



# SUSTAINABLE URBAN AND HOUSING DEVELOPMENT: OECD PERSPECTIVE

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Social Development*

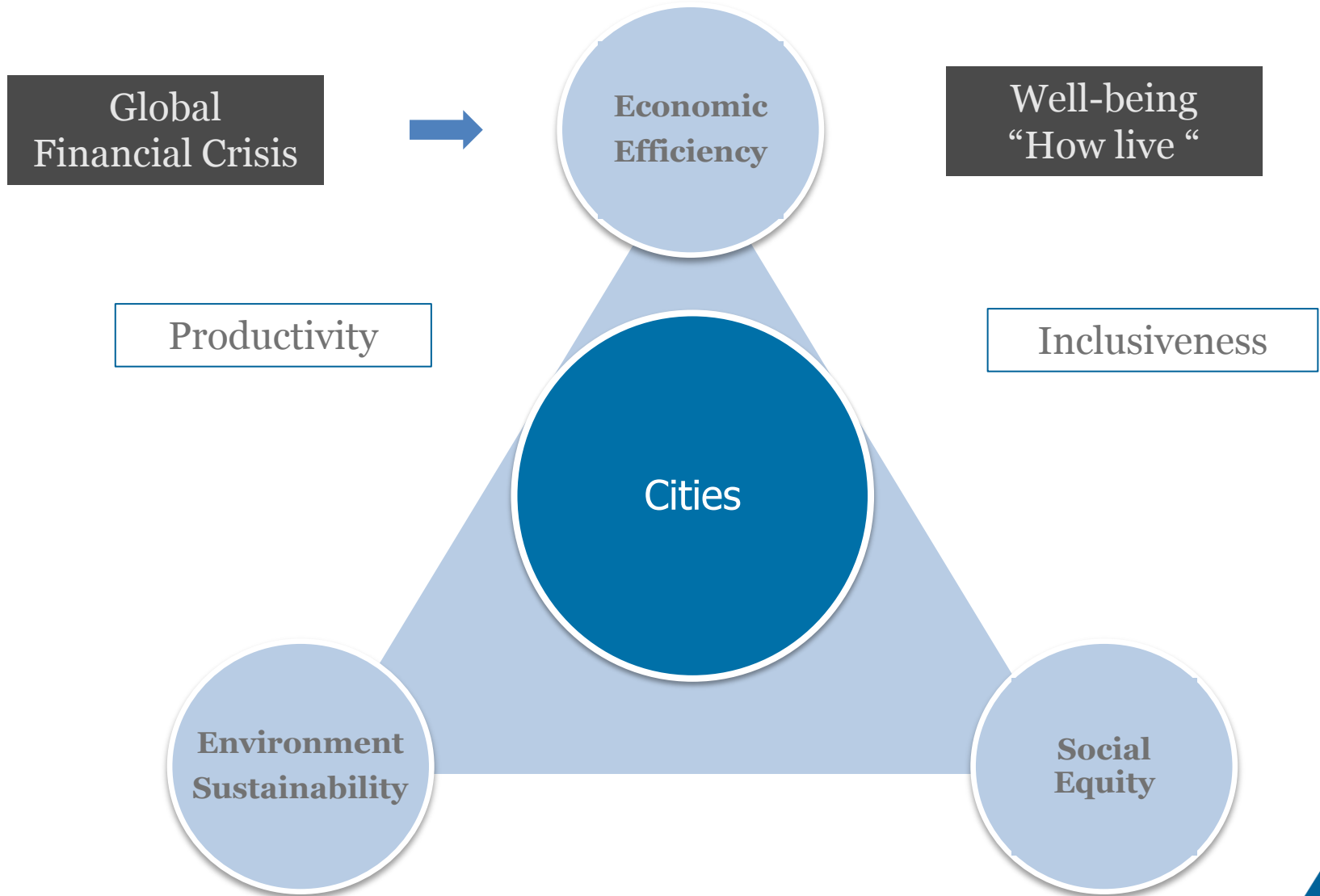
*12 April 2018, Moscow, Russia*



# URBAN POLICY IN THE GLOBAL CONTEXT

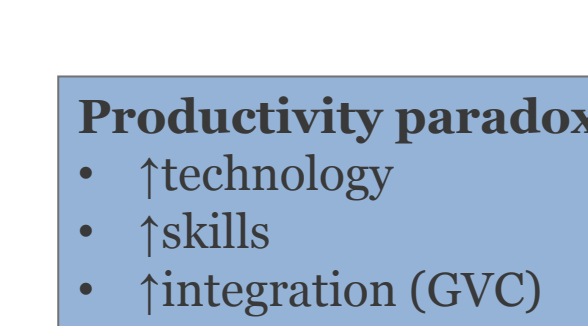
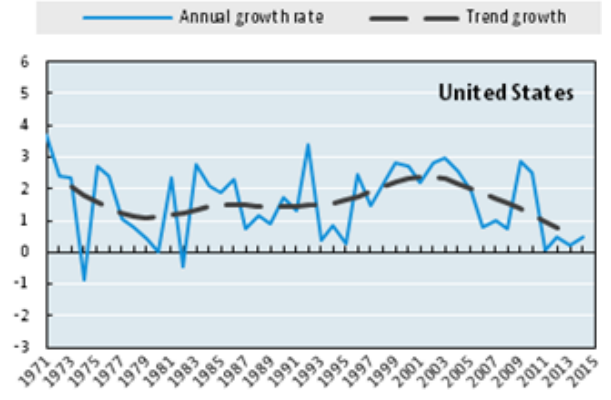
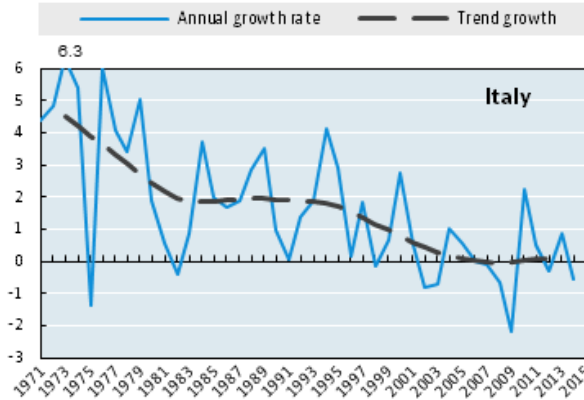
