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Trends in Urban Redevelopment in Central Tokyo

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I. Tokyo: Trends in Urban Planning

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1. Urban redevelopment as one component of urban renewal strategies

After the crash of the so-called "bubble economy" in Japan, the country entered a broad recession, and many areas—particularly large cities—found themselves hit with an explosion of bad assets and underutilized real estate. Further, in addition to bottlenecks to economic activity such as increasing traffic and overburdened airports, many areas have yet to deal with the negative legacy of the last century, including the fire dangers posed by neighborhoods overcrowded with aging wooden structures.

In the face of these conditions, both Tokyo and the central government have begun work on new urban renewal strategies, an important part of which are a variety of urban redevelopment projects.

2. Development projects focused on basic infrastructure

A critical part of Tokyo's renewal efforts will center on development of the basic infrastructure that sup-

ports life in the metropolis. Most of these development projects are moving forward under the aegis of public agencies, and include roads, airports, and other transportation networks; rivers, forests, and other environmental infrastructure; and on disaster preparedness development, including addressing safety and response issues in high density urban areas.

(1) Transportation Infrastructure

Upgrades to the basic transportation infrastructure can help lower the high cost of economic activity in Tokyo, and also relieve the burden on the environment. To accomplish this, improvements are being made to the runways at Haneda and Narita airports, and work on rail networks will deliver even better access. Further, the ports of both Tokyo and Yokohama are being designated as international "super center" ports, with a goal of both increasing operational efficiency and reducing costs to use the facilities.

Regarding highway infrastructure, upgrades are focusing on the orbital roads around the metropolis, which are the most critical in supporting the city's

economic vitality. As progress is made on the three major metropolitan beltways, it is estimated that the average speed of traffic during rush hour will improve from 21 kilometers per hour to as much as 30 kilometers per hour, bringing not only economic benefits, but a reduction in CO2 emissions and other air pollution.

(2) Environmental Improvements

Designs for the city of the 21st century will require more than just efficient functionality—they must create pleasant, healthy places to live. Today, Tokyo is working to bring more green space back into the city by promoting parkland growth, rooftop green planting as part of new developments, and even the transformation of waterfront landfills into large-scale forest lands. Work on rivers includes a project currently underway to better integrate embankments with park space along urban waterways such as the Shibuya/Furukawa River. The city is also looking at the possible replacement of the expressway running above the historic Nihombashi River area, similar to the removal and replacement underground of expressways in cities such as Boston and Seoul.

(3) Urban Disaster Preparedness

In the hill area of Ariake, along the Tokyo waterfront, the city is currently developing a staging area that would be used in times of a large-scale disaster. Work is also progressing on helping those areas most at risk during an earthquake—the high-density urban neighborhoods of wooden-frame houses—meet at least the minimum standards for safety in a disaster situation.

3. Promoting private sector investment in urban development

Renewal efforts cannot rely solely on the efforts of the public sector, however. It is critical that the resources and expertise of the private sector also be attracted, and that those resources are then aimed at creating new demand for redevelopment. Given the central role that Tokyo's renewal continues to play in the nation's economy, active promotion of private sector contributions to urban renewal efforts is the most effective way to assure delivery of a more enhanced and functionally complete infrastructure.

(1) Designating “Urban Renewal Critical Development

Districts”

As focal points for actively promoting critically needed private sector development support, major urban areas have begun designating “Urban Renewal Critical Development Districts.” There are now eight such districts in Tokyo, totaling over 2,500 hectares. Redevelopment work in these specially designated zones becomes eligible for financial support, and for special treatment under existing urban planning. Financial support includes interest-free loans for private urban development agencies to invest in the building of public facilities, as well as a variety of tax relief measures. In the urban planning area, a system now exists whereby private sector companies can put forth proposals directly as part of the urban planning process.

Further, it is possible for certain areas to be designated as special renewal zones under existing metropolitan planning. This designation provides a highly flexible process for applying new special-use definitions to specific districts, allowing for exemptions to use, density, and other restrictions that may already be in place. In Tokyo, three such zones, including the area along the west exit of Osaki station, have already been designated. In particular, the ability to set floor-area ratios that may be higher than normally allowed has proved a significant selling point for private developers.

(2) Special Exemptions on Floor-Area Ratios

In Tokyo, in addition to the above-mentioned special renewal zones, there exists a process for providing exemptions to floor-area and various other density restrictions, and these have been used effectively to encourage private sector developers to work toward creating a more desirable urban environment. These include the comprehensive design system under the Building Standards Law, as well as the special zoning system under the Urban Planning Law. These provisions allow for a relaxing of existing density codes in proportion to a development's contribution to the enhancement of the local environment, via, for example, the preservation of historical sites, the creation of public facilities, or the guarantee of a certain percentage of public open space within a development. In the area around Tokyo Station, for instance, a system to redistribute floor-area ratios among various developments has made it possible to plan for the re-construction of the station's historic central red brick

structure.

Such application of new and existing exemptions encourages private sector development investment, and works to further enhance central Tokyo's position as a center for international business. At the same time, it helps expand redevelopment efforts to both the creation of a more attractive multi-use urban core, and the improvement of industry-based secondary city centers.

