



# **Sustainable Solution for Realizing Value of Heritage Sites**

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National Trust of Korea**

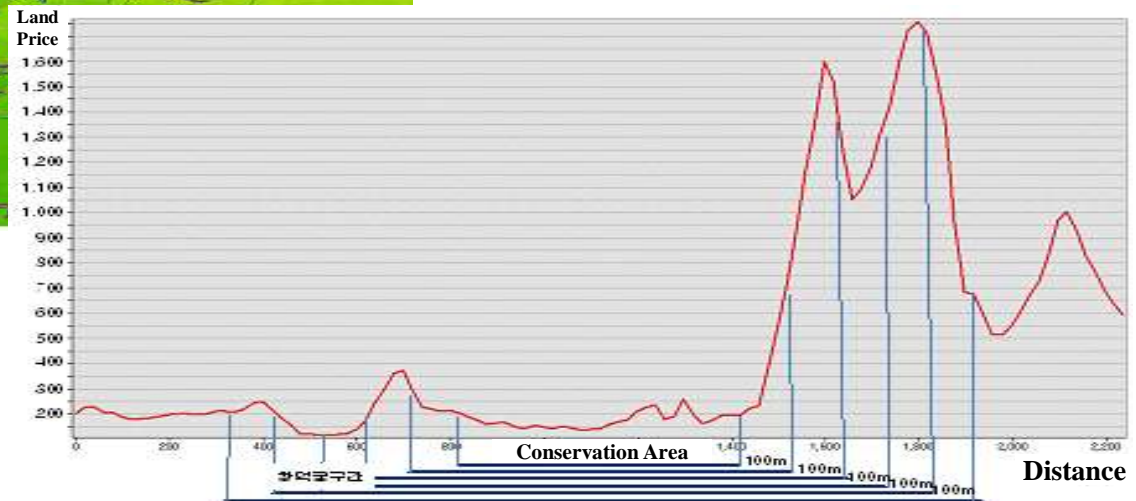
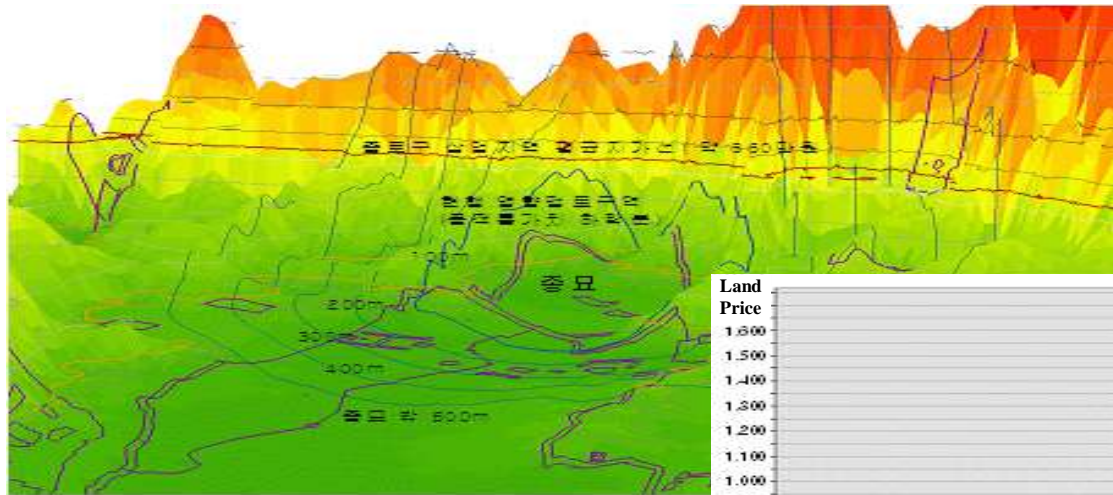
# Challenges

- **Heritage Sites are Priceless**
- **High Maintenance Costs**
- **Little Assistance from Public Sector**
- **Public Expects Respectable Upkeep**

# Land Use Regulation, development gains & losses

- Land use regulation inevitably results in development gains and losses
- To ensure effective land use planning, compensation system for development losses and recapturing windfall is needed

