

PPP Models for Sustainable Urban Development

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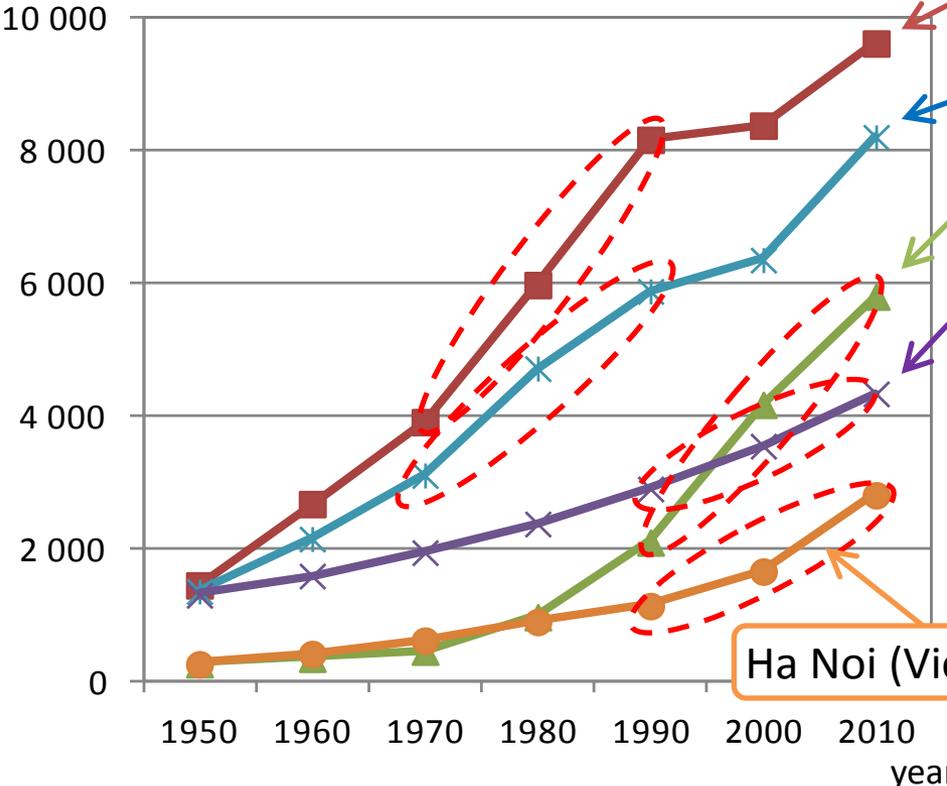
**Japan Ministry of Land, Infrastructure,
Transport and Tourism (MLIT)**

Growth of Metropolitan Regions in Southeast Asia



Population

[unit : 1,000 people]



Jakarta (Indonesia)

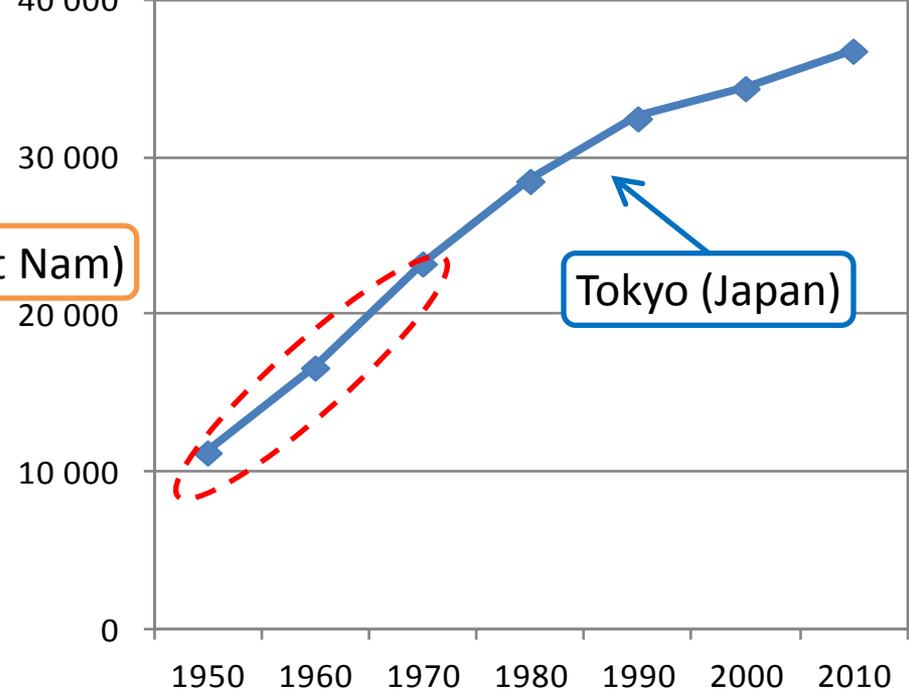
Bangkok (Thailand)

