



CROSS CUTTING THEMES FOR SPATIAL PLANNING

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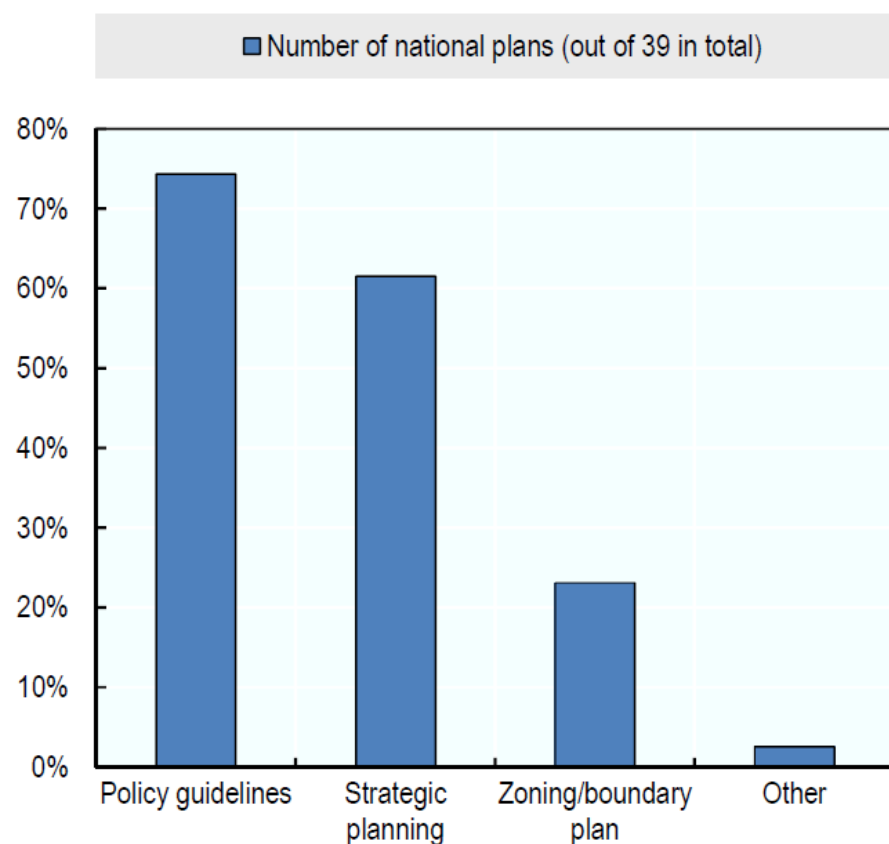
Why spatial planning matters

- Spatial planning determines important environmental, social, and economic outcomes
 - **Land and buildings make up 86% of total capital stock**, with a corresponding value of USD 249 trillion.
- **Shaping the Future:** Spatial planning guides where and how people live, work, and move
- **Economic Impact:** Land use influences investment, housing markets, and infrastructure costs
- **Environmental Sustainability:** Planning decisions affect climate resilience, biodiversity, and emissions
- **Quality of Life:** Well-planned spaces improve accessibility, public services, and social cohesion.



