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## TOWN PLANNING AND LOCAL GOVERNMENT: EVALUATION OF URBAN DEVELOPMENT PROPOSALS

**Abstract:** The current local governments in Poland have gained an opportunity to act as managers of towns and rural communes. Simultaneously, the economic recession forces a rational use of available resources. One means to this end is the *ex ante* evaluation of development proposals.

Town planning offers a variety of evaluation methods using different criteria. To the local government, however, two seem to be the most important: effectiveness and costs. In fact, all the other criteria can be expressed through them. Evaluating whether the goals are met is obvious. The next step should then identify the capital costs to be covered by the local government plus other 'expenditures' by the community, such as social and opportunity costs.

The aim of this paper is to point at the potential use of evaluation by local governments, with some theoretical contribution to the evaluation criteria.

**Key words:** urban planning, local development, planning methodology.

### 1. INTRODUCTION

Poland has experienced in recent years a series of crucial political and economic changes. Among the most important was the reinstitution of a system of local government.

The newly elected local governments have gained an opportunity to act as managers of towns and rural communes, becoming more responsible for their function and development. Every municipality in the country can present a lengthy list of urgent needs. The economic recession, however, limits progress on these projects. A more rational use of available resources is then essential. One means to this end is the *ex ante* evaluation of (urban) development proposals.

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In a planning procedure two stages require serious involvement of a local government. One is the setting of the goals and the other – the evaluation of planning proposals.

The aim of this paper is to point at the potential use of evaluation in the changed conditions on the Polish local scene, with some theoretical contribution to the evaluation criteria<sup>1</sup>.

The structure of the paper is as follows. First, some remarks on Polish local governments are made to show their possible role in a local development process. Next, a very brief note on the evaluation in physical planning is presented. This ends with the author's understanding of the notion of evaluation and of its role in the local government's decision-making process.

In the next section the universal, praxiological features of a good plan are shown with pointing at these which may be influenced by local governments. As a consequence, two evaluation criteria: the achievement of the goals and the relevant costs are presented. The last part shows again the link between the evaluation and local government's decision pointing at the auxiliary character of the former.

## **2. NEW LOCAL GOVERNMENTS**

For better understanding of the current local government system in Poland, it seems worthwhile to compare it in brief with the old one.

The previous local authorities were a combination of the locally elected council and doubly subordinated administration officer<sup>2</sup>. Therefore instead of one urban policy there was a number of individual sectorial policies, the urban development being thus the result of ideas and decisions of different departments and in fact – of the party officials.

A pretty big part of social infrastructure in the towns was built and then run by the state owned firms, especially the big ones. In many cases, they also financed the parts of municipal technical infrastructure (BURY, 1982). In relation to those firms the local authorities were in general weak – both in power and in money terms.

The present local government system was reintroduced in rural communes and towns in May 1990. In contrast to the previous local authorities, they are elected bodies only, representing local communities. According to the law each

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<sup>1</sup> For more detailed argument see BURY, 1993.

<sup>2</sup> To the local council and to the State administration; to say nothing of the third link, the strongest, i. e. to the communist party.

local government is the sole manager of its area, being responsible to the citizens for its overall function and development. In practice, however, the power of most local governments is still limited – to say nothing of the, strange sometimes, distribution of competencies – by financial dependence on the Central Government subventions and strict regulations of the local incomes. Additionally, the deep economic crisis also produces here its negative consequences. First, all the local budgets are very small in relation to the needs. In such a situation the funds for capital investments are first to be cut down. The same relates to the state firms which for years have been active participants in urban development. Now, being in financial squeeze, they not only refrain from investing in urban infrastructure but even stop to run some facilities, turning them over to the municipal control.

The new local governments have then gained an opportunity to act as actual managers of towns (and rural communes as well). That fact, together with the latter, which imposes more rational use of means everywhere, should result in economical administration of the money which may be spent for local development. One means to this end is the *ex ante* evaluation of development proposals.

For long the basic tools used commonly in steering urban changes in Poland have been local plans. Those were prepared as on the other tiers: national and regional – in two forms. One, called socio-economic, in relation to urban development was in general answering what to build, and the other, physical, where to do that. The formal links between those two kinds of planning procedures were provided in the proper acts, so that their result could be expected as a mutually complementary set of plans. In fact the first, highly influenced by departmental policies, provided financial means deciding thus about the actual possibilities of development. Therefore the second often remained as the set of wishes and ideas expressed according to a vision of an architect.

At present, the socio-economic planning, as a symbol of the old system, has practically vanished. Anyway, regardless of its detailed solutions, the local plan – land-use type, broader in scope, narrower in details – seems to remain (or become at last) the fundamental tool for steering urban changes.

