

# THE COMMERCIAL REVIVAL OF DISASTER-HIT AREAS BY TOWN MANAGEMENT ORGANIZATION

## - CASE STUDY: THE AREA HIT BY HANSHIN-AWAJI EARTHQUAKE -

**DR. SHOHEI BENIYA**

*Researcher, Disaster Reduction and Human Renovation Institute  
1-5-2, Wakihama-Kaigandori, Chuo-ku, Kobe, 651-0073, Japan*

### Abstract

To revitalize weakened inner cities, many people are paying attention to the activities of TMOs (Town Management Organizations), which are entitled to revitalize by operating within the boundaries of the Law on Improvement and Vitalization in City Center<sup>(1)</sup>.

From a different angle, it was thirteen years since the Great Hanshin-Awaji earthquake hit the area in 1995. Partially because of the national economic recession, adding to the earthquake damage, local commerce and industries in the damaged areas have not been fully recovered, whereas housing and infrastructure have been recovered. This situation has become a major issue of damaged areas. TMOs are expected to play a major role in the damaged area's commercial revival.

First, this study looks at the recovery conditions of commerce recovery in damaged areas such as Kobe city, Amagasaki city, Itami city, Akashi city and Takarazuka city, which have applied the Law on Improvement and Vitalization in City Center. Then, it focuses on the Shin-Nagata area severely damaged in Kobe city, and explains TMO's establishing process under the city center revitalization system, clarifies endeavors for Machi-Dukuri.

**Keywords:** Hanshin-Awaji Earthquake, Town Management Organization(TMO), Inner-City Revitalization Project, inner-city, downtown area

## 1. Introduction

To revitalize weakened inner cities, many people are paying attention to the activities of TMOs (Town Management Organizations), which are entitled to revitalize by operating within the boundaries of the Law on Improvement and Vitalization in City Center. As for prior analyses<sup>1),2)</sup>, there are case studies that illustrate Machi-Dukuri organizations' establishment and activities.

From a different perspective, although thirteen years have already passed since the 1995 Great Hanshin-Awaji earthquake, delay of recovery in local commerce and industries in the damaged areas is still a major problem.<sup>3),4)</sup> Population in the damaged commercial areas had decreased rapidly, the number of shops that closed down in the damaged city centers had increased. Trying to examine commercial revitalization measures in future disaster, it would be helpful for us to study the details of TMO's establishment and activities for Machi-Dukuri in damaged city centers.

Concerning the commercial revitalization after the earthquake, there is prior research about rebuilding shopping districts and retail stores and the factors for revitalization.<sup>5)6)</sup> However, there are no studies focusing on improving and revitalizing city centers or TMO's activities.

First, this study looks at the recovery conditions of commerce recovery in damaged areas such as Kobe city, Amagasaki city, Itami city, Akashi city and Takarazuka city, which have applied the Law on Improvement and Vitalization in City Center. Then, it focuses on the Shin-Nagata area severely damaged area in Kobe city, and explains TMO's establishing process under the city center revitalization system, clarifies endeavors for Machi-Dukuri.

## 2. TMOs and Law on Improvement and Vitalization in City Center

The Law on Improvement and Vitalization in City Center<sup>(1)</sup> is a tool aiming to revitalize inner cities. It focuses on the following two points: 1) Development and improvements; and 2) Commercial revitalization. Local governments that want to promote and revitalize city centers based on the law must draw an Improvement and Revitalization in City Center Fundamental Plan that needs to be in tune with the fundamental policy proposed by the national government.

After that, any organization that wishes to become a TMO must make the TMO Draft. TMOs aim at a comprehensive coordination and implementation of operations across a wide geographical area in commercial sites, to make sure that the entire area can function just like a single shopping mall.

### 3 TMOs in the devastated cities hit by the Great Hanshin-Awaji Earthquake

There are six cities where the Law on Improvement and Vitalization in City Center was applied among municipalities hit by Hanshin-Awaji Earthquake. This study covers five of six cities, Amagasaki City, Itami City, Kobe City, Akashi City and Takarazuka City, except Sumoto City that exists in Awajishima-island. We focus on the establishment process and the role of TMOs, and the community system to support TMOs.

