Three dimensional property rights and reassembly:

Cases of Sydney and Helsinki

Vince MANGIONI, Australia
Kauko VIITANEN, Finland
Heidi FALKENBACH, Finland
Tuomo SIPILÄ, Finland

SUMMARY

This paper looks at the current structure of ownership of 3D property rights and the need for reassembly of property in the cities of Sydney and Helsinki. This comparison is made in context of the competing needs of existing and future inhabitants of these cities, existing property rights and the need for a mechanism in achieving urban renewal. The emerging needs of expanding populations over the past half century in these cities has brought to the fore the necessity for policy, economic reforms and structured processes in the reassembly of three dimensional interests in land, also known as condominium.

This paper reviews the existing barriers and identifies potential factors for the resolution of the reassembly of three dimensional interests in land. It examines the structure of the titles to 3D property and the factors which have inhibited the reassembly process and impacted on the potential for urban renewal in Sydney and Helsinki. A review of international practices and examples for the reassembly process are used to provide potential solutions to the problems encountered. This provides a basis for further research into the development of solutions which address the specific needs of both the parties and the process for the reconsolidation of 3D property rights in these two cities.
Three dimensional property rights and reassembly:

Cases of Sydney and Helsinki

Vince MANGIONI, Australia
Kauko VIITANEN, Finland
Heidi FALKENBACH, Finland
Tuomo SIPILÄ, Finland

1 INTRODUCTION

As cities continue to grow, horizontal limits of land will result in more intense vertical use of airspace. This is matched with the necessity to ensure environmentally efficient living with increasing urbanisation. Whilst greater energy efficiency is a priority, dated and inefficient structures with high embodied carbon footprints provide an additional dimension for the need to either redevelop or retrofit existing building stock.

In addition to increasing the amount of dwellings in a given area and reducing suburban growth, infill development has been suggested to address other public problems by increasing the tax base of central cities due to increases in land values, revitalising specific neighbourhoods that have suffered deterioration and by acting as an opportunity for the cities to build affordable housing stock (Steinacker 2003).

There are multiple tools and references to promote infill development and acquire land for development in urban areas in general. Their effectiveness depends on many factors such as local legislation, housing and as well as property systems. Farris (2001) argued that the tool to promote infill development and to achieve smart growth is to encourage local governments to use public-private partnership tools and substantially reduce the transaction cost burden to the developer.

Despite the evident possibilities of infill development, the infill development projects are often limited in their success. Some of the problems apply to most development projects, and have been discussed e.g. in relation to USA in Farris (2001) and generally in FIG recommendations (Viitanen et al. 2010a and Viitanen et al. 2010b). The specific barriers of infill development cited in the literature include diseconomies of scale (Suchman and Sowell, 1997), risks of developing brownfield areas (Steinacker 2003). For example, Bowman and Pagano (2000) found that the most common problems of infill development were small parcel sizes and problematic physical conditions.

Within the urban infill development discussion, the question of how to promote urban renewal in areas with multistorey buildings has received less attention in the literature, and has not been addressed in guidelines, such as of the United Nations Economic Commission for Europe (UN).

In contrast to the traditional purposes of compulsorily acquiring land for the provision of public infrastructure, the emergence of economic development used for the regeneration of existing locations has tested the boundaries of tenure to land and airspace. In meeting the needs of expanding cities and their populations, governments are taking more initiative in site assembly and amalgamation for uses beyond infrastructure.

1 The research has been supported financially by the Academy of Finland (decision no 255390).
Utilitarianism is described by Mill, cited in Hollander (2000) as an action which supports the greatest good for the greatest number of people. The overarching principle of utilitarianism provides the basis for the taking of land for the benefit of the greater community. This principle, whilst not unchallenged, has been accepted in the main for the taking of land for the provision of infrastructure, however, is questioned for the use of site assembly in urban renewal and redevelopment projects. The primary question to be answered is what mechanism is best used in achieving the objectives.

