



HAL
open science

Leveraging land-value capture in contexts of urban austerity: evidence from the Grand Paris Express (France)

Morgan Mouton, Sonia Guelton, Philippe Poinot

► **To cite this version:**

Morgan Mouton, Sonia Guelton, Philippe Poinot. Leveraging land-value capture in contexts of urban austerity: evidence from the Grand Paris Express (France). *European Planning Studies*, 2024, 32 (1), pp.45-58. 10.1080/09654313.2023.2240843 . hal-04214915

HAL Id: hal-04214915

<https://hal.science/hal-04214915>

Submitted on 1 Feb 2024

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.

Leveraging land-value capture in contexts of urban austerity: evidence from the Grand Paris Express (France)

Morgan Mouton, Sonia Guelton & Philippe Poinot

To cite this article: Morgan Mouton, Sonia Guelton & Philippe Poinot (2024) Leveraging land-value capture in contexts of urban austerity: evidence from the Grand Paris Express (France), *European Planning Studies*, 32:1, 45-58, DOI: [10.1080/09654313.2023.2240843](https://doi.org/10.1080/09654313.2023.2240843)

To link to this article: <https://doi.org/10.1080/09654313.2023.2240843>



Published online: 30 Jul 2023.



Submit your article to this journal [↗](#)



Article views: 75



View related articles [↗](#)



View Crossmark data [↗](#)



Leveraging land-value capture in contexts of urban austerity: evidence from the Grand Paris Express (France)

Morgan Mouton ^{a,b}, Sonia Guelton^b and Philippe Poinso^c

^aInstitut National de la Recherche Scientifique - Centre Urbanisation Culture Société, Montréal, Canada;

^bLab'URBA Lab'URBA (Université Gustave Eiffel, Université Paris-Est Créteil), Champs-sur-Marne, France;

^cLaboratoire Ville Mobilité Transport (Université Gustave Eiffel, École des Ponts ParisTech), Champs-sur-Marne, France

ABSTRACT

Austerity urbanism has emerged as a powerful concept to explore the political and socio-spatial consequences of cuts in public spending, but interrogations remain regarding public actors' shifting role in urban production in times of increased budgetary constraints. This article focuses on Land Value Capture (LVC), a financing mechanism that has been gaining traction amongst scholars and practitioners alike. While LVC can be framed as a valuable tool to finance infrastructure provision in times of austerity, we argue that the existing literature has neglected its use by other public actors, for the funding of other urban projects. Indeed, we analysed how different public actors (public landowners, land developers, and local governments) sought to take advantage of the anticipated rise in land value around future stations of the new urban railway system surrounding Paris, the Grand Paris Express. Through an exploration of four case studies, we show that LVC can be a flexible instrument that allows actors to either play into, or mitigate austerity-driven urban policies in French cities.

ARTICLE HISTORY

Received 7 September 2022

Revised 16 June 2023

Accepted 11 July 2023

KEYWORDS

Urban austerity; land value capture; financing instruments; infrastructures; Grand Paris Express

Introduction

In the context of increasingly constrained public finances, the idea of Land Value Capture (LVC) has been gaining traction amongst scholars (e.g. Cervero and Murakami 2009; Alterman 2012; Loo et al. 2018; Aveline-Dubach and Blandeau 2019) and practitioners (Ernst & Young Poland 2011; United Cities and Local Governments 2014; OECD/Lincoln Institute of Land Policy 2023) alike. The idea behind LVC is to redirect increases in land value that derive from planning decisions or public investment (e.g. infrastructure provision) to public actors, for future reinvestment. As such, its proponents – dating back to John Stuart Mill, and then to Henry George with his infrastructure-based tax (Aveline-Dubach and Blandeau 2019) – have highlighted LVC's moral standing: public authorities have the legitimacy to recover land-value increases from landowners as long as this increase stems from public actions and not from landowners'

CONTACT Morgan Mouton  morgan.mouton@inrs.ca  Institut National de la Recherche Scientifique - Centre Urbanisation Culture Société, 385 rue Sherbrooke Est, Montréal, Québec H2X 1E3, Canada

© 2023 Informa UK Limited, trading as Taylor & Francis Group

work. LVC therefore emerges as an appealing option for local administrations that are increasingly faced with budgetary constraints, but also with challenges that arise from the climate crisis (Dunning and Lord 2020). Cities have indeed shifted from being considered as mere sites of pollution to emerging as proper actors for addressing the climate crisis (Bulkeley 2005; Bulkeley, Castán Broto, and Maassen 2014; Droege 2008). In this regard, local authorities are exhorted to limit the intensity of climate change and engage in low-carbon transitions, while also adapting to changing climate conditions and becoming more resilient (Leichenko 2011). These challenges both involve considerable infrastructure spending, hence the need to explore funding options such as LVC.

In this regard, transit is a prominent example of LVC's applicability, with numerous studies demonstrating its potential for financing urban transportation networks (Mathur and Smith 2013; Medda 2012), and highlighting that Asian cities, in particular, have managed to develop models for the funding of urban development at impressive scales (Lorrain 2014; Bon 2015; Suzuki et al. 2015; Aveline-Dubach and Blandeau 2019). This literature has helped to fill a gap in the field: while the principles that subtend LVC had been discussed at length, the documentation and analysis of its implementation remained obscure, to a large extent.