In Akashi City and Takaraduka City where the urban area redevelopment projects had been executed before the earthquake, the management companies for the redevelopment buildings were authorized as TMOs. On the contrary, in Shin-Nagata District in Kobe City where the redevelopment project was advanced after the earthquake, the management company for the redevelopment isn't directly related with TMO. Joint public-private venture supported by the local shopkeepers was established and authorized as TMO.

In Amagasaki City and Itami City, there is no redevelopment project in the target area of Law on Improvement and Vitalization in City Center. In Amagasaki City, a joint public-private venture was established as TMO, which was supported by the local shopkeepers like Shin-Nagata district. In Itami City, the chamber of commerce and industry was authorized as TMO, and a new association called Itami Town Center was organized by citizen to support TMO.

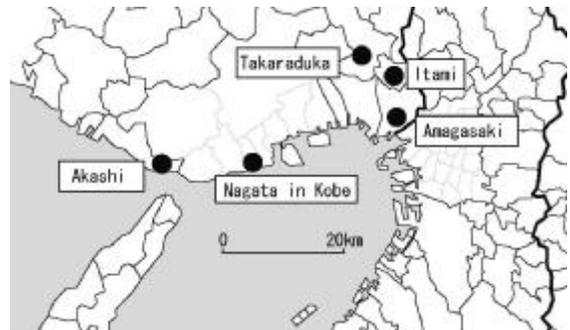


Figure 1. Locations of TMOs

Table 1. Outline of TMOs of Damaged Areas

City/Ward	Nagata ward in Kobe City	Amagasaki City	Itami City	Takaraduka City	Akashi City
Area	113ha	75ha	80ha	98.5ha	60ha
Fundamental plan	2000.12	1999.6	1999.3	1999.3	2000.2
TMO authorized	2001.6	2002.6	2001.3	2000.5	2000.4
Type of TMOs	Specialized Third Party Private Company	Specialized Third Party Private Company	Shoko-kaigisho	Specialized Third Party Private Company	Specialized Third Party Private Company
Support from Community	○	○	○	△	○
Related Project	(After Earthquake) · urban redevelopment project · land readjustment project	—	—	(Before Earthquake) · urban redevelopment project	(Before Earthquake) · urban redevelopment project

To observe the commercially revitalizing state of devastated areas located within administrative districts containing TMOs, the chart (Fig.2) shows the relations between population and retail product sales in 1997 and 2004, with the 1994 value right before the quake set as the base 100.

From this chart we understand that in 1997 only Nagata ward in Kobe city showed both population and retail product sales below prior-earthquake levels. By 2004, the chart also shows notable delays in recovering. Because of that, in the latter part of this study we will focus on the Shin-Nagata district as a case study for an example of TMO's dealing with devastated areas.