Land readjustment and reassembly is far from being a simple process in policy and is missing in the legislative framework of emerging cities. To date, the use of compulsory purchase as the mechanism for the reassembly of land has proven unworkable in Australia (Mangioni 2009). The use of compulsory purchase would no doubt be as unsuccessful in the reassembly of stratum and airspace rights without reforms to compensation principles and indeed, the construct of a framework for organised and transparent reassembly. However, without a coherent and guiding framework to steer a process with definable and equitable outcomes, re-urbanisation in the emerging cities will be represented by a geographic piecemeal approach in which new, old, derelict and underdeveloped property will mark the urban landscape.

This paper discusses the current status of how rights to multistorey buildings, especially blocks of flats, are organised in two case cities, Sydney, Australia and Helsinki, Finland, which as two urbanised and expanding cities, listed as two of the top ten most liveable cities in the world, (The Economist 2011, Global Sherpa 2011) provide a good reference for the challenges of urban renewal. The aim of the paper is to identify the characteristics of current tenure models of owner-occupied 3D properties that discourage renewal of those properties. The study is a comparative analysis of the two case cities.

The remainder of the paper is organised as follows. In the two following sections 2 and 3, the evolution and current status of the rights to airspace i.e. condominiums and challenges in the renewal of the multistorey properties in the case cities of Sydney and Helsinki are presented and discussed. The section 4 summarises the findings of the cases and discusses internationally adapted solutions for the problems. The last section presents the conclusions.

2 SYDNEY

The Australian Bureau of Statistics (2008) highlights that 64 percent of Australia’s population live within its six major cities. As urbanization continues, the generation and regeneration of Australia’s cities is a rapacious process which must provide for both its existing and anticipated populations. Australia is host to two of the world’s one hundred most populated cities, namely Sydney & Melbourne (Westman 2007). Rosenberg (2005) highlights the density dilemma facing government as 90 percent of the earth’s population live on approximately 10 percent of the land mass, with many cities having reached geographic limitations.

As Sydney’s population continues to expand at approximately 1000 people per week (Metcalfe 2011) demand for housing office space and industrial use land continues to climb in servicing the needs of its growing population. This demand has resulted in Sydney transforming into an increasingly vertical city since the 1970s. Between 1968 and 1973 half of all dwelling completed in Sydney were flats and from 1976, the number flats built in Sydney exceeded the number of houses built for the first time. (Redfern Legal Center 1992)
The increase in demand for housing has previously been identified, however part of this demand is driven by increasing population, with the balance driven by changes in housing formation as people live differently over time. Redfern Legal Centre (1992) further highlights that “[the] family home may once have housed grandparents, parents and children, and maybe an unmarried uncle or aunt. Today these people are living in 4 or 5 different households”. According to the Australian Bureau of Statistics (2006) the average household size has decreased from 3.53 in 1966 to 2.6 in 2006.

In contrast to whole new suburbs being developed on the outskirts of Sydney, better utilisation of existing land, resulting from more intensive density and renewal of existing medium density housing and office buildings will be required. This process requires the reconsolidation of not only interests in land, but interests in airspace which utilise that land. In addressing the first step in this process, the following section examines the structure and title to ownership of stratum and its evolution over the past fifty years in Sydney. This review provides part of the rationale as to why reconsolidation of stratum is fraught with legal and administrative difficulties.

2.1 Right to airspace

As the need for a workable title to airspace continued, a number of approaches for structuring interests in one building evolved of which many still exist today.

Tenancy-in-common schemes were among the earlier methods of defining interest in the same building. This title was used for co-ownership of land and buildings comprising flats. At the time of purchase of the interest in these schemes, it is highlighted:

Each owner would execute a co-ownership or Management Agreement. Simultaneously with the purchase, by which the owner would forego occupational rights in respect of other flats of the building, in exchange for the right to exclusively occupy a specific flat in the building. (Ilkin 2007:8)

Company Title: “This was the name given to the most popular form of ownership prior to strata title” (Ilkin 2007:8). Under this system, land and buildings were owned by a company in which shares were sold and constituted exclusive occupation of a defined flat in the building. This scheme still enjoys popularity in Sydney, particularly in the eastern suburbs. (Ibid Pg 8).

