

Land Policy in Practice: A Tale of Two Dutch Cities

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August 6, 2024

How does a municipality regain control of its land? Many local politicians struggle with this question. In the Netherlands, where there has been a spiralling housing crisis over the past decades, two aldermen have been trying to address the issue through active land policies and expanding municipal land ownership. An interview with Martijn Balster of The Hague and Rik Thijs of Eindhoven.

Why is having an active land policy so important to you?

Rik Thijs: I believe that we, as a local government, should take a much more active role in steering the development of our city. Land policy plays an important role in this. Take the climate and biodiversity crises: we need land to reverse them. The same goes for the housing crisis: social housing can only be built if it is actively managed with land policy. In fact, this applies to every policy area, including urban economic development and the planning of local facilities such as healthcare institutions.

Martijn Balster: Land policy is needed for various things that do not make money but that we still consider very important for society. Everything currently revolves around finances. [Imagine that] a private landowner wants to make a profit, and it is financially impossible to build cheap rental homes or local facilities with current land prices. It is, however, possible if the municipality owns the land and offers it to social groups for a low price. We can then require that affordable housing be built on this land, for example, or include it in a zoning plan. When you manage land you also have financial control, and that makes a municipality far more influential.

Why are land prices currently so high?

Rik Thijs: There are several reasons, but it has a lot to do with speculation. In Eindhoven, I've seen the situation really change. We are seeing more and more investors and developers here who were previously active mainly in Amsterdam, Rotterdam and Utrecht. They are often foreign parties, and you definitely have a different conversation with them than you would with local parties who are also socially engaged.

Martijn Balster: That sounds familiar. During the period when we were forced to give a lot of space to private project developers in The Hague, many different groups approached the city. Among them were many "hit-and-run" parties: foreign investors with a short-term perspective who were mainly chasing the highest returns. It's not really clear who is behind them. This drives up prices enormously.

Eindhoven has explicitly chosen to pursue an active land policy. What do you do differently in Eindhoven compared to other municipalities?

Rik Thijs: As a municipality, we make the choice to buy up land ourselves. We have also made a conscious decision not to sell the land that we acquire. We make an exception for housing corporations, as we want to give them space to build homes, and we sell to them at the lower end of the range we've

established for land sales. Our active land policy also means that we look at leaseholds differently. We don't view them as an annual cash cow for the municipality, which would lead to Amsterdam-style situations. We mainly use the leasehold instrument to get a grip: if people sell their land down the road, we as the municipality want to have something to say about it.

Martijn Balster: Actually, the idea that leaseholds are cash cows for the municipality is not entirely true. People generally pay less for leased land than they would pay if they owned the land, when they pay the market value. This is often not the case for leasehold constructions. Municipalities with leaseholds can influence affordability for first-time buyers or keep owner-occupied houses in a cheaper segment. From a financial point of view, leasehold land is often more advantageous for residents.

You often hear that municipalities have lost the art of active land policy over the past decades. Does this ring true to you?

Martijn Balster: It's true that we have some catching up to do. First of all, as governments, we are not financially equipped to carry out active land policy, which requires financial resources and the ability to cover financial risks. In spatial developments, you must be prepared to go through better times and worse times. In addition, pursuing an active land policy requires expertise and capacity on the part of the municipality. You need the right people and knowledge. We lost our way a bit in the past years, but we are now getting stronger in these aspects.

Rik Thijs: It is obviously very nice if a municipality says it wants to engage in active land management, but to do so it must have the financial resources to make land purchases. In Eindhoven, we have made a strategic investment credit available for this purpose. To prevent the credit from running out, we set up a revolving budget: if we buy land and it is developed, we channel the generated funds back into the municipal budget. In this way, we maintain an investment budget. This budget can also be used to purchase land for redevelopment into nature reserves. Other departments within the municipality can also contribute money if it serves their policy goals.

What's the situation in The Hague?

Martijn Balster: We are not so far yet. Just before I took office as an alderman, we managed to significantly boost our area development in The Hague with the sale of the power plant. We used the money from that sale to buy land. We are currently considering other ways to free up money for land purchases, perhaps with leasehold income or a revolving fund for land purchases.

Do you also envision a role for the government in this?

Martijn Balster: Absolutely, since the financial position of many municipalities is precarious. If we are to play a more active role in the land market, we really need additional government funding. In recent years the government has created incentive schemes for housing development and construction, but I am nostalgic for the period of urban renewal when you could automatically count on support for affordable housing or other public objectives.

Do you have an example to illustrate your approach to land policy?

Martijn Balster: A recent example is the old, now vacant, hospital that we bought when its lease expired – the old Red Cross hospital in the Vogel neighbourhood of The Hague. We grabbed the opportunity to regain control of the land and the building. In the coming years we want to house vulnerable target groups here and then later develop it further, with plenty of affordable housing and possibly also care

facilities.