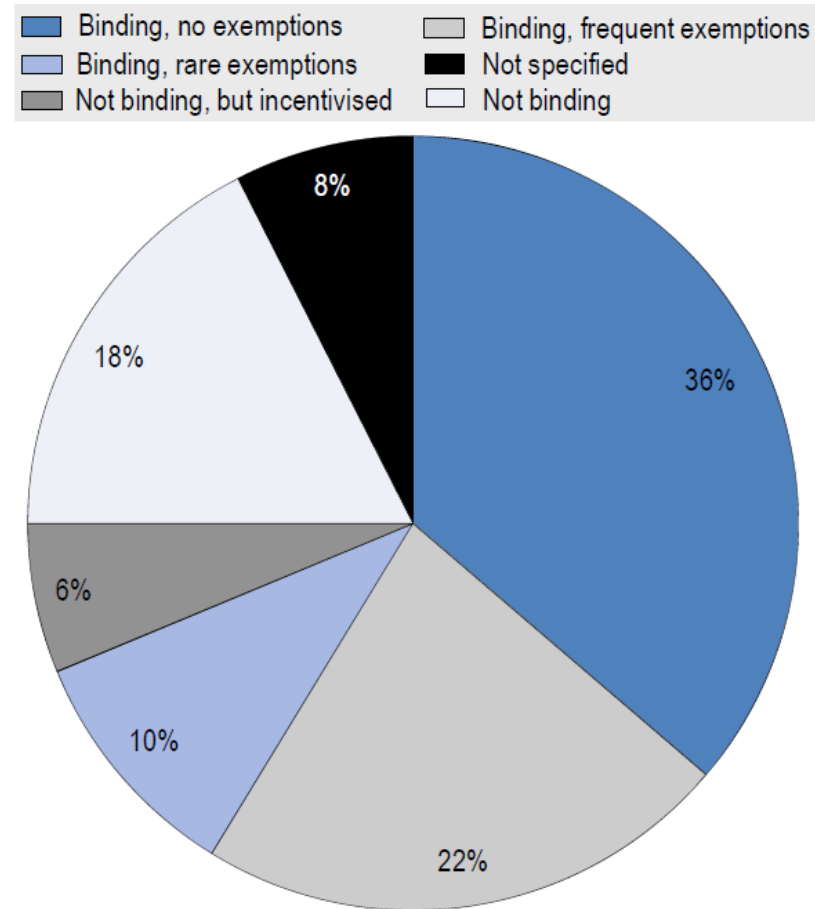
Overview of national spatial plans in OECD countries

Functions of national level plans



Note: Percentages do not add up to 100 as plans may combine different functions.

Legal status of national level plans





Spatial planning should balance public and private interests

- **Land is both a public and private asset** – individual ownership vs. collective benefits
- **Market forces alone can lead to inefficient or inequitable land use**
- **Public planning ensures that land development aligns** with broader economic, social, and environmental goals
- **Conflicts arise** – planning must mediate between development rights and community needs
- **Balance requires clear rules, flexibility, and incentives for sustainable land use**



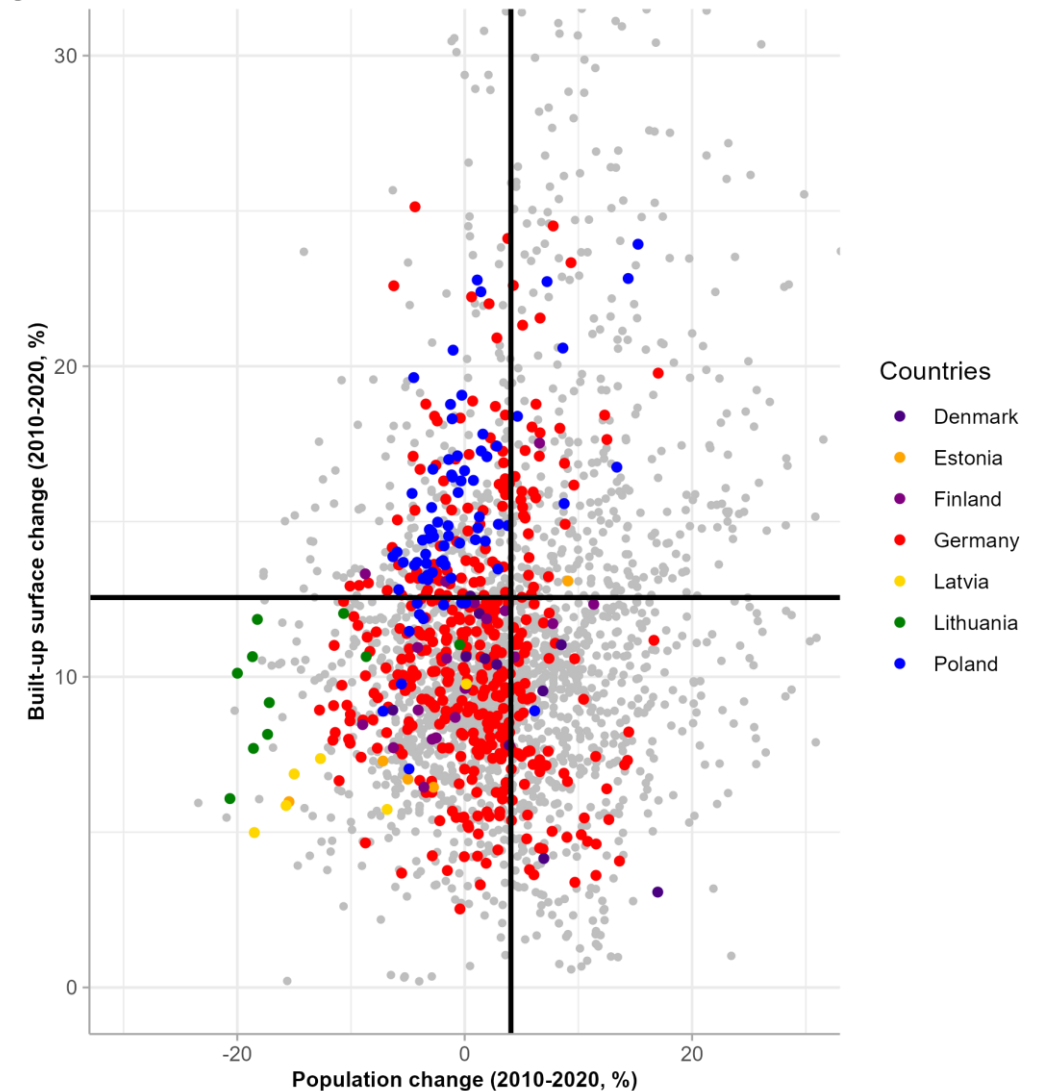
Spatial planning should ensure dense and efficient patterns of spatial development

