

Czech Approach to Sprawl in International Comparison

Eliška Vejchodská

EURODIV PAPER 60.2009

JANUARY 2009

KTHC - Knowledge, Technology, Human Capital

Eliška Vejchodská *Department of Environmental Economics,
University of Economics Prague*

This paper can be downloaded without charge at:

The Fondazione Eni Enrico Mattei Series Index:
<http://www.feem.it/Feem/Pub/Publications/EURODIVpapers/default.htm>

The opinions expressed in this paper do not necessarily reflect the position of
Fondazione Eni Enrico Mattei
Corso Magenta, 63, 20123 Milano (I), web site: www.feem.it, e-mail: working.papers@feem.it

The special issue on *Cultural Diversity* collects a selection of papers presented at the multidisciplinary and multinational Marie Curie project on “Cultural diversity in Europe: A series of Conferences” (EURODIV).

EURODIV focuses on cultural diversity in Europe and aims to understand the ways of dealing with diversity and its dynamics in the globalisation era. Its primary objective is to provide top-level training opportunities to researchers in the first years of their research career. EURODIV is a four-year project (2006-2009) co-ordinated by Fondazione Eni Enrico Mattei (FEEM) and supported by the European Commission, Sixth Framework Programme, Marie Curie Conferences and Training Courses (contract no. MSCF-CT-2004-516670).

Schedule of Conferences:

- **First Conference “Understanding diversity: Mapping and measuring”**, 26-27 January 2006, FEEM, Milano, Italy. Contact person: Valeria Papponetti, valeria.papponetti@feem.it
- **Second Conference “Qualitative diversity research: Looking ahead”**, 19-20 September 2006, K.U.Leuven, Leuven, Belgium. Contact person: Maddy Janssens, maddy.janssens@econ.kuleuven.ac.be, and Patrizia Zanoni, patrizia.zanoni@kuleuven.ac.be
- **Third Conference “Diversity in cities: Visible and invisible walls”**, 11-12 September 2007, UCL, London, UK. Contact person: Valeria Papponetti, valeria.papponetti@feem.it
- **Fourth Conference “Diversity in cities: New models of governance”**, 16-17 September 2008, IPRS, Rome, Italy. Contact person: Raffaele Bracalenti, iprs.it@iprs.it
- **Fifth Conference “Dynamics of diversity in the globalisation era”**, 15-16 September 2009, FEEM, Milan, Italy. Contact person: Valeria Papponetti, valeria.papponetti@feem.it

EURODIV goes in parallel with SUS.DIV, the Network of Excellence on sustainable development in a diverse world. For further information on EURODIV and SUS.DIV, please visit the web site: www.susdiv.org

This batch of papers has been presented at the Fourth Conference “Diversity in cities: New models of governance”.

Czech Approach to Sprawl in International Comparison

Summary

The Czech Republic faces the problem of increasing sprawl today. Due to sprawl, cities as well as the countryside lose their original features. Sprawl has come much later to the Czech Republic than to Western European countries. Still it may have more serious consequences there because of the lack of appropriate policies. The paper presents the approach of the Czech Republic to sprawl and compares this approach with case studies from abroad, mainly from Western European countries. It shows that policies which may prevent sprawl and the loss of lifestyle diversity exist. They are used in practise or proposed as theoretical concepts prepared for implementation. As examples of these policies, we can mention the administrative instrument of development prohibitions, which may be used to prevent the creation of suburban retail and cultural centres, and the use of tradable development rights for the prevention of an excessive land take outside city boundaries.

Keywords: Suburbanisation, Lifestyle Diversity, Spatial Planning, Tradable Development Rights, Retail

JEL classification: Q24, Q58, R12, R14

This work was supported by the Czech Science Foundation under award No. GA402/06/0806

Address for correspondence:

Eliška Vejchodská
Department of Environmental Economics
University of Economics Prague
W. Churchill Sq. 4
130 67 Prague 3
Czech Republic
E-mail: vejchode@vse.cz

