

Urban Land Readjustment as a Strategic Tool for Urban Redevelopment

Experimenting Negotiation on Compensation among Landowners

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D. Ary A. Samsura (*d.samsura*)

Sander Lenferink (*s.lenferink*)

Erwin van der Krabben (*e.vanderkrabben*)

Introduction

***Background Problems
and
Contexts of the Study***

Urban Redevelopment/Renewal
Project is **DIFFICULT**

use of
barriers to the assembly of
land and properties from
any different owners

difficult to cover public
infrastructure costs

suboptimal collaboration

increased complexity of the
objects

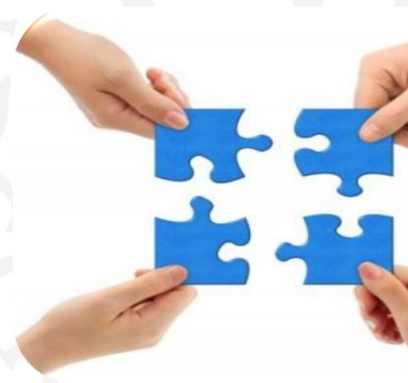
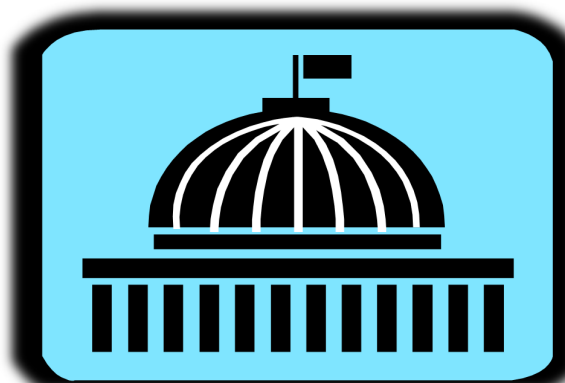
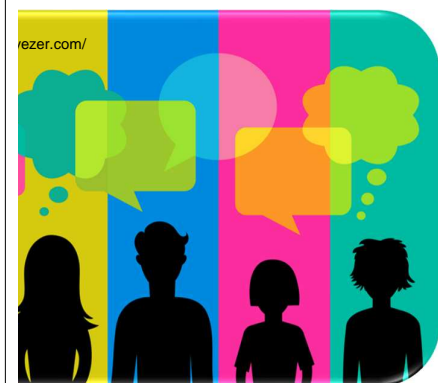


THREE DEVELOPMENT STRATEGIES

**Organic piecemeal
development**

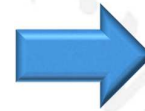
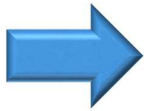
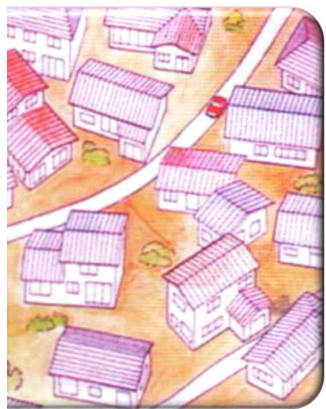
**Public land
development**

**Urban land
readjustment**



URBAN LAND READJUSTMENT

Redeveloping land in order to have more optimal reallocation by inviting all the related property/land-owners to collaborate and in the land redevelopment project and instigating property/land exchange.



Why urban land readjustment?

To prevent difficult and expensive process of land acquisition

- No acquisition costs
- Risks shared among all owners

Initiative with the owners (and not necessarily with the municipality)

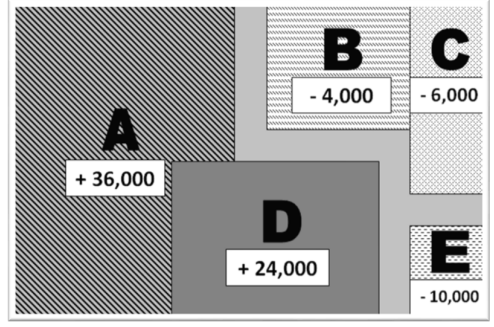
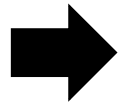
To prevent 'free riders': legislation may force owners to participate

compensation in Urban Land Readjustment

Cross-compensation: to let property owners who received more value to compensate other property owners who received less value.

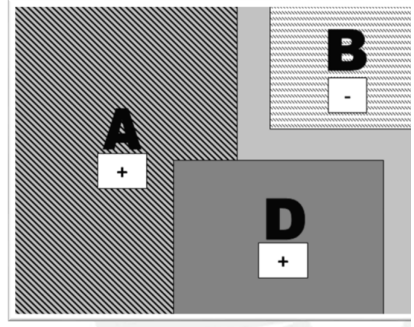


Information



Complete Information

X



Incomplete Information

Law



Voluntarily (without Law)

X



Can be forced (with Law)

RESEARCH QUESTION

Is the *willingness* of the property/land-owners to *compensate* each other in a process of urban land adjustment be influenced by the availability of *information* and presence of the *law*?



