

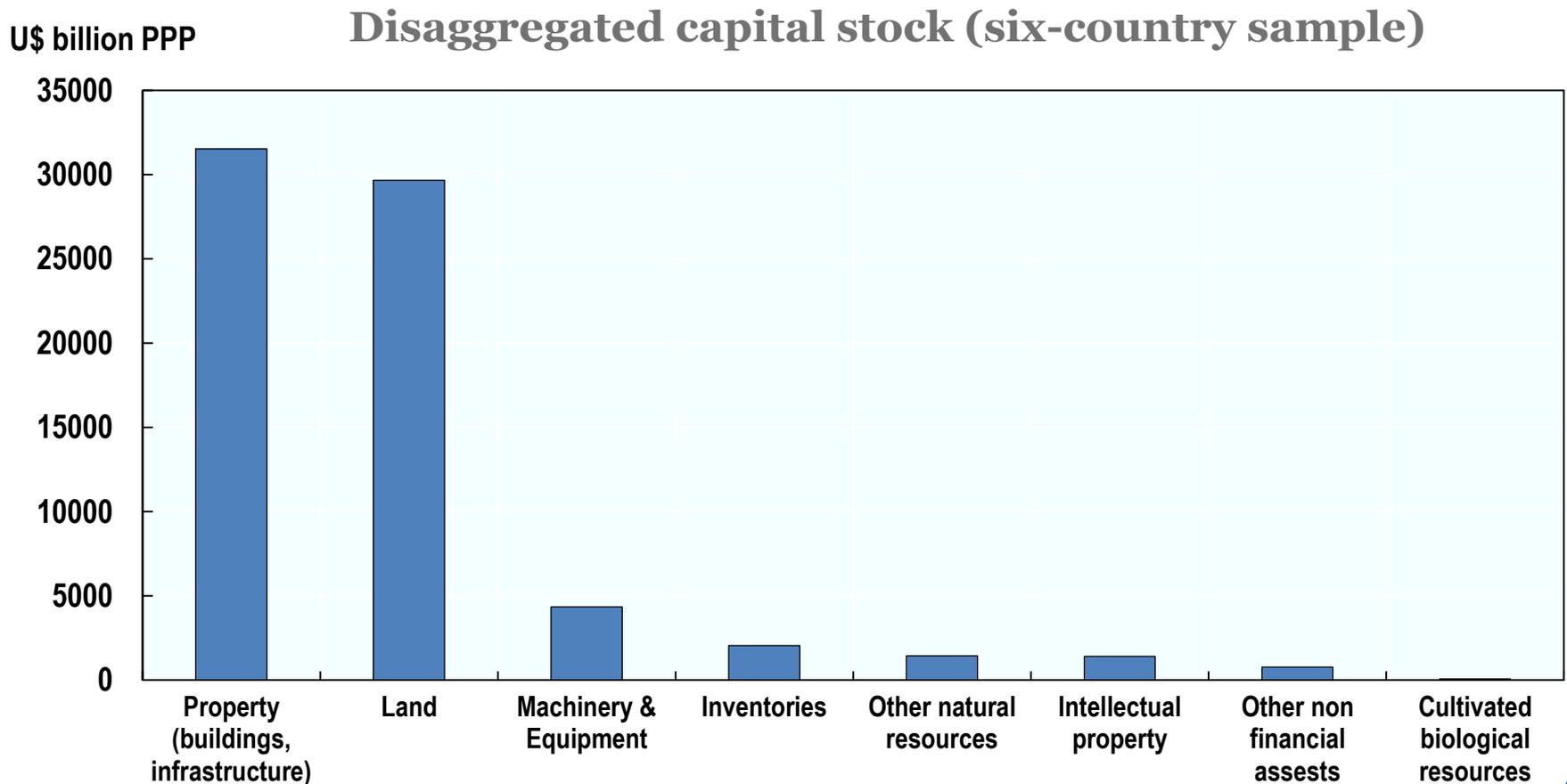


# LAND USE AND HOUSING AFFORDABILITY

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

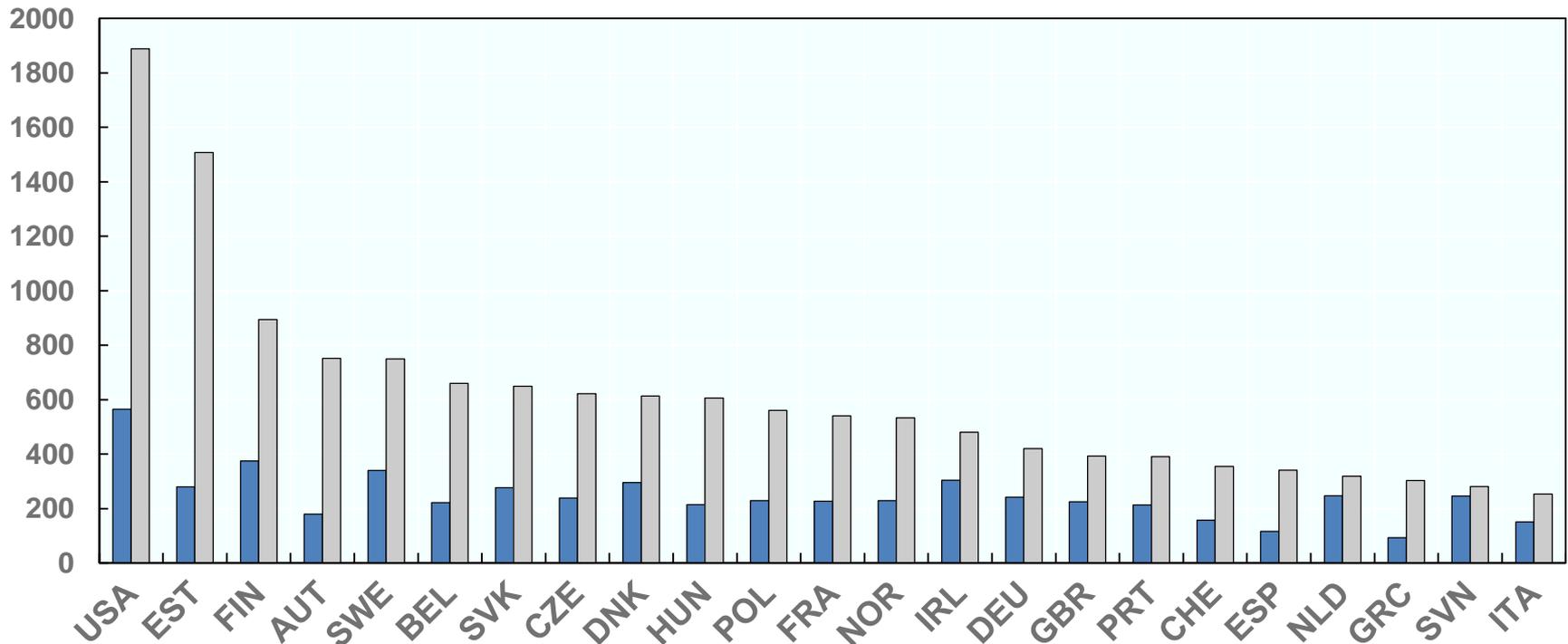


Note: Data includes Australia, Canada, Czech Republic, France, Japan and Korea.  
Source: OECD National Accounts Table 9B



# The amount of developed land per capita in urban areas differs across the OECD

■ Developed land per capita in urban cores (in m<sup>2</sup>) ■ Developed land per capita in commuting zones (in m<sup>2</sup>)