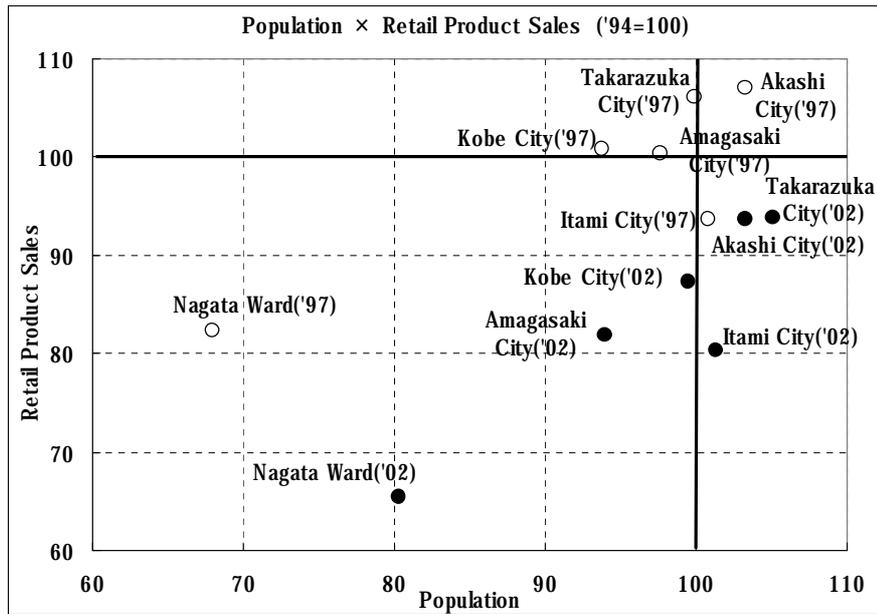


Figure 2. Relations between Population and Retail Product Sales in 1997 and 2004 (the 1994 value right before the quake set as 100)

## 4. Characteristics of the Object Area

### 4-1 Characteristics of Nagata Ward

Nagata ward, to which the Shin-Nagata district belongs, used to support Kobe's economic activities as one of the centers for heavy and other large-scale industries. However, inner-city problems are emerging in this area, such as decreasing population, problem of aging, industrial structure changes, and declining local industries. At the same time, it has been a concern that vitalization has been slowed down by delays in meeting consumer demand's changes and renewing city functions in shopping areas and retail markets. Moreover, the Hanshin Awaji earthquake determined serious damages by killing 919 people and completely or partially burning 4,772—and destroying 23,803—buildings and houses. Even now, the delay of the recovery in the area is worrisome.

### 4-2 Characteristics of the Shin-Nagata District

The Shin-Nagata district is a public transportation hub in Nagata ward's southern part (merging JR, the subway Kaigan line and the subway Seishin-Yamate line). It is also known as the Western Sub-Center commercial area. There are also some clusters of chemical industry, locally grown after WWII, including many small and medium-sized companies. Before the earthquake, there were 900 retail stores in the area, but their number has declined since then.

After the earthquake, a massive urban redevelopment project has been undertaken in a 20.1-hectare area in the southern part of the Shin-Nagata district. Facility improvements—including housing, commercial buildings, roads and parks—have been under way. A land readjustment project has been undertaken in a 42.6-hectare area (except for the 17.0-hectare Takatori-kita area) north of Shin-Nagata station.

### 4-3 Designated Inner City Zone

A 113.4-hectare zone around Shin-Nagata station was declared a designated zone under the Inner-City Revitalization Project. In an interview, the Kobe city government cited the following four reasons for its designation.

- (1) Existence of many large-scale commercial activities

The area around Shin-Nagata station was a relatively large-scale commercial area in Kobe. The area started declining even before the earthquake and needed some supporting system by the Law on Improvement and Vitalization in City Center.

- (2) Impact of the earthquake

Since the area was one of the most seriously damaged, the shopkeepers needed the public supports for revitalization and recovery.

## (3) Revival of chemical industry

Core facilities needed improvement under the Inner-City Revitalization Project umbrella<sup>(2)</sup> to revive chemical shoe manufacturing, a local major industry.

## (4) A different project applied to the Sannomiya metropolitan area

It is generally accepted that Sannomiya is Kobe's center. In 1996, this district was already declared a designated zone under the Specific Commercial Center Improvement Fundamental Plan. Therefore, the Shin-Nagata district, being the Kobe's western sub-center, had to be designated as well to some redevelopment plan.

