

Land Readjustment

(alternative wording: land pooling, land reassembly,
land replotting, land reparcellation, land repartition....)

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Land Readjustment ('PILAR')
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One of the first definitions

'Process whereby land owners pool their lands and then resubdivide the assembled property, setting aside a portion of the total parcel for improved access and infrastructure and an additional portion for sale or commercial development to pay for the improvements to the property'

(W. Doebele, 1982, Land Readjustment, a different approach to financing urbanization, Lexington Books)



One of the latest definitions

'Land readjustment gives all affected property owners in a redevelopment district the power, by **majority vote**, to approve or disapprove the transfer of land rights to a **self-governing body** for redevelopment; instead of buying out all existing property owners using **eminent domain**, the agency invites property owners to become **stakeholders** and to contribute their real assets to the project as investment capital; in return, the agency promises to give each owner a land site of at least equal value in the vicinity of the original site upon completion of the redevelopment; after all properties in the district are assembled, the combined land sites are subdivided according to a master plan **designed and approved by the stakeholders**'

(Yu-Hung Hong & Barrie Needham, 2007, Analyzing land readjustment, Lincoln Institute Land Policy Book)



Eminent domain revisited

- US Supreme Court rules on 23 June 2005 in the casus *Kelo et al vs City of New London* 545 US 469.
- Core: is the use of eminent domain to replace private ownership by other private ownership an abuse of the requirement of 'public use' of the 5th Amendment Takings Clause
- 43 states have passed restrictive bills

(Source: Charles Cohen, 2006, Eminent Domain after Kelo, Harvard Journal of Law and Public Policy 29 (491-560))



Application

- **Very first: George Washington in 1791**
(Source: UN/Escap, 1995, Municipal Land Management, Bangkok)
- **From: Rural-urban transition**
- **To: inner city redevelopment and urban regeneration, even ‘vertical land readjustment’ (land readjustment within high rise apartment buildings in Hong Kong)**

(Source: L. Li & X. Li, 2007, Land readjustment: an innovative urban experiment in China, Urban Studies 44(1))



Where?

- **‘Umlegung’ in Germany (Federal Building Code Sections 45-84) since 1902**
- **‘Kukaku Seiri’ in Japan (LR Act 1954) since 1919**
- **South Korea (then: Colonial City Planning Act) since 1934**
- **Taiwan since 1987**
- **Israel (Planning and Building Law 1965) since 1936**
- **Turkey (Development Law 3198 art 18) since 1980**
- **Colombia (Urban reform laws) since 1989**



Where 'pilots'

- Egypt: Ajama (Alexandria) 49 ha pilot
- Chile: Las Heras (City of Talca) pilot
- Hong Kong China: Lai Sing Court pilot
- Mainland China: Puijang City pilot
- Indonesia: Bandung 7.7 ha pilot 1977 no follow up



Some features in Germany and Japan LR

- Legally binding land use plan
- Pre-emptive rights
- Development freeze
- Leaseholders rights protection
- Fair distribution of costs and benefit
- Citizen participation: different levels of voluntary participation observed
- Hold out solutions: expropriation, compulsory transfer to governing local body
- Majority voting
- Compensation for harmed parties



Benefits of LR for participants

- Citizen participation: win-win situation
- Realisation of public infrastructure not at the expense of a single individual but on the community
- Assumed increase of value despite the reduction % of size
- Sharing financial costs and benefits between local community members and with local government
- Owners can stay in the same area, no loss social capital
- Conversion into plots with better service, access and infrastructure and other physical improvements (sewerage...)
- Safeguarding ownership rights because of recording



Benefits for the governments

- No need for initial investment as in case of eminent domain; eminent domain is costly and takes long time because of red tape and citizen-resistance
- No need to upset citizens, they are usually upset by sold-out option
- No need to burden the tax payer: at the contrary costs of eminent domain have to be met by public
- No problems with providing evidence of public interest when calling for eminent domain
- Land acquisition is shared, no need to expropriate the individual: property owners together contribute % of their lands to 'general purpose'
- Reserved land can be sold for cost recovery of the project



Disadvantages for the citizens

- If against, still forced to participate
- Will value increase happen?
- Distribution of serviced plots to original owners, thus not necessarily the poor (LR does not solve may be even encourage gentrification)
- When reduction % is too high, owners are left with too small plots
- Free riders behaviour of abutting neighbourhoods causes tensions
- What about secondary right holders: renters lessee's.



