

LAND AS A SYSTEM:

WHERE URBAN POLICY
MEETS ECONOMIC REALITY

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AREA

Future of Urban Planning Practice



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KEYWORDS

Land Management · Urban Development · Urban Economics · Urban Policy · Land Governance · Territorial Outcomes

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LAND AS A SYSTEM: WHERE URBAN POLICY MEETS
ECONOMIC REALITY

ABSTRACT

This article examines land management as the critical interface where urban policy and economic processes converge. It highlights how misalignment between land governance, infrastructure decisions, and financial signals, often shaped by fragmented institutional capacity and diverse stakeholder interests, leads to unintended outcomes such as speculation, rising land values, and fragmented development. It argues for a more integrated understanding of land as the interface through which policy objectives are translated into territorial realities.

KEYWORDS Land Management; Urban Development, Urban Economics; Urban Policy; Land Governance; Territorial Outcomes

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INTRODUCTION

Urban policies are often designed around similar objectives. Yet comparable policy frameworks frequently generate very different territorial outcomes across cities and regions.

These differences emerge because land operates as the critical interface where urban policy, governance structures, infrastructure decisions, including grey, green, and blue infrastructure, and economic dynamics converge within specific territorial contexts.

Understanding these divergences requires examining how land systems, governance structures, infrastructure investments, land management decisions, implementation

dynamics, institutional coordination, and market responses interact in practice to shape urban-territorial dynamics. Even well-intentioned policies can produce fragmented development patterns, rising land value pressures and uneven urban territorial outcomes when these elements are poorly aligned within specific territorial contexts.