Kuala Lumpur (Malaysia)

Yangon (Myanmar)

Ha Noi (Viet Nam)

Population [unit : 1,000 people]



Tokyo (Japan)

Source : World Urbanization Prospects 2014, United Nations

	Urban Area	Country	Population	Area (km ²)	Population Density (People/km ²)
1	Tokyo – Yokohama	Japan	37,555,000	8,547	4,400
2	Jakarta	Indonesia	29,959,000	3,108	9,600
3	Delhi	India	24,134,000	2,072	11,600
4	Seoul – Incheon	Korea	22,992,000	2,266	10,100
5	Manila	Philippines	21,710,000	1,580	14,400
6	Shanghai	China	22,650,000	3,626	6,200
7	Karachi	Pakistan	21,585,000	945	22,800
8	New York	U.S.	20,661,000	11,642	1,800
9	Mexico City	Mexico	20,300,000	2,072	9,800
10	Sao Paulo	Brazil	20,273,000	2,849	7,100

Source : Demographia, 2014. “Tokyo-Yokohama” includes large areas of Tokyo, Yokohama, Chiba and Saitama prefectures and smaller areas of Gunma, Tochigi and Ibaraki prefectures.

How to guide public and private investment to create a sustainable and livable metropolis?
→The keys are “TOD” and “LVC”!

What is a TOD model?

TOD (Transit-Oriented Development):

Urban planning principles that promote urban development along transit stations.