Introduction

The Czech Republic faces increasing sprawl today. Sprawl, in other words suburbanisation or urban deconcentration (Wiewel et Persky, 2002), means a significant expansion of built-up areas into current rural places. The typical features of suburbanisation are the shift of urban population to rural areas, the development of retail and cultural activities outside city limits and the formation of industrial and logistic centres in rural areas. Some Czech experts perceive the emergence of sprawl as a potential severe problem (see e.g. Sýkora, 2002). Possible consequences of sprawl are land take, free space accessibility reduction, psychological problems of housewives living in suburban areas, change of lifestyle in satellite communities, smaller towns as well as cities, city centres breakdown, car dependence or pressure on transport infrastructure (e.g. in Vejchodská, 2007). Václav Havel, the previous Czech president and an influential personality in the Czech Republic describes current trends from the point of view of the impact on landscape as follows¹: *“We live in time, when the traditional ways of humans staying in harmony with nature are disappearing. We are becoming inhabitants of something, that can be called agglomeration, infinite substance, that is neither a city, nor a village, nor a meadow, nor a field, nor a forest, that is composed of proudly sprawled single-floor stores, parking lots, supermarkets. And something like a prairie in between. So roughly we handle with our country, our history...”*

The paper presents the approach of the Czech political keynote players to sprawl and compares this approach with case studies of policies from abroad, mainly from Western European countries. It shows that policies which may prevent sprawl and subsequently the loss of lifestyle diversity exist. They are used in practise or proposed as theoretical concepts prepared for implementation. We will discuss examples of these policies – the administrative instrument of development prohibitions and regulations, which may be used to prevent the creation of suburban retail and cultural centres, and the use of tradable development rights for the prevention of an excessive land take of greenfields. First of all, we will make an introduction into the Czech approach towards new development. We will look at the retail business in the Czech Republic and the approach towards the development of new retail opportunities. We will also discuss the position of Czech small municipalities towards new housing development.

Retail – situation in the Czech Republic

Before 1989, the year of “the velvet revolution”, there was an insufficient retail network with an insufficient supply of goods in the Czech Republic. Everything changed with the entrance of capitalism. As first, a new network of small shops and supermarkets developed. There were many small companies and small traders in that time. After 1995, big players entered the Czech market – hypermarkets, discount markets and large “do it

¹ Václav Havel: Opening speech at the conference Green Week, 2006. In: Zpravodaj MŽP, 10/2006, pp. 17. In original: *„Žijeme v době, kdy se identita tradičních způsobů pobytu člověka v harmonii s přírodou smazává. Stáváme se obyvateli čehosi, co se dá nazvat aglomerací, nekonečnou hmotou, která není ani městem, ani vesnicí, ani loukou, ani polem, ani lesem, která je souborem pyšně rozcapených jednopodlažních skladů, parkovišť, supermarketů. A mezi tím cosi jako step. Takto nešetrně zacházíme se svou vlastí, se svou historií...”*

yourself' shops. After 1999, first retail centres which put together shopping, catering, culture and other services, occurred (Cimlér et al., 2007). These new shopping opportunities have been very popular and started to change the shopping habits of the Czech population.

Nowadays, hypermarkets have already exceeded the sales of supermarkets. The selling area of Czech retail centres has reached about 0,2 m² per capita in couple of years only (in the US, the selling area is about 10 times larger, in European countries up to 2 times larger). The biggest Czech retail centres have the selling area up to 50 000 m². In 2005, there were 25 retail centres with more than 50 shops inside (the biggest retail centre with 165 shops inside). Also shops by petrol stations become a significant component of Czech retail sales. On the contrary, independent small and medium-sized entrepreneurs lost their position on the retail market (Cimlér et al., 2007). In the year 2005, their market share on the retail was about 13 % in the Czech Republic, whereas e.g. in Poland it was about 49 % according to Makro-Incoma Index. From that time, their position has strengthened a bit again.²

Most of the retail centres and hypermarkets are placed in suburbs of larger or middle sized cities. They attract people from broader surroundings; see the study of the impact of Zlín retail centre (Ordeltová, Szczyrba, 2006). Suburban retail and recreational activities devastate traditional diverse urban and rural retail and cultural places due to the shift of consumers' expenditures there. They also bring a new pressure on the transport infrastructure, because most of their clients come by car. The warning comes from the US, where the retail and other commercial activities of city centres were often devastated by the same suburban competing opportunities (see Burayidi, 2001).

No broader discussion has occurred among Czech experts whether the new commercial centres should be regulated in the Czech Republic. Problems connected with retail centres are highlighted mainly by nongovernmental organisations (see Koželouh, 2007, or Fuchs et al., 2005). The question of a more effective regulation of retail centres and hypermarkets has probably penetrated also to the Czech parliament for which a study of foreign policies towards large retail units was elaborated (PI, 2007). Still, from the common Czech local authorities' viewpoint, new retail centres are a desirable increase of shopping opportunities for local people.