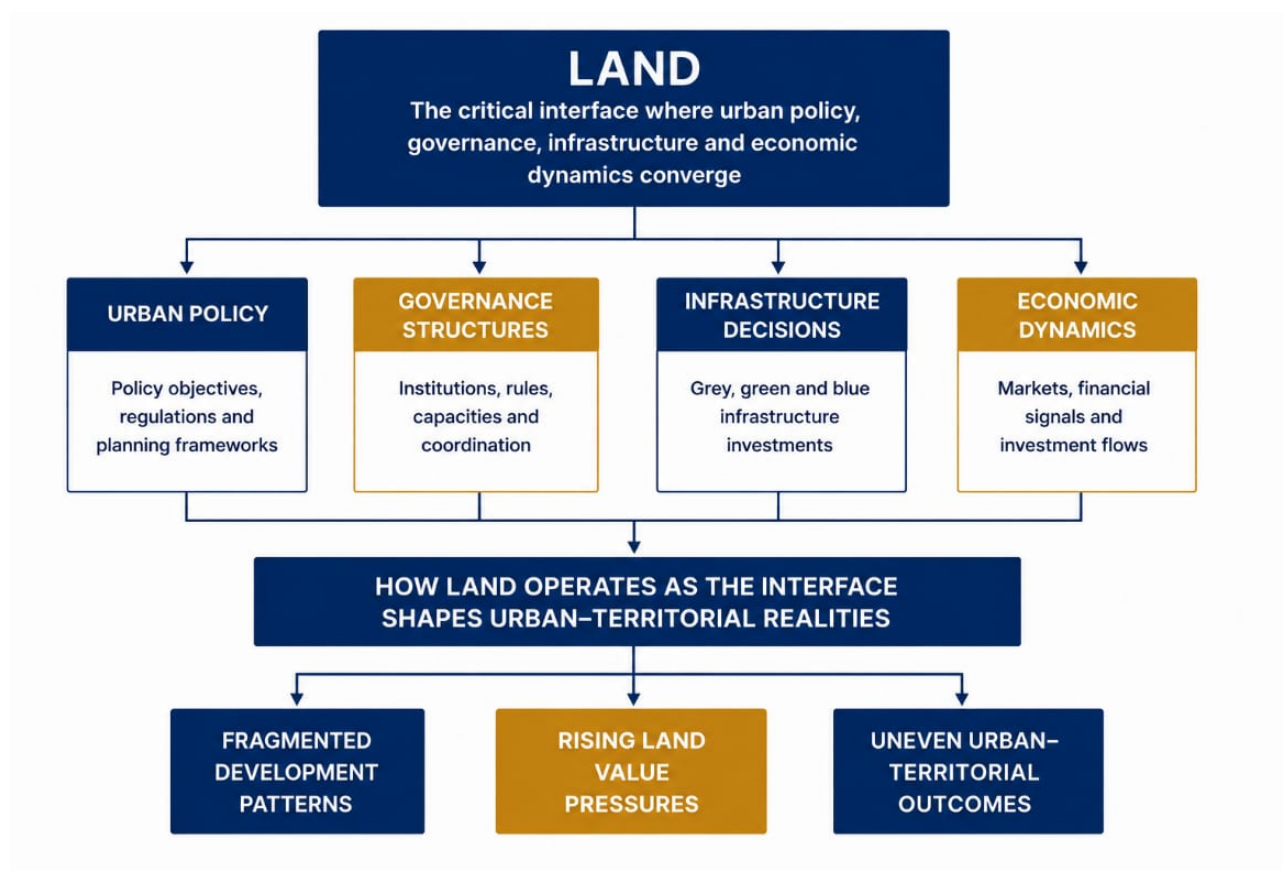


FIGURE 01.

Land as the Urban Interface

Source: Elaborated by Patricia Giménez Franco (2026).

01 LAND AS A STRUCTURAL ELEMENT OF URBAN SYSTEMS

Urban – territorial outcomes cannot be explained only through planning frameworks or policy design. They emerge from the interaction between land governance, implementation processes, financial signals, political economy dynamics, and local territorial conditions. (Giménez Franco, P., 2026, Part 1, *Bridging Urban Practice and Economic Thinking*).

Land is not simply a physical support for urban development or a regulatory category within planning systems. It functions as a structural component of urban systems and as an interface through which urban policy, governance systems, infrastructure provision, public

finance, market dynamics, and territorial conditions interact and shape urban-territorial development outcomes (Giménez Franco, P., 2026, Part 2, *Land Management as the Missing Link between Urban Policy and Economic Outcomes*).

Through land systems, public decisions influence accessibility, expectations of future growth, land values, investment behavior, and development pressures across territories.

Urban development emerges through a causal chain in which policy decisions generate land market signals; these signals influence behavioral responses;

and these responses ultimately shape spatial and economic outcomes.

LAND AS A STRUCTURAL ELEMENT OF URBAN SYSTEMS

Urban–territorial outcomes emerge from a sequence of interactions

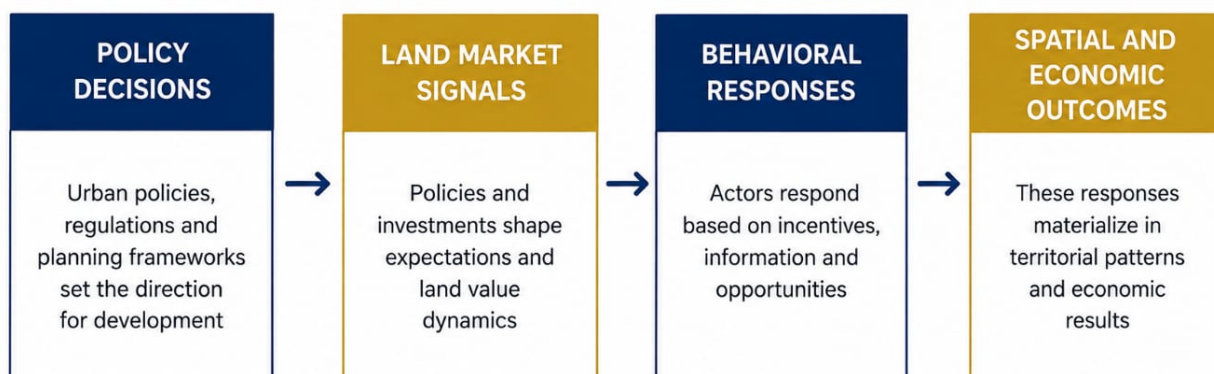


FIGURE 02.

Urban Land Systems Flowchart

Source: Elaborated by Patricia Giménez Franco (2026).