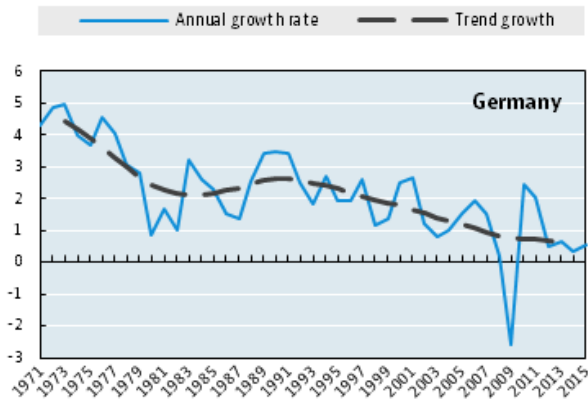
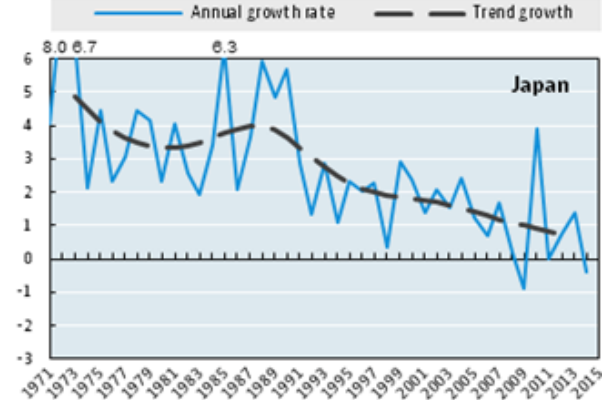
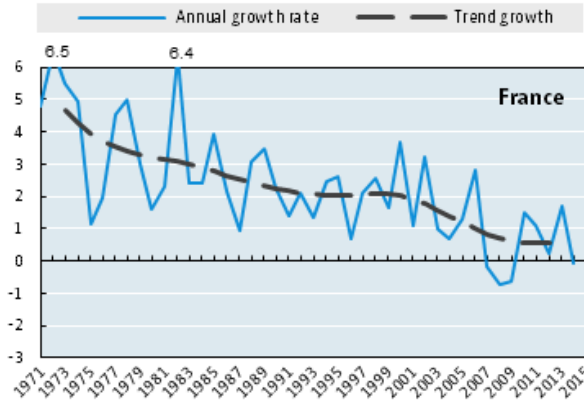
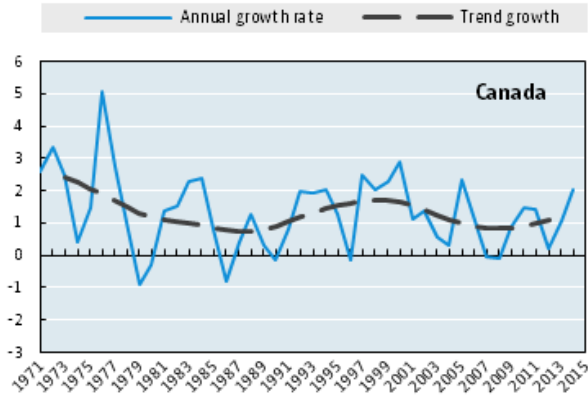


# Better Policies for Better Lives: “Productive Economies, Inclusive Societies”





# Labour Productivity Growth G7



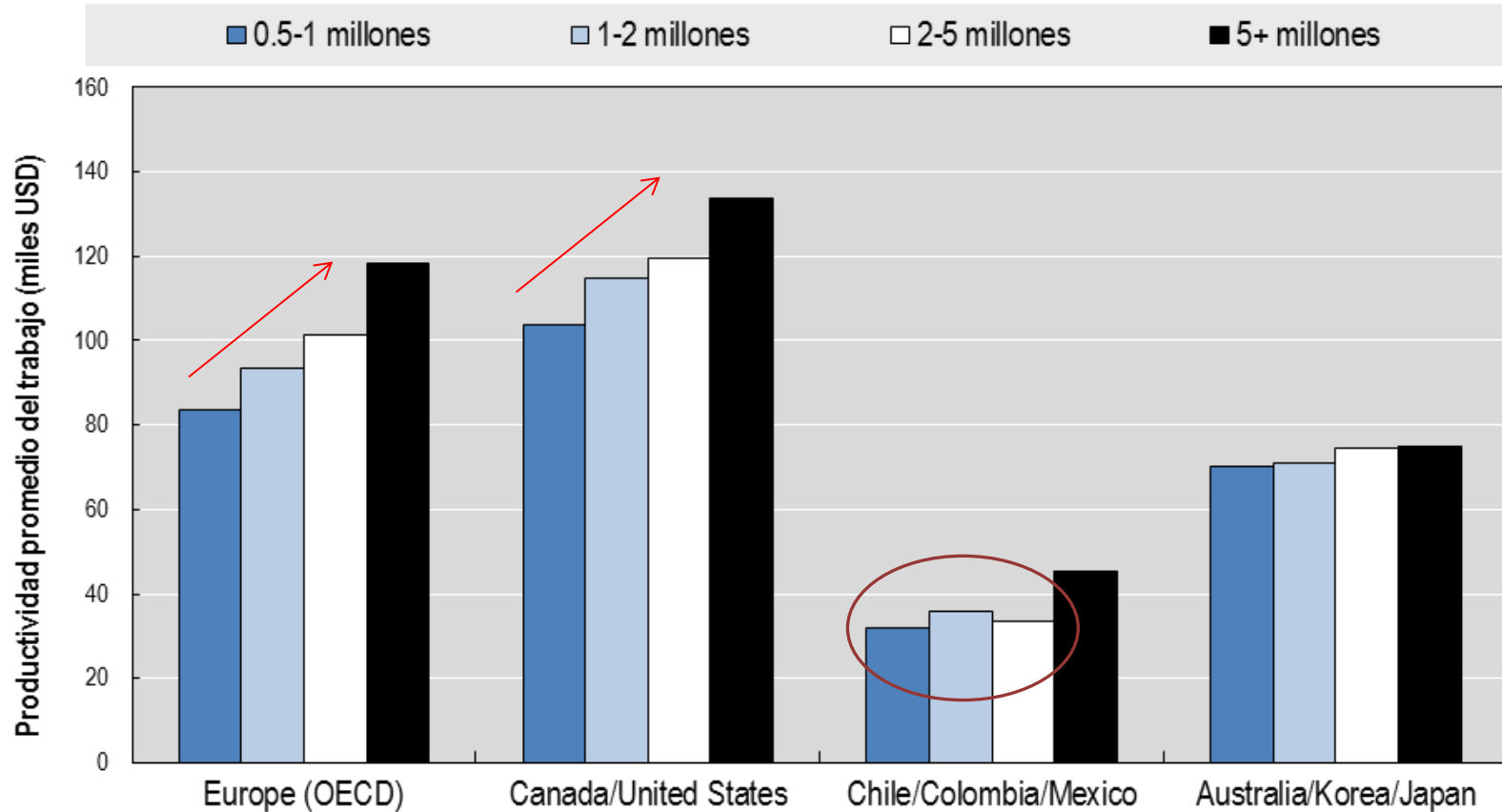
## Productivity paradox:

- ↑technology
- ↑skills
- ↑integration (GVC)



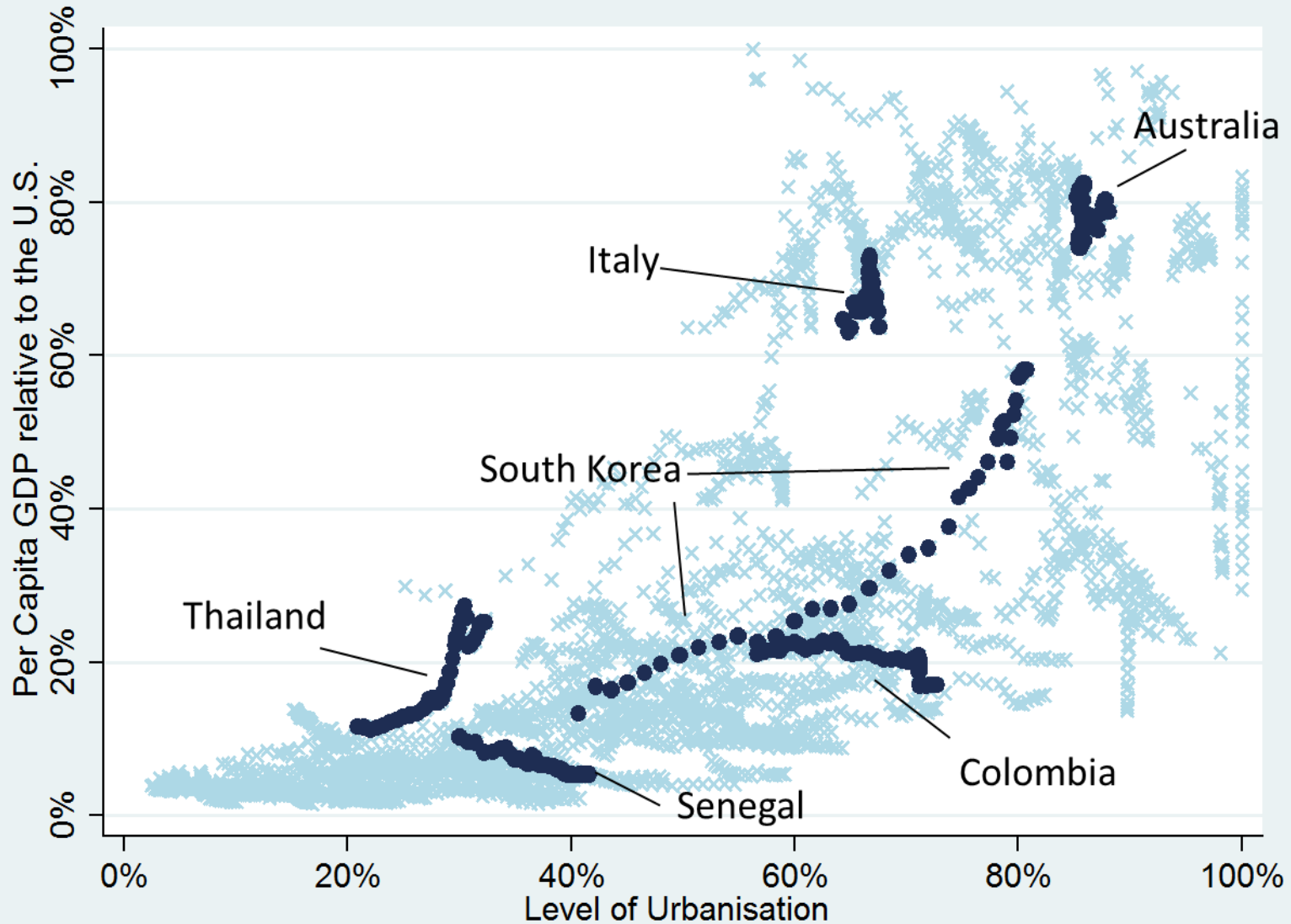
# Bigger cities are often more productive. Yet, it is not fully applicable in all places