(3) Using the Private Sector in Municipal Development Projects

There are also development projects in which Tokyo's metropolitan government takes the lead in renewing and upgrading infrastructure and buildings. One such project is the redevelopment of the Ohashi Junction along the Shinjuku Line of the central Metropolitan Expressway, which will incorporate both roadwork and improvements to the surrounding area. Such projects aim for a more efficient use of available land by combining roadway and adjacent land development. This method makes use of private sector expertise from the earliest planning stages, and also allows the private sector to take over building redevelopment and management of unused floor space.

4. Other urban development issues

Compared with other metropolitan areas around the country, Tokyo's urban renewal efforts are showing progress. Still, it still lags behind in the area of natural disaster preparedness, and needs to do better at developing for a better quality of life in the city of the future.

(1) Disaster Readiness in High-Density Wooden Home Districts

It is said that there is a 70% chance that Tokyo will be hit by a magnitude 7-class epicentral earthquake in the next 30 years. It is critical that safety measures be taken to protect the city's high-density neighborhoods of mostly olden, wooden homes. In addition to en-

couraging fireproof retrofitting of individual structures, renewal of metropolitan roads and the areas adjacent to major thoroughfares is needed, and wide-scale redevelopment of these neighborhoods is increasingly called for.

(2) Redevelopment of Smaller Buildings in the Urban Core

Tokyo's urban core features many districts dense with small- and medium-sized office buildings. Many of these buildings are aging or decrepit, have high vacancy rates, and no longer function effectively as part of Tokyo's international business center. In order to renew these neighborhoods, which are already beset by high density ratios, it will be necessary to make even better use of the available land. At the same time, the twin factors of a dropping urban business and residential population, and the possibility of continued growth in supply of large office building space, need to be taken into account when looking at plans for redevelopment.

(3) Environmental and Aesthetic Considerations in Urban Redevelopment

As environmental issues become more critical worldwide, urban renewal plans must look even more closely at ways to save energy and otherwise respond to environmental issues.

Also, in the past, our country has done a particularly poor job of making conscious choices to create and preserve aesthetically pleasing spaces. Beautiful cityscapes are a valuable asset to be passed down from one generation to the next. Now, more than ever, there is increasing discussion about the need to balance redevelopment with the preservation of historic districts, landscapes, and even views of buildings like the Imperial Palace and the Diet. Redevelopment in the name of "urban renewal" presents a valuable opportunity, but it requires a conscious effort to take advantage of that opportunity to create truly beautiful urban spaces.

II. Case Study: Efforts in the Otemachi, Marunouchi, and Yurakucho Area

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1. The Otemachi/Marunouchi/Yurakucho district

(1) Description

Comprising 110 hectares, the offices of nearly 4,100 companies, and a worker population of over 240,000 people, this district lies between metropolitan Tokyo's central station, JR Tokyo Station, and the grounds of the Imperial Palace, and is seen as the center of international business in Japan. There are 8 JR and subway lines and 13 stations used by over 920,000 people a day, and the revenue of the companies headquartered here that are listed on the first section of the Tokyo Stock Exchange represents nearly 20% of Japan's GDP.

Including buildings under construction, the district features 105 major office buildings with a floor space equaling nearly 6.4 million square meters. It has the highest floor-area ratio in the country at 1300%, with an average ratio of 1200%, and a floor-area use rate overall of 79% (for an approximate floor-area ratio of 943%). For private properties alone, floor-area use is at 85% (an approximate ratio of 1,020%).

At the same time, because office construction began so early in this part of the city, nearly 30% of the buildings in the area are more than 40 years old, and the need for functional upgrades is becoming an issue.

(2) Development History

Phase 1

In the Edo period, this area was lined with the mansions of feudal lords, but after the Meiji Restoration, much of the land was turned over to the new government, and was then occupied by the headquarters of the Imperial Army. When those headquarters were relocated in 1890, the lands passed down to Mitsubishi, and in 1894 Mitsubishi began construction on its first office building in the area, followed by the construction and opening of Tokyo Station in 1914, and the original Marunouchi Building in 1923. This marked the first appearance of a real "business district" in Japan.

Phase 2

After the mid-1950's, the country entered its period of highest economic growth, and businesses expanded rapidly. 1963 saw a revision of the Building Standards Law, and with it the elimination of absolute height

restrictions on most buildings, to be replaced by a system of floor-area ratio limits. In order to respond to the growing need for office space, more consolidation brought with it construction of higher-density office buildings. The office buildings that went up in this era are particular in their singular suitability to commercial use.

The period following the mid-1970's saw more and more companies consolidating their key functions in the Tokyo area, but at the same time office supply in the district was increasingly limited, leading to a chronic shortage of office space just as many of the older buildings saw their useful functionality adversely affected by their age.

Phase 3

With the crash of the "bubble economy" in the second half of the 1990's, the corporate focus turned to internationalization and the issues of the information age, which brought a need for better-quality, more highly functional office environments. Construction of large office complexes was dispersed to neighborhoods beyond the traditional core, and this area saw a drop in its role as a center for business.