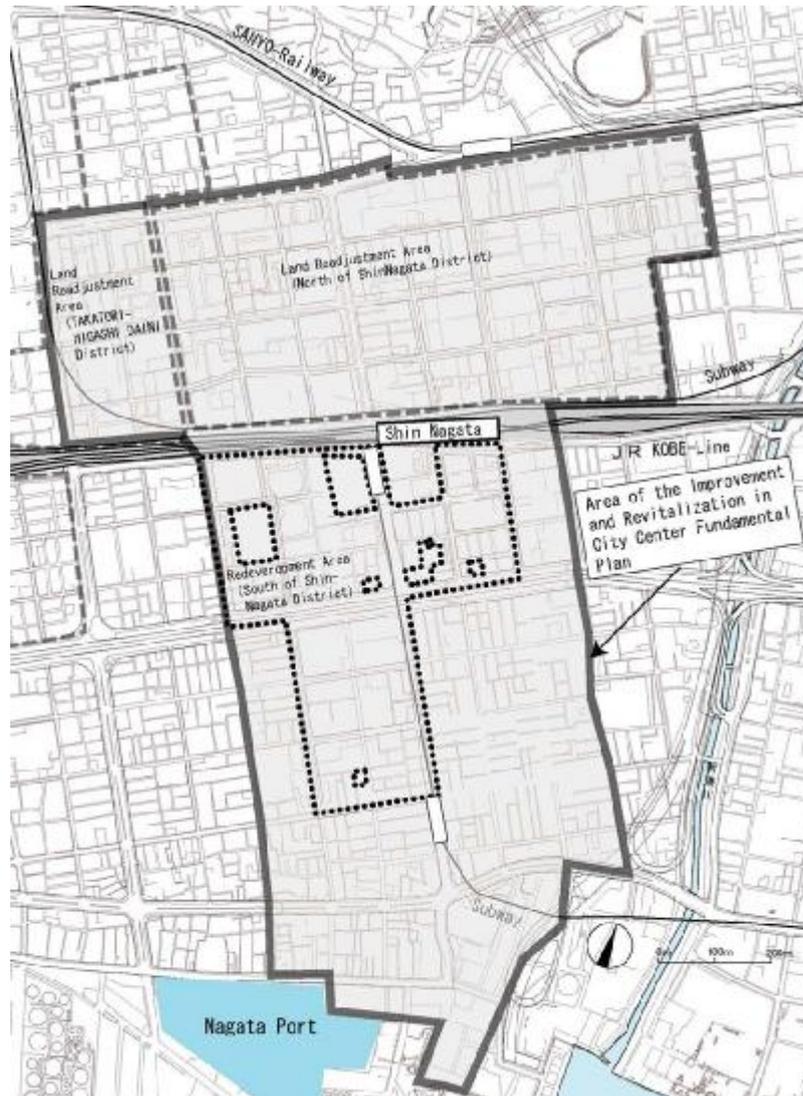


Figure3. Zones of the Redevelopment project, the Land Readjustment project and the Improvement and Revitalization in City Center project<sup>(8)</sup>

## 5. Process of TMO's Establishment

Local shopkeeper's voluntary activities and Kobe city government's proposal for Inner-City Revitalization Project caused the establishment of the TMO.

After the project basic plan was made in December 1998, the city government tried to make the Shin-Nagata Town Management Company Limited an official TMO. The company major objective was to manage building redevelopment and was independently established, irrespectively of the TMO framework. Set up only for redevelopment, it failed to satisfy all TMO's requirements<sup>(3)</sup>. Then, in the fiscal year 1999, shopkeepers and the

Machi-Dukuri Council drafted the Commercial Town Management Plan for the Area around Shin-Nagata Station to respond to the Kobe city government proposal. These activities helped building local consensus.

Besides activities led by the city government, Shin-Nagata district shopkeepers played a major role in hosting an event called Revitalization Big Bazaar, which was subsidized by the Hyogo prefecture government and the Japan Keirin Association. Many young shopkeepers worked for the secretariat and, later on in January 2000, formed the Asuta Kirameki Association. This group is a private volunteer organization set up by local shopkeepers to revitalize shopping districts that suffered because of the earthquake. It lunched many activities desired by the TMO, such as producing joint leaflets for sales promotion and hosting joint events.

With the Kobe city government requirement, the association formed the "TMO Draft Making Committee". Mainly funded by local shopkeepers, the Kobe-Nagata TMO Ltd. was established in June 2001 and has become a driving force for the commercial revitalization.

