

Project Description:

Governance of Land Use in OECD Countries

Description of the Project

The aim of this project is to provide recommendations to policy makers on when and how to design and implement effective land-use policies. The interrelations between institutions and markets heavily influence the functioning of land-use markets and their impact on regional and urban development. The interface between these issues is complex and often highly contested particularly within the fringes of urban and rural areas, in brownfield redevelopment zones, and in areas of social deprivation.

Any policy interventions will therefore need to be carefully designed to be effective. In particular, land use regulations and tax regimes, especially on property taxes, as well as the interaction between these policy areas, are both likely to have a strong impact on land use outcomes. Although the problems and potential policy lessons are context specific there is currently no systematic knowledge examining these issues across a wide range of international cases that can suggest best international practices in the field of land-use policies. More effective and efficient land use would not only have strong benefits for rural and urban policy outcomes, but is also of strongest importance from an environmental point of view.

The importance of better understanding land-use policies has recently been underscored by a wide range of developments, including the recent formation and subsequent bursting of real estate bubbles in a number of OECD countries, the growth of renewable energy production, changing demographics, the provision of public services including public transport, environmental concerns, spatial planning, changes in lifestyles and tourism and the growing concerns regarding food security. These examples illustrate the strong relationship that currently exists between land use policies, social development and macroeconomic phenomenon.

In terms of the policy imperative, land-use policies are place based by definition and managed by different levels of administrative tiers. These include the local, the regional, the national and the supra-national level. It is no surprise that the multi-level governance challenges involved are also extremely complex for determining the appropriate level of planning, regulation oversight and implementation.

Forms of land governance moreover are likely to depend on the historical character of the economy concerned through country-specific evolutions in the system of property rights, land use planning and the formation of land market institutions. Despite this heterogeneity it is still critical to understand which issues are generalizable and which are specific to each country.

In order to better understand the challenges associated with land-use governance, the OECD Secretariat with the support of the Rural Working Party has specified under the 2012-2013 Programme of Work, Work Areas

Number 4 *Rural-urban linkages and natural resource* a report on economics of land-use and regional development. This project description provides a road-map that will lead to producing the report. The total estimated cost is 450 000 EUR. The amount will be partly financed through OECD's core budget and supplemented with voluntary contribution. The Secretariat is currently seeking partners interested in funding this project.

Rationale and Objectives of the project

There is already a large literature on the economics of land-use regulation, but rather less on the role of governance in land use. It is therefore important to identify the potential contribution that the OECD can make to an understanding of these issues. To date, most work on land markets in the OECD area has focused on individual countries. Most often it has been limited to specific market segments (housing markets, for example).

Some comparative work has been done on specific market segments as well, but given the interlocking character of different land markets (decisions made about how to govern urbanisation or water supply, for example, have potentially significant implications for rural areas), there is clearly a case for taking a broader view. Moreover, new issues, such as the changes in land-use patterns associated with large-scale production of renewable energy or ecosystem services approach, are complicating the picture still further, provoking debates that often generate more conflict than understanding.

Although land use governance is clearly a suitable topic for the Rural Working Party, there may be a case for exploring the potential for a joint effort involving the Trade and Agriculture Directorate (TAD), the center for tax policies (CTP), and the Environmental Directorate (ENV). There is clearly scope for undertaking a broad, cross-national and cross-sectoral assessment of the governance of land use.

Its aim would be to derive *lessons* about the kind of institutions and regulatory and fiscal arrangements at different levels of governance that can maximise the efficiency of land use to enhance economic activity and facilitate the provision of goods and services in addition to collecting comparable data on land-use that currently does not exist in OECD countries.

Structure of the project

The project is structured around the following five phases:

- First, drawing on accrued knowledge from project experience and a wider academic and policy literature review in the use and development of land in different settings it would provide an initial *stocktaking* of policies and institutions in the field of land-use governance. The initial output would be a body of internationally comparable, consistent evidence on how these issues are managed across OECD countries with an emphasis on the sub-national dimension. The focus would be on what countries are trying to accomplish with land use regulation, what instruments they are using, and whether these objectives and instruments are coherent.
- Taking stock of the output from the first phase, the second phase will organise a series of workshops involving a panel of international experts in the field of land use policies to further explore the main challenges associated with the governance of land use policies focusing on specific countries. The number of workshops will be determined by the number of member countries making voluntary contributions. The output of this stage would be a more refined version of the report prepared after stage 1.

