



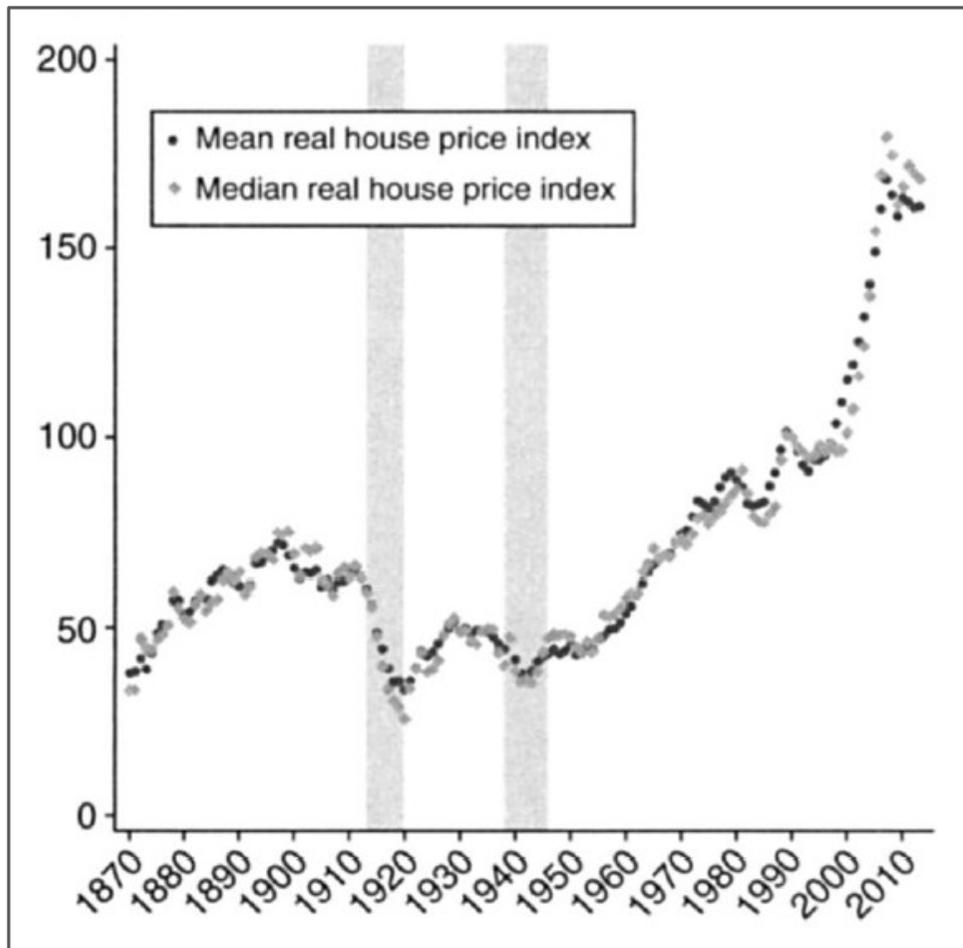
*Land Value Capture and
Inclusionary Housing
in Europe*

Inclusionary Housing and the Role of CLTs
International Center for Community Land Trusts

Jean-Marie HALLEUX
University of Liège

Webinar, 3 February 2026

Starting point: a structural increase in housing prices



Evolution of housing prices in 14 countries (unweighted average)

Australia, Belgium, Canada, Denmark, Finland, France, Germany, Norway, The Netherlands, United Kingdom, Sweden, Switzerland, USA

- An old and structural increase in housing prices
- Housing: combination of both, land and construction

*“The overall result is striking: **84 percent** of the rise in house prices during 1950 to 2012 can be attributed to **rising land prices**” (p. 348)*



KNOLL, K., SCHULARICFK, M., & STEGER, T. (2017). No price like home: global house prices, 1870-2012. *American Economic Review*, 107(2), pp. 331-353.

Land Value Capture (LVC)

► What is land value capture?

- LVC is an approach that enables communities to capture and reinvest land value increases that result from collective actions (upzoning, new transport infrastructure...)
- Moral justification: the privatization of land rent is unfair! LVC focuses on capturing **unearned benefits** resulting from actions other than the landowner's
- LVC enables communities to reinvest land value increases in housing policies

Main instruments for LVC	
Recurring instruments ⇒ Fiscal system	Non-recurring instruments ⇒ Planning system
<ul style="list-style-type: none"> - Annual land-property tax - Capital gain tax - Real estate transfer tax – Registration fee 	<ul style="list-style-type: none"> - Infrastructure levy - Tax on planning gains – Charges for development rights - Developer obligation ⇒ Inclusionary housing - Public action on the markets for urban developments - Land readjustment - Surface right and land leasing - Transfer of development rights

Developer obligation

▶ **What is developer obligation?**

Contributions required in exchange for administrative decisions (land-use plans and/or building permits) that enable the legal development of a land or a real estate project. These contributions may be monetary and/or in-kind.