Table 2. Process of Revitalization in Central Urban Area in Shin-Nagata district

	Activity of Kobe city government	Activity of local commercial companies
October, 1998	Establishment of the ShinNagata TownManagement Comapny Ltd.	
December, 1998	Formulation of an Improvement and Revitalization in City Center Fundamental Plan by Kobe city government	
July, 1999	Inauguration of the Committee to draft a Commercial Town Management Plan for the Area Around Shinnagata Station	
October, 1999		Holding of a Large Bazaar for Recovery
January, 2000		Establishment of the Asuta Kirameki Association
July, 2000	Inauguration of the TMO Draft Making Committee	
June, 2001	Establishment of the Kobe-Nagata TMO Ltd.	
September, 2001	Approval of TMO Draft by Kobe city government	

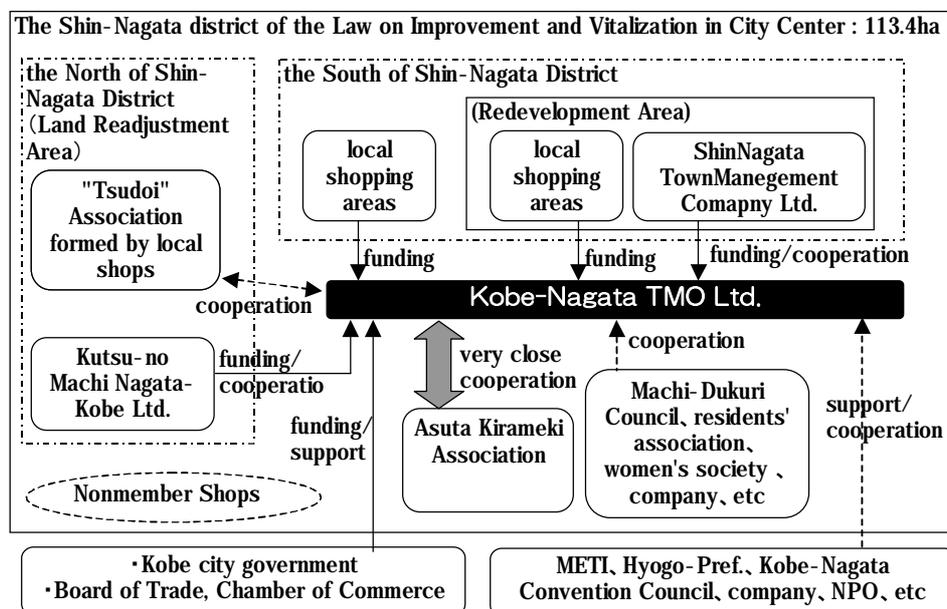


Figure 4. Closer Cooperation with Non-TMO Organizations

## 6. Closer Cooperation with Non-TMO Organizations

The Kobe-Nagata TMO is a corporation established by a group of local shopkeepers, the third sector, the chamber of commerce, the Kobe city government, and so on. It works in closer cooperation with various local town management groups. Many of its members also work for the Asuka Kirameki Association that contributed to the

TMO establishment, and the two organizations work very closely. There is appropriate allocation of roles between the TMO and the Asuta Kirameki Association due to their characteristics. Some tasks are easily managed by the TMO since it is a corporation, whereas some others are handled more flexibly and rapidly by private volunteer groups.

As of today, only one full-time person is working for the TMO, together with a 3-people temporary and part-time staff. The TMO is reducing its operation costs by partially outsourcing some activities to Shin-Nagata Town Management Company Limited.

## 7. TMO Activities

The Activities of Kobe Nagata TMO which are different from other TMOs' and especially executed in association with the earthquake is arranged as follows:

- Promotion of receiving school excursion
  - The TMO with local shopping streets receives school excursions, and let students learn about the earthquake, experience of shopkeepers, recovery process in Shin Nagata etc.
- Promotion of "the Food City Nagata Project"
  - By working with leading food companies, TMO produces and selling the instant noodle or pre-cooked food branded Kobe Nagata. TMO promotes and publicizes local foods in Shin Nagata such as Bokkake and Okonomi-yaki.
- Carry out the projects for the local shopping streets
  - Applying for subsidies, TMO plans and carry out the sales promotional activities for shopping districts.
  - Coordinating between local shopkeepers and large-scale stores that are trying to open facilities in Shin Nagata areas.

