficient public transport. It all these instances, land policy either enhances or impedes social inclusion and segregation.

In recent months, with the COVID-19 pandemic causing major economic hardship, a greater role for the government in land and housing policy will be necessary to ensure a recovery that builds and strengthens social and economic well-being. A range of state, municipal and co-operative measures will be required to moderate and shape these market interactions to support individuals, households, their neighbourhoods and strengthen the capacity of vulnerable social groups and regions.

1.1.8 Land policy and affordable housing

In general, land plays an important role in the cost of new and existing housing. Land costs tend to be higher in well-located areas of high amenity. As well-located land is often scarce and more costly, it can comprise a considerable portion of housing development costs (for example 90% of total development costs in Japan).

Without preferential land policy, developers of affordable housing must look to less well-located areas of lower amenity, or build at higher densities or lower quality. Some governments intervene to ensure affordable housing is more feasible, by reducing the cost of land for affordable housing.

There are various land policy instruments which together play an influential role influencing housing affordability and access by:

- Shaping the balance of power between public private property rights and responsibilities, through legislation, case law and regulation.
- Shaping the market for land via land registration systems, securing ownership, occupancy rights, usage rights and their processes of exchange.
- Developing a clear vision of desired development through strategic and master planning.
- Delineating zoning or attaching covenants restricting the use of land or property which are legally binding agreements are on the property deeds.
- Acquiring land for a public purpose and either on the basis of former or future use rights.
- Establishing a system for land use conversion and processes for land value capture.
- Using land as collateral to back mortgage financing of desired housing or urban development.
- Engaging in land markets though land banking and releasing land to achieve a desired strategy, focused on public or private goals or a combination of both.
- Intervening in land markets via land readjustment, consolidating multiple pieces of land into a more orderly pattern and prepare form desired use and development.
- Regulatory future development via involving (inclusionary) zoning, development approval processes.
- Negotiating with key stakeholders through dialogue with key stakeholders and providing incentives, such as density bonuses, to secure desired public interest outcomes.
- Using tax instruments such as Tax Increment Financing, to encourage investment and stimulate development.

Planning influences opportunities for affordable housing provision by designating residential land uses, generating funds from the issuing of planning permission, specifying required housing types as a condition of development approval and requiring dwellings produced to be managed in a particular way by specific providers. Local area strategic plans, land use zoning (referred to as "Euclidean zoning" in the United States), planning obligations and development contributions as well as land re-adjustment are instruments and processes planners use to influence housing outcomes. Governments may expropriate and provide land subsidies for defined housing outcomes; retain an equity stake in developed housing or lease land to affordable providers. They may also chose to allocate building permits to all or only with preferred developers, such as those in those with a broader public purpose: co-operative and not for profit providers, or develop housing themselves, such as municipal housing.

Local government is often critical in the design and implementation of land policy. Being closest to ground, it needs to play a key role in regulation of development processes – providing it has the legitimate powers, professional capacity and material resources to do so.

Despite the potential of these instruments they are not used comprehensively, and there remains a lack of affordable and accessible housing in many cities. There is also a limit to the extent planning can ensure housing is affordable, as this is influenced by other powerful forces such as the availability of credit (in particular in resale of existing homes)..

Discrimination in the market place, beyond the control of planners, may also lead to the situation where housing that is affordable is occupied by groups preferred by sales agents and landlords, perhaps from certain social classes, racial groups or ethnic origins. What is critical in these situations is the allocation of housing opportunities, protection from discrimination and tenancy rights.

Social housing, in the form of rental or ownership dwellings, is allocated according to non-market criteria, such as need and while it can be universally accessible, it is increasingly prioritised for specific groups, such as low income households. The core components of a social housing system include a development promotion regime where providers of such housing may have a privileged position in the land market. Key policy settings include land use policy, planning provisions and direct provision of land for developing social housing. These policies may aim to ensure certain production levels, quality standards and other conditions, as well as lever efficient financing to drive down operating costs.

Social and affordable housing developers may hold very different positions in the land market across countries. In Germany and Austria local authorities and their development agencies often play an active role reserving and or acquiring land for social housing development. Effective subsidies may also be levered through land use planning powers such as inclusionary zoning.

1.1.9 China and India - contrasting systemic strategies

The big picture of land policy involves a more systemic understanding of public policy capacity – in terms of administrative powers, responsibilities, revenue raising and transferring, professional capacities and political networks.

While often perceived as being fundamentally different from Western approaches to land policy and urban development, China and India's progress in recent years provides two starkly contrasting approaches to land policy in the broadest sense (Acolin, Chatteraj and Wachter, 2016).

China has adapted Western paradigms in land development and urbanisation, pursuing a 'hybrid' approach involving land value capture and reinvestment via centrally led locally planned and funded development. Since 2007, it has also implemented a mass public housing program to steer household investment from speculative home ownership to more productive and stable forms of investment. Unlike China's 'hybrid' model of urban development India has embraced neo liberal approach to market processes in the context of weak fiscal capacity, limited direct public investment or regulation.

China's economic growth has strongly outpaced India's since the mid-1990s. Evidence for this can be found in more rapidly rising wages and living standards and declining rates of poverty captured by World Bank Development Indicators. The social wage, particularly of the rural population, has been bolstered by considerable growth in employment, access to services and production of mass housing. Since 2007 this has been primarily public rental housing.

The municipal ownership of land, their control over usage rights as well as fiscal decentralisation and development planning has been critical to China's urbanisation pathway (Acolin et al, 2016:8). According to Chen "urban renewal has been extensively used by municipal governments as a "growth machine"" (Chen et al, 2019). In China, spending (50%) and revenue raising (25%) is more decentralised than in India (33% and 3% respectively). Local officials have more autonomy to raise revenues, capture land value increases and invest competitively. Pro-growth coalitions of local government officials, developers and state owned enterprises have transformed traditional settlements into high density housing estates – not always producing the most liveable environments or respecting indigenous cultures. Rising land values has enabled local governments to borrow from banks to further invest in economic development, infrastructure and housing.

In the process this has also transformed the way of life of many Chinese households, replacing the link between employment in former work units and their housing, with broader work opportunities and open market access public housing. Today, multiple Chinese cities compete for skilled labour by offering quality affordable public housing (Acolin et al, 2016, Chen, 2018). However, strong restrictions on resident rights remain in place, excluding migrant from access to services such as education and healthcare, impeding their genuine mobility.

In contrast India, suffering from underinvestment in infrastructure and very unequal social and urban development outcomes, has not been able to mobilise resources to ensure successful urbanisation. This has led to the growth in mortgage financed ownership occupation alongside the proliferation of informal settlements providing unsafe and exploitative living standards (Sengupta, 2018:139).

Intergovernmental fiscal relations also differ from China's, influencing the capacity for orderly and inclusive urban development. The relatively centralised federalist system, with considerable power resting at the provincial level, undermines local capacities, policy autonomy and the raising of revenues which could otherwise promote more adequate and inclusive urban development, including of affordable and accessible housing.

Furthermore, weak national leadership on urban policy, absence of local initiative and limited fiscal resources, have hindered regional economic development and industrialisation, unlike China (and South Korea). Importantly, governments are " less likely to own land and use land development as a source of financing." (Acolin et al 2016:13). Growth of the informal economy has undermined fiscal revenues and public administration. Weak local planning has led to poorly regulated high density informal settlements on the edge of major urban centres along transport corridors. These developments are often outside administrative borders of metropolitan cities and in semi-rural areas. These areas are unable to invest in basic infrastructure services, further reducing living standards and public health and safety (ibid, 2016:15). Conversely, there was significant growth in luxury housing until 2012.

Given the high levels of exclusion from affordable housing in quality well-located living environments, the Indian national government has recently increased its focus on addressing market failure and targeting assistance to the poor though a number of projects and programs. Most efforts have continued to prioritise market based mechanisms in a decentralised policy setting with slow and uncertain planning, limited public financing and weak regulatory capacity. Many programs have focused on increasing access to market based finance or microfinance. There has been very little focus on land policy, other than to provide tax incentives to developers who include greater floor area to affordable units in their projects (Sengupta, 2018:154-157).

At the local level, many cities, from Seoul to Amsterdam and Vienna and Perth continue to implement more direct land development strategies to promote the supply of housing, varying from active participation in the land market, pre-emptive purchase rights, land leasing and land re-adjustment processes with varying degrees of success.

This task has become even more important to cities and according to the City of Vienna:

> *"dramatically rising prices undermine the affordability of housing for more and more people, provide for precarious living conditions, spatial repression and endanger social cohesion. The main reason for this negative momentum is skyrocketing land prices, which are not only explained by population growth, but also due to a land and real estate market, which increasingly serves as a safe haven for private investment. Especially as a result of the 2008 financial crisis, global financial markets are discovering land in successful cities as an investment and investment destination." (City of Vienna, 2018)*

This report considers a range of national and local government mechanisms to shape better land markets for affordable and inclusive housing.

1.3 Structure of this report

Land policies influence the development of affordable and inclusive living environments and thereby social cohesion. There are a great variety of strategies: enabling, supplementing, directing or replacing market interactions. Enabling strategies tend to facilitate free land market processes, while supplementary strategies attempt to compensate for their market failures, such as homelessness. More direct strategies attempt to shape market processes and generate more desired public outcomes. While market replacement strategies simply displace markets altogether in order to achieve them. Each of these alternative strategies is underpinned by different conceptions of property rights, market relations, planning regimes and their contingent resources. Land policies never stand still. While embedded in past traditions and professional norms, land policy is also open to radical change through ongoing economic and political pressure and purposeful reform. This concept of a historically embedded and contextually contingent land policy is outlined in Figure 1.

Many countries have established policies and practices to influence land markets in order to increase opportunities for the development of affordable and inclusive housing. This report covers practices in a range of similarly developed countries in Europe, North America, Asia and Australia. Selected illustrations concern public land banking and leasing, publicly managed land development, systems of regulatory planning, area based neighbourhood planning and local responses to global real estate investment. They are summarised in the following table.

Figure 1 Alternative approaches to land policy: enabling, supplementing, directing and replacing

	Enabling	Supplementing	Directing	Replacing
Property rights	• System of land survey protects existing system of freehold ownership rights • Limited land tax • Encourages private land banking • Facilitates exchange and 'flipping' for speculation • Public purchase rights suppressed • State sponsored infrastructure provision boosts private land values	• Reliance on reactive development control to influence cost and inclusive development • Site specific collection of taxation for provision of AH or other infrastructure • Public purchase at market price, relating to potential use • State provision of infrastructure	• Pre-emption purchase rights • Broad based land tax • Public purchase compensation based on former uses • Leasehold system specifying usage • State required infrastructure, potentially privately provided	• Priority is inclusive and affordable land policies • Right of compulsory purchase or repossession to meet 'public interest' goals • Broad based and progressive land tax • Land price nominated • Long term conditional leasehold • State owned and provided infrastructure
Market relations	• Emphasis on market freedom • No barriers to private ownership • No limits on exchange strategies • No preference for land uses in the public interest • Private for profit players dominate market	• Emphasis on addressing market failure and non-provision • Additional incentives to encourage market participation of non-commercial land owners such as non-profit affordable housing providers in market place	• Emphasis on market shaping to promote collective interests • Regulations to ensure provision of required development outcomes • Adequate market presence of non-commercial land market players and practices • Dedicated preferential land allocation to social housing providers	• Emphasis on market determination to ensure public interest • Developers serving public interests given privileged access to sites
Planning regimes	• Few barriers to development from land use planning system • Land use and zoning changes determined by market forces, uplift captured by owner • Zones for residential use does not specify provider, housing type, target household (income)	• Planning regulation reactive • Planning permission for private development offers bonuses for the inclusion of affordable housing • Non-market forms of social housing 'ambulance service' role, targeted so as not compete with commercial market	• Land policy and planning regulation pro-active • Comprehensive development plans require specific forms and costs of housing produced • Ongoing compliance of defined housing outcomes	• Planning rights are granted only to specific housing providers for defined housing outcomes
Contingent resources	• Few public policy resources invested in land market monitoring or planning administration • No resources supporting affordable housing provision • Demand assistance for households secures and boosts land and housing prices	• Open access to supply incentives to provide affordable housing (such as tax credits/exemptions) • Existence of social housing providers, often focused on a narrow range of households	• Well established legal system re-enforcing land policy practice • Conditional loans for supply of affordable housing to a broad range of households by registered affordable housing providers • Regulatory system to ensure effective investment	• Well established legal system re-enforcing land policy practice • Capable and sufficiently resourced public bodies to implement land and housing policies – e.g. council house builders and managers • Strategic and long term direct public investment • Effective monitoring and compliance systems in place

Source: the authors' illustrations covered in this report

Table 1 Land policies illustrated in this report

Land policy instrument	Illustrations
Public land banking	Singapore land banking and release for public housing sales program Vienna's land banking via Wohnfond - strategic sites for affordable rental and key worker housing Dutch municipal land companies and their collaboration with affordable housing providers Australian land bankers and the best practice of West Australian Land Corporation Chinese municipal land banking as growth engines and public rental housing promoters
Public land leasing	Helsinki leasing of land for right-of-occupancy and social housing - keeping development feasible and housing accessible Stockholm and municipal land leasing - a powerful history of effective and efficient collaboration Community land trusts - their promise and limitations
Land re-adjustment	German land re-adjustment and co-operation Korean land re-adjustment and its transformative role in the development of Seoul's housing outcomes
Land value recapture	China Land Value Capture and Re-investment UK planning contributions and the Community Infrastructure Levy US Tax and Increment Financing
Regulating planning	National Law on Urban Inclusion and Anti Speculation Charter of the City Paris England and Scotland's planning contributions to provide sites for affordable housing US inclusionary zoning and density bonus schemes
Comprehensive neighbourhood planning and investment	Finnish Land, Housing and Transport Agreements Scottish Housing Needs and Demand Assessment and Affordable Housing Supply Program Berlin Social City neighborhood investment
Addressing real estate platform economy	Regulating impact of short term letting Local responses to global REITs and Built to Rent

Source: the authors

2. Public land banking

Public land banking involves the direct intervention in the land market by public agencies such as a land development corporation. It may simply participate in the land market buying up available land or use its legal right of compulsory purchase or repossession in order to meet 'public interest' goals. It may also be used as a means to promote interests of the wider community and prevent undesirable uses, kick start development and reduce land hoarding and speculation by private owners.

Pre-emptive land banking and timely delivery of serviced land to selected developers has long been the tradition amongst many West European countries and their local governments, from Amsterdam and Helsinki to Stockholm and Vienna but has also been practiced in many Asian cities such as Tokyo and Seoul.

Increasingly Chinese cities have become masters of land banking, rezoning and value capture, driving the economic growth of their cities and competing for key workers via the provision of more affordable public rental housing. Some cities, such as Vienna, have perfected a system of land purchase and provision which supports competitive and efficient limited profit housing. Australia also has a tradition on land corporations which have intervened in markets to steer housing development outcomes. In the past this land was used to underpin the development of entire suburbs of public housing to accommodate workers in growing industries (Flanagan et al, 2019) as is the case in China today.

