



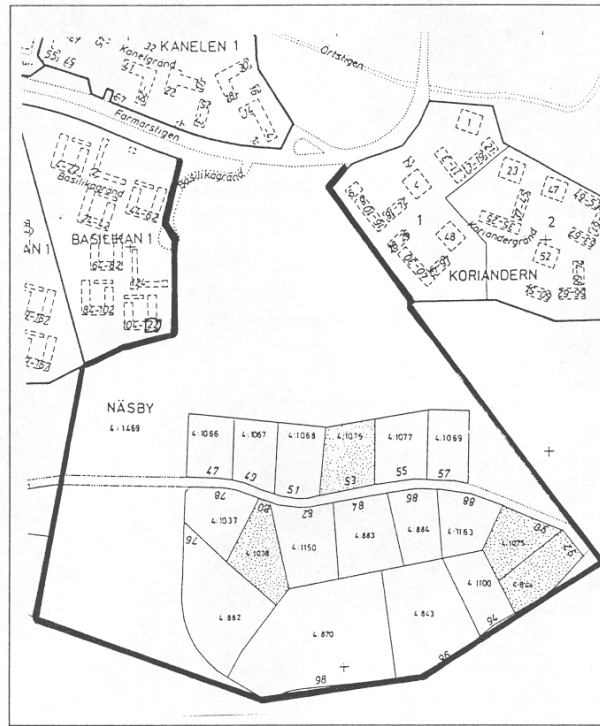
KTH Arkitektur
och samhällsbyggnad

Land Readjustment – why doesn't it work (in Sweden)

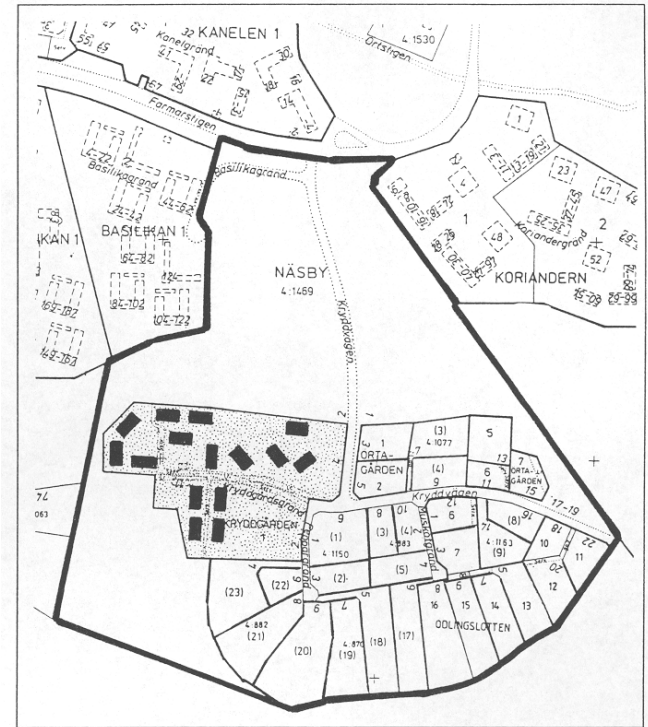
*Net Planning Gains and Transactions Costs
- compared to the second best Alternative*

Thomas Kalbro

The conventional solution in Sweden

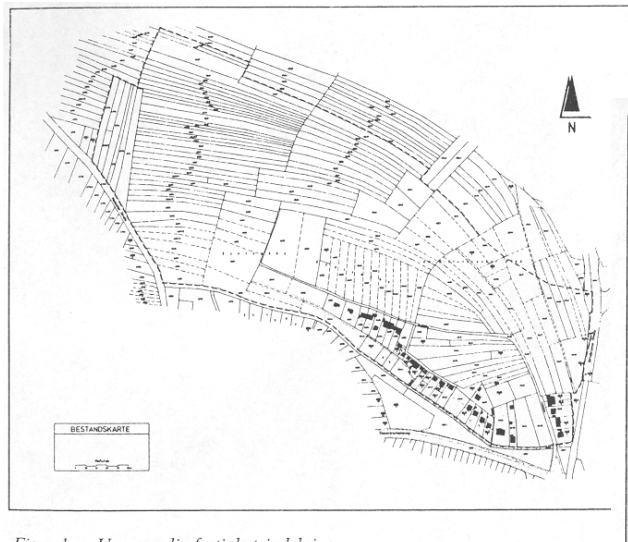


Figur 6 a. Ursprunglig fastighetsindelning.