Rik Thijs: Around the train station in Eindhoven we have Knoop XL, which includes 55 hectares designated for housing and offices. The Municipal Preferential Rights Act applies to this area: anyone who sells a piece of land here with a building on it must first offer it to the municipality, giving us the first right to buy the land. Once we own the land, we can control and possibly impose requirements upon its future use. We also use land policy to achieve green goals, not just “red” ones like affordable housing. In 2022, for example, we acquired the Wielewaal: an old estate of some 140 hectares that used to be owned by the Philips family but was bought in 2007 by a big sock farmer.

Did you say “a big sock farmer”?

Rik Thijs: Yes, the owner of a large textile company. He bought the estate at an auction and then put it back on the market. There were several stories about Bill Gates and Bruce Springsteen wanting to buy it, but we ended up purchasing it in 2022 for about 30 million euros with the plan to turn it into a city park, accessible to everyone.

This generated a lot of internal discussion, as most of the ideas for this location were for residential housing. As an alderman with “greening” in my portfolio, I opposed these plans. In the end, I was allowed to give the park a go. Only one official was put on the case, to limit costs for the city. The general feeling was that it was destined to fail. Well, it worked. We also saw that as we got closer to making a deal, more and more people wanted to be part of the purchase.

This purchase has been very important in generating support for the acquisition of land by the municipality. You need to dare to do it for a greater social purpose. It’s not just about building a road or cycle path; it means thinking at a higher level about how we view the development of our city and what land policy is needed for that.

How do you manage to get your civil servants on board with this land policy?

Rik Thijs: I use concrete situations. I explain why we want to use leaseholds and what we can achieve with them. In Eindhoven, we were lucky to be able to showcase our vision for land policy with a couple of big projects. There is also broad support in the city council for an active land policy. Of course, I realise that my position is an easy one. It would be naïve to tell an alderman in a rural municipality who is struggling with major agricultural or nature challenges that these problems can be solved by simply using land instruments and putting preferential rights on agricultural lands.

Are there any tools that you as aldermen still lack to effectively conduct active land policy?

Martijn Balster: I think municipalities should make more frequent and smarter use of the leasehold instrument. It is quite a complicated instrument, also within the public debate. But you can gather significant support if you add up the public objectives that it can achieve, and [emphasise] the fact that residents can also benefit individually from the leasehold income. I think the national government could also help by exchanging positive experiences and highlighting how municipalities can make more use of leaseholds. In addition, introducing a “plan income tax” – a tax for landowners who benefit from an increase in their land’s value when zoning plans change – would be a welcome step. This would ward off speculators, and the income could be used to pay for public amenities.

I am also very much in favour of a vacancy tax. Tackling vacancy is incredibly tough. Vacancy has decreased sharply in The Hague recently, but you still see buildings where far too little is happening.

Rik Thijs: It would indeed be helpful if municipalities could play a much more active role in tackling vacancy. In our election manifesto there are proposals for a vacancy penalty. In Flanders, for example, there is a “shack tax”: a tax on vacant properties. These are useful instruments that also help to combat land speculation.

Should we aim to get all land into public ownership?

Rik Thijs: Although having all land in public ownership may sound like a noble socialist ideal, that’s not the issue. We simply couldn’t make it happen it as a municipality. So, you have to be selective in what you do and what you don’t do.

And cooperative ownership, where the land is owned by communities rather than by profit-oriented parties?

Rik Thijs: If something is publicly owned, you can always decide what to do with it next. You can choose to put it in community hands, or in the control of housing corporations. I have no problem with that. At least not with the housing corporations we have in Eindhoven.

Martijn Balster: I am not necessarily against putting land into community hands if they can play a strong social role and do beautiful things. But I also trust that governments can take on that role and, more importantly, that they should do it better. So let’s start there.

Rik Thijs: We are now considering the best governance structure for the Wielewaal project that I mentioned earlier. I am also struggling with the question of whether the project should necessarily remain in the hands of the municipality, because of course we don’t know who will be here in two years’ time. I want to construct something to ensure that it remains publicly accessible in the long term. In that case, putting the land in the hands of a cooperative might not be so crazy.

Do you have any messages for other local administrators working on land policy?

Martijn Balster: Most importantly, let’s help each other to think about effective instruments. As an alderman for public housing, I am very worried about the affordability of our housing. It is hard to build enough good, affordable homes that fulfil the criteria of sustainability. We need to make use of all the available tools that might help us.

Rik Thijs: And above all, as a municipality, dare to make full use of your land instruments.

This article was first published in Dutch in the Summer 2024 issue of *De Helling*. It is republished here with permission.



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Published August 6, 2024

Article in English

Published in the *Green European Journal*

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