Infrastructure investments, zoning decisions, fiscal incentives, and land management practices often generate signals that influence land values, investment behavior, and development pressures across territories. These consequences frequently extend far beyond their original planning objectives, shaping urban expansion, market speculation, and uneven territorial development dynamics. Through this causal chain, the perspective also clarifies apparently similar planning frameworks that may ultimately produce significantly different urban realities across cities, regions, and institutional contexts.

OECD discussions on place-based policies and governance frameworks similarly emphasize that territorial

dynamics are shaped not only by policy objectives themselves but also by the interaction between governance arrangements, institutional capacity, fiscal conditions, stakeholder coordination, and territorial conditions (OECD, 2025; OECD, 2025b).

This becomes particularly relevant in rapidly urbanizing contexts and across Latin America and the Caribbean, where institutional asymmetries, fragmented governance structures, uneven implementation capacity, speculative pressures, and fiscal constraints frequently shape urban development patterns (ECLAC, 2023; OECD/IDB, 2024).

02 POLICY– IMPLEMENTATION GAP

One of the central challenges in urban development lies in the growing disconnect between policy intentions and territorial outcomes.

Policies may seek to promote inclusion, accessibility, balanced territorial development, infrastructure efficiency, or housing affordability. However, those objectives can be progressively weakened during implementation when land-related decisions, infrastructure sequencing, financial incentives, and institutional coordination are not aligned. This loss of coherence can generate fragmented urban expansion, speculative dynamics, territorial inequality, and uneven accessibility. These implementation gaps are examined in *Land Management as the Missing Link between Urban Policy and Economic Outcomes* (Giménez Franco, P., 2026, Part 2), which explores how they progressively reshape territorial dynamics and market behavior.

This divergence emerges from the interaction between governance structures, financial incentives, institutional asymmetries, land dynamics, stakeholder incentives, and uneven implementation capacity. Rather than representing isolated implementation “failures,” these dynamics frequently reflect fragmented governance structures, sectoral approaches, institutional misalignment, fiscal limitations, political economy tensions, and unintended interactions between land systems and market dynamics. As a result, similar policy instruments may generate very different territorial outcomes depending on governance structures, territorial conditions, implementation capacity, land market structures, and stakeholder incentives.

POLICY INTENTIONS VS. TERRITORIAL OUTCOMES

Land-related decisions, infrastructure sequencing, financial incentives and institutional coordination can weaken policy objectives during implementation