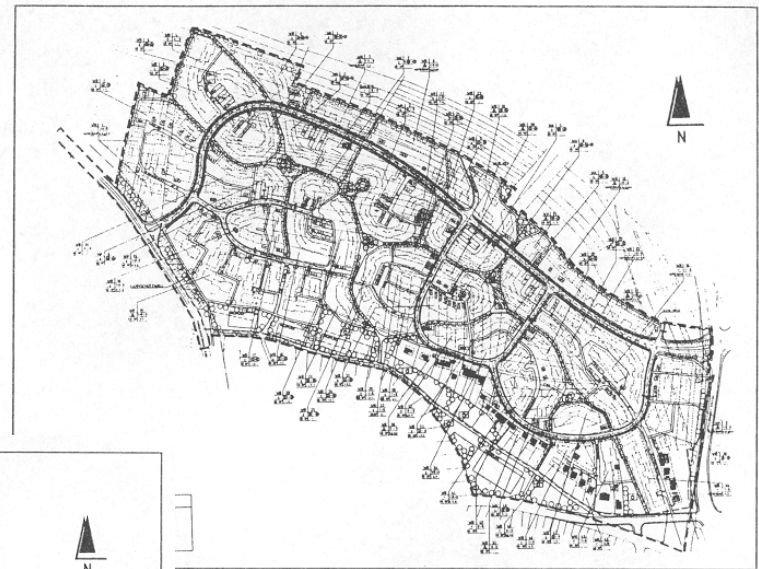


Figur 6 b. Illustrationsplan.