The present article follows this vein of scholarship in that we seek to open the black box of transit LVC, and pay attention to its mechanisms, and how they are leveraged and negotiated by the actors of urban development. Our contribution, however, is to examine configurations that are more complex than the case of a transit authority capturing land value to finance its transportation network – i.e. the acquisition of land around future transit stations and its subsequent sale, at a profit. Indeed, focusing on a single actor is not enough to grasp phenomena of LVC, given that several public actors pursuing multiple objectives can come into play (Mouton et al. 2023). Here, we look at case studies where a variety of public actors are trying to capture some or all of the economic value that derives from the construction of a major railway system in the wider metropolitan area of Paris, the Grand Paris Express (GPE). In short, an array of public actors (local authorities, public land developers, public landowners) is anticipating the rise of land prices and seeking to benefit from it. Our guiding question, then, is to determine how these actors share land value increase, and how the outcome of their negotiations affects the project itself.

This question prompts us to consider these actors' rationalities – to understand their objectives, working under the assumption that their behaviour cannot be limited to the maximization of the land value they can capture.¹ In negotiating with other stakeholders, are they willing to waive their claims on land value increase in order to satisfy other objectives – and in this case, which ones? If they do manage to capture some of this economic value, do they use it for the project, or is the money used elsewhere – for other investments, or for debt repayment? In raising such questions, we engage in a discussion with scholarship on urban austerity that sets to analyse processes of land privatization (Artioli 2021; Vitopoulou and Yiannakou 2020; Adisson 2018). Using a qualitative exploration of urban planning practices around future stations of the GPE, we extend previous research documenting the variegated forms of urban austerity (Adisson and Artioli 2020) by analysing how different categories of public actors mobilize land-value capture differently, as a result of their specific urban agenda.

This paper will first explore how urban austerity can prompt local governments to engage in LVC practices. After providing an overview of the four case studies that we mobilize and detailing our methodological approach, we will highlight the different types of LVC practices mobilized by public actors – and more specifically, in our case, by local governments. This will refine scholars’ understanding of how LVC can play into austerity policies, showing that different mechanisms can lead to contrasting outcomes for urban development projects.

Urban austerity and its consequences for local authorities

The rise of discourses promoting LVC as an instrument for financing transportation infrastructures (and urban policies more broadly) is closely intertwined with a context of urban austerity. This section will examine how this connection is established generally, and in France more specifically.

Urban austerity as a frame for local governments’ action

While austerity measures have been framed as national issues, recent scholarship has highlighted their urban ramifications (Adisson and Artioli 2020; Donald et al. 2014; Peck 2012). Not only did the 2008 financial crisis originate from urban and suburban spaces (i.e. in communities where subprime mortgages had been distributed the most widely), but its economic, social, and political consequences have been felt acutely in cities, which quickly became victims of economic restructuring (Donald et al. 2014). As a consequence, cities emerged as an important scale of analysis for the study of austerity, and scholars have set to trace the contours of ‘austerity urbanism.’

In order to justify our use of this concept, the first step is to document the financial constraints at play for local governments. In France, local governments’ endowment from the state (*Dotations globales de l’Etat*) started declining in the 2010s, shrinking from €40.1 billion in 2014 to €27 billion in 2018 (Navarre 2021, 95–96). While it is not the primary financial resource for local authorities, the evolution of state endowment has prompted local authorities to adapt their financial policies to the impetus of balancing the budget (Gourgues and Matthieu 2017).

Austerity urbanism, then, emerges as the local manifestation of financial pressure. Documentation of ensuing urban planning and urban policy has taken many forms: from the development of interventions targeting vacant spaces in recessionary cities (Tonkiss 2013) to the promotion of new agendas for ‘more efficient’ urban development conjuring on techno-utopian imaginaries (Pollio 2016), or the dialectics between state restructuring and financialisation, as state properties are increasingly transformed into financial assets (Adisson and Halbert 2022). Meanwhile, the consequences of austerity for urban living have also been investigated, with accounts of how welfare-state restructuring can trigger the exclusion of distinct social groups from social housing, thus leading to their displacement (Gillespie, Hardy, and Watt 2021). Similarly, Phinney (2020) argues that social exclusion is not a surprising outcome of austerity urbanism, since such policies are designed and implemented along racial lines. In other words, urban austerity profoundly simultaneously transforms the way cities are planned and constructed, and the way they are experienced by urbanites.

LVC in austerity contexts

The connection between LVC and austerity measures has now been well-established by international funding and cooperation agencies, who are promoting LVC as a well-suited instrument for the post-2008 era (OECD/Lincoln Institute of Land Policy, 2023; Suzuki, Cervero, and Iuchi 2013; Suzuki et al. 2015; United Cities and Local Governments 2014). This is true beyond the global North, as this new funding scheme travelled across cities of the South, with varying degrees of adaptation from local political actors (Bon 2015). *From a philosophical standpoint*, these organizations build upon a rich tradition of scholarship that underlines the ethical merits of LVC (Aveline 2005). We can summarize their core argument as such: rent is an appropriation of wealth by landowners, which does not derive from their work, and as such, landowners' interests are opposed to public interest. Thus, capturing land value increase is a legitimate endeavour for public authorities. *From a practical perspective*, several types of LVC mechanisms have been identified. There is a rich literature offering different classification systems for LVC mechanisms (Alterman 2012; Hendricks et al. 2017), but here, following Aveline-Dubach and Blandeau (2019), we will focus on one major distinction: instruments' reliance on taxation, or on joint-development projects.