## Labor Productivity of cities per region



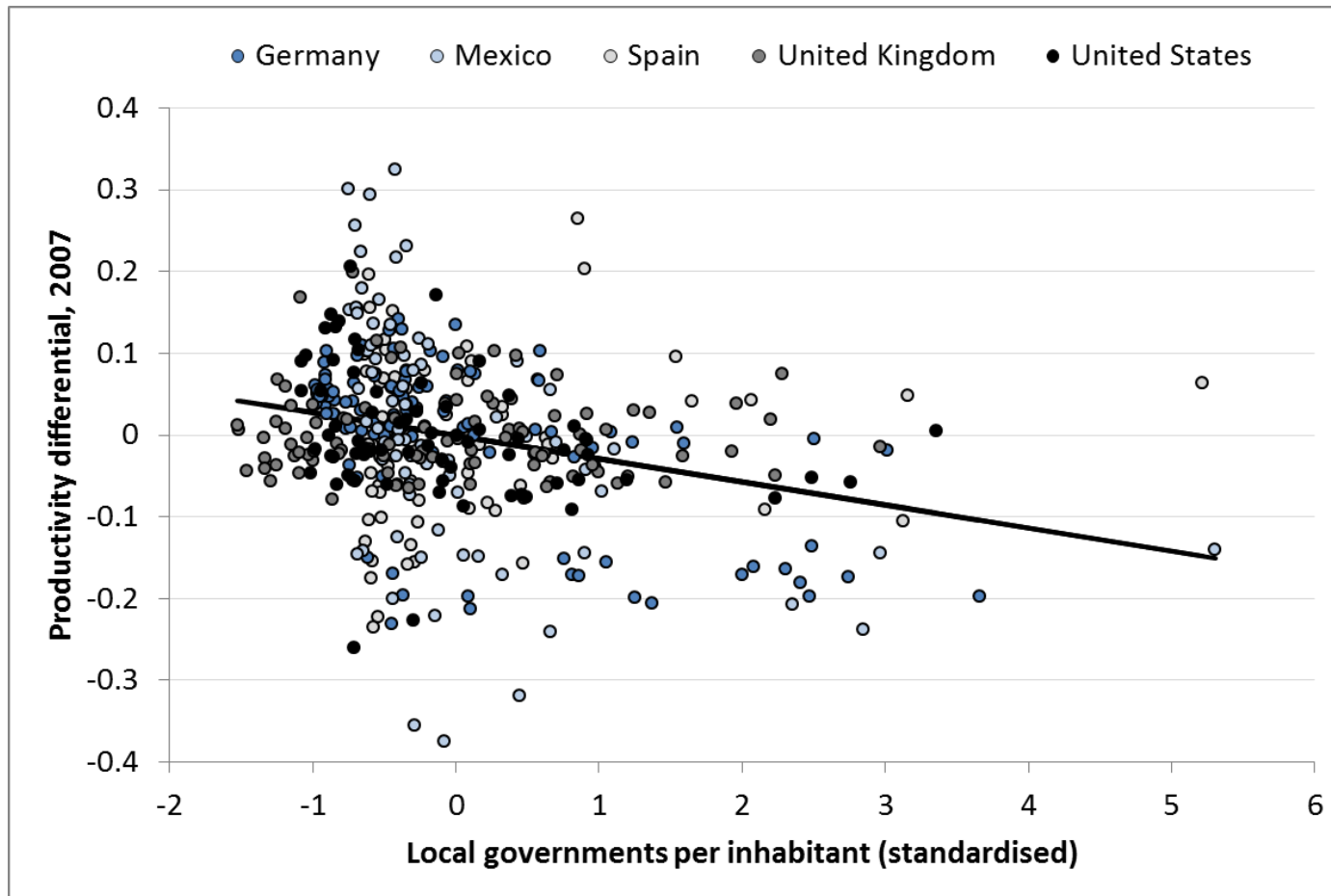


# Urbanisation alone is not enough for economic development





# City productivity and administrative fragmentation



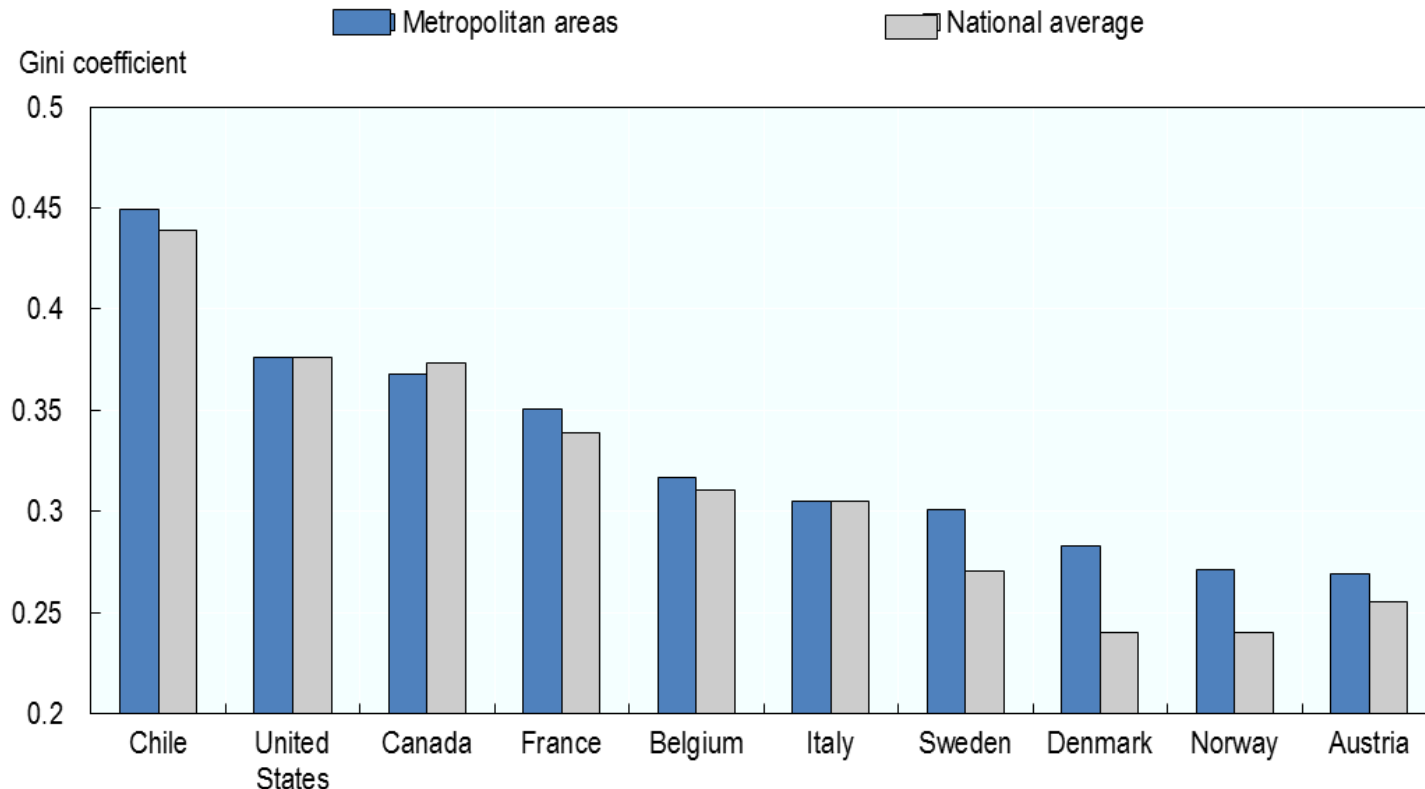
*Productivity falls by 6% for a doubling in number of municipalities*



# Making Cities Work for All :

## Cities tend to be more unequal than countries

*Gini coefficient of household disposable income, 2014*



Source: Boulant, J., M. Brezzi and P. Veneri (2016), "Income Levels And Inequality in Metropolitan Areas: A Comparative Approach in OECD Countries", *OECD Regional Development Working Papers*, No. 2016/06, OECD Publishing, Paris.