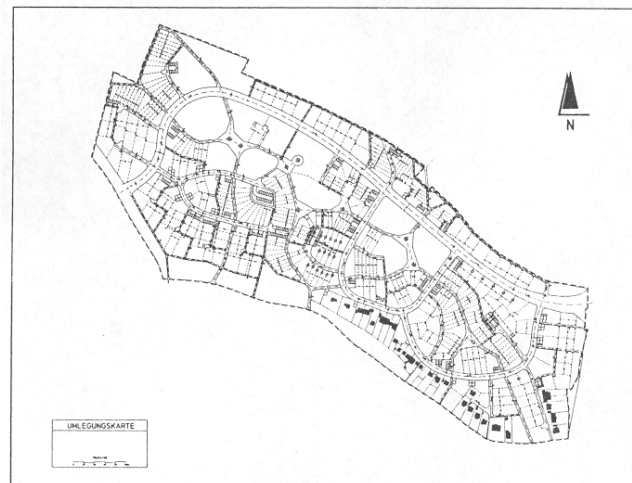
Umlegung, Germany



Figur 1 a. Ursprunglig fastighetsindelning

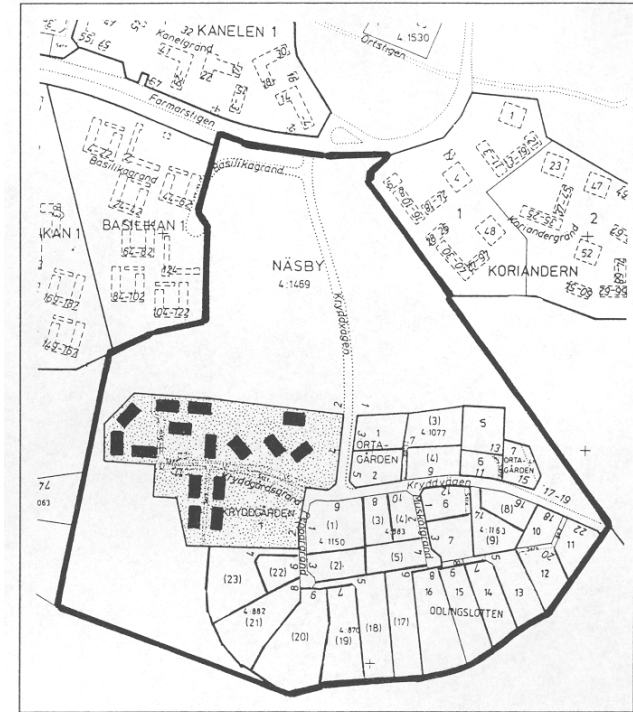
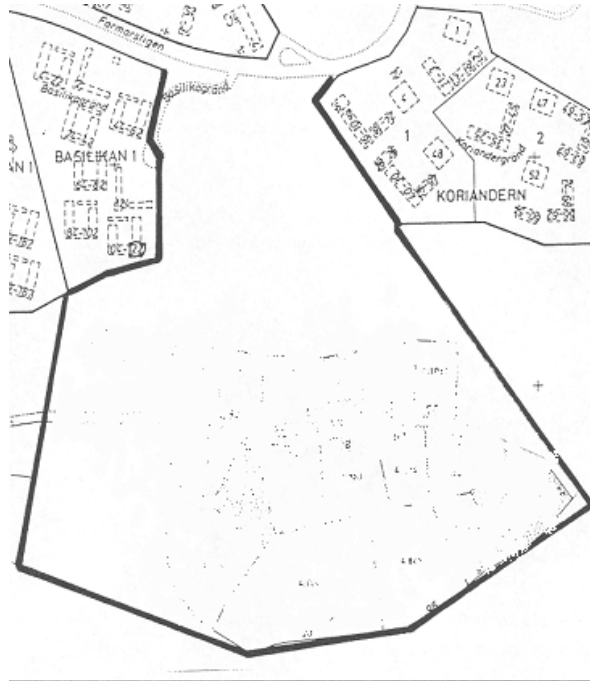


ngsplan (motsvarar vår detaljplan).



Figur 1 c. Fastighetsindelning i enlighet med planen.

Plan design if existing property structure is disregarded

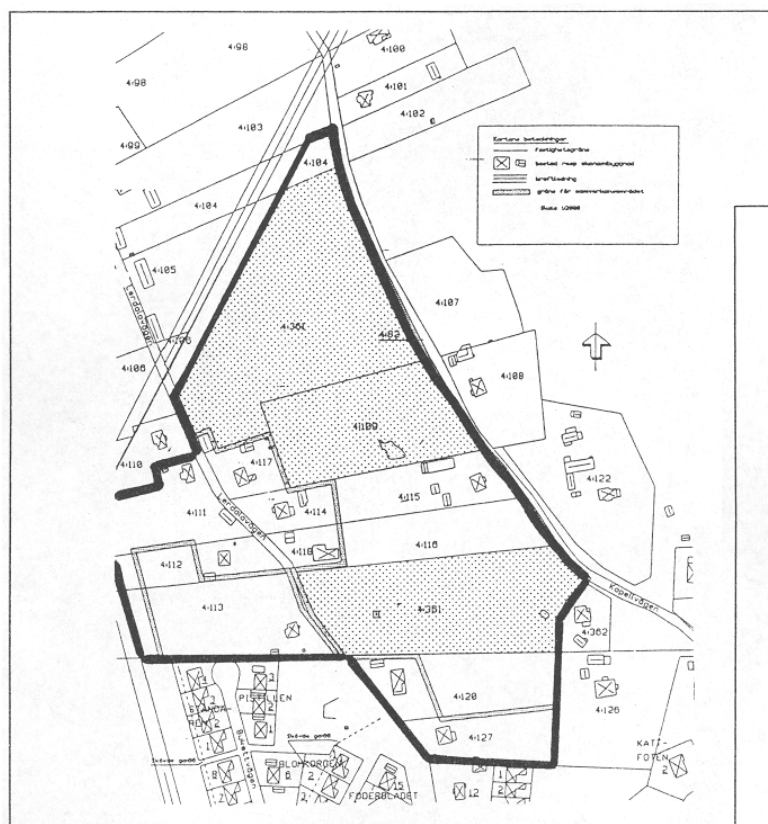


Probably not like this!

