

Unlocking Urban Potential

Let's ^{ADVOCATA}
reset
— Sri Lanka

#ReformNow
Conference

6th August 2022

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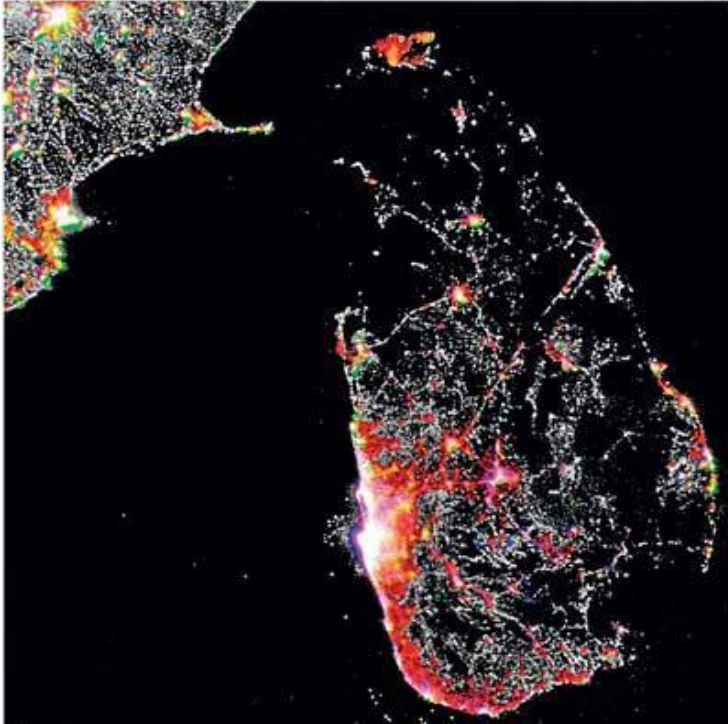
Urban policy : a catalyst for economic transformation

- Much like our economy, our cities have also been crippled through decades of short-sighted policy, suboptimal decisions, and poor coordination
- The success of Sri Lanka's economic transformation hinges on several key factors. Systematically unlocking the potential of our cities and urban land markets is key among them.
- **Unlocking the potential of our urban areas will require a reset in our thinking; a fundamental shift in our approach to urban development**

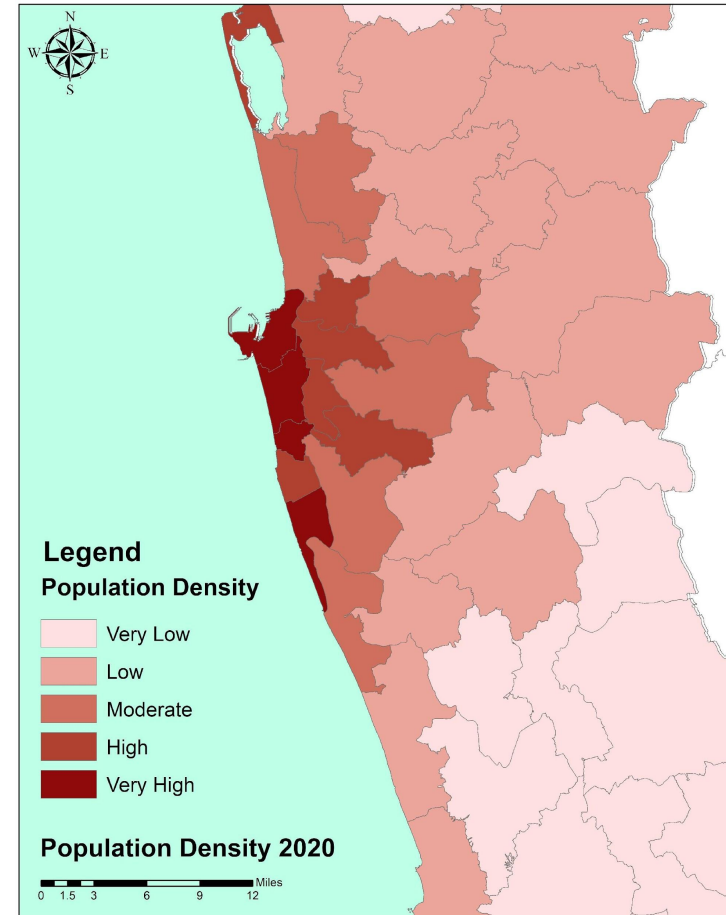
Our urban fabric is a result of decades of sub-optimal urban policy



Unchecked sprawl is evident across all our urban agglomerations



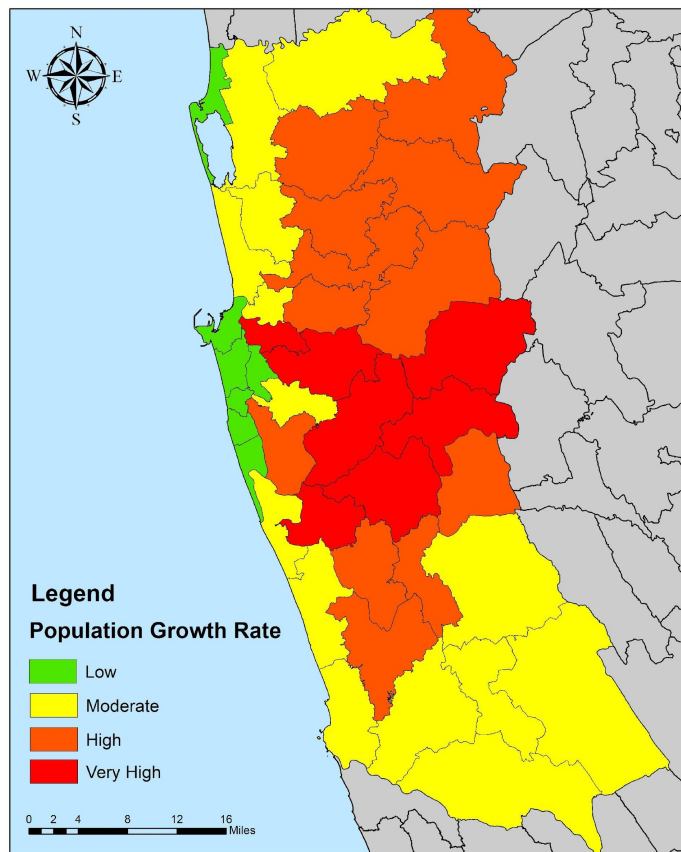
Source : World Bank



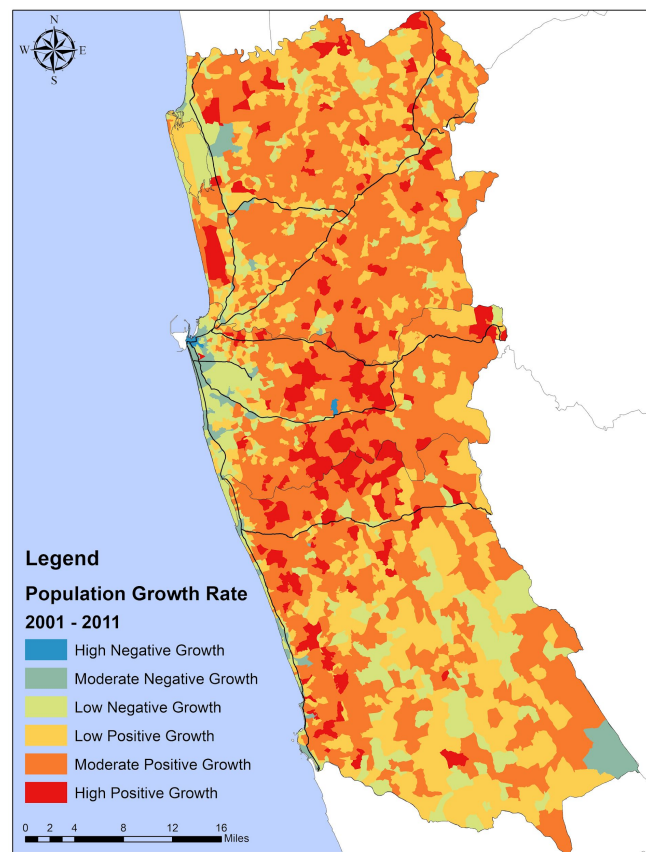
Source : Analysis by John Keells Properties