Why Density Matters:

- Compact development reduces infrastructure costs by making better use of existing networks
- Higher densities support efficient public service delivery
- Dense development fosters economic activity through agglomeration effects, increasing productivity

Challenges of Peri-urbanisation:

- Uncoordinated suburban expansion leads to high travel costs, inefficient infrastructure provision, and environmental degradation
- Residents in peri-urban areas often do not bear the full costs of their locational choices, which are instead passed onto the broader public.





Spatial planning should be flexible to react to emerging challenges and not too restrictive

Need for flexibility:

- Rigid planning can stifle innovation, delay projects, and limit adaptation to socioeconomic changes
- When implemented right, a discretionary approach can allow spatial planning to evolve while ensuring strategic direction

The role of rules in ensuring predictability:

- Some level of regulation is essential—rules provide certainty for investors, streamline decision-making, and reduce approval times
- Clear guidelines help prevent arbitrary decision-making and ensure coordinated urban development.

Balancing rule-based and discretionary planning:

- Too much restriction → Slows development, increases housing costs, and limits innovation
- Too much flexibility → Unpredictability, case-by-case decisions lacking long-term vision
- Optimal approach → A framework of core rules that allows adaptability where needed, ensuring both stability and responsiveness



Spatial planning should not restrict competition between businesses

The role of spatial planning in market dynamics:

- Planning should support open and competitive markets rather than create barriers that protect incumbent businesses
- Restrictive planning can act as an entry barrier for new businesses, reducing economic dynamism

How spatial planning can distort competition:

- Adverse Impact Tests: Requiring businesses to prove that their presence will not negatively impact existing competitors
- Restrictive zoning and permitting processes: Zoning rules preventing commercial activity in certain areas
- Private covenants limiting competition: Planning agreements misused by firms to limit entry of competitors by imposing restrictive covenants on land sales

Balancing competition with planning goals:

- Planning restrictions should be carefully assessed to avoid unintended anti-competitive consequences

