

Greening Ground: Exploring the Relation between the Land Market, Land Policy, and Sustainable Area Development in the Netherlands

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For decades the land market in the Netherlands has been dominated by an active municipal land policy. Municipalities acquire land, service the land into lots ready for development and develop the desired infrastructure. These lots are sold to developers for further construction. During periods of growth on the housing market, this strategy proved highly profitable. However, now that the financial and economic crises have caused the housing market to shrink, serviced land has become less valuable. The acquired lands have become a heavy stone around their neck and multiple municipalities are expected to find themselves in serious financial problems in the coming years. A reevaluation of planned area developments is necessary and sustainability ambitions are likely the first to be sacrificed in an attempt to keep projects financially feasible. The question is whether new financial instruments can be used or developed for a project to still meet its sustainability ambitions.

The article explores the potential sustainability instruments in three steps. Firstly, an inventory is made of mechanisms that have been dominantly present in the Dutch context of area development. Then a list of the alternatives present in international policy and academic research is compiled through a literature review. The third step is a case study into an area development with high sustainability ambitions. The plans for Rijnenburg, which lies in the Dutch municipality of Utrecht, were approved by the city council just before the full effect of the economic crises set in. Currently there is large area of acquired land, a full cycle of decision-making finished, and plans developed. However, the financial possibilities present just several years ago are no longer available. The focus of the case study is on this crossroad, where choices will have to be made between ambitions and reality. Interviews have been done with key stakeholders and decision-makers including aldermen, planners, and private developers.

The key findings of the paper indicate that the financial possibilities for sustainability measures are primarily on the individual household level. Measures on a more collective level such as the neighborhood, municipality or region have a grimmer outlook. The possibility of financing collective sustainability measures without using collective funds from general taxations is limited. The core dilemma for municipalities seems to be that they have to choose between lowering their ambitions, financing sustainability measures from public funds, or even to not build the project at all. The last option means they take their loss on the acquired grounds. The financial, political and environmental consequences of these options are not always clear, but it seems sustainability measures will move from public responsibility towards the economic interests of the private market.