DOI: <http://dx.doi.org/10.1787/5jlwjo2zz4mr-en>





# National Urban Policy Frameworks: Why cities matter?

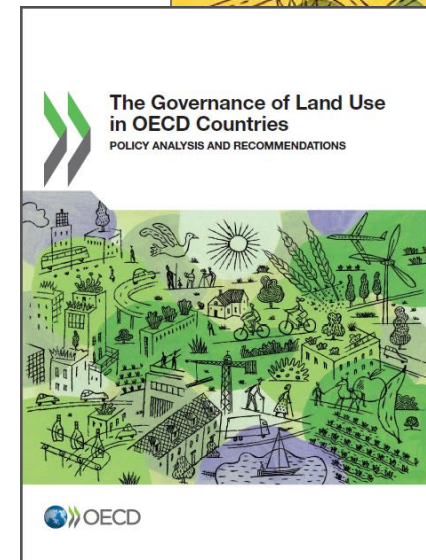
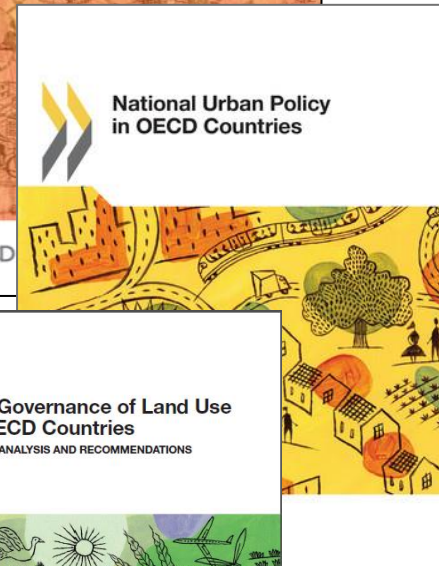
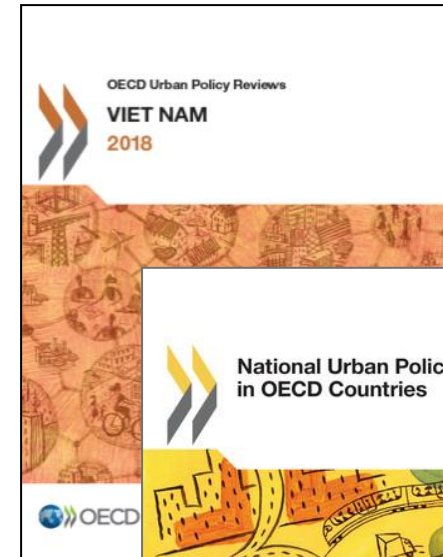
- Most people live in cities. Governments that ‘get cities right’ can improve overall well-being.
- Cities are also complex dynamic systems, in which the actions of households and firms, as well as the interactions among different strands of public policy, typically have large positive or negative spill-over effects on others.
- Cities affect national economic, environment and social outcomes.
  - Cities provide opportunities for higher levels of government to address these in a coherent, integrated way.

*Density of settlement and activity implies greater policy complexity and greater need for policy coherence, particularly in periods of dynamic change.*



# Main lines of work at the OECD

- **Reviews of metro-regions and national urban policy** to identify opportunities to address competitiveness, sustainability and governance challenges (34 metropolitan reviews, 7 national urban policy reviews e.g., Kazakhstan, 2017)
- **Horizontal analyses** targeting, for example, urban competitiveness, climate change, urban green growth, land use, and housing affordability
- **Policy dialogue** to facilitate knowledge exchange and best practices to inform policymakers' agendas (e.g., Roundtable of Mayors and Ministers)
- **Statistical indicators on urban and metro-regions** – the fundamental tools for enhancing cross-country comparison and improving policy evaluation (OECD Regional Database, OECD Metro Database)





# NATIONAL URBAN POLICY



# Policy coherence across levels of government requires national leadership

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- National policies affect urban development
  - National legislation establishes the ground rules for cities.
  - National governments intervene directly in a large number of policy domains that affect cities – *yet explicit national urban policies are often narrowly conceived.*
  - Inter-municipal co-ordination needs support from above.
- Major domestic policy challenges require a multi-level approach:
  - Neither cities nor national governments alone can address the main competitiveness challenges.
  - Environmental policies have a strong, place-based dimension, especially in cities.
  - Inclusive growth requires both economy-wide and local measures.



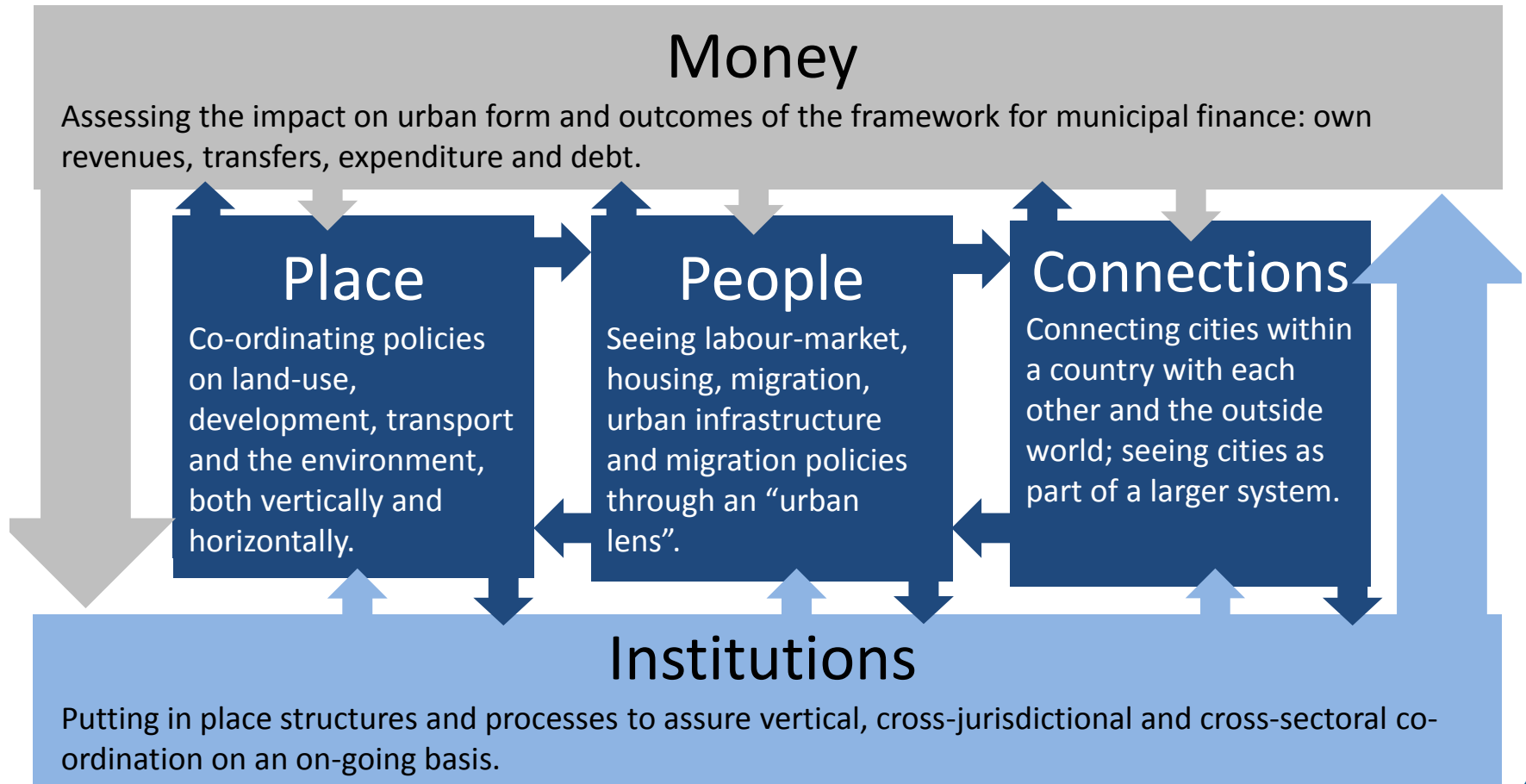
# Policy coherence is often lacking

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- National governments intervene directly in a large number of policy domains that affect cities – **yet explicit national urban policies are often narrowly conceived.**
- Fiscal frameworks often contradict sectoral policies.
  - Example: property taxes and urban sprawl.
  - Example: fiscal rules and the management of transfers.
- Land-use, economic development and transport planning are often segregated.
  - Example: congestion charges and parking fees.
  - Example: development bottlenecks, “drainage” projects.
- Transversal policy challenges are often reframed to “fit” sectoral policy templates.
  - Example: accessibility is redefined as mobility. This can increase sprawl, emissions and even (paradoxically) the fragmentation of urban space.