Shiodome, Tokyo

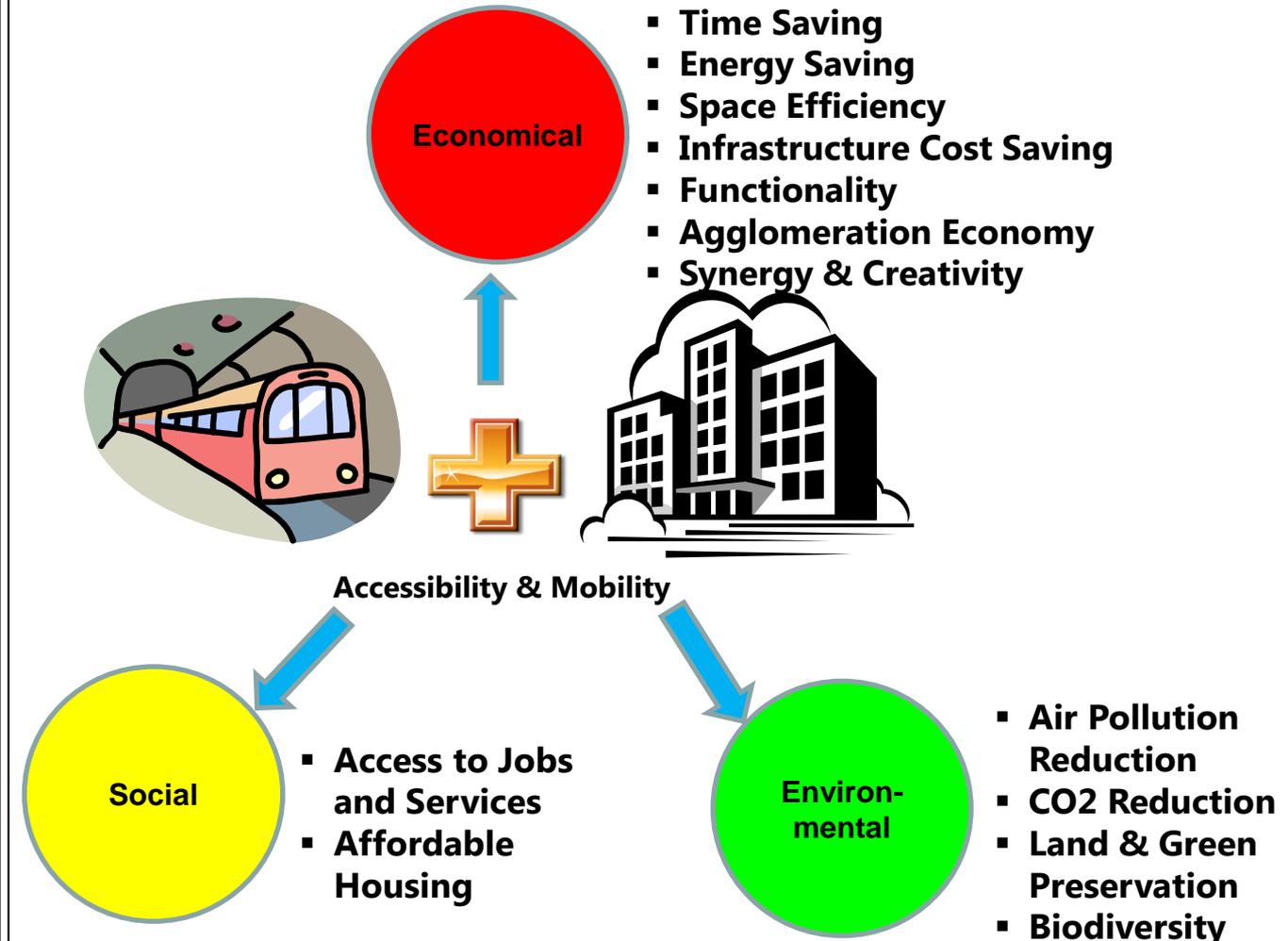


Source: jpri.kyodo.co.jp

Kashiwanoha, Chiba



Source: www.city.kashiwa.lg.jp



Source : Mr. Hiroaki Suzuki

Zoning Map of Toyota City



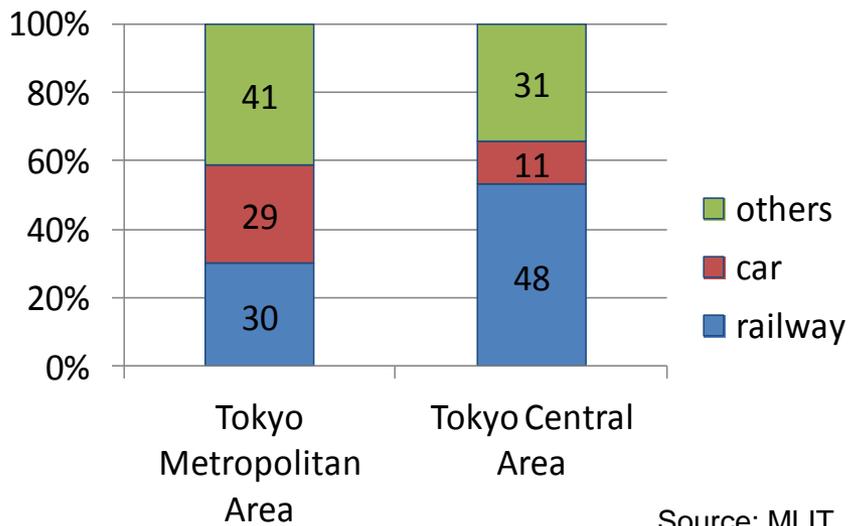
Source: www.city.toyota.aichi.jp

Tokyo Metropolis as Walk-able Urban Cells with Stations



Source: Nikken Sekkei Ltd.

Share of transportation



Source: MLIT

What is a LVC model?