In France, there have been several attempts at implementing fiscal-based LVC mechanisms – although they were not necessarily branded explicitly as such: as noted by Aveline (2005), debates around LVC received considerably less echo in France than in the United States. Hendricks et al. (2017), however, show that few of these attempts were ever implemented, and that they seldom cover the cost of infrastructure construction. Annual land taxes (*Taxe d'urbanisation*) that imposed a contribution to infrastructure spending in exchange for the granting of new building rights were put into place, but few local governments decided to implement them. Meanwhile, other mechanisms exist. A one-off tax on capital gain for transactions affecting land that was rendered buildable in the previous 18 years (*Taxe sur la cession de terrains devenus constructibles*) was introduced by a 2006 law. And local authorities can also benefit from a development tax (*Taxe d'aménagement*) for 'spontaneous development' (i.e. individual house or small condominium built within existing urban fabric) yielding 1–5% of the price per square metre. This tax can be raised up to 20% for developments that involve the deployment of new services and facilities (e.g. a new school) – the city government then has to prove that the new services are directly resulting from the new construction (the 'relationality principle') and that the tax only covers the fraction of costs associated with the needs of future inhabitants and users (the 'proportionality principle'). Of note, a development tax increase can only be implemented in a strictly demarcated area, and not at the scale of a whole city.

As mentioned, however, these fiscal mechanisms hardly suffice to cover the cost of infrastructure spending: in times of austerity, local governments increasingly engage in joint development projects, or attempt to steer urban development through direct negotiations with developers. Desage (2017) illustrates this trend when he highlights the rise of a type of public law contract (*Zone d'aménagement concerté*) for the construction of social housing, where local authorities engage in a negotiation with the developer(s) to try and make this private partner shoulder the real cost of infrastructure. In this paper, we show that the involvement of public actors in LVC practices can intervene at several points in the urban development trajectory.

Case-study selection and methodology

The construction of a new railway system in the Paris metropolitan area, the Grand Paris Express (GPE) provided a unique opportunity for us to explore these research agenda. The GPE is massive in scale: four new metro lines totalling 200 km and 68 new stations, for a total cost that skyrocketed to 42 billion euros (according to the latest estimates²). Following decades of underinvestment in transportation, this project is envisioned to overcome a loaded history of failed attempts at regional planning, and offer a new identity to the Greater Paris region (Geppert and Desjardins 2021). The representations that subtend this new transit system are largely drawing upon the model of transit-oriented development (Enright 2013), which translates into numerous real-estate projects being developed around the future stations.

Our approach was to select four case studies with different characteristics in terms of urban morphology, land ownership structure and socio-economic profile, and reflecting different objectives for city administrations (developing office space, building more social or affordable housing, offering ample public space, or displaying flagship buildings for instance). In addition, we were concerned with the timeline for the completion of the urban development projects (UDPs): for the analysis to be carried out, their institutional set-up and overall features needed to have reached a certain degree of stability. Consequently, after a preliminary study in Nanterre-la-Folie (across the extended RER E line), we focused on projects located along line 15 of the GPE, whose stations were nearing completion at the time of our fieldwork. Taking these criteria into account, we elected to study Nanterre-la-Folie, Créteil l'Échat, ZAC Marne Europe and Quartier Gare-Clamart (see Table 1 for an overview of these UDPs, and Figure 1 for a map).

From a methodological standpoint, we combined the analysis of second-hand material (including a review of press articles from local and national newspapers [2011-2021] and

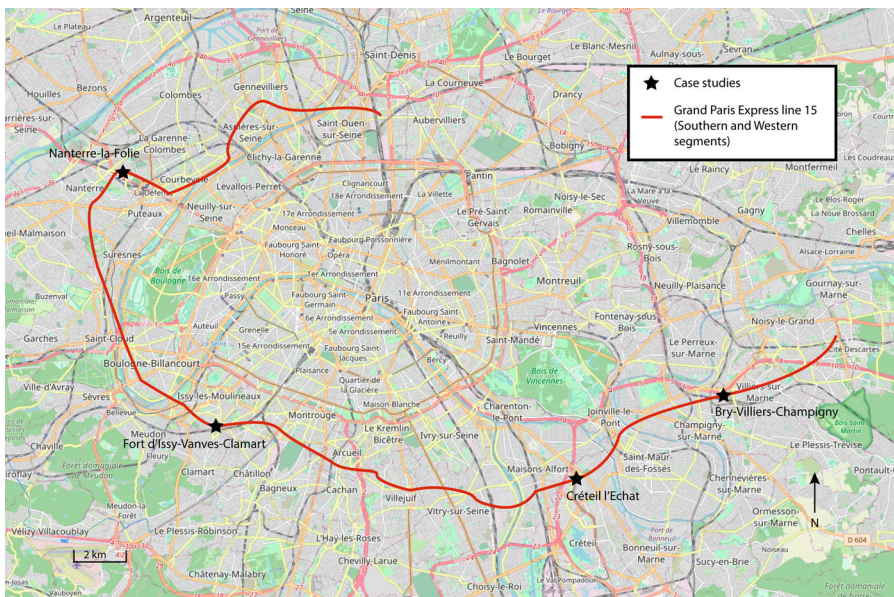


Figure 1. Location of the four case studies along Grand Paris Express Line 15.

Table 1. Overview of the case studies (the data presented reflect the project as of early 2021, and may have evolved since).