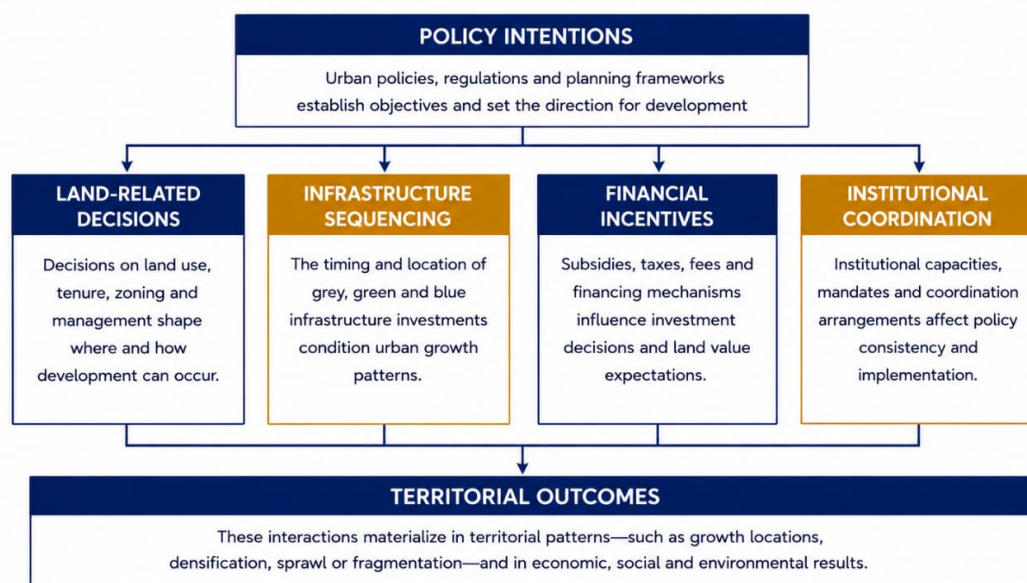
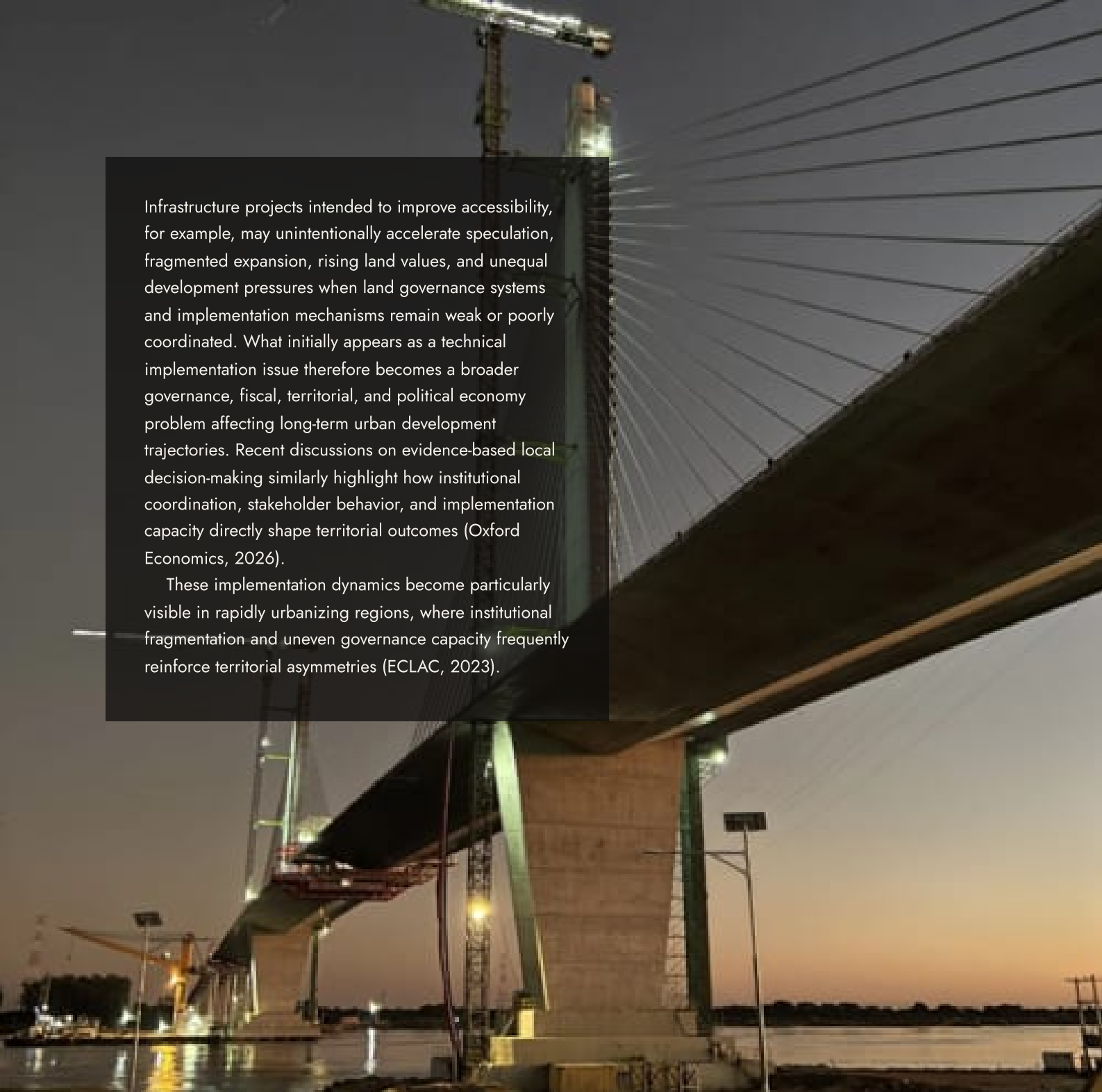


FIGURE 03.

Policy Intentions and Territorial Outcomes

Source: Elaborated by Patricia Giménez Franco (2026).



