

An Assessment of Urban Village Redevelopment in China: A Case Study of Medium-Sized City Weihai

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Abstract

Under the influence of rapid urbanization and economic development in China, many cities and towns have doubled or tripled in terms of urban population and urban land extensions. As a result, a large number of traditional rural villages, once located in suburban areas of cities, became part of built up areas. They have turned into the so-called ‘urban villages’. In recent years, thousands of such villages have been demolished and rebuilt every year in a nationwide-urban village redevelopment process.

Urban village redevelopment in China shares similarities with urban renewal but also has very distinct features. It takes place in suburban and peri-urban areas as well as close to city centres. Redevelopment of urban villages involves different social groups of village residents, most of who do not initially have urban resident status and live under distinct housing tenure, welfare, and government arrangements. This raises concerns for changes in housing, social welfare, health provision, the employment situation, and local environmental concerns. However, the general drive for urban and economic development has caused the rebuilding of the villages and, as a result, local administrations have sought to implement this process.

This research aimed to analyse the context of urban village redevelopment and assess the advantages and disadvantages of redevelopment; particularly from the viewpoint of former rural village residents. The research is mainly qualitative in nature but combined with quantitative evidence as well. A case study approach is used to address the research questions, and a third line prefecture-level city, Weihai, was chosen for the case study (a medium-sized city in China and governed by Shandong provincial government). The context for this was provided by the national scale reviews of urbanization, urban and rural development, which helped to build a general understanding of the relationship between urbanization and the appearance of urban villages and their stages of transformation.

By reviewing the background of local (case study city) urban villages, policies and practice, and through detailed fieldwork with local residents and key informants, the research sought to gain a fuller picture of the benefits and problems of village households in a medium-sized city. This research examines the extent, location, and timing of redevelopment, the reasons for redevelopment, the organizations, process, and players

involved. Findings are presented on physical and social changes in local areas, and the impacts of these changes on indigenous village households' lives.

The findings present a mixed picture of changes following redevelopment. The physical environment of these now urbanized areas has generally improved, with associated improvements in safety and cleanliness. Former villagers have gained urban status and access to urban welfare and education services, transport and utilities; although the quality and generosity of health and pension schemes is variable. Higher costs of living are widely reported, however, with the loss of the benefits of own grown food and other resources, leading to reduced living standards, and some have been forced to take hard, low paid labour jobs to survive. However, some villagers have benefited from more stable jobs and better compensation.

Local government and its leadership has benefitted from the enhanced economic development and associated revenues. Although there was widespread unhappiness with compensation arrangements, it is difficult for individual households to find redress. It is argued that these outcomes conflict in a significant way with relevant principles of justice, particularly those associated with 'entitlement theory', and raise serious questions about accountability of key actors, particularly village leaders.

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Chapter 1 Introduction

1.1 Research Background

Two Chinese societies can be identified in rural and urban China. Urban residents live in urban neighbourhoods and work for the public sector and urban enterprises, and they hold urban residency rights (urban Hukou). On the other hand, rural residents live in rural villages—they are rural Hukou holders—and they are called rural farmers as they work predominantly on farmlands.

The Chinese dual system also applies to landownership. In 1954 after the First National People's Congress (Riskin, 1987), land ownership in China was divided into state ownership (in urban areas) and collective ownership (in rural areas). State-owned lands (Guo you tu di) are mainly used for urban development. Lands under state ownership include urban land areas, confiscated, levied and requisitioned rural lands, barren mountains and other lands. Individuals and enterprises can apply to become the legal user of public lands, but the ownerships stays with Chinese central government. Collective lands (Ji ti tu di) are rural land only used for farming and for villagers' 'self-help' housing (applying to village households, collective economic organizations and collective enterprises only) (People's Republic of China, 2004). Moreover, collective lands are divided into different units by village catchment, and village boundaries denote the catchments of each village. Village farmers rely heavily on agricultural production and land (Croll, 1994).

Under the influence of rapid urbanization and economic development, all Chinese cities and towns have spread out into their hinterland over the last 30 years (Po, 2010). The original urban built-up areas were far too small to accommodate the increasing population and economic activity. As a result, a large number of traditional rural villages that were located in the peri-urban hinterland of cities became part of the urban built-up areas. Farmers from these villages lost their cropland and village economic activities switched from agricultural production to industrial development, commercial and property rental related activities. These villages, however, have initially maintained their traditional identities and rural administrative characteristics. Land use inside the villages was not properly planned, and the infrastructure was normally poor. With increasing land scarcity in cities, there is great pressure from municipal governments and property developers to

redevelop these so-called ‘urban villages’ (Guo, 2005; Chung, 2010; Li, 2010), also referred to as ‘villages in the city’ by some scholars (Chung, 2013; Lin, Meulder and Wang, 2011; Wang, 2005).¹

All of these urban villages tend to share the same characteristics, to varying degrees. They exhibit a self-directed, unplanned property expansion and development and play a key role in providing cheap accommodation for migrant workers, but they tend to have a high crime rate, health and safety problems, lack of public spaces, and a dirty and chaotic environment. However, these areas are not urban slums in the strict sense of the word. According to Aldrich, ‘The presence of Slum and squatter settlements in a society is a clear indication of the failure of a society and government to provide adequate habitat for human development, and/or a lack of the most fundamental guarantee necessary for the building of human communities’ (Qi et al., 2007:30).

Politicians in China often named urban villagers as squatters but they do not consider urban villages as urban slums. Urban villages grew from rural villages, which derived arable land and traditional houses from collective land ownership, which meant that the property rights of urban villages are separated from the urban system. An urban slum is based on state land ownership; it is an area where the population lacks resources to compete successfully. An urban slum lacks the control over the channels through which resources are distributed or maintained (Gao, 2011). Therefore, urban villages cannot be defined as Chinese slums, and they are by no means slums from the point of view of production and consumption.

Most local government officials, planners and media have been mainly paying attention to criticisms of the urban village as it relates to the side effects, such as poor landscape, poor living environment, high crime rate and safety problems (Wang et al., 2009). The positive contributions of urban villages to the urbanization have often been ignored. Chinese economic and urban development would not have been able to step so decisively

¹ It is worth clarifying that urban villages in China are different from what this term would denote in western countries. An urban village in western countries is designed by the planning authorities or developers aimed to build a sustainable urban environment (Biddulph, Franklin and Tait, 2002) by developing a compact, mixed and integrated urban neighbourhood (Rudlin and Falk, 1999). These well-designed community residential neighbourhoods (urban villages) are characterized by medium density development, mixed use zoning, the provision of good public transit, and an emphasis on urban design—particularly involve pedestrianization and public space (Biddulph 1997; Calthorpe, 1993; Kelbraugh 1989).

onto the international stage without urban villages to accommodate the flexible migrant labour supply. Urban villages are an important resource for urbanization, as they have supplied lands for urban and economic developments. In addition, a large number of cheap rental houses provided for migrants helped to fill the gap in the supply of affordable housing, and created job opportunities for local residents.

Chinese politicians, especially local officials believe that rebuilding the local area is the only way to solve both physical and social problems of the urban village. Thousands of urban villages are demolished and rebuilt every year in China. Urban villages' redevelopments programmes have been led by local governments in most cases. Meanwhile, local social changes (especially affecting the original residents) have not been given sufficient attention, although some studies of urban villages and their redevelopment processes have been carried out in recent years (Yun and Chang, 2006; Lin et al., 2010; Wang, Wang and Wu, 2009; Liu et al., 2009; Song et al., 2007; Liu et al., 2010; Hao, Sliuzas and Geertaman, 2011).

1.2 Redevelopment Policies

1.2.1 Land Acquisition

According to Chinese Land Management Law, rural collective lands are not allowed to be used for urban development and private commercial enterprise unless the village households are no longer registered under rural Hukou status. In order to make more lands that are rural available for urban development, local governments would change the village Hukou to urban Hukou status through a legal process (Leaf, 2007). Nonetheless, local/central government have to go through a land acquisition process to pay for village land. More importantly, according to the Constitution of China, redevelopment agreements between village households and local government are necessary before the land acquisition. The Village Committee is the village administrative organization, and it is responsible for village land management. As a result, the village committee as the representative of the village collective have the right to deal with the developers and they also have the power to decide how much and in what form funds are redistributed to individual villagers (Po, 2008).

As such, village leaders often assume that their decisions determined village collective land transitions (Naughton, 2007; Ding and Lichtenberg, 2007). Individual household

preferences have often been ignored in many villages, and widespread bribery problems between developers, local authority officials, and village leaders are well known locally, as confirmed through the fieldwork.²

1.2.2 Redevelopment Compensation Policies

Urban village redevelopment concentrates on local physical changes by demolishing village houses and building new flats, so that the local environment is improved and local government receives revenue incomes. However, this process causes rural villagers to be transformed into urban residents and this has a range of effects on their social packages³ and living situation.

Village farmers often find it difficult to obtain jobs in the city, as they have neither higher-level education background nor any industrial, retail or office work experience. Thus, many surveys and publications (Fan et al., 2005; He et al., 2009; Zhang and Donaldson, 2008; Huang and Yu, 2007) have shown that village farmers in urban villages remain poor after losing their farms. According to official statistical data, there are 40 million landless farmers in China and the number has been getting larger at an average speed of 2 million per annum (He et al., 2008). In a nationwide survey in 2004, 34.15 per cent of landless farmers became long term unemployed and stayed poor (Fan, 2004).

Land has been seen as a key asset for the poor in rural areas in the international arena, and loss of land is the key problem of urban villages. Loss of farmland partially causes informal development and dynamic changes within urban villages. In order to collect more rents to cover costs, households have extended their houses as far as possible. Village households used to be happy with rent incomes, especially for elderly and low educated families (Wang et al., 2010). Redevelopment led to changes in their rent incomes, more or less, because of the physical changes. As a result, the compensation policies have to cover both new dwelling units and social activities (job provision, social insurance).

Newly built residential neighbourhoods have better administration and services for the floating population, and local security and safety can be improved. Furthermore, high

² Source supported by household interviews.

³ Rural villagers used to be among the socially excluded meaning they do not have employers, social health insurance and pension.

blocks provide more houses for both local residents and migrants, while the better environment helps to attract more internal and foreign investment, promoting local economic development, so that local government receives additional commercial tax revenue. In terms of being urban residents, village children are able to receive better education and get better education facilities.

1.2.3 Research Problem

Redevelopment issues have always raised problems for local governments, village committees, developers and village residents. Local grain shortage problems can become worse and worse because of loss of agricultural lands, and it is against the National Agricultural Land Protection Policies [1994] and [1999]. Conflicts between developers and village households have happened quite frequently because of compensation disagreements over housing plots.

Urban villages in China are unique, as they are special urbanized settlements and developed under Chinese ‘Dual System’ and China’s political and economic system (Liu and He, 2010). Considering time limitations, the research envisaged focusing on: the redevelopment process of village residential areas in one medium-sized city, discussing residential land compensation and distribution, and village housing and commercial/industrial property compensation. It also discusses the environmental and landscape changes as well as social and economic impacts. It evaluates the implication of the redevelopment including the debates on urban villages’ existing value by looking at their contributions and problems.

1.3 Research Aim

While there are existing studies of urban villages in large cities in China (Hao, 2011; Po, 2011; Gao, 2011; Li and Li, 2011), we know little about how villagers lived during and after the redevelopment process, especially in smaller and medium-sized cities; although there is some research based on such cities such as Ning Bo (Qi, Volker and Baugart, 2007) and Donguang (Po, 2008).

After the ‘open door’ policies were successfully trialled in the region of Pearl River Delta, the central government promoted policies in 1984, which sped up the development of small prefecture cities, and county level cities. Meanwhile, a group of county level cities

upgraded to prefecture level city by 1986 and more appeared later on until 1992. It is hard to find any existing study of this type of city. This research focuses on a medium-sized city, which complies with the national Planning Policy of 'Urban and Rural Development' in 2014;⁴ this policy especially set up relevant plans, which concern the development of medium and small cities in the next five years. This research will contribute to understanding the general development in medium-sized cities in coastal areas.

There have been many studies on the relationship between land development and poverty alleviation in other countries, but we know less about problems faced by landless farmers in peri-urban areas in China. This research aims to evaluate the impact of urban village redevelopment in a medium-sized Chinese coastal city on former rural households after redevelopment.