Strata Title: Following the Second World War and the rapid expansion of vertical development of land in the form of residential unit housing and office development in the central business district of Sydney, the need for a more definitive title to interest in these larger vertical structures was highly desirable. This need resulted in the advent and evolution of title to airspace in the form of strata title. Strata title is defined as the vertical and horizontal subdivision of airspace, in which rights to that airspace were saleable. This title evolved and gained popularity nationally and internationally, particularly once gaining acceptance from lending and financing institutions.

In a basic strata scheme, the owners each own airspace constituting a partial ownership interest in the strata scheme. The amalgam of all the owners is a separate legal entity known as the owners corporation which owns the common property, including the building structure, with each lot owner, owning the airspace. This example highlights the complexity that in addition to the reassembly of the stratum interests, the building and land is also owned by a separate legal entity known as the owners’ corporation. This corporation is made up of the all
the owners collectively, which must have unanimous agreement for the extinguishment of the scheme, which is the first step in the reassembly process.

Since the introduction of strata title structure in NSW there have been three major revisions of the law governing this system of title. The initial 1961 Act achieved the initial objective of allowing land and buildings to be subdivided into separate lots and held in separate ownership. 8,500 strata plans were registered under this Act. Following deficiencies in internal management and dispute resolution, the Act was revised in 1973. Approximately 41,500 strata plans were registered under this Act. Following the ongoing development of complexities governing this system, and in particular the management if strata schemes, the law was again revised in 1996 to strengthen the management and administration of strata schemes. (Ilkin 2007.)

2.2 Challenges to urban renewal in Sydney

As highlighted in the introduction and the review of Sydney, the need for more vertical living and business use property continues as Sydney expands. As at 2009, it is highlighted that over 65,000 strata schemes exist in NSW of which most are located in Sydney. Between 2009 and 2049 Sydney’s population is expected to expand by three million people to accommodate over seven million (Property Council 2009). In highlighting the emerging strata title straightjacket, the Property Council (2009) identifies high land values and lack of flexibility within the Strata Schemes Management Act 1996 for inability to consolidate title and redevelop property held in existing strata title.

In the commercial market, it is highlighted that a shortage of office space which is constrained by the inability to consolidate older strata title office buildings presents a similar problem to the residential position (Cambourne 2010). A greater urgency exists in the office market as buildings are required to meet more rigorous environmental standards under the National Australian Built Environment Rating Standards (NABERS). Absent within the provisions of the governing strata title legislation in Australia are provisions for termination of strata schemes. By default, unless there is unanimous resolution by all interests in the scheme to sell or redevelop, no further action is possible.

Not explicit within the Property Council’s (2009) summary, is the basis or principles of equivalence, not just compensation for parties who are unable to afford to move or sell. This is particularly important for those in marginal value locations, in which the property is underdeveloped and a majority of the value is reflected in the value of the underdeveloped land. Where this is the case, the reconsolidation value to each owner, also needs to incorporate an element of the value of the undeveloped land. Market value of the individual units without reference to a component of the additional value of the underdeveloped land is not just compensation. Without a mechanism for apportioning this among existing unit holders, that component of unutilized value becomes a larger portion of the developer’s profit margin, rather than being shared with the unit owners.

At the municipality or local government level in New South Wales, Sydney only has the option of coercive reassembly through compulsory purchase mechanisms, which are limited to the public purpose of ‘economic development’. Unless the taking of land is for a designated public purpose of the provision of infrastructure, there is no other opportunity for land reassembly. The last involvement by local government in the reassembly of land and airspace was unsuccessful, in which the owners of the property challenged the attempt to take
the land in the High Court of Australia. A summary of this case follows and demonstrates that no successful option exist in Sydney or Australia for a model which is achieved by agreement.

