Good Practice Guidelines

Participatory Approach to Core Area Development

A Guide to Good Practice

DFID Research Project R 6860

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Fact Sheet 7

These Fact Sheets set the current urban scene for the specific topic each cover and suggest ways and means within that topic towards achieving sustainable mixed use core area development.

Understanding the Mechanisms

Purpose

Understanding the different mixed land use solutions that have been used to incorporate existing and potential interests related to land in core urban areas and how they have achieved an appropriate solution for the given site and situation.

To date, examples of successful mixed use development solutions in core urban areas are limited. Although the reasons for this are both complex and varied, it is significant that most mixed use developments usually involve some form of partnership between a community, the private sector and local government, each with different capabilities, interests and expectations. The situation is further complicated in that stakeholders must agree to reach an appropriate compromise over the broad city-wide economic and financial consequences of both the commercial and the social aspect of the development.

This Fact Sheet aims to promote good practice in mixed use development through case study examples that have been tried and tested in a variety of development contexts.

Introduction

At a time when competition in core urban areas between potentially high-income commercial and existing low-income space is steadily intensifying, many cities continue to apply rigid planning systems that actually promote the high-income interests over those of the low-income. Conversely, if their planning system does have an equitable social element, it can be increasingly difficult to cope with all of the demands to change the use of land and buildings and meet the needs of all central urban stakeholders.

Whilst zoning regulations, building codes and standards all have a vital role to play in shaping the way public and private developments occur in cities it is important that they occur within a planning and development process that seeks to promote greater integration and neighbourhood stability. It is also vital that adopted planning systems encourage the use of inclusive development strategies that meet the needs of a wide range of urban stakeholders rather than only those that aim to follow short-term interests and maximise commercial returns from well-located land.

With this in mind, a number of countries have introduced systems of innovative land redevelopment aimed at reorganising urban space in an effective and sustainable manner. These include, for example, the introduction of land sharing agreements in Thailand and Indonesia, land pooling and readjustment techniques in South Korea and Japan, and incentive zoning and transferable development rights in India.

The following sections examine these systems; their main strengths and weaknesses are assessed within the context of how each might enable poor communities to continue living close to inner city areas and their livelihoods.

Land Sharing

Land sharing is an agreement between the illegal occupants of a piece of land and the landowner. It essentially involves illegal occupants moving off high value land in return for being allowed to either rent or buy a part of the land below its market value. The advantage of such an agreement is that it allows the landowner to regain control of the site and realise higher commercial returns from the land without having to evict illegal tenants. In return, illegal residents gain legitimate tenure and are able to continue living close to their established livelihoods. The use of this mixed use planning mechanism has been used to some effect in South East Asia (see box 7.1 and box 7.2)**.**

Box 7.1: Indonesia - A Policy Promoting Land Sharing

The local government (DKI) authorities in Jakarta, Indonesia have made some moves towards a more socially integrated urban residential development policy, which encourages mixed land use. The programme stipulates that for each proposed new high-income residential unit built, the developer must build 3 middle-income and 6 low-income units in the same development location. The (1:3:6) programme aims to create an environment where low, middle and high-income families have the opportunity to live close to centres of employment (enabling local livelihoods to be maintained) through cross-subsidisation. However, developers have complained that the projects are too expensive to build and substantially reduce their profit margins. In addition, research results[1] indicate that in any case, developments of low-income flats tend to produce small units, which are not able to accommodate the life styles of those who moved from Kampung settlements[2]. In this case, there is a lifestyle dependent upon the street and the flexibility of living arrangements, for those occupying a single storey informal dwelling with more space even though poorly constructed and serviced.

[1] Livelihoods surveys undertaken in Jakarta for the Good Practice in Core Area Development Research (DFID Research project R6860); see Annex 7: Jakarta City Study- Field Studies and Workshop

[2] The name Kampung applies to semi-urban villages, often of high density even though largely single storey, built on swamps that form a large part of the core of Indonesian cities.