Disadvantages for government

- LR procedure not always quicker than eminent domain, because convincing citizens might take time
- Necessary to know who owns what.
- Hold out by owners who want to maximize their benefit
- Need for skilled personnel for negotiations and valuations
- Even with a high reduction % sometimes not enough good quality urban space might be created
- Reduction % not always possible, need for land stock or other options to create space
- Speculation occurs: (serviced) plots remain idle and are sold several times
- Property prices rise, artificial inflation



Recommendations

- Awareness that LR is not the magic bullet; no excessive claims should be made

(Source: Hong & Needham, 2007, Analyzing LR, Lincoln Inst LP);

- LR is not the perfect tool for every condition in renewal of built-up areas

(Source: Turk & Korthals ALtes, 2011, Potential Application of LR in Urban Renewal, Journal of Urban Planning and Development 137(1))

- LR is only one of the several possibilities: it can seldom be designed in a vacuum with unique regulatory structure

(Source: Larsson, G., 1997, Land Readjustment: a tool for urban development, Habitat Int 21(2))



More recommendations

- Solve the hold out problem in order not to be taken hostage by sly individuals
- Take care of holders of derived rights, in order to be inclusive
- Create a project-LIS and a valuation mechanism, in order to create relevant information for a fair procedure
- Make use of options for pre-emptive rights and development freeze measures, in order to combat speculation and rent seeking
- Create options for a land-stock as lubricant
- Use opportunity to create post-project LIS



Kampung Indonesia

- Background: mixed society of Dutch colonial elites and native inhabitants
- Rural-urban migration
- War (Japanese occupation and independence war between Dutch and Republicans)



Urban Development Policy

- Sukarno: 'guided economy', demolition
- Suharto: 'new order policy', demolition
- Post-Suharto: decentralisation policy
- Now: recent masterplan Jakarta 2010-2030, Jakarta to be a modern metropolis, no place for kampungs
- Notable exception: Kampung Improvement Programme KIP (Source: Leaf, M., 1992, Land regulation and housing development in Jakarta, PhD diss Berkely)



Kampung Improvement

- KIP, C-KIP, PNPM, CDD, Sapola, Permunas
- Based on Turners idea's: self help (Source: Turner, F.C. Fichter, R., 1972, The freedom to build, McMillan Cie)
- 800 cities, 20 million people
- MDG-7: from 20% to 12% (although from 2.7 to 3.4 million people)
- Still growing: 38,000 ha (1996), 47,000 ha (2000), 54,000 ha (2009), 75,000 ha (2025?)



Future?

- New Jakarta Governor Widodo: until 2017 'revitalise' 350 kampungs, start with 35 now and scale up to 100/year (Source: Jakarta Post various issues)
- Limited availability of urban land (Source: Agrawal, P., 1999, Urban land consolidation, GeoJournal 49(3))
- No attention to land tenure and taxation issues (Source: Winayanti, L, Lang, H.C., 2004, Provision of urban services, Habitat Int 28(2004))
- Influx higher income groups (Source: Batubara, M et al, 2002, Urban Residential Upgrading in Jakarta, Journal Asian Architecture 1(1)92002))
- No connection with wider urban infrastructure (Source: Dhakal, S., 2002, Comprehensive KIP, Institute Global Environmental Strategies Japan)
- Involvement population poor (Source: Setiawan, B., 1998, Local dynamics in informal settlement upgrading Yogyakarta, PhD British Columbia)
- Lack of maintenance: solid waste filling of drainage channels, clogging up drainage ditches, cracking of roads: spending 1.5% of urban budget just too low (Source: Sugiri, A., 2009, Financing slum upgrading in Indonesia, Informal Settlements and Affordable Housing 2009 IV-19)



Role for LR?

- Create Urban Space
- Widodo's new policy construction: walk up flats as 'vertical villages'.
- Upgrading kampungs with availability of walk up flats to relocate willing households, might create enough urban space for realisation public services: LR might be helpful.



Thank you.