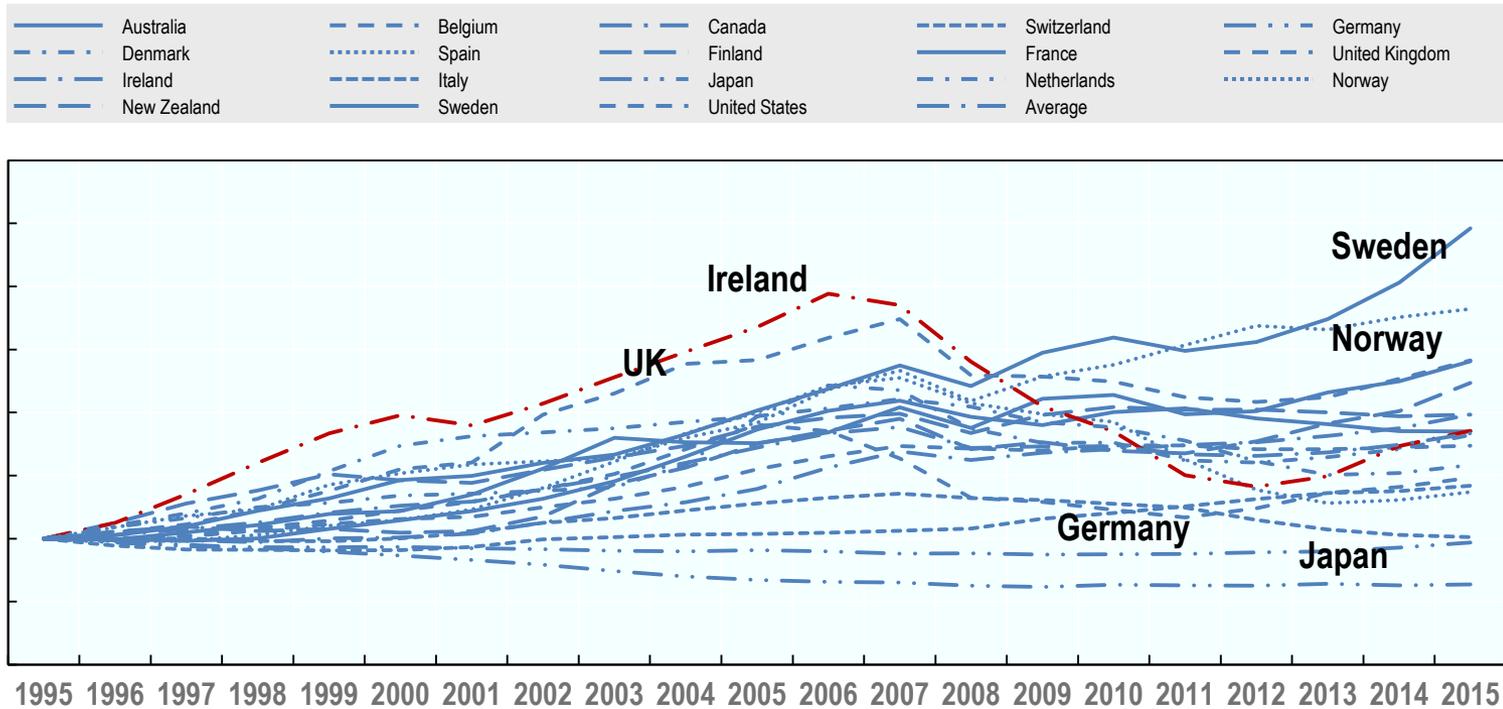
Source: OECD calculations based on Corine Land Cover and National Land Cover Database

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



# Housing costs have risen strongly in most OECD countries

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



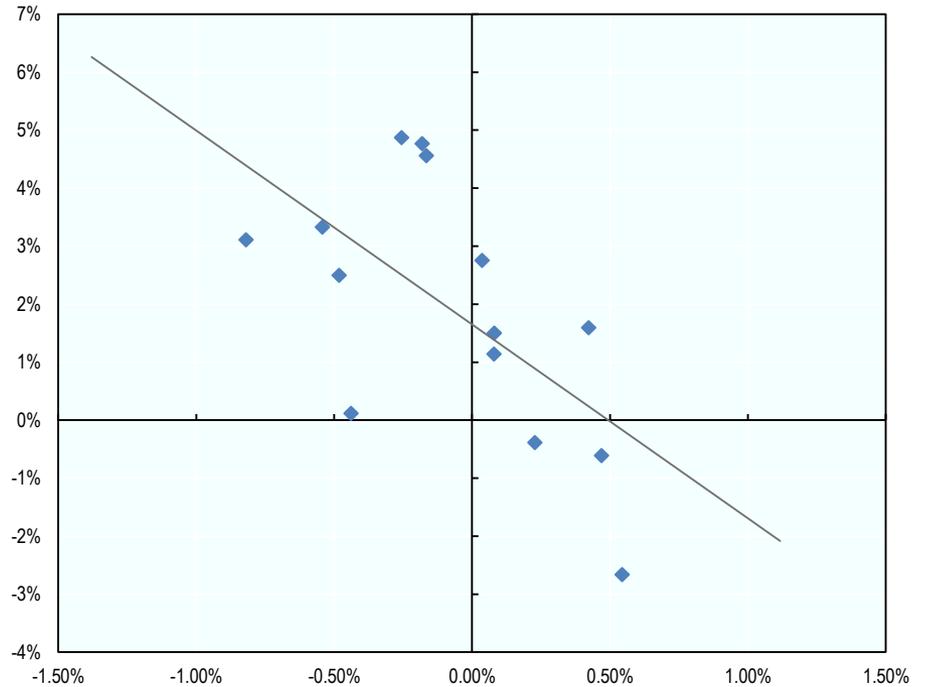
Housing construction in economically successful urban areas has not kept up with growing demand.