Box 7.2: Land Sharing	
Actors/Agencies	Government; landowner; existing residents (illegal or otherwise).
Conditions	Availability of land. Community agreement and full stakeholder participation. Government support. Site must be able to realise economic potential. Economic incentives.
Scale	Local scale.
Strengths	Provides existing residents with legitimate tenure and improved or new serviced infrastructure / housing. Allows landowner to realise economic potential and regain control of site. Allows residents to remain in their existing location, and protects community livelihoods. Government benefit: regularises settlement (brings land into the formal market). Profits generated from commercial ventures on site can be used to cross subsidise low-income housing. Provides an economically viable alternative to evictions.
Weaknesses	Length of time taken to complete process often long. Household plot size will decrease to make way for development; some residents may have to leave or be accommodated in flats. Value of land / price of new or improved housing will rise. Existing residents may not be able to afford new housing; situation may result in gentrification. May have impact on the property market. Low-income communities are heterogeneous and land sharing approaches may not be flexible enough to accommodate the needs of every resident. Evidence of successful land sharing case studies is limited.
Examples	Thailand[3]; Philippines; Indonesia.

The Principles of Land Sharing

Angel and Boonyabancha[4] identified several principles that are involved in land sharing:

- Community organisation: slum dwellers should mobilise and establish indigenous leadership to enable them to counter the threat of eviction, negotiate with the land owner, enlist the support of outside organisations and to engage in participatory site planning, allocation of plots, demolition of existing buildings and in the re-building of houses.
- A land sharing agreement: a binding agreement to partition the land, which must guarantee secure land tenure on the parcels allocated to the residents

[3] Sheng YK (1989) 'Some low-income housing delivery subsystems in Bangkok Thailand' in Environment and Urbanisation, Vol 1 No2

[4] Angel S and Boonyabancha S (1988) 'Land sharing as an alternative to eviction', TWPR 10 (2), pp107-127

and may specify payments and time schedules. Usually the land with the best development potential is allocated to the landlord, whilst other parts are allocated to the existing residents for re-housing themselves.

- Densification: re-distribution of the land to release land for the landowner usually requires an increase in density, unless significant numbers of existing residents are not to be included in the scheme.
- Reconstruction: re-distribution and densification of the site usually entails demolition and re-construction of the housing, unless existing densities are low enough to allow the development of vacant plots on site.

Box 7.3: Land Sharing Arrangements in Thailand

Klong Toey in Bangkok (a 65-hectare stretch of land 5km from the city centre) is an example of a successful land sharing agreement between squatters and the landowner, Port Authorities[5]. Following eviction notices from the Port Authorities (PAT) in 1973 the squatters, with the help of a local NGO and the local government, entered into an agreement with the PAT to lease 10 hectares of land to the National Housing Authority (NHA) for a period of 20 years. The NHA then serviced the sites and leased the land on to the squatters. The agreement allowed PAT to regain control of 55 hectares of the 65-hectare site for commercial purposes. It also provided the local community, whose livelihoods were tied to activities around the harbour area, with a legitimate stake of 10 hectares of land for at least an initial 20-year period[6].

There has been no expansion of the Klong Toey land-sharing project during the 1990's, partly due to the shortage of available land. An attempt was made to duplicate the original sites-and-services project on adjacent marshland, although the approach was not successful as many of the households allocated plots did not attempt to construct their house, and many that did eventually abandoned them. There has been almost no new land sharing in Bangkok during the 1990's. The Crown Property Bureau announced a policy of land sharing for the settlements on its sites around Bangkok, but this has not been implemented largely due to the fact that the residents have 'perceived security of tenure' (there has never been a threat of eviction from the Bureau) and see no benefit in the process, with it's consequential costs and complexities. Settlement relocation has become the most popular solution to the eviction problem; when action to gain vacant possession of the land is initiated, the residents organise themselves to negotiate with the landowner to receive the maximum compensation, which is used to fund the lease or purchase of alternative vacant land. Technical and financial assistance is obtained from the National Housing Authority to enable the construction of network infrastructure in the new settlement[7].