LVC (Land Value Capture):

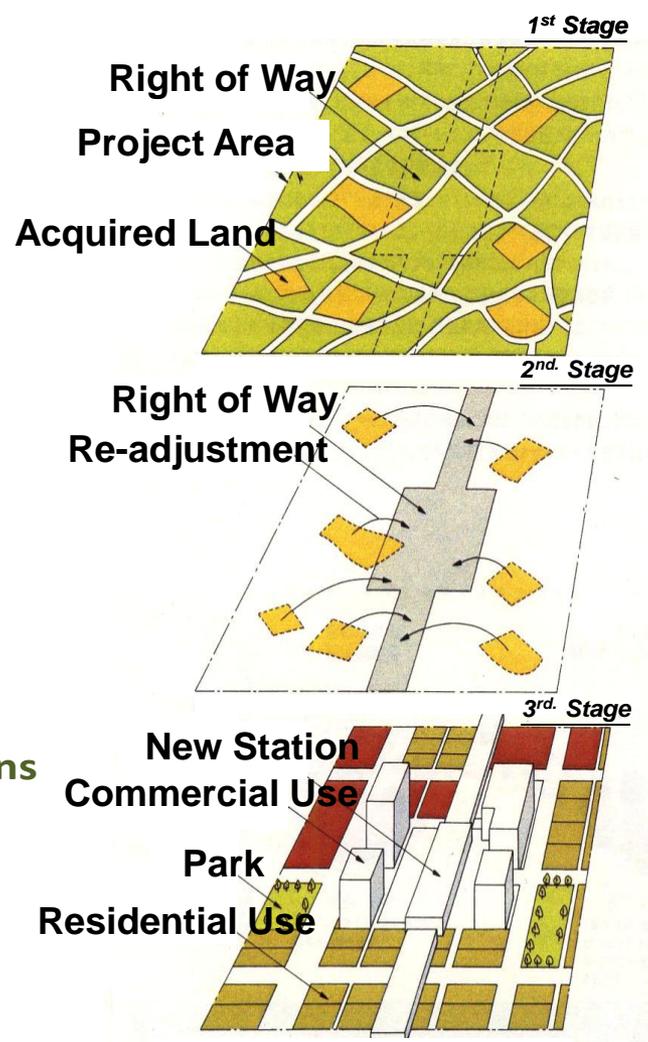
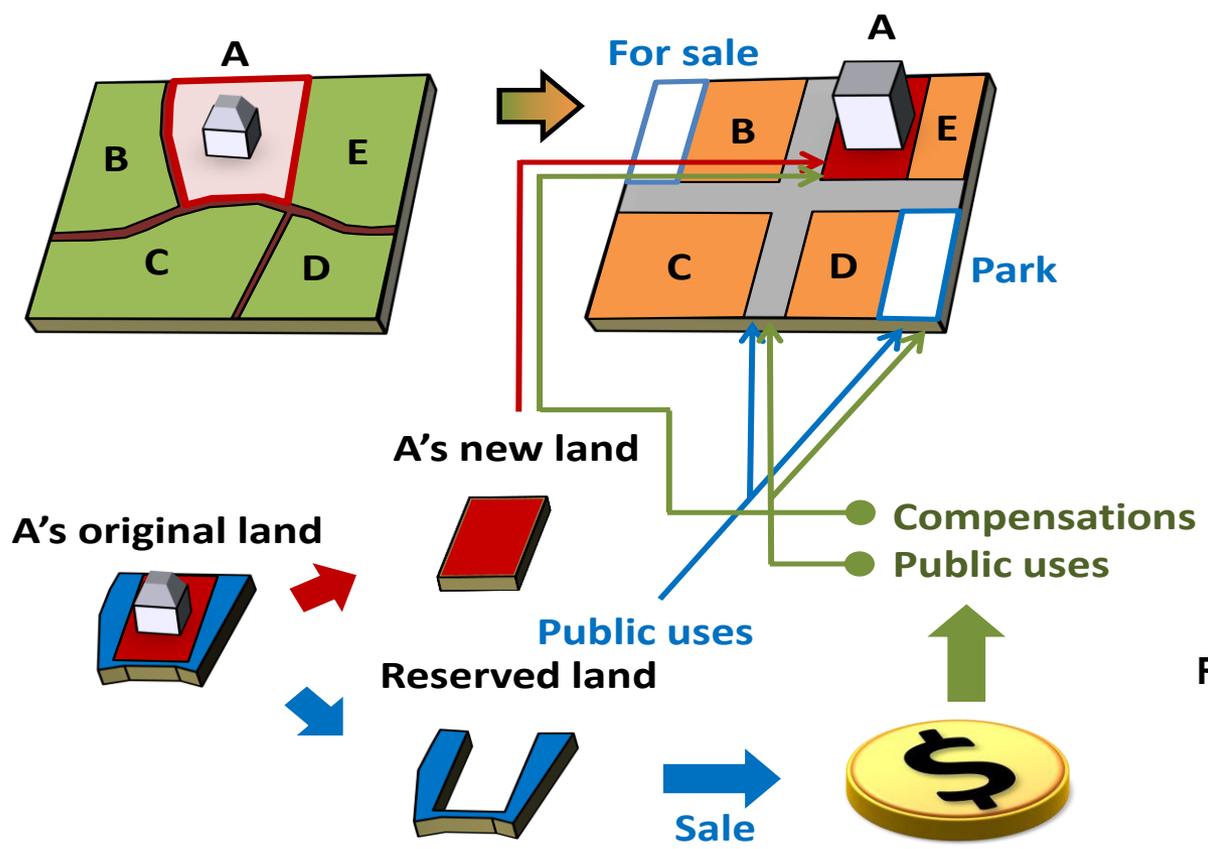
Financial and regulatory mechanisms by which the proceeds from increased land value will be spent for financing infrastructure development.