Suburban living – situation in the Czech Republic

We face the situation of the outflow of the richer part of population from cities to suburbs in the Czech Republic. This trend started in 1990ies and has strengthened from that time, also due to own interests of certain municipalities. We can trace differences between the interests of larger cities and smaller municipalities concerning new housing development. Because cities are usually not interested to spread, most of new suburban living arises at the edge of villages situated in their surroundings. Smaller municipalities have opposite preferences. They usually seek for new investors, new inhabitants. We can summarize the

² Makro-Incoma Index: online: [http://www.makro.cz/index.php?page_id=203&s=118], cited 8.7.2008.

reasons as follows: Municipal tax revenues are dependent on the number of their residents (Act No. 243/2000 Coll.), therefore they seek for as many new residents as possible. Municipal budgets may rise also by the sale of municipal land for development. Developable land is manyfold more expensive than agricultural land, therefore the change of agricultural land to developable land and its subsequent sale is very profitable. Some smaller municipalities hope for an increase of demand for e.g. education facilities thanks to new inhabitants. Some municipalities even subsidize development by providing transport and other infrastructure, such as water and sewer pipes or electricity to developable areas. This effort, to attract as many new inhabitants as possible by many municipalities, leads to competition among them for newcomers and to significant sprawl.

From the experience of small municipalities located near core cities, a majority of new inhabitants considers living in the village only for being close to their city and does not integrate into local life, nothing but being in the nature. Also due to these new inhabitants of rural settlements, the lifestyle diversity of rural and urban population vanishes. These newcomers do not usually accept the traditional lifestyle of rural population and acknowledge the typical urban habits. In general, they use their new home for “passing the night” only and practise all their activities (job, education for their children, shopping etc.) in the city or its suburbs, whereas traditional villagers used to practise local activities including farming. Newcomers do not usually contribute to local life. Traditional living and suburban living located in the immediate neighbourhood are two different worlds. It looks like that these traditional rural inhabitants slowly overtake the lifestyle of newcomers and the differences are blurred.

Some Czech theorists in urban planning point at the problem of increasing sprawl and warn against this trend. They seek to educate officials and practitioners in urban planning not to define so many developable areas in local urban plans. In spite of that, large developable areas arise. This way is apparently not effective in decreasing the land take speed.

Policy instruments towards suburban retail centres and hypermarkets – case studies

In many European countries, the character of retail network is influenced by specific public policy. Most of these different policies seek to prevent the abandonment of city centres and the decrease of car dependence. We will summarize different public policy approaches of chosen European countries here.

Norwegen: In 1999, the moratorium of the new large retail development outside city centres was passed due to the starting problems of retail network located in city centres. This moratorium should have been in force until new planning policy would enable to prevent undesirable development (up to 5 years in force). Nowadays, municipalities have to obtain the permission for new retail centre development from the regional government. The policy has many exceptions however, e.g. retail centres development in enumeratively cited 31 cities does not need any permission from regional government (PI, 2007).

Burgunland, Austria: Any new supermarkets and retail centres development in Burgunland has to be approved by the regional parliament. The intentions to built large retail centres (larger than 4000 m²) have to be substantiated by the additional studies of their regional impacts. Also the maximum size of supermarkets selling foodstuf or other goods of daily use is regulated according to the number of inhabitants in the city where the shop should be located. The minimum amount of the parking places for bicycles is regulated as well (Ibid.).

Bern, Switzerland: The development of retail centres is banned if small shops with the same goods would disappear as a consequence and handicapped immobile residents would lose well accessible shopping opportunities. If a retail centre needs an additional road network due to possible congestions, its investor bears all costs connected with new road network development (Ibid.).

Great Britain: Great Britain´s retail network is unlike other European countries – it rather resembles US large retail centres. We will not deal as much with the retail network´s character as with its location within a city. Great Britain has directed its retail network construction into city centres since 1996 due to the starting breakdown of city centres and their revitalization support. The regulation that forced new commercial areas to be built inside the city limits (so called Planning Policy Guidance 6) was consequently revised in 2005 (Planning Policy Statement 6 – PPS6). It is obligatory for municipal authorities. Following additional regulation targets are specified in PPS6 (ODPM, 2005):

- To provide the accessibility of shopping opportunities and recreational activities by public transport and thereby to reduce car dependence,
- To provide transport affordability for poor and handicapped inhabitants,
- To support sustainable development by the reduction of land take and by the multifunctional character of development (commercial areas together with housing),
- To improve the design of emerging buildings in contrast with low-cost buildings usually built in outskirts.