[5] Turner JFC (1988) 'Community building', Building Community Books

[6] Sheng YK (1989) 'Some low-income housing delivery subsystems in Bangkok Thailand' in Environment and Urbanisation, Vol 1 No2

[7] Ray Archer, email 'interview

- Capital investment: reconstruction requires either loans from outside sources or capital from domestic savings. Land sharing should not rely on large subsidies, although cross-subsidisation from development gains across the site may improve the viability of the project. The land sharing process ensure that the resultant housing is affordable and within the residents' ability to pay.

Conclusions: Land Sharing

These examples provide evidence that redevelopment through land sharing can be used to reorganise valuable urban space in inner city core urban areas in a way that not only satisfies the commercial interests of the private sector but also the social interests of poor urban communities squatting on the land. The importance of active partnership between the local government, the private sector and the community (supported by NGOs) seem to have been instrumental in the success of land sharing arrangements in these case studies. However, it should be noted that land sharing agreements often fail because of: lengthy periods of negotiation between the partners involved in the process; inadequate access to economically viable land; lack of stakeholder support; poor knowledge and management of the process; and affordability constraints of the urban poor.

Land Pooling and Land Readjustment[8]

Land pooling/readjustment is a mechanism used to develop large tracts of urban land. The process begins with the consolidation of a number of pieces of land. A proportion of each piece of land, the 'cost equivalent land' (CEL) is then used to finance the infrastructure costs of the project. Once the land has been serviced and developed, each landowner then receives a proportion of the serviced land according to the nature and amount of land contributed to the project in the first place.

Governments are particularly keen on this kind of urban development strategy because it transfers the costs of servicing the land to the private sector. The landowners also benefit from the arrangement because the cost of servicing their land is shared between those taking part in the project.

The mechanism is usually used to convert rural land for urban use although it has also been used in the renewal of core urban areas as illustrated in the case studies below (see box 7.5).

Since 1977, 40% of the total annual supply of urban building plots in Japan has been secured through land readjustment[9]. In South Korea between 1962 and

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[8] Land pooling **-** land is legally consolidated through the land-pooling agent before it is returned to the owners.

Land readjustment **-** land is notionally consolidated by the Land readjustment agency before it is redesigned and returned to the landowners who effectively exchange old title documents for newly developed plots of land (source: Archer R W, 'The potential of land pooling/ readjustment to provide land for low-cost housing in developing countries' in Payne GK (ed) (1999) ' Making Common Ground: Public-private partnerships in land for housing', Intermediate Technology Publications, London)

Land pooling and readjustment are essentially the same but there is an important legal difference regarding the transfer of ownership of the project land. In land pooling, land is legally consolidated through the land-pooling agent before it is returned to the owners. In land readjustment however, land is notionally consolidated by the land readjustment agency before it is redesigned and returned to the landowners who effectively exchange old title documents for newly developed plots of land (source: Payne GK (1998) 'Public Private Partnerships in the Provision of land for housing' DFID, London)

1981, 95% of urban land was delivered through land readjustment[10]. Although land readjustment has been primarily supported because it passes on the cost of financing infrastructure to the private sector it has been used in both countries to provide the urban poor with housing and in the renewal of large areas of urban city space.

Box 7.4: Land Pooling and Land Readjustment[11]

Actors/Agencies	Government; landowners; public utility agents; financial agents.
Conditions	Consolidated agreement between landowners and government. Accurate land titling system and legislative and planning framework needs to be in place to facilitate the process. Government needs the capacity and political will at a local level to implement the process. Based on negotiation between public and private sectors; suitably qualified staff need to exist to facilitate the process.
Scale	City scale; predominantly involves large tracts of land.
Strengths	Allows government to introduce planned urban development on vacant or developed land. Initiates the formation of accurate land cadastral systems. Landowners share infrastructure/servicing costs associated with the land. Participants receive a serviced plot of land. Increases the supply of serviced urban land. Can be used to provide low-income housing.
Weaknesses	Length of time and initial capital outlay. Increased value of plots once readjustment has occurred which may result in gentrification. In countries other than Korea and Japan where land for low-income housing has been part of the scheme developers can realise high profit margins if they decide to sell the land.
Examples	South Korea; Japan Other case studies include: Thailand; Malaysia Known as land consolidation in: Indonesia; Taiwan; India Known as land pooling in: Nepal; W Australia