Preparation of local development plans is the responsibility of local governments. To treat that task seriously they should be actively involved in the planning process from its very beginning. First of all, they have to decide about the goals, i.e. about what they want to achieve through the plan. Local governments may also impose upon the planner their own, local limits and standards, which may be important when considering some of the development costs (esp. social). And at the final phases they should not forget about evaluation of what was produced by specialist planning teams.

### 3. EVALUATION APPROACHES AND ITS ROLE IN PLANNING

The problem of evaluation in physical planning seems to be not much popular. It was relatively broadly discussed some twenty years ago. New methods, like SCBA, PBS, GAM and a couple of IAs were then introduced. One of them, namely the Environment Impact Assessment, soon became obligatory in the United States. From Polish original output such procedures like the Threshold Analysis and Warsaw Optimisation also should be mentioned here. The comprehensive work by LICHFIELD, KETTLE and WHITBREAD (1975) closes that period.

The problem returned in early 1980s, together with the development of more sophisticated methods connected with the use of computers. The work by VOOGD (1983) seems to be the best known example of multi-factor analyses directed towards the town and regional planning. It is also another example of more general approaches to the problem of evaluation.

It was in 1985 when the above mentioned EIA was accepted as obligatory in Western Europe, too (it is also provided in Polish environmental legislation but as not compulsory). Simultaneously, a more theoretical approach to the evaluation was being developed (e.g. BREHENY and HOOPER, 1985; FALUDI and VOOGD, 1985).

In general, however, most of the old and new literature in the field represents the pragmatic approach based on the pattern: an evaluation method, with some empirical examples, without any deeper analysis of the evaluation itself. That is why a more general approach, maybe obvious for people involved in the problem, but not expressed explicitly, was adopted here.

Before a more detailed discussion of the topic, one remark seems to be relevant here. In the works on the evaluation in town planning usually the approach itself is not clarified and two types of methods are discussed equally: the comparative ones like e.g. GAM and the optimisation procedures like e.g. the above mentioned Threshold Analysis.

The notion of evaluation, however, means a subjective judgement based on *a priori* accepted criteria. It then assumes a comparison of the plan being evaluated either with another existing version or with a pattern reflecting the 'ideal'. Therefore the evaluation in this paper refers to that very activity which takes place after the process of design (but before implementation). According to the Voogd's classification (VOOGD, 1983) it would be the *ex ante* and *a posteriori* approach, which refers also to the methods applied.

The above statement is especially valid when considered for whom the evaluation is being executed. It may be made of course for the planners themselves to deliver the opinion about their product. The proper customer in this case, however, is the very local government which ordered the plan. Before

taking any decision it should be aware either of the opportunity costs or – in case of one variant – of the assumed ideals.

What was stated above indicates that some controlling activities which occur during the planning process and which do not allow subjectivity are not the evaluation in fact. That refers to what is called a testing.

Similarly, all the optimizing procedures, although they lead to the 'best' solutions, cannot be identified with the evaluation, either.

#### 4. URBAN PLAN AS A GOOD PLAN; GENERAL CRITERIA OF EVALUATION

Any action to be successful should first be planned. Planning, very often done in simple cases without realising it, should be a condition of every serious, complex action. Urban development process seems to serve here as an uncontroverted example<sup>3</sup>.

Tadeusz Kotarbiński, the originator of the praxiology (which may be explained as the art of competent acting), enumerated a number of features which characterize the good plan (e.g. KOTARBIŃSKI, 1975). According to that list, any plan, to be a good one, should be<sup>4</sup>: purposeful; feasible; consistent; easy to run; elastic; detailed; long-term valid; performance-time limited; total; rational; economic; clear; aesthetic<sup>5</sup>.

Without going into the matter it may be said that:

- a) all of these features, with some adjustments resulting from the specific character of the object of planning, may be referred to an urban plan, too;
- b) most of them refer to the plan as a document and only some to the essence of the plan;
- c) only few of these features allow to employ the factor of subjectivity being the basic feature of any evaluation.

The achievement of all of the above listed features depends in the first place on the skill of the planner (planning team). Some of them, however, may be influenced also by other factors, like the legislation, the town *per se* and the active local government. The last group includes consistency, feasibility,

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<sup>3</sup> Even Foley's Adaptive Planning or Friedman's Urban Policy Analysis (Action Planning) may be considered as forms of very short-term planning procedures (see the review by KOZŁOWSKI, 1980).

<sup>4</sup> Both KOTARBIŃSKI (1975) and ZIELENIEWSKI (1976) apply consequently specific words which are quite often used differently also in Polish; the more difficult it is to express them in English.