1.4 Theoretical/Analytical Approach

This research was informed and shaped by certain existing theories, which appeared to offer critical relevant insights into this case. In particular, in assessing the principles and practice entailed in transfers of ownership rights and compensation, a branch of theories of justice known as 'entitlement theory' was found to be particularly appropriate. In describing the nature and impact of urban social change, the substantial body of theory and literature on 'gentrification' was used as a point of reference. From an urban planning perspective the research may be seen as an example of an Assessment Approach, such as might be employed in determining options or evaluating outcomes of urban regeneration or development schemes based on multiple criteria including physical/environmental and social (Rakodi and Lloyd-Jones, 2002). This enabled the researcher to put land compensation among other family assets and impacts for an overall evaluation. It should also be stated that the 'grounded theory' perspective (Charmaz, 2011) also contributed to the methodology and data collection process.

1.4.1 Application of Entitlement Theory

This study raises questions about whether a particular group of people, the former rural villagers subject to the process of becoming urban village residents and being redeveloped, have been treated in an appropriate (i.e. fair or just) fashion. This gets into

⁴ http://www.gov.cn/zhengce/2014-03/16/content_2640075.htm

questions, which raise concepts and theories in the general area of 'justice'. It is argued that a particular strand in such theories, the 'entitlement theory' associated with Robert Nozick (1974, 1989) is particularly relevant to this case. Robert Nozick's proposed principles of justice, known as the 'entitlement theory', state that a distribution of wealth is just when based on rules of acquisition, free transfer and rectification.

This is essentially a procedural approach to justice, as opposed to a substantive one. The theory leads one to identify urban-rural differences, clarify the different social entitlement rights and asset ownerships between urban and rural residents and their origins, and thereby identify potential injustices associated with the urban village redevelopment process. The principles of justice in transfer and justice in acquisition, derived from entitlement theory, provide a theoretical framework, which aims to define the rights of household, government and developer. Finally, the critical conclusions and recommendations of the research are based partly on the principle of rectification of injustice.

1.4.2 Application of Gentrification Concept

In the Anglo-Saxon model, western cities have experienced a suburbanization process, in which poor people (typically) remain in the inner city while middle and high-income groups move from central city to outskirts of the city and suburbs. This is also seen in Germany and Scandinavia, but the spatial pattern of city development is different in France, Italy, Spain, and many developing world cities. In Chinese cities, also, central districts, particularly downtown, are the ideal locations for the upper class. The standard urban economic theory says it depends on various things, including the cost and speed of commuting travel, physical environment factors, and the effect of various housing interventions (zoning, public housing) (Evans 1973).

'Gentrification' is the transformation of working class or vacant/poor areas of the central part of the city to middle-class or commercial use areas (Wacquant, 2008). Gentrification is often deeply rooted in social and economic trends, but it challenges and changes neighbourhoods' established social and psychosocial characters (Weesep, 1994: 80). The principles of Gentrification theory guided this research in investigating the changes to urban village demographics, economic development (businesses and household incomes), and social structures (see chapter 5). Gentrification theory is concerned with regeneration displacement costs, and it is related to political and policy issues. Therefore, the theory

helps to identify redevelopment reasons, key actors, benefits and losses of each party (see chapter 6). The theory also leads to questioning the results of the redevelopment in terms of household living standards, employment status, income and living costs changes (details explained in chapter 9).

To generalise and contrast the findings, the research has selected different types of urban villages in Weihai to study. The ‘Gentrification’ critique particularly supports a focus on those case villages having to be redeveloped, because of their prime location or key natural resources, to meet the interests of the developers and the economic development imperative of the local authority. However, it is also important to balance this by looking at other types of villages subject to redevelopment. The assessment of planning and urban redevelopment in fields will be discussed in chapter 3. Through the literature review of urban village redevelopment in China, it will also discuss the financial and economic appraisal and distribution impacts.

1.4.3 Application of Grounded Theory

Grounded theory, developed by Barney Glaser and Anselm Strauss (Glaser and Strauss, 1967), employs both inductive and deductive thinking, which is necessary in this research in terms of the coding and analysis of qualitative data. The theory focuses on the qualitative approach to research (or case study approach), developing the exploration of the impacts of redevelopment time, village location and local governmental policies/activities on village households’ life qualities in Weihai. Grounded theory guided the arrangement of the fieldwork in Weihai. It helped to build up interview and questionnaire questions, which influenced data collections and analysis. Grounded theory particularly guided the research methodology, which will be discussed in chapter 4.

1.5 Thesis Layout and Structure

This research has focused on four parts—The first part, aimed to review the literature on urban and rural development on a national scale; while also considering relevant international literature. Chapter 2 provides the literature review of urban-rural divisions and urbanization in China. The chapter aims to discuss rapid urbanization in China under the dual track system, and to examine the inequalities and development in rural and urban. Chapter 3 reviews the existence of urban villages and their development in China. This chapter defines the emergence of urban villages and discusses their social contributions

and the problems they brought. It also reviews current work on urban village redevelopment. Having reviewed the literature, further development and discussion of the theoretical perspectives in the literature review chapters focus on entitlement theory and gentrification.

Chapter 4 focuses on the research methodology. This chapter develops the research schematic model supported by entitlement theory and gentrification. Grounded theory has been used to help plan the fieldwork, selected case study villages and choose the research methods.

The second part of the research has focused on the redevelopment of urban village in Weihai. Chapter 5 introduces the urban-rural development history of Weihai and discusses the development of urban villages in Weihai. Chapter 5 also maps the case study areas and selects the case study villages. This chapter provides a broad understanding of economic development, the creation of the urban villages, local urban village distinct characters and types, and recognition of the differences from inner cities to outer city locations.

Chapter 6 links the literature to the research case city. It presents the urban redevelopment and the experience of landless farmers in Weihai in light of the literature. Based on the urban village redevelopment literature, this chapter focuses on the assessment framework of urban village redevelopment strategy. The chapter then moves on to considering the reasons for urban village redevelopment, the key actors, the process and benefits of the redevelopment. It develops the argument that urban redevelopment in China is unique because it shares some similarities with urban renewal, urban redevelopment and urban regeneration with the international urban experience, while retaining unique features.

Chapter 7 focusses on village lands as the key element, which are everything for the villagers and are important for the developers' profits and local governments' revenues. Chapter 7 discusses the relevant land law and policies of China and explains the ownership transition process. It is in this process and the compensation arrangements that the highlighted issues of justice and entitlement are particularly relevant. The chapter also lays out empirically the different areas' land prices and land distributions.

The third part of the research focuses on the local physical changes caused by redevelopment, which are discussed in chapter 8. Chapter 8 is purely based on fieldwork findings of the local physical and social changes of case study villages after their

redevelopment. This includes analysis of the physical achievements of the redevelopments by comparing it with their old buildings and environments, as well as participants' opinions of the advantages and disadvantages. It also describes the social and neighbourhood changes and institutional changes from the rural administration to the urban including education, employment and social insurance changes in general.

The last part brings together the key findings of the research, which aims to present an assessment of the impacts of urban village redevelopment on village households. These impacts consider both physical and social changes that include living conditions in new flats, compensation received, income changes, employment changes, public infrastructure and social services. Chapter 9 presents the findings by analysing the compensation prices of each case village, living cost changes, livelihood and environment changes. The research data categorized into groups of type of urban village, redevelopment reasons, and local district government, and the findings highlight how redevelopment time, village locations, and local government activities/policies relate to the impacts.

Chapter 2: Urban-Rural Dualism and Urbanization in China

2.1 Introduction

This chapter aims to review the background of the urban village phenomenon. To answer this question, it will be necessary to discuss the rural-urban distinction and its development in China. However, in order to find out why rural land was lost, it is also necessary to review the urbanization process in China. Thus, the chapter is divided into two main parts (1) Urban-rural dualism and (2) Urbanization in China. It will focus on the fast economic development era, which followed the economy development reform.

Since the foundation of the People's Republic of China in 1949, the country has been through Mao's Planned economy model between 1950-1978 and Deng's Market economy model after 1978 (Long and Michael, 2011). In order to feed 1.3 billion people in the 1950s, China built its national economy on an agricultural foundation. The development of agriculture and industry was unbalanced and meanwhile the urban-rural 'dual track' structure formalized. The 'dual track' system divided urban and rural into two different societies according to the state constitution law. The effects of this are examined through a theoretical perspective based on Nozick's Entitlement theory, which will focus on the property ownership and rights.

2.2 Nozick's Entitlement Theory

Robert Nozick's Entitlement theory of justice appeared in 1974 when 'Anarchy, State, and Utopia' was published. It is regarded as a reference point for contemporary work on libertarian political philosophy. The theory is designed to provide an account of what justice requires, particularly concerning property. There are two central claims in his theory: justified individual rights and the origin of the minimal state (Nnajiolor and Ifeakor, 2016). Nozick's central idea of the 'minimal state' is associated with English philosopher John Locke (Locke, ch 5, sec 27). Nozick's 'minimal state' is aimed to guard against the evils of theft, force, fraud, to ensure the enforcement of contract, and so on.

2.2.1 Definitions of Principles of Entitlement Theory

Nozick's entitlement theory of justice focuses on just entitlements; for example, he used the term 'entitlement' when discussing the traditional socialist view that 'workers are entitled to the product and full labour fruits' (Nozick, 1974: 154-5). This view is a historical but patterned conception of justice. The theory puts forward three principles: a principle of justice in acquisition, a principle of justice in transfer, and a principle of rectification of injustice. Nozick believes that only the first two principles would be needed if the world were wholly just. Unfortunately, not everyone follows these rules; stealing, enslavement and fraud do exist in real world. Thus, the third principle has more implications in the real world. The following discussion enlarges on the three principles of Nozick's Entitlement theory.

First Principle of Justice in Acquisition—A just original acquisition

The first principle specifies how un-owned things can come to be owned justly—a person is entitled to the holding that he acquires in accordance with the principle of justice in acquisition (Nozick, 1974: 150-3). It means anyone can become the legitimate owner of an un-owned object by mixing his labour with it. Nozick appeals here to the 'Lockean proviso'. Based on this principle, there are serious questions that can be asked, such as Palmer (2005: 358) asked, 'what is original acquisition'? Palmer came up with this question after he observed that most current holdings are historically traceable to items that were once the spoil of war or other removal forms.

From here, Nozick's first principle (just acquisitions) seems untenable, especially when he addresses the respect of the natural gained. Therefore, a key question is: 'does anybody have just entitlement to their property derivable from its original acquisition'? Cohen (1995) claimed that, as long as historical injustices existed, Nozick's entire position on rights and the minimal state is absolutely invalid.

According to Nozick's view, every individual is entitled to use or sell or donate their natural property and the principle of justice acquisition protects strongly for property rights. Goldsmith (2006) clarifies that Nozick does not base this on the right to life and there is no utilitarian foundation for these property rights. Therefore, Nozick did not explain much about private property, as he did not provide a persuasive foundation.

Vargas (2010) believes that there is very little practical value of Nozick's justice in acquisition, because it is a construction without foundation, even though Nozick refers his

theory to Locke's theory of property. This principle is arguably particularly important, since the entire entitlement theory may collapse if the principle of the theory in acquisition is flawed, as it constitutes the foundation of all kinds of entitlement to holdings. Therefore, there would be no parameter to measure original acquisitions as historical land ownerships did not relate to the research concerns (thousands years ago).

Second Principle of Justice in Transfer—a just transfer

A person is entitled to a holding that he acquires in accordance with the principle of justice in transfer from someone else entitled to the holding (Nozick, 1974: 150-3). It means the new legitimate owner of an object received the object from a previous legitimate owner by means of voluntary gift, exchange or sale. Nozick built the principle on the theory of appropriation created by John Locke. Nozick argues that no just transfer can take place before the holding itself was justly acquired. Thus Nozick has focused on the ownership and on a 'just' rather than an equal right. However, Nozick adopts Locke's theory a little by stating that liberty in appropriation to use the same property would be made worse by appropriation. Even so, philosophers make critiques of Nozick's assumption that a just situation results from a just action (Nnaji for and Ifeakor, 2016). For example, the philosopher Chia (2010) argues that Nozick's model does not necessarily remain just in all cases. He believes that there are often some community concerns, which go against Nozick's view that, as long as there was no force used, then there is nothing unjust. Chia's argument of equal rights aims to complete Nozick's just transfer of property rights.

Nozick counters the argument that there would be no injustice in transfer as long as the arrangement is voluntary and not forced. To add to the critical perspective, Goldsmith (2006) states that it is not socialism that restricts liberty, rather than capitalism. Goldsmith argues that rich people always bargain more power through their wealth.