[9] Archer RW (1999) 'The potential of land pooling/readjustment to provide land for low-cost housing in developing countries', in Payne GK (ed) (1999) 'Making common ground: Public-private partnerships in land for housing', Intermediate Technology Publications, London

[10] Lee T (1998) 'Improving urban land management in Korea', in Ansari J, Von Einsiedel N (eds) (1998) ' Urban land management, improving policies and practices in developing countries of Asia', Oxford & IBH Publishing Co.

[11] Payne GK (ed) (1999) 'Making Common Ground: Public- private partnerships in land for housing', Intermediate Technology Publications, London

The Process of Land Pooling and Land Readjustment[12]

The typical process of land pooling or readjustment (as undertaken in Japan, South Korea, Taiwan, Indonesia and Nepal, and introduced in Thailand and Malaysia) is typically driven mainly by local governments, although the land pooling/readjustment (LP/R) law allows for other agencies to undertake projects, for example the highways department, public housing authorities and landowner groups.

- The area of land is selected and designated by the authorised agency (see above), and the landowners are identified.

- A draft LP/R proposal is then produced in consultation with the landowners and the public utility agencies. The proposal plans, defines and explains the nature and viability of the project. The scheme for each project will include: a map of the relevant land parcels; the individual valuations of the land parcels; a list of the landowners; plans of the proposed road, drain, sewerage and electricity line networks; plot subdivision layouts and their valuations; a plot reallocation plan; an implementation programme, cost estimates and a financial plan. Also included is a written statement of the project objectives and principles, and project implementation measures.

- The draft proposal is presented for majority landowner agreement and then exhibited publicly.

- The scheme is then submitted for central government approval, after any final amendments have been undertaken. This final scheme can be seen as a partnership agreement for the scheme, authorising and regulating the implementation.

- The LP/R agency then arranges finance (a short- or medium-term loan), designs the engineering works and engages contractors to construct them. The land is surveyed and subdivided, and roads, open spaces and serviced building plots are established with title documents. The roads, drains and public open spaces are transferred to the local government and the utilities are transferred to the public utility agencies.

- The new plots are transferred to the new owners in proportion to their share in the project. These can be sold, built upon or held. Some of the remaining building plots may be sold to recover project costs or repay finance[13].

[12] Archer RW (1999) 'The potential of land pooling/readjustment to provide land for low-cost housing in developing countries' in Payne GK (ed) (1999) 'Making common ground: Public-private partnerships in land for housing', Intermediate Technology Publications, London

[13] Archer RW (1999) 'The potential of land pooling/readjustment to provide land for low-cost housing in developing countries' in Payne GK (ed) (1999) 'Making common ground: Public-private partnerships in land for housing', Intermediate Technology Publications, London

Box 7.5: Examples of Land Readjustment and Pooling

Some of the best-known examples of successful land readjustment are in South Korea and Japan where the mechanism has been used as an effective planning tool for over 70 years. Although used generally to plan cities, in the mid 1980's the South Korean government also began transferring a proportion of CEL (cost equivalent land) to local and central housing authorities at subsidised rates to build low-income housing for the urban poor[14]. Whilst the system succeeded in increasing the amount of serviced land and land available for housing in cities more generally, it failed to provide the poorest urban households with an affordable housing solution. Recognising this shortfall, the government has since entered into land readjustment programmes as a participating landowner and uses returned serviced land to house the landless.