Research Method

***Experiments with
Negotiation Game Simulations***

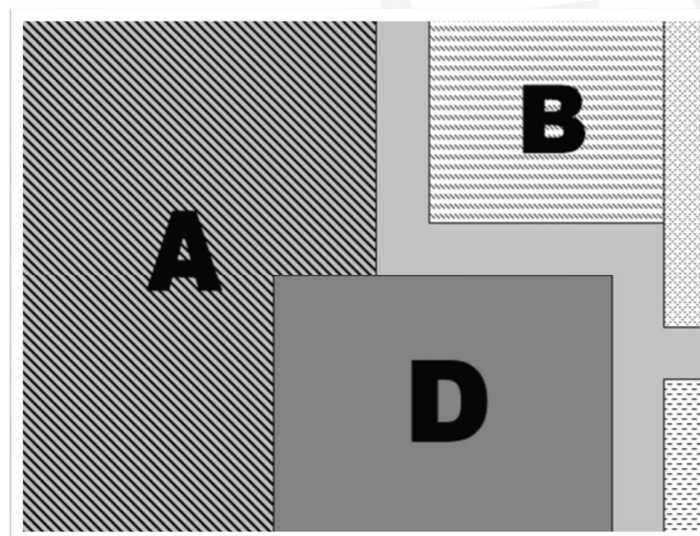
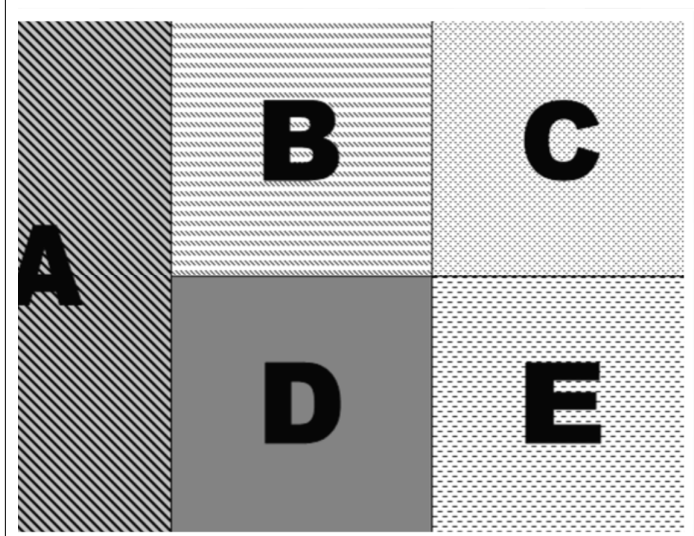




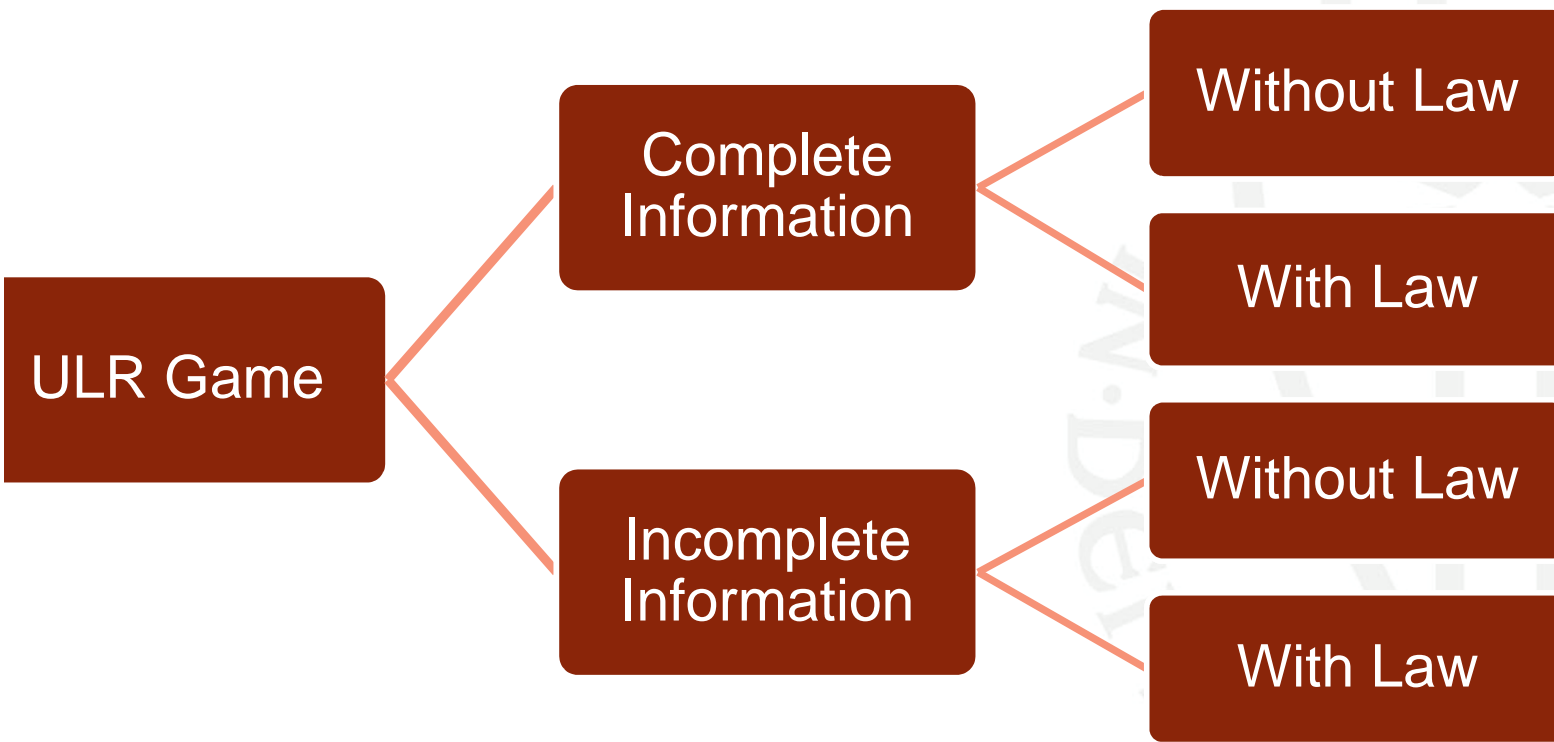
LAND TRANSFORMATION WITH URBAN LAND READJUSTMENT

