

Smart Covenant

**A new legal construct
for collective land
value infrastructure**



**By Dark Matter Labs
and Center for Spatial Technologies**

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The way we invest in our cities is broken. When public money is used to invest in our shared infrastructure, it creates huge amounts of value in the privately owned land around it – a dynamic underpinning our current urban development model. This, in turn, fuels the land speculation at the heart of our global housing crisis, creating unsustainable and unequal neighbourhoods. We need to redesign our land economy to recognise that public goods create private wealth.

The Smart Covenant is a prototype for a new legal contract as a way to democratise public investment. The covenant would be linked to a new public platform that allows landowners and local residents to collectively track and share their land value uplift, created from the public investments that happen around them. Over time, this could be rechanneled into a type of civic investment bank, used to fund new local projects and sustainable infrastructure. It is also an exercise in international cross-disciplinary and cross-organisation collaboration in order to share data and research to create new models of land-ownership. As a positive model for systemic change, the project is an example of taking the idea of property as an asset for the benefit of the few and introducing a system for more horizontal distribution.

So how could this work? Let's say the government has plans to plant trees, improve the public space of an area, or perhaps build a new transport link like a light railway line. Instead of trying to raise money by looking for underused land and empty plots that sit close by, and selling it off to speculative developers, what if they gave citizens that live in the neighbourhood access to a new public platform and invited them to invest in their neighbourhood first. Residents could sign up to a customised smart covenant,

Dark Matter Labs

Based in London and the EU, Dark Matter Labs are a strategic design and development lab working to transition society in response to the technological revolution and climate breakdown. Participants in the idea for this project were: Jack Minchella and Oliver Burgess.

Opposite:
Image: Dark Matter Labs

Smart Commons: Redirecting flows of common value

Instead of relying on the sale of public land and developer contributions for short-term value capture, what if we focussed on retaining part of the long-term land value uplift public infrastructure creates.

The Smart Commons model could be used to redirect the flow of common value to fund both large-scale infrastructure and support the distributed transition to sustainable, low-carbon and more democratic neighbourhoods.



Previous spread:
Smart Covenant overview.
Image: Dark Matter Labs

Above: Nearby homeowners
decide what to invest
and vote on it.
Image: Dark Matter Labs

a long term contract in which they agree to share a percentage of land value uplift over a defined period of time – say 25 years – if it rises above the average price. In return, they can see the improvement of places around them. These collective, neighbourhood-scale, contracts could be specifically designed to help decarbonise our built environment, targeting things like retrofitting, pedestrianisation, new green space, or tree planting.

Over time, local governments could bolster this process by helping to set up neighbourhood forums or citizen juries, giving residents a say in what projects they want to happen in their neighbourhoods. Using their own smart covenant to agree the terms on which they're funded.

The Smart Covenant is part of a broader model we call the Smart Commons: new forms of digital contracting and licensing aimed to redirect flows of value into funding the new common assets we'll need to move our cities out of the carbon age. These new types of contracts will allow us to shift the perceived logic of how public money is used to improve our cities; from being locked into short-term financial gains through selling public land and punitive taxation of speculative developers, and towards the creation of new public tools focused on creating long-term value we get from public infrastructure spending; new parks, schools or transport projects.

In order to design a more distributed transition to more sustainable, low-carbon and democratic neighbourhoods it

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is the contract we turn our attention towards.

In collaboration with EIT Climate-KIC and Center for Spatial Technologies, Dark Matter Labs are developing a platform that brings together smart contracts, property value data and distributed ledgers in order to more fairly distribute this public value, by creating a mechanism to invest in building green infrastructure and more sustainable communities.

The project was funded by EIT Climate-KIC (a European knowledge and innovation community working to accelerate the transition to a zero-carbon economy) in the recognition that any viable climate transition will need our investment models and logic for financing cities to be reinvented. The spatial modelling and data research work were done in partnership with Center for Spatial Technologies, mapping and modelling the inflation of property prices in Manhattan as a result of the New York High Line.

Since then we've been looking into how this idea might work in a UK context, as well as linking up with others in the Dark Matter team working across several cities in the EU (who are looking at climate transition policy and services) in order to pinpoint a place to test the first version of a smart covenant. ■

Center for Spatial Technologies

Based in Kyiv, CST is a group of architects, researchers, and educators, who develop solutions for spatial problems; hacking economic, technological and political infrastructures to shape the future city. Participants in the idea for this project were: Roni Bulent Ozel, Oguzhan Yayla, Maksym Rokmaniko, Mykola Holovko, Orest Yaremchuk.