MAJOR OVERVIEW OF THE PORTUGUESE LAND READJUSTMENT PRACTICE IN DETAILED PLANS

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Equity and *Perequação*

- from the Latin expression *per aequere* (to make an equal distribution between different parts or to deal fairly and equally with all concerned)
- to guarantee an equitable redistribution of the costs and benefits amongst landowners
Overview of the legal framework for LR
(Decree-Law 380/99 of 1999 - RJIGT)

Execution Unit

- Compensation
- Cooperation
- Imposition

Execution Systems

Land Readjustment Mechanisms

- Gross Average Floor Area Ratio
  \[ FAR = \frac{\sum F_n}{S_g} \]

- Average Area Transfer
  \[ AAT = \frac{\sum A_{Transfer}}{\sum F_n} \]

- Allocation of the urbanization costs (AUC)

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PERCOM Project – Goals and Challenges

Main objectives:

Characterization and critical analysis of Portuguese land readjustment practice in detail plans;

Contribute to proposing a more efficient and effective land readjustment execution model to address the problem of the conjugation of interests in the urban development process.

Expected outputs:

Formulation of a land valuation model;

Highlight eventual amendments in the legal framework;

Identify ways to fund the execution of detail plans.
PERCOM Project – Methodology

Urbanization Process

- DP Approval procedures efficiency
- International LR mechanisms
- Financing systems
- Material content of DP

Portuguese practice

- Land valuation model
- Financing model

International practice

- LR execution model
- Legal framework

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PERCOM Project – Methodology

Portuguese practice

- Material content of DP
- Land valuation model
- Financing model
- LR execution model

International practice

- DP Approval procedures efficiency
- International LR mechanisms
- Financing systems
- Legal framework

Urbanization Process

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PERCOM Project – Methodology

- Material content of DP
- Survey to municipality planning specialists (108 responses out of 278 Portuguese Councils)
- Analysis reference framework
- DP Approval procedures efficiency
Material content of Detailed Plans
Analysis reference framework

GENERAL PLAN DATA
- Municipality
- Region
- Date of publication

PLAN OBJECTIVES
- Territorial dynamic
- Dominant land use

PROPERTY STRUCTURE
- Number of landowners
- Complexity of the property structure
- Dominant ownership (private/public)

EXECUTION GUIDELINES
- Execution system
- Execution units
- Execution instruments
- Territorial coverage of the execution instruments and systems

LAND READJUSTMENT MECHANISMS
- Distribution of benefits mech.
- Distribution of costs mech.
- Territorial coverage of the mechanisms
- Compensation instruments

PROPERTY VALUATION
- Initial parcels (m² or €)
- Final plots (m² or €)
Material content of Detailed Plans

Detailed Plans produced in Portugal

Evolution of publication

Before RJIGT

After RJIGT

60% of the DP published after 1999 (RJIGT);

Amendments to the legal framework affects the evolution of publication;

DPs published in 164 of 278 municipalities in mainland Portugal after RJIGT
Material content of Detailed Plans

Detailed Plans produced in Portugal since RJIGT

Spatial distribution by use-dynamic typologies

- Expansion - residential or mixed use
- Creation/expansion – industrial or business parks
- Restructuring - all uses
- Creation/expansion – tourism
- Consolidation – all uses
- Expansion/restructuring/consolidation – public facilities
Material content of Detailed Plans

Detailed Plans produced in Portugal since RJIGT

Applicability of LR

- 92 DPs
  Produced before RJIGT

- 164 DPs
  No reference to LR

- 48 DPs
  Declare non-applicability of LR

- 422 DPs
  Total

- 330 DPs
  In accordance with RJIGT

- 166 DPs
  Reference to LR

- 118 DPs
  Declare the applicability of LR

Level of development of the LR model

- Level P1: 103 DPs
  Define application of land readjustment mechanisms

- Level P2: 47 DPs
  Define land readjustment model involving benefits and costs and land readjustment instruments

- Level P3: 28 DPs
  Formulate how compensations, abstract and concrete buildability rights are calculated
Material content of Detailed Plans

Detailed Plans produced in Portugal since RJIGT

Applicability of LR

118 DPs
Declare the applicability of LR

15 DPs
Declare the applicability of LR but lack sufficient content and/or simply transcribe the RJIGT

Level of development of the LR model

Level P1 – 103 DPs
Define application of land readjustment mechanisms

Level P2- 47 DPs
Define land readjustment model involving benefits and costs and land readjustment instruments

Level P3- 28 DPs
Formulate how compensations, abstract and concrete buildability rights are calculated
Material content of Detailed Plans

*Evolution and spatial distribution of the applicability of LR*

- Declare the applicability of LR
- Declare the inapplicability of LR
- With no mention to LR

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Municipal planning specialists perspectives

Effectiveness of Detailed Plans

Heritage protection;
Planning and siting of facilities and infrastructures;
Redevelopment of illegal urban areas.

Short and medium-term expansion of the urban space;
Incorporating assembly processes;
Medium to long-term urban expansion.
Municipal planning specialists perspectives

**Effectiveness of LR application**

- Equity between landowners;
- Promoting quality urban design;
- Availability of land and buildings to the municipality.

- Ensuring the economic viability of the urban development process;
- Agility of the execution process;
- Reduction of the financial risk;
- Municipal funding for the infrastructure, compensation and expropriation costs.
Municipal planning specialists perspectives

**Main obstacles and suggestions**

**Obstacles:**

- Lack of civic culture of spatial planning;
- Absence of, or outdated, land registry records;
- Conflict between private and public interests;
- Lack of know-how on the part of municipal technicians regarding LR mechanisms.

**Suggestions:**

- Redefinition of the expropriations legal code;
- Availability of compulsory sale mechanisms.
Final Notes

- Diversified contents and development levels of LR in DP;
- The implementation of LR in DP is scarce;
- According to Municipal Specialists DPs aren’t effective for assembly processes;
- Despite the low application of LR mechanisms, Municipal Specialists recognize LR:
  - as an equity tool for the urbanization process;
  - as an effective tool to promote clarification and transparency of the costs and benefits resulting from a plan
  - as an efficient tool to provide a rational use of the land
- Municipality specialists identify the lack of a civic culture as a major obstacle for the application of LR and demand more powerful instruments that overpass landowners’ unwillingness.
Future research

**DP Approval procedures efficiency**

Case study analysis:
- Execution degree;
- Elaboration time and procedures;

Interviews to municipal planning specialists;

Interviews to the Planning specialists of all the Regional Development Coordination Commissions (CCDR).
Future research

International LR mechanisms

Overview of the LR Legal framework and practices outside Portugal;

Search for practices that overcome the application barriers of LR in Portugal.
Future research

Financing systems

Gauge the interest of investment banking in the urbanization process;

Analyse financing execution programs of plans implemented in Portugal;

Search for financing systems for the urbanization process applied in other countries.
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