However, the experience of land readjustment in Japan is perhaps more unique. After the destruction of a large number of Japanese cities during the Second World War, the Japanese government used land readjustment to rebuild many affected areas. With an established and successful history, the government continues to encourage this form of urban development and even provides support grants to finance a significant proportion of the infrastructure costs normally borne by the landowners. Japan's Housing and Urban Development Corporation (HUDC) has also used the mechanism to provide housing for the urban poor and increasingly participates as a landowner in mixed use development projects where it builds low-income housing on returned serviced land[15].

Conclusions: Land Readjustment and Land Pooling

The close association with financing infrastructure costs means that this mechanism is mostly used to provide new land for urban development through the conversion of rural land but the basic principles could be generally adapted to redevelop existing land in core areas. However, the main disadvantage of the mechanism is that it takes a long time to implement, as each landowner with land on the readjustment/pooling site has to be persuaded to take part in the scheme. The key to this approach is a partnership arrangement (institutionalised in the planning legislation) between local landowners and municipalities. There are two ways in which this approach might be applied more widely in the core area context:

1. *Consolidation of core area land with fragmented ownership for commercial redevelopment with 'CEL' (cost equivalent land) for subsidised housing for the urban poor.*

[14] Lee T (1998) 'Improving urban land management in Korea', in Ansari J, Von Einsiedel N (eds) (1998) ' Urban land management, improving policies and practices in developing countries of Asia', Oxford & IBH Publishing Co.

[15] Archer RW (1999) 'The potential of land pooling/readjustment to provide land for low-cost housing in developing countries', in Payne GK (ed) (1999) 'Making common ground: Public-private partnerships in land for housing', Intermediate Technology Publications, London

Typically, central area land consolidation is achieved (where regulations permit) through compulsory purchase by local authorities, or through large developers gradually buying up small landowners over a lengthy period. However, the clarity of a statutory 'partnership' approach may bring significant advantages with all of the stakeholders knowing what they are required to do and what they will get out of it.

2. *Consolidation of core area land occupied by the urban poor with fragmented or uncertain ownership, for mixed value redevelopment (including both higher-value commercial uses and lower-value community uses).*

A formal partnership arrangement led and regulated by the local authority could likewise benefit poor communities living in consolidated settlements with some degree of established tenure. The core areas research project has been investigating the possibility of such an arrangement in the squatter settlements of Santa Teresinha in Recife, Brazil and Karet Tengsin in Jakarta. Both settlements have commercial redevelopment potential that could subsidise improvements in the living conditions of the established communities. However, it can be difficult to get individual households to act together towards a common interest once individual rights of housing or tenure (often fought long and hard for) are achieved. In the case of Karet Tengsin (and to a lesser degree in Recife) such a mechanism would also provide the community with some protection against the gradual buy-out of the best commercial locations by developers.

Transferable Development Rights/Incentive Zoning

These types of planning regulations effectively represent the transfer of development rights into public ownership. Local authorities, in turn, grant these rights to individual landowners and developers in return for compliance with the rules laid down in the planning regulations. With Transferable Development Rights (TDR), landowners involved in transferring the development rights of a piece of land they own first surrender the land to the local government. In return, they receive monetary compensation or the development rights to another piece of land, equal to that surrendered, in another area of the City (see box 7.6, box 7.8).

Local governments use this mechanism to acquire land that is later developed for public use. Land may be acquired on a voluntary or involuntary basis, but in return landowners are compensated (monetarily or in kind) at the market value. If plots being transferred already have the services and/or buildings that local government requires or can effectively use, then the landowner receives an additional TDR equal to the service or built area being transferred. However, where the compensation takes the form of new land received in return for the surrender of the original land, limitations are often placed on TDR plots in order to constrain the amount of development that can occur within desired planning limits.

Box 7.6: Transferable Development Rights (TDR)	
Actors/Agencies	Government; developers.
Conditions	An appropriate legislative and planning framework needs to be in place to facilitate the process. Need accurate land ownership titling records.
Scale	City/ local scale.
Strengths	Allows government to regain control and develop land for public use.
Weaknesses	Its use for providing land for low-income housing has not yet been fully explored.
Examples	USA/ India; Curitiba (Brazil)

The Process of Transferable Development Rights[16]

Within the Indian context, there are several steps involved in the process and implementation of Transferable Development Rights.

