

# The use of land: Why planners cannot go it alone

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**Land-use and spatial planning is important for growing modern cities, but to be truly effective coherent public policies are also needed.**

How land is used determines more in our daily lives than we may realise. Whether getting to work, school or a hospital, or taking a bus or a train, these choices are often made easier or more difficult by land-use planning. The location of a new airport, a major business development, inner city renovation project or new green belt depend on planning decisions that ultimately affect the economy and people's lives.

Consider property values, for instance: the skyrocketing housing prices in many OECD cities are in part the consequence of land use policies that regulate building and the supply of land. Land use

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planning also influences air and noise pollution, and is a critical factor for the environment more generally, affecting biodiversity and even CO<sub>2</sub> emissions. Indeed, according to a 2005 study, more than one third of all carbon emissions since 1850 were caused by changes in land use. Importantly, whether in Manhattan, Mumbai or Milan, planning decisions taken today can affect lives for years, decades or even centuries to come. On the other hand, good planning can mean a brighter future not only for particular regions or cities, but the wider economy.

All of this places a particular responsibility on land-use planners, a group of professionals who by design or default, must juggle between competing demands, constraints and expectations to achieve important societal goals. But they cannot act alone, and need to work in concert with citizens, businesses and, not least, policy makers at every level.

Spatial and land use planners set high ambitions, and face many challenges along the way, as many case studies by the OECD and others show. Take Lodz in Poland, which has had to revive its historic centre despite competing pressures from suburban and peri-urban expansion. Planners in Amsterdam, as in many major capitals, must grapple with strong population growth and maintain housing affordability while protecting green spaces and the historic core. In cities such as Umm al Fahm in Israel, the challenge is rather how to provide infrastructure and amenities, and unblock the land-use constraints on economic and social development.

These planners ask themselves the same questions: Do we have the right instruments and tools to effect change? Are land use plans and regulation responsive enough to achieve our goals and are wider public policies helping? What are the scenarios for the years and decades ahead?

There is a compelling economic interest in getting the right answers. After all, land and the built environment constitute by far the most important share of wealth among the OECD countries. They make up around 85% of the total capital stock, roughly evenly split between land and property—corresponding to nearly US\$250 trillion. Swings in the value of land and property can affect the distribution of wealth and impact on investment decisions, jobs and well-being. Beyond economic value, land also has great immaterial worth. People are attached to land, to their regions and cities, and care strongly about how they are run.

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There is a responsibility on all policy makers, and not just planners, to mobilise public policies for better land use. It goes beyond the use of spatial and land use plans, as well as the environmental and building code regulations that are the traditional policy instruments for influencing land use. These instruments restrict how land can be used and often leave little or no scope for community and market-driven land use patterns to emerge. Also, planning procedures can simply take too much time. The result may be urban decline in some places, or spiralling housing costs in others, with sprawl and congestion emerging at the expense of more compact, breathable urban spaces.

Other policy instruments are needed to influence land use, such as tax and transport policies. A major cause of suburban sprawl since the 20th century has been the declining cost of car use. Public policy has played a major role in this decline, and so policy makers can help control sprawl by reducing subsidies to car use and increasing taxes, including congestion charges, while making public transport more appealing.

In too many cases, planning systems run up against overwhelming and contradictory incentives provided by other public policies. In fact, planners try to limit the likes of urban sprawl, to reduce the cost of public service provision and make cities more walkable, for instance. But too often they are thwarted by other government policies that provide financial incentives for long commutes or for the construction of thinly dispersed single-family homes.

If such contradictions were avoided, planning could become more flexible and more effective. Today, many restrictions on land use came into being only to avoid land use patterns encouraged by other public policies. If incentives were better targeted, the need for restrictive land use planning would be reduced. Of course, more flexibility will not be possible everywhere, with some areas requiring stringent regulations to protect biodiversity and cultural heritage. But in most cases, flexible planning approaches can help transform areas by allowing new, more efficient and innovative uses of land.

In short, flexible planning and targeted incentives should go hand-in-hand. The right mix is key to avoid unintended outcomes, such as a loss of biodiversity and defacement of historical cities. If the incentives and regulations are right, people are more likely to put land to desirable uses out of their own volition.

This means a broader range of policies is needed. It also requires greater efforts to co-ordinate policies between sectors and levels of government. Already today, land use policies are often co-ordinated across policy fields, such as environment, transport and housing. In the future, this co-ordination will have to intensify and bring finance ministries more firmly into the process. Indeed, all levels of government, from national to local, have to work more closely together if land use policies are to be optimised for everyone's benefit.

It's high time for policy makers of all stripes to take land use far more seriously. After all, land use affects individual and collective well-being and is a critical factor in meeting the overarching goals of environmental sustainability, economic growth and social inclusion. Planners cannot go it alone.

## References

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