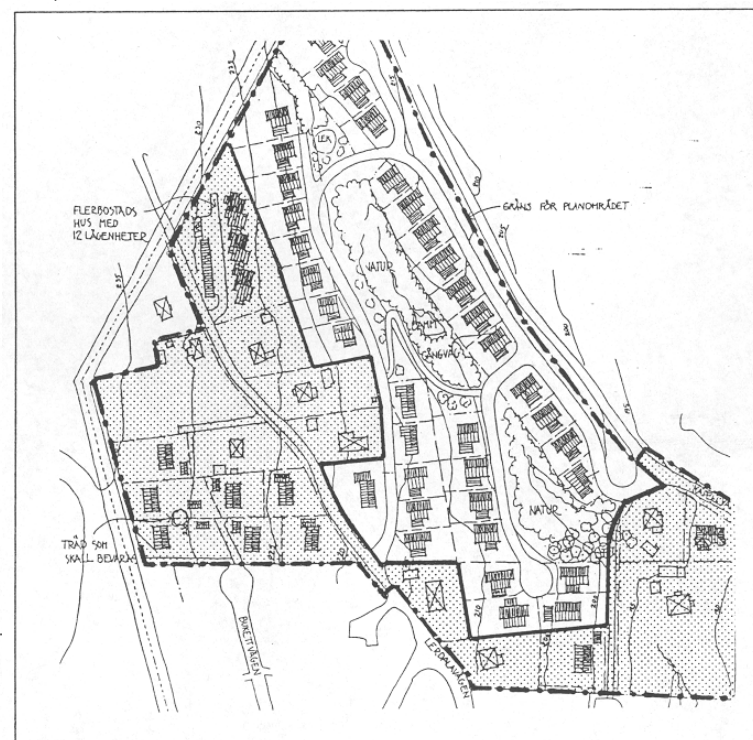
The Joint Land Development Act (1987)

- ☰ A Joint Land Development Association (the property owners)
- ☰ Development profit-sharing according to property area
- ☰ The association responsible for provision and finance of local roads, water and sewage etc.
- ☰ Planning through the municipality
- ☰ Land readjustment/reallotment/profit-sharing through the Cadastral Authority

One example, where the Act was applied



Figur 2 a. Ursprunglig fastighetsindelning



Figur 2 b. Illustrationsplan.

Evaluation of the Act 1994

“The system and the process is too complicated”

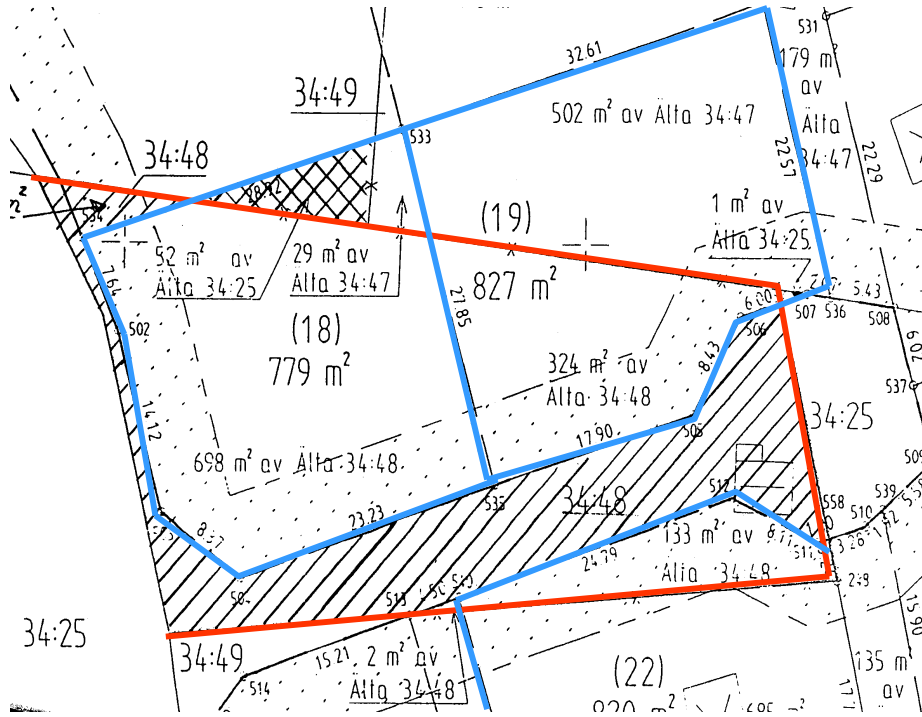
Why do experiences of Land Readjustment differs between different countries?