Case studies	Landowner	Land developer	Real-estate developer	Stated objectives for local governments	Programme
Quartier Gare Clamart	SNCF Immobilier	SPLA Panorama	BNP Real Estate	Increase the housing stock	200 affordable housing units 80 social housing units 1 school 1 parking lot (200 spots) Shops (2,000 m ²) Economic activities (e.g. hotel: 600 m ²)
Nanterre-La-Folie	SNCF Immobilier	Paris La Défense (PLD)	SNCF Immobilier Real estate developers	Attract business activity and strengthen the connection with La Défense Limit the rise of housing prices	Housing (340,000 m ²), including social housing (30%) and affordable housing (20%) Office space (225 000 m ²) Equipment (e.g. school): (38,000 m ²) Shops and activities (28,000 m ²)
ZAC Marne Europe	State (90%) Private owners (10%)	EPAMARNE	Société de Phalsbourg (66%) Other developers (33%)	Attract business activity Create a new urban centre inhabited both day and night (i.e. office space, housing units, entertainment)	Housing (47,000 m ²) Office space (35,500 m ²) Shops, cinema (12,500 m ²) Economic activities (4,000 m ²) Congress centre, hotels Garden
Créteil L'Echat	Créteil Habitat SEMIC (parking) APHP	SGP	Real estate developers	Revitalise an ageing business district Increase the housing stock Adopt green-building standards	Housing (50 000 m ²) Office space (6 000 m ²) Economic activities (12 000 m ²) Public equipment (daycare centre)

grey literature produced by stakeholders: public and private actors, but also community-based organizations voicing their concerns or approval through bulletins or newsletters) with in-depth interviews that allowed us to refine our understanding of UDPs' objectives, institutional set-ups, financing schemes, and encountered challenges. For each of the case studies, we sought to interview participants from municipal administrations, land developers, real-estate developers and community organizations. Overall, we carried out 17 interviews between January 2020 and May 2021, the majority of them remotely, using video-conferencing software (see Table 2 for the list of interviews mobilized in this paper). The objective was to obtain each actor's perspective on the project and to understand its motivations. Combining these discourses then allowed us to have a fine-grained understanding of how the project unfolded – and to identify how this unfolding favoured the agenda of some stakeholders, to the detriment of others.

Tracking land value increase

To track land-value capture, we considered the different stages that UDPs go through (see Figure 2a), as well as the stages of LVC (Figure 2b). The following section is intended to unpack these stages in order to identify the actors involved, and the mechanisms at play when it comes to the regulation of their behaviour.

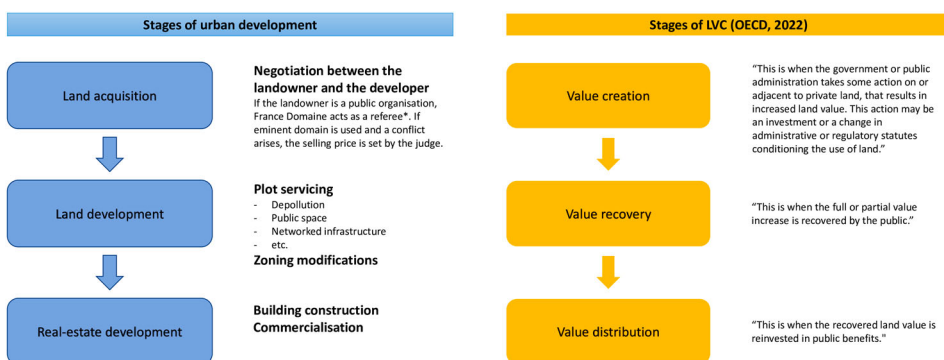
Land acquisition may be as simple as a negotiation between a buyer (the land developer) and a seller (the landowner). However, it might also involve a diverse set of actors.

Table 2. List of interviews referenced in the article.

Interview A	Lawyer specialized in public and urban planning law, Beside Avocats	May 2021
Interview B	Former head of the Urban Planning Division, City of Créteil	February 2020
Interview C	Executive in charge of real-estate projects, Société du Grand Paris	April 2021
Interview D	Executive in charge of urban development, Société du Grand Paris	April 2021
Interview E	Head of Grand Paris projects, City of Villiers	December 2020
Interview F	Head of the ZAC Marne Europe project, EPAMARNE	June 2020
Interview G	Former municipal councillor, City of Clamart	February 2021
Interview H	Head of the Quartier Gare project, SPLA Panorama	November 2020
Interview I	Head of the Nanterre-la-Folie project, Paris La Défense	May 2021

In the event that the landowner is a private entity that does not want to part from its land, a conflictual use of eminent domain can lead to arbitration by a judge. As the judicial authority settles the dispute, the price it sets has major implications for public actors' capacity to capture land value increase. While French jurisprudence sets the indemnity based on the previous use of the land, some uncertainties remain for public authorities. An important element to consider, for instance, is the date that the judge will uphold as the project's start date, which can have a significant impact on the price of reference (Interview A – see Table 2 for a list of interviews). Meanwhile, the feasibility of LVC also arises if the landowner is a public entity. Then, arbitration is typically carried out by an agency (*Direction de l'Immobilier de l'État*) whose role is to steer and implement the State's land policy. It represents State interests and handles the assessment of public land, as well as its management. When a transaction is made between public actors, this public agency issues an opinion on the price of land – although, as one of our case studies will show, this opinion can be challenged.

Land development is usually carried out by a public or semi-public actor in the French context, as illustrated by all of our case studies. Land developers' interests tend to be aligned with local governments': they are designated by them to handle land development (other options exist in the French context: see Vilmin 2015), and at an organizational level their boards of directors are largely populated by elected officials from local governments – not to mention the particular trajectory of officials who, throughout their careers, move back-and-forth between city administrations and land developers. Overall, land developers shoulder several responsibilities: servicing the plot (extension of urban networks, notably), ensuring its compliance with authorized pollution levels (although


Figure 2. Stages of urban development projects (2a) and land-value capture (2b). Figure 2b is adapted from an OECD report (2022).

depollution costs can sometimes be passed on to the real-estate developer), but also carrying out feasibility studies and defining the key features of the project (objectives, programme, etc.), in conjunction with the local government. In addition, land development can also include the provision of public equipment: schools and daycare facilities, parks and green spaces, etc.