Infrastructure projects intended to improve accessibility, for example, may unintentionally accelerate speculation, fragmented expansion, rising land values, and unequal development pressures when land governance systems and implementation mechanisms remain weak or poorly coordinated. What initially appears as a technical implementation issue therefore becomes a broader governance, fiscal, territorial, and political economy problem affecting long-term urban development trajectories. Recent discussions on evidence-based local decision-making similarly highlight how institutional coordination, stakeholder behavior, and implementation capacity directly shape territorial outcomes (Oxford Economics, 2026).

These implementation dynamics become particularly visible in rapidly urbanizing regions, where institutional fragmentation and uneven governance capacity frequently reinforce territorial asymmetries (ECLAC, 2023).

PHOTO 01:

Puente Héroes del Chaco, Asunción, Paraguay.
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03 LAND, INFRASTRUCTURE, AND MARKET DYNAMICS

Infrastructure investments play a critical role in shaping urban development because they operate simultaneously as territorial interventions and market signals. Transport corridors, public facilities, major infrastructure projects, and public spending decisions alter accessibility and, in doing so, expectations regarding land appreciation, development opportunities, and future investment

patterns. This interaction is further examined in *Public Finance and Private Investment: Designing Signals That Shape Urban Markets* (Giménez Franco, P., 2026, Part 4), which explores how public finance and the sequencing of infrastructure investments actively shape urban markets rather than simply financing urban development.

HOW INFRASTRUCTURE INVESTMENT SHAPES URBAN DEVELOPMENT

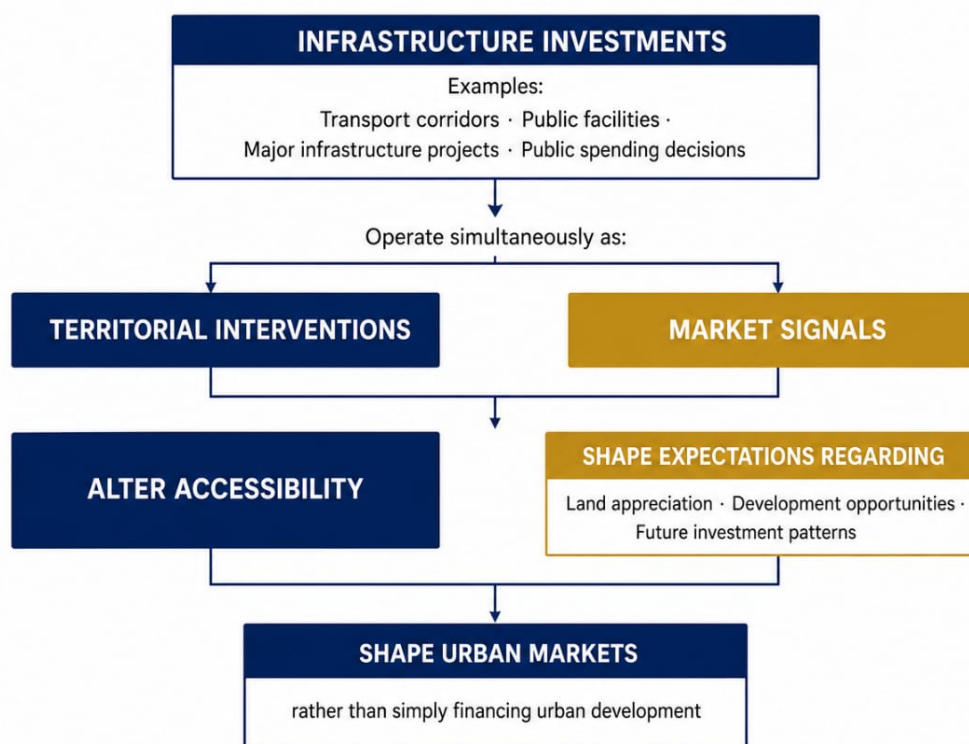


FIGURE 04.

How Infrastructure Investment Shapes Urban Development
Source: Elaborated by Patricia Giménez Franco (2026).

Evidence from OECD, Lincoln Institute, and IDB discussions across Latin America and other international contexts shows that public investment can generate significant land value increases. Whether those increases reinforce spatial inequality or support broader public

objectives, however, depends on governance structures, fiscal tools, cadastre systems, legal frameworks, and implementation capacity (IDB, 2017; OECD/Lincoln Institute, 2022; Lincoln Institute, 2013).

