

# Urban Sprawl and Land Regulation in Latin America

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Urban sprawl has generated many studies, discussions and policies in the United States, but in Latin America the expansion of large cities has received relatively little attention, even though very large and rapidly growing cities are a widely recognized characteristic of the region. Several reasons may explain this disparity:

- the belated urbanization process in most Latin American countries, where an economic model based on agriculture has predominated until recently;
- the strong and traditional dominance of major cities, particularly capital cities with a very concentrated pattern of spatial growth around central areas; and
- the development of illegal settlements on the urban peripheries, outside the limits of urban regulations and largely ignored by both public and private investment.

Urban sprawl in most Latin American metropolitan regions presents a landscape of poverty, informal and illegal patterns of land use, and a lack of infrastructure, public facilities and basic services. This pattern contrasts with the U.S., where suburban sprawl is characterized by residential zones for high- and middle-income groups and highly valued commercial and retail complexes that are well-connected by a transportation system favoring the automobile.

## Recent Tendencies

Demographic and economic changes are influencing the expansion of various types of new residential developments in Latin America. Ranging from large projects for middle- and low-income groups to exclusive “gated communities” for high-income groups, these residential areas sometimes coexist with huge commercial centers situated along main highways. Nevertheless, public facilities and urban services, such as public transportation, municipal water and sewer resources, and adequate access roads, are frequently unavailable for the lowest-income settlements.

The tendency toward sprawling growth in overvalued yet unserved peripheral

areas contrasts with reduced residential activity in central city areas well serviced with functional infrastructure. As these urban zones of underutilized and vacant land become less populated and more devalued, the cycle of deterioration worsens. The enigmatic relationship between controlling territorial expansion and promoting urban densification is critical to discussions of land use regulation among academics and policy makers in Latin America, and it carries over into three related land policy concerns—environmental impacts, historic preservation of older city centers, and urban competitiveness.

The study of urban sprawl and the use of new instruments of urban land regulation were the subject of two recent seminars organized in Latin America by the Lincoln Institute. The first, in association with the Planning Office of the San Salvador Metropolitan Area (OPAMSS) and the Central American University José Simeón Cañas, was held in San Salvador, El Salvador, in October 2000. The second seminar was held in São Paulo, Brazil, in collaboration with McKenzie University, in December. These seminars are elements in the development of a Latin American urban land regulation network supported by the Lincoln Institute.

## Common Concerns about Sprawl

Research results presented at the seminars and subsequent discussions about those findings revealed many common characteristics and shared concerns between cities in developing and developed countries.

One overriding topic concerns the impacts of sprawling development on environmental conditions and their relationship to land use norms and regulations. Some Latin American examples are Panama City and its surrounding Canal Zone; Caracas and its adjacent coast; San José de Costa Rica and the mountains around the urbanized area; and São Paulo and its water basins. Latin American countries need to design and incorporate new market-oriented instruments for urban land regulation that take environmental concerns into account, particularly given the obsolete and restrictive regulatory instruments and approaches

now being used in many places.

A second common concern relates to quality of life and socio-spatial segregation. Unequal access to urban services and public facilities is connected to other issues such as security of tenure, poverty and social exclusion. The provision of adequate public transportation could play a central role in improving the quality of life in Latin America’s expanding cities. The current situation is exacerbated for the poor who have limited or no access to credit, cannot afford the overvalued, expensive housing in the city, and are forced to move to informal settlements on the peripheries. Because of limited transportation alternatives, they must spend many hours a day and pay a large share of their incomes to reach jobs in the city.

A third concern refers to public responsibility over urban growth controls. In most cases, territorial expansion occurs in a context of obsolete administrative jurisdictions characterized by fiscal fragmentation and disparities. Regional planning and metropolitan-wide management, either under the model of a metropolitan government or an association of local governments, is unavoidable given the overlap and competition for responsibilities among the different governmental entities trying to deal with urban land regulation. For instance, in the San Salvador Metropolitan Area, the design and use of infrastructure road systems is managed by at least three central government offices and a municipal planning bureau, creating numerous inefficiencies and conflicts.