# Interactions among pillars are the key





## The three-fold aim of NUPRs

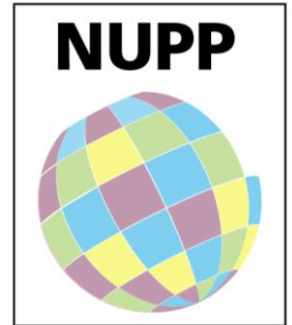
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- Improve co-ordination of national-level policies that affect urban development
- Increase the coherence between national and sub-national/ city-level policies and correct perverse incentives
- Provide levers to improve coordination across municipalities within urban areas



# National Urban Policy Programme (NUPP)

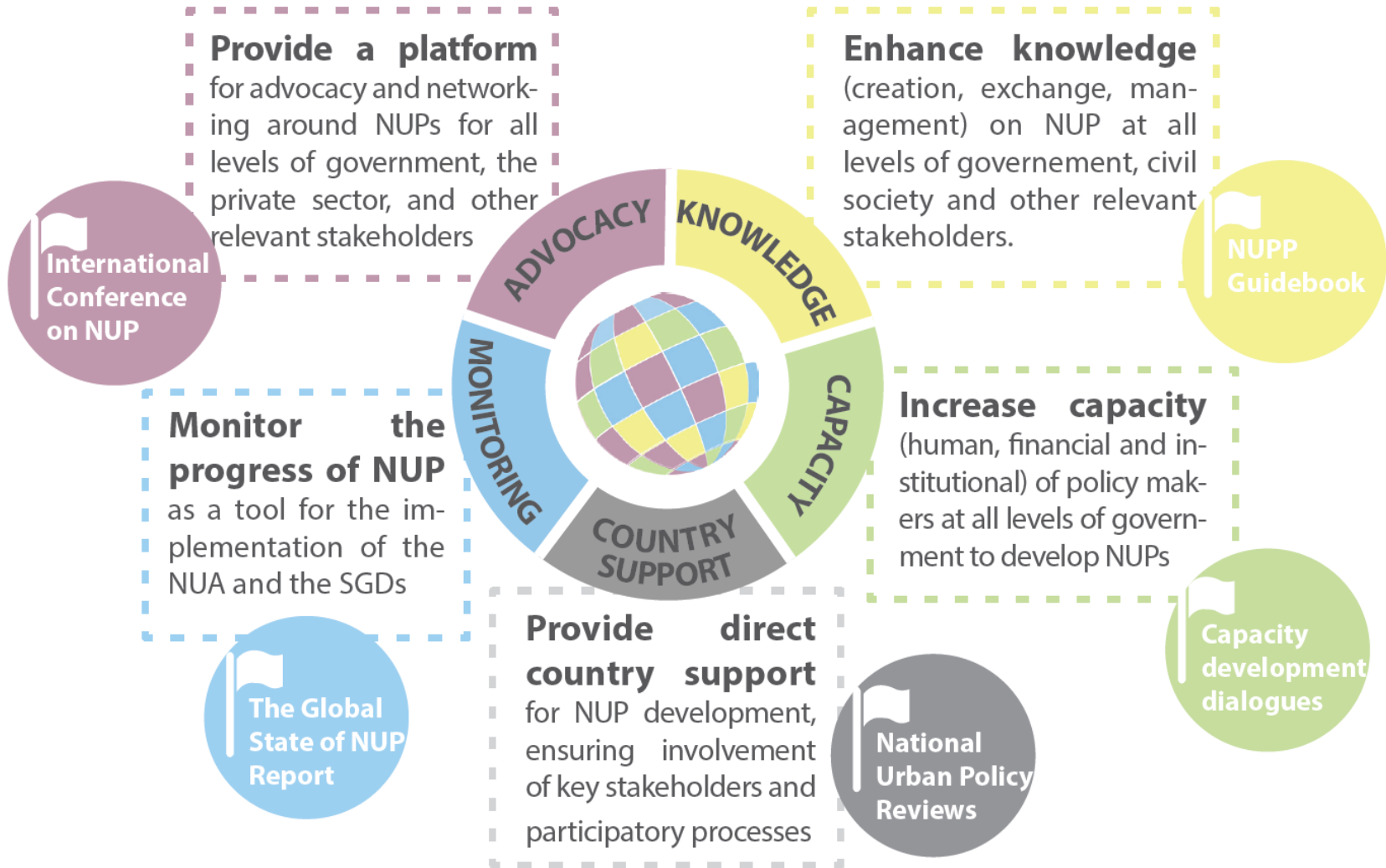
- Launched during the Habitat III Conference in Quito, Ecuador, [UN-Habitat](#), [OECD](#), and [Cities Alliance](#). It draws from history of partnership on National Urban Policy (NUP) between three organizations.
- The joint initiative aims to [contribute to the implementation of the NUA and other global urban agendas](#) and to achieving sustainable human settlements for all, leaving no one behind, [through the development of NUP](#).