The population is shifting to the urban fringe

Population Growth Rate 2001 – 2020 (DSD Level)



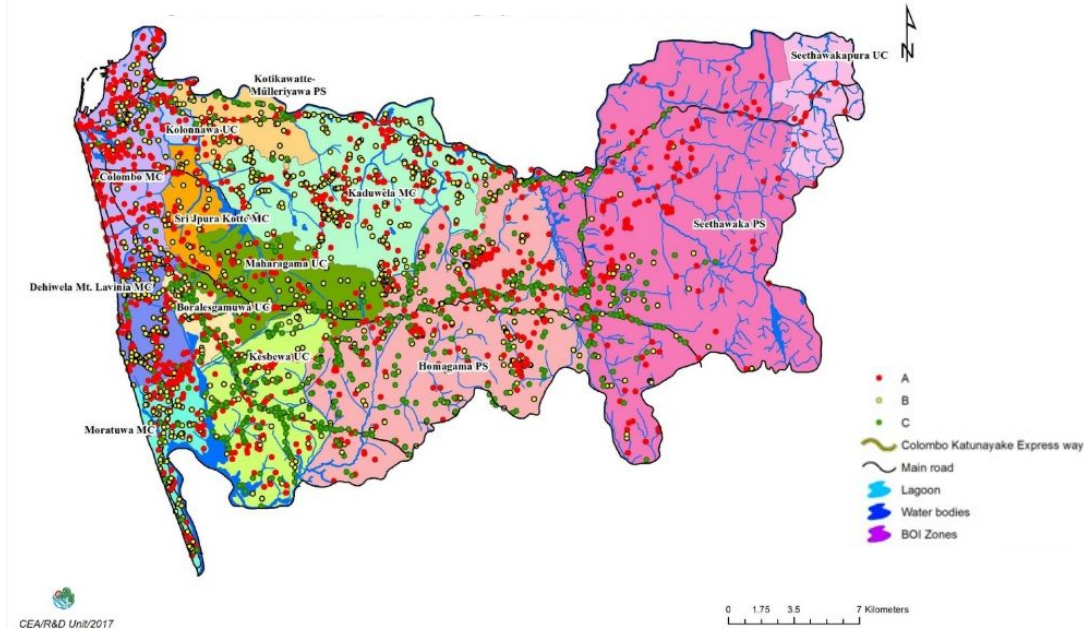
Population Growth Rate 2001 – 2011 (GN Level)



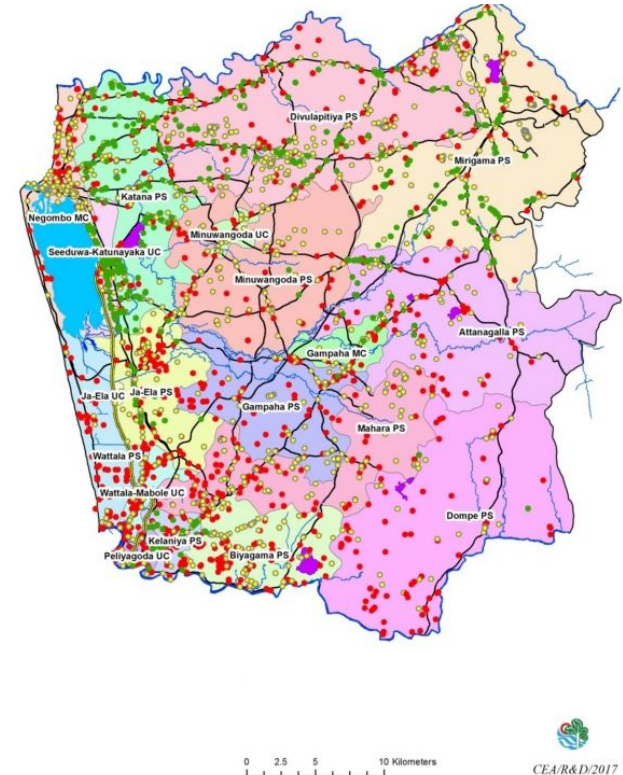
Source : Census and Statistics Department & DSD resource profiles

Industry is also sprawled : inefficient to operate and regulate

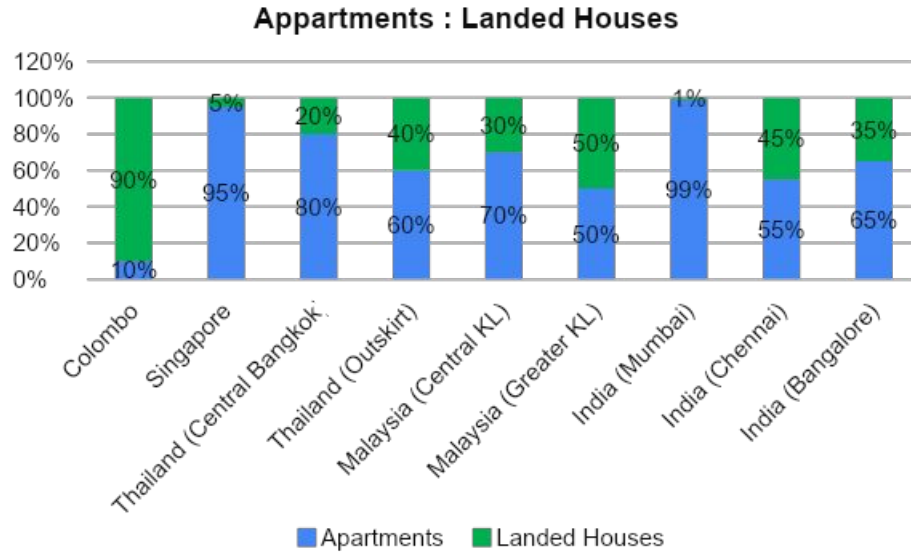
Spatial Distribution of A, B & C category Industries in the Colombo District



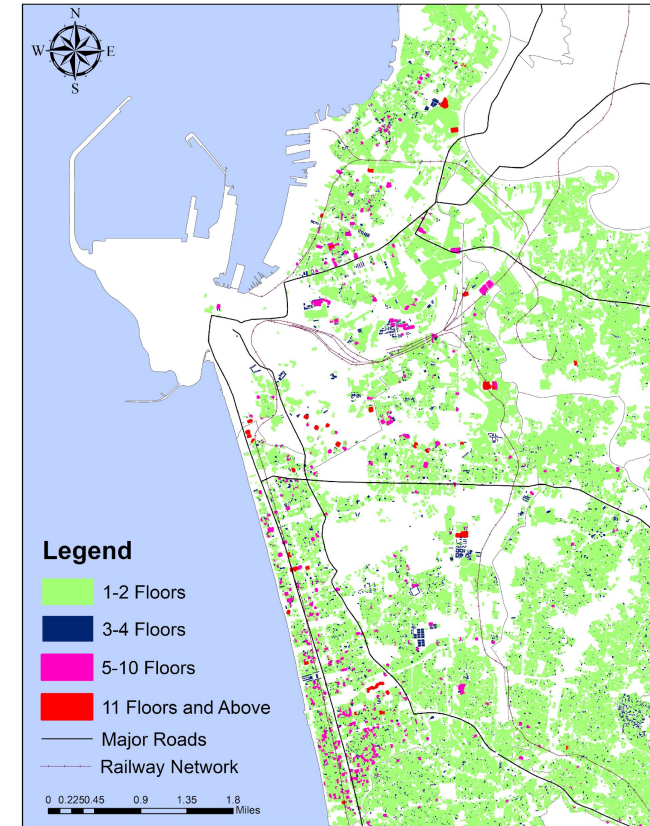
Spatial Distribution of A, B & C category Industries in the Gampaha District



Housing is predominantly low-density, single family landed housing



Residential Building Heights in year 2015



Source : UDA

Land is fragmented; large plots for efficient development unavailable



This is what sprawl looks like in Colombo...

