

JAPAN

TOKYO—LAND READJUSTMENT

**LAND VALUE
CAPTURE**

Land readjustment in urban settings, "Kukaku Seiri"

DESCRIPTION

Land readjustment refers to the intervention of public authorities to remodel an urban perimeter composed of mainly privately owned land in order to build public infrastructures and facilities without having to acquire these lands. In Japan, this type of operation is regulated by specific rules. The physical boundaries of the project must be clearly defined by local authorities, and must represent at least 5 hectares. An autonomous legal entity is established to carry out the project. A preliminary plan is drawn up to estimate the cost and the proportion of land to be sold after taking account of subsidies. A part of the area to be taken is finally transformed into reserve land (*horyūchi*), the sale of which to private companies or social developers will serve to balance the majority of the development costs (specificity of the Japanese case). The cost of the operation is estimated based on a pre-established "rational nexus" formula (generally around 20% of the communal land and 10% of the cost of land). At the end of the land readjustment operation, the potential deficit must be paid by the association of owners and / or the government, or the financial surpluses must be spent on the perimeter of the project.

LEVEL OF GOVERNMENT INVOLVED

Municipal government and government agencies.

INSTITUTIONAL AND FINANCIAL FRAMEWORK

- The metropolis of Tokyo has many jurisdictions: Tokyo metropolitan government, 23 wards, 3 prefectures, and many towns and villages. In Japan, the authorities' philosophy is to limit as far as possible any authoritarian public intervention on land, which is private (freehold). This principle has led to the proliferation of mini-developments on bare land plots. Moreover, the strong centralization of the urban planning system and the weak legal authority of the sub-national governments on the control of urban development (structured by the National Capital Region Masterplan NCRMP of 1999) gives little room for maneuver to the local authorities. The use of land readjustment mechanisms was facilitated by regulatory changes made with the Land Readjustment Act of 1954, allowing local governments to directly initiate land readjustment projects without the owners' consent (1954), or the use of tax revenues on gasoline to subsidize reparcelling projects (1959).

TRACK RECORD OF THE USE OF THIS INSTRUMENT

Land readjustemnt is a mechanism implemented since the 1919s, inspired by the German model, and has since been used constantly throughout Japan. It was particularly useful during the reconstruction of the country after the earthquake of 1923 or after the Second World War. In the 1980s, the Ministry of Construction implemented the "flexible senbiki / drawing the line" policy to prevent urban sprawl, in order to convince homeowners to consent to land consolidation projects. The "flexible senbiki" policy consisted in defining zones with limited urbanization (Urbanization Control Areas), and in persuading the owners to give their agreements to land readjustment operations in development zones, thanks to incentive policies and threats to lowering property's values.

OUTCOMES

Since the 1960s, land readjustment operations have been less frequent and are increasingly contested by the citizens. In 2003, almost 30% of the total metropolitan area of Tokyo had been affected by land readjustment projects.

STAKEHOLDERS INVOLVED

The principle of land readjustment in Japan is based on the participation of a large number of actors (inhabitants, developers, government). Organizations opposed to land readjustment operations, such as the Tokyo City Assembly, have been formed since the 1960s, encouraged by emerging environmentalist movements.

PUBLIC MANAGEMENT AND ACCOUNTABILITY

Terms and conditions depend on the nature of the entity initiating the land readjustment: Owners' consent is required up to 66% of the owners of 66% of the total area for projects initiated by private associations. There is no consent threshold for projects initiated by local governments, but a high level of consent is implicitly required.

ANALYSIS AND ASSESSMENT OF THE TOOL

Centered around the system of consensus and values inherent in traditional Japanese culture (the interests of the group and general harmony are placed above individual interests), this mechanism is difficult to replicate in other countries (for instance in Thailand). The massive use of urban land readjustment is mainly due to the absence of other more effective mechanisms at the disposal of local governments for the production of urban infrastructures, apart from public development for social housing or new towns. Cities had a very constrained fiscal capacity, whereas they had to face a very rapid urban development growth (during the post-war reconstruction period). This has prompted municipalities and prefectures to find creative ways to involve landowners in land readjustment projects. However, such land readjustment projects are criticized for being very slow to finalize, and not always complying with larger building plans.