**In Australia – R&R Fazzolari Pty Ltd v Parramatta City Council; Mac’s Pty Limited v Parramatta City Council [2009] HCA 12**

Fazzolari & Mac each own retail shops with residential property above, in the town centre of Parramatta in Sydney. In 2007 the Council sent proposed acquisition notices to the owners of the land located in the town centre of Parramatta. The land was required as part of a redevelopment referred to as ‘Civic Place’ comprising a civic square, 250 apartments and 45,000 m2 of retail / office space. The redevelopment was to be carried out under a Private Public Partnership (PPP).

In the first instance the Land and Environment Court ruled that the proposed acquisition was unlawful on the grounds that the purpose of the acquisition was the re-sale by council to the developer. Council appealed the matter to the Court of Appeal of New South Wales, which unanimously set aside the declarations made in the lower court. In conclusion, the High Court of Australia found that the primary purpose of the acquisition was for re-sale and reinstated the decision of the Land & Environment Court NSW finding that the proposed acquisition was unlawful.

Since this recent case in Australia, there has been little progress in the model for a developer, government and property owner consensus for how the objective of re-urbanization is to be achieved.

### 3 HELSINKI

Helsinki is the capital of Finland with about 590,000 inhabitants. The population of the Helsinki Metropolitan Area (four cities) is just over one million, almost 20% of the Finnish population. (Helsingin seudun suunnat 2011.) Although Finland is a scarcely populated country and even the city areas are not very densely populated (Helsinki 2700 inh./sq.km) the goal is for more compact city areas to increase the sustainability of the area. More dense urban structure would generally provide for lower energy consumption and carbon emissions (e.g. Carruthers & Ulfarsson 2002; Williams 2007).

Even though Finland and Helsinki are scarcely-populated, the average size of dwellings is lower than many other cities in Western Europe (Urban Audit 2004). The number of inhabitants in a dwelling in Helsinki has decreased fast, see Table 1. The average size of a household-dwelling unit in 2010 was 1.90 persons (Statistics Finland 2011). In 1970 the share of the households of one or two persons was about 50%, while today it is 80% in Helsinki (Helsingin kaupunki 2006; Statistics Finland 2011). This means further that the urban renewal is a growing challenge in the cities.
### Table 1: Development of the living space in Helsinki (Helsingin kaupunki 2006, Statistics Finland 2011, Sipilä 2011)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling units</td>
<td>1,000</td>
<td>145</td>
<td>190</td>
<td>221</td>
<td>259</td>
<td>296</td>
</tr>
<tr>
<td>Average floor area per dwelling (m²)</td>
<td>51.3</td>
<td>54.8</td>
<td>57.9</td>
<td>60.3</td>
<td>61.8</td>
<td>62.8</td>
</tr>
<tr>
<td>Average floor area per person (m²)</td>
<td>17.0</td>
<td>20.7</td>
<td>26.9</td>
<td>30.7</td>
<td>32.5</td>
<td>33.7</td>
</tr>
<tr>
<td>Persons per room</td>
<td>3.0</td>
<td>2.6</td>
<td>2.1</td>
<td>2.0</td>
<td>1.9</td>
<td>1.9</td>
</tr>
</tbody>
</table>

1) In 2004

The Finnish cities, and especially Helsinki, expanded very fast in 1960’ies and 70’ies. In Helsinki over 32% of all dwellings were built in 1960’ies and 70’ies (Sipilä 2011), most of them in block of flats. In overall, majority (86%) of Helsinki’s dwellings are flats. (Helsingin kaupunki 2006) Especially in the suburban areas, there are plenty of residential buildings, which are reaching renovation age. Because the renovation of multistory buildings is expensive there is a motivation to find out possibilities to additional incomes which e.g. infill development might offer. Many of the suburbs have been built rather sparsely, which means that there are many possibilities to make the urban structure more effective. On the other hand, there are also buildings for which demolitions might be the best alternative. (Rossilahti 2008.)