- Third, the experts involved in the national workshops would come together for a workshop in the OECD headquarters, with all relevant parts of the OECD represented, including Trade and Agriculture, Environment, Taxation etc. The output would be a clear synthesis of the main instruments that shape how land is used, to ensure that the outputs of the national questionnaires across all members embrace all relevant government instruments, as well as encouraging the contribution of good practice examples.
- The fourth phase designs a questionnaire that aims at collecting key information on policies and instruments that impact land use. The questionnaire will be circulated to all OECD member countries. The output would provide material for a comprehensive picture of the operation of land regulation and land markets in OECD countries with an emphasis on the following topics:
 - *Access*: is land available (how much, where, and at what price)? The impact of ownership and use restrictions, zoning and planning, *etc.*
 - *Use*: how can owners/lessees use and develop land? The impact of location and construction permits, environmental regulation, and policies governing access to infrastructure and utilities.
 - *Setting of priorities*: At which level – international, national, regional and local – are land use resource priorities set: where is the balance between national and strategic objectives, on one hand, and regional and local circumstances and the views of people?
 - *Management of externalities*: do regulatory arrangements serve clearly identified and legitimate goals of public policy? How are their costs and benefits assessed? (*e.g.*, how are externalities like amenities valued? How are the costs of regulation measured?)
 - The *interactions between various governance systems*, including land markets, the land-use planning system and the institutions or systems charged with regional development policy. There is no single repository of knowledge about how these interactions operate in different countries.
- Ultimately, the project would aim to derive some *lessons* about the kind of institutions and regulatory arrangements that can maximise the efficiency of land markets while still addressing legitimate policy concerns. The final stage would include the preparation of at least two major outputs:
 - A database on the governance of land-use in OECD countries, including the construction of a set of indicators that can be used for further analysis based on the information contained in the questionnaire.
 - A substantial report, involving both quantitative and case-study methods, on the effects of different forms of land-use regulation on economic and environmental development. This report would also look at the interactions of land-use regulations with existing tax systems in determining land use outcomes.

Project Management

The project will be managed by a core Project Management Team of two OECD policy analysts supported by other OECD experts and external specialists. The Project Management Team will be responsible for event organisation, field visit, preparation of the final report, and financial administration of the project.

Project Milestones

Phase	Main actions and outputs
1. INCEPTION PHASE: Discussion and agreement on methodological report	Initiate a wide academic and policy review of the use and development of land in different regulatory settings to be agreed by the OECD and areas participating in the project Output: methodological report by OECD
2. WORKSHOPS	At least three workshops in different member countries with a panel of international experts scoping issues of land-use governance. Output: updated methodological report by the OECD
3. QUESTIONNAIRE DESIGN WORKSHOP	A separate OECD-hosted workshop will focus on the previous outputs, with inputs from other parts of the OECD, in order to identify the key questions and the best design of the questionnaire. Output: filled out questionnaire
4. CIRCULATING QUESTIONNAIRE	The OECD Secretariat, involving the Statistical Working Party will circulate the questionnaire to its member countries and collect the information. Output: filled out questionnaire
5. ANALYSIS OF QUESTIONNAIRE RESULTS WORKSHOP	The OECD Secretariat will present the results of the questionnaire and the workshop will discuss the implications of the findings. Output: one workshop report
6. FURTHER CASE STUDIES	The OECD Secretariat will conduct case study analysis in a selected number of countries. Experts and peer reviewers will be involved in the case studies. Output: regional case study events
7. FINAL REPORT and WORKSHOP	Preparation of publication of final report and approval by TDPC. The case studies have the option to organise their own launching event, with participation of OECD upon mutual agreement Output: one published final report by OECD Secretariat

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