Social Impacts of Land Value Return and Recycle

Returning Land Value to the Community: Three Studies from Colombia

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OVERVIEW

Three studies, one research agenda

Study	Full title and authors
A. Book chapter **Routledge, 2026**	**Spatial Governance and Planning in Colombia: The Land Use Master Plan of Medellín** O. Pérez-Moreno
 **B.** Journal article **Land Use Policy, 2024**	**Urban Inequality and the Social Function of Land Value Capture: The Credibility Thesis, Financing Tools and Planning in Latin America** O. Pérez-Moreno
C. Working paper **Lincoln Institute, 2026**	**The Role of Land Value Capture Instruments in Financing Climate Resilience Measures: The Case of Blue-Green Infrastructure Development in the "Paisajes del Agua" Project in Rionegro, Antioquia, Colombia** O. Pérez-Moreno, J. C. Figueroa Santamaría, C. Hinestroza Gallego & S. Aguilar Cuartas

Common thread: follow the value — how it is created, how it is recovered, who benefits, and where the money is invested.

THE COMMON RESEARCH THREAD

Following the value: the full cycle

All three studies ask the same question: what happens to the land value created by public action — from the moment it is created to the final spending of the money recovered through land value capture (LVC)?

1

Creation

Public decisions and public works make land more valuable — owners receive an “unearned increment” they did not create

→

2

Recovery

LVC tools give the community back a share of that value — but do owners and developers accept them?

→

3

Beneficiaries

Who actually gains: which neighbourhoods and populations receive the benefits?

→

4

Investment

Where the money collected is finally spent: which projects, which places

The panel's question: does returning and recycling land value truly serve the community — the “social function of property”?

Colombia and Medellín: a laboratory of good LVC practice

- Colombia has one of the most complete legal frameworks for land value capture in Latin America — and Medellín (2+ million people) has applied it longest and most intensively
- The 2014 Land Use Master Plan created the “Management System for Territorial Equity”: planning, land intervention and finance working together
- Four main LVC tools: Betterment Contributions (BC), Urban Obligations (UO), Sale of Construction & Development Rights (SCDR), Participation in Land Value Increments (PLVI)
- The principle behind it all: property has a social function (1936 constitutional reform) and the community must share in the value that public action creates (1991 New Constitution)



FIGURE 7.1 The territory of Colombia and Medellín location

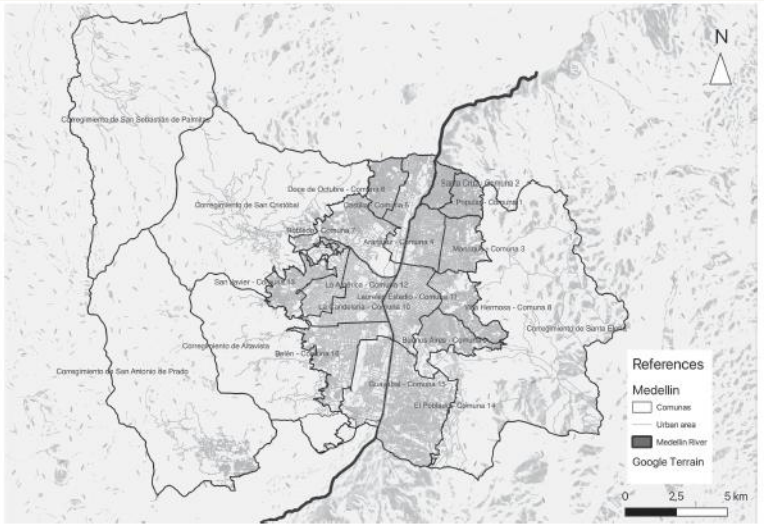


FIGURE 7.4 Medellín political administrative organisation and urban area

Over USD 200 million collected by 2020

LVC tool	Revenue (USD)	Share	Period
Betterment Contributions (BC)	138,866,310	69.2%	2009–2020
Urban Obligations (UO)	57,129,811	28.5%	2014–2020
Sale of Construction & Development Rights (SCDR)	3,905,822	1.9%	2017–2020
Participation in Land Value Increments (PLVI)	794,245	0.4%	2017
Total	**USD 200,696,187**	**100%**	

Money collected with the LVC tools of the 2014 Master Plan by 2020 (BC since 2009).