▶ **A growing practice**

- Increasing budgetary constraints
- Rising land prices: an opportunity

▶ **But it remains underused**

- Influence of interest groups (development and construction industry)
- Limited administrative capacity

The development of inclusionary housing

▶ Inclusionary housing and affordable housing

Inclusionary housing, also known as **inclusionary zoning**, refers to **developer obligations** imposed to include within a construction project a certain proportion of housing units that are sold or rented below market prices

▶ Its origin

- In the 1970s in the United States (Fairfax County, Virginia, in 1971)
- Named “**inclusionary** zoning” in reaction against “**exclusionary** zoning”: social and racial segregation through land use regulation
- It gradually spread and adopted worldwide

▶ Its development in Europe

- Neo-liberalism ⇒ Since the 1990s, loss of public funds for housing
- But it remains underused...

The evaluation of inclusionary housing

► **Controversial**

- Inclusionary housing might discourage the production of new homes and raise prices
- The development and construction industry resists IH
- The research results on the effectiveness of inclusionary housing are mixed and dependent on policy type

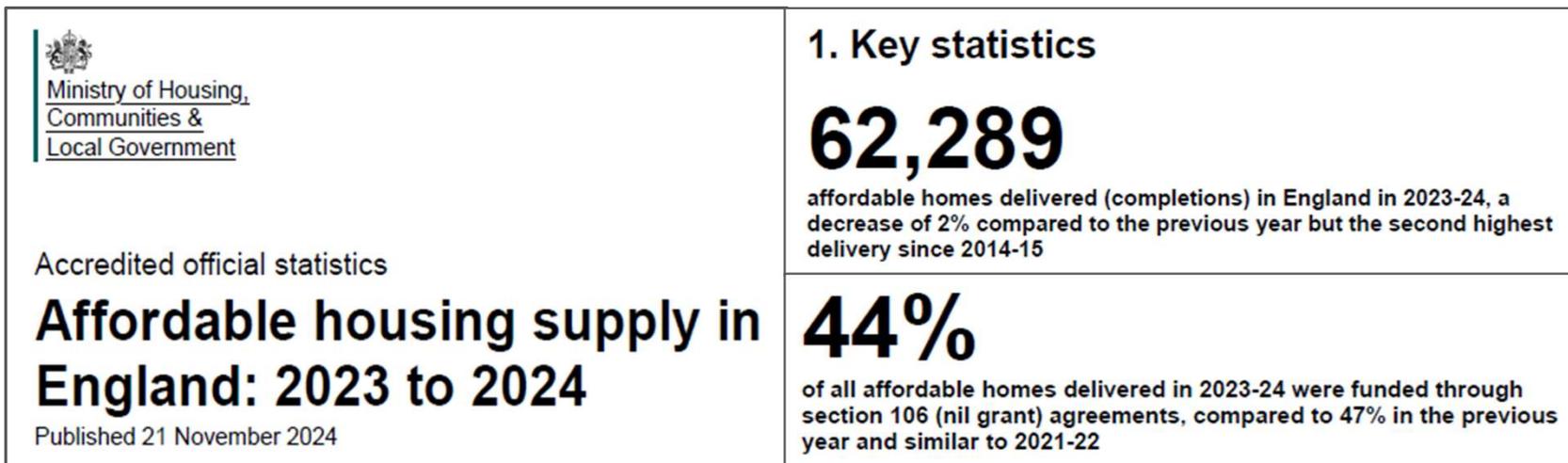
► **How to explain the effectiveness of inclusionary housing?**

- Weak or strong housing market
- Expertise within planning authorities
- Predictability: without predictability, the cost is supported by the developer and not by the landowner
- Length of time a policy has been in place (5-7 years)
 - ⇒ Improving administrative capacity
 - ⇒ Diminishing ratchet effect: the landowner needs time to accept a decrease in land value

Inclusionary housing: a European typology

► Type 1 – The European leader: UK (England)

- Longest experience: since the 1990's (American influence)
- A centralized instrument: Section 106 in the Town and Country Planning Act



Inclusionary housing: a European typology

▶ Type 1 – The European leader: UK (England)