At the same time, with Tokyo city planners focusing more on creating an internationally competitive infrastructure, the call went out to build not only more functional commercial structures, but to diversify beyond just office space, in hopes of developing a more attractive, multi-functional urban landscape. This area's designation was changed from a CBD (Central Business District) to what is commonly known in Japan as an ABC (Amenity Business Core), and the redevelopment now being seen is taking place under the policies of this new designation.

2. Urban renewal in the district

(1) Public-Private Partnerships

In 1988, landowners in the district formed the Otemachi/Marunouchi/Yurakucho District Redevelopment Projects Council (hereafter, the "Council"), with the goal of solving the issues of commercial functionality in the information/internationalization age, and promoting concrete, comprehensive plans for the renewal of the district. In order to enable the various land-

owners to share common concerns, and to focus on a concrete discussion of what the district should look like in the future, sub-committees based on specific themes were created, and at the same time research, opinion-gathering, and other efforts to increase the collective knowledge of the members were undertaken.

In 1996, under the principles of public-private partnership—which call for the public and private sectors to establish common goals, cooperate in assuming specific roles, and work to encourage a shared framework for the creation of urban development policies—the city of Tokyo, Chiyoda Ward, JR East, and the Council came together to establish the Otemachi/Marunouchi/Yurakucho District Renewal Commission (hereafter, the “Commission”).

Further, in 2002, a non-profit organization was formed, consisting of not only the landowners, but tenant companies, workers, and academics, and was called the OMY Area Management Association (hereafter, the “NPO”). The NPO is responsible for volunteer-based efforts at environmental improvements in the district, as well as organizing events and seminars, undertaking corporate market research through the use of its research monitor pool (now nearly 600 members), and providing other services to build its financial base.

(2) Establishment of Guidelines

In 2000, as part of the effort to establish a common vision for the district, and to set down the basic framework of rules and methods for its realization, the Commission drew up the “Otemachi/Marunouchi/Yurakucho Redevelopment Guidelines” (hereafter, the “Guidelines”). The document set forth eight major goals for the future of the area, and also established a roadmap for meeting those goals based on looking at the area in terms of zones, axis, and key hubs. Some of the Guidelines call for taking advantage, in future urban design, of the area’s “vertical axis,” the unique cityscape imposed by the 31 meter height restriction under the old building code, and others for the creation of networks of public parking, as well as networks of above- and below-ground pedestrian walkways.

While the Guidelines represent something of a “gentlemen’s agreement” and are legally enforceable, companies involved in redevelopment projects will find that local government will be looking at how consistent their plans are with the Guidelines.

(3) Specific Examples

As of the end of December 2005, 10 projects are underway based on the Guidelines noted above, and of these, 8 are in active development.

a) Marunouchi Building

The former Marunouchi Building was constructed in 1914 as one of the first American-style high-rise office buildings. However, with the Hanshin Earthquake of 1995, and the questions it brought about quake resistance in older buildings, the original structure was replaced in 2002 with a 37 story above-ground, 4 story underground multi-use building 180 meters tall, with a combined floor area of approximately 160,000 square meters.

From an environmental standpoint, the new building is notable for its recycling of construction waste and focus on zero-emissions processes during the building phase, as well as for its use of air barriers and outside-air cooling systems, which help reduce energy consumption as much as 30% when compared with similar new buildings of traditional design. The building’s food and beverage outlets also recycle 100% of their raw food garbage (nearly 15 tons a month) as feed for pig farms.

Within one year of its opening, the new building has



seen visitors grow to nearly 24 million annually, and the retail businesses alone generate almost 31 billion yen in sales a year. During the week, visitors are split evenly between men and women, but women represent over 60% of weekend visitors, and the active shopping segment is mostly women in their 20's-40's. Visitor counts and sales on the weekend now exceed weekday numbers.

This building is playing an important role, by showing why the area as a whole needs to get away from thinking of itself as a male-centric business district on the weekdays and virtually deserted on the weekends, and begin looking seeing itself as a town that is truly open 24 hours a day, 365 days a year.

b) The Industry Club of Japan Building

The Industry Club of Japan Building is an historic structure built in 1920 as a gathering place for the leaders of Japan's financial community. Unfortunately, its age has brought to the surface escalating maintenance costs, its inability to meet the needs of its modern-day members, and questions about its quake resistance. By having the structure registered as a Tangible Cultural Property, it became possible to preserve part of the original building, take advantage of funding support and various tax exemptions, and increase its allowed FAR while incorporating the structure into the overall redevelopment of an adjacent property.

c) The Tokyo Building

The Tokyo Building is a primary commercial-use office building that began construction in 2005. Its construction employs the comprehensive design system, while also taking advantage of two of the floor area ratio adjustments under the Guidelines: shifting the property's allotted floor area capacity to the district, while also pooling its actual volume use with that of the district.

At the same time, by shifting the surplus capacity of neighboring Tokyo Station's red brick terminal building, they were able to also switch that portion of their capacity that, under



the comprehensive design system, was supposed to have been dedicated to non-office use, to the Peninsula Tokyo project which was under construction at the same time, effectively allowing the Tokyo Building to remain exclusively office space, while the Peninsula was able to move forward exclusively as a hotel.