Source: Pérez-Moreno (2026), ch. 7, Table 7.2 — statistics of the Administrative Department of Planning, Medellín (2021).





Where the money went

- Mobility projects — 82.6%
- Public space — 15.0%
- Public facilities — 2.4%

9.8%

USD 168.5 M invested — about 9.8% of the city's 2020 budget: infrastructure built without straining the general budget

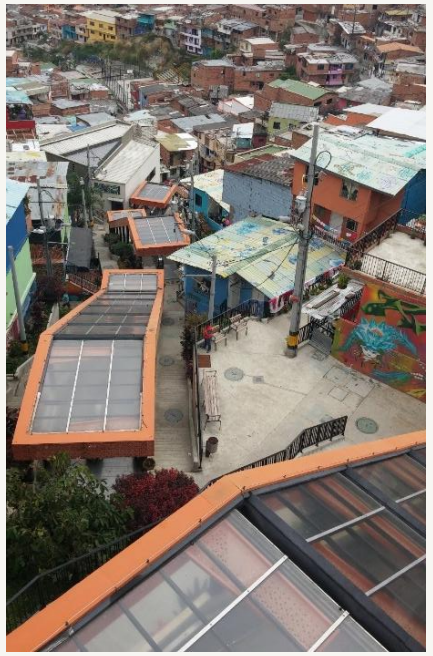
The redistribution paradox: where value is captured and spent

91.2% of the money collected in the four communes with the highest land values (61.2% without BC)

83.4% of all revenues collected in El Poblado alone (26.5% without BC)

97.5% of the investment concentrated in six communes that are already better off (85.5% without the Poblado BC project)

76.6 vs 34.8 living-conditions scores (MILC): El Poblado vs Popular, the poorest commune



Value is collected where land is most expensive and life is most comfortable — and largely spent there. **This could undermine the promise of redistribution.** Paying for these areas with captured value may free public money for other neighbourhoods — but whether that money actually reached the poorest communes could not be established.





Are these tools accepted? Three ways to find out

Credibility thesis (P. Ho): institutions that last are the ones that work for people — what matters is how they function in practice, not how they look on paper.

Court cases
(CAM — Conflict Analysis Model)

Court records show how much conflict each tool generates — source, frequency, outcome, timing, intensity, duration, nature

Perceptions
(FAT — Formal, Actual and Targeted Institutional Framework)

Interviews reveal what state, business and community actors think the rules are — and what they think they should be

Acceptance
(CSI — Credibility Scales and Intervention Checklist)

Links what each group wants the tools to achieve to how strong their support for them is

Data	Sources
Court files	135 cases against the BC; 4 against the PLVI (Fonvalmed; Mayor's Office files)
Interviews (2021–22)	State, business and academic actors involved in implementing the tools
Survey	20 owners who paid the BC in El Poblado Commune

Source: Pérez-Moreno (2024), Land Use Policy — methods: CAM, FAT Framework, CSI Checklist (Ho, 2016).

Conflict is limited — trust depends on the tool and the actor

135 court proceedings against the BC since 2009 — including collective cases covering all 70,867 contributors

32 of 33 decided cases went to the municipality; no court ever cancelled the BC

0 conflicts for Urban Obligations and Sale of Development Rights; 4 ongoing cases for PLVI

13/20 surveyed owners in El Poblado knew the BC, trusted it, or would extend it (separate answers)

Views differ: state and community actors see the tools as "neutral — they support what needs doing", while business actors rate them lowest; 15 of 20 owners had never heard of the other tools. **Reading: the BC — used since 1938 — grew out of local practice and is trusted; the newer tools were imposed from above and have not yet earned trust.**

Source: Pérez-Moreno (2024), Land Use Policy — Tables 7–10, survey (Appendix 3).