Land banking involves the purchase or expropriation of private land to secure and potentially change development rights and influence land prices. It is undertaken by private land developers and building companies as well as state land agencies. Governments may be legally empowered to compulsorily purchase raw land on the private market and do so via expropriation or pre-emption rights. Government may choose to retain the ownership of land in order to ensure the feasibility of affordable housing development (Randolph, Troy et al, 2018).

The Netherlands has a long tradition in municipal land corporations. Dutch experts De Kam and Buitelaar (2010) describe how land companies, typically at the local or municipal level, may provide serviced land for the construction of social housing either directly or indirectly, in order to address land and housing market failures and their summary of various arguments for and against this approach is provided below:

A number of countries in Europe and Asia empower local government to engage in land banking to lower prices and focus development on addressing designated housing needs, as shown by the table below.

Table 2 Rationale for and against public land banking

Rationale for public land banking	
Arguments use for land banking	Arguments used against land banking
✓ To reduce the cost of land and enable better quality or more affordable housing to be produced, cost efficiency	× The free market responds to demand and supply pressures more effectively
✓ To fulfil strategic planning goals, such as affordable housing located close to employment opportunities, social equity	× Land bankers do not always co-ordinate land release with planning needs
✓ To capture the benefits of increased land values for the wider community, fiscal equity	× Public land bankers can be inefficient bureaucracies undisciplined by market pressures
✓ To finance government provision of services	
✓ To ensure the redevelopment of derelict land, impeding further development	× Public planning lacks expertise to predict land requirements adequately
✓ To ensure rapid development is able to be planned for and adequately serviced	× Local authorities do not always lead development due to lack of own resources
✓ To moderate land prices and stabilise land and housing markets	× Public land bankers are outbid by private developers and unable to influence the market
✓ To promote competition in the development industry and prevent monopolistic practices	× Public land bankers can also act monopolistically, against the public interest
✓ To use market power to improve development outcomes through competitive tendering	
✓ To reduce speculation on land and promote non-profit forms of development	
✓ To re-activate development of repossessed or tax delinquent property	
✓ To utilise planning powers with more active land acquisition policy	

Table 3 Land banking practices by local government

Austria	Allocation of land by local authorities. In some cities, special purpose land agencies dominate market and provide low cost sites for social housing. Conditional subsidies set limits on component land, financing and construction costs.
China	City government revenues from their land banking – land use control - and leasing role provide collateral for loans via a local government financing platform which enable them to play highly pro-active role in urban growth and specifically the provision of public rental housing.
Denmark	Allocation of land by local authorities. Land can only legally be sold at a market price, yet since 2000s purchase price for social housing been below 14%-20% of project costs, constraining opportunities in high land value locations. Experiments with importing lower cost prefabricated units from Eastern Europe.
France	Allocation of land by local authorities facilitated by regional and local planning and enforced by regionally set local targets. There is resistance to this in some wealthier areas.
Germany	Allocation of land by local authorities with land reserves. Legally required to sell at a reduced price for social housing. In some cities planning contributions obtain land or dwellings from private developers.
Netherlands	Formerly allocation of below market priced land by local authorities to housing associations. Municipal land companies now compete (less favourably) with project developers. Large housing associations also manage own land banks. Recent efforts to use planning to require housing diversity, including social housing.
Singapore	Singapore has a century of experience with land acquisition and resettlement policies, planning and direct development. It has enabled the resettlement of squatters and freed-up vast tracts of land for public use at low cost. This land has been integral to the planning and development of its vast public housing accommodating most Singaporeans today.
Sweden	Formerly all land was allocated by municipal land bankers for defined housing development, favouring social rental builders. Now these companies must compete openly on the market and no longer play a key role in social housing promotion. (Pawson, Lawson and Milligan, 2011)

The following subsections illustrate how land banking is used in a range of Asian and European countries to influence housing affordability and inclusion.

2.1 Illustration - Singapore land banking and release for public housing sales program

Singapore is a small compact city state with a multicultural population. The government is the primary supplier of public housing accommodating almost 80 percent of households. The government plays a dominant role in the land market, since the establishment of the Land Acquisition Act of 1966. Public land acquisition could have led to major protest. However, a system was designed to compensate land owners for compulsory acquisition, but also prevent windfall gains from public investment. It has resettled businesses and occupants providing suitable alternative accommodation for those affected by its land acquisition programs (Phang and Helble, 2016)[1].

According to the Centre for Liveable Cities (2014 in Phang, 2016:7), Singaporeans accepted the process given the clear legal mandate and meticulous processes of resettlement and compensation that was employed, including the calculation of compensation for squatters' assets at market value, and also the superiority of alternative accommodation offered to squatters and businesses and their priority allocation. Furthermore at the time of acquisition, most people did not own land, which was held in the hands of a few large property owners. Good planning and coordination by a dedicated Resettlement Department made resettlements of squatters and former land owners possible within the projects of the Housing Development Board (HDB). Housing developed by the government on public land was offered to tenants for very long term leases (99 years). Eligible households were also financed by a closed circuit of savings via the Central Provident Fund.

Together Singapore's land acquisition and reclamation policies have been a key plank of Singapore's approach to social harmony, quality living environments, and affordable and inclusive housing. It has also been an inspiration to neighbouring countries such as China, notably their large land value capture and public housing programs.

Singapore has since corporatized its Housing and Development Board, which continues to act as both land use planner and housing developer: acquiring sites, resettling and compensating former occupants and clearing land sites for development or redevelopment. It also coordinates with other government agencies for the provision of infrastructure and local amenities

The government remains the largest landowner and it sells land at regular intervals by tender to private housing developers under its Government Land Sales program. The HDB provides detailed land use plans and building designs, and private sector building contractors are selected for HDB construction projects through competitive tenders. HDB is now an international building consultancy company, Surbana (Phang, 2016).

2.2 Illustration - Vienna's land banker Wohnfond and the promotion of cost rent affordable housing

One of the most well-known municipally owned land banks is Wohnfond which operates in Vienna. Since its foundation in 1984, the fund has provided approximately 3.7 million square metres of land for more than 51,400 subsidised new apartments. Through planning policy and playing a strong role in the land market it has channelled grants and loans to specific housing forms on suitable sites, and by promoting more direct competition in the land market it has channelled grants and loans to developers of available sites to maximise public outcomes (Lawson, 2010, Deutsch and Lawson 2013).

Land development policies in Vienna are delivered via three instruments: the strategic metropolitan plan, conditional public subsidies (loans and grants) for cost rent housing development limiting land purchase price; and the strategic supply of land at this price by Wohnfond. The City of Vienna, a provincial government responsible for the metropolitan area, defines the amount of *affordable* housing required. Housing affordability has been prominent part of public policy for many decades, alongside employment and social cohesion.

Beyond the strategic plan, the City provides influential public funds to promote cost rent affordable housing

1. *Planners at that time estimated that for every slum structure demolished then, seven new flats were required to relocate families affected (Phang and Helble, 2016:7)*

development. The share of public finance contributes around 35% of total project finance costs, but this varies considerably from project to project. Nevertheless, low cost public loans and grants are always important in obtaining and securing primary loans from the commercial mortgage market and thus the volume of conditional public loans has a strong influence on the overall volume of affordable rental construction. However, these subsidies are conditional upon meeting limits on land and building costs, which are carefully assessed on application for subsidies. In this way allocated public loans are not exhausted via excessive land prices and ensuring that investment in quality housing is safeguarded.

Wohnfond is a non-profit organisation, with a strong relationship both strategically and financially with the City of Vienna. It is owned by the City and headed by the City counsellor responsible for housing and urban development. It has been operating in Vienna's land market since 1984. Alongside other private developers, land development opportunities are sought by Wohnfond in appropriate areas as specified in the City's long term urban strategy STEP. As a strategically placed non-profit organisation, Wohnfond coordinates property developers, house owners, municipal departments and service centres of the municipality of Vienna (Deutsch and Lawson, 2013, Wohnfond, 2019, 2019a). It is both an agency for urban renovation and the supply of new housing opportunities.

With regards to the supply of new affordable housing, its main activities concern:

- Site acquisition;
- Site planning and co-ordination with relevant authorities;
- Land valuation and resale;
- Subsidy allocation;
- Organisation of development competitions;
- Sale of sites to eligible and approved developers; and
- Targets for housing, employment, transport and social infrastructure.

Wohnfond uses this plan to guide its own land acquisitions and development proposals. The very long lead time of the plan enables acquisitions well in advance of actual development. Once a site is required for development, Wohnfond liaises closely with the city on the desired density and composition of dwellings, related land uses (employment, transport, recreation etc) and the location and quality of social and physical infrastructure.

In the purchase of land and delivery of sites for affordable housing, the role of Wohnfond is guided by four main influences. The main instrument guiding purchase and land release is the STEP but also contemporary demographic developments affecting housing demand in Vienna. The City's population is expected to grow, mainly from CEE and German immigration and rural to urban drift. This growth places additional demands on the housing market. The City has lifted the rate of affordable housing construction from 3000 to 7000 dwellings per year to address this demand.

Wohnfond co-ordinates site planning and development activities with the City of Vienna, especially concerning the timing of infrastructure provision. The precise release of these sites is dependent on the provision of technical and social infrastructure in each development area, such as roads, schools and kindergartens which are commissioned or completed by the City government (Hofer, 2010). Some of these commissions may also involve subsidiaries of limited profit housing companies. Finally, the pace and scale of housing development in these areas is strongly influenced by the availability of public loans and grants for land purchase and dwelling construction. The volume available has been rising is recent years, partly to sustain economic growth post the GFC, ensuring residential construction sector is stable and sufficiently productive.Wohnfond is simply one market player in the land market and has no formal market privileges or exclusive property rights. However, in practice Wohnfond does have a dominant position in the land market, which the limited profit sector must work with, being not only the main provider of land in the Vienna by also the City's contracted approval authority for relevant subsidies. Players in the land market are forcefully aware of the cost price limits of related subsidies (low cost public loans) which in turn are an important source of development finance for limited profit builders. These builders are very active in the market and the main providers of new housing in the City. This awareness influences market transactions and significantly moderates price demand and rises in the market. Wohnfond, as socially responsible land developer accountable to a board with strong public policy interests, plays a dominant and effective role in this market.

If an owner wants to sell land to a developer for housing, who in turn wishes to utilise public subsidies, he or she must offer the site within an acceptable price range. This acceptable price is specified per square meter in the subsidy laws of the City of Vienna and is also indexed to inflation and adjusted annually. The specified limit is so well entrenched that land owners do not seek a higher price when selling land and consequently speculative practices are eradicated (Deutsch and Lawson, 2013).

2.3 Illustration - Dutch municipal land companies to promote strategic development

Dutch land use planning is world renowned for its strong role in comprehensively shaping urban development outcomes and keeping water levels at bay. According to Buitelaar and Bregman (2016) active land policy was central to the success of Dutch development, which involved local authorities buying land, preparing it for development (both physically and institutionally) and then selling it strategically to property developers, housing associations and other property-developing actors (Needham, 2014).

> *"Dutch public bodies were traditionally involved in regulating, financing, organizing and constructing integrated developments (Buitelaar, Galle & Sorel 2014). This integrated comprehensive approach is a distinctive feature of the Dutch style of spatial planning in comparison to other countries (Nadin et al. 1997); whole areas were designed by planners, including housing, infrastructure, green and public services" (Cozzolino, Builtelaar, et al 2017).*

This tradition has taken a different path in the past thirty years and is now more subject to market forces than strategic direction and far less productive. Land use planning is no longer considered by national experts to be a planners' paradise. Unfortunately, according to Tassan-Kok and Kortals-Altes (2017):

> *"a crisis in Dutch planning began in 2008 and may impact on the current generation of students and young planning professionals. Construction fell to very low levels in the Netherlands, with fewer jobs for planners in overseeing development as a result. Moreover, the shift from government financing to market financing has meant that many activities have come to an end. This deprives planners of the pride they would normally feel on seeing a project through to fruition, while making it even more difficult for young planners to find jobs in the planning sector at all".*

In the past, house building was also strongly influenced by government long term public investment coupled with municipal land policies.

Until 1993, the production of affordable rental housing by Dutch housing associations was ensured by a combination of long term public loans and operating subsidies, as well as favourable local planning coupled with purposeful municipal land supply. However, the role of local land policy in social housing promotion has radically changed in recent decades with an end to strong public investment and land policies and the capacity of the government to steer levels of production and particularly the production of affordable housing has seriously waned.

Major cities, such as Amsterdam, Rotterdam and The Hague, have long accumulated land reserves which they have resold or leased to housing associations for the construction of social housing at defined prices and at times with national subsidies. Raw land was purchased and serviced by local authorities. By the mid-1990s, larger cities had considerable land reserves at their disposal, for example up to 80 percent of all developable land in Amsterdam and 65 percent in The Hague with more than a decades supply for intended development plans (Badcock, 1994:430).

The primary role of local governments was in servicing this land, which is an intensive and costly process in the Netherlands, requiring considerable protection from rising water levels and the fulfilment of high environmental standards (eg public space). These costs were later passed on to developers at land disposal. Despite some deviations, it has been the norm for municipalities to cover costs and not profits from their land development activities. This was further limited by national government price limit on land for certain uses, such as social housing (Mori, 1998).

The key land agency which facilitated the production of social housing was the land departments or companies of municipalities. National government set the price for land for social housing that municipalities could charge. The low price also reduced competition from private land holders to provide land for social housing.

In the 1990s the national government also provided subsidies to local authorities to enable them to purchase large sites for housing purposes. However, these national subsidies were drastically reduced and a limit was placed on the proportion of social housing of 30% that could be constructed on a site. This reactivated private interests in land for housing production, often in competition with municipal land companies which they tended to out bid on the open market. Thus private developers became integral to the fulfilment of local housing plans and their involvement altered established relationships and processes. Of rising importance, De Kam notes, were the difficulties experienced by municipalities in recouping the costs in providing necessary infrastructure and ensuring the provision of *social* housing on private land (De Kam, 2007:8).

During the 1990s, local authorities became less willing to provide housing associations easy access to land at low prices and furthermore, some perceive housing associations as being asset rich, even owners of substantial land banks themselves, while municipal resources to have been depleted by central government.

Partly in response to the lack of land for social housing, a new planning act was introduced in 2008 which enabled the designation of land for specific housing categories including *social rental* and *social home occupied housing*, specifying for these defined rent and sale prices. Given that production can no longer be steered nationally by conditional loans and subsidies or rely on municipal land department for cheap land, following intensive lobbying by the associations an alternative mechanism was found (De Kam, 2007). The new planning Act introduced what many consider to be a form of inclusionary zoning for social housing. Yet it relies on the co-operation of local authorities which shape the strategic and land use plans for their cities.