### 3.1 Right to airspace

In Finland real property (in Finnish kiinteistö) stands for a registered area of land including the buildings on it belonging to the same owner (Real Estate Formation Act, 554/1995). Land and building(s) can be owned directly as a real property (having a title to the property) or through company form. The division of the land area in Finland is done two-dimensionally, according to the ground level. There is no three-dimensional real property registration. (Hannonen 2009.)

Multi-storey buildings are as a rule owned in a real estate company form where the company owns the building(s) and the land. The possession of the land may also be through leasehold. These companies can be called as condominiums where shareholders have the right to possess a certain part of the building. The legislative form is over hundred years old.

There is specific legislation for the condominiums in residential use. According to the Apartment House Companies Act (1599/2009) the shareholder has the right to possess the apartment, and has the duty to take care of the interior. The company is obligated to take care of the rest and of the construction of the building and the site. The shareholder normally pays maintenance charge to the company to cover the costs. (Viitanen et al. 2003.)

### 3.2 Challenges to urban renewal in Helsinki

The unique nature of Finnish housing as well as the property system offer possibilities to develop true resident-driven renewal or infill development. Residents’ role in the Finnish condominium system is normally multidimensional: they are residents, landowners and shareholders in the very same figure. This means that the residents often own the plot as well as parking areas etc. nearby. The parking areas may be underutilized or there exists even unused wasteland areas. In addition, the buildings can often be added some new floors. As a
matter of fact, potential for infill development is huge in Finland, it was estimated (Lahti & Rauhala 1994) to be 170 million floor square meters (35% of existing floor sqm) and nowadays the potential is assumed to be on the same level. These areas hold a great potential for infilling, but also demand resident-driven approach to infill development.

In practice the situation is difficult, as condominiums are normally non-profit organisations and the decision-making body is the meeting of shareholders, hence decisions are not easily made. Renovation decisions require a majority of votes but a significant renewal normally seems to require that all shareholders support the decision. This is, naturally, sometimes difficult, as not all shareholders wish for big changes nor to take new financial burdens. This creates motivation for a renewal when a bigger renovation is topical in a condominium. However, the condominium cannot carry out the renewal by itself because it’s not allowed to take such a risk, but the matter has to be given to private developers. (Kiinteistölehti 2011.)

The limits of the risk taking have, however, not been tested in a court as far as we know.

To be able to take the development potential in use, a municipal consent is necessary. Traditionally Finnish municipalities have had extensive rights to decide on the control and guidance of spatial planning and development issues in their area. Because of this the municipalities play a very important role in local planning and building issues. This means that they have a very important role also in renewal of properties.

In practice when a condominium plans to develop its property (infill development) a change of the existing detailed land use plan is needed. The condominium has to apply the change of the plan from the city. If the change increases the value of the property considerably, a development fee based on the value increase is paid to the city in addition to the planning costs. Normally this means making a land use agreement with the city. After the change of the plan the condominium normally sells the new building right to a developer if the development seems to be profitable. The profitability is questionable in areas with low land values and especially if the costs to rearrange the parking facilities are too high. It seems that the municipalities should consider their planning policies more carefully to reach their goals in reduction of energy consumption and carbon footprints. (Tolvanen 2010.)

As we have seen the municipality has a lot of power in renewal projects because of its planning policy and tools for plan implementation. In addition, for example City of Helsinki owns 61% of its land area (Haaparinne 2011). When it’s a question of renewal of municipal owned areas, problems may only arise when the city has leased out the land with a long contract for an effective land use. In those cases, as also in other cases where the land has been built effectively, cities are not interested to use compulsory purchase but land use agreements because of rather high compensations within the compulsory purchase procedure. This means that in the condominiums the matter is mainly between the municipality and the shareholders of the company.

With the introduction of infill development activities of privately-owned apartment house companies, one could expect that the resident-owners impose many and strong wishes as well as restraints to these activities. Reasoning for this claim could be drawn from consumer perception theories, and is supported by the recent studies of housing (see Arvola et al. 2010; Lundgren 2010). If residents’ voice is not heard thoroughly, they may not be motivated to support the planned activities or may even oppose them.
As discussed the implementation of the redevelopment process involves three main parties, the condominium, the city and the developer. If the developer sees a possibility of a profitable project it can either try to buy all the shares from the shareholders or the new building rights from the condominium and the renovation project if the building will be renovated. There are in practice no possibilities for coercive means. This means that the processes are cumbersome, time consuming and unsure. Even the developers are often not eager to start the processes because of high transaction costs and risks. This means that the renewal projects which would be very important to carry out are rarer than they should be. New ways to solve the problems would be needed.