	Instrument
Tax- & Fee- Based	Property and Land Tax
	Betterment Levies and Special Assessments
	Tax Increment Financing (TIF)
Development -Based	Land Sale or Land Lease
	Air Right Sale
	Land Readjustment
	Urban Redevelopment Schemes

Source : Adapted from Suzuki, Murakami, Hong and Tamayose, 2015 (forthcoming), "Financing Transit-Oriented Development with Land Values: Adapting Land Value Capture in Developing Countries"

TOD-LVC Application in Urbanizing Suburbs

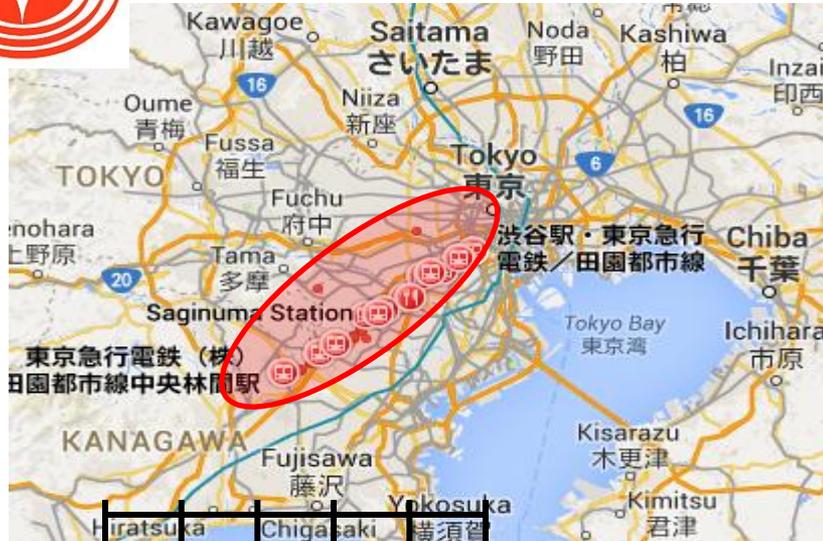
LVC instrument: Land Readjustment
 Landowners pool their land together for reconfiguration and contribute a portion for sale to raise funds to pay for public infrastructure. This can be used as an instrument to finance transit line and station development.