However, since 2015 the national government requires municipalities to negotiate performance agreements with locally active housing associations towards the fulfilment of specified housing needs. Some local housing associations have merged and now operate on a much broader regional and even national scale. This organisational change has diminished the close working relationship with formerly local associations. Further, local policies vary considerably towards social housing, with some resisting this form of provision within their boundaries.

Land prices have risen in the Western part of the Netherlands for a range of reasons, including land speculation as well as environmental and planning constraints. Increasingly, the strategies of private land owners are having a greater influence on the supply of land for housing in the Netherlands than the municipal land banks. As a consequence, Dutch housing associations are choosing to engage in their own land banking strategies, sometimes proactively, defensively and even for speculative purposes, to bolster their position in the market (De Kam and Buitelaar, 2010).

The global financial crises had a very negative impact on the new organic private public partnership approach to Dutch urban development. According to Dutch planning experts:

> *"Many plans had to be postponed or even cancelled as property developers faced a drop in demand for new houses, office space, and retail space. The losses that resulted induced them to retreat from public-private partnerships, leaving local governments with undeveloped land and growing interest costs" (Buitelaar & Bregman 2016).*

Today there continues to be a crisis in the production of housing across the Netherlands as well as a serious housing affordability and access issue, as young, low and middle income households compete for existing dwellings.

Most recently it has been recommended that municipalities taking the lead, steering and segmenting building sites are more effective than organic methods in reducing sprawl, especially if they choose to promote affordable housing development (Korthals-Ates, 2019). Unlike other cities, Amsterdam continued its more direct, segmented and purposeful land policy, and did not adopt an 'organic' approach and this has ensured a more diverse range of dwellings have still been produced in the city (ibid, 2019).

2.4 Illustration - Australian land bankers and the West Australian land corporation

Australian governments also promote particular economic, social and environmental objectives, often productivity but also the provision of affordable housing, by participating directly in land markets through the acquisition, development and disposal of land. The strategies of public land ownership and development have been employed by government agencies, land development corporations and capital city development agencies over many decades across Australian states and territories (Davison et al 2010).

Australian state governments first participated in large-scale land ownership and residential development through their housing authorities (Hayward, 1996). Later in the 1970s, state-level specialised land development agencies were established under the Whitlam federal government's Land Commission Program (LCP) (1972-77). This program offered the loan of funds to the states in order that they could establish 'Urban Land Commissions' (ULCs). The intention was that ULCs would purchase large areas of land with development potential and participate directly in the production of new urban property (DURD, 1974). The hope was that this form of direct government intervention in land markets would improve the quality of development outcomes, stabilise land prices supplies, assist with the co-ordination of different government agencies, reap economies of scale, and capture for community use the 'unearned increment' accruing through land-use zoning (DURD, 1974; Troy, 1978 in Davison, Milligan and Lawson, 2010).

Today a number of land agencies remain in Australia, which are largely derived from earlier bodies, but now serve a range of purposes including a commercial return and ecological sustainability.

One of the more innovative land bankers has been West Australia's Land Corp, which has underpinned the development of a range of affordable home ownership and rental products under the guidance of a long term state housing strategy. It developed a comprehensive 10 year Affordable Housing Strategy, which commitment to a continuum of housing outcomes. These included social rental housing and affordable home ownership through new zoning requirements and planning incentives for affordable housing; as well as incentives to encourage mixed affordable housing in commercial developments, and further more specific quotas for developing surplus government land (Davison et al, 2012). An AHURI funded review of several regional housing strategies was undertaken in 2017 (Rowley, James et al, 2017). This found that effective strategies and programs rely on strong political leadership; adopt a whole-of-housing industry approach to consultation and implementation; communicate objectives effectively to all stakeholders; are resilient to political changes of government; and are best run from a central agency with a flexible organisational structure that can respond quickly to opportunities. Notably, the ACT strategy included an innovative Land Rent Scheme (since 2008). This was later targeted to benefit low income households in 2013, and offered 1200 lots at affordable rates to eligible home buyers. This land rent scheme allowed eligible households to rent land from the government at two per cent per annum of the unimproved value of the land.

2.5 Illustration - Chinese land banking to support public housing development

Over the past two decades, city governments have rapidly established public land banking authorities to acquire land for comprehensive city development and supply land use rights (LUR) publicly at market price. Land banking and resale as well as the financing of urban development is a complex negotiated process in China, which has led to the rapid development of new cities as well as redevelopment of existing rural settlements.

While the rise of land banking practice in China partly stems from Western and Singaporean practice, it is deeply rooted in the urban land reforms of the 1990s and has been heavily influenced by the role of fiscally decentralised land governments and their dependence on land value capture revenues (see section 5.2 covering this practice in China).

According to Zhou and Ronald (2017):

> *"in China, rather than a pure deregulation and market freedom shaping housing reform…. local governments have continued to consolidate regulatory power in housing provision through intervening in the market, controlling urban planning and land supply, redistributing fiscal revenue..."*

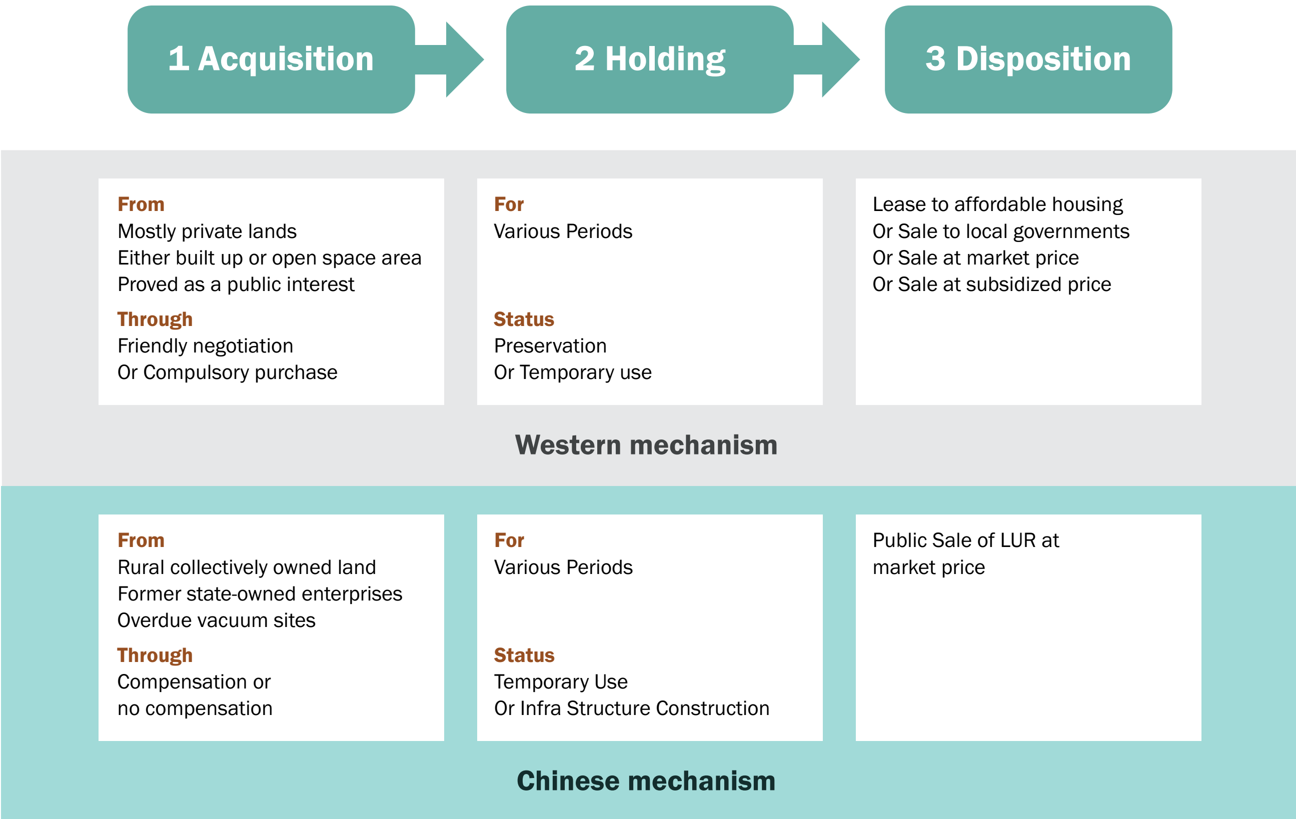
According to Huang (2012) China's the land ownership system has complex forms of land occupation and use, with the land banking authorities' taking a more active role in negotiation on compensation. Infrastructure construction on the land in land banks and public sale of LUR at market prices enables local governments to capture the capital gains in land value they have created.

Huang's research of Guangzhou land development authority found that revenues from land banking efforts are able to underpin urban development loans and support an urban development financing platform. Furthermore the fiscal income and financing values generated from land banking provide a substantial proportion of local government revenues (around 30%, but often more) and enable local government to play a pro-active role in leading urban development and renewal through financing development and providing necessary infrastructure.

However, revenue from growth in land values, rather than orderly or balanced urban development has become the primary motivation for some municipalities according to Huang (2012). Their reliance on revenue from urban expansion and rapid growth of cities have caused some problems for cities and their residents including over reliance on rising values for fiscal revenues and unfair compensation of former land owners as well as poor or incomplete urban design. The Chinese government has attempted to improve land administration and better regulate land banking practices, and also promote improved urban design and protection of open space.

China's involvement in land banking and value capture and the fiscal resources this has provided have also fuelled to most productive public rental housing programs in the 21st century. Zhou and Ronald (2017) show how the municipal control of land supply enabled the ambitious City of Chongqing to bring together governmental and market actors to underpin massive investments public housing provision accounting for largest housing program in China.

Figure 2 Land bank processes in China



Source Huang, undated section 3.1

3. Public land leasing

In addition to directly owning land, governments also use lease contracts to steer its use. Leasing land involves a contract which includes specific conditions, which are agreed between the lessor and lessee, concerning usage and improvement rights responsibilities, and their duration. Leasing land, rather than buying it land outright, can also reduce project costs, making developments more feasible and in the case of cost rent housing, reduce tenant rents.

According to Korthals-Altes (2019):

> *"interest in public ground-lease models is undergoing a revival as a way of providing affordable housing that allows for a separation between the affordable price paid by the lessee and an enduring claim on full future land values by the public owner".*

Leasing as a means of reducing upfront land costs associated with promoting social housing provision has long been practiced for this purpose in the US, Finland, France, Sweden and the Netherlands. Governments also use conditions in land leases to steer the use and development of land more effectively and ideally, index lease costs smoothly over long periods of time. In the Netherlands this has occurred for over century, undergone numerous adaptations over time.

More recent innovations and proposals include the Ground Lease Model by Lohr, 2017, People's Land Trusts (Stratfrord, 2018) as well as smaller project applications such as Community Lease Trusts (Crabtree, 2016, Crabtree et al, 2013, Ryan-Collins et al, 2017).

As reviewed above, Singapore applies a long term lease model to land it develops and housing it constructs. Australia's capital city Canberra also extensively uses leases, whereby the Crown sets the terms and conditions for use of the land, the owner pays an annual rent for up to 99 years and leases can be sold, mortgaged and inherited. Land leasing has also been applied to specific areas in New York (Shamsuddin and Vale, 2017) where the New York City Housing Authority (NYCHA) launched a Land Lease Initiative "offering undeveloped lots on public housing sites to private developers for predominantly market-rate residential construction." According to the authors, the proceeds from the 99 year leases would generate funds for maintenance of surrounding public housing stock in an era of retrenchment of public investment (ibid, 2017: 138). All public housing units would be retained and improved, and of the new units built on public leases, 20% were required to be affordable to households with 60% of the area median income.

In France, leasehold has been legally supported as a 'real right', for long leases (18 to 99 years) enabling built structures to be mortgage financed. Further, special legislation was produced to promote housing development on leased public land and ameliorate housing shortages. Where leasehold is the norm, lease market conditions, the pattern of rent reviews and related provisions must be acceptable to multiple stakeholders including the land owner, leaseholder and financial institutions from which credit is obtained.

In recent years Community Land Trusts have been proposed by a number of researchers as a means to provide affordable housing and community benefit (Crabtree, 2016, Ryan-Collins, Loyd and McFarland, 2017), leading to numerous ideas such as the People's Land Trust and the Build Society, as proposed by the New Economic Foundation (Stratford, 2018).

3.1 Illustration - Helsinki leasing land for right-of-occupancy and social housing

In Finland, with its strong ethic of social equality, reducing spatial segregation of socio-economic groups via interventions in the land and housing market have been vital. Alongside strategic public investment, this has ensured high quality social housing in many neighbourhoods. However, some scholars point to visible signs of segregation between rich and poorer, established and new migrant areas West and East of Helsinki, and their associated social stigma (Hannonen, 2014:117).

The Centre for Housing and Development Finance, argues that social housing is broadly allocated with attention to needs, and well integrated to ensure more mixed neighborhoods. It involves municipal and not for profit landlords that contribute 16% of the total housing stock and supply around 9,000 dwellings per year, being about 22% of residential completions (ARA, 2017). Further, the income eligibility criteria for entry to social housing prioritizes need but these are not overly narrow – young and middle income households have needs too, of course. Furthermore, households can remain in social housing regardless of changes in their financial circumstances over time.

Municipalities are not only the largest providers of social housing, they also play an important role in the land market, land use planning and in making decisions about the form of housing as well as the type of tenure provided. Tenant selection is also influenced by municipalities. Priority is given to homeless applicants and to those with urgent need of housing. The municipalities also own the bank that invests in social housing Munifin. (For more on the financing of social housing in Finland see Lawson, Pawson et al 2018).

The City of Helsinki has adopted the policy objective of well-balanced mix of housing social mix offering opportunities for households in different life situations through mixed tenures across the city and in neighborhoods. It is a major land owner (70%) active in land banking and leasing land for construction. Most new housing is built on city property. This housing is traded according to a company share model which applies to both owner-occupied and subsidized owner occupied flats. When buying and selling, it is the company share that is traded not the title to the land and housing. This process is also governed by legislation covering limited liability housing companies (Karjalainen, 2018).

The City has adopted a specific objective to ensure that middle income families can affordable to live in all neighborhoods of the city, even the most expensive, and developed a system called HITAS to dampen housing costs. These units are developed across the City of Helsinki on publicly owned land. The price of HITAS units is regulated according to their real production costs. Maximum prices are set and regulated by the City. Demand is high for these units and allocation is made by lottery. Owners pay a lower monthly cost, but must also pay a fee to rent the land (Karjalainen, 2018).

The City's policy is largely possible because it is the largest land owner and this enables affordable owner-occupied housing across Helsinki. According to Karjalainen, the senior planning officer, it works well in areas where the market costs are higher than production costs. For builders of housing in Helsinki, HITAS units are the only form possible on extensive public land. Their profits are lower but sales are secured due to high demand (Karjalainen, 2018).

