Summary

Urban spatial policies guide the development of cities and regions. These policies aim to improve and optimize economic and social welfare, for instance, by permitting development and designating protected areas, improving transportation accessibility and ensuring the provision of essential or attractive amenities in a region. However, interventions in the spatial setting may often result in ineffective, or sometimes unexpected economic outcomes. It may also be that the implementation of a certain policy is effective in achieving its goal, but lead to unintended indirect economic consequences.

In this dissertation I explore how the implementation of various urban spatial policies impacted local economic conditions. In particular, I focus on the effects of improved road accessibility, spatial planning restrictions and development of urban amenities, on local housing and land markets, distribution of population and suburbanization, and the location decisions of individuals. To address these questions I make use of several advanced econometric methods to analyze unique databases on housing and land transactions, historic spatial data on transportation networks and land use, and micro-level data on individuals’ revealed preferences for residential locations and their demographic characteristics.

The first section of the dissertation is dedicated to the evaluation of the effects of accessibility and spatial planning policies. The first question I examine is how the development of new highways affects local house prices. Examination of a large number of housing transactions from the Netherlands shows that improved road accessibility through new highways is valued positively, except in areas immediately adjacent to the new roads, and that it is reflected in an increase in local residential real estate values. The findings also provide evidence of an anticipation effect, as real estate values already experience an increase before the construction of the highways is completed.

A substantial body of literature has also established that highway accessibility drives suburbanization and outward expansion of cities. In the third chapter we examine how this prediction is changed when strict land development regulation exists, as was during the expansion of the Dutch highway
network in the 1960’s. The findings indicate that when land development is restricted in the surroundings of cities, new highways divert population growth to locations further away from central cities, resulting in a large scale sprawl which ‘leapfrogged’ over the restricted zones to peripheral towns.

Land development regulation and land use regimes are common forms of planning policies which ensure the orderly development of urban areas. However, when different land uses are subject to different regimes, and when conversion between designated land uses is almost perfectly restricted, the consequence may be a segmentation of the land market based on land use designation. In the fourth chapter we examine how strict development restrictions and differences in policy regimes in the Netherlands between residential and commercial land uses result in divergence between the land markets, which is reflected in a substantial divergence in values of undeveloped lands.

The findings of this section emphasize that while improved accessibility is often expected to increase real estate values and population levels, exceptions may apply under certain spatial or policy conditions. Moreover, strictly enforced planning policies may intervene with free market outcomes of improved accessibility and land markets. Understanding how the presence of strict spatial planning regulations interferes with expected suburbanization and urban expansion processes can support better-informed policy decisions. Similarly, understanding that certain land regulations may result in land market segmentation and divergence in land values can support policy decisions which are able to consider these indirect outcomes and to assess whether they are desirable or socially optimal.

The second section of the dissertation is dedicated to the effects of urban policies which focus on the provision of urban amenities. Urban amenities are desirable or useful features of a city or a neighborhood, which are valued by individuals and affect their location decisions. In order to increase the attractiveness of an area, and its local real estate values, public resources are often allocated to develop and maintain amenities which are perceived as positive. In the Netherlands, the relative abundance of water is often utilized for this purpose. The fifth chapter includes an investigation of the value of proximity to water, as reflected in transaction prices of model homes. We show that the effect of proximity to water on housing value is lower and more local than what was previously found.

The value which households attach to local amenities is not identical, but closely depends on socioeconomic and demographic characteristics. Differences in willingness-to-pay can therefore influence households’ residential decisions and neighborhoods composition. In chapter six I follow a sorting model framework to examine how urban features, such as cultural heritage, open space and
the presence of migrants, are valued by individuals who differ in characteristics, particularly origin and higher-education attainment. The findings show that highly-educated migrants attach a higher value for areas richer in amenities, and that the presence of migrants is valued positively by all groups, but this value decreases as the share of migrants increases.

The findings of this section shed light on the value which households attach to different urban amenities, and how the provision of certain amenities influence their residential location decisions. This can be used to better guide investments in development and maintenance of urban amenities, and avoid inefficient allocation of public resources. Moreover, differences between heterogeneous groups in willingness-to-pay values also reveal their preferences for certain amenities, and are therefore essential in understanding sorting processes of households in an urban area.