Third Principle of Rectification of Injustice—Compensation for previous injustice

No one is entitled to a holding without following the above two principles. However, Nozick also designed the third principle of rectification to compensate for the injustice of some previous transfers. The third principle is supposed to guide what to do about unjust acquisition and unjust transfers, but Nozick does not attempt to work out the rectification rules in detail. On the other hand, he points that it is important to work out what operable

policy is needed in each society in order to reach what best approximates the results of a detailed application of rules of rectification. This would involve compensation specified as the rectification measure for the unjust acquisition and transfer. Before the compensation scheme and compensation price is set up, we would ask what would have happened if the unjust acquisition/transfer had not occurred.

2.2.2 Discussion

Nozick's 'Entitlement Theory' is historically patterned; it defines the justice of people's holdings from an historical point of view. The theory explains how libertarians relate justice and the market. It is understood that if everyone is entitled to their holdings then a just distribution is simply whatever distribution results from people's free exchanges (Low and Gleeson, 1998: 79). Based on this theory, it is an important aim of this thesis to find out whether the 'dual track' structure applied distributive justice in this sense before, during and after redevelopment.

Nozick presents self-ownership in his argument, as an interpretation of the principle of treating people as ends in themselves. According to Nozick, individuals have rights over their self-ownerships, and he claims that no individual or group can change them without violating these rights (Nozick, 1974: ix). He insists that no one has a right to something whose realization requires certain uses of things and activities that other people have rights and entitlements over (Nozick, 1974: 237-8). Nozick's conception of equality begins with rights over one's self, but shows that these rights have implications to external resources.

Having discussed the theoretical concepts, this chapter will first, review the social concepts (administrations, social welfares) and the ownership of the land and the property in urban and rural cases. This will be followed by discussion of the individual's rights and the changes of individual rights from Mao's planned urban industry era to Deng's post-reform free market era. This objective will be carried through the reviews of urban-rural developments.

2.3 Urban-Rural Dual Track Structure

The Regime in China since 1949 followed a Soviet type centrally planned development

model, which collectivized agricultural production in rural countryside and heavy industry concentrated on urban areas. There was unbalanced urban and rural development (industry and agricultural development) for the first three decades and a 'dual track' structure was formalized (Wu, 1997). The 'dual track' structure built up urban and rural as two different societies, largely forbidding the movement between urban and rural areas. Deng's post-1978 reforms have since partially relaxed the rural-urban movement restriction but not changed the separate and parallel social administration structures, land and property ownerships, and employment status. This section will focus on reviewing literature on the urban-rural 'dual track' system: administration, land and property ownerships, employment and production distributions, and social welfares.

2.3.1 Administrative Division

Figure 2.1 shows the corresponding settlements in urban and rural areas. People who live in cities and towns are urban residents and villagers are automatically classified as rural residents. In order to recognize a citizen's identification easily and to control rural-urban movement effectively, the Chinese government introduced the 'Hukou' system in 1951. Correspondingly, urban residents hold urban Hukou status and villagers hold rural Hukou status. Urban residents are managed by the administrative organization of the urban neighbourhood and rural residents under the control of the corresponding village committee (Liu, 2005).

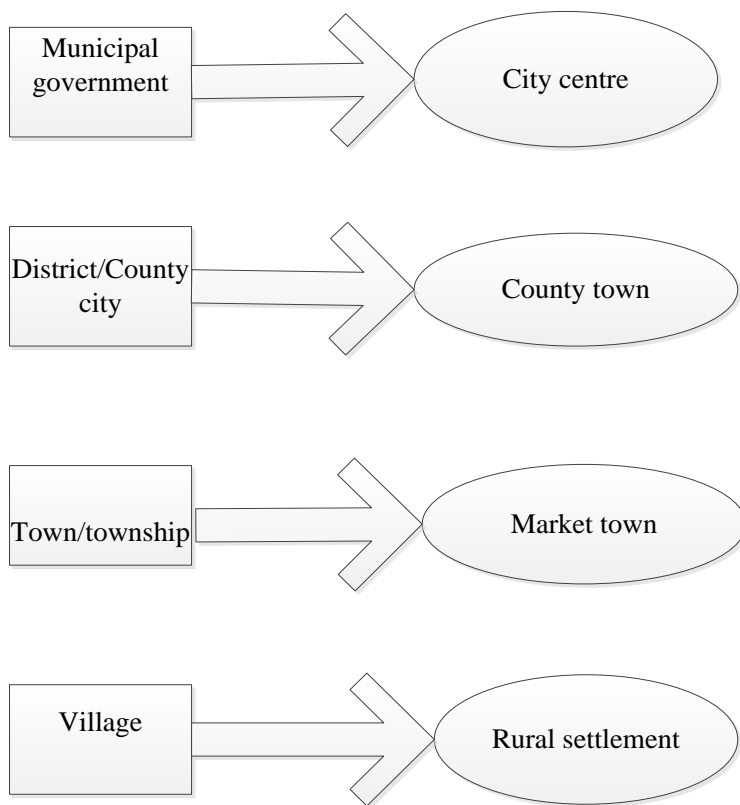


Figure 2.1 :Administrative Division in China

Source: Adopted from Tan and Li (2013).

Political Ties

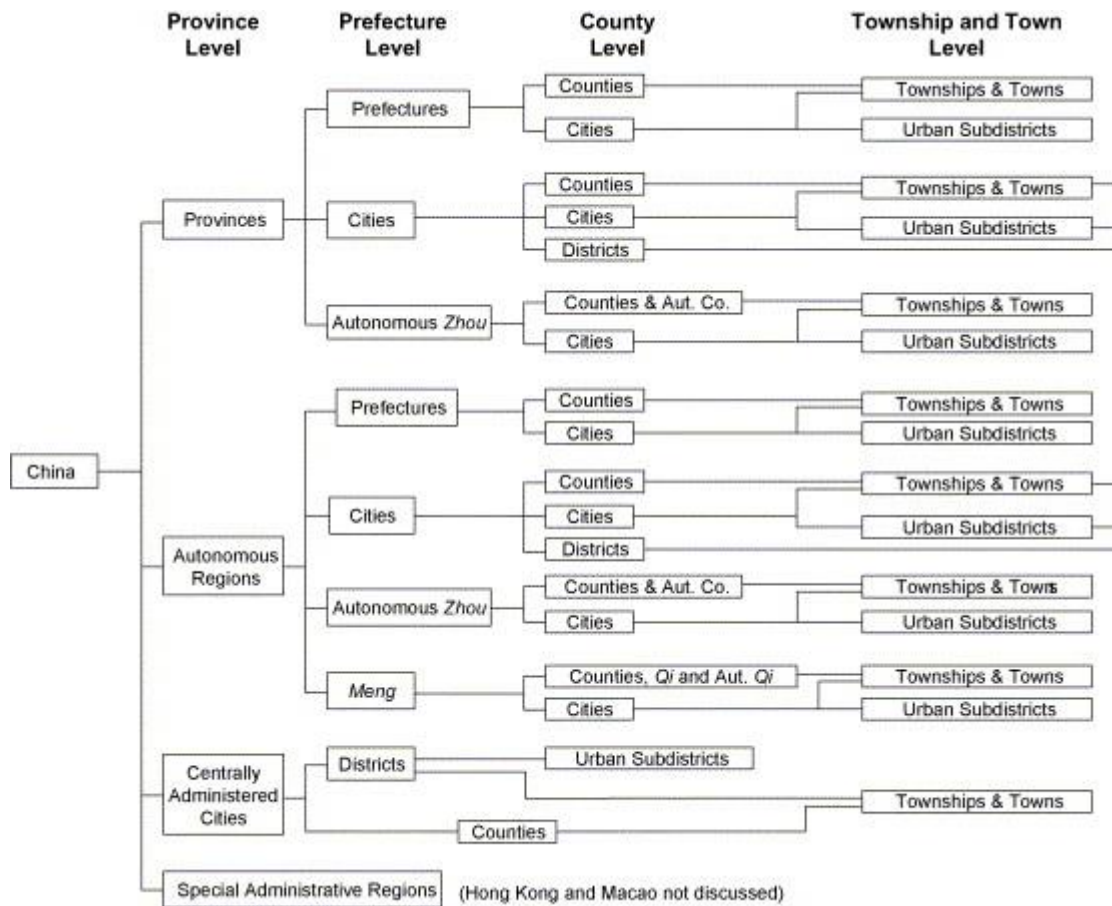


Figure 2.2 Urban administrative/spatial system

Source: Adopted from Ministry of Civil Affairs (2002) and Ma (2005).

The Urban administrative system has generally followed the pattern shown in Figure 2.2; although not during the Cultural Revolution (1966-1976). By contrast, the rural administrative organizations have been through four phases, as shown in Figure 2.3. Following the finish of the Cultural Revolution in 1976 (1978 officially), the commune system became less important. The Chinese Government reformed the rural political structures so, according to the Constitution of 1982, new township and village institutions were substituted for the commune. The government was looking for new reform organizations, which were still under the control of the former political institutions but were no longer directly in charge of production.

Natural units	1956–1958	1958–1959	1962–1981	1982–present
Standard marketing area—market town		Commune* (over 5,000 households)	Commune (2,000 households)	Township (3,000 households) government and economic corporation
Large village	Agricultural producers Cooperative* (100–250 households)		Brigade (200 households)	Village
Small village or neighborhood	Team		Team* (c. 30 households)	
Household	Household	Household	Household	Household*

Figure 2.3 Changes in the Organization of Agriculture

Source: Naughton (2007: 235).

After the ‘People’s Commune System’ was abolished in 1983, township government was the new basis for government and responsible for local political administration, social affairs and overall government and county plans for the local economy. It was directed by the head of the township and two executive heads and was needed to manage the markets, disaster relief, social welfare, health, security, culture and education. The township government set up local development in phases of every five years and the plan was guided by higher-level Planning Authorities (see figure 2.4). However, it was emphasized that the local development plan did not interfere with local production and any management activities of large enterprises and individual households.

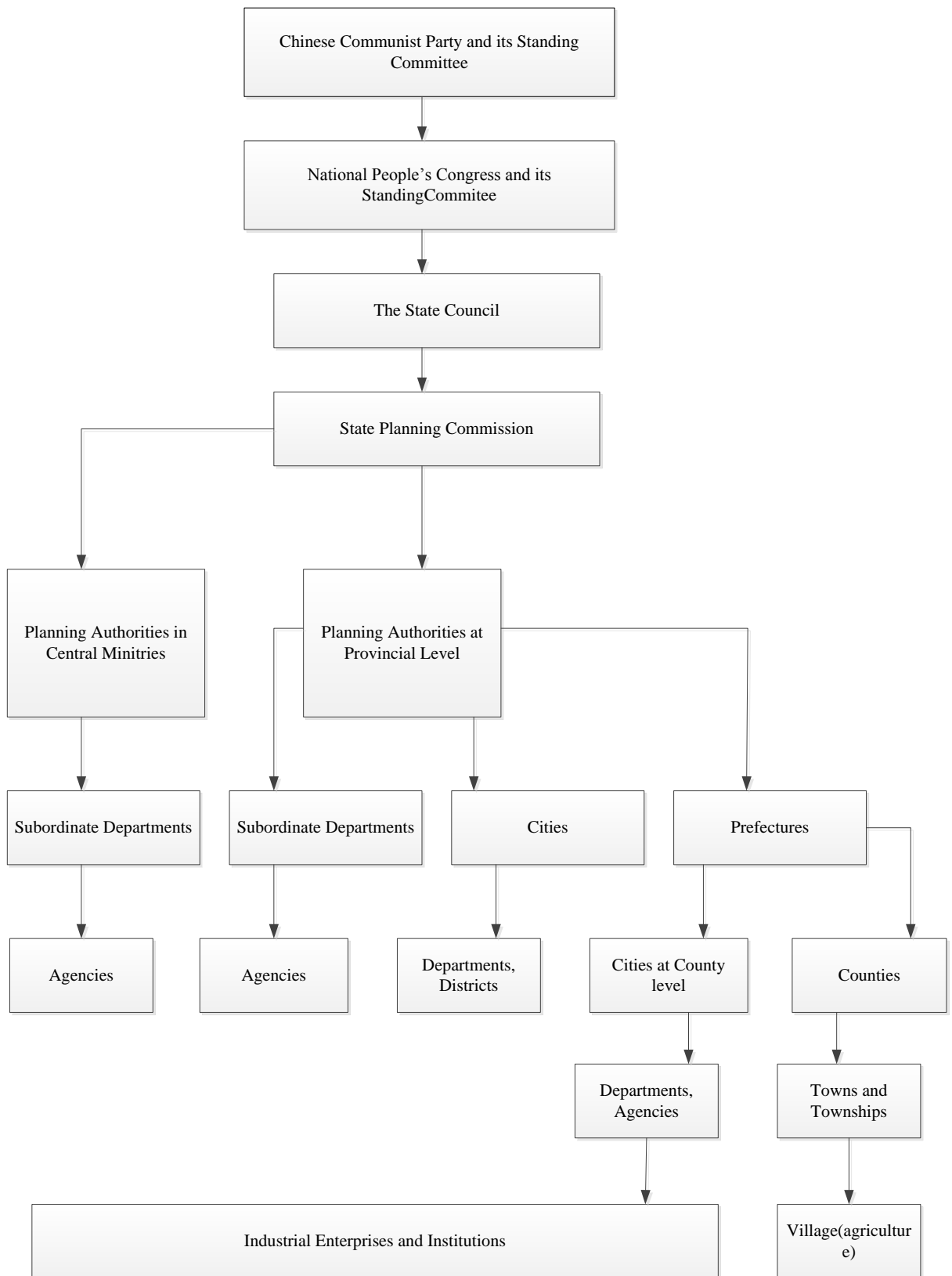


Figure 2. 4 Chinese Planning System

'Villagers' committees were the mass organizations of self-management'

Source: Article 111, the Constitution (1982).