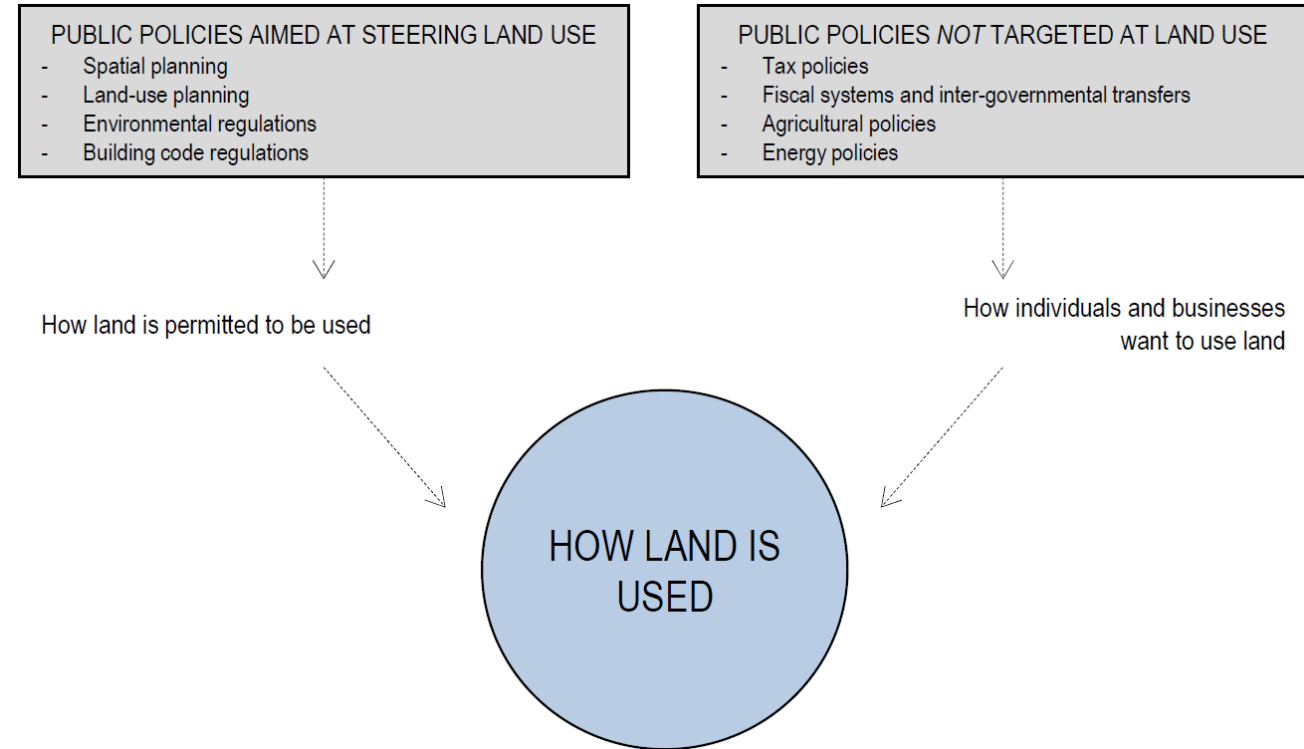


Spatial planning should be combined with the right incentives

Traditional planning relies primarily on restrictions (zoning, environmental regulations, permitting)

Public Policies as Incentives for Land Use

- Fiscal and tax policies can steer development patterns by affecting the costs and benefits of land use
- Density bonuses, land value taxes, or transport subsidies can encourage compact, efficient development
- Poorly aligned policies, such as tax deductions for commuting, can unintentionally promote urban sprawl





Spatial planning should encourage local governments to pursue broader societal benefits

Local Planning Decisions Are Shaped by Fiscal Incentives:

- Local governments rely heavily on tax revenues from property, businesses, and land transactions
- Municipality can prioritise commercial zoning at the expense of housing or public spaces if heavily reliant on commercial taxes
- Fiscal autonomy can encourage sprawling development if localities compete for tax revenue

Encouraging Local Governments to Align with Broader Agendas:

- **Fiscal incentives for regional coordination:** National governments can provide grants or tax-sharing models that encourage municipalities to cooperate on housing, transport, and infrastructure
- **Regional planning authorities:** These structures can ensure better spatial planning integration across municipal boundaries
- **Balanced tax policies:** Reforming subnational finance to ensure municipalities benefit from a mix of residential, commercial, and industrial development