Note: The floor-area ratio standards have recently been revised (from 1000% to 1300% in some areas), and the district plan now calls for at least half of the additional 300% in capacity, or 150%, be devoted to other than office space.

(4) Interaction Projects

a) Naka Avenue

This avenue, which cuts north-south through the district, is a key axis for both business and leisure activity. As part of its renewal, the focus was kept on its position as a pedestrian-centered area, and making full use of the streetscape provided by the older (i.e. 31 meter maximum height) buildings fronting the avenue. Building owners were encouraged to bring more retail shops into their street-level spaces, and sidewalks were broadened and repaved, bringing a more enjoyable human scale to the experience. This has greatly increased Naka Avenue's contribution to the area, both in drawing pedestrians into the district, and in terms of increased retail activity.

b) Marunouchi Café

This café is almost an indoor park-like environment, enjoyed freely by workers in the area and visitors alike. With free Internet access and plenty of the latest magazines, the café gets nearly 1,000 users a day, and has grown into a true communication hub for the neighborhood.

c) Tokyo Millenario

This display of holiday illumination along Naka Avenue first started in 1999, and during its nine days of operation in 2005, saw almost 3.3 million visitors. In total, 17.7 million people have visited the Millenario in the seven years since its inception. It has become an important event for promoting the district and bringing in visitors.

d) Marunouchi Frontier

Many stately, giant corporations call Marunouchi home, but efforts are underway to encourage new business development in the district, and this project is designed to help build a network of venture capital,

consulting, and other smaller businesses. Not only does the location allow for more face-to-face communications, but there are also opportunities for venture companies to rent space at a discount to market prices, in buildings that are slated for redevelopment in two or three year's time. Some companies are offering warrants in their own planned public offerings in lieu of lease rents, and other efforts are underway to support young and growing companies.

3. Future Redevelopment

The future of urban renewal in our area depends, even more than ever, on effective discussion and sharing of ideas among all involved. Three keywords have continually come up in discussions in the past.

First, the sustainability. Urban renewal projects will be expected to focus more on environmental issues than ever before, and they will have to go beyond simple building-by-building energy savings, to looking at broad networks of water, wind, and greenery, and eventually incorporating a wider vision that takes into

account the environmental needs of the entire area.

Second, the use of public spaces. Currently, there are numerous restrictions on the use of public spaces throughout the district. A more effective collaboration between the management of public spaces and the owners of adjacent private properties will be essential to the creation of entirely new kinds of spaces for performances and events, and a more enjoyable pedestrian experience for everyone.

Third, area management. As competition between cities, and even between urban neighborhoods, continues to grow, it is important to look at redevelopment not only in terms of putting up buildings, but also in terms of how that connects with other urban renewal efforts, and how they all come together to increase the value and attractiveness of an area. Continued cooperation among, and collaboration between, all stakeholders in the area management effort, will foster a sense of this being "our town," and sense of identity and uniqueness that will in time lead to even greater competitive strength.

III. Urban Redevelopment in Tokyo: An International View

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1. Government-led Urban Redevelopment Focuses on Tokyo

The first moves toward a concrete set of policies related to urban redevelopment came about with the May, 2001 creation of the Urban Redevelopment Office, under the “Structural Reform” flag of the newly-formed Koizumi Cabinet. Implementation of the Urban Redevelopment Special Measures Law in June of the following year brought with it two key provisions: One, a loosening of restrictions on urban planning and developers (including enabling urban development corporations to make planning proposals; creating special development districts that could be excluded from existing urban planning restrictions, and setting deadlines on the time frame between initial proposals and actual decision-making); and two, creation of a system for providing financial support to private sector urban renewal developers (in the form of a new urban renewal fund aimed at directing private sector funds to investments in private sector developers, and in supporting investments in, and guaranteeing bonds issued by special purpose companies—SPCs—with specific, targeted operating goals. The overall direction of future urban renewal efforts is further outlined in the following excerpt from the basic policy statement:

Section 1: Regarding the Goals and Significance of Urban Renewal

1: The importance of urban renewal

As we enter the 21st century, our cities are increasingly at the core of our nation’s vitality. Urban renewal plays a basic and significant role in helping us to address the rapidly changing socioeconomic climate, including issues of internationalization, a low birthrate, and an aging population, while making our cities both more attractive and more internationally competitive.

Urban renewal can also boost economic recovery, by directing the power of private sector investments and expertise to urban redevelopment, thereby generating further demand. By increasing the liquidity of available real estate, it may also aid in solving the lingering bad debt issue.

2: Urban renewal goals

The redevelopment of our cities must balance the preservation of history and culture with the need to create cities that are both lively and livable, that are seen internationally as rich in vitality, and that become places of pride for future generations. (Excerpted)

Beginning in 2001, the Urban Redevelopment Office has also pointed to a variety of infrastructure, public safety, and scientific projects as key targets in the urban renewal effort. These include further improvements to basic infrastructure such as the Narita and Haneda airports and the three major roadways encircling metropolitan Tokyo; further development of urban waste management and recycling facilities; improvements to natural disaster planning and response systems, particularly in high-density residential areas; projects aimed at making the region an international center for genome research; and efforts to further promote the use of private finance initiatives.