An administrative village normally comprised 200 to 400 households. The former production brigade was a rural administrative subdivision (see figure 2.3) covering a geographical area that made up one large or several small and natural villages. A village committee governed one administrative village and each village had one leader and one accountant.

As figure 2.5 shows below, the urban residential committee and the village committee⁵ are the lowest level of the executive branch, which deals with urban residents and village farmers directly. Both urban residents' committee and village committee have rights and rules set up but they have to follow higher-level government instructions and policies. However, none of any level government has permission to develop/set up laws. Chinese Laws are always developed by the state government and approved by National People's Congress.

⁵ A village committee was generally made up of five people: the village leader or director, two exclusive directors, an accountant and a female member who is in charge of women's affairs. Village committee members were originally part time and either elected by the village households or approved by the local township government, whose payment only funded by the village committee, as they were not state government employees. Each member was expected to work a month for the village affairs and the committee managed the public offices, social services of the village, passed new policies of the local government, helped the village residents with their difficulties, advised farmers on the development of economic activities, and took charge of village construction work such as roads. However, village committee members transferred to full time after the reform.

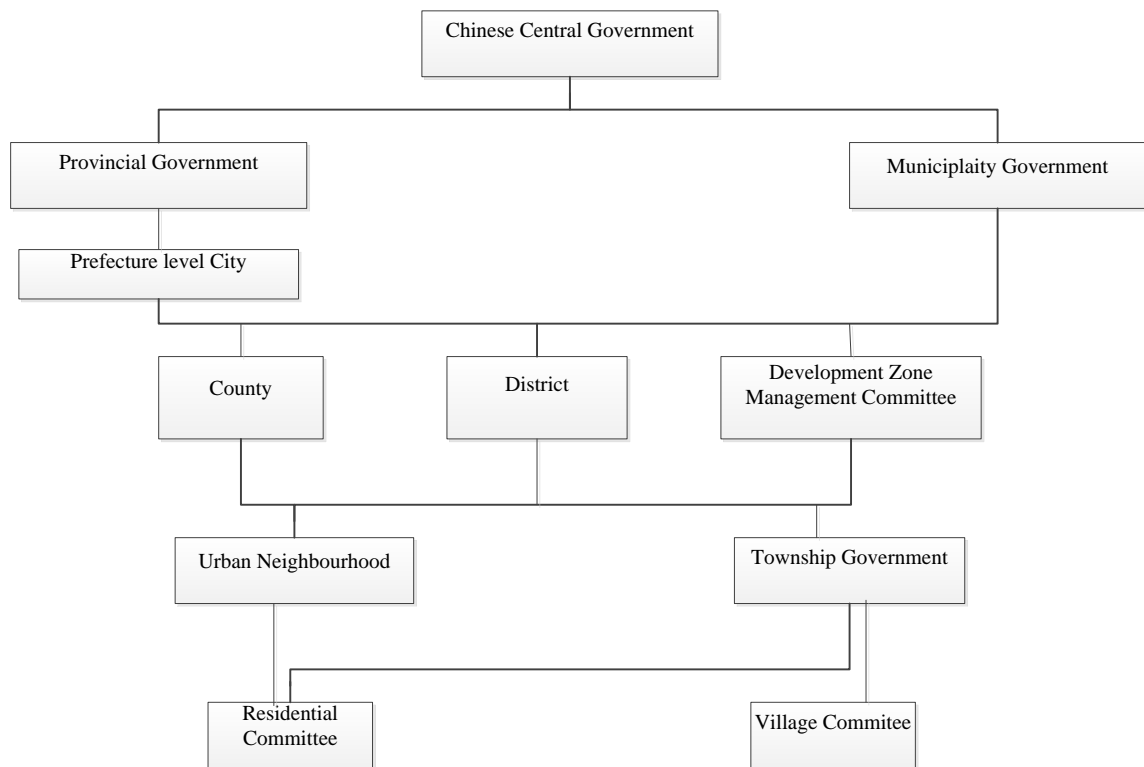


Figure 2.5 Chinese Government's Administrative Ties

Source: Adopted from Nee and Su (1996).

2.3.2 Land and Property Ownerships in Urban and Rural Systems

How can land be held by someone? The first principal of Nozick's entitlement theory raises the question of 'How can one justly come to own a previously unowned thing?' Based on Nozick's argument that the justice of people's holdings depends on what has actually happened, the holdings can be owned by mixing one's labour, by leaving enough and as good for others, and by not making others worse off through one's act of appropriation. At the time the new regime took over the state power, a new country had been set up, which meant the history of the land, and property ownerships have since started their new era. Therefore, Nozick's historical distributive justice arguably does not apply to 'dual track' structure under Mao's socialist egalitarianism.

Chinese 'dual track' system was created by government action and this is lawful later on, as it was created by the central government in early 1950s. According to the constitution, village farmers together own village collective land, while individual farmers have use rights. Cohen (1986) argued that Nozick ignores the property, especially land, that may be

owned in common rather than not owned, and it is not necessarily private ownership applied to all property. Rural collective land ownership indicates that village farmers are allowed to grow crops on farmland and they have free access to residential plot use rights. However, rural collective land use rights can only transfer between villagers; urban residents cannot buy rural land use rights (Abramson, 2011). On the other hand, land in urban areas are owned by the state and use rights belong to the state, which can then sell them to particular individuals or organizations.

Urban Housing Ownerships

Urban residential housing resources in urban areas were allocated through a redistributive mechanism with work units acting as the primary channel in the system. Workers of the state-owned enterprises enjoyed different levels of welfare housing provisions according to their rank, occupational status and work record until housing reform in 1999⁶ (Lee, 2000; Tong and Hays, 1996; Wang, 1995, 1999; Wang and Murie, 2000). Ninety-eight per cent of urban residents did not own the houses they lived in (rent-free) between 1949 and 1998, while their employers were the owners. With a few families sharing one kitchen and toilets, if they changed employers, they were expected to move to make room for new hires. Furthermore, to become tenants of public houses, employees have to be married, but employees always chose to use free housing despite the poor conditions.

With the reform, employees and retired people were allowed to purchase the houses they were living in. According to local policies, housing prices followed the construction costs and all housing incomes went to their original owners. Meanwhile rent-free welfare no longer existed and property markets have since become free. As a result, urban free housing marketization started since then and urban employees are expected to pay for their property (Li, 2002).

Village Housing

Collective ownership of residential land in rural areas provided free village housing plots for village households, meaning that each household could only occupy one standardized housing plot (*Zhai Ji Di*) in the long term for free. Like most other countries,

⁶ The Housing Authority responds to releasing property ownership certificate to individuals and the Ministry of Land and Resources is in charge of land registration.

Chinese village houses and residential lands could be bought and sold on the market and the rural free housing market continued even into the 1950s. After rural farmland became collectively owned, residential lands underneath the properties were finally brought under collective ownership in 1962 (Wang, 2013). Village owners still owned their houses (physical building on the property) but there were no housing transactions between urban and rural residents. Moreover, transactions were only allowed between the village households⁷ and the sellers were not entitled to apply for any more housing plots (Land Administration Law of the PRC, 1986).

Instead of 70 years full ownership in urban areas, village houses are permanently owned by village household and are allowed to pass to next generations, so called *Xiao Chan Quan*. Village houses in China are simple, self-built one or two story houses with front / back yard (see chapter 6 for layout and pictures of one-floor settlement houses with front yard in Weihai). When household incomes were higher, better and larger houses were required in order to improve living standards of peasants. Because of the shortage of residential land, village houses were extended or built on farmlands (Directive on Rural Housing Land, 1982). Policy restrictions were introduced by the state council in order to protect farmlands, county and above level cities set up higher limitations for local residential land allocation.

It can be said that rural land and farm production distribution were just under Mao's Collective Policies from the Chinese point of view. The gap between the rich and poor had been narrowed down dramatically by redistributing village landlords' farmlands and properties (Liu and Wu 1986; White, 1992; Zweig, 1989). However, the collective farmlands, which pooled all village workforces together, resulted in inefficient outputs because it did not provide sufficient motivation for peasants to maximize output.

Emergence of Rural Land Market

According to the Constitution of the People's Republic of China (1982), it was specified that '*No organization or individual may seize, buy, sell or lease land or make any other unlawful transfer of land.*' This meant that land use rights must comply with their ownerships. The design of Nozick's Entitlement theory of justice (Wolff, 1991: 100) focused on the property justice. The theory focused on three principles, which address the

⁷ Both seller and buyer have to be settled in the same village.

justice in acquisition, justice in transfer and justice in rectification. The principle of the justice in acquisition specifies the requirements of how individuals become the owner of previous unowned objects. This especially applied to the natural resources such as land, water, etc. The Chinese state government has claimed in the constitution that rural land and hill land is owned by the collectives (village households together) and organized by village committee.

When the seventh National People's Congress was held in 1998, the law was changed and allowed the urban landowners to transfer the use rights to other parties. Meanwhile village households could lease some village land to develop their own business. Rather than planting basic grains (cotton, crops etc.), more farmers developed their own agricultural sideline productions, such as farm fishing, orchards, etc. by renting village ponds and contract village farmlands. The contract was for a maximum of 15 years at first but enabled to be renewed to 30 years. However, village houses were still restricted in terms selling on the free market, and this is one of the reasons why local government and developers often offer low payment for buying out the village house buildings (see chapter 7).

Because of the de-collectivization of rural agriculture, rural farmers' self-funded, self-planned and self-planted farms gave them more choice in arranging their own work and choosing their jobs. Chinese market economic development took over the socialist planned economy across the country, causing urban sprawl, and rapid urban industrial development attracting a great number of rural farmers to work in the city and giving up or only part-time farming back home (see chapter 2, rural migrants move towards the city). Meanwhile, urban lands were not free (Bodi⁸) for urban development and enterprise users any more.

On the one hand, rural farmlands became less important for village farmers. On the other hand, developments in urban and rural industries involved large-scale utilization of land. Rural collective lands were the first and often the only choice to meet the land shortage problem in order to enlarge urban areas and to enhance local finances. A land market has gradually developed in China with the increase of land transactions and land mortgages.

⁸ Land uses are free to public sectors and national-owned enterprises under planned economic development system but application needs to be approved before the local government distributed development land (Tan, 2005).

According to the standard forms of agreement, there are three forms of transaction payment methods: payment in kind, payment in cash and payment as land shares. This has been written into the law and local government organizes and is responsible for the land transfer administration.

For land markets, rural land not only has ownership differences from urban land but also the ways of use and operation differ. In China's situation, the land remaining in collective rural land ownership (land retained by the village) is the ideal method to protect both farmers' livelihoods/profits and local economy development (Pei, 2002). Rural collective ownerships must be transferred to national ownerships through land expropriation (Ding and Song, 2008). Therefore, local government is the only buyer for the collective farmlands as private buyers are not able to transfer land ownership, but the village is transferred to the state (Yang and Wang, 2007). According to the 'Land Management Law', once village farmers' Hukou status changes from rural to urban, village land is not owned by the rural collective anymore. As a consequence, rural collective ownership transits to state ownership. The details of the ownership transfer process will be discussed in chapter 8.

2.3.3 Employment

In the early stage of the 'dual track' system in practice, rural residents have no choice but to work in farms (Long et al., 2010) and they fed themselves and their families by farm production. By contrast, urban residents were granted jobs through the urban neighbourhood committee as soon as they left school. Urban residents earned a salary to pay for their bills and received free food supply services.