Real-estate development encompasses finalizing the lay-out plan, contracting architects and construction companies, financing and following up on the construction, as well as commercializing the finished product. In France, real-estate developers are largely private entities – as is the case in the UDPs we analysed. As such, our hypothesis is that land-value capture cannot affect real-estate developers' profit margin: if a project is no longer profitable for them, we anticipate that they will simply withdraw.³

In light of this overview, we draw attention to where and how public actors intervene in the urban development process, focusing on land acquisition and land development. Of note, other scholars may consider real-estate development as part of 'public value capture' (Halleux et al. 2023), but here we limit the scope of our study to land-value capture (i.e. without construction). Overall, following the OECD's *Global Compendium of Land Value Capture Policies* (2022), we identify three stages of LVC: value creation, value recovery, and value distribution (Figure 2b). These stages can intervene at different points in time in the urban development process. In fact, public actors' ability to harness LVC will heavily depend on whether value was created before or after land acquisition. Throughout the examination of our case studies, we will seek to understand when different categories of public actors get involved in the urban development process, and how they can engage in LVC – directly through rent-maximization, or indirectly as they shape the project and obtain outcomes that align with their own agenda.

LVC under austerity urbanism

In our case studies the use of LVC mechanisms was very diverse, and it led to different project outcomes. These disparities, or so we will argue, largely depend on the type of public actor engaged in LVC, and in the role that they occupy within the LVC scheme. In this section, we identify three types of objectives for the use of LVC: rent maximization, economic development, and resource redistribution. While a given public actor may pursue several of these objectives, its priorities vary – and so do project outcomes. Overall, these drivers of LVC implementation reflect how public actors engage with tighter budgetary constraints: some of them use LVC as a new source of income that can help reach budgetary equilibrium (rent maximization), while others use LVC to mitigate spending cuts, either by trying to foster new economic activities that may eventually consolidate their fiscal plate (economic development), or by engaging in more equitable forms of urban development (resource distribution): see Table 3.

Rent maximization

When thinking about the use of LVC in times of austerity, an important hypothesis is that public actors would leverage such mechanisms primarily to maximize land rent – as has

Table 3. Summary of the types of austerity-driven implementation of LVC mechanisms.

	Quartier Gare (Clamart)	Nanterre-la-Folie	Marne Europe	Créteil l'Échat
Landowner	Rent maximization	Rent maximization, then economic development	Economic development	Rent maximization
Local government/land developer	Resource distribution	Resource distribution	Economic development	Economic development

been observed, for instance, in Greek land policies after 2010 (Vitopoulou and Yiannakou 2020). Such a phenomenon was observed in Créteil L'Echat. There, two interrelated projects are in development at the time of writing: a project sitting atop the future GPE station, and a second one facing the station. For this second development project, the landowner was the Assistance Publique–Hôpitaux de Paris (AP-HP), the public entity in charge of operating public hospitals in the Paris metropolitan area. The area hosted a small physiotherapy facility belonging to the neighbouring Henri-Mondor hospital. The facility only occupied a fraction of the space, and for years, both AP-HP and the City of Créteil had been contemplating changing land use and taking advantage of this tract of land – one of the few available in the dense urban fabric that makes up Créteil (Interview B).

While this project had been in the works for years, the announcement of the GPE route and projected rise in land value in this area of Créteil acted as a catalyst (Interview B). In 2013, AP-HP announced that it would renovate the Henri-Mondor hospital, using the sale of land to find the €50 million needed for the project.⁴ The terms of the sale were still being negotiated between the transit operator, Société du Grand Paris (SGP), and AP-HP at the time of fieldwork (Interviews C & D), and there was still a possibility for AP-HP to be involved further down in the project (by taking a stake in the development of the project). Nevertheless, the objective for AP-HP is first and foremost to finance its operations, in a situation of increased budgetary constraint – a strategy that has been documented more generally for hospitals across French cities (Pétillet 2013). In other words, while the often centrally-located land that hospitals own was not initially purchased for speculation purposes, current asset management practices revolve around a general strategy of rent-maximization, envisioned as a way to counterpoise the lack of public investment in healthcare. In fact, before the arrival of the GPE and the decision to sell the land adjoining the Henri-Mondor hospital, the creation of a new wing for the hospital was supposed to be funded by the sale of a tract of land adjoining the Chenevier hospital.⁵ Another recent example of AP-HP's asset divestment strategy can be found with the sale of a mansion in the 5th arrondissement of Paris, for €60.5 million, most of which will fund the Hôtel-Dieu project – a project that itself involves the refurbishment of an existing hospital, but also the sale of a third of its surface (where a real-estate developer will create housing, a biotech innovation cluster, as well as restaurants and shops).⁶

In short, when the landowner is a public actor enjoined to reduce its deficits and find new income sources, its recourse to LVC is geared towards profit maximization. Nanterre-la-Folie, however, demonstrates that a shifting role of this public actor in project development can alter its strategy. Here, the landowner was the national railway company (Société nationale des chemins de fer, SNCF). SNCF initially sought to sell the land for €1,000/m², while the land developer, another public actor controlled by

the State, was only willing to go as high as €100/m² (for further details, see Mouton et al. 2023). The outcome of the negotiation was as follows: the selling price was set to €500/m², but SNCF was granted a preferential right (*droit de préférence*) on some of the land (20,000 m²) to develop its own activities. Effectively, it changed the status of SNCF from a mere landowner to a stakeholder in the development project, thus allowing for a shift in its strategy. Instead of simply maximizing its rent, the public railway company was also able to exploit some of the land it initially owned.