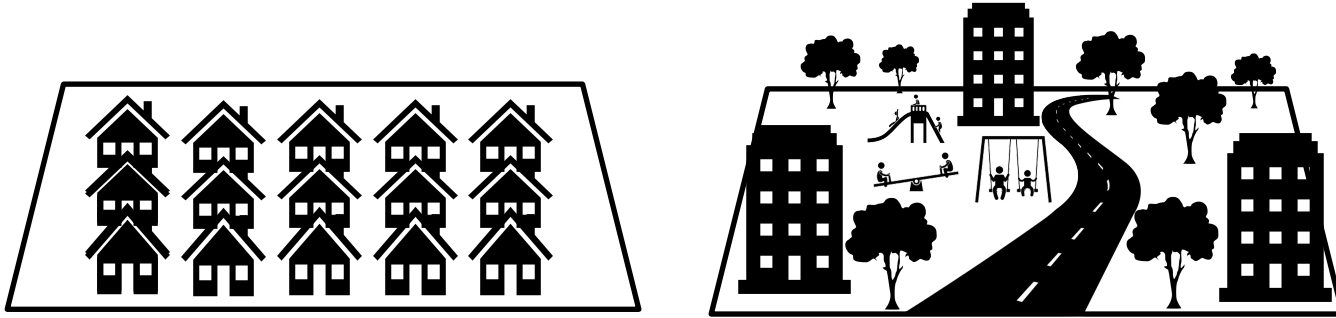


...and this is what it looks like in other cities



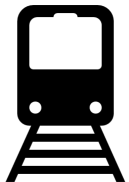
Why is this a problem?

- Extremely inefficient utilization of land: a finite and precious resource



- Inefficient to service with all types of infrastructure.

Infrastructure investment is unviable without minimal thresholds of density.



We live far away, but still need to converge on the city

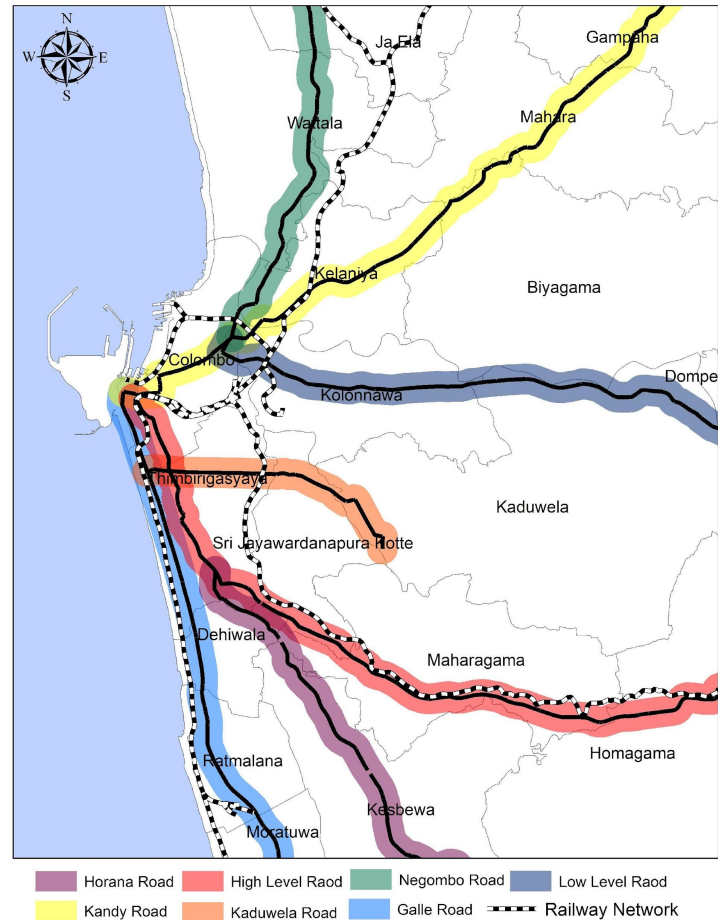
Most social and economic infrastructure is still focused in the higher density city core



Over 2mn passenger trips cross Colombo everyday



Around to 600,000 vehicles enter/exit the city daily

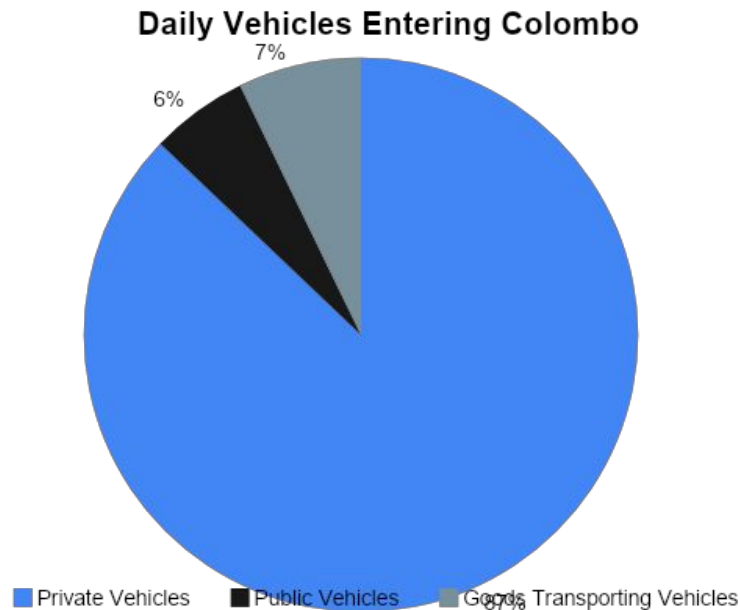
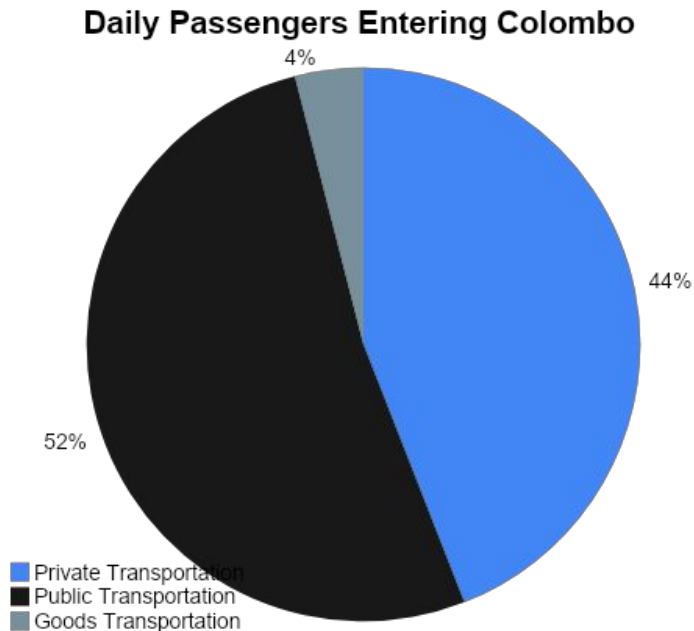


Investment in public transport has been minimal over the years

<i>LKR million</i>	Capital Expenditure by the Ministry of Transport	Capital Expenditure by the Ministry of Highways	
2021	30,990	211,333	
2020	47,315	226,070	
2019	28,798	156,432	Amalgamated with the Ministry of Petroleum Resource Development
2018	23,777	190,869	
2017	22,039	207,986	Amalgamated with the Ministry of Higher Education
2016	34,577	166,055	
2015	40,045	194,873	
2014	50,382	143,902	
2013	25,876	130,836	Amalgamated with the Ministry of Ports & Shipping
2012	32,010	146,682	
2011	33,850	114,393	
2010	14,012	107,078	
2009	12,406	82,600	

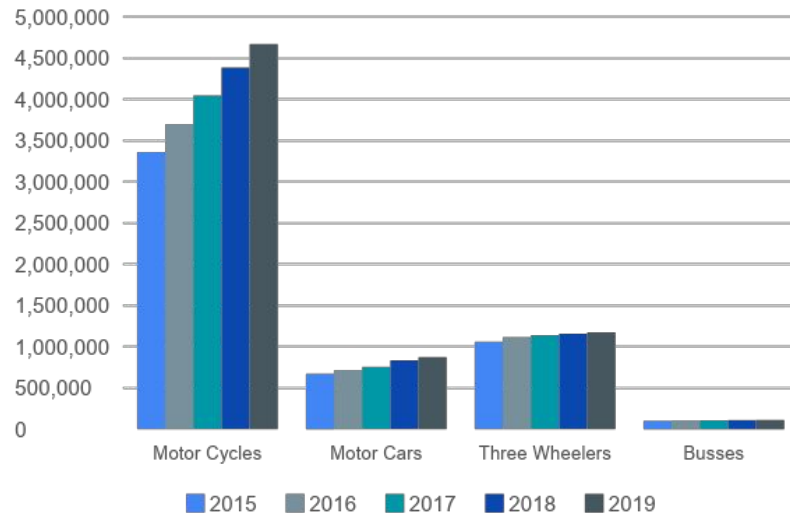
Amalgamated with the Ministry of Civil Aviation