<< Land price disparity between conservation & developable land >>



# Existing Solutions

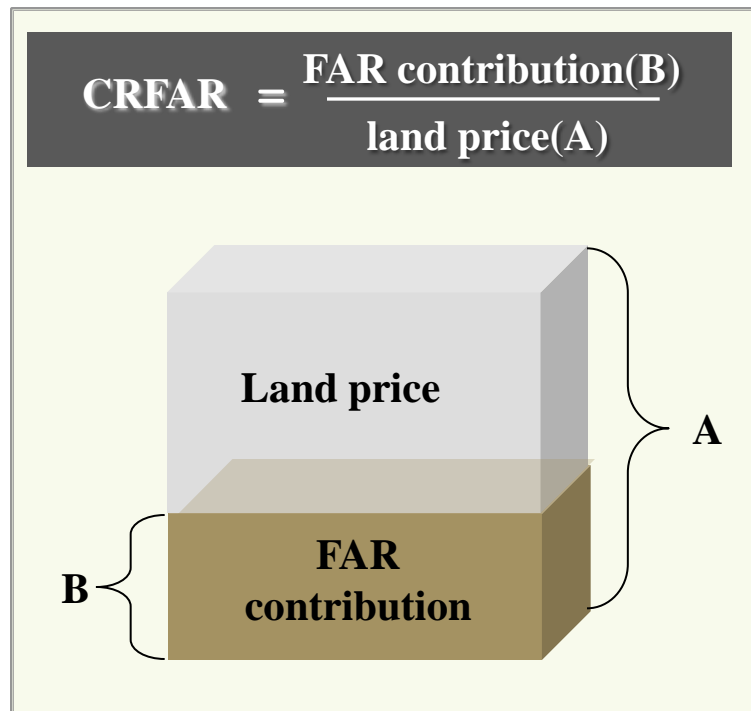
- **Transfer of Development Rights (TDR)  
Segregating Development Rights  
from Ownership**
- **Enabling to Realize Value of the Restricted  
by Recapturing Development Gains**
- **Purchase of Agricultural Conservation Easement  
(PACE) in the U.S.**
- **Cases in Japan, France, etc.**
- **Difficulty in Matching 1:1 Ratio in Area  
or Amount**

# Sustainable Solution

- **Concept of Transfer of Floor Area Ratio(TFAR)**
  - **Floor Area Ratio (FAR) is to be Transferred**
  - **FAR is the Basis for All Land Use Policies**
  - **Transfer of FAR in lieu of TDR**
  - **Monetary Value of FAR is used to Transact FAR**

# Estimation of monetary value of FAR

- Monetary value of FAR can be estimated by Contribution ratio of FAR on land price through land price assessment model or comparison of development potential
- Contribution ratio of FAR on land price(CRFAR)



Average CRFAR( Seoul )	
Zones	CRFAR
Residential Zone	0.31
Commercial Zone	0.59
Industrial Zone	0.47
Green Zone	0.43

# Example Case of Transacting FAR

## ▪ Lot A in a Development Area

- Size: 162,113m<sup>2</sup>
- Average Land Price: 3,847,778won/m<sup>2</sup>
- Allowed FAR by ordinance: 200%
- Contribution Ratio of FAR of the Lot: 0.31
- Percentage Increase of FAR wanted: 50%
- Monetary Value of 1% of FAR of Lot A:  
$$2,847,778\text{won/m}^2 \times 0.31 \div 200\% = 4,214\text{won/m}^2 \cdot \%$$
- Purchasing Price of FAR:  
$$4,414\text{won/m}^2 \cdot \% \times 162,113\text{m}^2 \times 50\% = 35,778,339,100\text{won}$$