<sup>5</sup> This feature is not on the Kotarbiński's list but seems to be important while considering urban development proposals.

economy and aesthetics<sup>6</sup>. Two first are liable to testing, where the answers are only “yes” or “no” and all the procedure can be highly formalized. The last one, on the other hand, is highly subjective and rather resistant to standardisation.

Thus the only feature of an urban plan which can be shaped by the local government through the evaluation is the economy of the proposed solutions. This in turn may be examined under different forms. ZIELENIEWSKI (1976) considers it as a combination of the effectiveness, efficiency and profitability.

To evaluate the effectiveness of the plan means to estimate the achievement of its goals. The positive side effects are included here increasing the effect, while the negative ones increase the costs. So it is possible that even fully effective plan may cause so high costs that its implementation would be objectionable. That is why the comprehensive evaluation requires the use of two other, more economic criteria.

Both of them, profitability and efficiency, employ the same values: effects (E) and costs (C), but in different ways. Profitability shows the result ( $E - C$ ), whereas efficiency – their quotient ( $E / C$ ). In both measures all the effects and costs – intended and unintended – should be calculated.

The coincident use of these two different approaches to the effects and to the costs is fully motivated. It is their combined result which sufficiently describes the project being evaluated. For instance, highly efficient solution consisting of relatively small values may be less welcome than the project being less efficient but offering much more profit thanks to big values engaged.

Such a complex approach, however, is rather impossible in practice due to a specific character of urban development proposals.

## 5. GOALS ACHIEVEMENT AND COSTS AS THE EVALUATION CRITERIA

The three expressions of the economy of a project, just as the listed above features of a good plan, are of universal character. Therefore it seems worthwhile to check to what extent they could be useful in the evaluation of urban plans.

First of all, the *ex ante* evaluation limits of course the whole reckoning to these elements which may be anticipated.

Looking then at the three criteria in turn, it may be said that the effectiveness does not arouse any objections; evaluation of the plan's essence from this viewpoint is crucial and relatively easy. There exists a set of adequate methods of different level of complexity to serve this task.

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<sup>6</sup> The economy here may be compared with the Value for Money approach.

With the other two criteria the matter is not so simple. The main problem is the measurement of the effects. To get any useful comparison they all should be expressed in one unit and what's more – in the case of profitability it must be the same unit as used for the costs, i.e. money. Fulfilling these requirements is not easy, but on the other hand it seems not to be necessary at all.

The foregoing doubt springs from the relation between the goals and effects designed in the plan. Producing any effect is not equal with the achievement of a goal. On the contrary, meeting the goal states *per se* necessary effects. In other words, at the stage of planning the accepted goals decide on the effects and later, during the implementation of the plan, the effects determine the meeting of the goals. So if the given variant of a plan ensures the achievement of its goals (which can be checked by evaluating its effectiveness), then the necessary tasks designating both the quality and quantity of the effects are thereby recognized necessary and there is no need to analyze them again. Therefore it is enough to estimate only the relevant costs. The focusing of the effort on this category is justifiable because of its complex nature.

### 5.1. Costs of urban development

There may be different kinds of costs connected with urban growth (BURY and REGULSKI, 1984):

- capital investment costs;
- town's current costs caused by new developments;
- social costs;
- opportunity costs.

Looking at these kinds of costs, the most obvious is the group relating to capital investments (land, construction, equipment, starting up, etc.), accompanied by relevant running costs. Another group, important particularly for the town's inhabitants, contains the social costs as defined by KAPP (1963). And at last – the costs which should be found in any decision-making process: the opportunity costs.

The complexity of the above listed costs may be proved by the following examples:

- they may burden the community as a whole and individual actors of the development process: local government, citizens, business, etc.;
- they may be paid for actual development and for its negative side-effects in a form of social costs;
- they may be paid in real currency or just calculated for decision-making needs like the opportunity costs, or expressed in other categories, e.g. diseases and pollution.



Regard during the evaluation to all these kinds of costs and all the 'payers': local government, citizens, business, etc. would be welcome as giving a full picture of the consequences of any intended development. Practical reasons, however, force to limit this insight to the most important outcomes. It may be said then, that from the local government viewpoint the most significant costs are those which are covered by the local community: for one thing from the local budget, for another directly by the citizens themselves. The costs paid by firms related to the town's development have to be estimated by themselves; the results may influence their spatial behaviour, which in turn should be foreseen by the local government.

Only some of the costs may be relatively easily expressed in money, like the capital investment costs. Others are more difficult to estimate, especially the wide variety of social costs. Admittedly, even human life may be evaluated by means of, for instance, the value of insurance policy, but that always would be artificial and doubtful. Therefore it is better to express them in a form of various standards or thresholds and to subject them to the testing before the real evaluation. The opportunity costs mean the rejected effects which may in turn be expressed by the effectiveness of the second best proposal, and considered together with the relevant capital investment costs to be paid by the local government.