As a result, Sri Lankans are addicted to private transport

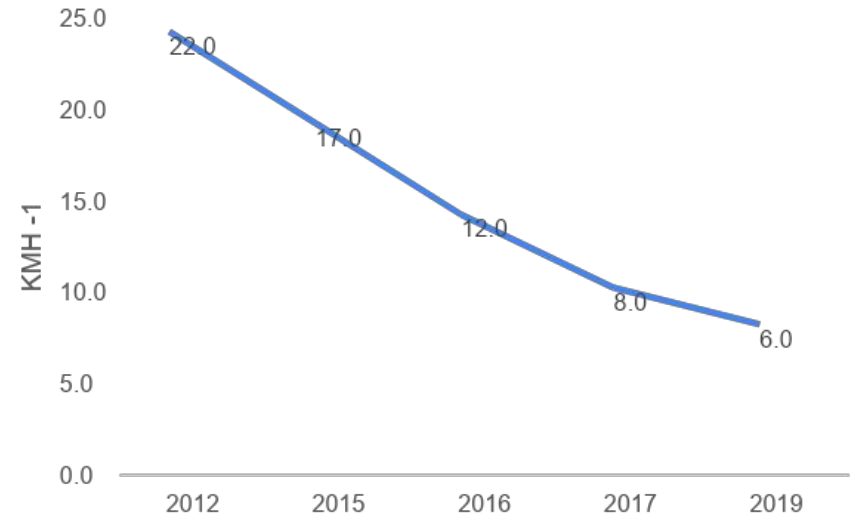


We keep buying more cars, but are going slower every year...

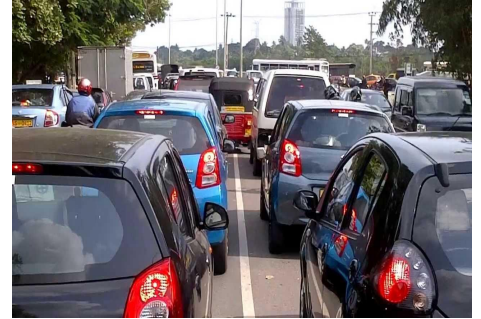
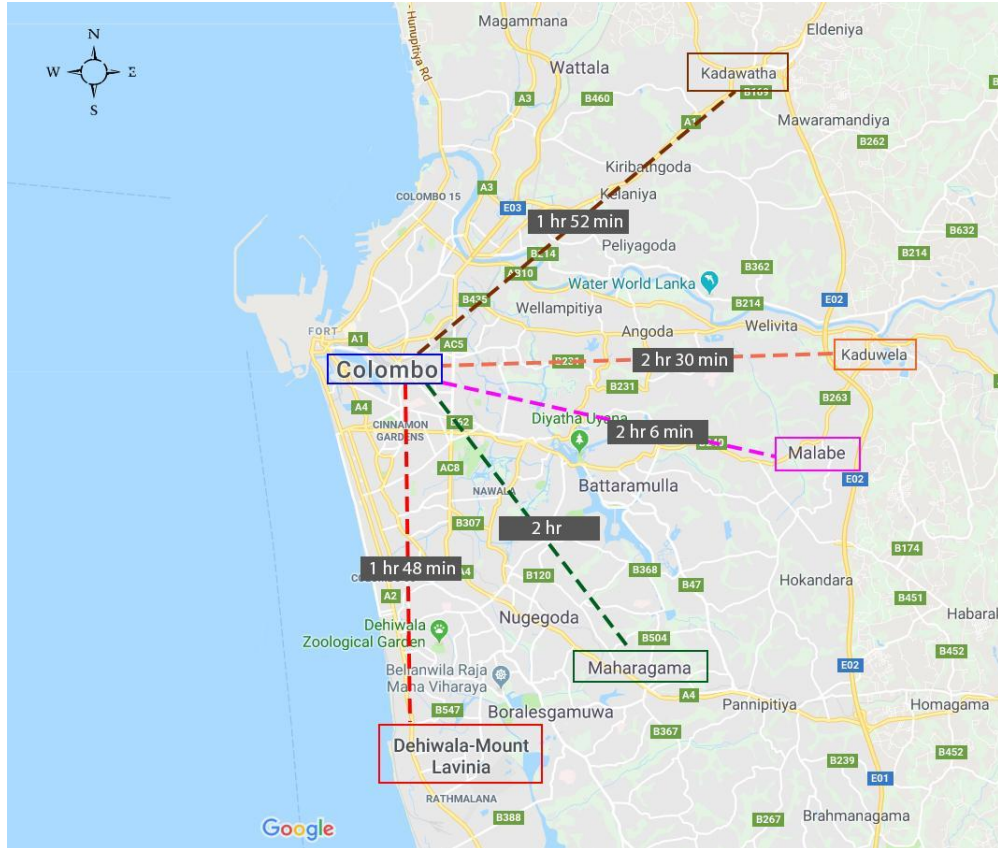
Annual Vehicle Population



Average Vehicular Speed in Colombo



...and the country has massive productivity losses because of it



Low density sprawl + private transport is disastrous for Sri Lanka



High dependency on fossil fuels



Productivity loss due to long commutes



High expenditure on transport



Flooding



Inadequate green space



Fragmentation prevents large scale investment



Impact on children due to loss of recreational / family time



Drop in female labor force participation in



Environmental degradation



Harmful emissions

The current trajectory of our cities is not sustainable

Our cities need to evolve to be more efficient, if we are to unlock their full potential.

Both land use and transportation must be addressed in tandem.



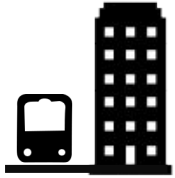
“ The world we have created is a product of our thinking. It cannot be changed without changing our thinking”

- Albert Einstein

Four key interventions can create a fundamental transformation



Transition to mass transit



Stimulate transit-oriented development

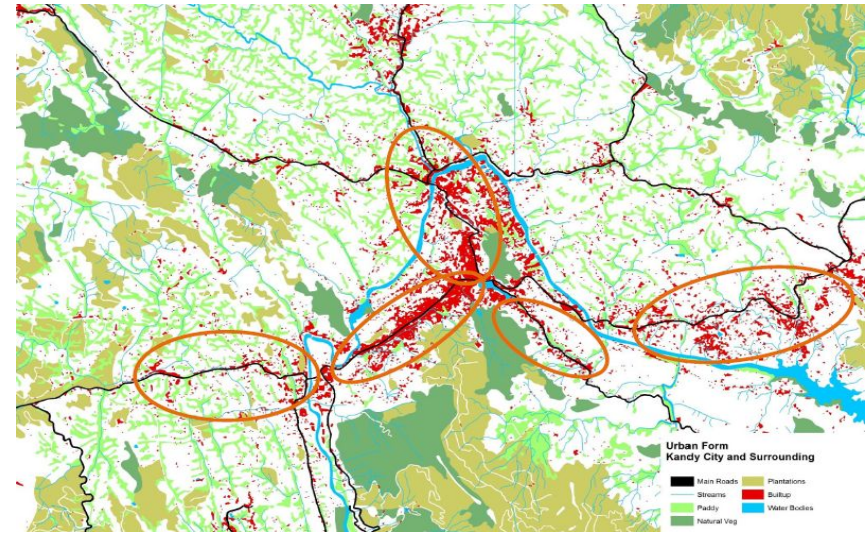
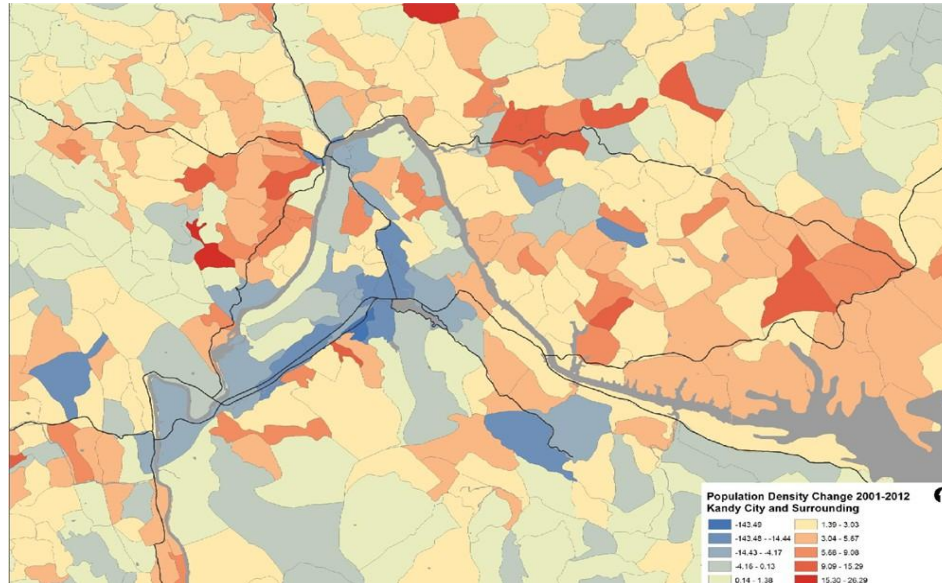