When infrastructure projects are implemented before coherent land governance, public investment may unintentionally reinforce speculative responses, fragmented expansion, affordability pressures, and rising territorial inequality.

Comparative evidence across Mexico, Ecuador, Costa Rica, Portugal, Brazil, Colombia, and broader Latin American contexts further demonstrates that similar land value capture instruments frequently produce different outcomes depending on legal frameworks, institutional capacity, governance asymmetries, political incentives,

and local urban conditions (OECD, 2023; OECD/Lincoln Institute, 2022).

Urban dynamics are therefore shaped not only by planning frameworks, but by the interaction between infrastructure provision, land governance, public finance mechanisms, institutional coordination, market expectations, and behavioral responses.

WHY SIMILAR INVESTMENTS PRODUCE DIFFERENT OUTCOMES

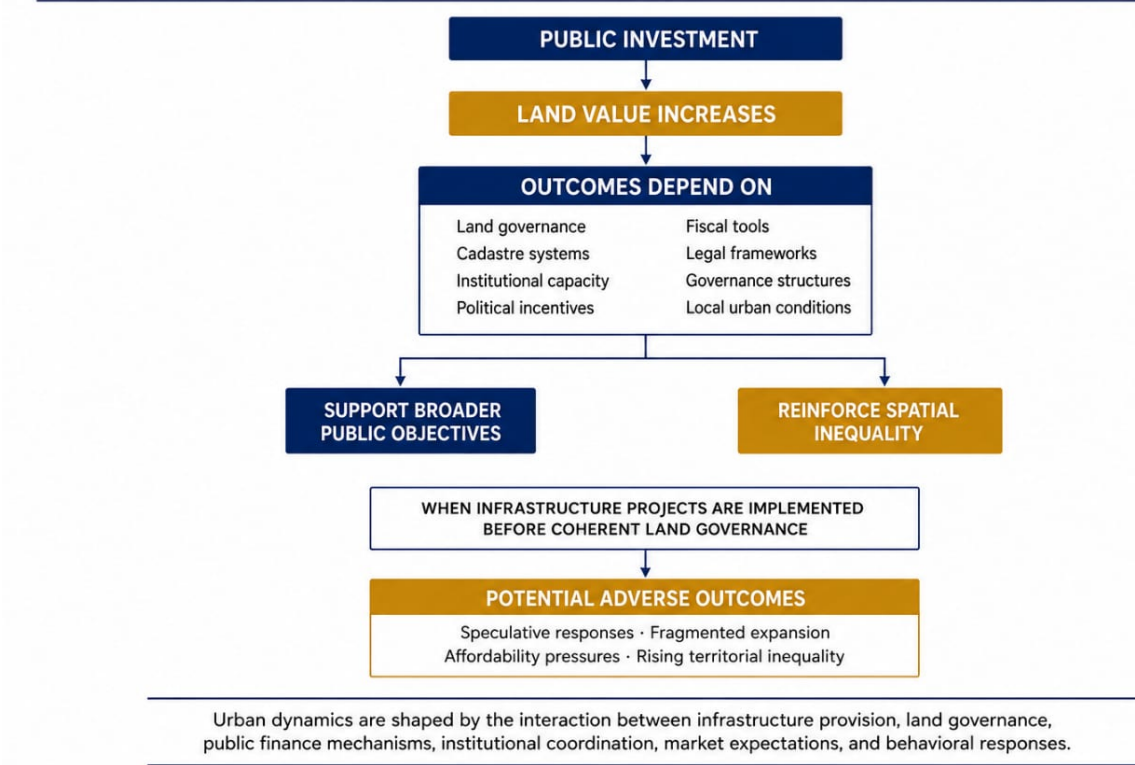


FIGURE 05. Why Similar Investments Produce Different Outcomes
Source: Elaborated by Patricia Giménez Franco (2026).

04

INSTITUTIONAL AND COORDINATION CONSTRAINTS

Institutional fragmentation remains one of the main constraints affecting the implementation of urban policies and institutional and territorial coherence.