In a condominium for commercial purposes a shareholder who owns at least 90% of the shares may require a coercive purchase of the rest of the shares (Companies Act, 624/2006). This is not valid in condominiums that follow the Act of Apartment House Companies. Like in normal limited companies the coercive purchase price (compensation) is the market value of the shares at the moment the purchase claim had been done. In listed companies this price can rather easily be found but in non-listed companies it’s not an easy task. The procedure and also the compensation are very different compared to the compulsory acquisition of a real property according to the Expropriation Act (603/1977), which may put the owners of condominiums into a different position compared to the owners of real properties. If the 3D properties could be possible also in Finland the rules for compulsory purchase and compensation should most likely be based on similar principles with all types of property.

4 BARRIERS TO REASSEMBLY OF PROPERTIES WITH MULTISTOREY BUILDINGS

This section discusses the findings from the analysis of problems confronting Sydney and Helsinki and presents international tools and policies that may be used to address these problems.

4.1 Limitations and problems related to the use of compulsory purchase for reassembly

In both countries, there is a lack of tools designed for acquiring land for infill development. Compulsory purchase mechanisms can be utilised in Sydney, but their utilisation can lead to inequivalence between landowners, as the compulsory purchase compensation does not include the value of the undeveloped land but the land is valued as to current use. This means that an element of unutilized land value passes to the developer where no portion of that value is passed onto the existing owners of the interest in the land. In Finland the municipality might, in theory, be able to get a permission to use compulsory purchase but in practice that is out of the question in areas with multistorey buildings.

The question, whether compulsory purchase should be used for acquiring land for transfer to private parties, has received attention also internationally. In the United States, the Kelo case\(^2\) (see e.g. Turnbull and Salvino, 2006) which dealt with the acquisition of land, demonstrated the great divide in views and subsequent policy adopted in acquisition compulsory purchase across the United States. Rather than solidifying agreement, this case fractured and deeply divided America on the reassembly policy.

4.2 Lack of thresholds in the decision-making of the commonhold structures

In both the studied cases, Sydney and Helsinki, renewal of existing building stock is challenged by the decision-making provisions of the ownership schemes: The decision to terminate the existing structure requires a unanimous decision of all owners, which in practice is very difficult or impossible to reach. Same criterion has also been set for major redevelopments.

A possible and plausible solution for the problem would be threshold provisions for renewal of a building held under strata title, as has been done in some other jurisdictions. For example in the highly urbanized cities of New York and Washington, an 80 percent threshold exists for airspace reassembly (Property Council of Australia 2009). Also, in the highly urbanized and vertical cities of Asia, the imperative of airspace reassembly has resulted in a number of policies, both in law and by agreement. In Japan the threshold is 80%. In Singapore the threshold is 80% where the strata scheme is more than 10 years old and 90% if less than 10 years old, in Hong Kong 90%, but may be reduced to 80% by authorities. In these cases, the Homes Purchase Appeals Committee (2007) also makes allowance for reinstating the dispossessed party within the same location to the value of a condominium being no more than 7 years old.

The structures and problems in those countries might, however, differ quite a lot compared to the situations in the cities in this study, which means that further studies have to be done before recommendations can be made.

4.3 Lack of financial incentives for the residents and developers

In both case cities, there are structural factors that discourage the developments. In the case of Sydney, the compulsory purchase compensation would not include the development potential, thus leaving the land owner without incentive to push such project.