Since the adoption of economic reforms in 1978, the traditional central planning economy was changed into a market-based economy. The agricultural economy has also been transformed partially into an industrial economy, with township and village enterprises (TVEs) widely regarded as one of the major initial successes of the reform (Jefferson, 1993; Weitzman and Xu, 1994). This has contributed to a significant increase in rural income levels and employment. Meanwhile, as the economic reform proceeded, the state policy has stopped providing jobs for urban residents (Weitzman and Xu, 1994).

Rural Land Reform and Workforce Redistributions

The People's Commune continued to contribute to production output by dividing farmland into small production teams. Initially, when the Commune system was abolished, the rural workforce needed to be redistributed. Deng's reform focused on rural reform in the mainland between 1978 and 1984; meanwhile 'Land Tenure Reform' was introduced to rural areas. Land Tenure Reform specified the responsibilities of each village household and contracted farmland to individual households on the condition that family members met a production quota or had cash. This enhanced rural collective land ownership⁹ but farmers did not work for wages any more. Nozick's entitlement theory concerned the justice of original acquisition of property and the justice of its transfer states:

'In a free society, diverse persons control different resources, and the new holdings arise out of the voluntary exchanges and actions of persons. There is no more a distributing or distribution of shares than there is a distributing of mates in a society in which persons choose whom they will marry. The Total result is the product of many individual decisions which the individuals are entitled to make'

(Nozick, 1974:149-50).

Those who seek to redistribute resources that arise from the inequality between the rich and poor, as a result of people being free to choose to whom they transfer the property they have legitimately acquired either through buying or product exchange. Deng's land reform in rural areas caused rural workforce redistribution, which supported by the principle of entitlement—people are entitled to what they produce or acquire through a contract of exchange, and they are entitled to dispose of their work production as they wish.

HCRS (Household Contract Responsibility System) started in the beginning of 1983 and 99 per cent of the production teams had adopted the system by the end of 1984 (Hinton, 1990; Powell, 1992). The system of full responsibility of the household was called Bao Chan Dao Hu⁵⁵ in some regions and in others, Bao Gan Dao Hu⁵⁶. Both renamed it Jia Ting Lian Chan Ze ren Zhi (Wang and Guo, 1981). Village land has since been used for

⁹ Though People's Commune system did not exist anymore by 1984, rural land was still under collective ownership, which means all villagers together owned village land but they worked individually and farm production was privately owned.

villagers' individual farming and self-built village houses. Villages had their first physical development, village committee responded to the development and improvement of village infrastructure, for example supplying tap water, setting up wired phone services and opening shops (Riskin, 1987).

Deng's Agricultural reform, destroyed the Commune system by 1984, and allowed farmers to have their entire production¹⁰ excluding quotas¹¹ and they were allowed to work for other industrial enterprises as well. Except for cultivation, farmers were permitted to sell their surplus production in free markets, which would raise household incomes. Furthermore, specialized productions were permitted in order to help achieve higher prices (for example, planting tomatoes, melons, etc. rather than grains) (Dreyer, 1993; Fairbank, 1992).

Since then, rural labour has been characterized by (1) full time farmers who work in farms all the time; (2) part time farmers—rural residents who work in local enterprises and also manage to grow crops; and (3) full time workers—farmers who work in urban/TVEs all the time and do not do any farm work at all (Zhou and Fan, 1988). Meanwhile, the urban neighbourhood committee has ceased to provide jobs for urban residents. Rural and urban residents have the same right to find jobs for themselves in urban industries.

2.3.4 Social Services and Social Welfares

Urban residents, as discussed in above 2.1.2, are clarified for property-less (they do not hold any property or land) and rural farmers own rural land in common. Under the capitalist system, the property-less group are dependent for their survival on those with property wanting to buy their labour. Thus some untalented people may suffer or starve because no one would buy their labour. Nozick accepts this point and he agreed that such people might suffer and even starve. The property-less need a just grievance state to

¹⁰ The whole process of crop production was completed by individual households.

¹¹ A household agricultural production response system operated under a collective unified management (production team). Each household was an individual production unit. Meanwhile production teams still existed but it did not set up crop plans or distribute workforce personnel compared to Bao Chan Dao Hu. However, households would share production resources such as production tools and households needed to hand in quotas for both the state and the collective.

protect their labour power will get at least as much and probably more in exchange for it than they could hope to have by applying in a ruled state nature (Kymlicka, 2002).

Cohen argued that under Nozick's 'non-welfare state', those proletarians who failed to manage to sell their labour would have died in a state of nature (Cohen, 1986: 85 n.11). In practice all modern states, and recent historical states, had some form of welfare safety net. In Britain, it was 'Poor Law' before 1914, and then social insurance was gradually developed. Such systems are mainly justified in philosophical terms by contractarian type theories, which are different from Nozick. Social welfare in China generally refers to social health care, education pension and social security system (social benefits, pension, healthcare, childbirth, public housing and work injuries) (Li and Piachaud, 2004). Chinese social welfare provision is divided into urban and rural systems. Urban residents were well protected from starving but rural residents were close to Nozick's 'non-welfare state'. By contrast, rural residents have less right to access welfare. It is common in China that people often recognise "social welfare" provisions as urban social welfare.

Pensions: Rural farmers have always worked on the farm and fed themselves through production, with elderly people relying upon their family.¹² The rural cooperative pension was introduced in 1988, with the rural collective organization/village committee and villagers contributing to individual accounts together. Until the late 1980s, the state produced a form of pension for urban residents with full contributions coming from the account holder and 20 years payment required before retirement.

Education: China used to have the same education funds for both rural and urban schools, and students were entitled to the same free basic education in rural areas. Urban schools had better facilities and better-qualified teachers tended to move to the urban schools because of the higher salary. In addition, higher education is not free anymore; it has changed to be available in four categories, as economic development has advanced. In the first category, the least fees are charged for students achieving high scores. In the second category, which accounts for most university students, some fees are required (10,000 yuan/ per year). In the third category, full fees required. Final, private colleges are

¹² Household members were required to feed themselves and their relatives who are unable to work. Elderly members who did not have the ability to work relied entirely on their children, as there were no pensions or any other payment from the collective and the state.

cheaper but less valued in the academic field. Therefore, rural households faced big challenges in meeting university costs. A poor family cannot afford the living costs even if their children qualified for the first class universities.

Health care: This was always the key issue for rural farmers; there were only 25 per cent hospital beds in the countryside in the early stage of the Chinese planned economy. Chairman Mao claimed to enhance rural health care in 1965, and more than 60 per cent of the national health infrastructure was set up in rural areas by the mid-1970s. A medical service network was created in the countryside in the mid-1970s, and a paramedic system was developed and called ‘barefoot doctor’ at brigade-level. Under the rural collectives, barefoot doctors received three months training while still undertaking part time farm jobs, simultaneously dealing with medical emergencies. These barefoot doctors received their payments based on work points. Thus, most Chinese farmers were covered by a primary medical insurance that was called ‘cooperative health services’. The system provided village farmers with free treatment from their local barefoot doctors initially, and they would be referred forward to a higher health service institute or hospital when the local doctor was not able to deal with the problem. Farmers received free treatment in the hospital as well until rural communes disappeared in the early part of 1983.¹³

Housing: As discussed above (section 2.1.2), free urban housing relied on the work unit before 1999. Urban housing also had better infrastructure, such as central heating service in north China. The Chinese heating system followed the former Soviet Union model, with centralised steam heating (excluding south China); the first central steam heating line was built in 1957 in Beijing. Not all urban properties were supplied, although most cities had their heating supplies established by 1990s. Urban residents used to use coal to cook and warm up the property before they received central heating service, unless they were part of a small group or higher-position leaders who lived in better residential neighbourhoods, which had free central steam heating services (Tolley, 1991; Zhang, 1997). The central heating service became more popular later on and almost all urban houses in northern China have this service, although house owners or tenants must pay the heating fee. However, rural buildings/houses do not have this infrastructure supplied at all.

¹³The law ending People’s Commune system set up in December 1982 but township government set up from 12 October 1983 in rural areas (Wen zhai zhou bao10/02/2011

<http://www.reformdata.org/content/20110210/10779-2.html> , access date 16/02/2016).

Village Families, Labour and Kin

A big family consisted of a group of village household members. All generations of family members were allocated some form of activity; from grandparents to grandchildren with the exception of those that were classified as too old (over 70 years old) or too young (pre-school age) for work. Household members were required to feed themselves and their relatives who were unable to work. Elderly members who did not have the ability to work relied entirely on their children, as there were no pensions or any other payment from the collective and the state.

Because household incomes were based on work points, the family labour strategy was rather important. A household normally made sure at least three to four workers would join in the collective teamwork in order to maintain steady family incomes to support their living costs. Those families suffering from poverty were often forced to make their children drop out from school, especially girls.

Over all the country, males have always had priority over females in villages, even though the People's Commune tried to promote equal rights. Males got higher payments under the work point system, and team, brigade and commune leadership positions have always been occupied by male workers. Sons played very important roles in the family; traditionally sons had the responsibility to take care of the older generations whereas in contrast daughters did not. As a result, only marriage-age sons were entitled to submit their applications for housing plots to build their houses within the village catchment areas. Married daughters were asked to remove their Hukou away from the family and settle in their husbands' family village (Croll, 1994).

2.3.5 Discussion

The Chinese dual track system was created by the state government rather than following the natural holdings. Thus, it is not necessary to attract the original holders of properties and land. Before the 'open door' era, people used to believe dual system built up a just social structure under socialism. The critical point is dual track system divided the country's citizens into two big groups, which caused inequality between rural and urban zones.

The characteristics of the dual track system granted urban residents' job, food and property (ownership regardless) before 1979, but they were forced to step into the free market afterwards. Unjust rules restricted rural to urban movement, so rural residents had

no choice but to work in farms and feed themselves on farm production. The uneven social welfare and public services isolated the rural and urban residents. Even though village farmers together own village land, they cannot sell their houses and land on the free market but urban property owners could after the housing reform, which meant the system did not treat all people equally.

Village collective land can only transfer to state-owned first before it is sold on the market. Based on Nozick's just transfer, villagers together have rights to decide land uses and to sell the land on free market. The compensation villagers receive for their land is decided by government policies rather than market prices. Having reviewed the literature of Chinese dual track system and policies, one can conclude that the design of the system was never just and it has not been restricted justly. Instead of natural acquisition, holdings were distributed to different groups by government action, and urban and rural residents could only sell their labour to the state before 1979.

2.4 Urbanization

The 'open door' policy has changed the country's economic development, following the economic boom urban development policies changed with it. As the rural-urban movement restriction policy was removed or relaxed in different areas across the country, urban economic and spatial development become more and more popular. This section will focus on urbanization in China; it will define the characteristics of economic development and urbanization, urban spatial planning and development, and institutional transformation.

2.4.1 Characteristics of Urbanization in China

The first characteristic of China's urbanization is the uneven economic distribution pattern. Industrial economic development is unbalanced in China and this has become intensified, which is one of the key reasons for the unbalanced urban population distribution. Industrialization in China followed the former Soviet Union model, which concentrated on the development of heavy industry. China's heavy industrial development before the reform were very popular in big cities; especially those inland cities with good access to rich natural resources, such as coal and steel (Gu, 2003).

China's urbanization was achieved mostly through industrial development and urban expansion, upgrading of county to city, and withdrawal of rural towns (Gu, 2003; UN Habitat, 2012/2013). After the economic reforms, industrial development has shifted from heavy industry development to light industrial development and Deng's rich first policy gave the priority to coastal city development. When rural farmers were capable of working in urban areas, agriculture was no longer the major industry. Only half of rural farmers (34.8%) remain in farm work in 2012 compared to 70.6 per cent in 1978.



Map 2.1 Urban Development Pattern: Four Regional Development Zones

Source: The State of China's cities 2012/2013.

The second characteristic of China's urbanization was an uneven urban development pattern. The Urban development pattern after 1978 can be divided into four zones: the East Coast Zone, the Middle China Zone, the West China Zone, and the Northeast China Zone (see Map 2.1). Certain cities or ports were designated as special economic zones or development areas. Sidelines in other parts could be removed from the restriction and registered as legal enterprises as various controls were exempted by the central government. The exemption policies applied to many cities located in the East Coast Zone. Therefore, the urban development is uneven between four development zones and this was important in deciding the urban growth trend.

The East Zone has now transformed into the most bustling area of the country. It contains three of the most developed areas, which have also been called three engines of China's economy, the Yangtze River Delta, the Pearl River Delta, and the Beijing-Tianjin-Hebei region (UN, 2010/2011). The Mid-China Zone has a lower urbanization level, which covers the middle areas of China. Economic development within the zone relies on manufacturers. The West China Zone has the lowest urbanization level. It covers the vast undeveloped lands. Agriculture and heavy manufacturing are still the most popular industries that local economies depend on. However, Map 2.1 suggests that recent growth is no longer so concentrated on the east /coastal areas but has moved to parts inland.