Much of the background leading to the rising importance of urban renewal as a strategic issue has been related by the head of the Urban Renewal Strategy team, Professor Shigeru Ito of Waseda University (in the section “On the Forefront of Urban Renewal” in the publication “Perspectives on Issues in Urban Renewal”). Specifically, looking back at the Obuchi administration’s 1999 “Economic Strategy Council: Rebuilding the Japanese Economy,” at the Mori Cabinet’s “The Urban Renewal Roundtable: The Redevelopment of Metropolitan Tokyo; Building a More Attractive International Metropolis,” and at reports from the Tokyo metropolitan government, including “A Vision for Tokyo 2000,” and “The Metropolitan Megalopolis,” Dr. Ito points to the fact that “urban renewal” has, for all practical purposes, come to mean primarily the redevelopment of Tokyo,

“What redevelopment efforts in the Tokyo metropolis require is an understanding of how to create a city that is more attractive by international standards. Looking at the global trends of increasing borderlessness and a shift toward a postindustrial, information economy, it is clear that a unique ‘attractiveness’ is what will drive

people and businesses to a particular city. For the Tokyo metropolitan area to survive as part of the global economy, it is crucial that increasing its overall appeal as an international center become the focus of its urban development goals. “

(Excerpted from “The Redevelopment of Metropolitan Tokyo: Building a More Attractive International Metropolis” November 30, 2000, The Urban Renewal Roundtable)

”The rapid urbanization of Japan has passed its peak, and now our country faces an era of low birthrates, an increasingly aged citizenry, and an overall drop in population. The urban policy issues that drove post-War Tokyo—how to cope with the increasing concentration of the population in the city, and the rapid growth of industry—are now at a major turning point. After growing to become one of the world’s major metropolises, Tokyo must now reassert its place as a key center for Asia, and as the driver of our prosperity as a nation. To do this, it must not only continue to function as our nation’s capital, but it is essential that it continue to develop into a city with the strength and vitality to withstand the increasing global competitiveness of the 21st century.”

(Excerpted from the outline for “A Vision for Tokyo 2000”)

It is clear that as globalization and the growth of a knowledge-based society continue, so does the growth in direct investment across national borders, bringing with it an increasingly mobile knowledge workforce. Given this, it is important that cities (or metropolitan areas) work to build an environment that is attractive to all, to remain globally competitive. For Tokyo, dealing with the bad debt problem that has dragged on the economy throughout the 90s, by boosting Tokyo land prices and bringing vitality back to the real estate market, is an essential step. Some believe that Tokyo, and Japan as a whole, have already begun to lose their global competitive edge.

As can be seen in Saskia Sassen’s “Global Cities,” or the Loughborough Group’s “GaWC” inventory of world cities (Cities are ordered in terms of world

city-ness values ranging from 1 to 12; J.V. Beaverstock, R.G. Smith, and P.J. Taylor, “A Roster of World Cities,” GaWC Research Bulletin 5. Loughborough: University of Loughborough), which Sir Peter Hall quotes in his own work, Tokyo has often been put at the top of the list of the world’s major cities. But look at the data quoted by the Urban Redevelopment Office, from the Swiss-based International Institute for Management Development’s (IMD) World Competitiveness Center in their annual Yearbook of World Competitiveness; Japan’s overall global competitive strength has actually decreased. From 1989 through 1993, Japan was consistently ranked number one in the world, but by 2005, it had fallen to number twenty-one on the list, ranked well below neighboring Asian cities such as Hong Kong (second), Singapore (third), Taiwan (eleventh), and China’s Zhejiang Prefecture (twentieth, adjacent to Shanghai). With its continuing rapid drop in population, an aging population and falling birth rate, Japan is expected to face an inevitable shrinking of its economic base. Should foreign corporations and investors begin viewing Tokyo as nothing more than an entry point to a country with an ever-contracting economy, there is no way the city can maintain its position of importance versus its rapidly-expanding neighbors in Asia.

This focus on the city as an economic center is increasingly common in the globalized economy. Particularly in economics, the work of Fujita and Krugman in spatial economics (the “new economic geography”) has focused on the benefits of an urban concentration of economic activity, and in management theory, Michael Porter’s “The Competitive Advantage of Nations,” as well as his work with “competitive clusters,” have gained a great deal of attention. As is further noted in the ideas of geographer Allen Scott’s “Global City-Regions,” increased globalization and borderlessness has brought with it a reevaluation of the importance of global city-regions or urban buildup as a measure of global competitiveness. Porter’s theory of industrial clusters has had a particularly significant effect on regional strategy, not only in Japan, but also throughout Asia and the West, further increasing awareness of the need to make strategic decisions that increase the strength of those growing regions most expected to be able to compete globally. In that respect, Japan’s cities have never really taken full advantage of this economic concentration, and the country’s economists continue to press for an approach to urban

revitalization that focuses more on using market forces to achieve this kind of concentration.

