Module 1: Introduction and the Context

The Use and value of Urban Planning

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Summary

1. Why do we need urban planners?

2. Performances in planning cities: success and failures

3. An urban planning methodology which:
   - Uses a cross sectoral approach
   - Takes impact on markets into account when developing strategies
   - Increases the chances of successful implementation
Section 1:
Why Do We Need Urban Planners?
Why Do We Need Urban Planners?

- A city government usually includes sectoral bureaus that manage individual sectors such as:
  - Transport
  - Water and sewer
  - Land
  - Housing, etc.

- Good sectoral management is indispensable but it is not enough!
Urban Planners Should Work Across Sectors

- By contrast with sector managers, urban planners are supposed to work across sectors.
- For this reason their contribution to the efficiency of a city is unique.
- Unfortunately, planners often:
  - concentrate on planning land use in isolation from other municipal sectors.
  - do not get involved in infrastructure planning.
Example of Cross Sectoral Problems (1)

- Shortage of housing may be responsible for overcrowding which in turn may create traffic congestion.

- The solution might be to increase the supply of housing (cross sectoral approach) rather than widening streets (sectoral approach).
Example of Cross Sectoral Problems (2)

- Lack of investment in water supply in suburban areas may create an urban land shortage, which in turn may lead to a housing shortage and high rent.

- The solution to lower rents might be to built new water mains in the suburbs (cross sectoral approach) rather than build new housing projects (sectoral approach).
Attempts to Minimize Costs within a Sector Often Leads to the Wrong Decision

- For instance, a transport department may attempt to minimize its budget expenditure by avoiding building expensive bridges.
- In doing so the municipality may lose the assets represented by the land across the bridges.
- The value of land made accessible by the bridge might be several orders of magnitude the cost of the bridges.
Cost Benefit Analysis vs. Minimizing Costs

- Good management practice consists in maximizing the difference between costs and benefits, not in minimizing costs.

- One of the most practical way of measuring the benefits from infrastructure investments or regulatory change is to measure changes in land values and rents.

- Urban planners are uniquely qualified to evaluate investment benefits when they understand the mechanisms of real estate markets.
Reality Vs. Best Practice

- In reality in many cities across the world, planners tend to
  - focus on the design of land use plans in isolations from other sectors
  - Ignore the reactions of the real estate market to the shortages and/or oversupply that they may unknowingly contribute to create

- This explains why there are so many planning failures and why the sectoral management approach is more common than cross sectoral planning
Section 2:
Performances in Planning Cities: Success and Failures
Success and Failures

- Cities in high income countries often appear to be better planned than cities in lower income countries, however it is not always the case.
- There are history of planning success and failures in every countries of the world, rich or poor.
- We can learn from the success and failures story, but there are no directly transferable models.
Examples of Planning Successes in Western European and American Cities

- In Western European cities:
  - Protecting historical neighborhoods while maintaining their economic vitality
  - Linking economic regions with a dense and efficient network of public transport

- In American cities:
  - Maintaining a competitive housing construction industry responsive to consumers' demands
  - Reducing car pollution by imposing strictly enforced pollutant emission standards
Examples of planning failures in Western European and American Cities

- In Western European cities:
  - Planners tried to limit the growth of capital cities like London and Paris, it did not work
  - The proportion of trip using public transport keep decreasing in spite of effort of planners to increase it

- In American cities:
  - Many city center are loosing jobs and people in spite of planners effort to revitalize them
  - The proportion of trip using public transport keep decreasing in spite of large investments in public transport like light rail or metro
Section 3:

An Urban planning method that increase the chance of success
6 Steps for Successful Planning:

1. Define priority objectives
2. Develop strategy
3. Identify and quantify inputs
4. Identify and quantify outputs
5. Project and then monitor outcome
6. Calculate and then monitor city wide impact and compare to objectives
6 Steps for Successful Planning Examples (1)

1. Define priority objectives
   • increase supply of new housing

2. Develop strategy
   • Develop infrastructure to increase land supply

3. Identify and quantify inputs
   • Land for roads right of ways
   • Costs of civil works
6 Steps for Successful Planning Examples (2)

4. Identify and quantify outputs
   • Length of roads and network to be built

5. Project outcome
   • Area and cost of land developed
   • Density and number of dwelling units

6. Evaluate city wide impact compared with objective
   • Changes in land and housing prices
   • % increase in new housing
Steps 5 and 6 are Very Important for Successful Planning

- The 6 steps described above could be used for planning regulation reform, infrastructure investments, or local tax reform.
- Step 5: Projecting outcome is a way to anticipate the reaction of markets to planned project.
- Step 6: validate the efficiency of the strategy.
- It is possible to plan projects or reform which appears successful in isolation but have no impact at the city level.
- Many government housing projects are unfortunately of this last type.
Planners Do Not Always Follow the 6 Steps

- Master plans often contain only objectives and strategies and nothing else
- Sometime there are lists of inputs and outputs without clear objectives
- Most of the time anticipated outcome and evaluation of impact are missing
- Success can be measured only when impacts are compared to objectives
The Most Current Weaknesses in Following the 6 steps Method (1)

- Lack of clear objectives
- Strategies inconsistent with city’s spatial structure
- Inconsistency between objectives and current land use laws, infrastructure investments programs and taxation
The Most Current Weaknesses in Following the 6 steps Method (2)

- Strategy at odd with trends in consumer demand
- Absence of financial resources to back projected investments
- Implicit costs unaffordable to consumers
- Lack of regular monitoring of outcome and impact
Summary of What Planners Should Do to Increase Chances of Successful Implementation (1)

- Look at issues across sectors,
- Do not look at land use in isolation from other sectors and from real estate markets
- Monitor real estate markets and interpret price signals
Summary of What Planners Should Do to Increase Chances of Successful Implementation (2)

- Conduct cost benefits analysis and use anticipated rent values as a proxy for benefits
- Investigate possible negative side effects of regulations and infrastructure investments
- Constantly monitor urban indicators like densities, number and location of building permits, traffic flows, land prices and rents
Conclusions

- Foreign models are not directly transferable
- There are a lot of planning success and failures everywhere in the world
- Using a systematic methodology which anticipate markets reactions to planned regulations, investments and taxation decreases the risks of implementation failure
- Urban planning is not an exact science, but successful urban planning can bring substantial efficiency benefit to a city