Spatial planning should respond to demographic trends

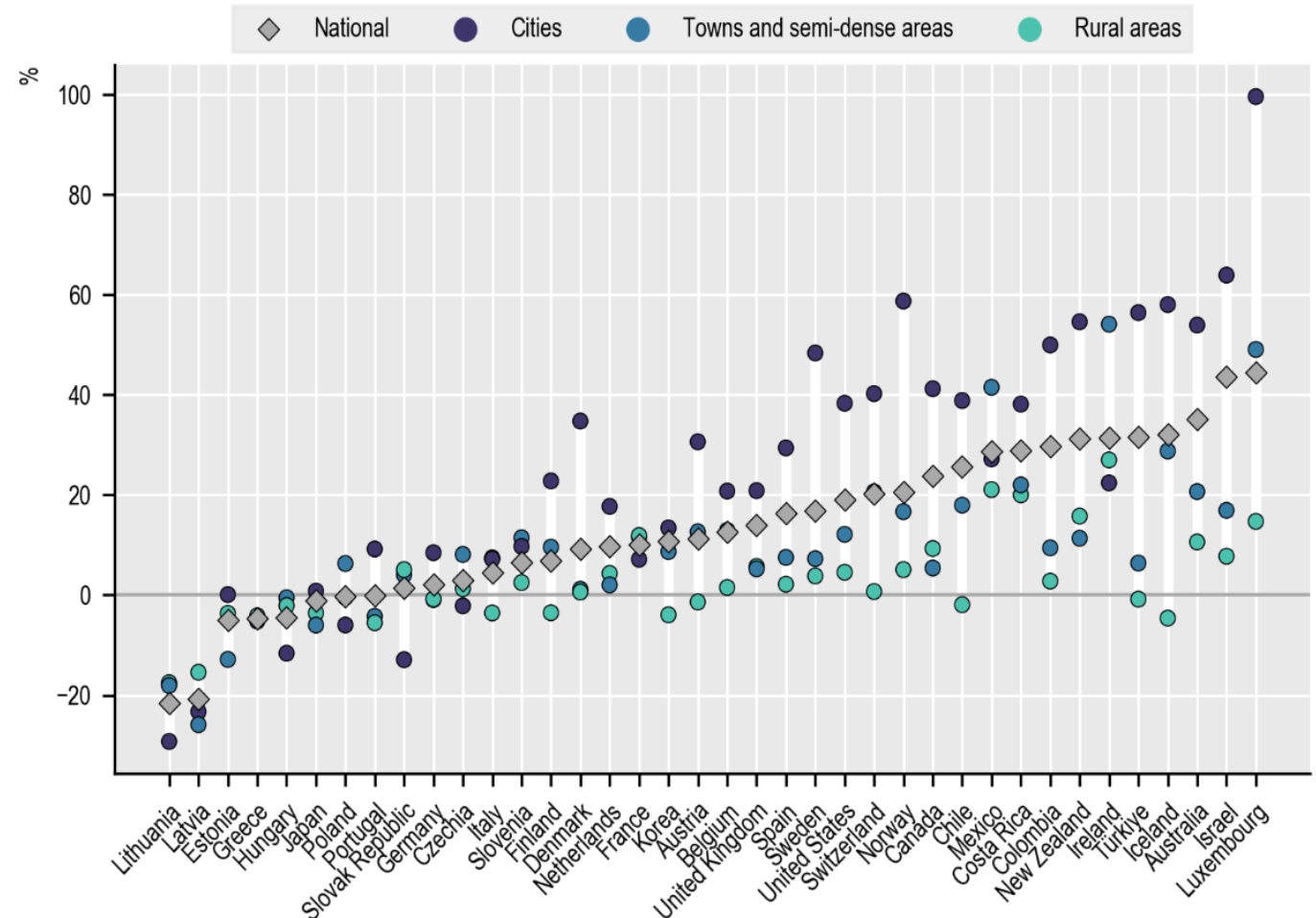
Demographic shifts:

- Population decline & ageing affect many OECD regions
- Rural depopulation continues as urbanization increases

Spatial Planning Must Adapt

- Shrinking cities & ageing populations require revised infrastructure & housing strategies
- Policies should encourage compact, networked development over urban sprawl