Policy instruments for suburban land take prevention

Suburban living with a consequence of a serious level of land take is a contemporary problem that the governments of many different regions try to solve. In some regions, e.g. in the regions of the US and Italy, tradable development rights are used for the prevention of excessive housing development. The Italian case is described e.g. in (Micelli, 2002), the US case e.g. in (Johnston et Madison, 1997).

In some countries, the use of tradable development rights is proposed by theorists or politicians. On the basis of the system proposed for Baden-Württemberg (Radermacher et al., 2004), the application of tradable development rights to Switzerland was discussed in (Süess et Gmünder, 2005). Tradable development rights were theoretically tested particularly for the canton Aargau in Switzerland in (Zollinger, 2005). A different policy of the tradable development rights which addresses also the decrease of lobbying

opportunities in land use was described in (Vejchodská, 2006) dealing with the case of the Czech Republic.

The US model of tradable development rights is different from tradable development rights systems which could be used in Europe. The US law recognises an automatic right of landowners to develop their land. As a consequence, authorities have the liability for compensations of landowners when they want to ban development in particular areas. The ban of development is considered as a “taking” (Renard, 1999). In European countries conversely, landowners have no automatic right for land development. They have to get the allowance for development, e.g. by the defining of developable areas in the land use plan. In the following text, we will describe the possible use of tradable development rights in Europe based on the model proposed for Baden-Württemberg by (Radermacher et al., 2004). This model is founded on the European approach to landowners’ rights.

Tradable rights represent a right to develop a certain area in m². Tradable development rights policy enables to set up a long-term goal of a decrease of the speed of the current land consumption rate by distributing only a certain amount of development rights periodically. The policy may be based on trading with rights among municipalities. Tradable rights may be grandfathered to municipalities at the beginning of each trading period, e.g. according to the number of their inhabitants, as it was proposed for Baden-Württemberg (Radermacher et al., 2004). In the system of tradable development rights, any municipality can define as much new developable land as tradable development rights in its ownership allow. Municipalities may use the grandfathered rights for development within their area, or they may trade development rights with other municipalities. Trades would occur among municipalities according to their development plans and priorities. Tradable rights would be grandfathered periodically, e.g. for a 5 year every time. (Implicitly it is supposed here, that land use plans would be modified every 5 years). A monitoring system would be set up, which would control the planning behaviour and the municipal trading (Ibid.). Development rights trading shows the next figure.

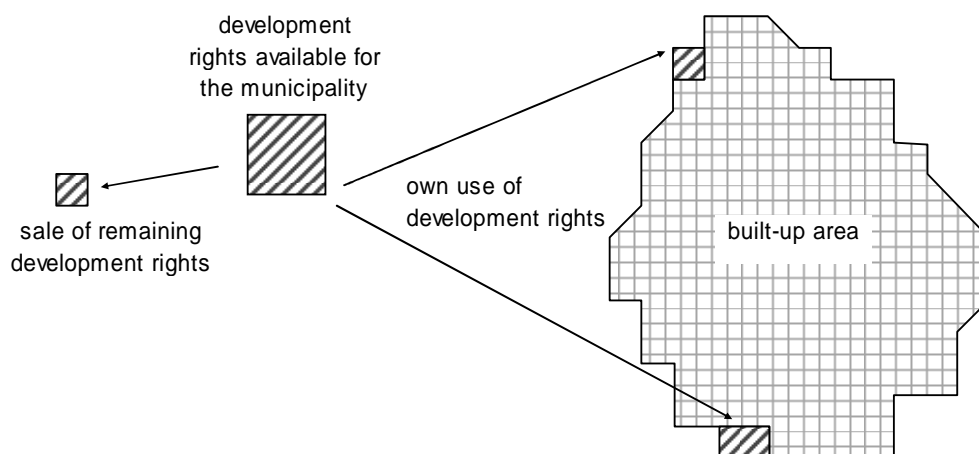


Figure 1. Trading with grandfathered development rights by a chosen municipality

The disadvantages of this system may be summarized as follows. An outflow of companies from a solitary standing region which would apply this policy could occur due to higher land prices. Therefore it is advisable to put this policy into force in a broader area. Also, this approach does not enable to decrease rent-seeking opportunities of landowners and investors. Municipalities would trade the rights among each other with a high impact on land prices. Due to possible higher land prices, landowners are interested in defining their land as developable and they may lobby by municipality for it. Money for the purchase of development rights goes from the public budget (municipal budgets) and local politicians have no responsibility for a wrong decision. Therefore, they may decide according to the partial interests of individuals, e.g. chosen landowners. Still, this policy enables an effective control over the total area of land being newly developed which is its primary aim.