As compulsory means are not available for these kinds of projects in Finland, the initiative for development can only come from the existing owners. Developer-led projects can normally be put forward only by voluntary transactions with all owners, which makes the process highly unsure and time consuming, and might enable hold-out behaviour by the last sellers, increasing thereby the developer’s risks. However, if the development will be successful the existing landowners will normally get a part of the value of the increased building right. In addition to this, the municipal practice of collecting development fees decreases the profits of land owners and, by decreasing the risk margins in the profitability of the project, increases further the developer’s and land owner’s risk. The practice of municipalities taking their share of the profits may also lead to projects in lower land value areas turning unprofitable.

More innovative solutions have been adapted internationally. For example, following the 2010 natural earthquake disaster in Chile near the capital Santiago, land readjustment policy, which extended to include airspace and condominium accommodation which was destroyed, was successfully implemented. Hong and Brain (2012) refer to the Buy-In policy that was developed where the affected parties have the opportunity to buy-back into the new development in which the price is offset by the value of their interest. The study conducted of one province showed that only 12 percent of the existing residents chose not to participate and moved location.
5 CONCLUSIONS

The need for redevelopment and especially for increasing effectiveness of land and airspace use, of existing urban areas is a recognised objective in the current land use literature. The more intensive land use is expected to contribute to achieving environmental goals, reducing urban sprawl and to the renewal of existing areas. This paper considered the current possibilities and barriers to infill development in areas where ownership is organised through condominium structures through case studies of Sydney, Australia, and Helsinki, Finland.

Sydney and Helsinki have been identified as similar cities with emerging re-urbanization needs and limited mechanisms in establishing reforms to address these needs. Whilst focus has centered on legislative reforms, without economic reform and incentive, which include existing owners of stratum or airspace, and sharing the benefits of redevelopment, there is limited opportunity for reform. It is clear that part of the redevelopment rationale is to accommodate expanding populations, which in turn means redevelopment of greater density and scale on land.

A review of the problems confronting Sydney and Helsinki have identified a lack of the most fundamental needs for resolution. Firstly, the lack of relevant practices in using compulsory purchase that would incentivize all relevant parties (condominium owners, developers, the local authorities). In case, compulsory purchase is deemed an improper process for redevelopment. The lack of policy and incentive needed to discourage and prevent hold-out behavior, as well the need for thresholds in the decision-making of the condominium structures are identified as the most important factors in addressing the reassembly process. Through these tools the development risk would be reduced. Also, the tools for promoting redevelopment should be planned so that they incentivize both the current owners as well as provide feasible business possibilities for the developers.

Clearly there is a need for new mechanisms in achieving urban renewal in Sydney and Helsinki. In order for a workable and harmonious policy to work, a number of key principles will need to be clarified and developed. In summary, these principles include a legislative trigger for such re-urbanization to commence, in which international examples are set out. A simple and transparent process for the provision and exchange of information will be needed, which includes the planning communication between developers and planning authorities. Further, an additional redefining of the term value is needed in clarifying that it is not limited to the value of the interest being acquired, but must also extend to include elements of equivalence in reinstating owners in alternate accommodation.

REFERENCES


TS05D - City Development and Planning, 5560
Vince Mangioni, Kauko Viitanen, Heidi Falkenbach and Tuomo Sipilä
Three dimensional property rights and reassembly: Cases of Sydney and Helsinki

FIG Working Week 2012
Knowing to manage the territory, protect the environment, evaluate the cultural heritage
Rome, Italy, 6-10 May 2012
Three dimensional property rights and reassembly: Cases of Sydney and Helsinki

Knowing to manage the territory, protect the environment, evaluate the cultural heritage

Rome, Italy, 6-10 May 2012


Statistics of Finland (2011) www.stat.fi


**CONTACTS**

**Vince Mangioni**

TS05D - City Development and Planning, 5560

Vince Mangioni, Kauko Viitanen, Heidi Falkenbach and Tuomo Sipilä

Three dimensional property rights and reassembly: Cases of Sydney and Helsinki

FIG Working Week 2012

Knowing to manage the territory, protect the environment, evaluate the cultural heritage

Rome, Italy, 6-10 May 2012