Economic development

The second form of LVC we encountered was not harnessed by the landowner, but rather by local governments – who used it to finance their projects with regards to urban revitalization. ZAC Marne Europe, in Villiers-sur-Marne, provides a good illustration of this scenario.

ZAC Marne Europe is a mixed-use project involving housing units, office buildings, a hotel, and a congress centre. The mayor of Villiers-sur-Marne, where it is located, engineered this project when he learned that the GPE would extend near his city, and actively lobbied for the future station to be constructed in a vast, empty tract of land that fell into disuse after the cancellation of a motorway ramp (Interview E). The rationale for this project was to create a new district that would bring economic activities to this city in the East of Paris: there is a notorious imbalance in the Grand Paris in terms of job concentration, with most employers located in the Western region, while the East remains largely residential. In ZAC Marne Europe, the French State owned the land, and its interests were largely aligned with the City of Villiers. The State gave away the land for €2 million: even if the land developer, EPAMARNE, was hoping to get it at no cost (Interview F)⁷, this price was substantially below market. In effect, the local government and the land developer successfully managed to capture land value, which they channelled towards two features of the real-estate project: greener building standards (notably with the extensive use of wood for the construction of buildings), and more public space. These characteristics of the project were envisioned as a way to attract companies and ensure the social and economic sustainability of the project.

Resource redistribution

Finally, LVC can be channelled towards social redistribution objectives, as can be illustrated by the cases of Clamart and Nanterre-la-Folie. In Clamart, the local government quickly identified the tract of land adjoining the future GPE station as a prime site for real-estate development – the previous city administration had in fact drafted plans even before the launch of the transportation project (Interview G). The land was bought from SNCF at a fairly low price, considering that important costs would need to be invested towards cleaning up the land, which had been used to store oils in the past. This de-pollution cost was high enough to deter the real-estate developer initially selected for the project, leading to its eventual withdrawal and the choice of a new company (Interview H). Here, the local government sought to contain housing prices, opting instead to dedicate most of the project to social housing (i.e. housing units that are rented below market price, reserved for low-income residents) and affordable housing (i.e. housing units that are sold as a main residence with financial subsidies).

Nanterre-la-Folie offers another example of how LVC can be leveraged to finance housing for low-income households. Here, the rise of housing costs was a prime concern of the City of Nanterre, as the urban development project was being designed. The city has historically housed working-class households, and the city administration feared that Nanterre-la-Folie would put more pressure on housing costs, and eventually displace the existing population – to the benefit of new white-collar households working in the neighbouring district of La Défense (Interview I). As a consequence, a defining feature of the project is the share of social housing in the project, but also the presence of a mechanism designed to reduce gentrification (Mouton et al., 2023).

Conclusion

There is a common idea that surrounds practices of LVC in the context of urban austerity: local governments seek to ‘do more with less.’ Our argument, however, is that public actors may take different approaches to LVC, which lead to contrasted outcomes in terms of urban development. The GPE offers a good overview of this diversity. Public actors anticipated that this transportation project would trigger a rise in land value (even if evidence of an actual rise in prices around railway stations remains debated: see Debrezion, Pels, and Rietveld 2007), and set to take advantage of it in different ways. We chose not to focus on the transportation operator (SGP), whose activities with regards to LVC remain marginal⁸, and rather to explore how other public actors engage in LVC practices.

In this regard, we identified three configurations for LVC. The first one involves a public landowner seeking to maximize its rent in order to lessen the pressure on its budget balance. Even so, we found that public landowners can sometimes compromise on this rent-maximization stance, if they become stakeholders in the project and find other ways to benefit from its outcomes. In the second configuration we identified, the local government takes the centre stage, and seeks to take advantage of an expected land value increase to develop a project envisioned to attract investments and bring more economic prosperity – in other words, the objective is to address urban austerity by encouraging future revenues. Finally, the third configuration also involved local governments, but this time revolved around a different objective: social redistribution. Here, LVC was leveraged to finance social housing. Put differently, the rise in land value did not lead to higher real-estate prices, but was instead mobilized to allow for low-income households to remain in place.

These results bring together different strands of scholarship. On the one hand, they strengthen previous insights on public land divestment, which nuance the idea that public actors obey to a simple logic of rent-maximization (Adisson 2018; Adisson and Artioli 2020; Artioli 2021). On the other hand, they extend studies on urban austerity by looking further down in the value chain, and examining how local governments mobilize a unique financing instrument, LVC, in times of budgetary constraint. Here again, our results point to contrasting urban outcomes, which largely depend on how local governments choose to navigate multiple, often contradictory injunctions to foster economic development, enhance social cohesion, and honour budgetary balance (Le Galès 2011).

Finally, these results raise the question of how public actors engage in urban development projects in areas where land value increase is less important. In our case studies, all of the actors were anticipating substantial land value increase alongside the GPE. This is

not the case everywhere in the wider metropolitan area of Paris, which prompts us to reflect on such situations. In our study, the research participants that we interviewed highlighted that stakeholders had little budgetary margin of manoeuvre. Elsewhere, can we observe LVC practices in more constrained economic environments? Such a research agenda could open new perspectives for the study of urban austerity.