- The Development Plan is prepared, which identifies lands reserved for public purpose. The list of lands to be acquired for public use is published, and the owner of the land in question can either receive compensation for the loss of development rights to the land, or can receive TDR.
- TDR is applied for, and title clearance and area verification is undertaken, prior to objections being invited.
- Once agreement is established the property is handed over to the BMC (Mumbai Municipal Corporation) and the Development Rights Certificates (DRC) are issued (essentially the transfer of development rights, which can be traded or utilised.
- If they are to be traded, the prospective user (who must be a landowner) approaches the holder of the TDR, and ensures that the TDR are applicable in the area that they will be transferred to. An agreement is made between the holder and user, and the proposal is sent to the TDR section of the Mumbai Municipal Corporation (BMC), and approval is sought from the Municipal Commissioner.
- Once approval has been granted, the area to be developed is entered in the Development Rights Certificate (DRC), the area is deducted, and a revised DRC is produced[17].

[16] Payne GK (1998) 'Public/private partnerships in the provision of land for housing', DFID, London

[17] Payne GK (1998) 'Public/private partnerships in the provision of land for housing', DFID, London

Box 7.7: Incentive Zoning (Floor Area Bonuses)	
Actors/Agencies	Government; developers.
Conditions	Agreed Floor Space Index [18](FSI) Professional management staff to implement projects to implement and monitor system.
Scale	City/ local scale.
Strengths	Links general development with an identified need usually specified by government.
Weaknesses	Its use for providing land for low-income housing has not yet been fully explored.
Examples	USA; Hong Kong; India

Box 7.8: Example of Transferable Development Rights: Mumbai[19]

The Mumbai municipal government makes widespread use of Transferable Development Rights (TDR). Once issued, TDR can only be implemented in designated receiving zones where development is needed and able to occur. The city authorities have extended TDR to include slum redevelopment where additional building space on slum land is offered to developers in return for them re-housing existing residents in 30m^2 units.

The success of the initiative relies on the fact that the opportunity of securing well-located land in Mumbai is so rare that the costs incurred by the developer in building low-income housing are easily offset by the potential profits that can be realised through selling the piece of land on the open market.

Although this incentive-based strategy provides an interesting example of how a local government can regenerate an area through private sector collaboration, the following obstacles may constrain its use:

- Only those who qualify (i.e. can prove their residency) are eligible for a free house.
- 70% of residents need to agree to the initiative.

[18] The ratio between the total covered floor area on the plot and the plot area

[19] Adusumilli U (1999) 'Partnership approaches in India', in Payne GK (ed) (1999) 'Making common ground: Public-private partnerships in land for housing', Intermediate Technology Publications, London

Planning Gain/Obligations

Planning gain/obligations allow a local planning authority to enter into an agreement with a developer for the purpose of restricting or regulating development. These agreements can be potentially complex or sometimes onerous on developers, and are often agreed at the end of lengthy and difficult negotiation. They are an obligation imposed by local authorities on developers to provide additional buildings, services or facilities (either on-site or within the locality) as part of the development for which permission is being sought. They are not a condition of the actual planning permission, but a separate, signed agreement that relates to the proposed development. The requirements of the planning obligation may have been established and identified in a development brief (specific to the particular site), prior to the submission of a planning application, or they may be negotiated during the planning application period.

The mechanism for implementing planning gain or obligations is part of the statutory framework; detailed procedures by which a developer may enter into a planning obligation with a local planning authority (LPA) are contained in Section 106 of the Town and Country Planning Act 1990. Ultimately planning gain/obligations represent the price a developer has to pay for any inconvenience or loss that the Local Authority or community may incur as a result of the development being allowed to proceed, taking into account the additional 'load' upon local services that the proposed development will cause. This may include the provision of additional school facilities, community amenities, infrastructure, environmental improvements, or affordable housing. In some circumstances a payment may be made to the local authority in lieu of provision of facilities or services.