Source: Fonvalmed, 2022). Roads built in Medellín through the BC (shown in red).

“Paisajes del Agua”: a park that lives with the river

- Rionegro: 146,880 inhabitants, a fast-growing city in the Department of Antioquia (Colombia)
- A linear park along the Rionegro River, designed for climate adaptation: it lives with the river's cycles — including floods — with permeable paths and flood-friendly public space
- **One of the few examples in Latin America where climate-ready infrastructure has been partly paid for with land value capture**





Source: Pérez-Moreno, Figueroa Santamaría, Hinestroza Gallego & Aguilar Cuartas (2026), Lincoln Institute WP26OP1 — project visualisations: EMS Arquitectos.

STUDY C — RESULTS (1)

A blended budget: LVC pays 11%

USD 13.06 M

total invested: studies, designs and construction of Zone 1 and Zone 2A (2022–2025)

11% LVC
89% other sources

LVC sources (within the LVC share)	USD	Share
Urban Obligations — Type C (equipment construction)	813,143	58%
Participation in Land Value Increments (PLVI)	320,291	23%
Urban Obligations — Type A (roads)	142,043	10%
Urban Obligations — Type B (public space land)	117,752	8%
Total LVC share	**1,393,230**	**100%**

Project structure: LVC instruments 11% (USD 1.39 M) and other sources 89% (USD 11.67 M) of the USD 13.06 M total — Findeter credit 6.47 M; SGR (Antioquia) 2.63 M; CORNARE 0.73 M; municipal own resources.

Recycling across space: the value was captured in developments elsewhere in the municipality — including high-income rural subdivisions — and “recycled” into the park for everyone, instead of being taken next to the infrastructure.

Innovation: six in-kind payment agreements (2022–23) let developers pay by delivering designs and building Zone 2A directly — faster than public procurement.

Source: Pérez-Moreno et al. (2026), Lincoln Institute WP26OP1 — Tables 4–6 (Mayor's Office of Rionegro, 2024; USD at average TRM 2022–2025).

SYNTHESIS

So: who pays, who benefits, who decides?

Question	Finding	Study
Who pays?	Landowners and developers in the highest-value areas	A, B, C
Who benefits?	Medellín: investment concentrated in already better-off communes; money freed for the general budget may have helped poorer areas Rionegro: value captured in richer development areas — including rural subdivisions — was recycled into the park for everyone in urban area	A + C
Who decides?	Technocratic bodies: Medellín's Strategic Direction Council; Rionegro's planning office; citizens largely absent	A + C
Overall	The social function of property is delivered in money and infrastructure — but only partly in fairness, and only weakly in participation	A, B, C

Source: Pérez-Moreno (2024); Pérez-Moreno (2026); Pérez-Moreno et al. (2026), WP26OP1.

Three lessons for policy and practice

Capture must come with redistribution

LVC is not enough: the rules should send the money where it is most needed — or the public money freed should be visibly tracked to the poorest populations.

Trust is built over time

LVC tools rooted in local practice (like Medellín's BC, in use since 1938) earn acceptance; new tools imposed from above need time, clear communication and easy ways to dispute charges.

Participation makes it sustainable

Involving residents in deciding how LCV is recycled builds trust, local ownership and long-term resilience — for both projects and tools.

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Thank you !

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- Extensive experience collaborating with local governments in Colombia, particularly in Bogotá and Medellín, on LVC instruments.
- Research focuses on land-based financing for blue-green infrastructure and the transnational links between LVC.
- Publications include work featured in Land Use Policy, in the Lincoln Institute of Land Policy, and in other international academic journals and conferences.
- Teaching experience at universities in Colombia, Spain, and France, covering urban planning, LVC, and urban economics.

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