3.2 Illustration - Stockholm and municipal land leasing

Sweden provides an illustration of a land market which has been defined for political and social purposes (Duncan, 1989:165-6), with the release and price of land for housing determined by local communes rather than private developers or builders which responds to signals other than surplus value. For most of the 20th century Swedish *municipalities* gained primary authority over development planning and later enjoyed considerable property rights. Impressed by the capacity of German municipalities to steer development, rather than simply react and thereby ensure the supply of adequate housing for workers, Swedish politicians on both sides of the political spectrum supported strong measures.

Intervention in the land development process attempted to bring to a halt the poor quality housing on un-serviced land which sprawled around the edge of Swedish cities in the closing decades of the 19th century. Initially a building decree (1874), planning system (1909) and important reforms in 1931 concerning expropriation, which was replaced by the Building Act and Decree (1947) inspired by British planning ideas at the time. The evolution of practices, legal instruments which enabled them and the jurisprudence which challenged them evolved to form the institutional foundations of a local and monopolistic planning system which gave municipalities the right to determine where and when areas could be developed as well as redemption rights and redemption obligations to ensure the adequate provision of basic physical infrastructure such as streets, recreation areas etc[2].

A second related issue confronted during the early 20th century concerned the expropriation of development gains. Early proponents for a planning system argued that development gains from increased land values or 'unearned increment' should not go to idle land owners and speculators but rather be diverted to the municipality in order to pay for necessary infrastructure and services. To achieve this they argued, alongside strong planning powers, municipalities must engage in

2. *http://commin.org/upload/Sweden/SE_Planning_System_in_English.pdf*

an *active* land policy with rights of compulsory purchase and expropriation favouring the broader public interest. Further a much lower land price could be achieved by purchasing 10 years head of intended development, the benefits of which could be passed on households in form of better quality and more affordable housing. It became accepted practice to calculate the improved value from land served by the provision of public infrastructure (i.e. a bridge improving access) and capture value improvements via land use planning and leasing negotiations (Clark and Runesson, 1996:205).

Since 1907, Sweden employed a very powerful instrument for its municipal planning, housing and redistributive policies involving the leasing of municipal land. Strong intervention in the land market was justified on three bases: too reduce the cost of land in housing development and facilitate provision; to divert development gains to public treasuries; and to steer land use and development through ownership of the land. Only public bodies could engage in land leasing, with terms from 26 to 100 years, where an annual fee was paid for land usage rights (Clark and Runesson, 1996:206). Raw land was purchased at pre-development prices, 7-10 years ahead of its intended use for residential expansion of growth. State loans were also made available to poorer communes to enable them to build up land reserves. Such practice remains common in Dutch and several Asian cities but has since declined in Sweden.

During the hey-day of land leasing from the 1950s to the 1970s municipalities leased land to promote housing development which would broaden access to affordable housing and improve housing quality. Development initially concerned low cost low density housing, built with the intention of later redevelopment at higher densities when the simpler structures reached the end of their economic life. At this time, the municipality would reap the development gains of more intense development on its land holding. No provision was made for compensation for the owners of the existing redeveloped structures.

Over time a number of problems emerged: the setting and indexing of the fee amidst both inflationary and deflationary monetary scenarios and of course, the reluctance of building owners to redevelop dwellings they could only exploit for 26 years. Major reforms in the 1950s meant that leases became indefinite and fees for housing land were fixed at 20 and later 10 year intervals in the late 1960s with leaseholders having the right of appeal (Clark and Runesson, 1996:207). In their evaluation and comparative housing research during the 1980s, Duncan (1988:163) and Barlow (1993:1133) found that the Swedish land supply processes had significantly reduced the land cost component of housing development and curtailed speculation on land intended for residential development, via the purchase of land at pre-emption prices. Furthermore, the market strength of the municipal land bank and local political attitudes shaped the land market via land purchase strategies in order to meet predicted housing needs and political priorities. During the 1970s almost all permanent housing development took place on municipal land, however for a number of reasons its share began to decline in the early 1980s (Duncan, 1988:163).

A crucial link in the development of land for strategic housing needs was the financing conditions for favourable loans. State Housing Loans (SHLs) were offered on the condition that developers of housing entered into contractual arrangements with municipalities to fulfil local needs and stipulate the final selling price. If they had purchased land at a lower price, it was not possible to sell housing as a higher price, thus the initial price paid had to be revealed when applying for a SHL. With their long terms and low interest rates SHLs were still sufficiently attractive to housing developers. From the 1970s developers could only make of these loans if construction took place on municipally *leased* land (ibid, 1988: 163). SHLs can be considered the second building block in the Swedish approach to land development for affordable housing. They were abolished in 1992 and since that time municipalities have withdrawn from active land management policies established in the 20th century.

Despite its success in reducing the cost of land and ensuring required development takes place, there have certainly been shortcomings of the municipal leasehold system. At times it has been subverted by oligarchic developer practices (Duncan, 1988:167); while land costs were indeed lowered by the active land policy, these reduced costs were not necessarily passed on to tenants equitably. Clark and Runesson (1996) found that Stockholm, Gothenburg, Malmö and Västerås were very active in municipal land banking and leasing arrangements. Stockholm, for example, used its powers extensively during an agricultural depression during the interwar years and was able to expand very cost effectively in the 1950s and 60s (Duncan, 1988:163). Nevertheless, use of the instrument declined considerably from the mid 1980s when costly legal and administrative challenges raised the cost of land leasing and leasing fees were insufficient to recover municipal holding costs. Many communes have tried to sell their leases amidst depressed market conditions during a property slump (Clark and Runesson, 1996:209). In their critical evaluation, Clark and Runesson point to problems in setting lease fees acceptable to leaseholders while on the other hand being sufficient to secure a return on municipal investments. Furthermore, the strength of sectional property interests demonstrated through costly judicial challenge, undermined the financial viability of the leasehold for municipalities.

Major reviews of the leasehold system recommended improvements to the fee setting and indexing system for leasehold tenure. Despite reforms the practice became administratively complex and costly and since the 1990s most municipalities have withdrawn from an active land policy. Furthermore, in recent years municipal planning powers have been weakened by more neo-liberal ideas promoting 'free' rather than 'fair' markets. Multiple national agencies are engaged in local area planning (concerning location of regional infrastructure and environmental issues), breaking down the municipal monopoly and there have been many legal challenges to the expropriation and fee setting practices of municipalities. Most importantly increased popular politics and citizen influence has been facilitated by improved rights to information and consultation[3].

After two decades of deregulation and marketization of the housing, land and finance market, during which state loans were abolished and market rents introduced on subsidised housing estates and rental housing has been converted for ownership, the housing market has evolved to become a source of property tax for government treasuries, rather than a burden in terms of subsidies and low cost loans. Furthermore according to Andersson and Magnusson Turner (2014) the policy of allowing conversions of rental tenancies to ownership has had a detrimental impact on social mix:

> *"conversion of tenure has speeded up and reinforced the gentrification process in inner city Stockholm. Individuals with higher disposable incomes and higher levels of education are replacing individuals with fewer resources. Younger households are replacing the elderly and therefore the gentrification process also implies a back-to-the-city movement among families with children" (ibid, 2014)*

Municipalities no longer carry out an *active* land policy, despite being one of the main tools regulating and ensuring post-war urban development in Sweden. However, the influence of past municipal land policy lives on. Caesar and Kopsch (2018) find that land ownership has been crucial in maintaining social mix in a more 'free' market setting.

Today, expectations of municipal development programmes are on the rise again in order to ensure housing supply, economic development and sustainable environments. Social integration and mix has become part of national policy and Stockholm is no exception (Caesar and Kopsch, 2018). For this reason, the use of land is increasingly being assessed in connection with social objectives. However, a return to the hey-day of municipal land leasing is unlikely under Sweden's contemporary political regime.

3.3 Illustration - Community Land Trusts

The community land trust model (CLT) is an attractive and emerging mechanism for maintaining and expanding the stock of affordable housing that can be delivered at a project rather than city wide scale. This concept has achieved growing recognition in the US, UK, Australia and Belgium (NCLTN, 2019, Ryan-Collins, 2018) and has served its residents well during and after the GFC, but while the idea is praised, it has still had limited institutional impact.

CLTs are non-profit, community-based organizations whose mission is to provide long term affordable housing by owning land and leasing it to those who live in houses built on that land. The lease contract incorporates a resale requirement which is intended to balance the interests of present homeowners with the long-term goals to provide affordable housing for future homeowners (Lincoln Institute, 2005). Crabtree (2016, Crabtree et al 2013) has undertaken considerable international research in the field and stimulated its application in the Australian context.

Crabtree (2016) sees two models emerging, one based on long term leasehold and one on co-ownership..

3. *http://commin.org/en/planning-systems/national-planning-systems/sweden/1.-planning-system-in-general/1.1-history-of-the-planning-system.html*

Under leasehold – the trust holds title of the land and the resident leases the property under a renewable and inheritable lease that specifies up front price (lease premium), ongoing cost (administration fee) and equity return (reversion formula). Provision for repairs and maintenance is required and different legal parameters for tenants may be required.

For community land trusts involving co-ownership, ownership is split between the CLT and the resident as co-owners under a contract which specifies the nature of the share, arrangements concerning future gains or losses on resale as well as any obligations for maintenance (Crabtree, 2016). A detailed and substantial manual for the creation of CLT in Australian has also been published online (Crabtree, Blunden et al, 2013).

CLTs are an emerging model of low cost housing provision in the US and in 2005 there were around 160 community land trusts across the country. A typical CLT is a board whose membership comprises people who live in the leased housing (leaseholders); those who live in the targeted area (community members); and local representatives from government, funding agencies and the non-profit sector (public interest) (Burlington Associates 2003 in Lincoln Institute, 2005).

The Lincoln Institute is researching why some CLTs have more successful growth providers than others. Burlington Community Land Trust in Vermont, was the largest with 370 single-family homes and apartments and 270 rental apartment leases; while other CLTs may provide only a few dwellings for lease. Possible reasons for variation in success and scale include staff resources and skills; differences in mission; financing arrangements; ability to receive donations of land; and the strength or weakness of the local land and housing market (Lincoln Institute, 2005).

Further research, following the GFC in 2011, found that residents of CLT's were less subject to mortgage defaults:

> *"While the affordability offered by the CLT model to low-to-moderate income households who enter home ownership helps to explain the low rates of delinquency and foreclosure in CLTs, the stewardship activities and policies of CLTs also contribute to these superior outcomes. Many CLTs oversee loan acquisition, educate and support their homeowners during both the pre-purchase and post-purchase periods, interact and intervene with mortgage lenders, and intervene with homeowners at risk of foreclosure." Thaden (2011)*

4. Public land readjustment

In some regions of the world, the resources for required public investments in affordable housing, transport and social infrastructure, are funded through processes of land-readjustment.

Land Pooling and Readjustment is a well-established process in countries where public finances and land ownership are constrained. LPR allows for the "transformation of an existing property structure and the distribution of the development costs and final property holdings among the original titleholders in accordance with their initial shares" (Almeida et al, 2018:1432).

It has been practiced in the Netherlands and Germany for many decades and was transferred to Japan and Korea following the devastation of earthquakes and war demanding renewal and orderly development (Lawson, 2008). A recent policy working paper for the World Bank (Lozano-Gracia et al, 2013) sites several advantages of LR:

- it does not require substantial upfront capital for buying out existing land owners, thus lowering the redevelopment costs for public and private developers;
- it is more equitable than other land assembly methods, because the benefits and costs of land redevelopment are borne by the affected property owners;
- it minimizes displacement of large populations, finally; and
- it acts as an institutional arrangement through which wider community participation in land development and public-private- community partnerships can be fostered.

LR on its own is rarely sufficient to fund necessary public works. In addition to LR, direct public subsidy and/or upzoning at no cost to land readjustment agencies is needed to make projects financially viable (Hong and Needham, 2007:22).

While the method seems advantageous and straightforward, it has several drawbacks according to Lozona-Gracia et al (2013):

- it may lead to conflict with existing residential property owners limiting consensus;
- it requires a strong legislative framework, often subject to a lengthy political process;
- it takes time to implement and recover investment made; and
- the process of determining land values and land contributions can be controversial.

Indeed, the valuation and re-allocation of land parcels is complex due to the varying qualities and size of land parcels and can involve major social upheaval, including compulsory acquisition leading to the loss of traditional tenure arrangements, demolition of residential forms and income sources. It can also lead to many positive benefits, including the improvement of housing quality and quantity and provision of necessary infrastructure.

Governments can choose to make LR a more democratic process and involve local communities and in many countries a super majority vote is required from consenting owners, conversely to prevent blockages laws could also be passed to override local objections as in Germany (Hong and Needham, 2007:19 in reference to Davy, 2007).

A review of seven countries using LR was recently conducted by Almeida et al (2018), which examined the initiative and the process leadership, the relations among the stakeholders; the powers and competencies of the management entities; and finally the operating rules. This review found that LR is highly dependent on the legal, cultural and planning background in each country. It is also dependent on the capacities of the land use planning system and its institutional framework, and required the public sector to act in a proactive role to promote desired urban development. The following illustrations outline how it works in two different contexts, where it is well established Germany, since 1902 and South Korea, since the 1970s with dramatic impact on its development.

4.1 Illustration - German Land re-adjustment

The system of land readjustment in Germany is very well established (since 1902) and extensively applied by municipalities across the country. It has most recently been described (UCLG, 2016), is also thoroughly outlined in Lozano-Gracia et al 2013 and also summarised by Davy (2007) in Hong and Needham (2007:26).

The process of Germany LR is outlined below in Davy's five steps as legislated in the German Baugesetzbuch (BauGB), which is a federal law statute on land use planning. Under this law municipal governments can use LR to implement a binding land use plan (Bebauungsplan). The process of LR may change the "locations, shapes, and sizes of existing plots. Undeveloped as well as developed land may be readjusted." (Davy, 2007:39). In the process municipalities can also capture part of the land (Umlegungsvorteil) for public purposes such as parks, footpaths and childcare centres-and in this way they can also promote more affordable and inclusive housing.

The German system allows for mandatory LR but ideally, the process should begin with consensus building. Persuasion and negotiation should first be used to resolve the disagreement, with coercion employed only as the last resort when the involved parties have failed to compromise after exhausting all conflict-resolution mechanisms (Davy, 2007).The main steps of land readjustment undertaken in Germany by a Land Readjustment Authority, are outlined by Davy (2007) in the useful table below:

Table 4 Steps in German Land Readjustment (Davy, 2007)

Steps Land Readjustment	The Land Readjustment Authority
Step 1 Commencement of Land Readjustment	• Define the area selected for land readjustment according to the recent land use planning. • Freeze changes of present land uses and transfer of rights in the land. • Map all properties, and list all landowners. • Indicate in the land register that land readjust- ment has commenced.
Step 2 Preparation for Land Readjustment	• Merge all properties into one bulk of land desig- nated for readjustment. • Assess the present market value of the land. • Subtract all land designated for public use (e.g., local roads) and allocate this land to the munici- pality or development company. • Select relative value or relative size as the stan- dard for the redistribution of readjusted land. • Determine the share of each individual owner.
Step 3 Value Capture and Reallocation	• Determine the value of the readjustment gain that owners have to pay to the municipality (standard of relative value) or that may be retained in land (standard of relative size). • Consider the present and proposed uses of the land as well as the needs and suggestions of landowners. • Allocate readjusted plots of land to each owner. • Determine the compensation of landowners who have not received their full shares.
Step 4 Readjustment Plan	• Issue a formal decision on land readjustment. • Determine the rights and obligations of each party, including the municipality. • Include a map of the new property boundaries. • Make legal remedies available to all parties. • Issue a public notice when, upon exhaustion of all legal remedies, the readjustment plan has become legally binding.
Step 5 Implementation of Readjustment Plan	• File the readjustment plan with the land register. • Monitor the legal and actual implementation of the readjustment plan.