Land Readjustment Proposals for evaluation criteria

- ☰ What is the alternative to Land Readjustment?
 - regular procedures for the planning process, provision/operation/finance of infrastructure, adjustment of property boundaries etc

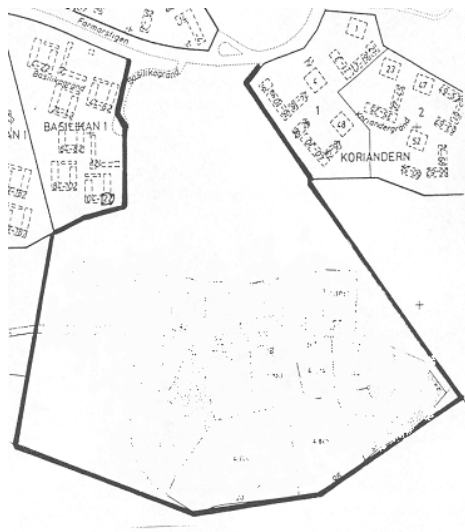
- ☰ What are the differences between Land Readjustment and the “alternative”?
 - net planning gains
 - transaction costs

One alternative in Sweden Reallotment – building plot formation

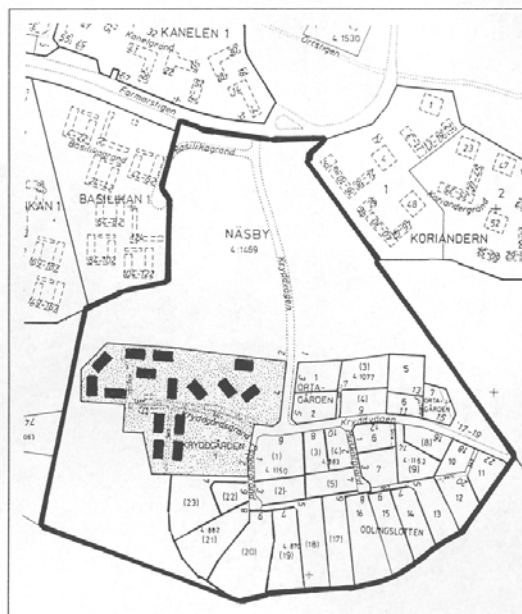


Combined with statutory rules for the provision of infrastructure.

Net planning gains?



Figur 6 a. Ursprunglig fastighetsindelning.



Figur 6 b. Illustrationsplan.

*Can we achieve higher net planning gains –
i.e. better plans and land use - with Land
Readjustment?*

Transaction Costs

- for a “running” system

☰ “System” costs

planning, valuation, estimation of costs – “distribution” of value and costs, cadastral procedures etc

☰ “Information” costs

Property owners (and others) must be informed about procedures, consequences of planning and plan implementation

☰ “Distrust” costs

Property owners know what they have – or can get with the “alternative”. But what will be the outcome with Land Readjustment?

Net planning gains of each Land Readjustment project must exceed these costs!

Transaction Costs

- when a new system is introduced

☰ “Organizational” costs

Land Readjustment requires new organizational procedures

☰ “Learning” costs

Planners, surveyors, consultants etc. must upgrade their professional skills

Long-term net planning gains of the Land Readjustment system must exceed these costs!

Incentives?

How are gains and costs distributed?

The Swedish example – under the assumption that net planning gains exceeds the transaction costs

	Property owners	Municipality
Planning Gains	Higher	-
Transaction Costs	Higher	Higher
	Profit	Loss