- Longest experience: since the 1990's (American influence)
- A centralized instrument: Section 106 in the Town and Country Planning Act

▶ Type 2 – Interventionist states ⇒ Limited needs

- Land for social-affordable housing provided by public authorities
- Sweden

Nordic Journal of Surveying and Real Estate Research Volume 14, Number 1, 2019

Nordic Journal of Surveying and Real Estate Research 14:1 (2019) 7–28
submitted on 25 September 2018
revised on 18 December 2018
revised on 4 February 2019
accepted 5 March 2019

**Inclusionary Housing Policies in Gothenburg, Sweden,
and Stuttgart, Germany:
The importance of Norms and Institutions**

Anna Granath Hansson
Department of Real Estate and Construction Management,
KTH Royal Institute of Technology, Stockholm, Sweden
Contact: agh@kth.se

“As Gothenburg municipality owns most of the land available for housing development, has a planning monopoly, and large public housing companies with a good financial standing, it might find other, quicker and possibly less costly, ways to develop affordable housing”

Inclusionary housing: a European typology

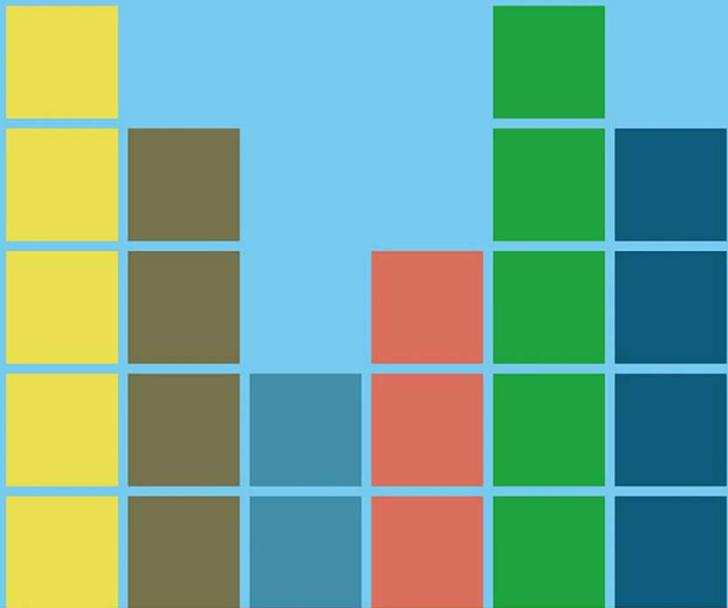
- ▶ **Type 1 – The European leader: UK (England)**
 - Longest experience: since the 1990's (American influence)
 - A centralized instrument: Section 106 in the Town and Country Planning Act
- ▶ **Type 2 – Interventionist states ⇒ Limited needs**
 - Land for social-affordable housing provided by public authorities
 - Sweden
- ▶ **Type 3 – Mixed cases**
 - Western Europe: France, Belgium, Germany, Austria
 - Adopted to a significant extent, but underutilized
- ▶ **Type 4 – Important needs and limited practices**
 - Baltic Europe, Central Europe and the Balkans

Conclusion

- ▶ **LVC, developer obligations and inclusionary housing can become commonplace**
 - e.g. England
 - Rising land prices: an opportunity
 - No panacea: need to be part of larger planning and housing policies
- ▶ **LVC, developer obligations and inclusionary housing are still underutilized**
 - Administrative capacity and cognitive blockage related to LVC
 - Strongest needs in Baltic Europe, Central Europe and the Balkans
- ▶ **Wide variety across countries**
 - Complexity and limited information on the effective functioning
 - From a research perspective: more data and knowledges are needed to make inclusionary housing more efficient
 - From a teaching perspective: more local expertise is needed ⇨ Strengthening the training of local planners

J.-M. Halleux ■ A. Hendricks ■ B. Nordahl ■ V. Maliene (Eds.)

Public Value Capture of Increasing Property Values across Europe



COST action on “Public Value Capture of Increasing Property Values across Europe” (2022): analyses on 29 countries

👉 <https://orbi.uliege.be/handle/2268/32596>

👉 <https://orbi.uliege.be/handle/2268/297941>

👉 <https://orbi.uliege.be/handle/2268/328365>



Thank you for your attention

*Land Value Capture and
Inclusionary Housing
in Europe*

Inclusionary Housing and the Role of CLTs
International Center for Community Land Trusts

Jean-Marie HALLEUX
University of Liège

Webinar, 3 February 2026