# 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 house prices  
(2000-2012)



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



# Evidence on the consequences of restrictive land-use regulations

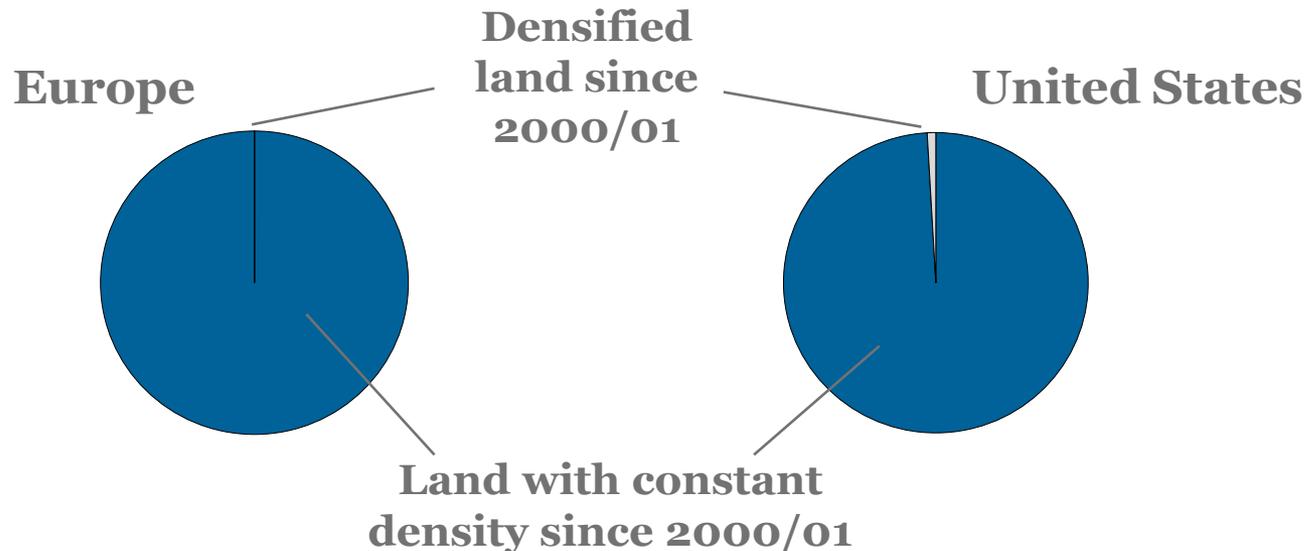
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- 10% of U.S. housing is more than twice as expensive due to land-use restrictions to housing supply (Glaeser & Gyourko, 2017).
- Land-use regulations in England increase average house price by GBP79,000 (Hilber & Vermeulen, 2016).
- Land-use regulations preventing the growth of the most productive cities in the U.S. reduce GDP by 9.5% (Hsieh & Moretti, 2015).
- Germany built just 32% of the needed housing units since 2011 in cities, but 40% more single-family homes than needed in rural areas, creating sprawl and risking future abandonment (Deschermeier et al., 2017).



# Very little physical densification is taking place

- Very little densification of building stock since 2000
- Less than 0.1% of developed land 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.





# 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



# OECD work on land use and housing

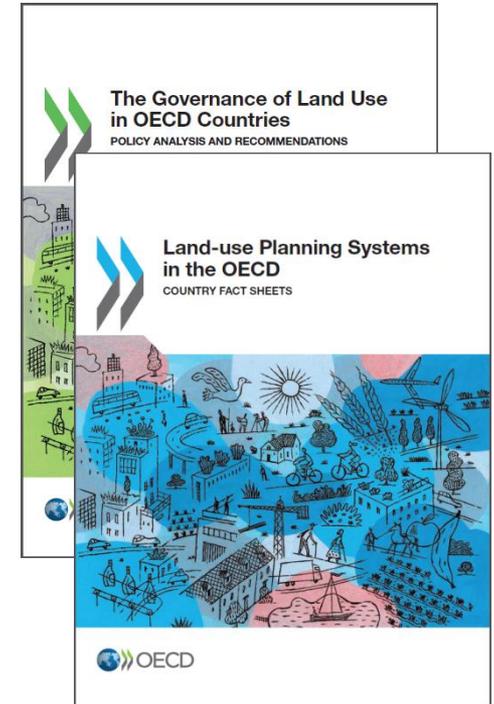
For more information see:

- [www.oecd.org/gov/governance-of-land-use.htm](http://www.oecd.org/gov/governance-of-land-use.htm)

Planned work:

- House prices and land use regulations
- Land value capture instruments to fund urban development

All work in collaboration with interested national, regional and local governments.





# THANK YOU

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