



KTH Architecture and
the Built Environment

Compulsory Acquisition

Compensation för Development Values?

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Background

A main rule is that compensation shall correspond to the *market value* of the property.

However, in some countries there is an exception to this rule:

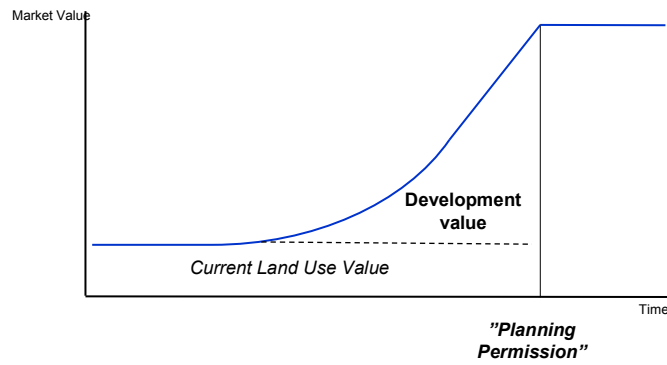
- *Values based on expectations of a permitted change of land use – development values – are not compensated.*

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Development – or “hope” – values



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Fair compensation?

- The problem of “unearned increment”?
- “Equal treatment” of property owners?

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”Unearned increment”

It is reasonable/fair that property owner are entitled to values that origins from *their own investments!*

But, who “deserves” increase in land values due to:

- Planning/permits to change land use?
- Public investments in infrastructure?
- General economic development, e.g. technological achievements, migration, lower interest rates etc.

Case 1

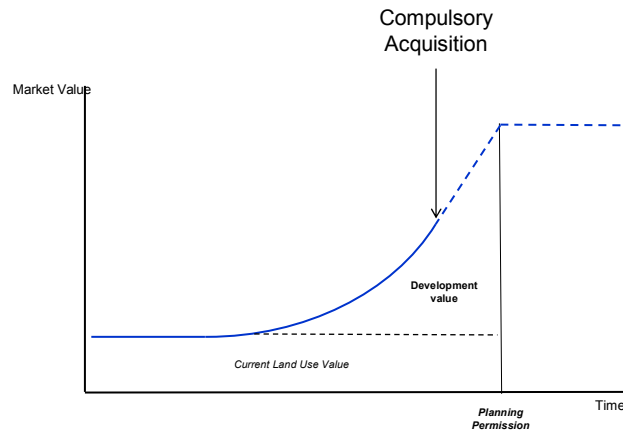
The compulsory acquisition is made in order to develop an urban area (with e.g. several property owners)





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.... Case 1

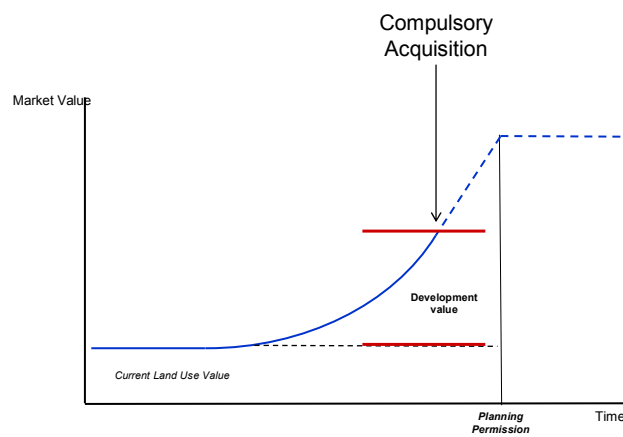


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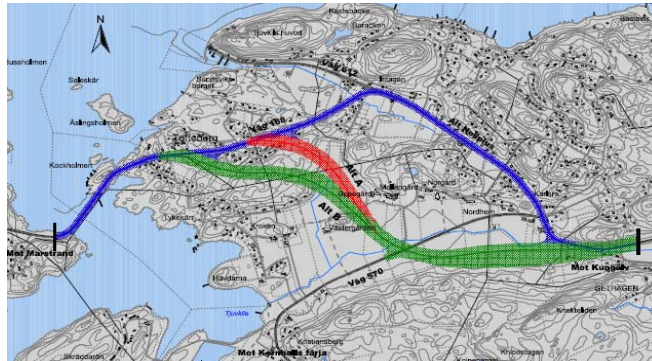
Fair compensation level?



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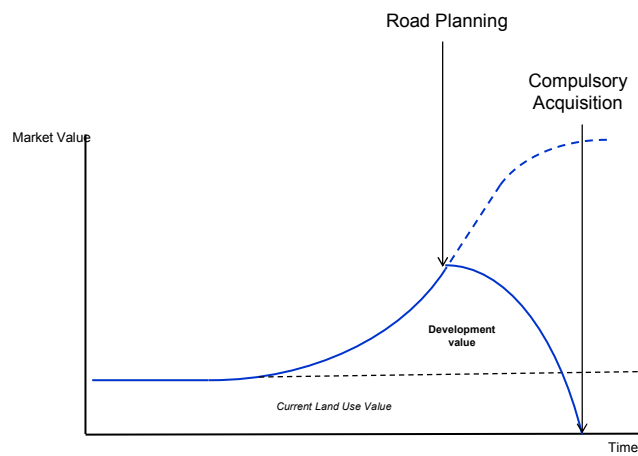
Case 2

The compulsory acquisition is made in order to construct e.g. a new road, which "destroys" development values



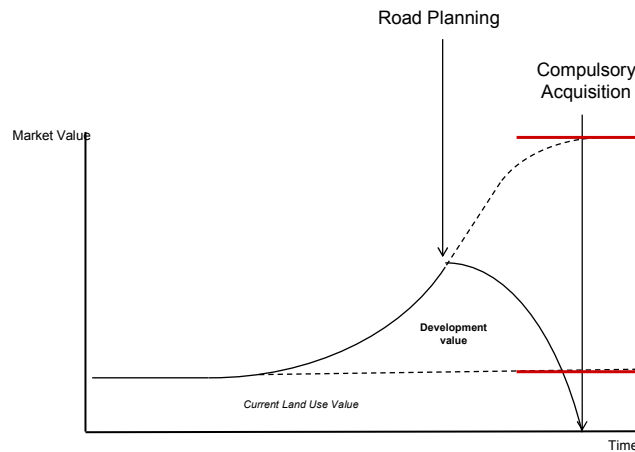
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.... Case 2



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Fair compensation level?

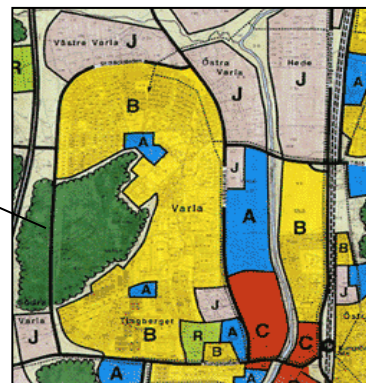


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Compensation for planning decisions?

A Swedish "Master Plan" can be altered without paying compensation.

The green area can then be used by anyone according to the rules of "public access to land".



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Conclusions

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