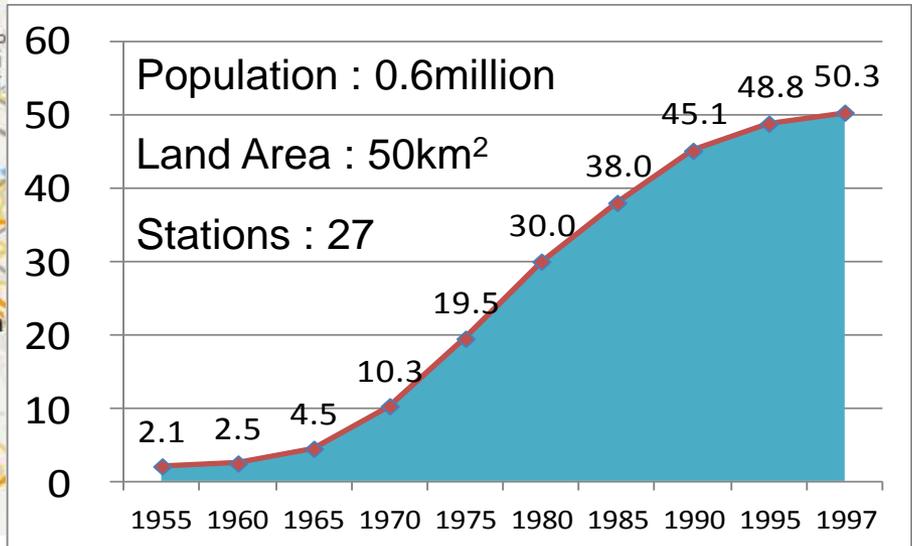
Sources: Murakami, 2010; Suzuki, Murakami, Hong and Tamayose, 2015



Tama Garden-City developed by Tokyu Corporation



0 10 20 30 40 50 km



Source: Tokyu Corporation

〈Before-Development(1960)〉

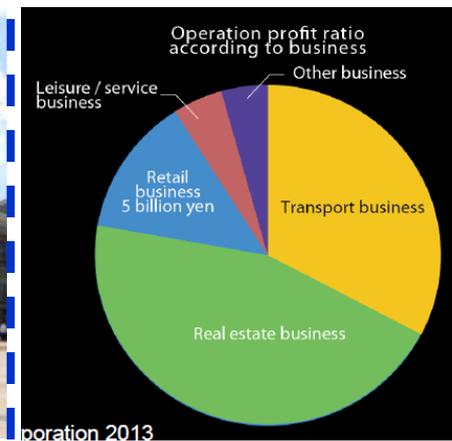


Source: Tokyu Corporation

〈After-Development(2014)〉



Operating Profit of Tokyu Corp. (2013)