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Land Readjustr



A and D should compensate B, C, and E



H_1 : The **more available the information is**, the **more plausible** it will be that the landowners will **reach an agreement**.

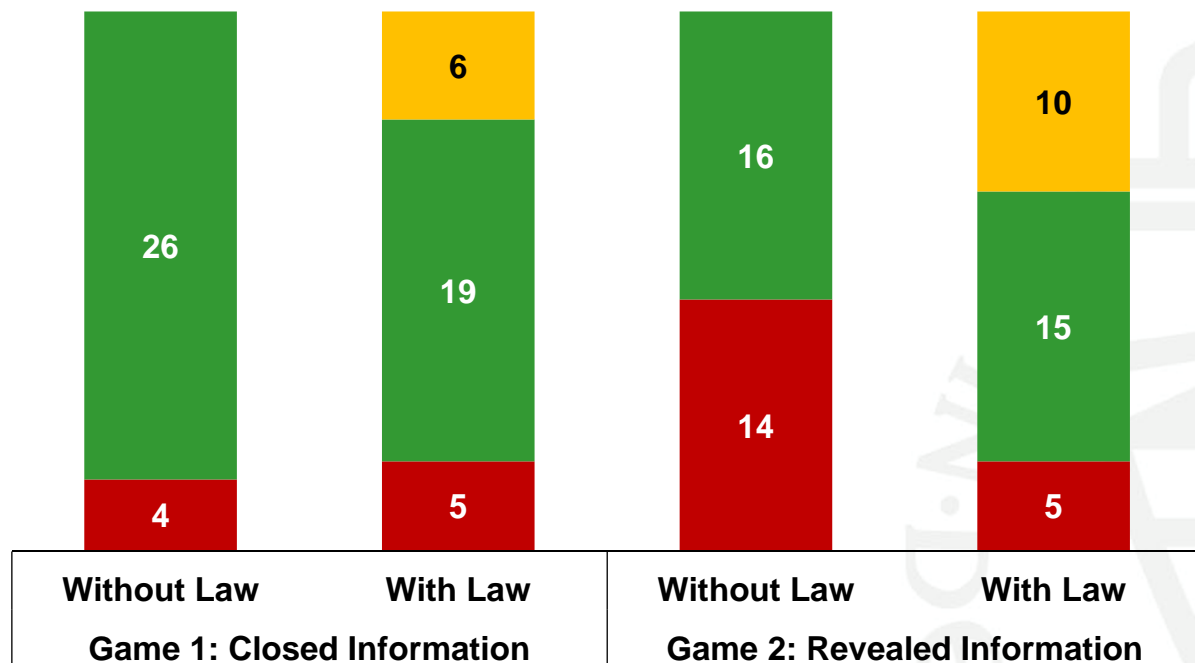
H_2 : The existence of the **expropriation law** will make it **more plausible** for the landowners to **reach an agreement**.