Finally, the negative effects and costs of urban sprawl affect the competitiveness of cities throughout the Americas. Urban competitiveness is understood here as the synergistic combination of increased urban economic productivity, an improved quality of life, and the creation of new and more democratic governance relations, not only as economic productivity in general terms. The success of Barcelona’s revitalization and competitiveness during the 1990 has generated much interest and is used as a model for urban planning in several Latin American cities.

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### The Role of Urban Land Regulation

To address these common concerns, four aspects of urban land regulation are most relevant in Latin America:

- the economic impacts of regulation;
- regulation of rights and responsibilities of landowners;
- management of the regulation process;
- the relationship between public investment and regulation.

A key point of departure is to recognize that urban land regulation processes have economic effects that often result in increased land prices, as when permits or restrictions on construction are announced. This result is closely related to concerns about the rights and obligations of landowners and is linked to traditional elitist protectionism. The economic impact of regulation offers an interesting opportunity for comparative analysis of public policies, taxation systems and conceptions of the role of land ownership in different countries, which do vary significantly despite the region's common cultural heritage and legal framework.

The economic effects of land regulation are not restricted to individual lots but have far-reaching social implications

in conjunction with job creation, and related training programs.

The second topic touches on one of the main dilemmas of urban policy: the advisability and possibility of controlling negative economic effects and the ability to capture and distribute fiscal benefits generated by land regulation. Levies such as taxes on property or on "plusvalías" and other mechanisms for capturing added land value have been applied in Latin American countries to differing degrees and with varying results. However, these policies compete with the newer, market-based approach that conceives of development rights as a commodity available to be traded in the real estate market as a way to compensate landowners for inequalities generated by regulations, as when environmental regulations limit the right to build. In a limited number of justified cases it is possible to accept this compensation approach, but not as a general rule.

The creation of new regulatory instruments needs to be conceived as a part of the overall construction of new models for urban management. Here the debate over the role of new actors and their unequal bargaining power in the land regulation process emerges very clearly. New actors include local governments, developers of informal settlements (which increasingly are becoming legalized over time), institu-

private investors, intermediate territories within metropolitan areas become increasingly important. These peripheral areas are often under pressure for both formal and informal development and thus require coordination among neighboring jurisdictions, as well as the central government and local citizen's organizations.

The relationship between land use regulation and public investment presents another concern. Large public investments in urban infrastructure and facilities have given way recently to more private investments and to different types of public-private partnerships and linkage arrangements. However, this decrease and fragmentation of public investment and the growth of private, market-driven investment has created new challenges for existing regulatory systems that are not prepared for all the complex fiscal and social implications.

### Summary

The seminar discussions can be summarized as concerns about the limits of urban land regulation given the current economic growth model, the traditional instruments of land regulation, appropriate conditions for intervention, and the role of regulating entities. The conclusion is that most Latin American countries are facing a land regulation crisis that runs parallel to the urban planning crisis that started at the end of the 1970s. Most participants agreed that to make advancements in land use planning and regulation it is necessary to intensify research and understanding about the actual functioning of urban land markets, as well as the social and political consequences of uncontrolled urban expansion of both formal and informal sectors. Table 1 outlines some priority research topics on urban sprawl and land regulation for further analysis in Latin America and for comparison with North American cities. **L**

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TABLE 1

### Comparative Research on Urban Sprawl and Land Regulation

Priority Topics in Latin America	Differences with North America
Better understanding of the economic costs and fiscal impacts of regulation	The existence of an important informal sector
New political actors and opportunities for consensus building	Relatively recent democratic institutions and participatory processes
Land use regulatory regimes that encourage compliance	Limited capacity to implement and enforce urban norms and regulations
Regulation in the context of interjurisdictional competition for private investments	Limited local autonomy and inertia in fiscal and administrative centralization

for certain zones, and for the city as a whole, to guarantee sustainable development, environment protection and the overall competitiveness of cities. The example of Eixo Tamanduatehy in Santo André, near São Paulo, Brazil, illustrates the use of regulatory mechanisms to redevelop a large urban industrial area for new land uses, new employment opportunities

tions of multilateral aid, and the local private sector. These new actors have emerged along with the privatization of urban services, decentralization processes, and the promotion of both local development initiatives and new locally based regulations.

With the diminishing role of central governments in land regulation and the increased role of local governments and