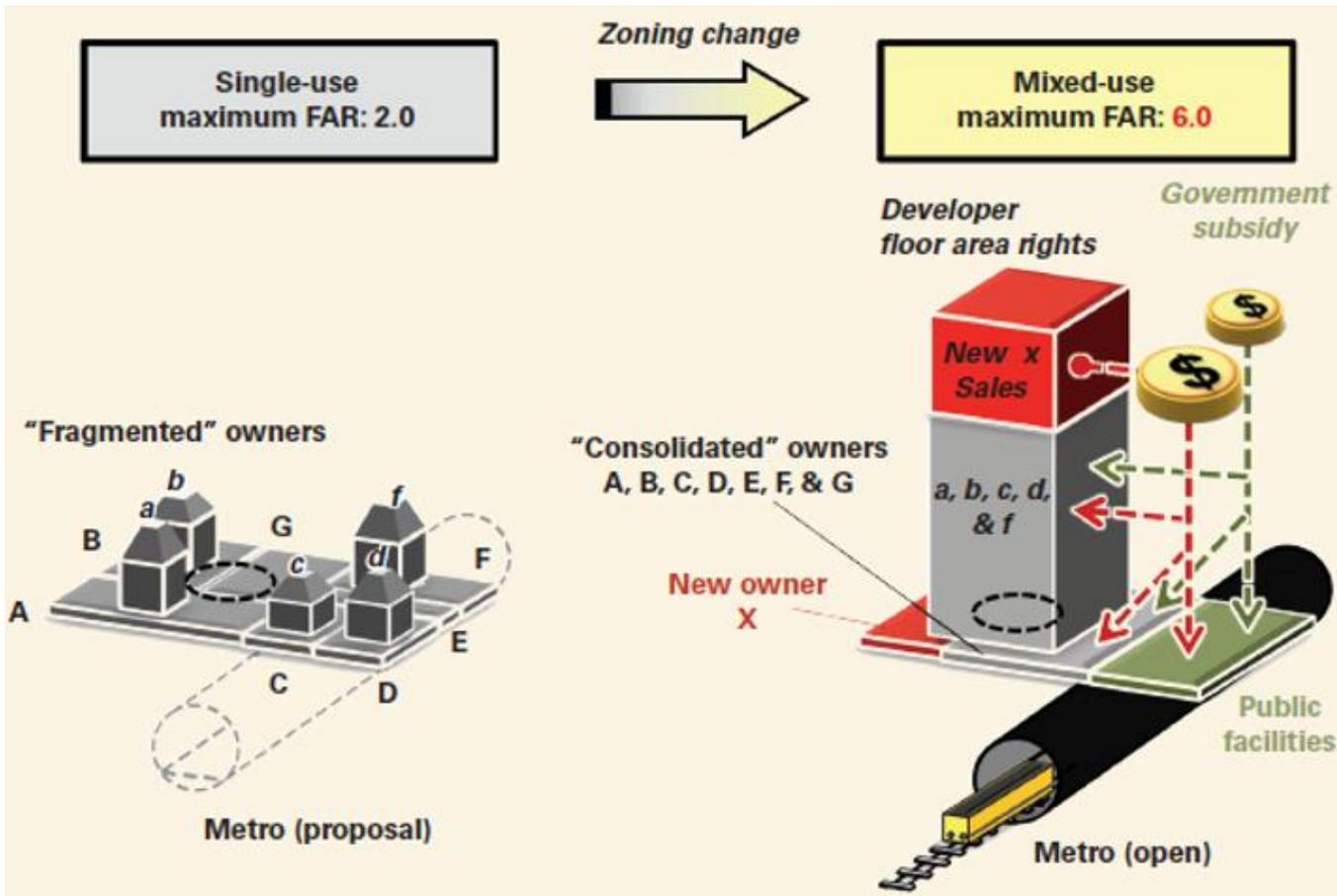


orporation 2013

Source: Tokyu Corporation

LVC instrument: Urban Redevelopment

Landowners together with a developer establish a cooperative entity to consolidate land parcels and develop buildings with new access road and open space. To capture the potential accessibility benefits conferred by a transit station, the local government converts zoning codes to allow high-rise and mixed-use buildings.

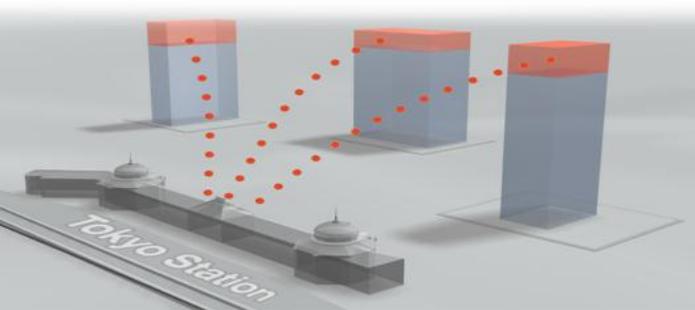


Source: Adapted from Ministry of Land, Infrastructure, Transport, and Tourism 2013

LVC instrument: Air Right Sale

A regulatory arrangement that enables a landowner to transfer or “sell” portion of its unused air development right (i.e. additional Floor Area Ratio to develop a taller building) to an adjacent parcel or to a landowner in the designated project area.