H_3 : The **more available the information is**, the **more inclined** the landowners will be to **reach a fair agreement**.

H_4 : The existence of the **expropriation law** will make it **more plausible** for the landowners to **reach a fair agreement**.

Results

Experiments Findings and Discussions



REJECTED

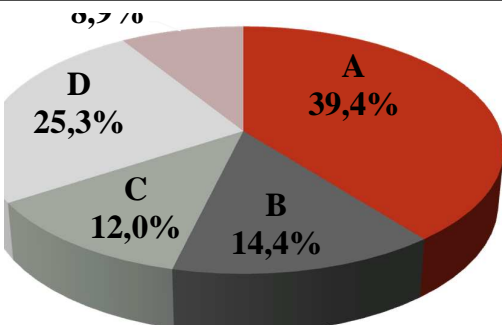
the more available the information is, the more plausible it will be that the landowners will reach an agreement.

the existence of the expropriation law will make it more plausible for the landowners to reach an agreement. → ONLY WITH REVEALED INFORMATION

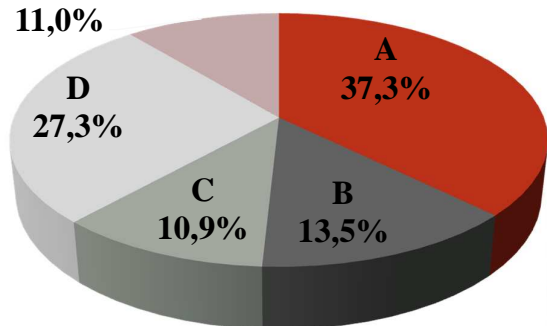
Negotiation Settings

**Equal Distribution of ULR added value
(# occurrence)**

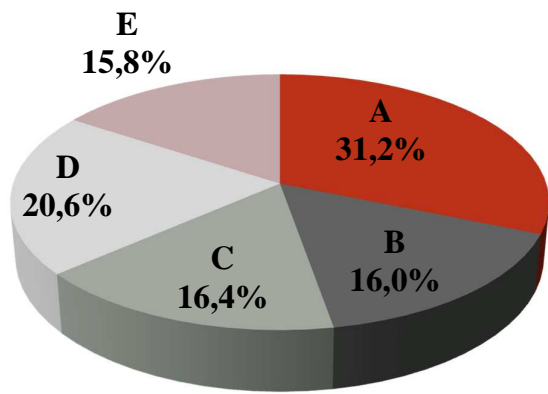
| | | |
|-------------------------------------|--------------------|----------|
| Game 1: Closed Information | Without Law | 0 |
| | With Law | 0 |
| Game 2: Revealed Information | Without Law | 5 |
| | With Law | 7 |



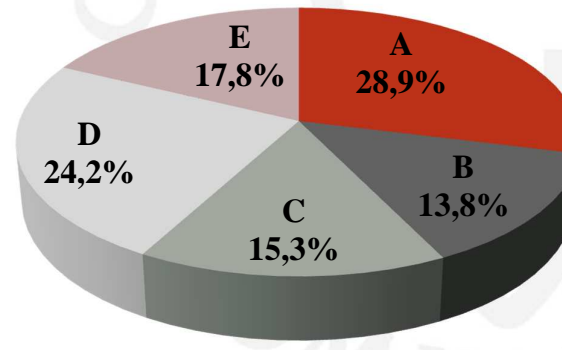
Game 1: Closed Information - Without Law



Game 1: Closed Information - With Law



Game 2: Revealed Information - Without Law



Game 2: Revealed Information - With Law

| | Closed information | | Revealed information | |
|-------------------------------------|--------------------|--------------|----------------------|--------------|
| | Without Law | With Law | Without Law | With Law |
| The Coefficient of Variation | <i>0.624</i> | <i>0.591</i> | <i>0.330</i> | <i>0.317</i> |
| Different by range | <i>0.274</i> | <i>0.264</i> | <i>0.155</i> | <i>0.110</i> |


The more available the information is, the more inclined the landowners will be to reach a fair agreement.

The existence of the expropriation law will make it more plausible for the landowners to reach a fair agreement.

Conclusions

The **availability of information** does not necessarily make it easier to the landowners to **reach an agreement** on compensation in Urban Land Readjustment Process. However, the agreement that is reached, seems to be more in line with **equal distribution** principle.

The existence of the **expropriation law** can only make it more plausible for the landowners to **reach an agreement** on compensation in Urban Land Readjustment process under the situation with **revealed information**. It can also make the landowners be more incline to reach a **fair agreement**.

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- Ir. D. Ary A. Samsura (d.samsura@fm.ru.nl)
 - Sander Lenferink (s.lenferink@fm.ru.nl)
 - of. Dr. Erwin van der Krabben (e.vanderkrabben@fm.ru.nl)
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