Thus the urban development costs for practical use should be limited to the capital investments of the local government and to the above stated dimension of the opportunity costs.

## **5.2. Practical problems with the capital investment costs**

Although the capital investment costs borne by the local government seem to be a proper criterion for evaluating urban plans, practical use of them meets many difficulties. The most important are connected with:

1. Measurement;
2. Time.

Ad 1. From different categories of costs connected with urban development, the investment costs can be directly expressed in money, but even here there are many question marks as well. Some examples may be as follows:

- whether and how to calculate the costs of bank credit; whether and how to include the value of land;
- what elements of the equipment to take into account, etc.

Another problem is who is to estimate these costs. The planner would guarantee the same bases and rates in each case but the result would depend greatly on his personal attitude and approach employed. Performing it by all the



subjects involved, on the other hand, could give unforeseeable results, if it could be executed at all.

Ad 2. That difficulty requires to consider the time factor. It seems obvious that the costs should be calculated for the period covered by the plan. The longer the plan-term, however, the more projects planned in it and thus the higher costs<sup>7</sup>. That indicates that all the evaluated proposals have to cover the same period. On the other hand, the urban development is a continuously going-on process and particular projects may exceed over the time-horizon of the plan. And it is these projects which give effects in a form of increased efficiency of the whole planning proposal. Therefore the costs should always be considered in relation to the concrete effects they cause.

## 6. COMBINED EVALUATION

Town planning offers a variety of evaluation methods using different criteria. To the local government, however, two seem to be the most important: effectiveness and costs. Actually all the other economic criteria can be expressed through them. Evaluating whether the goals are met is obvious. The next step should then identify the capital costs to be covered by the local government and the opportunity costs which at the level of a town development proposal consist of the effectiveness and capital costs from the second best solution.

Summing up what was stated above in brief, the synthetic formula of the evaluation ( $O$ ) of a plan ( $\alpha$ ) may be described as a function:

$$O_{\alpha} = f(S_{\alpha}, K_{\alpha}) \quad (1)$$

where  $S_{\alpha}$  means the effectiveness of plan  $\alpha$  and  $K_{\alpha}$  – the relevant costs.

$S_{\alpha}$  consists of foreseen achievements of goals (i), so

$$S_{\alpha} = \{S_{\alpha 1}, S_{\alpha 2}, S_{\alpha 3} \dots S_{\alpha i}\} \quad (2)$$

while  $K_{\alpha}$  has two elements: capital investment costs ( $K_I$ ) and opportunity costs ( $K_A$ ):

$$K_{\alpha} = \{K_{I\alpha}, K_{A\alpha}\} \quad (3)$$

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<sup>7</sup> Problem of the capital lock-up influences the choices of particular projects and should be solved on their level.

$K_I$  is an arithmetic sum of particular projects ( $j$ ) enclosed in the plan  $\alpha$ :

$$K_{I\alpha} = \sum K_{I\alpha j} \quad (4)$$

Employing consequently the same scope limitations of the applied costs, it may be said that the opportunity costs mean the best effectiveness from among alternative plans, considered together with the relevant capital investment costs:

$$K_{A\alpha} = \{\max (S_\beta; S_\gamma \dots S_k), K_{In}\} \quad (5)$$

where  $n$  means the most effective plan of all except  $\alpha$ .

Thus the result of the evaluation of plan  $\alpha$  would consist of its effectiveness and relevant capital investment costs borne by the local government, plus the effectiveness of the next best (in respect of effectiveness) plan together with corresponding, analogous costs.

## 7. LOCAL GOVERNMENT AND URBAN DEVELOPMENT PROPOSALS

At the beginning were mentioned two most significant factors influencing urban development in Poland nowadays, i.e. the re-institution of local governments and the economic recession.

The change of the local governments' status will probably result in their more active participation in the planning process. Discardings of plans for the sake of casual advantages which happens now is obviously short-sighted and probably will be short-lived as well.

Effects of the overall recession, strengthened by the many years' failures suggest the employment of the problem-solving approach in town planning. On the other hand, it is of course necessary to execute goal-oriented procedures, especially for longer periods (cf. JAŁOWIECKI, 1992). In both cases, however, there must be goals to be identified (as solving a problem is still a goal).

Successful evaluation of plans requires local government's participation during the whole planning process (cf. figure 1).

First of all, each local government has to set the goals it wants to achieve during the process of planned town development as well as possible limitations it wants to impose on development proposals (A-B). Its next contribution may be the testing (C-D), but not necessarily because of the automatic character of that activity. The stage of evaluation (D-F), however, falls fully under the authority of the local government; the only exception is the measurement of factors (D-E) which may be done by the planning team itself.



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