Given this background, it is understood that the primary focus of Japan's government-led urban redevelopment strategy is the strengthening of the metropolitan Tokyo area's role as a "global city-region." All of the projects proposed as part of the renewal effort are of short term, critical importance—basic infrastructure, the environment, and disaster planning—but it is too early to judge the results of these efforts. Still, there remains room to argue whether or not these projects, taken together, represent the kind of comprehensive redevelopment strategies needed to truly build and maintain Tokyo's standing as a major, globally competitive metropolis. In following sections, I would like to examine the direction urban renewal is taking in the Tokyo area, focusing particularly on the concept of diversity as the key to approaching a more globalized economy and an increasingly knowledge-based society.

2. Criticisms of Current Redevelopment Policies

There has already been a great deal of debate from a variety of viewpoints concerning current urban renewal policies, with particularly negative opinion focusing on whether or not these policies really lead to the creation of urban spaces suited to the people who must live and work in them. Some of these criticisms include, 1) that increasing the focus on Tokyo alone only increases regional disparities; 2) that central government-led policy development goes against the move toward greater regional autonomy; 3) criticism of policies based on loosening of restrictions on land use and building design, and a lack of participation in such policymaking; 4) over-promotion of development plans that primarily favor ultra-high rise designs favored by major developers; and 5) that policymaking is lacking in a "grand design," and fails to take into account the continued aging of the population, the falling birthrate, and the inevitable drop in population.

As noted earlier, issues 1) and 2) are a result of a redevelopment policy direction that favors increased concentration of economic activity and population in the cities. Let's look at the example of the use of real estate securitization, or J-REITs. On the one hand, this tactic can be applauded as an effective measure for providing a more transparent investment process, revitalizing both foreign and domestic investment activ-

ity. On the other hand, it has also been seen that financial institutions in declining regions, faced with a lack of any viable investment targets for their surplus funds, will instead invest in J-REITs built around real estate assets in the Tokyo area, further depriving their own regions of economic activity. Clearly, even should Tokyo itself win out by concentrating all of the available capital and human resources of the nation in one place, creating a single enormous regional megalopolis, this would not necessarily be a desirable outcome for the country as a whole. Even in ongoing discussions of the introduction of a comprehensive regional system, the role Tokyo should play in such a scheme has proven a subject of difficult debate. The position of a "too-powerful" Tokyo in the overall direction of the nation must be taken into consideration in policymaking at the central government level. While beyond the scope of this paper, it is hoped that the growth of specially-designated city-class metropolitan regions outside of Tokyo, and the move towards regional revitalization centered around independent regional efforts—as seen in the National Model for Urban Redevelopment, the creation of designated structural reform districts, and the Regional Revitalization Act—will eventually bear fruit.

Issue 3) above is not an issue necessarily unique to recent urban redevelopment policies, but is endemic in the land use regulatory system itself. Under privatization efforts and systematic deregulation undertaken by the Nakasone administration through to today, repeated reviews of land use regulations have focused on the economic benefits of a more fluid real estate market. As a result, while the system for proposing new land use has grown more effective, it has not been able to address some very basic problems, such as the continued escalation of local tensions surrounding high-rise condominium development. This is because the current regulatory structure is strongly pre-disposed to certain kinds of development, and has not been effective in managing these issues. Particularly in terms of managing comprehensive design projects, it has been demonstrated that the system rewards the developer with a distorted path towards huge profit, while the neighboring residents suffer the often-serious economic consequences. Looking at current redevelopment policy, in 2002, Tokyo revised its Environmental Impact Assessment ordinance, loosening restrictions on what types of development should be the

target of environmental assessments in specially designated regions, and shortening the time required for such assessments, and this too has faced criticism. What is needed today is a system that provides for diverse debate between both residents and experts, and for fairly evaluating the external effects of, and managing discussion about, building and development projects above a certain size, projects which not only have a real physical effect on their surroundings, but which can deliver broad external economic, social, and cultural benefits to their communities.

Points 4) and 5) above will be discussed in greater detail in the following pages.

3. Urban Space and Concentration, Diversity, and Tolerance

What conditions are most desirable for a city to benefit from a concentration of resources as part of an approach to increasing globalization and a more knowledge-based society? According to the results of research conducted into urban growth and concentration by E.L.Glaeser and others at Harvard University, the greater diversity of industries to be found in a region, the greater its competitiveness, which leads in turn to urban growth. They refer to this as a case in which the so-called Jacobs Externality can be observed, based on the writings of Jane Jacobs in her book "The Economy of Cities." In this work, Jacobs focuses particularly on the importance of creating a diverse concentration of small and medium-sized businesses. Further, Richard Florida, in his "The Rise of the Creative Class," points to three measures that most effectively characterize America's high-tech metropolises, the Melting Pot Index, the Gay Index, and the Bohemian Index. The creative class, leaders in any knowledge-based society, is made up of a diverse collection of human capital (as indicated by the nature of his indices, particularly the "gay index"), and the more tolerant a community is of such diversity, the more advanced it becomes. He goes on to mention San Francisco as one example of such a city.