Densify housing



Single window for state land transactions

Kandy : A case study

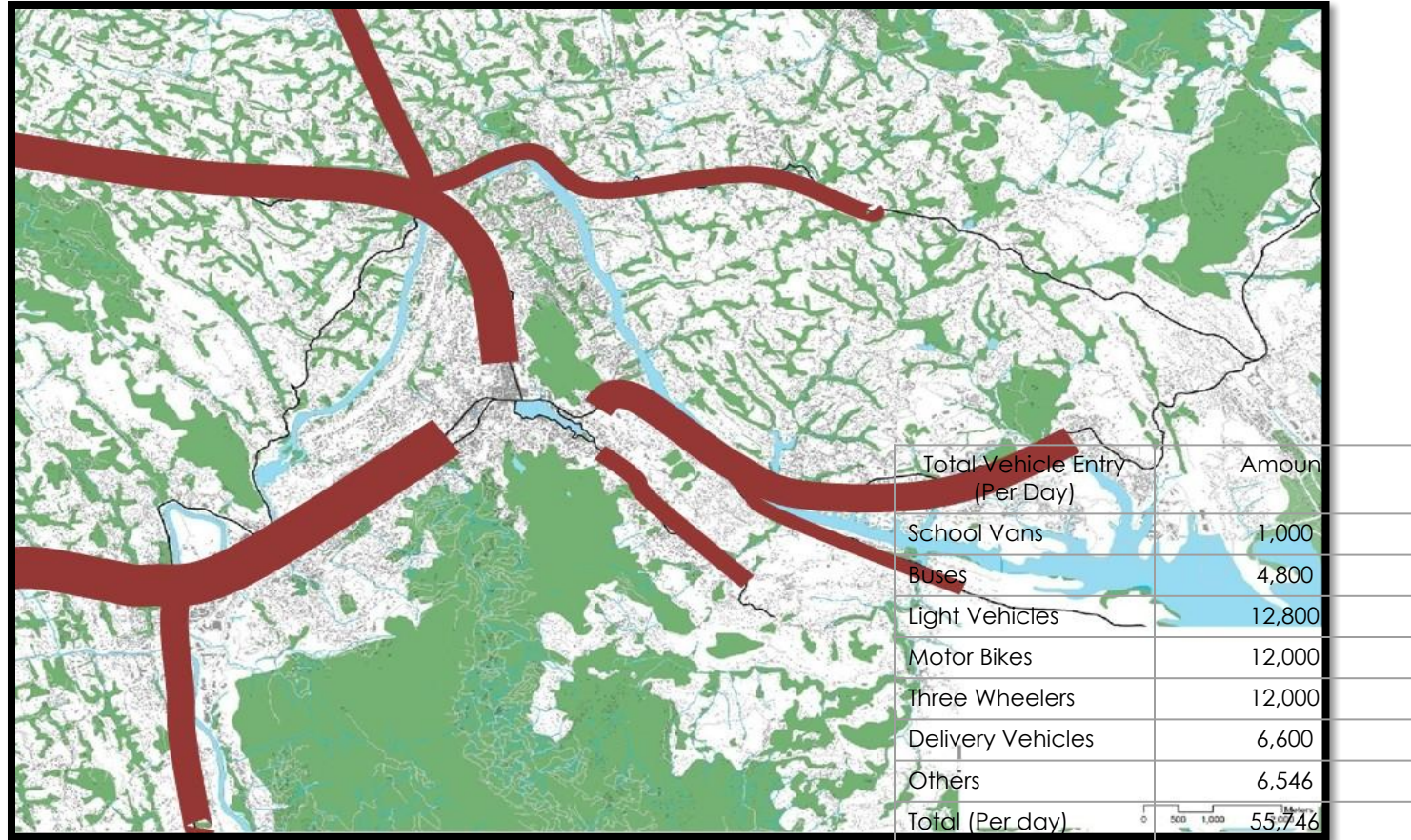


Source: Strategic Cities Development Project, and WRMP

Kandy has typical pattern of sprawl and population movement away from the city seen in many parts of Sri Lanka



Traffic flows into the city along three primary axes



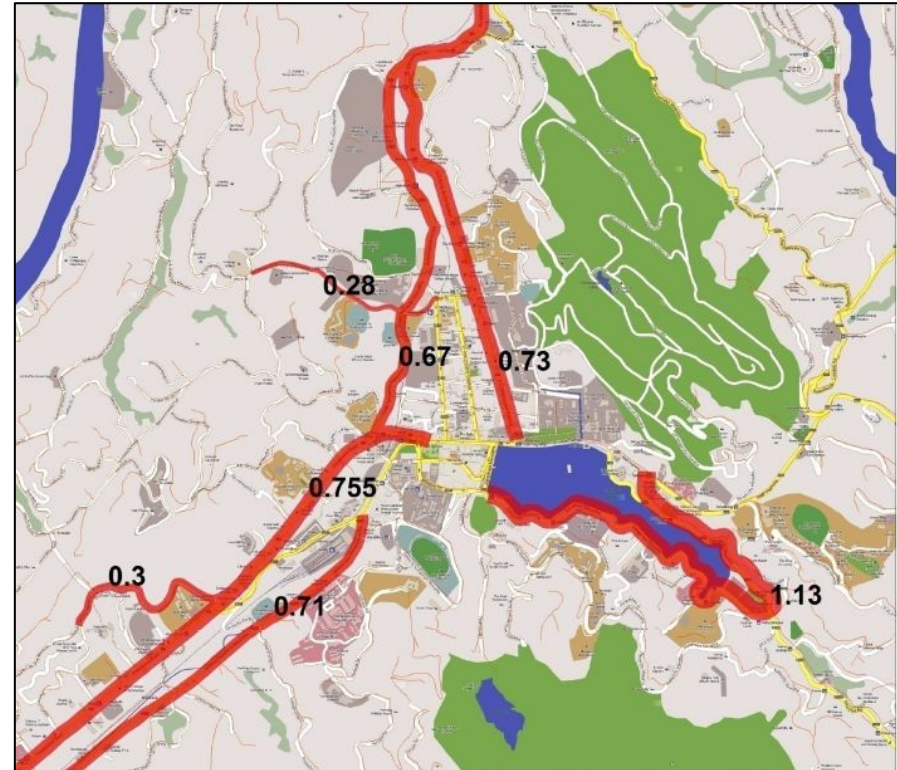
Source: Strategic Cities Development Project



