

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

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3D airspace rights and reassembly A review of Sydney & Helsinki

- **Key Objectives**
 - Review of evolution of demand and growth for property and greater energy efficiency.
 - Momentum for improvements in land reassembly, but little research into reassembly of airspace rights.
 - A review of airspace rights ownerships structures.
 - Emerging trends in the use of compulsory acquisition law and processes from traditional public purposes such as infrastructure to economic development and housing.
 - Challenges and potential opportunities for urban renewal and mechanisms for change.

Sydney - Australia

- Federation comprising 6 states and 2 territories
- Two official levels of government – Commonwealth and State, of which Local Government is not a constitutionally recognised level of government, but a sub-branch of state government.
- One of the most highly urbanised countries in the world with 66 percent of the population living within its 6 main cities.
- Town planning and property taxation laws remain the jurisdiction of the states.
- States make most decisions on property use, planning and compulsory acquisition matters.

Helsinki - Finland

- Republic
- State – Municipalities
- Urbanization continues, in capital town area 1/5 of the citizens
- Laws given by the state
- Most decisions on property use and planning in municipalities. The use of compulsory acquisition also in practice in municipal level but the final decisions done by the state.

Population of Australian Cities

City	% of the states population living in the capital city
Sydney	63.3
Melbourne	73.3
Perth	73.8
Adelaide	73.1
Brisbane	45.3

City	1910	2008
Sydney	580,000	4,400,000
Melbourne	525,000	3,890,000
Perth	210,000	1,602,000
Adelaide	190,000	1,172,000
Brisbane	TBA	1,945,000

Title & airspace ownership

Sydney

- Multi-housing development commenced from 1910/1920 with expanding population
- Initially was through co-ownership structures including:
 - Tenants-in-common schemes
 - Company title
- 1961 – Strata title system of ownership introduced. This allowed for the vertical and horizontal subdivision of airspace, both above and below the ground (car parking). The most common form of airspace ownership

Helsinki

- The division of land area two-dimensionally, no 3-D real property registration
- Multi-storey properties owned
 - Real estate
 - Tenants-in-common form
 - Or normally in condominium (commonhold, company title, apartment house company) form

Some pressures for reassembly

owner users

- Economic benefits
 - Value increase
 - Lower costs
 - Lower taxes
- Service potential
- Renovation costs
- Financial problems

society

- Population growth in cities
- Decrease of household size
- Aging population
- Urban ecology and ecoefficiency
- Climate change mitigation
- Economic aspects, savings in infrastructure and services; saving of green areas; attractiveness
- Social aspects, behaviour, security

Options for more effective land use

- Taking the free/unused spaces in use
- Underground development
- Adding new floors
- Demolishing existing buildings to be able to build more effectively
- -> in all situations normally permissions and changes in present rights needed
- -> normally a developer is needed although demand for resident-driven approaches also great
- Potential in Finland huge – perhaps 1/3 of existing floor area

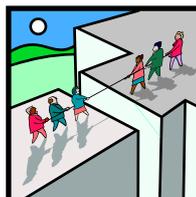
Resistance to change - Sydney

Local Government

- Advocate for existing residents and their interests
- Maintain existing status and resist further development / redevelopment

State Government

- Economic growth and providing for future residents
- New development
- Upgrading existing development



Challenges to urban renewal

Helsinki

- Decisions difficult to make in non-profit condominiums
- Municipal consent necessary, often development fees required
- High development costs
- High risks – who bears them
- Compulsory acquisition normally out of question
- No real tools for areal profit sharing e.g. in bigger areas – fastest ones get the pot

Sydney

- Evolution in the public purpose rule and acquisition for housing and urban renewal i.e. slum clearing
- No minimum thresholds or mechanisms for airspace reassembly
- Outdated compensation principles

Reassembly thresholds & powers

Reassembly Thresholds

- Nil in either Sydney or Helsinki
- Hong Kong
- Singapore
- Washington

Reassembly Powers

- New concepts needed
- A research project ongoing at Aalto University, Helsinki