This being the case, exactly what kind of urban space best fosters this sort of diversity and tolerance? Jacobs, in her work "The Death and Life of Great American Cities," points to the commingling of business and residential areas, small-scale urban divisions, and a diversity of building sizes, shapes, and life spans as important factors. She also emphasizes the importance

of so-called "social capital," or the creation of human networks based on trust relationships. Her points are still valid in today's world. Many of the redevelopment projects facing criticism today are singled out for their great height and vast scale, for creating urban spaces which are islands unto themselves, divorced from the neighborhoods around them. This doesn't mean that world-class business districts such as the Marunouchi area should come under similar criticism, nor does it mean that all ultra-high rise development is necessarily bad. Still, neither can one argue that it would be desirable to have nothing but homogenous, high-rise, large-scale development, either. As Jacobs points out, by making effective use of an available supply of small-scale, affordable real estate, you can provide opportunities for new ventures to get off the ground, or for a diverse group of young people with talent to participate in their communities, invigorating the neighborhood and further strengthening the diversity of its resources.

Looked at from these issues of "concentration" and "diversity," the example of the Akihabara/Kanda region in Tokyo, which was designated an Emergency Development Area under the current urban redevelopment plan, presents an intriguing dichotomy. The centerpiece of the development plan for the area focuses on the area around Akihabara Station, the site of the old Tokyo Kanda Market and formerly National Railway lands, which are now being redeveloped under the auspices of the Tokyo Metropolitan Government to create a new global IT center connected to the surrounding Akihabara "electric town." The pillar of the renewal effort in the district is the Akihabara IT Center (consisting of the Akihabara Daibiru and the UDX building), of which the UDX Building, at twenty-two floors above ground, three floors below, and a total area of 160,000 square meters, offers the nation's largest per-floor office space, with nearly 4,800 square meters on each floor. Leading the development of the UDX building is a special purpose corporation that sponsors the developer companies involved, and funds for construction were raised through the issuance of securities. That funding includes project bonds held by securities firms, and a senior loan held by one of the nation's largest financial institutions, along with a mezzanine loan provided through the Urban Redevelopment Fund (the first investment fund put together by the Development Bank of Japan). The UDX Building project

may be representative of the new wave of government-led policy-driven redevelopment projects in its use of this kind of diverse funding.

On the other hand, the area surrounding this redevelopment district, Akihabara's "Electric Town," consists primarily of a high concentration of older, small multi-use buildings, in contrast with the shiny new high-rise construction going on around it. The area, once the center of home appliance sales, moved on to comprise mostly personal computer-related businesses, and since the late 90s has undergone a third, even more sudden transformation into a Mecca for the (sometimes less than wholesome) "anime-otaku" crowd. In other words, from its inception, the district has managed to continue to grow and change on its own, positioning itself now as an "industrial cluster" for the very IT, anime, and digital content products so representative of Japan's export market today.

Further, the neighboring areas are seeing new development as part of the SOHO town vision for Chiyoda Ward as a whole. The town is continually looking at ways to improve its overall management, by addressing the rapid increase in vacancies in its many mid-sized office buildings, improving building earthquake resistance, and supporting new businesses by encouraging office conversion to SOHO use and helping owners find tenants. In particular, by working to attract young knowledge-based workers such as designers and art directors to the smaller office buildings, and at the same time encouraging the growth of new venture businesses, the town is hoping to create new kinds of commerce by connecting this population of workers with existing businesses in the area. They have already begun to see a revitalization of the neighborhood, as young newcomers begin participating more in Kanda's neighborhood boards and festivals, breathing new life into this

This latter case can be seen as a validation of Jacobs's theories, and this is where a hint may lie about the connection between global competitiveness and urban concentration. In other words, in order to encourage the concentration of small-scale, knowledge-based businesses, you need to provide both work and residential space in close proximity, make effective use of a stock of existing, smaller buildings, and encourage the growth of social capital in the neighborhood, all of which, combined, represent an important alternative path to urban renewal. It will be interesting to see how

these two very different approaches work side by side in the creation of this new global IT center in the heart of Tokyo's "Electric Town." We look forward to further developments.

Finally, while different in many ways from the Akihabara district, in the sense of town management that goes beyond individual buildings to incubate a real sense of neighborhood social capital, management efforts underway in the so-called OMY area (the Otemachi/Marunouchi/Yurakucho district), and in the Marunouchi Frontier neighborhood, certainly bear further watching.

4. Creating Urban Spaces for the Next Generation

In order to create urban spaces that can be carried over to future generations, it is necessary to view property and building use and management over a long period of time. Further, given the aging population and falling birth rate, Japan faces a continuing population drop, which, as it worsens, will mean that the Tokyo metropolis will no longer be able to rely on a regular inflow of new residents from surrounding regions. Some have pointed out that, given these circumstances, not enough debate has been devoted to a wider-reaching "grand design" in the creation of urban development plans. Let us take a look at the example of Germany, which faces the same aging, falling birth rate, and subsequent drop in its working-age population.