## 8. TMO Financial Resources

Kobe-Nagata TMO needs own earnings. The total revenue raised from the shopping district's member shops and generated from profitable projects has increased in the fiscal year 2003 to 27 million yen, up from 4.3 million yen in FY2000. As profit-earning business of TMO, there are managements of the event in Shopping streets, receipt of the school excursion, royalty income of the food jointly developed with business enterprise and so on.

Moreover, by taking advantage of being in an Inner-City Revitalization Project's designated zone, Kobe-Nagata TMO has been subsidized by local government. It has also received temporary staff under a measure supported by city government to generate job opportunities. <sup>(4)</sup>

Table 3. Income of Kobe-Nagata TMO in FY2003

Independent revenue sources	Membership dues	• 500 yen per store, per month	27 million yen
	Profit-earning business	• Planning and Management of events • Advertising planning, design, and printing • Royalties • Lease of motorized scooters • Acceptance fee of Study Travels • Commission fee for ticketsales etc.	
Subsidy	Inner-City revitalization project foundation	• Pilot Program for local community currency • Making guide map for north of Shin Nagata District	4 million yen

## 9. Conclusion

### 9-1 Key points of the TMO's establishing process

- A sense of crisis have been united the local shopping street.
  - Before the earthquake, shopping districts rivaled each other and it was difficult for them to achieve mutual cooperation. After the earthquake, a sense of crisis has been united six local shopping districts as one.

■After seizing the opportunity for revitalization events, the organizing committees evolved into the Machi-Dukuri organizations.

- The Revitalization Big Bazaar, targeted at revitalization after the earthquake, was held, and voluntary shopkeepers formed the Asuta Kirameki Association to promote Machi-Dukuri. This entity's members support TMO's activities.

■A Support system for the TMO.

- The shopping areas ask the TMO to organize subsidized revitalization events. The organizing fees paid by the areas are important income sources for the TMO.
- The TMO outsources some its duties to the Shin Nagata Town Management Company Limited to reduce its cost. To cut TMO's personnel expenses, some people work for both the TMO and the Shin Nagata Town Management Company Limited.

## 9-2 Effect of the TMO in the damaged area

Kobe Nagata TMO's activities done under the special conditions set for the revitalization from the earthquake follow these distinctive patterns:

■Outer supports have increased because the area's name became well known.

- As Nagata and Shin-Nagata became widely known, outside the area broad company and professional networks formed, with the TMO becoming a liaison office for Machi-Dukuri based on the local commercial areas, as well as devoting itself to disseminating local information. As a result, a variety of external support has been generated: the TMO has hosted school excursions that are experimental studies, jointly developed foods with non-local, and received cooperation from companies for the rent-an-electric-scooter project.

■Various activities have been carried out towards the commercial revitalization.

- In the Shin-Nagata district, after the earthquake, the land rezoning and urban area redeveloping projects have been selected to be implemented. Both projects have been filled with measures centered on building reconstruction. Additionally, since the TMO was formed by shopkeepers, various activities have promoted some events to generate prosperity, such as projects to rent electric scooters and developing original products from the shopping districts.

■Shopkeeper relationships are becoming closer.

- TMOs are formed to cover a wide 113.4-hectare area, and the relationships among this area's shopkeepers are becoming closer and closer. For instance, in 2002, North of Shin-Nagata station, where no shopkeepers' organizations existed before, the Tsudoi was voluntarily established by shopkeepers and has tackled with Machi-Dukuri, while working in closer cooperation with the TMO.