Notes

1. For a discussion of the uneven and conflicted diffusion of New Public Management in the French administration, see Bezes (2015) *Réinventer l'État: les réformes de l'administration française (1962-2008)*. Presses universitaires de France, Cole A and Jones G (2005) Reshaping the state: Administrative reform and new public management in France. *Governance* 18 (4): 567-588.
2. <https://www.vie-publique.fr/en-bref/277104-grand-paris-express-augmentation-des-couts>, last accessed on Dec. 7, 2020.
3. This hypothesis can be challenged when, for example, a real-estate developer accepts diminished returns in order to get access to new markets (i.e., when it hopes to improve its notoriety in a new territory, in the hope of winning future contracts later on). We have not encountered such a situation in our case studies.
4. <https://www.ville-creteil.fr/un-nouvel-essor-pour-lhopital-mondor>, last accessed Jan. 2021.
5. Newsletter from the Henri Mondor section of the 'Sud Solidaire Santé' union, April 2021.
6. *Ibid.*
7. Of note, there were also important costs associated with cleaning up the land, which had been polluted by an uncontrolled landfill. These costs threatened the project, but the State eventually released €12 million for the clean-up, through a wasteland recycling programme.
8. Of note, SGP announced in 2020 that it would seek to develop LVC practices more aggressively. Nevertheless, at the time of writing this article, its involvement in development projects around GPE stations primarily serves the densification and economic development of train station districts (and not the financing of the transportation project itself). Its attempts to generate funding through LVC are limited to small-scale projects, around ventilation shafts for instance.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by the French National Agency for Research [Agence Nationale de la Recherche].

ORCID

Morgan Mouton  <http://orcid.org/0000-0002-3324-4808>

References

- Adisson, F. 2018. "From State Restructuring to Urban Restructuring: The Intermediation of Public Landownership in Urban Development Projects in France." *European Urban and Regional Studies* 25 (4): 373-390. doi:10.1177/0969776417717308.

- Adisson, F., and F. Artioli. 2020. "Four Types of Urban Austerity: Public Land Privatisations in French and Italian Cities." *Urban Studies* 57 (1): 75–92. doi:10.1177/0042098019827517.
- Adisson, F., and L. Halbert. 2022. "State Financialization: Permanent Austerity, Financialized Real Estate and the Politics of Public Assets in Italy." *Economy and Society* 51 (3): 489–513. doi:10.1080/03085147.2022.2073064.
- Alterman, R. 2012. Land use regulations and property values: The 'Windfalls Capture' Idea revisited. *Chapter in: 'The Oxford Handbook of Urban Economics and Planning'*, edited by N. Brooks, K. Donaghy, and G. Knaap, 755–786. Oxford: Oxford University Press.
- Artioli, F. 2021. "Sale of Public Land as a Financing Instrument. The Unspoken Political Choices and Distributional Effects of Land-Based Solutions." *Land Use Policy* 104: 105199. doi:10.1016/j.landusepol.2020.105199.
- Aveline, N. 2005. *Les marchés fonciers à l'épreuve de la mondialisation, nouveaux enjeux pour la théorie économique et pour les politiques publiques*. Lyon: Université Louis Lumière Lyon 2.
- Aveline-Dubach, N., and G. Blandeau. 2019. "The Political Economy of Transit Value Capture: The Changing Business Model of the MTRC in Hong Kong." *Urban Studies* 56 (16): 3415–3431. doi:10.1177/0042098018821519.
- Bezes, P. 2015. *Réinventer l'État: les réformes de l'administration française (1962-2008)*. Paris: Presses universitaires de France.
- Bon, B. 2015. "A new Megaproject Model and a new Funding Model. Travelling Concepts and Local Adaptations Around the Delhi Metro." *Habitat International* 45: 223–230. doi:10.1016/j.habitatint.2014.06.008.
- Bulkeley, H. 2005. "Reconfiguring Environmental Governance: Towards a Politics of Scales and Networks." *Political Geography* 24: 875–902. doi:10.1016/j.polgeo.2005.07.002.
- Bulkeley, H., V. Castán Broto, and A. Maassen. 2014. "Low-carbon Transitions and the Reconfiguration of Urban Infrastructure." *Urban Studies* 51: 1471–1486. doi:10.1177/0042098013500089.
- Cervero, R., and J. Murakami. 2009. "Rail and Property Development in Hong Kong: Experiences and Extensions." *Urban Studies* 46 (10): 2019–2043. doi:10.1177/0042098009339431.
- Cole, A., and G. Jones. 2005. "Reshaping the State: Administrative Reform and new Public Management in France." *Governance* 18 (4): 567–588. doi:10.1111/j.1468-0491.2005.00292.x.
- Debrezion, G., E. Pels, and P. Rietveld. 2007. "The Impact of Railway Stations on Residential and Commercial Property Value: A Meta-Analysis." *The Journal of Real Estate Finance and Economics* 35 (2): 161–180. doi:10.1007/s11146-007-9032-z.
- Desage, F. 2017. "Les exclus de l'inclusion. Construire du logement social en temps d'austérité et de mixité (France-Québec)." *Espaces et sociétés* 3: 15–32. doi:10.3917/esp.170.0015.
- Donald, B., A. Glasmeier, M. Gray, and L. Lobao. 2014. "Austerity in the City: Economic Crisis and Urban Service Decline?" *Cambridge Journal of Regions, Economy and Society* 7 (1): 3–15. doi:10.1093/cjres/rst040.
- Droege, P. 2008. *Urban Energy Transition: From Fossil Fuels to Renewable Power*. Oxford: Elsevier.
- Dunning, R. J., and A. Lord. 2020. "Preparing for the climate crisis: What role should land value capture play?" *Land Use Policy* 99: 104867. doi:10.1016/j.landusepol.2020.104867.
- Enright, T. E. 2013. "Mass Transportation in the Neoliberal City: The Mobilizing Myths of the Grand Paris Express." *Environment and Planning A: Economy and Space* 45 (4): 797–813. doi:10.1068/a459.
- Ernst & Young Poland. 2011. *Land Value Capture as a Funding Source for Urban Investment. The Warsaw Metro System*.
- Geppert, A., and X. Desjardins. 2021. "Regional Planning and Regional Design in Greater Paris." In *The Routledge Handbook of Regional Design*, edited by M. Neuman, and W. Zonneveld, 247–262. Abingdon: Routledge.
- Gillespie, T., K. Hardy, and P. Watt. 2021. "Surplus to the City: Austerity Urbanism, Displacement and 'Letting Die'." *Environment and Planning A: Economy and Space* 53 (7): 1713–1729. doi:10.1177/0308518X211026323.
- Gourgues, G., and H. Matthieu. 2017. *Austérité et rigueur dans les finances locales: une approche comparative et interdisciplinaire. Austérité et rigueur dans les finances locales*. 1–295.