Conclusion

We have discussed different policies which prevent urban sprawl and city centre abandonment. We have seen that such policies exist. Concerning tradable development rights, they are overlooked by politicians until now. Policies preventing the creation of the suburban commercial centres are widely used in western European countries, less in the new EU member states including the Czech Republic. A broader discussion about the potential undesirable consequences of sprawl and a discussion about possible political approach preventing them looks to be necessary.

Literature

Burayidi, M.A.: An Assessment of Downtown Revitalisation in Five Small Wisconsin Communities, pp. 47-64. In: Burayidi, M.A. (ed.): *Downtowns. Revitalising the Centers of Small Urban Communities*, Routledge, New York, London, 2001.

Cimler, P., Zadražilová, D. et al: *Retail Management*, in Czech, Praha: Management Press, 2007.

Fuchs, F. et al.: *Přelet nad hypermarketovým hnízdem (One Flew Over the Hypermarket's Nest)*, in Czech, Brno: Nesehnutí, 2005.

Johnston, R.A. et Madison, M.E.: From Landmarks to Landscapes, A Review of Current Practices in the Transfer of Development Rights, *Journal of the American Planning Association*, Vol. 63/3, pp. 365-378, 1997.

Koželouh, J.: *Environmentální dopady plánované prostorové expanze velkoplošného maloobchodu v České republice v roce 2007 (Environmental Impacts of the Planned Spatial Expansion of Large Retail Units in the Czech Republic in 2007)*, in Czech, Brno: Nesehnutí, 2007.

Micelli, E.: Development Rights Markets to Manage Urban Plans in Italy, *Urban Studies*, Vol. 39/1, pp. 141-154, 2002.

ODPM: Planning Policy Statement 6: Planning for Town Centres, Office for the Deputy Prime Minister, 2005. On-line: <http://www.planningportal.gov.uk/england/government/en/1020432884848.html>; cit. 19.1.2007.

Ordeltová, M, Szczyrba, Z.: Současná situace v maloobchodní síti českých měst – geografická sonda Zlín (Current Situation in Retail Networks of Czech Towns: Zlín, a Geographic Probe), in Czech, *Urbanismus a územní rozvoj*, Vol.9/3, 2006, pp. 13-16.

PI: *Regulační mechanismy vůči hypermarketům a velkým nákupním centrům ve vybraných státech (Regulation Mechanisms towards Hypermarkets and Large Shopping Areas in Chosen Countries)*, in Czech, Praha: Parlamentní institut PS PČR, 2007.

Radermacher, F.J. et al.: *Neue Wege zu einem nachhaltigen Flächenmanagement in Baden-Württemberg (New Ways to a Sustainable Landmanagement in Baden-Württemberg)*, in German, Stuttgart: Der Nachhaltigkeitsbeirat der Landesregierung Baden-Württemberg, 2004.

Renard, V.: Application of Tradable Permits to Land-Use Management, In: OECD: *Implementing Domestic Tradable Permits for Environmental Protection*, OECD, pp. 53-73, 1999.

Süess, A. et Gmünder, M.: Weniger Zersiedlung durch handelbare Flächennutzungszertifikate? (Less Sprawl due to Tradable Development Rights?), in German, *Urban Sprawl*, Vol.1, pp. 58-66, 2005.

Sýkora, L. (ed.): *Suburbanizace a její sociální, ekonomické a ekologické důsledky (Sprawl and its Social, Economic and Environmental Consequences)*, in Czech, Praha: Ústav pro ekopolitiku, 2002.

Vejchodská, E.: *Land Development and Tradable Development Rights*, Praha: VŠE, doctoral thesis, 2006.

Vejchodská, E.: *Ekonomie a politika městského životního prostředí (Economics and Policy of Urban Environment)*, in Czech, Praha: VŠE, 2007.

Wiewel, W., et Persky, J.J. (eds.): *Suburban Sprawl: Private Decisions and Public Policy*, Armonk, N.Y.: M.E. Shape, 2002.

Zollinger, F.: Handelbare Flächenzertifikate und die Schweizer Raumplanung (Tradable Development Rights in Spatial Planning of Switzerland), in German, *Urban Sprawl*, Vol.1, pp. 66-74, 2005.