## 9-3 Issues

- One of issues associated with the Kobe Nagata TMO is that there is not enough cooperation with the redevelopment projects. The Kobe Nagata TMO and the Shin Nagata Town Management Company Limited, a redevelopment company, cooperate each other, and some people work at both places. However, there are some conflicts of interest between the company, which covers a 20-hectare redeveloping area, and the TMO, which covers the whole 113.4-hectare city center areas.<sup>(5)</sup> The relationship between Kobe city's government and the Shin Nagata Town Management Company Limited, which are in charge of redeveloping projects, should be strengthened to proceed in task implementation and produce positive results for shopkeepers, both in redeveloping areas and conventional shopping districts.
- TMO's activities don't go beyond shopkeeper's in some aspects. In particular, the connection with the local shoe industry, another characteristic in the Shin-Nagata district, has not been strong enough. In 2000, Shoes Plaza, which shows and sells shoes on the spot, was completed, north of Shin-Nagata station but far from the shopping districts, resulting in few synergistic effects. The local industry should be involved in the commercial revitalization in the Shin-Nagata.<sup>(6)</sup>

## Notes

- (1)The Law on Improvement and Vitalization in City Center was revised in 2006. This thesis is described based on the framework by the old law before 2006.
- (2)Projects for financing the Urban Industrial Support Facilities in City Centers (Japan Regional Development Corporation)
- (3)ShinNagata Town Management Company Limited was funded mainly by large-scale companies and failed to meet TMO's requirements. Moreover, it was pointed out that conflicts of interest could emerge whenever the company, structured for the redevelopment area, would directly manage projects outside of it.
- (4) Local Community Power-up Project : Since the fiscal year 2002, the Kobe city government has supported dispatch of necessary work forces to needing areas trying to promote Machi-Dukuri under the urgent job opportunity making special measure. However, an issue of concern is the systematical limitation that allows TMOs to hire the same person only up to six months. This means that many people are forced to leave their working place after having learned many things and got used to work there.
- (5)For instance, new shops in the redeveloping area became strong rivals of the conventional shops located outside of the districts.
- (6)In 2004, Toyooka city, located in the same Hyogo prefecture, was hit by the typhoon number 23 and suffered from serious flood damages. The local bag industry and the shopping districts worked together to promote the campaign called Bag Street by exhibiting bags in all stores and hosting in an empty store a bag workshop. This example shows some point to learn for Kobe-Nagata TMO.

## References

- 1) Toshiki Kobayashi and Toshinori Mizuguchi, The Actural Situation of Citizen Praticpation for Town Management in City core - Analysis of Inquiry for the Town Management Organization-, Journal of the City Planning Institute of Japan No.37, 2002, pp319-324
- 2)Shinji Nojima and Seigo Matsumoto, A Study on Process of Start and Development of Organization - A Case Study at Central District of Nagahama City -, Journal of the City Planning Institute of Japan No.36, 2001, pp7-12
- 3)The Great Hanshin-Awaji Earthquake Memorial Research Institute, Hanshin-Awazi Daishinsai Hukkoshi(Recovery History of Hyogo from Hanshin-Awaji earthquake)Vol.8, 2002, pp478
- 4)Yoshimitsu Shiozaki, Motoo Ando, Yoshiro Kodama et al, Gendai Toshikaihatsu no Kensho(Study of Urban Redevelopment in the modern age), Nihonkeizai Hyoron Sya, pp.57-148
- 5)Yoshio Kumagai, Study on Restoration of Local Commercial Function after the Great Hanshin-Awaji Earthquake Disaster, Journal of the City Planning Institute of Japan No.31, 1996, pp835-840
- 6)Kazuyoshi Ohnishi, Yshitane Hamaguchi, Sachiko Fujiwara, A Study on Reconstruction Issues of Street Markets in Kobe City After the Great Hanshin-Awaji Earthquake, Journal of the Institute of Social Safety Science No.5, 2003,pp133-140
- 7)Tomoharu ADSUMA, Challenge of Kobe-Nagata TMO, Toyonaka City Forum Report No.98, 2003.3, pp1-13
- 8) Ministry of Land, Infrastructure and Transport, Case Study Report in Kobe for walkable and comfortable town, 2001.12