Cities located within the three eastern metropolitan areas have had their GDP growth slowed down in the past ten years, while cities that used to have relative slow economic growth had remarkable growth by 2010. Average annual growth of per capita GDP is 7.5 per cent in the mid-western and 4.4 per cent in eastern cities (except resource cities) between 2000 and 2010. However, east coast areas still are the core areas to develop and economic strengths are still much stronger than other regions.

2.4.2 China's Changing Economy

China followed several economic development phases and has been divided into the socialist era (1949–1978), the Industrialization era (1979–2002), and the Fast Economic Development era (2002–now).

Under the influence of Neoliberalism

Neoliberalism is a political economy approach based on market-oriented theory and its principles are trade liberalization, market prices and privatization. Privatization, social welfare cuts and tax cuts are three main practical aspects in developed countries (Harvey, 2005). Privatization started from public sectors in Britain, where 60 billion pounds of national assets were sold to the private sector in the 1980s and public service employees cut from 770,000 to 500,000 in the 1990s. Different forms of privatization were seen in America (partial privatization); the state is no longer engaged in the direct production of public goods, and people buy from private suppliers who receive government subsidies. The American government cut social welfare to save money during the financial crisis in the 1990s. Tax cuts were made in favour of rich people, as they believed rich people were able to create more jobs by more investment (Li, 2003).

Neoliberalism had brought influence of economic globalization to China since the early part of the 1980s (Brenner, 1998; Swyngedouw, 1997, 2000), and this was particularly associated with large cities. From no global cities in 1949 to the current 13 super large global cities (population over 10 million) and 88 large cities by 2015¹⁴ (population over 5 million¹⁵), large cities are the powerful leaders and the prevalence of development was in the large cities in the 1980s (Zhao et al., 2003). Chinese economic development has changed direction from a ‘planned economy’ towards a ‘market economy’ starting in 1978. The Chinese market economy is not a completely laissez-faire free market system as advocated by neoliberalism (Li, 2011). Nevertheless, under neoliberal influence a series of economic development market-oriented reforms has been carried out since 1978, which has affected urbanization significantly. These included housing reform in the late 1990s, the commodification of urban land and the privatization of the public service provision (He and Wu, 2009).

On the other hand, the Chinese central government is still in charge of the key national industries including gas, oil and other key resource companies and they believe in the economy development model of Markets under national macro-control. The Chinese Communist regime government has called their system ‘special socialism’. This is explained by the existence of neoliberal-style privatization under the influence of globalization and the continued existence of state-owned enterprises at same time, while the state still intervenes in national economic development by leading the National Congress (Branstetter and Lardy, 2006).

Planned Post-Socialist Economy under Maoist Politics

After suffering several different types of wars, the Communist Party took over the government regime in 1949, and the country then operated in a socialist manner under the leadership of Chairman Mao. The Chinese Communist party leaders had built a good relationship with Russian leaders since the Second World War and Chinese economic development followed the Russian model. Students learnt Russian rather than English in school, and hundreds of Russian engineers were sent to China’s national enterprises to support technological development by teaching Chinese engineers.

¹⁴<http://www.122433.com/article/2015092652.html> access date 28/02/2016.

¹⁵Source: Population ranking of Chinese city in 2015; <http://www.122433.com/article/2015092652.html>, access date 20/02/2016.

Chinese leaders showed high respect for Lenin and followed Mao Zedong's ideology¹⁶ (Riskin, 1987). Fair distribution system in practice in nation wide, planned economic development followed the rule of 'Fair distribution system' and the urban-rural dual system was set up. Mao and the Russian leaders could not get along and the relationship between two countries was split up by 1962. Mao lost his international political allies, and meanwhile China lost the technological support from Russia (Fairbank, 1992).

Following Mao's Yan'an political experience¹⁷ system, agricultural industrial development became the national development priority after 1962. Many industrial workers returned to rural places and hundreds of thousands of higher education students and young people were sent to rural areas to build an ideal rural society. Rural Communes were the most popular government organization during the Cultural Revolution, and there were almost no strategies for city development until 1976, when the Cultural Revolution finished and economic reform was introduced to the country.

China's Fast Economic Development Era-after 1978

China's economic development has gone through a very fast growth era since the reforms in 1978. It has shifted from pure socialism, self-reliance, planned economic development to market economic development (Taylor and Thrift, 1982). Under globalizing influences, China, like many other developing countries, has implemented aggressive policies to attract foreign investment in the early of 1990s and being 'global' became the primary goal for Chinese cities. For example, Shenzhen was declared as the first city open to the world in 1979, and it has transformed from a village to an international city with capital investment support from Hong Kong and Taiwan (Cai et al., 1995; Wu, 2000; Yusuf and Wu, 2002).

China joined the WTO in 2002 and more sectors have opened to foreign investors, FDI (Foreign direct investment) has not only been seen in the coast cities but also in inland cities (Zhao, 2010; Zhao and Zhang, 2010). However, foreign investment is unevenly distributed among municipal cities, as well as showing uneven development within any one city (Zhao and Zhang, 2010). Therefore, good spatial planning has become rather important for urban development and (Wei et al., 2006) can be used to determine an even economic development over a city.

¹⁶ It was based in the countryside and supported by the proletariat.

¹⁷ Where Communist party based before 1945 and rural development priority.

Based on the Shenzhen experience, since 1984, the first 14 eastern coastline cities have been undertaking dramatic reforms and restructuring in order to transform into global cities. Economic development zones were designed to target the building of FDI, which helped to push economic growth and join in the globalization of economic activities. Successful development was achieved in the 14 cities, so the FDI idea was spread to the whole country in 1992. By 2002, China had become the largest FDI recipient in the world and was receiving US\$53.5 billion per annum (Zhao, 2010). FDI had contributed a significant role for urban economic development by focusing on the manufacturing and high-tech industries.

Rural Economy Development

Deng's reform promoted both development in urban areas and the de-collectivization in rural areas. Rural agricultural land responsibility systems are efficient and individual farmers decide their crops, sideline activities and work schedule. As a result, a rural surplus labour phenomenon appeared except in the harvest season. According to Deng, developing rural enterprises was essential in order to further rural development and to solve the problems of surplus labour (Du, 1995).

'Whenever it is economically rational for agricultural products to be processed in rural area, rural enterprises should gradually take over the processing work'

(System Reform Commission, 1984).

Rural collective 'New Cooperation' was a new generation of cooperation that was born in the 1990s. It was the farmers' cooperative organization system reformed under the process of agricultural industrialization, market and globalization. Traditional collective cooperation under People's Communes was more focused on principles of 'One man one vote', 'Members distribution', 'Public Accumulation' and 'Maximize the members' interests in businesses'. Farmers' cooperatives dominated and shares were supplemented in western countries, but 'New Cooperatives' in China are based on rural industrialization or village enterprises. It is enterprise (shares) control-oriented instead of farmer oriented in China (Qin, 2005).

TVEs (Township and Village Enterprises) development in the rural areas had been very popular between the early stage of the reform (1978) and the start of the privatization time (1996), with the peak time of 1986-1988 (Walker, 1988; Field, 1988; Kirkby, 1994;

Leeming, 1994). In 1996, TVEs contributed 33.7 per cent of per capita income in rural areas and 50 per cent of rural residents' net income came from TVEs by 1998 (Liu, 2001). It was shown later that TVEs did not only contribute to the rural economy but also provided many job opportunities to about 110 million rural people from 1979 to 1993 (Economic Daily, 21 May 1993; Pei, 2002) and 135 million by 1996 (Naughton, 2007). TVEs further development created a process of concentration of rural people in certain places (where TVEs located) and eventually led to the development of small towns. The more TVEs built in the town or village the richer the town or village became (Xu, 1994).

TVEs were collective firms and run by the local rural people; local cadres had the advantage of authorising external managers and technical workers, but town or village leaders were the final decision makers (Chen and Rozelle, 1990). Outputs of TVEs were owned by the state and they were funded by bank loans in China. In contrast, small and medium rural enterprises in many other developing countries could not receive support from formal financial institutions and small and medium rural enterprises relied on the informal street markets (Biggs, 1991; Wade, 1990). Rural enterprises shared the joint liabilities from the bank, so that the bank became the partner (Park and Shen, 2002) and rural collective enterprises have always guaranteed loans. Moreover, numerous collective rural enterprises pooled funds together to repay the debts (Oi, 1999).

Characteristics of TVEs, such as small scale and large flexibility, low level governmental and planning control, and market mechanisms actually in operation have advantages based on their competitive ability and vitality. Rapid development started from 1979, the total number of TVEs increased from 1.5 million in 1978 to 25 million in 1994. During that time, TVEs played an increasingly important role for national economic growth, which accounted for shares of national GDP increasing from less than 6 per cent in 1978 to 26 per cent in 1996 (Naughton, 2007; Zhao and Wong, 2002). It had been assumed that the future development of TVEs would play an important role for the Chinese economic success thereafter.

However, TVEs started to fall from 1997. An inefficient loan system, environmental harm being ignored, bank competition,¹⁸ unsound management systems, and liquidation costs diminishing are the main reasons for the falling off. It is notable that governmental concerns about agricultural outputs decreasing, large consumption of arable lands and

¹⁸ All banks are invited to join in the competition rather than Agricultural Bank of China only.

environmental harm also contributed to the fall of TVEs (see figure 2.6). By 2002, there were only 14 per cent collective TVEs remaining and 58 per cent transformed to private firms (Park and Shen, 2002).

Most of the TVEs employees worked full time for the enterprises and maintained more or less agricultural activities. Unlike urban collective workers, rural workers of TVEs depended on the performances of the factories. As the decline of TVEs happened, a great number of rural workers had to be sent back to their farms and those who retained their jobs received greatly reduced wages. Thus, development of TVEs failed to solve the rural employment problems and could not stop rural migrants moving to cities (Xu, 1994).

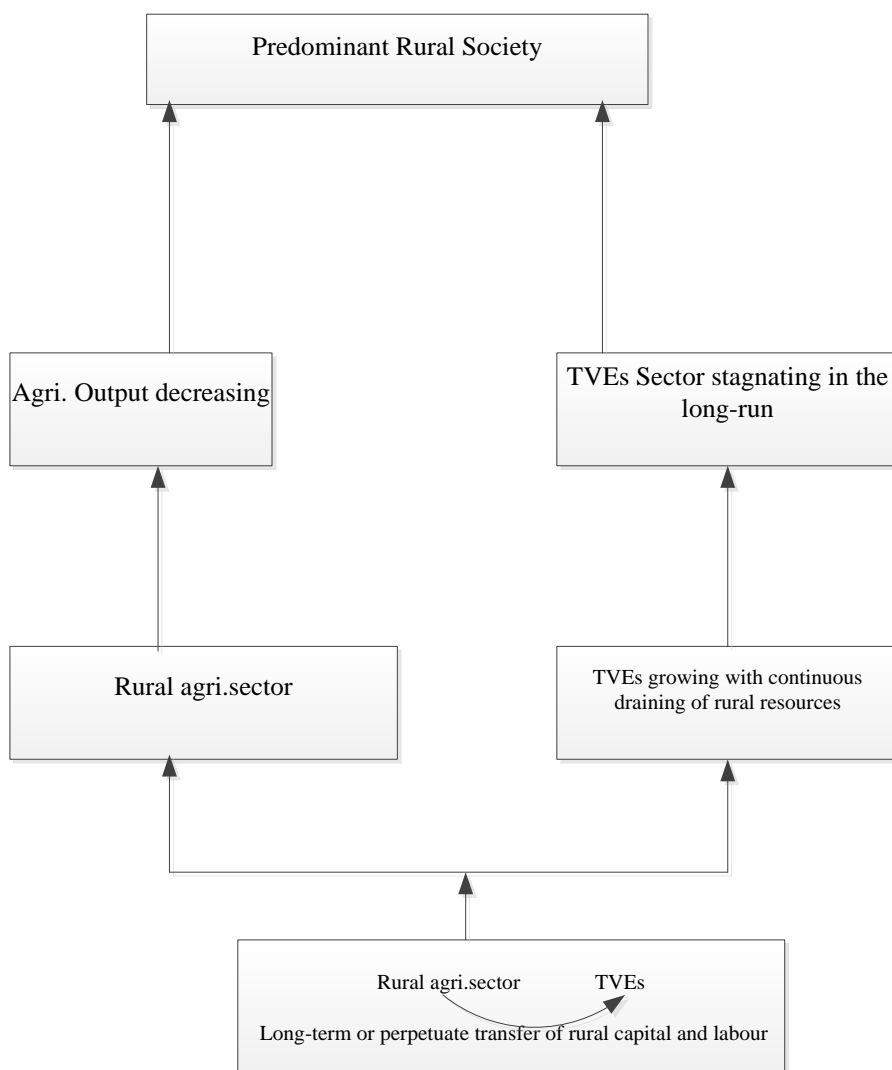


Figure 2.6 Rural Economic Development

Source: Author's drawing.