Tokyo Station (Marunouchi, Tokyo)



Standard FAR	1300%
Tokyo Building	1702%
Shin-Marunouchi Building	1760%
Marunouchi Park Building	1530%



2012 : Restoration to the Original



Original 1914



Post War : Temporary Mended Roof

1. **Urban master plans:** A long-term vision that guides urban planning and transportation infrastructure development must be shared by all stakeholders.
2. **Zoning regulations and enforcement:** Zoning flexibility should be given to local authorities to increase LVC premium and facilitate negotiations among stakeholders.
3. **Public-private collaboration:** Coordination among government authorities (local, national, transit operator) and private entities (landowners, developers, etc.) is essential.
4. **Socio-economic conditions:** Economic growth and urban population growth is a key to realize LVC. Even in slower growth, potentials to maximize agglomeration premium still remain.

- Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and Organisation for Economic Co-operation and Development (OECD) jointly organized the **Policy Forum on Urban Development and Green Growth** in October 2014.
- The objectives of the Forum were to **share Japan's experience on Transit-Oriented Development (TOD) and other urban development practices with Asian cities** and to discuss how to collaborate for sustainable urban development.

Date and Venue: 14-16 October 2014, Tokyo

Participants: About 110 participants including representatives from national and local governments from ASEAN countries (Vietnam – including Construction Vice-Minister, Myanmar – including Yangon Mayor, Malaysia, Indonesia, Thailand), Japanese private companies (construction, design firms, developers, etc.), international organizations (JICA, World Bank, UN-Habitat, UNCRD, etc.)

Outcomes: The dynamic discussions were held in three sessions below. At the result of discussions, MLIT and OECD shared the Chairs' Summary, which presented the recommended future actions for participants. In second day, a site tour was offered to ASEAN participants to guide some of major urban development sites (Marunouchi area, Toranomom Hills, Shimizu Construction HQ eco-building)

Session 1: Policy Dialogue **Identifying Opportunities for Urban Green Growth**



Remarks of Yangon Mayor (Myanmar)

Session 2: Public Private Roundtable **Sharing of a Variety of Japans' Practices**



Presentation of a Japanese developer

Session 3: Collaborative Actions **Collaborative Actions for Sustainable Urban Development in Asia**



Closing by MLIT State Minister and OECD Director

City Tours for Ambassadors in Tokyo

- Ministry of Land, Infrastructure, Transport and Tourism (MLIT), jointly with Ministry of Foreign Affairs, organizes **“city tours” to introduce good urban development practices for Ambassadors in Japan.**
- The objectives of the tours are to **familiarize the Ambassadors with the advantages of urban development in Japan,** such as public-private partnerships, environmental consideration and disaster resilience, and to **enhance business opportunities for Japanese urban developers abroad.**

The first City Tour on 27 Nov 2014

- Participants: Ambassadors and mission staff from 10 countries in Southeast and Southwest Asia (Bangladesh, Indonesia, Malaysia, Maldives, Nepal, Pakistan, the Philippines, Singapore, Thailand, Vietnam). The tour visited the following three sites:

(1) Kashiwanoha Smart City

The next-generation complex development aiming at ecology, health and innovation with public-private-academic cooperation. Guide provided by Mitsui Fudosan Co., Ltd.

(2) Shimizu Corp. Headquarters Building

Super-energy-efficient and ecological office building with business continuity functions in case of disasters. Guide provided by Shimizu Corp.

(3) Marunouchi Central Business District

Comprehensive CBD development with PPP linked with the government’s urban renaissance policy. Guide provided by Mitsubishi Estate Co., Ltd.

- A reception was hosted after the tour with the participation of 30+ infrastructure-related companies.
- The first tour was well received by the participants.



“We’d like to introduce step-by-step the excellent Japanese practices such as smart cities.” (Vietnamese Ambassador, in responding to an NHK interview)



Kashiwanoha Smart City



Shimizu Corp. HQ Bldg



Marunouchi CBD

The second tour is now under planning

- ❑ TOD-LVC models are among the most effective development models to guide and achieve sustainable urban development with the public-private partnership (PPP).
- ❑ The rapid population increase and robust economic growth in developing countries are favorable for implementing TOD-LVC models.
- ❑ Cities in developing countries, particularly those in middle-income countries, can benefit from Japan's experience.

Thank you very much.