Severe congestion is crippling the city



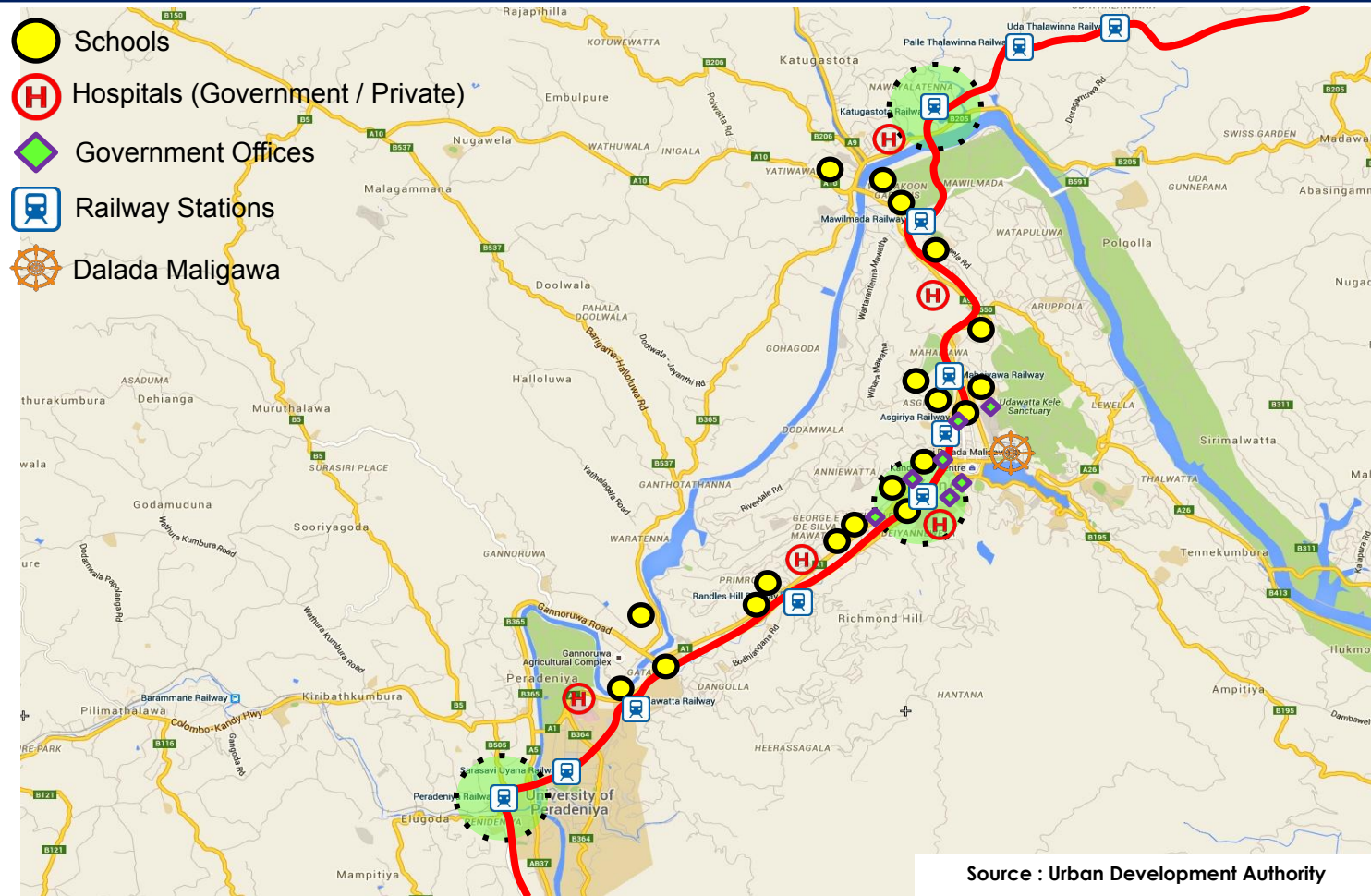
Volume:capacity ratio



Source: Strategic Cities Development Project



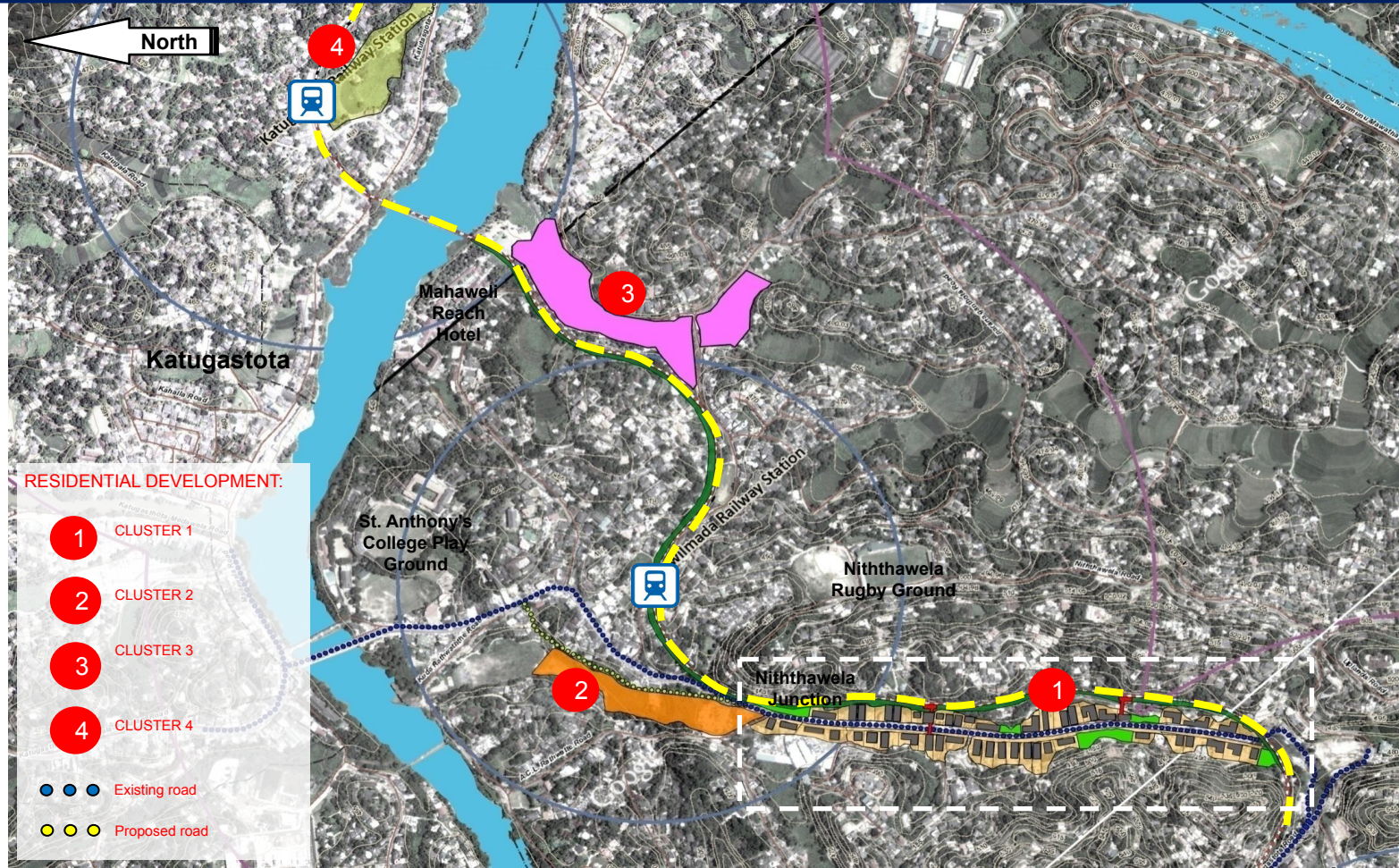
Existing railway trace can serve the city efficiently