4.2 Illustration - Seoul and Land re-adjustment to support urban expansion

The urban development of Republic of Korea provides a very interesting casebook illustrating the varying power of different state forms over housing policy and urban development, in the allocation of property rights and development outcomes (for details see Lawson, 2008). The period 1962-1998 was characterized by significant housing construction, involving squatter clearance and reclaiming agricultural land but also rising tenant rights and the re-allocation occupation rights.

During this period the military government re-wrote laws governing the planning and development processes; mastered the use of value re-capture mechanisms to finance urban expansion; and modernized the entire building industry to produce high density apartments for working families. These actions were crucial to the development of five new towns around Seoul in the 1990s. However, today the use of LR has decreased as land values and infrastructure development costs have risen considerably (Lozano-Gracia, 2013:15).

Key public institutions were established to support the production of dwellings for working households in the 1960s. The Korea National Housing Corporation (KNHC) was established in 1962 to stimulate the formal production of housing. With limited public capital, KNHC development had to be self-financing, using funds generated in the land acquisition, development and sale proceeds. For this reason, all dwellings were pre-sold before construction even commenced. Housing prices were based on size and price limits for construction costs, which were regulated each year by the government.

In 1967, towards the establishment of a formal housing finance market (albeit publicly regulated) and to direct savings towards housing investment, the government established a circuit of contractual savings via the Korean Housing Bank (KHB). Since then, only KHB savers without a dwelling of their own could apply for KNHC dwellings.

The strategy which facilitated large-scale development of once fragmented parcels of privately owned and occupied agricultural land, certainly involved suppressive authoritarian rule which ensured the passage of key land development laws in the 1970s. This made significant intrusions into private property rights, permitting the compulsory acquisition of land for the construction of massive housing projects by major public utilities such as the Korea Land Development Corporation and the Korean Roads Corporation amongst others. One of the most important of these was the Law for the Promotion of Housing Construction of 1972. This permitted much higher densities than ever before, enabling huge gains to be made.

Several mechanisms were developed to implement this law: the Land Re-Adjustment Process, which produced many apartments for the middle classes and the Public Management Development (PMD) scheme which directed the development of millions of apartment complexes above former squatter settlements and on green field sites. In later years a program of New Town Development created 5 new towns surrounding Seoul to accommodate more than two million people.

In the Republic of Korea early forms of land readjustment involved the bringing together of fragmented landowners often on the urban fringe, to form an owners association, who would then commission a developer to propose and implement an approved development plan. The cost of public infrastructure would be subtracted from the overall land development gains. Original owners would receive 'compensation' in the form of a cash, serviced sites or housing in the new development, in proportion to the value of their original land holding. On some sites, cheap apartments could be constructed as payment for cheap land and advance payments from homebuyers.

The LRP method was replaced by the Public Management Development (PMD) Process (legislated in 1980) which involved the purchase of sites for broadly defined public purposes including housing, from landowners for less than the market price. These sites would be prepared for construction by major public utilities such as the Korean Land Development Corporation (KLDC), Korean National Housing Corporation (KNHC), Korean Water Resource and also the Roads Corporation, as well as various local governments and sold to selected builders (which included the KNHC). From time to time this method of compensation and re-allocation generated overt social conflict as landowners, developers and tenants struggled to increase their share of development gains. However, for the most part the results were met with little resistance, perhaps due the fragmented nature of land ownership and dispersal of profits amongst most parties concerned, with the major exception of displaced tenants.

The methods behind Korea's state orchestrated privately enacted mode of urban development remain of interest to many countries, and regular training sessions are conducted by the Korean Research Institute for Human Settlements (KRIHS) for this audience.

5. Land value capture

Early land value capture through betterment taxation and tolls has provided funds for the development of entire cities in the past, such as Canberra, as well as iconic infrastructure - the Sydney Harbour Bridge. More recently land value capture has been seen as an important mechanism for securing resources, in the absence of direct public investment.

Land value capture has become integral to the provision of equity contributions for social housing developments in China, the UK and the US. In England, small area based levies are collected for community based infrastructure and affordable housing.

Critics argue it is a pro-cyclical 'fair weather' instrument and not a long term panacea for the absence of broad based taxation and public funding (Fensham, 2016). A broader based tax system is more comprehensive and fair. A rate is struck, then adapted over time, offering a clear, certain and consistent revenue base from which to plan for and fund required infrastructure and services.

The composition of taxes collected and their differentiation from local to national levels can have a profound impact on the ability of governments to deliver programs and services, including urban and housing resources. Funding the provision of affordable housing, urban expansion and improvement is often too costly to be left to the lowest levels of government and must rely on the co-operation of and transfer of funds from higher levels of government and increasingly engage private partners in the process.

Policy makers have repeatedly looked towards land tax as a solution to fiscal problems of the state. This follows a long tradition of argument, preceded by Ricardo, Mills, Marshall, Pigou, and George promoting land tax on redistributive grounds. Oxley (2008) examines the theory and feasibility of levying taxes on residential land value and provides two sets of reasons for imposing tax on development: externalities (local costs on the community which it can pay for) and redistribution (gains are unearned and can be appropriated and used for the benefit of the community).

The latter argument has been used to justify Planning Gain instruments in the UK and the recent introduction of the Community Infrastructure Levy, although given the site specific effectiveness of planning gain (PG), CIL does not raise funds for affordable housing.

In the Australian context of constrained public finances, a weak planning and aversion to taxation, planning experts Fensham and Gleeson have long (2003) argued for the introduction of a betterment tax on unearned land value applicable to the unimproved value of the land. This could apply not only to fringe locations but also to inner city areas, where public investments have provided for significant private gains.

They distinguish four different elements of land value increase: due to direct site services, due to social infrastructure and finally to urban externalities such as access and amenity and further make the distinction between dividable and indivisible costs. Consequently, they argue that betterment taxes should apply to realised increment with the capitalised value of social infrastructure (Fensham and Geelson, 2003:98) and conferring of development rights.

5.1 Illustration - China Land value capture and reinvestment

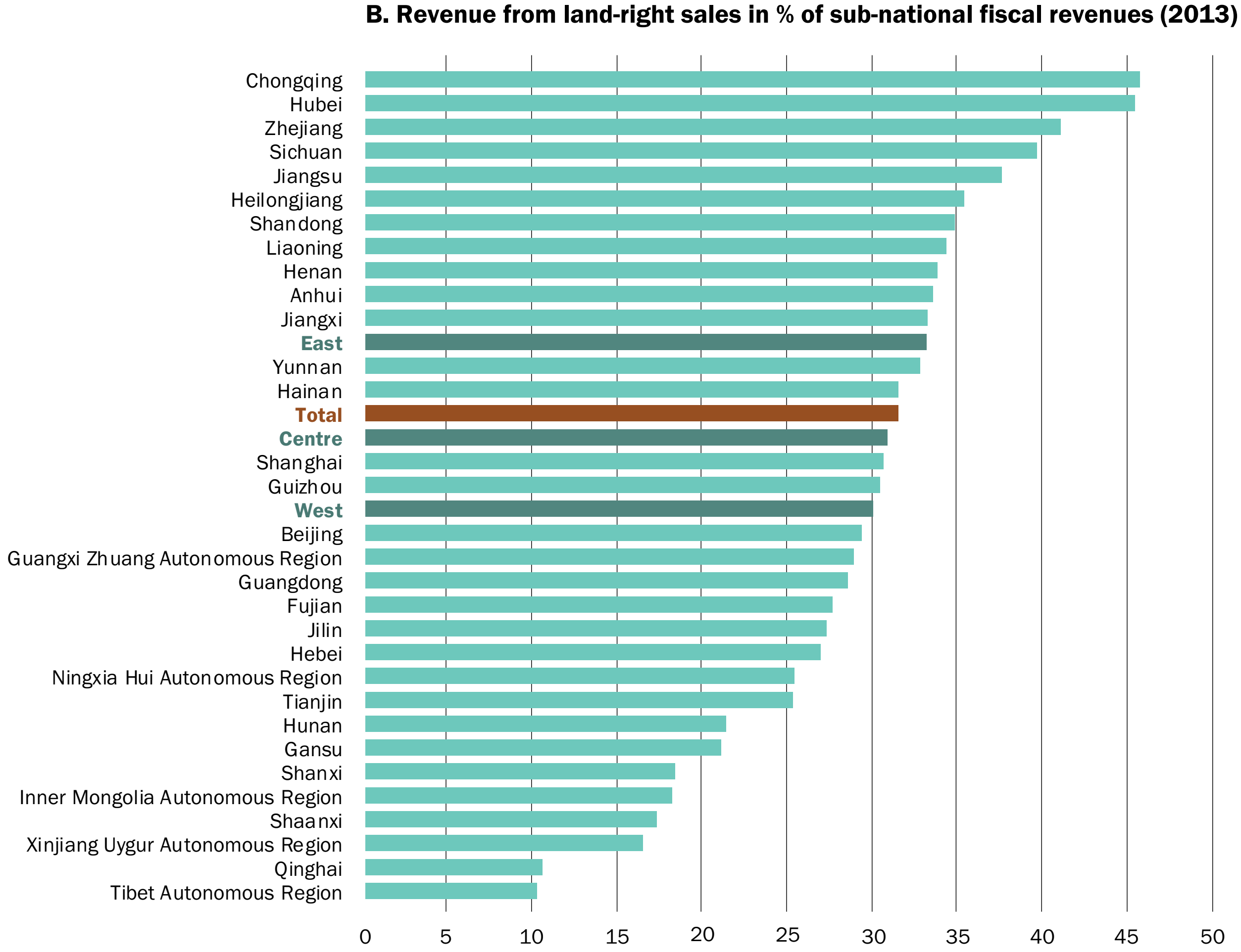
In China the market for land transactions was once prohibited but this is certainly no longer the case. Land-use transactions and the capture of rising land values has become the engine of the country's rapid economic growth and urbanisation.

Since 1988 China amended its constitution to allow land transactions and further land reforms in the 1990s enabled the privatisation of housing, which in turn spurned a highly speculative home ownership market.

For this study, the most important reform has been the 1998 Land Management Law which enables local governments to sell use rights over the land in their jurisdictions. Revenues from this activity has fuelled China's massive and most recent phase in urban development (Lui and Xiong, 2018). Following the global financial crises, China used this mechanism to switch investments from speculative homeownership to dispersed urbanisation and the mass production of public rental housing.

As mentioned in section 2.5, land banking and land reserves now form an important part of the public estate

Figure 3 Chinese local government dependence on land sales



Source: OECD 2015 http://dx.doi.org/10.1787/888933198529

and government budgets, and they can also provide security for further investment in necessary infrastructure including housing.

Land use zoning is key to revenues that can be collected by local governments, as what is sold is not the land title with the use rights. According to the Lui and Xoing (2018) zones define uses with different leasing periods and values: “industrial land can be leased for a term of 30 years, commercial land for 40 years, and residential land for 70 years.” A city may choose to promote housing or industrial development. Cities use these powers to compete against each other and attract economic development and skilled workers. Lui and Xiong found that “local governments throughout China offer industrial land at subsidized prices to support local industries… industrial enterprises can often obtain industrial land at low cost to start or expand their operations in a city.” (2018:14)

The accumulation of municipal land reserves, control of land use zoning and lease revenues by local governments in China provide an important source of control and provide a fiscal buffer. Chinese cities use this buffer to provide collateral for long term investments in sub-national infrastructure. This has been co-ordinated and facilitated via the Local Government Financing Platform (LGFP).

Land use leases generate revenue to service LGFP debt. Indeed, land reserves of the largest 34 cities cover roughly 40% of country-wide sub-national debt and land-related revenues, make up around a third of sub-national government revenue on average (OECD, 2015:77-8). Around 2% of China’s GDP is local government debt, guaranteed and contingent liabilities associate with investments in social housing.

Lui and Xiong (2018) raise concerns that China’s local governments rely too heavily on land sale revenues and that excessive reliance on revenues from land developments coupled with the career ambitions of city officials have incentivized local governments to overdevelop new districts and real estate projects. Excessive and poorly planned developments isolated from transport or other amenities have led to high vacancy rates and the phenomenon of Chinese ghost towns. More importantly, "a crash in the housing market would damage the macro economy and disable local governments." (p.20).

5.2 Illustration - UK Community Infrastructure Levy

Since the 1970s the private contribution of land and funds towards affordable housing provision has become a relatively successful, but also market sensitive, instrument of land policy and social housing provision.

Contributions are negotiated via a bilateral agreement between the local authority and developer as a consequence of development permission. Critical to the instruments design has been the strength of the planning system requiring local authority permission and the inclusion of housing as a valid 'social facility' in negotiations with applicants (Whitehead, 2007:39).

However in England, planning measures alone are insufficient to ensure the provision of affordable housing. While Whitehead (2007:37) has estimated that 80 percent of dwellings were provided through this route, they still required substantial public grants to make them viable. Further, strong administrative links with Registered Social Landlords were necessary to ensure that housing produced was made available to those who need the dwellings and were on local waiting lists.

The practice of negotiated planning permission is now widespread (Whitehead, 2007) but researchers have criticised the ad-hoc, unpredictable nature of the contribution, which relies heavily on the negotiation skills of the planner and the bargaining positions of both parties (Oxley, 2008). While high margin, high value areas in the South East of England have been successful in obtaining sites and contributions, areas in the North of England with lower demand and relatively higher costs far less so (Crook and Whitehead, 2002:1275).

For over twenty years leading experts have argued that land use plans and housing targets are insufficient to influence output and ensure affordability and much more direct measures such as land allocation and conditional supply subsides are required (Bramley, 1994:26, Randolph, Troy et al, 2018).

Researchers have also debated the taxation principles underpinning the practice of developer contributions for affordable housing, which is a form of hypothecated and ineffectively redistributive tax pegged for affordable housing (Barlow et al, 1994, Oxley, 2008). Crook and Whitehead (2002) argue that as a tax it is likely to be inefficient and inequitable due to the cost of negotiations; insufficient information on economic rent; and thus uncertain in impact on land prices. It also depends on the varying skills of planners and developers (2002:1276) and thus they recommend a more general tariff on development.