# Five pillars of NUPP

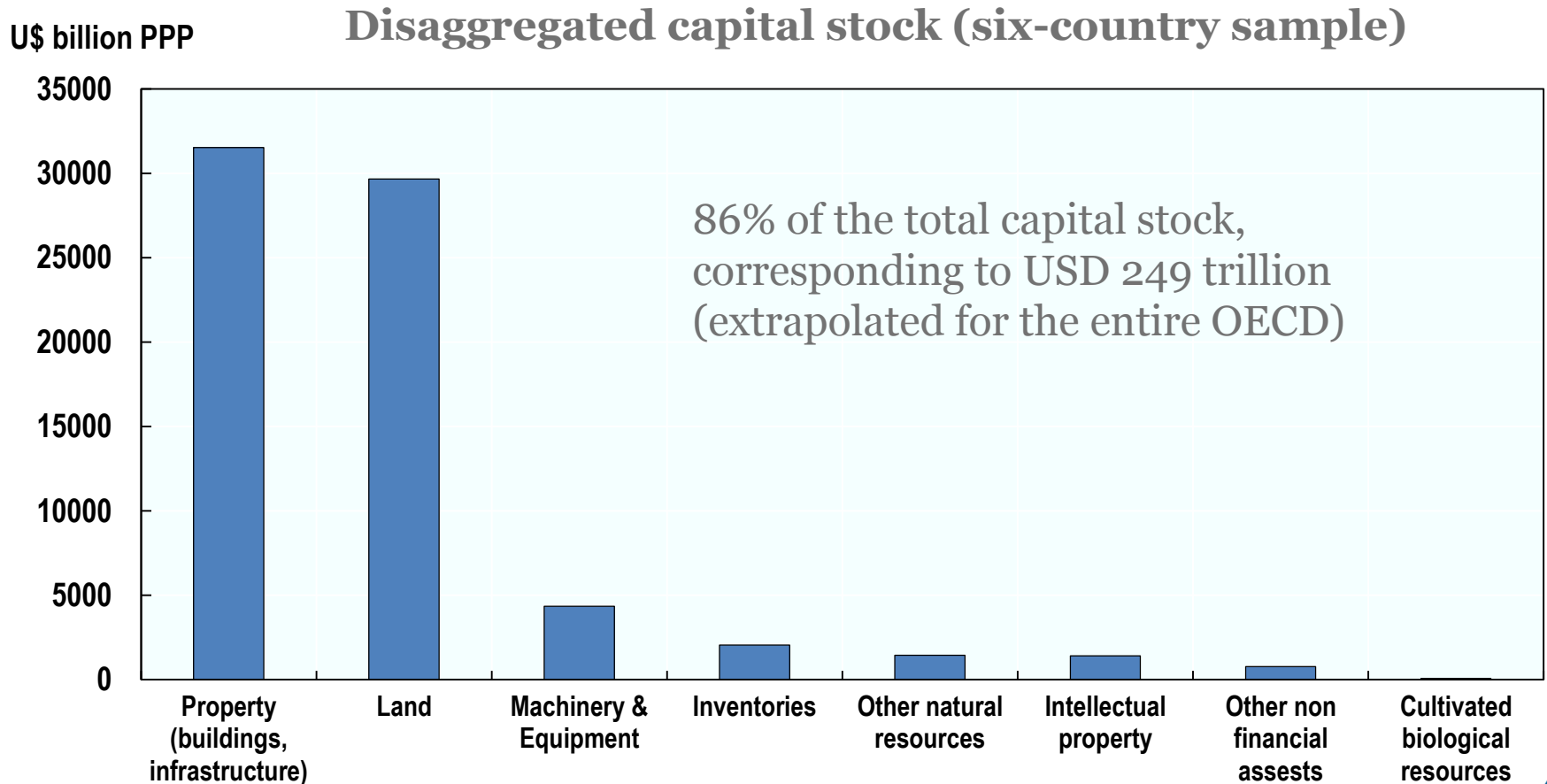




# LAND, PROPERTY AND HOUSING AFFORDABILITY



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

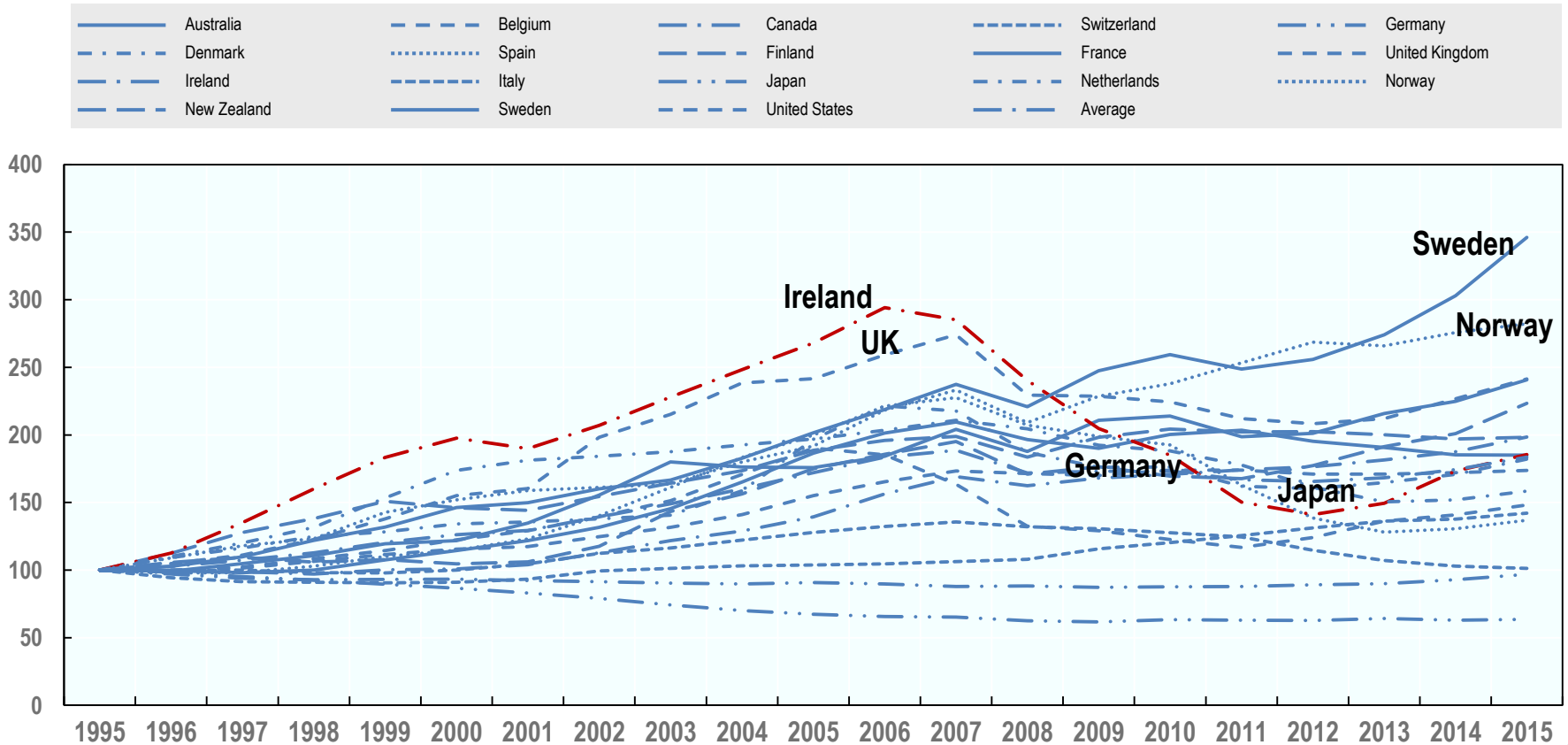


Note: Data includes Australia, Canada, Czech Republic, France, Japan and Korea.  
Source: OECD National Accounts Table 9B



