IMPROVING THE APPLICATION OF LAND READJUSTMENT IN PORTUGAL: LESSONS FROM OTHER COUNTRIES

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Urbanization Process

Financing systems

International LR mechanisms

Legal framework

Financing model

LR execution model

Land valuation model

Material content of DP

DP Approval procedures efficiency

Portuguese practice

International practice

PERCOM Project – Methodology
PERCOM Project – Methodology

Portuguese practice

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

International practice

- DP Approval procedures efficiency
- International LR mechanisms
- Financing systems
- Legal framework
- Urbanization Process
- LR execution model

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Comparative analysis

• Legal Framework
• Main LR objectives
• Financing instruments
• Compensations instruments

Germany – Umlegung
Japan – Kukaku Seiri
Spain – Reparcelación

Analysis of transferable practices

• Attractiveness
• Efficiency
• Feasibility

Perequação
LR in Portugal: Major Pitfalls

- The absence of a *win-win negotiation culture* between the public and private sector
- The absence of a *comprehensive understanding* of the relations between *urban planning and land and property markets*
- The non-existence of a reliable land valuation mechanism truly embedded in the planning process
- The lack of *efficient and effective dispute* resolution mechanisms
- The lack of *efficient and effective mechanisms* to induce LR
- The absence of a robust and a rising real estate market
So the question is …

Within a generally *hostile* environment to LR, *shaped* by a *predominant non-cooperative culture*, a *falling real estate market* and a *weak and loose legal framework* regarding dispute resolution mechanisms and land and property valuation methods,

*Is it still possible to operate LR?*
Is it LR only a *solution* when everything is *“in its right place”*?
LR in Portugal: Legal Framework

Local Administration

Municipal Master Plan
1: 25 000

Urban Zoning Plan
1: 10 000

Detailed Plan
1: 2000

Loteamento
individual land subdivision schemes

Private initiative

Urban Development
LR in Portugal: Legal Framework (since 1999)

Local Administration

Municipal Master Plan
1: 25,000

Urban Zoning Plan
1: 10,000

Detailed Plan
1: 2000

Loteamento
individual land subdivision schemes

Execution Units

Urban Development

Assembly mechanisms

Private initiative
Urban Development

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Execution Units

Compensation
(private initiative)
Landowners association

Cooperation
Landowners association

Imposition
(public initiative)

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LR in Portugal: Legal Framework (since 1999)

Urban Development

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 Execution Units

Compensation
(private initiative)

Landowners association

Cooperation
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Imposition
(public initiative)

Land Readjustment
perequação

Land Banking

Loteamento
individual land subdivision schemes
LR in Portugal: Application overview

371 Detailed Plans (1999-2012)

- 66% (243) Without LR
- 34% (128) With LR

91 Detailed Plans

- 58% Implementation started
- 42% Not implemented
LR in Portugal - Major Pitfalls
Vs
International practice
LR in other countries: Germany

F-Plan

B-Plan

LR application

Preparatory works

LR Plan preparation

LR Plan publication

Implementation

Other urban development methods

Titleholders identification

Cadastral records update

Intervention area delimitation

Constitution of the decision board

Land evaluation (before and after project)

Definition of equalization mechanisms

Intense participation of landowners

Plots and compensations allocation

Legally binding map
LR in other countries: Germany

- **LR application**
  - **F-Plan**
  - **B-Plan**
  - Other urban development methods

- **Preparatory works**
  - LR Plan preparation

- **LR Plan publication**
  - Implementation

- **Mandatory**

- **Highly Participated**

- **Accepted as fair and trustfull**
LR in other countries: Japan

Implementation objectives
Expected results and constrains
Cost estimation
Financial evaluation
Definition of total land contribution

Replotting design
Financing scheme
Implementation program
Adjustments to land contribution

Land use planning instruments
Preparatory works
Preliminary Plan (Draft)
Provisory replotting Plan
Infrastructures detail project
Definitive replotting Plan
implementation

Urban development projects
LR Project
Constitution of a management entity
Other development methods
LR in other countries: Japan

- Land use planning instruments
  - Preparatory works
    - Preliminary Plan (Draft)
      - Persuasive (for titleholders)
        - Highly technically supported
  - Provisory repploting Plan
    - Infrastructures detail project
      - Definitive repploting Plan
        - implementation

- Urban development projects
  - LR Project
    - Constitution of management entity
      - Other development methods
LR in other countries: Spain

- Landowners association
- Municipal authority
- External entity (agente urbanizador)

Survey of cadastral records
Evaluation of development rights
Equalization mechanisms
Property allotment

Monetary adjustments
Definitive distribution of project implementation costs
Payment of compensations
LR in other countries: Spain

- Municipal Master Plan
- Development Plan
- Execution units (unidad de actuación)
- Constitution of a management entity
- LR Project
- Urban development project
- Effective dispute resolution mechanisms
- Flexible management schemes
Land Readjustment in other countries: comparative analysis

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<tr>
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O Main objective  O Secondary objective  o Other objectives
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<tr>
<td>Execution system diversity</td>
<td>O</td>
<td>o</td>
<td>O</td>
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<td>Regulation density</td>
<td>O</td>
<td>o</td>
<td>O</td>
<td>o</td>
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<tr>
<td>“Unanimity” requirement for LR</td>
<td>no</td>
<td>mandatory</td>
<td>no</td>
<td>“Nyes”</td>
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**Legend:**
- **O** Strong
- **o** Poor
- **-** Not specified in the legal framework
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O Strong   O Weak   - Not specified in the legal framework
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4/20/2015

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<td>☺</td>
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<tr>
<td>Clear and detailed regulations</td>
<td>☺</td>
<td>☀</td>
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- ☺ Neutral
- ☀ Negative influence
- ☼ Requires other changes to be an effective influence
- ☻ Positive influence
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### Influence Levels
- **Neutral**
- **Negative influence**
- Requires other changes to be an effective influence
- **Positive influence**
Is it possible an efficient and effective application of Land Readjustment in Portugal?

Lessons from international experience:

Make LR more attractable for private agents than other urban development methods:

- Incentives instruments (fiscal, financing, urban)
- Clear regulation rules

Make LR more efficient for original landowners (avoiding opposition)

- Clear regulation rules
- Proactive and supportive Public Administration
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