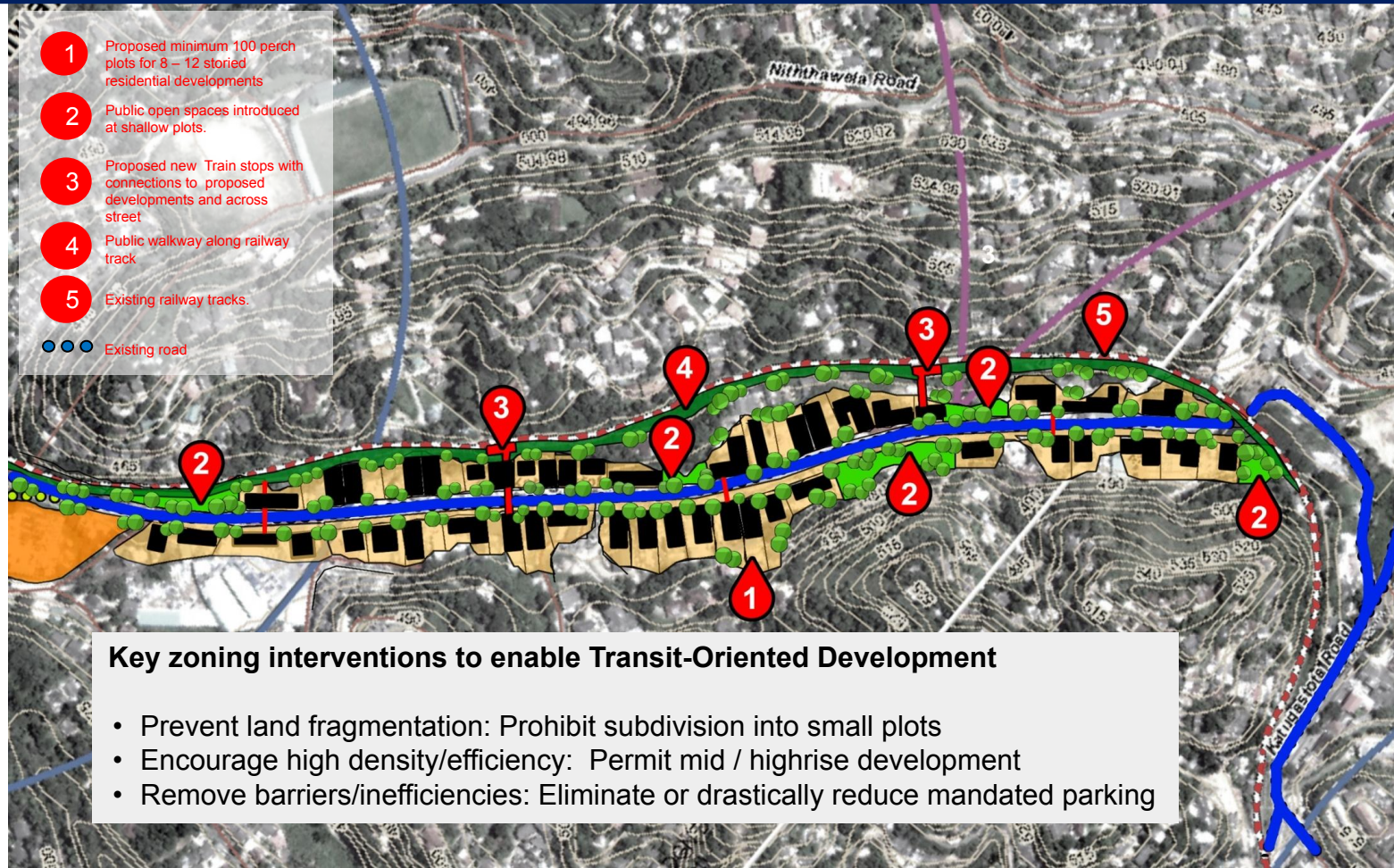
Source : Urban Development Authority



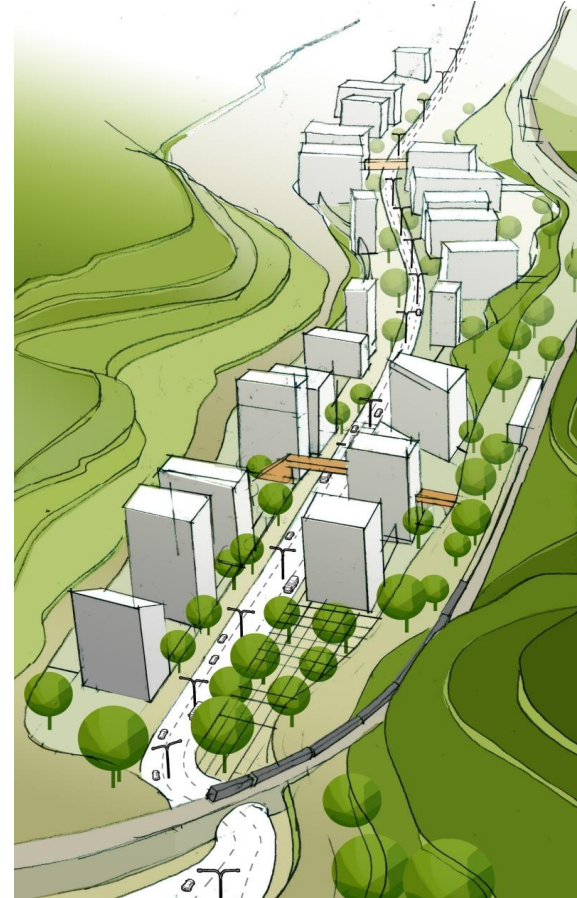
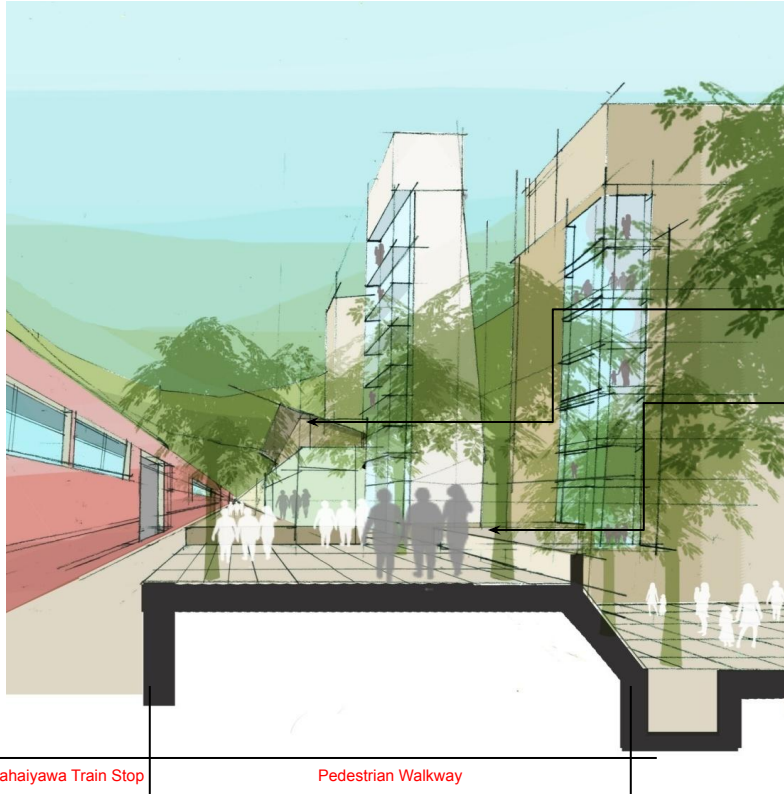
Several potential high density residential precincts along the rail trace



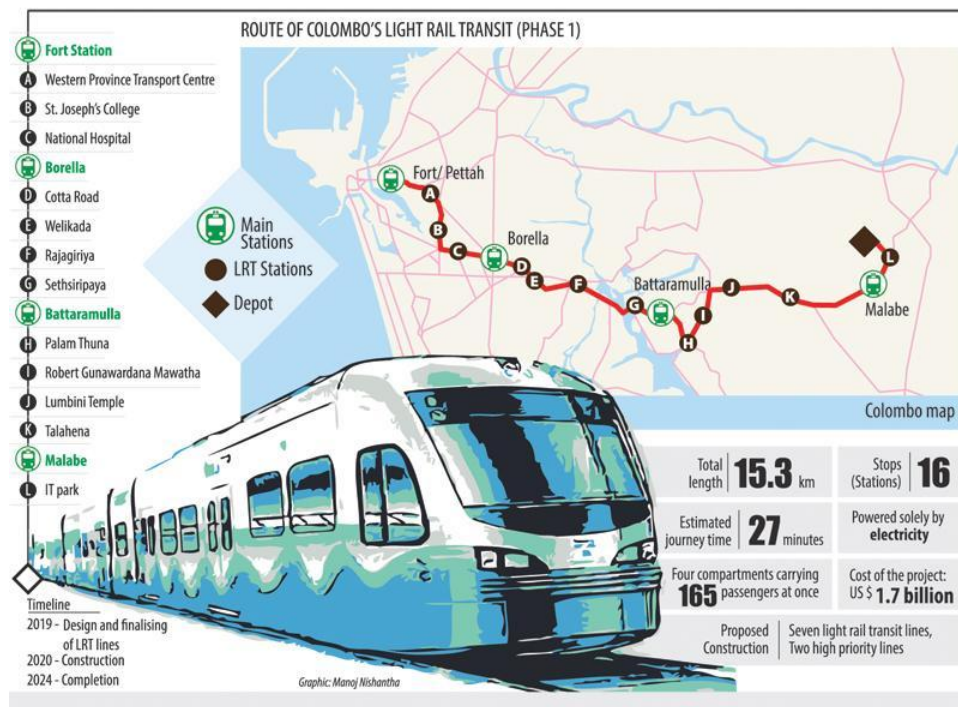
Mahaiyawa : Major transformation possible through zoning change