2.4.3 City Growth Demography Changes and New Urban Space

Cities in China function as a body of assets and property, and they are the centre of economic and social transformation engineered by the state for both growth and non-growth considerations. Rural-urban transition is a process of transforming occupations from agricultural to non-agricultural and village residents to cities and towns.

Chinese cities are also in control of local economic and administrative entities (Ma and Hanten, 1981; Lo, 1987). City growth and distribution are therefore shaped by market forces, political convictions and administrative settings (Zhou and Yang, 1988; Yeh and Xu, 1990). Chinese cities are recognized as the consequence of the changing political economy of the nation (Lin, 2002). Thus, the review of the Chinese city development literature will concentrate on urban structure and spatial changes of urban population, and urban built-up areas that refer to the planning system.

Contribution of rural collectives under the Mandatory Urbanization System

Under rural collective ownership rules, individuals are not the corporation, they are not partners, and they are not the unincorporated organization. Therefore, the legal significance of collective ownership is defined as village Hukou holders owning the village land together. The state government controls rural collective ownership through the administrative power-village committee. As a result, rural collective ownerships become the resources of new urban development zones and new urban labour.

Under the state administrative control, urban extensions actually are an ownership transformation process of rural land to urban land, and the government is responsible for arranging jobs for landless farmers in industry. As a consequence, agricultural development changes to industry development, village farmers change their Hukou to Urban status, and corresponding rural organizations also change (the village committee changes to urban resident committee).

This process of transformation shows that the state's acquisition of collectively owned land is a compulsory deprivation of land ownership rather than gaining the consent of the collective owners (village farmers). The second principle of Nozick's entitlement theory specified 'how (justly owned) things can be transferred justly—a just transfer', and the third principle specified 'what to do about unjust acquisitions and unjust transfers—compensation for previous injustice'. The state may arrange jobs for landless farmers,

used to compensate the victim, but Nozick pointed that the compensatory measures are not allowed to violate rights of unconnected third parties. In order to contribute to the economic development and meet rapid urbanization requirement, the state government created unjust transfers but forced industrial enterprises to take more workforce. However, this research will not find out whether urban industrial sectors were stressed or not because of the newly transferred labourers.

Rural Migrants

The restriction of rural migrants working in the city was relaxed after the reform; however, it is still very difficult to settle down in urban areas in large cities such as Beijing, Shanghai, Shenzhen. According to the National Bureau of Statistics, there were 236 million migrants in the country by 2012 and 20–25 per cent settled in urban cities, others remained ‘come and go workers’. Urban employment rates were increased 18.71 times by the end of 2008 in contrast to 1949.

The report on Chinese Migrant Development 2013 (National Health and Family Planning Commission, 2013) highlighted that Chinese migrants were suffering from intergenerational replacement. Young migrants were the current majority of Chinese migrants. According to the report, young migrant workers represented more than 50 per cent (118 million) of the total migrant workers according to the sixth census in 2010. The average age of migrants was 28 in 2012, and they tended to move to large cities. Young migrants in their 20s represented 75 per cent of the total and 70 per cent of them were willing to settle in cities.

The new generation of migrants tended to be moving for career development rather than for subsistence, compared to the older generations. Money was not the only reason they moved to the city, but better career development opportunities were more often the main factor. Young generations tended to stay with their work and were more stable than the older generations, with 60 per cent of migrants staying in one job between 2010 and 2013.

Migrants were mainly employed by factories, private firms and self-employed. However, there has been a gradual change in preferences and actual patterns of work, with a decline

in migrants working in manufacturing and a growth in tertiary employment. Family migration is a key issue in migration patterns, especially new generation of migrants. There were 60 per cent young married migrants living with core members of the family (husband, wife and children) in the city where they migrated. However, most families could not manage to move all family members at once, and family members joined together in several stages.¹⁹ A property house/flat is the first thing the family needed to live in; so that demand has kept going up for urban housing markets.

Urban Sprawl

Urban sprawl is an even clearer consequence, when rural migrants start to live in basements or Jane houses (e.g. container renovation) and became so called 'yizu and shuzu'.²⁰ To meet high demand, developers built more and more new flats each year. Urban land prices also went up at the same time, and peri-urban areas and urban villages were key places where development took place, as the potential profits are high.

Taking an overall view, urban renewal (including gentrification) aimed to achieve higher economic returns, reduce the stress of urban sprawl, and achieve high revenue contributions to local government. However, it does have potential negative effects for some of the original local residents, if they are forced to leave their homes and familiar livelihood, increase their work journey distance, and cause their rent income (from migrant tenants) to be decreased. As economic development has proceeded rapidly, urban sprawl emerged. Urban population has increased from 170 million to 700 million since the open door reform. Urban extensions are necessary in some cities and urban lands are no longer the only supply for real estate development and manufacturing. Nearby rural collective lands have become the main resources for urban expansion development lands.

2.4.4 Spatial Development and Institutional Innovations in Chinese Cities

Some international scholars have contributed to research into the role of medium and small cities' development in developing countries between 1960 and 1989. These authors (Blitzer et al., 1988: 13–64; Hardoy and Satterthwaite, 1986; Renaud, 1981: 181;

¹⁹ The most common pattern is couples migrated themselves at the first stage and children moved in one by one. Sometimes parents would join young couples in the city as well.

²⁰ This group of migrants were described as ant and mouse.

Rondinelli, 1980; Southall, 1979; UNCHS, 1985) believed that medium and small cities are better suited for living, while they still comply with fast urbanization, urban economic development, social and political changes. According to Hardoy and Satterthwaite (1986), medium and small cities in developing countries have the following five characteristic advantages: (1) Good for manufacturing products and effective use of public facilities, as they have connections with rural populations and rural enterprises. (2) Regional administration, which contributes to the distribution of senior government resources. (3) Priorities gained from the central government. (4) They can help to avoid manufacturing and tertiary industries, and urban population, gathering in a few big cities only. (5) They can compensate for the limitations of large cities' expansions.

During the urbanization process of developing countries, continuous development of big cities created super-large cities, which have much greater economic strength than other cities in the country do. Meanwhile, the urban problems of high population density, traffic problems, environmental pollutions and shantytown/ slums appeared (Yeung, 1998). Peet and Watts (1993) suggested that it would be necessary to have a new theory, which will place large cities' development in the context of national development. The idea has been supported by Henderson (1974, 1988), whose theoretical development was to argue that no one knows when a city becomes too big. Zhao and Zhang (1995), whose research was based on the case of Chinese cities, have presented their theory suggesting that there should be controls over the development of large and super large cities' developments. Richardson (1975) presented the literature from the United States and Great Britain from late 1960s and 1970s; he reviewed how urban economic development has been affected by urban size, and the overall costs and benefits of cities of different sizes. Gordon and Richardson (1997) then pointed out the range of key issues involved in developing compact cities in the 1990s and the pressures and difficulties in different aspects.

These are: the pressures on prime agricultural land; residential density preferences; energy resource savings; the potential for expanding transit use and promoting TODs (transit-oriented developments); the costs and benefits of suburbanization; the efficiency gains from compactness; the impact of telecommunications on the density of development; the prospects for downtowns; the influence of rent-seeking on the promotion of downtown projects; the social equity of compactness; and the effects of competition among cities (Gordon and Richardson 1997: 95).

When the reform started in 1978, the central government set up the urban development policy, ‘Control the size of large cities and build more small cities and towns’. However, cities have suffered from developing too quickly under fast industrial and urbanization development. The Chinese government decided to change the policy by controlling urban expansion in large cities and developing medium-size cities at a reasonable pace. As a result, 200 smaller county level cities were upgraded to prefecture level cities²¹ from the end of 1980s to the early 1990s.

Nevertheless, large coastal cities have had further extension and urban land extended to peri-urban areas and nearby suburban areas. For example, the Shanghai New District of Pudong, the Suzhou Industrial Development Zone, the Dalian Economic Development Zone, and the Binhai New Development Zone of Tianjin. Development Zones are considered urban areas, and some medium (second line) cities were upgraded to large (first line) cities, including Dalian and Chengdu. Large cities (Beijing, Shanghai), have become ‘super large’ cities (population more than 20 million).

Urban Expansion

Under the Maoist regime, regional development strategy favoured inland cities over the coast cities, for reasons of an ideological commitment to spatial equality and national security (Fan, 1995, 1997). With the urban-bias policies (Oi, 2007), Cities in the western region demonstrated the highest annual growth rate compared to zero increase in eastern coast cities in the first 30 years since the new regime took over the country. Under this urban development pattern, western large and extra-large cities have had significant expansion while the growth of small cities (especially eastern small cities) was restrained during until the reform (Lin, 2002).

When the institutional changes were initiated in 1978, the trend of development structure and spatial redistribution of cities have changed to eastern cities. Small cities suffering from contraction during Maoist era now have the most dynamic urban settlements and the highest annual growth rate. Geographically, the eastern regions have now shifted to be the priority development places and have the most urban expansion (see table 2.2).

²¹ According to the administrative levels, Chinese cities have been divided into four lines: municipalities, provincial capital cities, prefecture-level cities, and county level cities (Zhang et al., 2002).

	National level	East	Central	West
New urban Construction land (Km ²)				
1999	21,524.54	11,854.03	5,570.52	4,099.99
2008	37,180.97	22,300.11	8,416.54	6,464.32
Annual increase (%)				
1999-2008	6.26	7.27	4.69	5.19
1999-2004	7.15	8.72	4.63	5.71
2004-2008	5.16	5.49	4.77	4.54

Table 2.1 Urban Land Expansion in China from 1999 to 2008

Note: Eastern Region: cities of Beijing, Tianjin, Shanghai and provinces of Hebei, Liaoning, Jilin, Heilongjiang, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong, Hainan.

Central Region: provinces of Shanxi, Inner Mongolia, Anhui, Jiangxi, Henan, Hubei, Hunan.

Western Region: City of Chongqing, provinces of Sichuan, Guizhou, Tibet, Yunnan, Shanxi, Gansu, Qinghai, Ningxia, Xinjiang, Guangxi

Source: Zhao et al, 2010

State intervention has contributed to shaping the evolution of the Chinese city system over the last six decades by means of investment strategy, administrative changes and reclassification of urban population, and urban settlements. Under the support of state policy, 'National Urban Planning Work Conference Minutes', issued in 1980, upgrading towns into cities became more popular between 1986 and 1996. This policy founded the core development theory of the country, which is to develop small cities, have reasonable

development for medium cities and control large cities' spatial development (Kanbur and Zhang, 1999). Urban expansion in eastern region cities (both large and small) has been necessary, especially after the central government enhanced local government's power in control (Ma, 2002).

Application to Desakota²² Regions

Megalopolises²³ may appear along with industrialization and they are mainly seen in the US, Japan and Western Europe, where they have advanced industrial development (Carbonell and Yaro, 2005; Kunzmann, 1996). Although large cities in China play important roles²⁴ and they have developed very fast, no megalopolises exist currently. However, there are four regional development areas²⁵ in China. The Cluster Map divides Chinese cities into groups, and each group has one or two core cities (see map 2.2). Therefore, the urbanization strategy constructed was the structure of urban agglomerations by means of focusing on small and medium cities based on large cities. The urban agglomerations, as the basis and urbanized areas and cities as the important components, built gradually in eastern regions with better international competitiveness (Mao et al., 2013). City development pattern in China applied to McGee's Desakota Model, which is well known in southeast Asia (Sui and Zeng, 2001).

²² McGee was the first person used the term of Desakota (Map 2.3), he identified these morphologies with the Bassa Indonesian word 'desakota' from the words of village (desa) and town (kota).

²³ Megalopolis consists of a few large cities that have strong economic strength and interconnections, and some small cities and towns in between areas.

²⁴ Big cities with population above 1 million are the regional centre and economic development centre. These cities also have better developed tertiary industry and higher GDP growth.

²⁵ Four regional development areas: Yangtze River Delta, Pearl River Delta, Jingjintang and, middle and south of Liao Ning Province.

