

# Taxing vacant land

## (Preliminary draft for conference submission)

Thomas Boogaerts, Geert Goeyvaerts & Stef Schildermans \*

January 16, 2023

### Abstract

Taxing vacant land is said to encourage development and discourage speculation (World Bank, 2016). Yet, there is hardly any empirical evidence of its effects. We exploit the staggered adoption of the so called 'Activation Fee' by Flemish municipalities to examine its impact. The results reveal a stark difference in the behavior of households and developers. The probability that a household obtains a construction permit does not significantly change while it increases by 1.90 percentage points (55%) for plots owned by developers. In contrast, the probability that a parcel is sold by a household increases by 0.48 percentage points (20%) while it does not significantly change for developer-owned parcels.

---

\*Boogaerts: HIVA, KU Leuven. Goeyvaerts and Schildermans: Department of Economics, KU Leuven. E-mail corresponding author: geert.goeyvaerts@kuleuven.be. This draft is preliminary and incomplete. Please do not cite nor circulate without the approval of the authors.