Following recommendations by the Barker Review (2004), a Planning Gain Supplement was proposed to tax the improved land value derived from planning permission. In 2010 the UK government brought the newly named Community Infrastructure Levy into force.[4]

The CIL is a discretionary Levy (Crook, 2016) in which gains from development should be used to fund infrastructure. Levies are limited to comply with EU state aid rules. The amount of Levy paid is set and charged by local planning authorities according to guidance from the central government (DCLG, 2010).Implementation has proved complex and charges must take into account the viability of the development. CILs exist alongside negotiated planning obligations (section 106 agreements in section 7) which must be taken into account. CIL does not replace the planning contribution mechanism for affordable housing and cannot be exacted for that purpose.

CIL was reviewed by Three Dragon and Reading University consultants in 2015 (2016) and later a Review Team (2016) led by the former head of the British Property Federation. The UK's Autumn Statement in 2017[5] was significant for housing and land policy for a number of reasons. It lifted the long held borrowing cap on local authorities for social housing, established a land fund and guarantee scheme for affordable rental and also included a number of changes to CIL. These included reducing complexity and site pooling constraints (HM Treasury, 2017).

4. *https://webarchive.nationalarchives.gov.uk/20110202153801/http://www.communities.gov.uk/publications/planningandbuilding/communityinfrastructurelevy1*
5. *https://www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017*

5.3 Illustration - US Tax and Increment Financing

In contrast to China's land use value capture through long term leases and the UK's levy from planning gain, the United States has foregone land tax in order to stimulate development that would not otherwise occur without additional public support, in the anticipation of future increases in land value tax revenues from the areas improved. This mechanism is known as Tax Increment Financing (TIF).

Tax Increment Financing (TIF) is a land policy instrument used extensively in the US and has recently been reviewed by the Lincoln Institute (Merriman, 2018). TIF funds are earmarked local government revenues resulting from economic development activities, which have been generated by new development and resulting increases in land values. Merriman (2018:4) outlines the main characteristics of TIF which include the demarcation of an area for a defined and limited operation period from which expenditures will be used to encourage economic development and from the resulting real estate appreciation new property tax revenues will be dedicated for specific goals.

TIF is implemented in all states except Arizona and state enabling legislation allows city governments to channel their resources to fund economic development activities on the basis that increased tax revenues are only produced by development enabled by TIF. According to Merriman, developers receive no subsidy unless they create economic development (2018).

According to Lozano-Gracia et al (2013:29) TIF is a tool designed to capture future tax revenues from higher property values which are anticipated after an approved development occurs. It emerged in the US during the 1950s and is now used extensively there (Merriman, 2019) to assist municipalities channel funding to development projects in blighted areas with anticipated increases in revenue from property tax generated through development. Municipalities have the ability to create unique TIF districts, often for very small local areas, to spur desired development that otherwise, without specific up-front investment, would be unlikely to proceed. The increment is channelled towards repayments on debt raised for specific projects or purposes. There has been controversy over the use of TIF, as it is seen as opaque, vulnerable to maladministration and a drain on dedicated public resources for specific responsibilities such as schooling.

Merriman provides detailed examples, both critical and positive, including the Atlanta Best Line project, where revenues from school districts were diverted to support the development of a light rail encircling the city. This project was subject to protests from residents concerned about the diversion of resources from education budgets. Less controversial outcomes are described in Missouri, where the TIF district froze property taxes in a specific area but required owners to make payments to a special fund which are in turn diverted to reimburse the developer for financing the development (ibid 2018:22).

In California, TIF has had a very tumultuous history. It had been used extensively to finance affordable housing developments but this practice was ended in 2010 when it was found (Swenson, 2015) not to have stimulated economic development while significantly diverting resources away from both the state and overlying local governments. TIF was reinstated five years later under strict conditions requiring application in low-income or high crime areas, increased public consultation and protection of public resources used by school districts and improved transparency and reporting. Furthermore, a defined percentage of TIF revenue: 25%, must be used for affordable housing (League of California Cities 2016).

6. Regulatory planning to influence development of private land

In addition to engaging directly with land markets through land banking, leasing and taxation, many governments also use planning instruments to influence developments proposed by private parties. In this sense it is a supplementary tool of land policy, as unlike the previous tools covered, regulatory planning is largely reactive, responding to development proposed by private interests. It may also be a fair weather tool –subject to the wax and wane of the finance, property development and construction markets.

Regulatory planning instruments include land use zoning which attempts to define acceptable land uses ("Euclidean zoning" in the United States) and also development forms. Zoning may or may not require planning permission for uses which conform to a zone's requirements. Zoning can be used to require or encourage affordable housing, such as via the mandatory of voluntary inclusion of such housing in certain developments. However, mandatory or voluntary, such a strategy depends to a large degree on political legitimacy, private initiative and co-operation and the outcomes it generates are often pro-cyclical.

In Europe and the US during the 2000s there was widespread interest in planning measures to facilitate development opportunities for affordable and social housing, especially in countries where local authorities have few land reserves or acquisition powers of their own. Inclusionary zoning has emerged in some form in France, the Netherlands and Germany, although some experts argue that is not as deeply institutionalized as in the UK (Calavita, 2010). In some countries, the relationship between local area planning, land banking and social housing promotion continues to be strong, as in Austria and Germany and has strengthened in France, with the imposition of targets as well as penalties for non-compliance.

In other European countries, there has been a trend towards increasing reliance on private land owners and developers to contribute resources for affordable housing development. Of the countries in our selection, Germany, France, and the Netherlands have all adopted some form of development obligation or inclusionary zoning, shifting land supply responsibilities from the public to the private sector, as their municipal land banks are either ill resourced or reluctant to do so.

France has been employing inclusionary planning instruments since 1990s, when the Besson Law was adopted. This practice was later formalized and tightened in 2000 requiring all local authorities to have at least 20 percent social housing within their areas and offering a system of fiscal incentives and sanctions to promote and enforce this target. Since 2006, the planning system has explicitly and actively promoted the provision of affordable and social rental housing via inclusionary zoning, setting targets and in some cases penalizing localities which fail to comply. However, there has been significant resistance from wealthier local areas to this strategy, who would rather pay the fine than support additional social housing. Political leaders are particularly sensitive to this resistance.[6]

6.1 Illustrations - US inclusionary zoning

In the United States, a wide variety of land use planning tools have evolved across the different states which delegate responsibility for preparation of plans and their implementation to local counties and municipalities. In these jurisdictions, regulatory planning and land use zoning is prevalent and often takes place within a broader master plan, such as California's Housing Element Master Law, which provides a framework for local planning and housing policy (CDHCD, 2019).

Land use zoning has often been criticised for promoting social segregation by separating and excluding certain land uses (Mallach and Calavita, 2010:19-21). Some argue that zoning is primarily used

6. *http://www.france24.com/en/20101220-french-cities-rather-pay-fine-invest-social-housing-municipal-urban-planning-fondation-abbe-pierre-homeless*

Table 5 Planning incentives to support the provision of affordable housing

Austria	In 2018, affordable housing was further specified in the building code (Bauordnung) in para 6a, stating that the majority of new land designated with this category must be subsidised under the conditions of the WWFSG (the Viennese subsidy scheme). The planning guideline for the City of Vienna further specifies that 2/3 of floor space must be affordable housing. This has been welcomed by limited profit housing associations LPHA willing to work with private developers to deliver affordable housing – watch this space!
Canada	Practice in Canada is locally based and as a result diverse and more limited than in the other countries included here. Specific planning policies for affordable housing are predominantly found in the two large provinces of British Columbia and Ontario, where both density bonus and /or mandatory contribution mechanisms have been used.
France	In France developers make proposals and apply for planning permission, under the guidance of an urban development plan (PLU) which contains specific zones for the provision of specific facilities as well as their required architectural and technical standards. In this locally defined plan, areas for public space and density levels are also outlined. Deviations from the plan can occur by negotiation within strategic guidelines (Oxley et al, 2009:23). Targets are also specified. There have been no major changes to legislation enacted in 2000, which requires local authorities with more than 3,500 inhabitants (or 1,500 in the Paris area) to have at least 20 per cent of the housing stock devoted to HLM (social rented) dwellings. The principal aim is increased social mix (Schaefer, 2008 in Oxley et al, 2009:34). See 7.1 regarding application in Paris.
Ireland	Since 2000 under the Irish Planning and Development Act 2000 (Part V) up to 20% of land zoned for residential developments or for a mix of residential and other uses in developments of 5 or more houses on zoned land of 0.1 hectares or more is to be reserved to meet social and affordable housing needs, in accord with housing plans required to be made by the authority. This requirement can be fulfilled by the transfer of land or dwellings to local authorities at a specified price, cash compensation or provision of land / dwellings in another location (Norris and Winston 2004). The focus of the policy is on delivery of mixed tenure residential developments, as a way of reducing socio-spatial segregation, and of securing sites for new social and affordable housing providers, who may be otherwise unable to compete for land in the open market.
Netherlands	Under national policy guidelines, up to 30% of sites can be set-aside by municipalities for social housing (broadly defined) in designated new residential development areas. Traditionally, municipalities used their direct powers as the developers of land, recipients of housing construction subsidies and providers of housing to achieve affordable housing targets. Since the marketization of Dutch land and housing development functions in many areas and the abolition of construction subsidies, municipalities negotiate with for profit and not-for-profit providers. Changes to planning laws to help support this long-standing policy of integrating forms of social housing into residential developments.
UK	Since 1990 under of the Town and Country Planning Act (Section 106) planning authorities can negotiate and enter into an agreement for developer contributions for affordable housing, before planning permission is granted. To use this provision, the planning authority must first demonstrate the need for affordable housing, specify targets to address this need, and identify specific sites on which contributions towards this need will be sought. On and off site contributions are allowed, but the former is favored increasingly, to meet social mix objectives. Thresholds for seeking contributions are also prescribed.
USA	Use of planning powers to generate dedicated affordable housing for rent or purchase in the USA is a matter for individual states. Currently 24 states have legislation authorizing or mandating local governments to incorporate affordable housing into their land use plans, with California, Massachusetts, New York, New Jersey and Washington D.C being the most active. The most common technique is "inclusionary zoning", where a proportion of development (or a financial equivalent) within a particular zone is set aside for affordable housing. Fixed percentage requirements are used generally, with 10 per cent of development value or number of units and higher being typical. On site provisions are usually preferred and increasingly contributions are mandated not voluntary.

to protect existing property rights. However, around 800 local governments now use this instrument in the majority of US states to promote investment in affordable housing, with the most supportive states being New Jersey, California and Massachusetts (Grounded Solutions Network, undated online).

Inclusionary zoning arose during the 1980s in the context of declining public investment in public housing production and the consequent necessity for market based solutions. Inclusionary zoning requires a proportion of the development to be dedicated to affordable housing, either as an onsite contribution or a payment. Targets of 10 to 15 per cent affordable housing inclusion deliver dwellings that can be purchased at lower cost for social housing providers or low and moderate income households .Requirements are often supported by the availability of planning bonuses (such as density increases) or concessions (like reduced fees).

There are a great variety of IZ schemes in the US but they typically involve some form of cost offset to address reduced value. Cost offsets may include density bonuses, parking and property tax fee waivers which make the inclusion of affordable housing more economically viable. Developers may also seek additional floor area in IZ-eligible zones with maximum height limits, and in these areas they must dedicate a percentage of extra residential floor area to affordable rental housing. A detailed survey of 273 IZ programs has been completed by Thaden and Wang (2017) of the Lincoln Policy Institute.

Inclusionary zoning has been used to ensure the incorporation of affordable housing in developments where commercially driven developments would otherwise exclude this form of housing. Affordable housing is typically for specified types of households, for example households with incomes up to 60 or 80% of the area median income (AMI). These may be further specified in terms of the size, number of incomes and dependent children. Developers may either include affordable housing units or make a cash contribution to fund production and preservation of affordable housing. The requirement of affordable housing may also apply to commercial projects, particularly where the link has been established by the number of new workers attracted to the area as a proportion of office floor area .

Some forms of inclusionary zoning are mandatory (such as the Montgomery program below) while others exist alongside density bonus schemes (such as the Seattle scheme). Both types of schemes have become widespread in the US over the past three decades, and now pose a significant form of intervention into private property rights across US cities.

Calavita et al (2010) claims that land use planning tools such as inclusionary zoning have shifted responsibility for affordable housing from the public to the private sector. Where state ownership and control of land resources is negligible and governments have limited direct investment, regional and local governments have had to use their powers over planning permission to extract resources for affordable housing from private developers. Some observers argue the Inclusionary Housing regulations are in a sense value capture via the back door, involving detailed calculation of development gain from planning permission during negotiations with developers (Calavita, 2009).

Inclusionary zoning exists alongside other Federal and State tax incentives designed to stimulate development of housing for low income households, such as the Low Income Housing Tax Credit scheme and the Public Housing Program. The impact of IZ on affordable housing production in high value markets is said to have been significant, but in markets with more limited development activity have generated few units, even though they may be needed. There is no official registry of units produced by IZ programs. However, its has been claimed that IZ has contributed 130,000-150,000 units since 1990s, with most, 50%, in California. This is a relatively modest output compared to the contribution of Low Income Housing Tax Credit and Public Housing programs.

Further, it is pro-cyclical in production output and unable to counter market downturns.

One of the most comprehensive and well documented inclusionary zoning programs in the US is the Moderately Priced Dwellings Unit Program (MPDUP) in Montgomery County, Maryland - a state with one of the highest per capita household incomes. This program, established in 1976 requires the planning of affordable housing through mandatory inclusionary zoning measures, yet only applies to a limited number of developments through size constraints.

MPDUP has provided on average 241 home ownership and 126 rental units per year since 1976 to 2016.[7] [8]The goals of the program are to:

1. produce moderately priced housing so that County residents and persons working in the County can afford to purchase or rent decent housing
2. help distribute low and moderate-income households throughout the growth areas of the County;
3. expand and retain an inventory of low-income housing in the County by permitting the Housing Opportunities Commission (HOC) and recognized non-profit housing sponsors to purchase up to 40% of the affordable units (HOC is limited to one-third);
4. provide funds for future affordable housing projects by sharing the windfall appreciation when MPDUs are first sold at the market price after expiration of the resale price controls (MPDUP).

The program has been made possible by inclusionary zoning legislation adopted by the County Council. Further, the program sets regulatory requirements such as income limits, maximum sales prices and rental rates which are approved by the County Council. Implementation involves both the public and private sectors; the local government in regulatory and administrative functions and the building industry as the producer of the housing.

Builders must subdivide their land, obtain building permits and construct the units. They notify the MPDU office when units are to be offered for sale or rent. The MPDU office certifies the eligibility of individuals and families who want to purchase or rent units under the program, enters into agreements with builders for staging the construction of the units, establishes the MPDU sales and rental prices and oversees the selection of potential buyers and renters through a lottery selection process. The MPDU section also enforces the occupancy and resale provisions of the law and oversees the resale of existing units.

