The topics that I want to present and discuss are:

a) some general issues which are central to both land readjustment and urban regeneration

b) land readjustment as a way of assembling separate land ownerships in order to be able to (re)develop land in an integrated way

c) the experiences in four countries with land readjustment – The Netherlands, Germany, Israel, Japan - described and analysed using the framework of the general issues
Some general issues

1. The city as the locus of intense external effects

Consequence: there is a difference between the results achieved by individual decision makers acting alone and those achieved by co-ordinated actions; How is that coordination to be achieved? By the market? By public planning?
2. Integrated urban (re)development

Making sure that the desired interactions work well requires that (re)development decisions take account of a scale greater than single building plots; and usually at a scale greater than individual land ownerships.

Can that be achieved by ‘the market’? or by passive land-use planning?

If not, dispersed landownerships hinder integrated development;
- land assembly is needed;
- or accept un-integrated development!
3. Co-ordinated actions, by the market or by planning?

By the market:
- markets are always structured by laws and institutions, precisely so that co-ordination by the market has results which are socially acceptable;
- and governments can never exclude the market entirely;
So co-ordination by ‘planning’ is always in addition to co-ordination by ‘the market’;
- ‘the market’ versus ‘planning’ is a false dichotomy;
- better, a combination with carefully designed rules under both private and public law.
4. The transaction costs of (re)development

The importance of transaction costs. Very high in urban development;
The Coase theorem: if transaction costs were zero, the outcome of people bargaining among themselves would not be affected by the initial delimitation of legal rights. And would moreover maximise total wealth;
- practical implications.

Limitations of the Coase theorem;
- existing distribution of wealth is reproduced;
- people have unequal bargaining strength;
- the sequence in which agreements are made is important (e.g. hold-outs).
5. Distributional effects

Analysing in terms of ‘the public welfare’, ‘economic efficiency’, cost-benefit analysis, etc. often ignores the distributional effects;
Do those who benefit really need to benefit? And can those who lose afford to lose?
The possibilities of deliberately redistributing from the rich to the poor;
e.g. by urban planning
Economic welfare
= 100 units

Existing distribution of welfare

- 80% of the population has 60 units
  - +0%
  - +5%
  - +8.5%
- 20% of the population has 40 units
  - +12.5%
  - +5%
  - +0%

5% growth

Economic welfare
= 105 units

New distribution of welfare

- either
  - 80% of the population has 60 units
    - 20% has 45 units
  - 80% of the population has 63 units
    - 20% has 48 units
- or
  - 80% of the population has 63 units
    - 20% has 43 units
  - 80% of the population has 65 units
    - 20% has 40 units
6. Rights in land and buildings

- a right to use something (e.g. land and buildings) in a particular way;
- full rights and partial rights;
- can be held, exercised and enforced by both private and public legal persons;
- protection against actions of others, both private and public legal persons;
- limitations imposed on the exercise of property rights, imposed by both private and public law;
- not only freehold rights in land which are important for urban development;
- consequences for (re)development;
- who has the right to determine how land and buildings are to be used? Whether to change that use? In what ways? Attaching limitations to the exercise of those rights?
7. The value of property rights
- the value of full rights and of partial rights;
- not all rights can transferred c.q. sold. Nevertheless they can still have a value;
- how the value arises;
  : the net value of the services produced by the exercise of that right;
  : or speculative value;
- financial consequences for (re)development;
- important to know how (re)development might affect values.
8. Paying for the costs
   - such as decontamination, new roads, sewers, flood protection, parks, process costs. Who pays for them in the first case?
   - who benefits from those costs? And can those winners be required to contribute towards them?
   - when it is a public agency which has made the costs, recovery might be possible by:
     : public land ownership;
     : long building leases on public land;
     : development levy c.q. compulsory dedications;
     : negotiated dedications, planning gain agreements, ‘negotiating in the shadow of the law’;
     : property taxation;
   - is there payment (compensation) to those who lose? Who pays that? The winners?
9. Drawing the boundaries (‘scoping’)

- within what geographical area are the external effects of a (re)development considered?
- if drawn to include all external effects, plan area can be huge. No ‘comprehensive planning’;
- there might be legal ways of recovering outside the development area costs of made within the area
10. Uncertainty and risks

- (re)development takes a long time and is usually risky because of uncertainties;
- who bears the risks?
- how can that be regulated;
  : ex ante legal agreements;
  : ex post corrective payments.
11. Institutional capacity

- public agencies with a long collective memory, and with qualified and experienced civil servants.