The United Nations Population Division, in its report "Replacement Migration: Is it a Solution to Declining and Aging Population?" carries the results of a study which shows that in order to maintain their working age populations (those between 15 and 34 years of age), Germany and Japan would each require an annual migrant influx of at least 487,000 and 647,000 people, respectively. Germany, which established new immigration regulations last year, has decided to give preferential treatment to those skilled workers who are most likely to contribute to the nation's productivity, and to those with considerable assets in their possession. One example often given of the results of this policy is that the country's national soccer team is now supported largely by the efforts of talented foreign players.

At the same time, in the nation's capital of Berlin, a variety of new development projects are taking shape around the former East German territory. The new Adlershof Research Technopark, with Humboldt Uni-

versity at its center, is being built near the new airport, and the concentration of research facilities is being designed within reach of new housing, as well. In the Marzahn district of old East Berlin, meanwhile, efforts are underway to renovate and downsize the vast tracts of low-quality Communist-era apartment blocks. The government is thus pursuing a dual track toward development: creating new clusters of development where future growth is likely to be centered, and at the same time focusing different policies on those areas where population decline is predicted to continue. In the center of the city, the Hackeschen Höfe—a classic example of redevelopment through the renovation of an historical retail/business/residential structure—recreates the Berlin of the 1920s, when a mostly Jewish foreign population was an active part of city life. A Jewish Museum, and a Holocaust Memorial, are also part of recent development in the city center. Further, as was the case with IBA Berlin, redevelopment of the area surrounding Potsdam Square brought world-class architectural talents to the city, while also attracting its share of controversy and long drawn-out, diverse debate before becoming an reality. Overall, however, the underlying theme is one of continuing social investment supported by a long-term vision.

Given the example of the urban renewal efforts in Berlin, the question of how the Tokyo metropolis can create and maintain a redevelopment strategy in this age of globalization and a society based on knowledge assets can perhaps be answered with the keyword “diversity,” in the following five ways: 1) diversity of human resources, 2) cross-project coordination and the development of a “grand design” that brings diversity to the city as a whole, 3) preservation of historical and cultural diversity, 4) a governance system that supports a more diverse urban society, and 5) development of diverse funding mechanisms that make possible social investments based on a long-term vision.

First, regarding point 1) above, look at the situation with our national sport, sumo wrestling—today it is supported largely through the efforts of very talented foreign wrestlers. Isn’t it possible that the same will eventually be true of many other fields of endeavor? In Tokyo (where the future population has little say in plans being laid today), as in Germany, it is more than likely that a certain number of immigrants and foreign workers will become a permanent part of the city’s working and residential population, yet one must

question the creative ability of present-day planners to design that kind of diversity into their development plans for the future. This take us to point 4), which addresses in part the darker side of growing social diversity, namely the need to address issues of public safety and the real difficulties in integrating a diverse population; much more discussion is needed regarding the creation of a governance system that is accepting of such diversity, and the social decision-making process needed for it to function.

Looking at points 2) and 3), Tokyo is certainly a cluttered city, lacking in the cohesiveness and sense of grand design seen in many Western capitals, still, some say that is where Tokyo’s unique charm lies, and that maybe it doesn’t need an overarching grand design. While this view might lead to a positive focus on maximizing each individual project, it doesn’t leave much room for coordinating across projects to ensure the growth and preservation of a diverse environment across the entire cityscape. As in Berlin, what is needed is a vision that, on the one hand, supports concentrated growth in certain key centers, while providing for strategic downsizing policies in areas where population loss is progressing. Further, assume that an urban design based on visual integration would indeed be difficult. As was seen through research in the 80s on the Edo vs. Tokyo issue, if Tokyo’s appeal is indeed rooted in its traditional use of space, then shouldn’t it be possible to increase that appeal by respecting those historical principles in future planning, different though they may be from Western concepts of urban space? And last, like Germany, Japan needs to address its historical issues with its neighbors in Asia, and determine how it wishes to reflect the memory of this historical diversity in its urban spaces. In any case, there is unquestionably a need for some kind of “grand design” that can provide an all-encompassing view of the Tokyo region.

Finally, regarding point 5), it is clear that current urban redevelopment focuses primarily on economic measures, with a great emphasis on speed. In the past, not much attention was paid in Tokyo to preserving building stock, and the lifespan of the average building was generally short; the city essentially underwent an ongoing series of “model changes.” For example, many of the buildings first put up in the 1970s under the Urban Redevelopment Law are now fast decaying, and are themselves targets of redevelopment. One

wonders just how much of the building in Tokyo between the end of the War and today was even done with any thought to future generations. For that matter, how long will the buildings going up as part of urban redevelopment projects today last without decay? Development in the area around Tokyo and Yurakucho Stations, which have been designated “Special Emergency Redevelopment Zones,” has focused a great deal on renewal that incorporates historic elements, including preservation of the Nihonbashi area and its river, the former Mitsui headquarters building, and the old headquarters of the Industry Club of Japan, as well as the restoration of Tokyo Station itself, along with the original Mitsubishi headquarters. Investment in the preservation of these historical assets for future generations carries with it many benefits, but while the long-term social benefits may be great, the short-term private profit to be made on each of them is small, and there is always the danger that the importance of such investments will continue to be downplayed. While it may not be easy to find a way to promote such investments and still reconcile these divergent expectations, it is this kind of long-range vision and commitment to social investment that is needed.

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