Funding for HOC's acquisition of MPDUs comes from a variety of sources, including federal acquisition-without-rehabilitation program funds, local tax exempt bonds, private sector investment in federal low-income housing tax credit partnerships, and from funding through the Maryland Housing Finance Agency.

6.2 Illustration - National Solidarity Law and City of Paris

France is one of several European countries, alongside the Netherlands, the UK and some German cities, where inclusionary zoning has been applied on a mandatory basis to increase affordable housing in new developments. The national law Solidarity and Urban Renewal Act (SRU 2001) requires major municipalities which more than 35,000 inhabitants to have 20% of social housing within their boundaries by 2020. Mandatory municipal quotas for social housing became national law in 2000, alongside a well-established system for social housing (which is currently undergoing restructuring).

In 15 years, 1.5 million social housing units have been produced, half of it being in SRU-contributing municipalities. Just over half of 1152 municipalities did not fulfil their obligation, leading to fines generating €88 million in penalties. Strategic investment via the national public bank the CDC aims to generate 30% very low income housing, 40% low income housing and 30% moderate income housing in specific areas to promote social inclusion and diversity especially in areas with a deficit of low income housing and especially around some train stations and railways. While there is case-by-case definition of social housing objectives, in general the rule is 50% of the space devoted to housing, 60% of which are social (Sapoval, 2019)

In addition to mandatory inclusion requirements, fines for non-compliance and favourable financing for social housing, the French government has also enacted a number of price controls and incentives on affected land to reduce costs. It has offered discounted sale and leases for social housing and reduced land tax (up to €3000 per square meter less) for social housing than free housing developments. (Sapoval, 2019).

Municipalities that do not achieve this are fined for every dwelling below their quota. Yet of 1100 municipalities affected, around one third have not fulfilled their obligation, leading for called to increase the fines and the

7. *A detailed history of the program is provided on: https://www.montgomerycountymd.gov/DHCA/housing/singlefamily/mpdu/history.html*
8. *An updated list of production can be found here: https://www.montgomerycountymd.gov/DHCA/housing/singlefamily/mpdu/produced.html*

share of social housing required to 25%. The quota has since been lifted and fines are now imposed according to the fiscal capacity of the municipality concerned, progressively tax wealthy areas more.[9] Municipalities where there was no demand or with poor connectivity were exempt (Sapoval, 2019).

In large, populous cities such as Paris there are the limited opportunities to develop affordable housing. Additional land policy tools are therefore essential to secure suitable sites in these areas.

Paris has gone further, aiming to achieve 25% by 2025. It has planned for an increase of 37,000 social housing units to be approved construction between 2017 and 2022. Of this total 25% is required to be social housing comprising 80% of family housing and 20% of specific forms of housing for the elderly, disabled, students, with social support needs).

The City of Paris initiated a charter to reduce land speculation which was signed in June 2015 between the City and 38 land partners and promoters working on the territory (City of Paris, 2015). Through this charter, the City of Paris and its signatory landowners aim to:

1. avoid land bidding by fixing the amount of the land charge per site and control housing exit prices.
2. promote quality private production, contributing to sustainable development of the capital, the architectural quality of its landscape, to the satisfaction of its housing needs, and to ensure a high level of compliance requirements, programming, architecture, environment and innovation.
3. facilitate and improve the conduct of projects to accelerate their implementation thanks to a reinforced collaboration between all the signatory partners of the charter.

This charter was later linked to relevant specifications and regulations of the City of Paris, which has given greater price certainty, incentivised investment in affordable housing and discouraged a vacancy. Tax incentives to promote affordable housing investment were in the Duflot law in 2013[10].

To further fulfil the quota, a more active land policy has been mobilized in Paris, where major land owners of the large infrastructure corporations, such as public transport authority, post offices and rail network, hold underutilised parcels of land. The City has brought underutilised parcels together by a single development agency: the Île-de-France Public Property Establishment (EPF). It reassembles this land for housing of which 50% has been dedicated for social housing.

6.3 Illustration - England and Scotland's planning obligations

Planning obligations in the UK differ from the aforementioned Community Infrastructure Levy (CIL) outlined in section 5.1. They are negotiated planning instruments which aim to make an otherwise unacceptable planning application acceptable in planning terms.. Initially such policies were unclear and lacked co-ordination, but have since been improved over time and are now widely used for applications to develop both small and large sites.

Planning obligations typically involve contributions towards infrastructure required to directly mitigate the impact of a proposal. Private agreements are made between local authorities and developers and attached to a planning permission. They may require the developer to provide a financial contribution, physical infrastructure or a management plan in relation to their development proposals.

Planning obligations are known as section 75 Agreements in Scotland and section 106 Agreements in England and Wales. Agreements must be directly relevant to the proposed development. They must prescribe the nature of development (for example, requiring a given portion of housing is affordable) and compensate for loss or damage created by a development (for example, loss of open space), or mitigate a development's impact (for example, through increased public transport provision).

In Scotland, around a third of all affordable housing delivered involved some contribution from the planning system between 2007/07 and 2011/12. In England, it has been estimated the 40% of social housing was made possible with section 106 planning obligations.

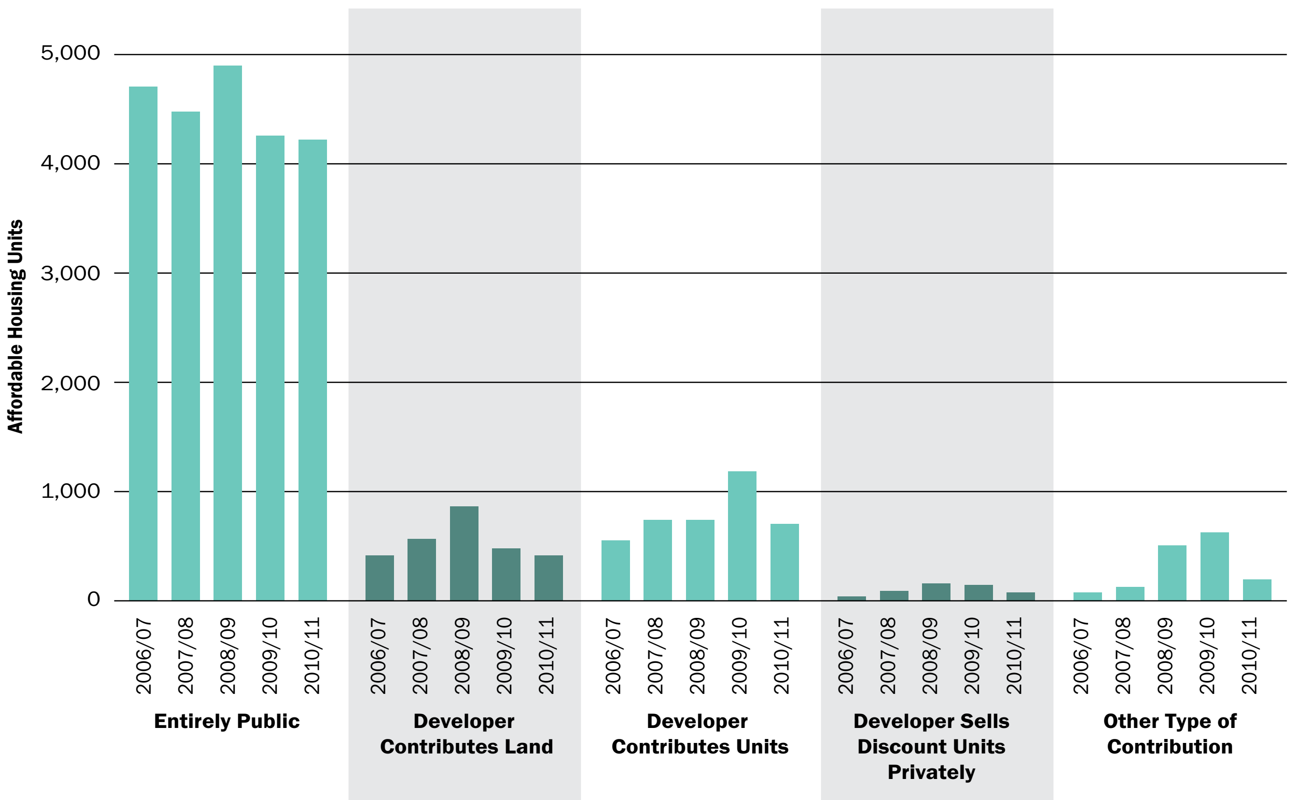
The Scottish Government (2010) has produced guidelines, Planning Advice Note 2/2010: Affordable Housing and Housing Land Audits, which outline in considerable detail its land policy towards affordable

9. See for example this report on the tenth anniversary of the SRU law https://www.france24.com/en/20101220-french-cities-rather-pay-fine-invest-social-housing-municipal-urban-planning-fondation-abbe-pierre-homeless

10. The tax deductions to investors in affordable rental housing https://www.frenchprivatefinance.com/tag/law-duflot/

housing.[11] Scottish land policy supports affordable housing development (AHD) via securing land for such development (as it is often outbid by more profitable developments). It also secures social housing subsidies from development and channels these towards AHD. It requires 25% of units produced to be affordable. Any land gained through development contributions is transfered to registered not for profit social landlords. The policy permits local discretion and considers viability. Since 2016 the Scottish government has significant increased investment in affordable housing, producing more than 50,000 additional units in just three years, in combination with needs assessment, planning and land policies.

Figure 4 Source of contributions under Scottish land policy



Source: Scottish Government, 2011 Figure 4 Source of contributions under Scottish land policy

11. *https://www.gov.scot/publications/planning-advice-note-2-2010-affordable-housing-housing-land-audits/pages/4/*

7. Comprehensive neighbourhood planning

Influencing land development outcomes to ensure affordable housing and inclusive communities, often involves a range of often long term land policy instruments, their regular review and adjustment over time. The following illustrations demonstrate how instruments are combined to continuously improve neighbourhood in this way.

7.1 Illustration - Finnish agreements on land use, housing and transport (MAL)

MAL agreements are agreements between the government and the major city regions in Finland. The city regions consist of the central city and surrounding urban municipalities. The agreements concern land use (M), housing (A) and transport (L) and their goal is to further co-operation and coordination between the municipalities in the urban region and the government in steering land use, housing and transport. The agreements specify the objectives of land use, housing production and transport networks for a specified time in the future. By the agreement the government side and the municipalities' side agree each side's contribution to the realization of the objectives.

The parties representing the government in the agreements are the Ministry of the Environment, the Ministry of Transport and Communications, the Housing Finance and Development Centre of Finland (ARA), the Finnish Transport Agency and the Centre for Economic Development, Transport and the Environment. From the city region's side parties are the municipalities in the region, in some cases also their joint organizations. MAL agreements have been made for Helsinki, Turku, Tampere and Oulu city regions.

To illustrate the nature and content of the agreements, the Helsinki city region agreement and its housing production part are taken here as an example. The Helsinki agreement specifies a housing production target of 60000 new dwellings for the years 2016-2019. The share of state supported housing of this target is also specified. In the Helsinki metropolitan area this share is 30 per cent of the whole production and in surrounding municipalities 20 per cent. The agreement commits municipalities to zoning land for production of 6.2 million square meters of floor space. They are also committed in guaranteeing that municipally owned land is sold or leased for a certain percentage of state supported production (20 per cent in Helsinki region and 10 per cent in other municipalities). These as well some other measures are the ones that municipalities are committed in the agreement – all on the condition that the government side does its part of the agreement.

The Helsinki agreement commits the government into providing a number of different kinds of subsidies for new production of housing, agreeing to sell state-owned land that becomes available for housing production to municipalities on a regulated price, guaranteeing that the state-owned developer company A-Kruunu will develop state-subsided rental housing in the Helsinki region as well as treating Helsinki region favourably in granting ARA support for production of right-of-occupancy housing (a form of co-operative housing). The agreement also specifies how much housing should be built in each municipality as well as where this building activity is to take place.Ministry of Environment reported in 2018 that the two first years of the MAL agreement made for Helsinki city region had been quite successful. The numerical overall production goal had been practically reached, the production target for state-supported rental housing for the whole period was already close to be reached, the municipalities had zoned more land for housing production than what the target was, and nearly 90 per cent of new production had been located in the target areas. No wonder the cabinet minister in charge of housing, energy and environment, Keijo Tiilikainen, was pleased about the "culture of negotiation and agreement" in the region.

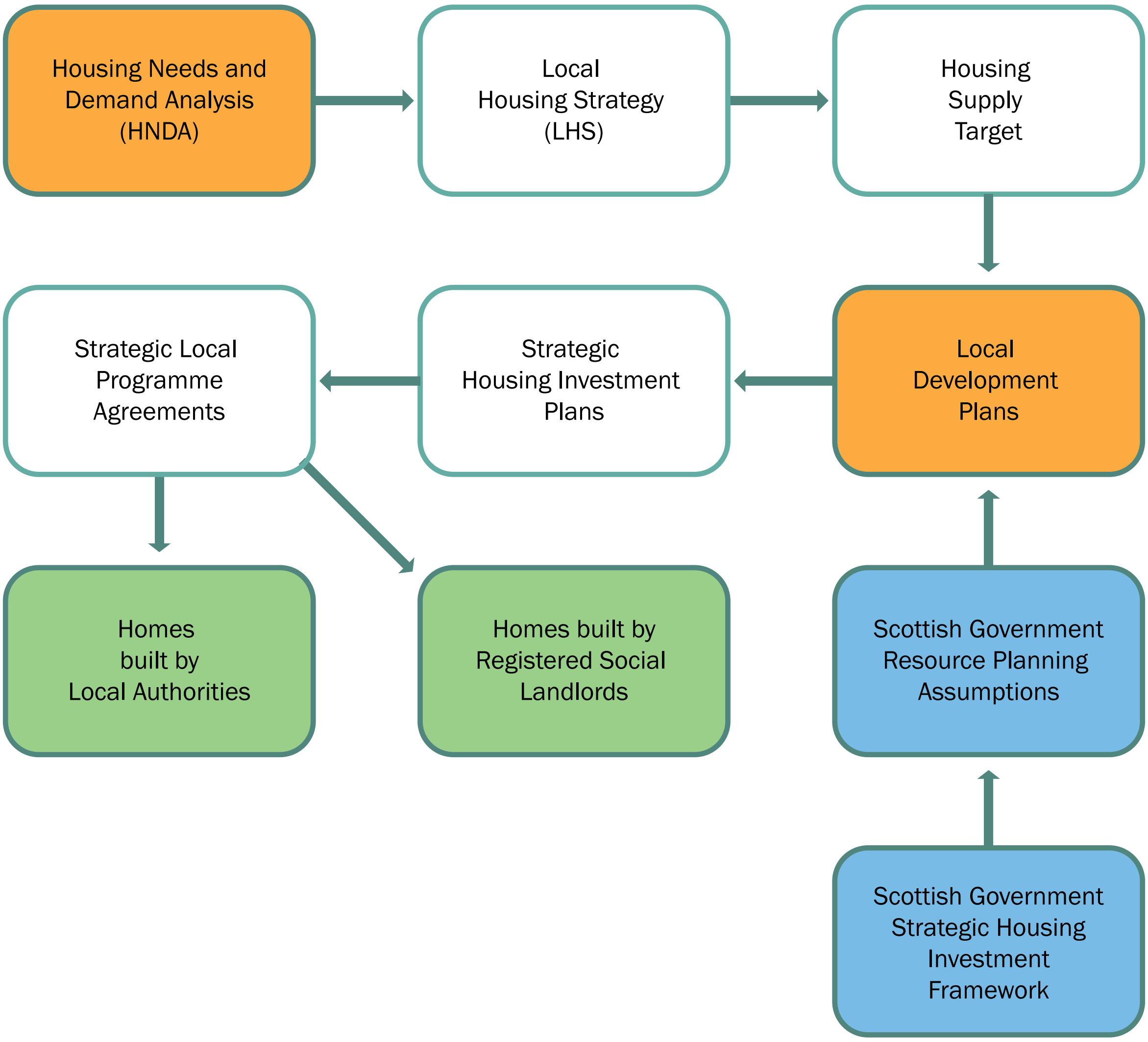
7.2 Illustration - Scottish Housing Needs and Demand Assessment

Scotland has successfully institutionalised deep going reforms to public administration which have had a profound impact on service planning, integration and provision, that have advanced social and economic wellbeing.The Scottish Government has developed strong capabilities in needs based strategic planning and housing program delivery, and best practice in regulation. This effort has supported the substantial increase of social and affordable housing since 2016.