Responsibilities related to land governance, infrastructure provision, housing, mobility, financing, and planning are frequently distributed across institutions operating with different mandates, capacities, timelines, sectoral priorities, and political incentives. When these responsibilities are not effectively coordinated, fragmented institutional structures can produce reactive rather than strategic forms of land governance. This issue is examined in *Who Decides, and With What Capacity? The Governance Architecture Behind Land Outcomes* (Giménez Franco, P., 2026, Part 3), which explores how institutional fragmentation undermines coordinated urban

governance. OECD governance discussions similarly emphasize the importance of multi-level coordination systems capable of aligning actors, sectors, investment decisions, and shared urban objectives across administrative scales (OECD, 2025b).

Governance evidence from Latin America and the Caribbean further highlights how fiscal constraints, limited administrative continuity, technical asymmetries, weak coordination, and uneven implementation capacity reinforce these urban development dynamics (OECD/IDB, 2024).

Institutional arrangements are not neutral. Decisions are shaped by governance asymmetries, stakeholder pressures, sectoral fragmentation, institutional path dependencies, electoral cycles, and competing incentives operating simultaneously within urban systems.

These variations help explain why similar policy instruments frequently generate divergent territorial outcomes across cities, regions, and institutional contexts.

Recent discussions on local evidence and stakeholder decision-making also reinforce the importance of

coordination capacity, institutional continuity, and governance alignment for effective territorial implementation (Oxford Economics, 2026).

05

IMPLICATIONS FOR URBAN OUTCOMES

The interaction between land systems, infrastructure investments, governance structures, public finance, market responses, and implementation processes has direct consequences for urban development patterns.

In many cities, these dynamics contribute to fragmented urban expansion, uneven accessibility, rising land values, affordability pressures, housing exclusion, displacement risks, and increasing socio-spatial inequalities.

These dynamics ultimately shape everyday life through longer commutes, reduced accessibility, unequal access to infrastructure, higher housing costs, segregation, fragmented development, and uneven service provision.



PHOTO 02:

Business District skyline, Asunción, Paraguay.
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Discussions on urban development in Latin America and the Caribbean further show how rapid urbanization, speculative pressures, uneven institutional capacity, and

fragmented governance intensify these urban development dynamics (ECLAC, 2023).

These outcomes are often not the direct objective of urban policy itself. Rather, they emerge from the interaction between public decisions, land systems, market responses, stakeholder incentives, governance arrangements, and implementation processes.

This challenges the assumption that policy models or “best practices” can simply be transferred across contexts without considering territorial, institutional, governance, financial, legal, and political economy differences. Similar instruments may therefore produce very different urban and spatial effects depending on implementation capacity, governance structures, and local market dynamics.

Similar policy and financial instruments can generate uneven development trajectories across cities and regions when governance capacity, market responses, and local conditions interact asymmetrically, as further discussed in

Why Do the Same Policies Produce Different Outcomes? A Place-Based Perspective (Giménez Franco, P., 2026, Part 5).

The portability of “best practices” is therefore questioned, emphasizing the need to connect land governance, public finance, infrastructure sequencing, institutional coordination, and territorial context within a broader urban political economy perspective, as further developed in *Why “Best Practices” Fail Across Territories: The Case for Place-Based Political Economy* (Giménez Franco, P., 2026, Part 6).

● LAND AS A SYSTEM

CONCLUSION

Urban outcomes cannot be explained only through policy intentions, planning frameworks, or technical instruments.

Similar urban interventions may generate very different urban and territorial consequences depending on how land systems, governance structures, infrastructure investments, institutional capacity, financial incentives, stakeholder behavior, legal frameworks, and implementation conditions interact in practice.

Understanding land as an active urban system helps explain why implementation processes frequently diverge from initial policy objectives and why similar instruments behave differently across local institutional contexts.

Moving toward more integrated urban development therefore requires aligning land governance,

infrastructure sequencing, institutional coordination, implementation capacity, public finance, market-shaping mechanisms, and urban development objectives, within a broader place-based political economy perspective.

This perspective is particularly relevant in contexts characterized by institutional fragmentation, uneven implementation capacity, rapid urbanization, and strong territorial asymmetries, where the relationship between land systems, governance structures, and economic dynamics plays a central role in shaping urban outcomes.

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