Transport + zoning changes can enable market-driven transformation



Major TOD opportunities along Colombo's planned light rail trace



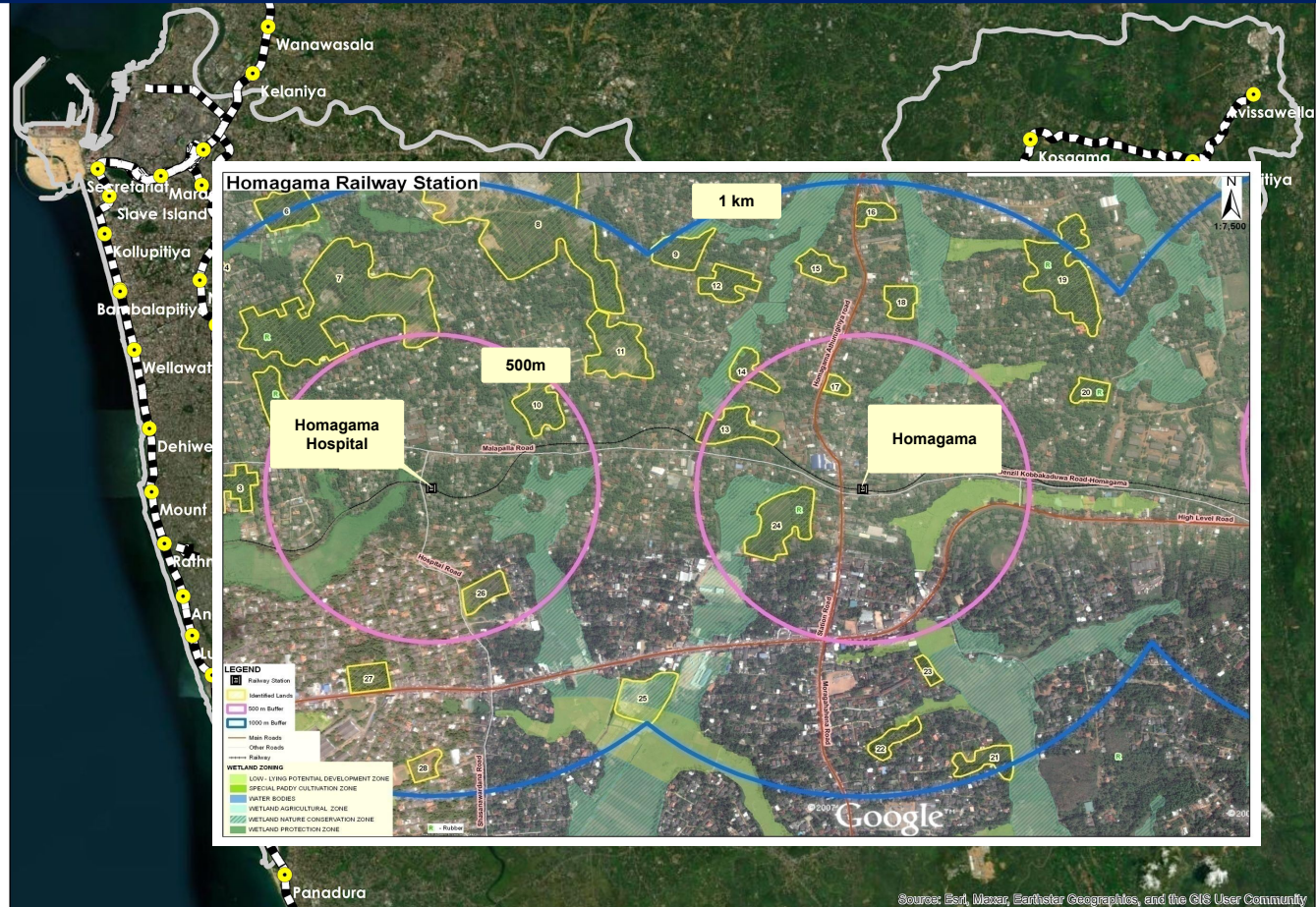
Over 50 Acres of state-owned land adjacent to Fort railway station excluding the historic Fort area

Potential for land readjustment on the South side of Beira

Opportunities also at : Welikada Prison, Rajagiriya, Battaramulla

Land value can be optimized and captured only if developed in tandem with mass transit

Similar TOD opportunities along Kelani Valley rail line



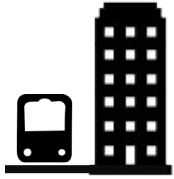
Reset #1: A transition to mass transit



- Introduction of mass transit is a critical step and a game changer for urban development
 - Systems approach needed...network, not just introduction of one technology
- Key interventions:
 - Modernize existing rail: Improve speed/frequency/reliability/comfort of existing rail
 - Introduce new rail into fast-growing corridors
 - Optimize bus routing to feed into the rail network
 - Disincentivize private vehicle ownership: Congestion pricing/charge for private vehicles entering city



Reset #2: Stimulate transit-oriented development (TOD)



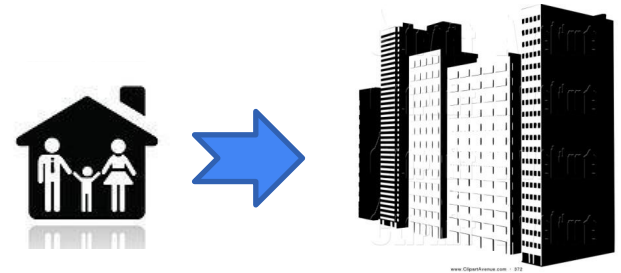
- Zoning changes to enable higher density development close to transit stations
 - Permit high density development
 - Eliminate mandatory parking for new construction
 - Prevent fragmentation and stimulate consolidation: mandate high minimum plot sizes
- Systematically release state land adjacent to rail stations for development
 - Land value capture: recover costs of transit investments through development
 - Also release 'air rights' above stations for development



Reset #3: Density housing



- Land market interventions / zoning to allow higher density
- Reduce cost of multi-family housing construction:
 - Reduce mandatory 1:1 parking
 - Eliminate protectionism in construction and materials
 - Remove para-tariffs on building materials
 - Streamline approvals process
- Enhance access to housing finance for 1st time homebuyers
- Release state lands on concessional basis for **private sector driven** middle-income housing development
- **Target the middle class.** Don't rush to put the poor in highrises!

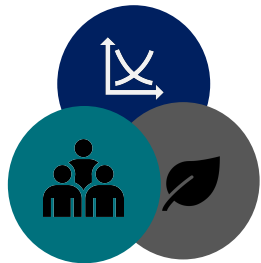


Reset #4: Single window for government land release transactions



- Consolidate data on land availability and make it easily accessible to the market through a centralized window
- Establish clear, fast and transparent processes
- Purpose-driven and systematic land release based on broader urban strategy/desired outcomes
 - E.g. for TOD, middle income housing, industrial developments, etc.
- Consider alternatives to one-time upfront payments.
 - Structure transactions to enhance viability of developments.
 - Consider PPPs where possible, to capture higher value and long term revenue streams

A range of positive outcomes can be expected



Labor productivity



Efficiency of logistics



Climate resilience



Negative environmental impacts



Land market efficiency



Vehicle import/maintenance costs



Property tax revenue



Female workforce participation



Time for social interactions / activities



Viability of public services



Reliance on fossil fuels



Housing Accessibility



Country competitiveness



Quality of life



Reset is achievable. Need consistency, commitment and political will.

- This thinking is not new. **Many of these interventions were planned, funded and in mid-implementation.**
- Urban development is a long-term process. Cities evolve over time.
- No quick fixes. Need a decidedly long-term view and the commitment to see key reforms and investments through.
- To succeed, urban sector reform and investment agenda must stay consistent through successive political cycles.

Thank you!