# Example Case of Transacting FAR

## ▪ Lot B in a Development Area

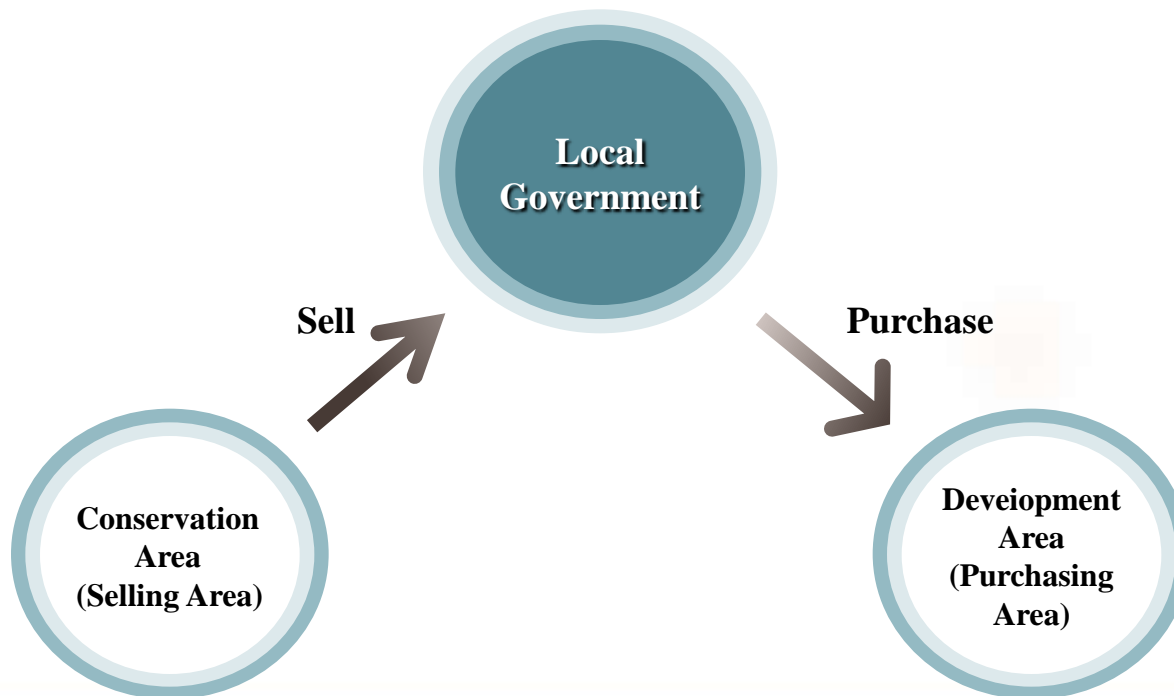
- Size: 8,939m<sup>2</sup>
- Average Land Price: 4,580,000won/m<sup>2</sup>
- Allowed FAR by ordinance: 250%
- Contribution Ratio of FAR of the Lot: 0.31
- Percentage Decrease of FAR by regulation: 50%
- Monetary Value of 1% of FAR of Lot B:  
$$4,580,000\text{won/m}^2 \times 0.31 \div 250\% = 5,679\text{won/m}^2 \cdot \%$$
- Selling Value of FAR:  
$$5,679\text{won/m}^2 \cdot \% \times 8,939\text{m}^2 \times 150\% = 7,614,687,150\text{won}$$



# Transfer Method

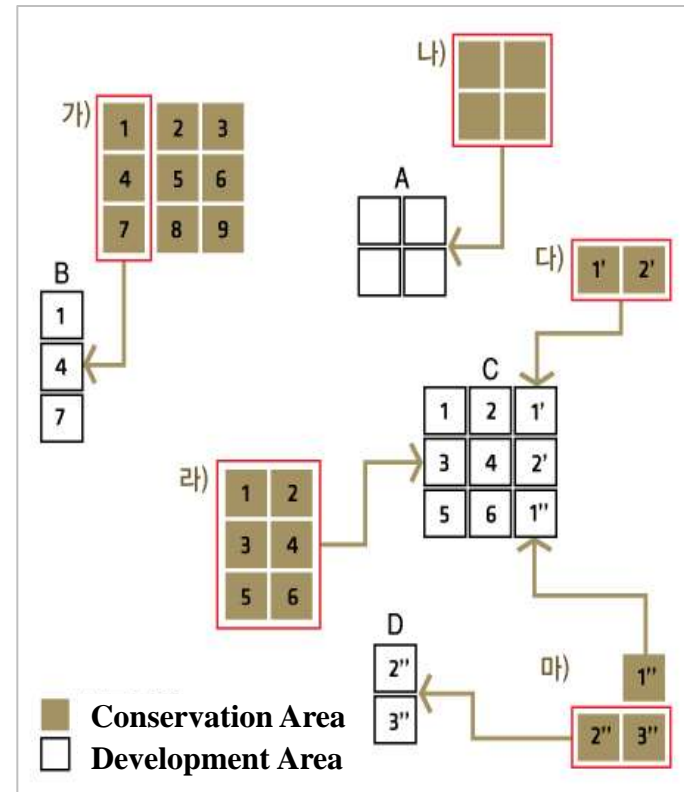
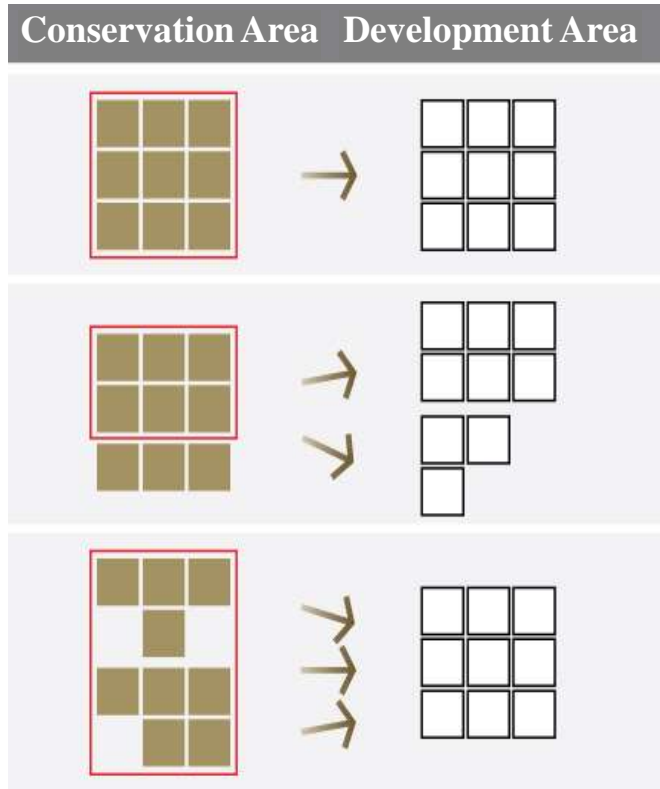
## ▪ Minizing transfer risks & cost

