GOVERNANCE OF LAND USE

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Land and property are by far the most important forms of capital.

Disaggregated capital stock (six-country sample)

Note: Data includes Australia, Canada, Czech Republic, France, Japan and Korea. Source: OECD National Accounts Table 9B
The amount of developed land per capita in urban areas differs across the OECD.

*All data is based on the OECD definition of Functional Urban Areas (FUAs).

Source: OECD calculations based on Corine Land Cover and National Land Cover Database
Land use in urban cores and commuting zones in Europe

Land use policies need to find a balance between productivity, sustainability, liveability and affordability.

Source: OECD calculations based on Corine Land Cover data
Housing costs have risen strongly in most OECD countries

Inflation-adjusted property prices (1995=100)
Restrictive land use policies can lead to rising housing costs

- Land use regulations should aim to prevent sprawl...
- ...but have to provide sufficient space to construct housing for growing populations
- Otherwise, housing costs rise
Very little physical densification is taking place

- Very little densification of building stock since 2000
- Less than 0.01% of developed land in data has changed to a higher density class in Europe; less than 1% has changed in the U.S.
- **Caveat:** existing land use data not ideal to measure density; only two density classes for Europe; four density classes for the U.S.

Source: OECD calculations based on Corine Land Cover and National Land Cover Database
High quality density is needed

• Many cities have densities similar to when they were much smaller
  ➔ Low density neighbourhoods that were once at the urban fringe are now within urban cores without having densified

• Greater densities are needed to adapt urban form and build housing for greater populations

• Public spaces need to be of high quality in denser environments to ensure well-being (e.g. many residential developments of the 1960s are rich in public spaces of low quality).
How to make planning more flexible and foster good land use?

- Public policies aimed at steering land use
  - Spatial planning
  - Transport planning
  - Land use planning
  - Environmental regulations
  - Building code regulations

- Public policies not targeted at land use
  - Tax policies
  - Transport taxes and subsidies
  - Fiscal systems and inter-governmental transfers
  - Agricultural policies
  - Energy policies

How land is permitted to be used

How individuals and businesses want to use land

How land is used
Aligning fiscal and tax incentives to land use objectives

Fiscal and tax systems incentivise:

i. local governments’ planning policies

ii. land use decisions by firms and individuals

► Incentives need to be better aligned with land use objectives
Examples: How fiscal and tax systems influence land use

In some countries, local governments obtain a large share of revenues from business taxes.

In some countries, ownership of single-family homes receives preferential tax treatment.

Local governments have incentives to allocate as much land as possible to commercial uses to maximise tax revenues.

Residents have incentives to live in low-density neighbourhoods in sub-urban areas.
OECD work on the governance of land use

For more information see:

- OECD Land Use Case Studies:
  - Czech Republic – Prague
  - Netherlands – Amsterdam
  - Poland – Lodz
  - Israel – Netanya & Um el Fahm
- Further case studies to be conducted with interested national, regional and local governments.
THANK YOU

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