Scottish reforms of interest include the Housing Need and Demand Assessment Tool, Local Housing Strategy and peer review process, Strategic Housing Investment Plans as well as the influential Affordable Housing Supply Program. Combined these instruments will ensure the production of 50,000, new and appropriated located social and affordable dwellings by 2021.

The Scottish Government requires Local Authorities to produce Local Housing Strategies, using standardised data and assessment processes known as the Housing Needs Demand Assessment Tool. This tool is used to generate local housing development targets, which in turn following broader consultation, are used to inform the basis of Strategic Housing Investment Plans. Together with local providers and the Scottish Government, funding agreements are reached on the basis of these Plans and available resources, using transparent criteria and cost benchmarks. This process is outlined in the figure below.

Figure 5 The Scottish Process for Planning Investment to address Strategic Local Housing Needs



The process in Figure 5 above has been integral to the strategic allocation of funds under the Scottish Governments Affordable Housing Supply Program, established in 2016. Through the ASHP, the Scottish Government has allocated this £3 billion to produce a considerable 50,000 affordable dwellings (70% social housing) between 2016 and 2021, using a bottom up resource planning approach, guided by Local Housing Strategies and their Social Housing Investment Plans.

7.3 Illustration - Berlin Social City and Neighbourhood Funds

In the 1990s a study for the Berlin Senate revealed social segregation and serious social issues in specific neighbourhoods: The study found that socially disadvantaged areas were affected by the neglect of public areas, roads, squares and green spaces, and an absence of social infrastructure. Families with the capacity to leave these area did so, leaving behind a more impoverished population (EC, 2013).

The government of Berlin designated areas with special development needs in consultation with affected communities. Together they developed 'Neighbourhood Management' (NM) approach for each area. For three years the scheme was piloted in 17 neighbourhoods of between 4,500 and 24,000 residents. It was expanded in 2011 to 34 areas encompassing a population of 390,000 people and continues today under the Neighbourhood Funds scheme (2014-2020) (German Government, BIWAQ, 2020).

Berlin's initiative is embedded within a wider policy called the Social City[12] initiative which foresees the empowerment of communities, with the idea that neighbourhoods themselves can become the main actor behind their development (Quarters Management, Berlin, 2014). This offers community a range of financial resources to support their local efforts in neighbourhood management and improvements: quick action funds, annual specific project funds, building funds for construction involving a range of community partners activity and networking funds for proven projects to reach across city boundaries. These funds employ a combination of state, federal and EU (ERDF) resources.

The neighbourhood investment programs actions include: the provision of education and schooling for disadvantaged inhabitants, the improvement of local public spaces, the participation of local actors in the renewal and vitalisation of neighbourhoods, strengthening social cohesiveness, and promoting social and ethnic integration. As areas improve or decline they are released or included in the neighbourhood management program.

The programme continues to focus on the physical and socio-economic regeneration of deprived neighbourhoods and on improving environmental conditions. It has most recently involved the use of European Structural and Investment Funds to address socio-economic segregation among neighbourhoods (EU and JRC, 2019:71). According to Quartiers Management from 1999 to 2019, €472.1 million was spent on 7,255 projects in the neighbourhood management areas, involving funds from the national government: €107.6 million, European Union: €140.9 million, and State of Berlin: €223.6 million.

These funds contributed to improvements to designated urban areas improving integration, and through reliance on the cooperation and organisation of key stakeholders – especially the residents themselves, often involving training and employment for young local people.

12. *https://www.quartiersmanagement-berlin.de/english/programme-social-city.html*

8. Impact of platform real estate investment

The digital economy poses new challenges for land policy in regards to housing affordability and segregation. The digital economy enables home working and further increases the importance of comfortable homes and liveable neighbourhoods. It has also enabled the rise of short term letting platforms. Real Estate Investment Trusts have increased the liquidity of investments and platform services accelerate the flow of investment in and out of existing housing stock. According to the most recent report on The Future of Cities (2019:5) "short-term rental platforms may also cause property prices to spiral and negatively affect local liveability".

8.1 Monitoring and Regulating short term letting

Short term letting (STL) has proliferated, with consequences for both housing markets and their households, especially in employment rich city centres, along transport corridors and especially in areas of mass tourism.

Digital platforms collate real estate assets and services to reach markets of consumers seeking to buy, lease or rent of housing across the globe (Fields and Rogers, 2019). Short term letting platforms such as Booking.com and Air BnB have expanded exponentially in cities as far apart as Barcelona and Hobart.

Yet not everyone is a winner in the so called 'sharing' economy of STL. Some researchers stress the differential benefits between current owners on the one hand who can extract revenue and value from STL of their properties and prospective owners and tenants on the other hand, who may be disadvantaged by the higher cost of homes for single occupation and the threat it poses to their security of tenure (Crommelin, Martin et al ,2018).

Regulating the impact of growing STL has become a major concern for some cities and registering, monitoring and regulating this activity, which is absorbing increasing amount of limited civic resources.

In cities such as Barcelona, Amsterdam and New York, the growth in STL has had a significant impact on existing land and housing markets. Impacts include the intrusion of tourism into residential neighbourhoods and the loss of affordable housing (Lee, 2016) as homes are converted for vacation letting, disrupting existing tenancy rights, and reducing access to low income home purchasers. Tourists may cause noise and privacy problems. Using a home as a hotel can also violate fire, safety, emergency, and disability access requirements; and potentially lead to unhealthy overcrowding (Palombo, 2015).

City governments and researchers (Crommelin Troy et al, Gurran and Phibbs, 2017, Wegman and Jiao, 2017, in Berlin, Paris, Sydney, Barcelona, Amsterdam, San Francisco, New York and many others cities, have examined the evolving ways short term letting can be regulated in order to reduce its multiple impacts residential areas. Likewise, corporate giants such as Air BnB, seek to influence the development of public policy and regulation in this area.

Regulation often involves some form of registration and notification, which focuses on whether all or part of the dwelling can be used for STL. It may also specify the duration and number of nights per year (e.g. 30 in Amsterdam) that a dwelling can used for STL and the number of people that can be accommodated. Some regulatory systems require the collection of tourist taxes and may issue fines for unauthorised use. Other cities have established areas where STL can and cannot occur, such as Portland Oregon. A few cities differentiate between first and second homes, the latter of which are taxed more heavily, and also prohibit sub-letting, which prevents tenants from operating as an Air BnB as well.

An international review of regulatory approaches in eleven cities has recently been conducted by Crommelin, Troy et al (2018), which identified permissive regimes enabling and encouraging STL, as well as notificatory and restrictive systems regulating the use, as well as prohibitive regimes, and those preventing the use of homes for STL. More permissive systems are found in London, Phoenix, Melbourne and Sydney, notificatory systems in Amsterdam and Paris and restrictive regimes in Barcelona, Berlin, New York and Hong Kong.

In the context of facilitative legislation encouraging investment in real estate and absence of a national approach to regulation of short term letting, regulating STL requires substantial human resources from city governments. There are a great variety of regulatory approaches, for example, in the US, New York City must try and detect illegal stays and prosecute hosts (often commercial operators who own multiple properties) for violating 30 day minimum tenancies. San Francisco requires Airbnb hosts to register with the city and tries to limit sharing to short periods of time, provided that the hosts themselves reside in the dwelling for at least 275 days per year. In Portland Oregon, an additional zone has been added to its planning code, the accessory short term rental (ASTR), requiring the dwelling to be occupied by the host and used for at least 270 days per year. Portland also attempts to manage impacts on multi-unit apartment buildings, by requiring an ASTR permit and limiting the proportion of dwellings with the permit to 25% of the dwellings in any one structure.

While the requirements may be well specified, there are significant problems with enforcement, monitoring non-compliance, and also costs associated with the consequences of STL: the eviction of long term tenants and prevention measures. Governments rarely have the informative technology in house to track Air BnB compliance and typically must purchase this data commercially, posing a further cost.

Gurran and Phibbs (2017) suggest that "local planners need to evaluate the potential impact of online house sharing on the potential housing market as well as the neighborhood impacts (noise, congestion, safety) and revise zoning and residential development controls accordingly. All planning efforts should be supported by a strong policy framework for monitoring the impact of Airbnb rentals on the availability and cost of lower-cost permanent rental accommodations, and ongoing research and analysis to fully understand implications for local neighborhoods and housing markets."

8.2 Monitoring and regulating REITs and Build to Rent

Another innovation accelerating the real estate economy has been the proliferation of Real Estate Investment Trusts (REITs) in different forms and settings across the globe and the consequent growth of Built to Rent (BTR) schemes.

REITs originated in the US during the 1960s and have since spread globally through successful lobbying and marketing, involving the commissioning of strategic research to support more conducive legal and fiscal environments. The REIT business model relies on management fees for its own income, via a range of payments for housing, utilities and maintenance. In the US REITs must distribute most (95%) of their taxable profit after expenses to holders of units in the trust.

Management fees from existing portfolios of rental properties are the bread and butter, not new construction, leading to the formation through mergers and acquisitions of vast rent roles of properties. REITs offer tax advantages unavailable to other corporations, as they do not pay taxes on the income they extract from managing rent registries, debt transfers and stripping their real estate assets.

REITs do not yet thrive everywhere and are in the first instance facilitated by conducive regulation, favourable taxation rules and the existence of large institutional landlords (Jones, 2007). Effective lobbying by major accounting, financial and property investment firms has ensured regulations have been passed or amended by governments in many countries, such as Australia, France and the United Kingdom and the UAE, and accounts for the growth of investment via REITS in more than 30 countries with market capitalization increasing from $389 billion in 2000 to over $1.1 trillion in 2017 (McKinsey, 2019 PWC, n.d.).

Through mortgage defaults and privatisation of social housing, investment funds and REITs such as Vonovia and Blackstone have expanded to become significant managers of residential rental property across Europe and the US. The attraction of foreign capital to REITs has accelerated the flow of global finance into local housing markets, reducing local access to home ownership amongst young and middle income households and catalysing the creation of new niche BtR residential construction sector.

What has this all to do with land policy, affordable and inclusive housing?

REITs manage homes as real estate assets, very differently to more socially orientated local landlords. Their mission is neither to provide secure affordable housing to a wide range of households nor to reinvest any surpluses for this purpose. Rather, REITs extract profits from the management of existing often 'under exploited' residential assets. Tenant 'quality' is defined in terms of impact on rent revenues and sales. While REITs revenues may be bolstered and secured by subsidies, poor tenants negatively impact shareholder value.

Global investors, such as private equity firms, have no long term commitment to addressing local housing needs, building community partnerships or neighbourhood improvements. They are short term players, whose focus is the extraction of surplus revenue from managing and selling housing assets for the benefit of trust managers and REIT unit holders.

Above all, REITs value liquidity and therefore value flexible regulation of rents and lease contacts. The ability to raise rents and terminate a tenant's lease is viewed positively as this improves revenue, liquidity and allows for capital uplift. Undervalued assets and a low income tenant profile offers 'growth potential'. The conception of housing tenancies in terms of assets, liquidity and revenue is exemplified by a real estate analyst Lu-Andrew (2017) below:

> *"tenant bankruptcy has a less negative or more positive effect of a landlord's stock returns in a good economic condition. Their story is consistent with growth option theory that, in the event of a tenant's bankruptcy, the landlord firm can exercise the growth option associated with the departure of the tenant, and thus generate higher stock returns." (Ibid, 2017:277)*

The impact of REITs on national and local affordable housing systems has been linked to issues concerning discrimination, insecurity and unaffordability by the UN's Special Rapporteur for Housing, who sees a clear relationship between the financialisation of housing and the erosion of housing as an international human right (OHCHR, 2019).

9. Conclusions

This international review reveals the great variety of tools available to policy makers to promote both housing affordability and social inclusion.

Land policy can be a powerful and cost effective tool to affect positive housing and urban outcomes – especially where direct interventions are made through strategic land banking, purposeful leasing and land use regulation and combined with key partners such as public, co-operative and not for profit housing developers. Where collective resources are lacking planning contributions can also be used to fund necessary investments which can make quality living areas more affordable and inclusive. However, land policy can also be used in an undesirable and authoritarian way segregating communities, disrupting vulnerable communities, paying little respect nor compensation – especially with regards to indigenous and vulnerable communities.

Citizens and their governments are important stakeholders in land policy decisions, not mere passive shareholders in land development outcomes. They can play a constructive and active role in determining the use and value of land and how this is shared and contributes to their collective well-being. A more strategic long term vision can also steer markets to deliver a more mission focused and inclusive outcomes, promote sustainable development and protect biodiversity.

However, land policy is also a focus of constant struggle and tension over property rights, allocative processes and between multiple stakeholders with uneven resources.

There are major challenges facing local land policy with investment in real estate becoming ever more capacious, global and less rooted in local communities. Some city governments are reasserting control from global corporate finance and real estate investors, regulating short term letting and protecting affordable housing, but they too need national support. At the national level land and housing policy is more often focused on economic growth and supply at any cost - accelerating the process of indebtedness and financialization which in turn places pressure on rents, secure occupancy and housing costs, at the expense of local citizens and affordable and social housing landlords.

To combat these challenges, protecting and expanding the scarce supply of affordable and social housing will require a far more proactive approach to land policy by both city and their national governments in the immediate future. This report provides many illustrations of how this can be done.

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