- In the preliminary stage, Local government should get involved in selling & buying FAR
- When the local government give development permission, they should charge fees for increasing FAR and give it to the conservation area according to the restricted FAR value.



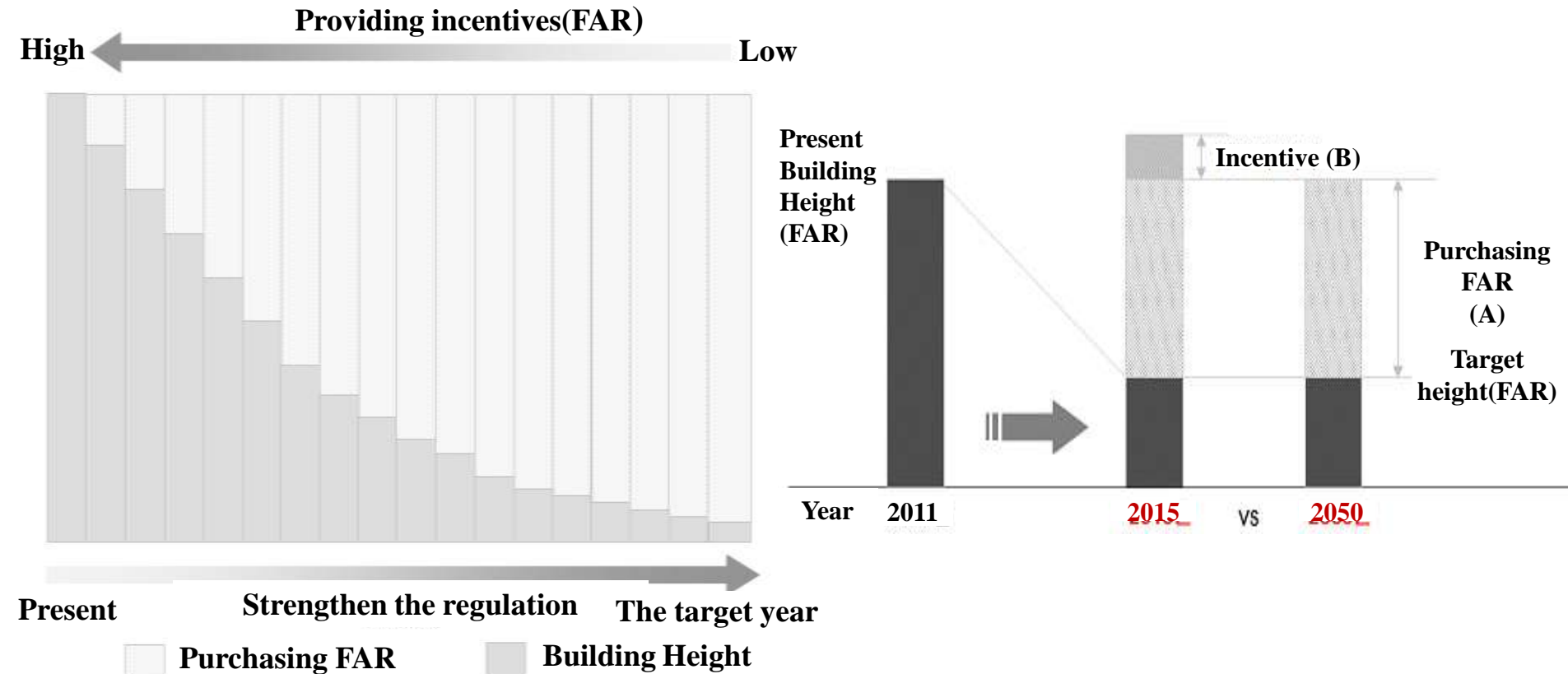
# Matching selling and buying areas

- The selling and buying areas of FAR can be linked in various combinations according to its FAR value, such as 1:1, 1:n, n:n



# Time Zoning and TFAR

- Gradually increase regulation on area needed to be preserved by buying restricted FAR



- **Establish FAR Bank to Promote Trading of FAR**
- **Increment Payment to Heritage Sites for Sustained Upkeep**
- **Transfer FAR Between Nations**

**Thank you !**  
Thank you !  
Thank you !