- Halleux, J. M., A. Hendricks, B. Nordahl, and V. Maliene. 2023. Public Value Capture of Increasing Property Values across Europe: vdf Hochschulverlag AG.
- Hendricks, A., T. Kalbro, M. Llorente, T. Vilmin, A. Weitkamp, 2017. “Public Value Capture of Increasing Property Values—What are « Unearned Increments ».” In *Land Ownership and Land Use Development*, edited by E. Hepperle, R. Dixon-Gough, and R. Mansberger, et al. 257–281. Zürich: vdf Hochschulverlag.
- Le Galès, P. 2011. *Le Retour des villes européennes sociétés urbaines, mondialisation, gouvernement et gouvernance*. Paris: Presses de Sciences Po.
- Leichenko, R. 2011. “Climate Change and Urban Resilience.” *Current Opinion in Environmental Sustainability* 3 (3): 164–168. doi:10.1016/j.cosust.2010.12.014.
- Loo, B. P., J. R. Bryson, M. Song, and C. Harris. 2018. “Risking Multi-Billion Decisions on Underground Railways: Land Value Capture, Differential Rent and Financialization in London and Hong Kong.” *Tunnelling and Underground Space Technology* 81: 403–412. doi:10.1016/j.tust.2018.07.011.
- Lorrain, D. 2014. *Governing Megacities in Emerging Countries*. Aldershot: Ashgate Publishing, Ltd.
- Mathur, S., and A. Smith. 2013. “Land Value Capture to Fund Public Transportation Infrastructure: Examination of Joint Development Projects’ Revenue Yield and Stability.” *Transport Policy* 30: 327–335. doi:10.1016/j.tranpol.2013.09.016.
- Medda, F. 2012. “Land Value Capture Finance for Transport Accessibility: A Review.” *Journal of Transport Geography* 25: 154–161. doi:10.1016/j.jtrangeo.2012.07.013.
- Mouton, M., S. Deraëve, S. Guelton, and P. Poinot. 2023. “Negotiated Windfalls: Mapping how Public Actors Pursue and Share Land-Value Capture in Nanterre-la-Folie, France.” *Land Use Policy* 131: 106704. doi:10.1016/j.landusepol.2023.106704.
- Navarre, F. 2021. *Les finances publiques locales: plaidoyer pour une vision systémique, territorialisée et diachronique?* Nantes: Université de Nantes.
- OECD/Lincoln Institute of Land Policy. 2023. Building a Global Compendium on Land Value Capture.
- Peck, J. 2012. “Austerity urbanism: American cities under extreme economy.” *City* 16 (6): 626–655. doi:10.1080/13604813.2012.734071.
- Pétillot, A. 2013. *La reconversion des anciens hôpitaux, un enjeu pour les centres hospitaliers et les métropoles françaises: expériences comparées à Lyon, Marseille, Montpellier, Paris, Poitiers et Saint-Etienne*. Paris: Université Paris 4.
- Phinney, S. 2020. “Rethinking Geographies of Race and Austerity Urbanism.” *Geography Compass* 14 (3): e12480. doi:10.1111/gec3.12480.
- Pollio, A. 2016. “Technologies of Austerity Urbanism: The “Smart City” Agenda in Italy (2011–2013).” *Urban Geography* 37 (4): 514–534. doi:10.1080/02723638.2015.1118991.
- Suzuki, H., R. Cervero, and K. Iuchi. 2013. *Transforming Cities with Transit: Transit and Land-use Integration for Sustainable Urban Development*. Washington, DC: The World Bank.
- Suzuki, H., J. Murakami, Y. H. Hong, and B. Tamayose. 2015. *Financing Transit-Oriented Development with Land Values: Adapting Land Value Capture in Developing Countries*. Washington, DC: The World Bank.
- Tonkiss, F. 2013. “Austerity Urbanism and the Makeshift City.” *City* 17 (3): 312–324. doi:10.1080/13604813.2013.795332.
- United Cities and Local Governments. 2014. Land Value Capture: A Method to Finance Urban Investments in Africa? Reportno. Report Number, Date. Place Published: Institution.
- Vilmin, T. 2015. “Le choix des opérateurs et des outils.” *La Revue foncière* 6: 18–21.
- Vitopoulou, A., and A. Yiannakou. 2020. “Public Land Policy and Urban Planning in Greece: Diachronic Continuities and Abrupt Reversals in a Context of Crisis.” *European Urban and Regional Studies* 27 (3): 259–275. doi:10.1177/0969776418811894.