Population change from 2000 to 2020 by degree of urbanisation in OECD countries





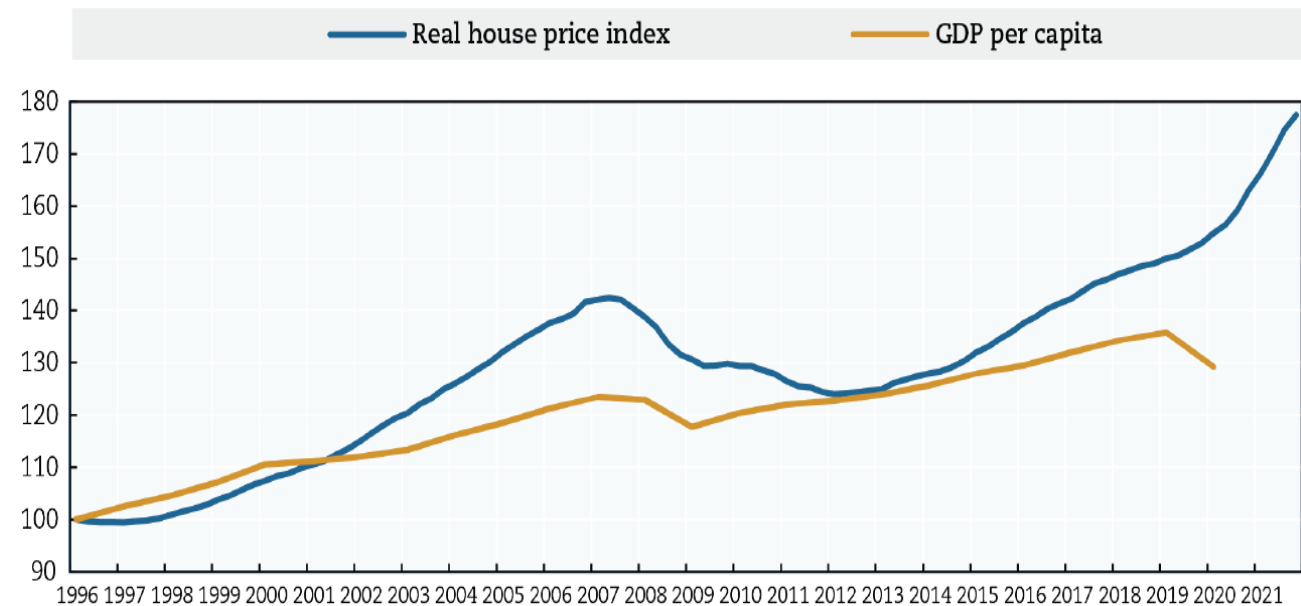
Spatial planning should react to growing demand for housing

Challenges to housing development:

- Restrictive zoning laws limit where and how much housing can be built
- Slow permitting processes create delays, increasing costs
- Infrastructure limitations (e.g., transport, utilities) restrict high-density development in key areas.

Planning solutions for sustainable housing growth:

- Upzoning and mixed-use zoning encourage higher densities in well-connected areas
- Transit-oriented development (TOD) supports compact housing near transport hubs
- Public-private collaboration can streamline approvals and financing for housing projects.





Spatial planning should be integrated across sectors and levels of government

Why integration matters:

- Land-use decisions affect all sectors (e.g. transportation, housing, environment, economic development) yet these areas are often planned separately
- Lack of coordination between national, regional, and local governments can result in fragmented and inefficient development

Examples of siloed planning:

- Transport and land use misalignment: New developments may lack adequate transit access
- Infrastructure gaps: Poor coordination leads to uneven service distribution (e.g., roads, utilities, schools)
- Inconsistent policies: Conflicting regulations across government levels can slow down development and increase costs

Horizontal coordination: Aligning policies across sectors (e.g., housing, environment, transport)

Vertical coordination: Strengthening collaboration between national, regional, and local governments

Governance frameworks: Creating institutional mechanisms to facilitate cross-sectoral decision-making



Spatial planning should be better monitored and evaluated

The role of monitoring and evaluation:

- Spatial planning impacts many sectors, but without proper evaluation, difficult to measure its success
- Data-driven planning allows governments to adjust policies based on real-world outcomes rather than assumptions

Challenges:

- Lack of standardized indicators makes it difficult to compare progress across cities and regions
- Delayed impact of planning policies can lead to reactive rather than proactive adjustments
- Insufficient coordination between agencies can limit access to necessary data

Improving monitoring and evaluation:

- Use key performance indicators (KPIs) to track land use efficiency, housing affordability, and infrastructure development
- Leverage digital tools (GIS, big data, satellite imagery) to assess real-time spatial trends
- Create feedback loops where monitoring results directly inform policy adjustments.