A similar mechanism could be used in a core urban area where in parallel with permission to develop, a developer could be expected to provide low-income housing, community facilities, infrastructure, services or land to a squatting community. Planning obligations are mechanisms that have to function as part of the planning process and as such, should be appropriate, achievable and enforceable. Detailed evaluation of the existing statutory and legislative frameworks would need to be undertaken to ensure that the proposed policy mechanism is appropriate within the given context.

Box 7.9: Planning Gain/Obligations	
Actors/Agencies	Local authority; developer; community. (Nature of planning gain is determined through a process of negotiation between the local authority and developer.)
Conditions	Local stakeholder involvement. To be clearly defined in Local Planning Policy and national planning law. Accurate land records including property values land market trends etc. These need to be monitored on an ongoing basis. Available land. Co-ordinated and capable government/stakeholder involvement. Planning gain is a requirement for development to begin.
Scale	Local scale/ site specific.
Strengths	Makes developers provide agreed compensation for planning losses incurred by the community as a result of the development going ahead or incorporating physical facilities for community benefit as a condition to develop.
Weaknesses	Successful planning gain depends on: Data available. Local stakeholder involvement. If planning gain is to comprise of low-income housing, the affected community needs legal land rights.
Examples	UK

Least Cost Planning

Least cost planning (widely used in the United States) is similar to planning gain/obligations in the sense that a developer is expected to contribute towards the costs of servicing or adverse effects of the proposed development in the surrounding area in return for receiving permission to build. The mechanism focuses on the implications that a particular development may have on the wider (city-wide) demand for a particular service or facility (e.g. water). In this particular case, the developer must introduce measures into an area that will reduce the demand for water in the surrounding area by the same margin as the new development is expected to increase demand. In this way, least cost planning as a demand management technique helps increase the efficiency of services and facilities within an integrated policy framework environment[20].

[20] UNCHS (1996) 'Settlements planning and management', in An Urbanising World Global Report on Human Settlements, United Nations Centre for Human Settlements (HABITAT), Oxford University Press, Oxford

Box 7.10: Least Cost Planning	
Aims to increase the effectiveness of integrated networks for which the new development will become a part. Equal consideration is given to supply and demand. Similar to planning gain/obligations in the UK.	
Actors/Agencies	Local authority, developer and other co-ordinated partners in an integrated framework.
Conditions	Legal provisions in State or local planning law. Committed participation from all involved. Cross-sector cooperation between all parties involved. Strategic understanding of wider costs of development.
Scale	Local and surrounding area.
Strengths	Requires developers and utility companies to develop a programme to manage the wider implications of a development. For instance, if the development results in an increase in water consumption then the developer and utility companies must ensure that demand for water reduced by the same amount that the new development requires.
Weaknesses	It depends upon: Data available. Local stakeholder involvement. If it is to comprise low-income housing, the affected community needs legal land rights.
Examples	United States[21]

Conclusions: Planning Gain and Least Cost Planning

Planning gain and least cost planning are mechanisms that enable the local government to establish a level of control on sites where the demand for commercial land is strong, and the private sector are driving or initiating permission for development. They also ensure that social value in the form of housing for the urban poor or the provision of social/community facilities can be achieved in central locations. However, they both require a statutory planning law framework within which to operate so agreements on the physical development can be upheld and implemented.

Conclusions

The different mechanisms listed above can effectively enable the different parties to engage in the process, whilst achieving outcomes that meet the needs of the different stakeholders involved. The different policy and process tools all have different requirements for involvement, context and support, so a thorough understanding of the existing context (including statutory frameworks and level of support and commitment within all of the parties) is required.

[21] UNCHS (1996) 'Settlements Planning and Management' in An Urbanising World Global Report on Human Settlements, United Nations Centre for Human Settlements (HABITAT), Oxford University Press.