# Housing costs have risen strongly in most OECD countries

## Inflation-adjusted property prices (1995=100)

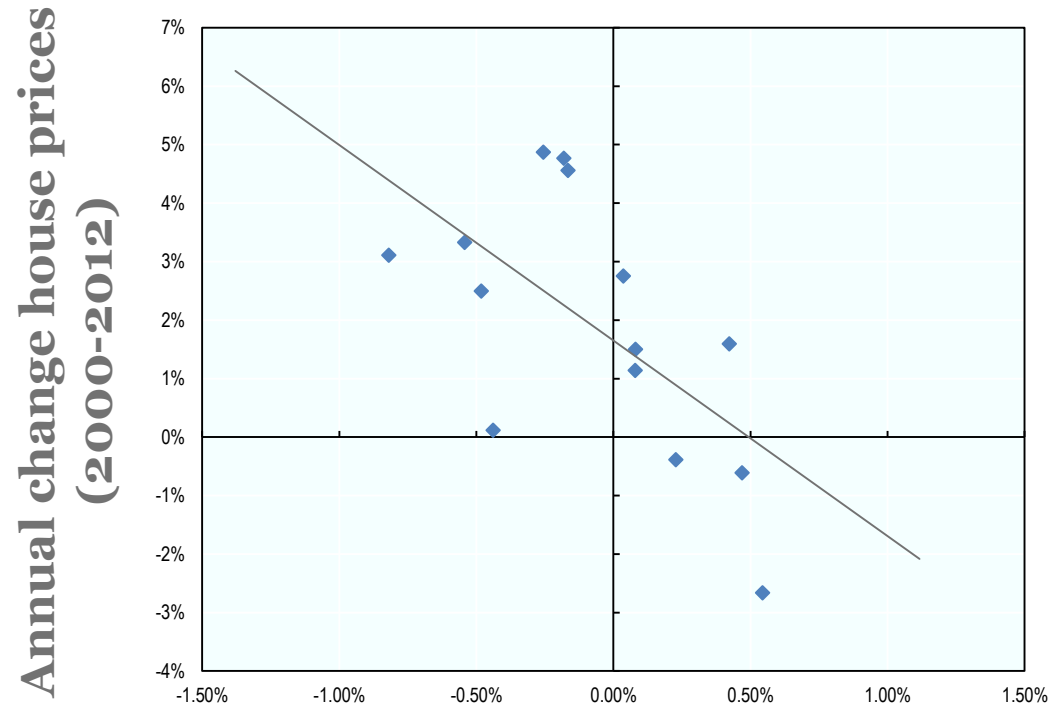


Housing construction in economically successful urban areas has not kept up with growing demand.



# 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, house prices rise

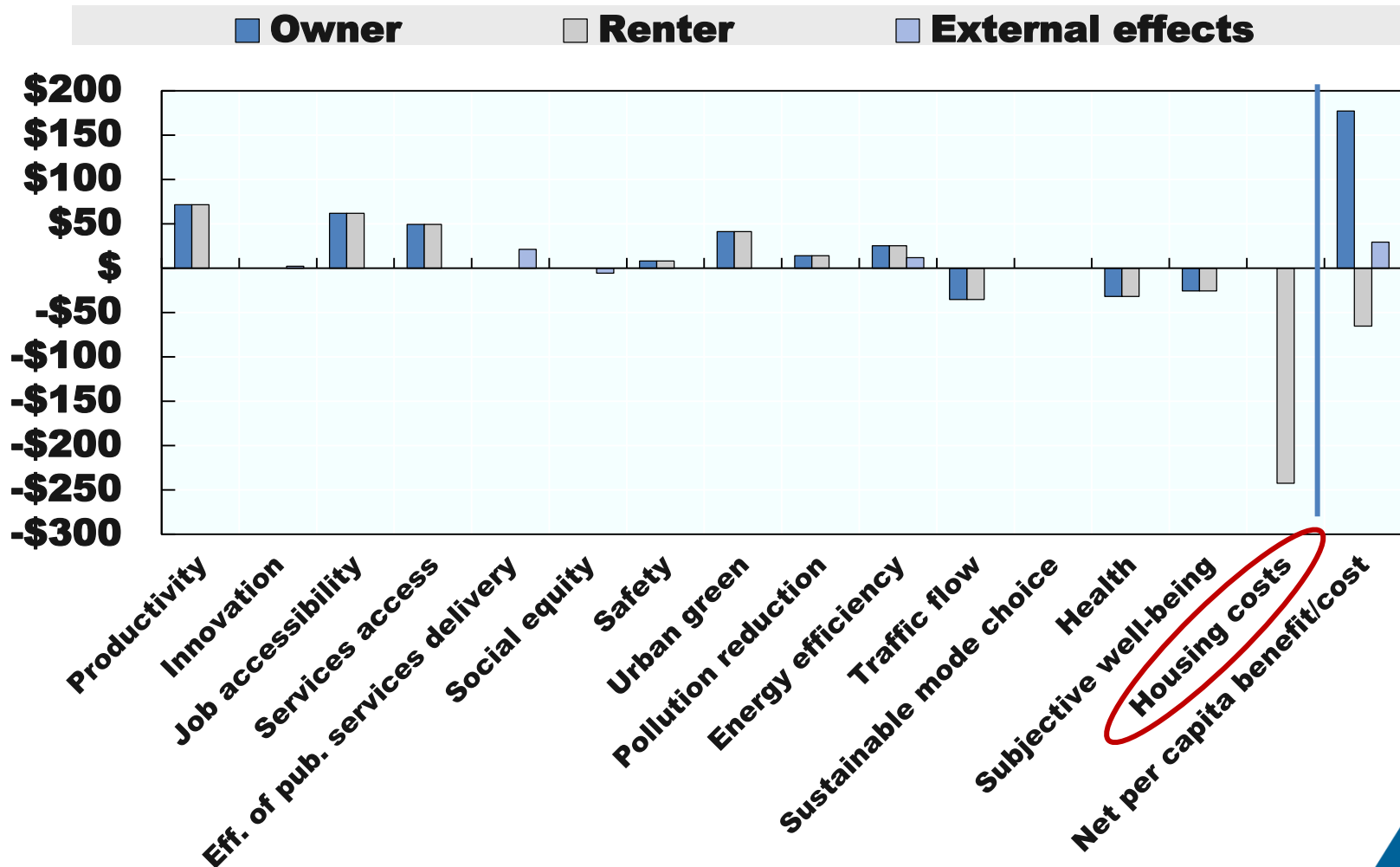


**Annual change in developed land per capita (2000-2012)**



# Costs and benefits of compact urban form

Per capita costs/benefits of 10% increase in density (in US\$ equivalent)





# THANK YOU

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