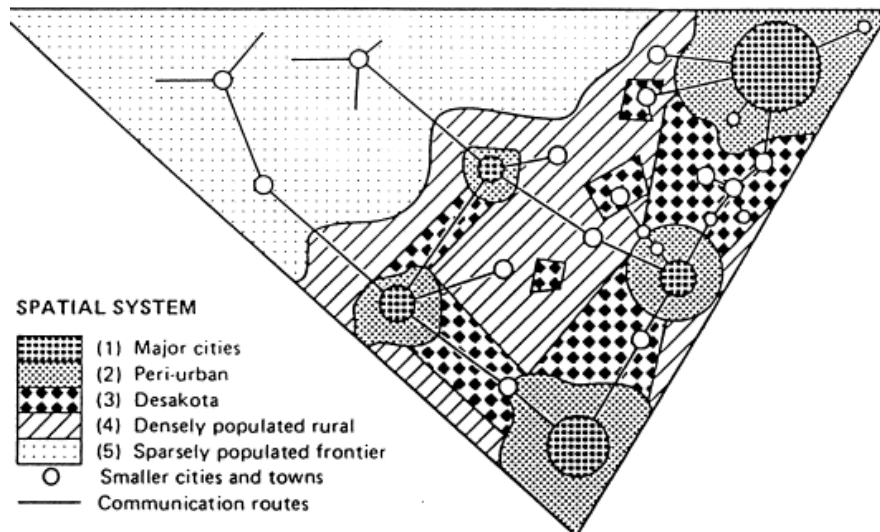


Map 2.2 Cluster Map of 22 City-groups

Source: Mao et al. (2013).

According to McGee, *desakota* is a phenomenon of transforming rural population to urban without substantial movement to the cities, as discussed in above section (Contributions of Rural Collectives under the Mandatory Urbanization System). It is a settlement pattern that characterizes itself as the close interlocking of villages and small towns with high population densities, rapid growth of non-agricultural activities, labour mobility, occupational fluidity; and intensive mix of land uses (Lin, 2001; Xie et al., 2007). The *desakota* region also refers to the extended metropolis (see above map 2.2), dispersed metropolis, interlocking metropolitan regions, peri-urban zones, living perimeters, metro zonal areas, and peri-urbanization (Ginsburg, 1990 and McGee, 1991).

Scholars, such as Zhou Yixing (1991), Lee (1991), and Guldin (1997), have attempted to link McGee's *desakota* model to Chinese urbanization context. Zhou (1997) attempted to use McGee's *desakota* model to resolve the issues of urban-rural dichotomy. These references specially focus on the *desakota* phenomenon documentary and description.



Map 2.3 The McGee–Ginsburg model: the emerging desakota regions in Asia

Source: Sui and Zeng (2001).

McGee’s desakota model implies that the resultant landscapes, which are based on industrialization in rural areas, are consistent of space with a friction of space that privileges certain locations up to 200 km² beyond the largest cities between adjacent metropolitan areas (Oi, 1999). Tang and Chung (2000) believed desakota is truly a bottom-up process reflecting local action that much of the energy and drive for production is not demand-driven but comes from rural peasants; although local large metropolitan cities may also provide markets and new technologies. On the other hand, some scholars (Yeung and Zhou, 1991; Yao, 1992) argued that metropolitan regions are the only place supporting the conditions of China’s social and economic transformation to a modern economy consistent with competitive labour markets, high mobility for workers and free trade. In reality, McGee’s desakota draw on both approaches as it is a hybrid.

2.4 Conclusion

The Chinese dual track structure contributed to its unique urbanization process. The 'open door' policy in 1979 changed the development of the country. The free economic market requires many more urban workers than the pro-socialist era, thus the employment situation in China has changed in the post-Mao era, since rural residents are no longer restricted to work on agricultural farms.

China’s economic reform transformed Mao’s economic plan to Deng’s market economic plan. The reform was first launched in rural areas, and once farmers gained the freedom to

decide on their economic pursuits, they shifted manpower and resources from staple food production to other more profitable occupations. The reform eventually reopened the free market in cities and towns in 1981 (Lin, 2002), while neoliberal state strategies in response to intensified global competition existed. Chinese government then shifted economic development policies from western region cities to eastern region cities.

International investments have shored up the economic growth in eastern regions, which caused rural migrants from inland cities to move to advanced economic development areas (focused on coast cities). Almost all of these cities have set up development zones, which are mainly used for manufacturing industry. Both the urban economic development and demographic changes caused urban expansion. Scholars used McGee's desakota model to describe China's urbanization process and as top-down urban expansion and bottom-up rural urbanization (Lin, 1997). Therefore, understanding this rural-urban nexus and landscape changes is the key to understanding the economic and social transformation.

As reviewed in this chapter, state policies guided national economic development all the time; although state government power control over local economic development has been decreasing. The Chinese planning quotas and resources followed downward distribution through a rigid hierarchical system of spatial administration, leaving local government with little decision making power for their own local economic development. Rural-urban transformation in China takes advantage of rural collective ownership, no individual farmers have full ownership (Nozick, 1974: 262-4) of rural land and the downward administrative system forced village committees to follow development plans to sell the collective lands and properties to the state ignoring individual's wishes. The state and local government benefitted from selling land use rights and revenue incomes. Chapter 3 will follow the third principle of Nozick's entitlement theory to discuss the compensations of injustice transfer.

Chapter 3 The Development and Redevelopment of Urban Villages in China

3.1 Introduction

This chapter is primarily based on a literature review, but focuses more specifically on the urban village phenomenon, their creation, evolution and redevelopment. It will discuss how urban development extended to rural areas and urban villages were created during the urban expansion process. To answer these questions, it has to review rural-urban land transfers (land acquisition) first, and to assess whether the basis of the land transfer is just, and how has the land been compensated. The theoretical development in chapter 3 will be based on Nozick's entitlement theory and gentrification.

To help answer the question of why urban villages needed to be redeveloped, the review will then move to the emerging character of urban villages, which includes the development of the collective economy, the built environment, social groups and social norm changes from traditional village, as well as property rights redistribution and land uses.

Finally, the review of the literature of urban village redevelopment will focus on rural-urban transformations. New urban construction take over village buildings, and this physical change causes the disappearance of the urban village. Rural organizations are no longer in existence and new urban administrative institutions exist instead. Thus, the review of urban village redevelopment does not only emphasis physical changes (buildings and environment), but also the social transformations.

3.2 Gentrification

3.2.1 The literature

The British sociologist Ruth Glass invented the idea of 'gentrification' in 1964. The theory originated in London, but it has been a phenomenon of urban development in the past 50 years (Lees et al., 2010). Glass introduced gentrification to highlight the inequality affecting inhabitants located in an existing neighbourhood.

'Invasion of working class areas by upper and lower middle classes, who upgrade shabby,

modest housing to an elegant residence, resulting in displacement of all, or most of, original working class occupiers' (Hammett and Williams, 1980: 470).

Since the first paper was published in 1964, and up until 2008, there have been more than forty monographs and edited collections on gentrification. According to Davidson and Lees (2005), a holistic definition of gentrification is supposed to include four elements, which allow the term to be applicable and relevant in varying contexts. They are '(1) reinvestment of capital; (2) social upgrading of locale by incoming high-income groups; (3) landscape change; and (4) direct or indirect displacement of low-income group' (Davidson and Lees, 2005). The respective character of social, political, and geographic contexts decides the neighbourhoods' different process experience of undergoing gentrification.

One well-cited debate focuses on 'production-side and consumption-side' involving the argument was between Neil Smith and David Ley during the late 1970s and early 1980s. Smith explained the emergence of gentrification in his 1979 essay that was based on the classical theory of economics. According to Smith's 'rent gap' thesis, gentrification would not take place unless there was a mismatch or a 'rent gap' between potential economic returns and current actual economic gains. The investment only takes place when the gains that the structure can generate from its future use are more than the cost of investing in it, which means when redevelopment or upgrading is profitable. Lees et al. (2010) argued that Smith's 'rent gap' idea is difficult to measure empirically, and this is the main point of contention between Smith and Ley.

On the contrary, to Smith, Ley (1980, 1994) argues that rather than the structural changes in the housing market, changes of societal needs and demands are essential factors for the process of gentrification to start with. According to Ley, one of the main factors that caused the changes in inner cities was post-industrial economic restructuring, which shifted the demand from blue-collar to white-collar work. He believes that this is because white-collar workers had high purchasing ability and different consumption patterns from the traditional manufacturing sector. It is then easy to explain that the white-collar workers have different preferences in housing location and amenities, possibly accelerating the process of gentrification.

According to Strategic Economics (1999), 'Gentrification is the process by which lower-class residents and business are displaced from neighbourhoods by rising costs and other forces directly related to an influx of new, wealthier, and often white residents'. Many scholars have also defined the relationship between gentrification and displacement of low-income groups in gentrified neighbourhoods (Sumak 1979: 483). These gentrified neighbourhoods are refurbished or redeveloped, and they are more likely to locate in areas closer to richer neighbourhoods (Guerrieri, 2013), or near to the city centre/downtown (Helms, 2003). These places have good public services and are well served by mass transit (Helms, 2003), and they have stocks of older housing (Kolko, 2007). Lyons (1996) backed up the above points, when he defined gentrification as a process of low-ranking socio-economic groups being displaced or replaced by higher status socio-economic groups in inner cities. He believes the process of gentrification involves uneven renovation of previous downgraded residential buildings.

Other researchers have focused on the expression of broader forces in society. According to this group of scholars, gentrification includes both sides of the middle-class housing market, old property renovation and redeveloped new properties (both are considered as the part of a city's restructuring) (Ley, 1996: 3). This is known by academia as the 'third wave gentrification', led by Hackworth and Smith's argument, and they have argued in their 2001 work that the state's role in gentrification became stronger with the devolution of power from the federal to the state and local government in the U.S.. Lees (2008) also argues that gentrification is referred to as 'redevelopment' and 'social mixing' in the U.S., where it has been seen as a practical solution to tackle concentrated poverty. Furthermore, Slater (2006) believes that the gentrification process involves demise or displacement of original residents as the defining feature and key research questions are the reasons why gentrification became popular again. He claimed it regained its popularity also because of a rise of social mixing strategies (Slater, 2006: 737).

Wacquant (2008) states that there was a 'demise of displacement' notion for residents who needed to move out of the neighbourhood in gentrifying neighbourhoods and in reality this may have been stronger as the local government shifted away from catering to the needs of their disadvantaged residents. State sponsored redevelopment especially focused on social housing in the UK and in the U.S. However, based on the data from the American Housing Survey's, Ellen and O'Regan (2011) found that there was no increased displacement of vulnerable original residents, who have gained large economic

changes in these neighbourhoods in the 1990s. Their research also showed that there was no drastic racial change at that time. These findings are significant and similar to Freeman's research in 2009. Freeman (2009) suggests that impacts of gentrification on neighbourhood level are not diversity negative. McKinnish et al. (2010) did not find evidence of displacement among minority households in gentrified neighbourhoods by analysing the census tract data. Vigdor's (2010) research also used data from the American Housing Survey, and his core finding is that revitalization is generally beneficial for all residents and brought fewer changes in the neighbourhood because of price increases. However, he believes the policy makers need to observe these findings carefully as the aggregate data might overlook impacts of these projects from the individual point of view.

Davidson (2008) states that even state-led gentrification had a high potential of causing the displacement. Chaskin (2013) theorises that the city of Chicago has had a problem of large unmet needs of mixed income housing when they attempted to deconcentrate the poverty through the replacement of public housing. Some scholars support the anti-gentrification movements and resistance against demolition of public housing (Lees et al., 2010). According to Bentacur (2011), displacement for individuals are not only implied by loss of place but also translated to a loss of these social support structures, therefore he concludes that Chicago was heavily reliant on place based social fabric for their daily activities. Davidson's (2010) study based on three communities in London finds that 'spatial cohabitation does not lead to shared social identification', and new gentrification brought less interaction but increased social distance and tensions among residents. Chaskin (2013) described these mixed income development communities, which are close spatially but may cause a result in new forms of exclusion for low-income residents. He suggests that social mixing policies did little to alleviate segregation rather than building relationships among old and new residents.

Discussion

Gentrification is a form of revitalization, redevelopment, and social mixing of older/risking neighbourhoods. It has received renewed attention from government and policy makers in the U.S. and in the UK. In order to design the programme well and promote social justice and equitable development in the gentrifying neighbourhoods, transformations need to recognize the main players, the state of gentrification and, the historical and racial context of the neighbourhood (Mathema, 2013).

'The Anti-Displacement Project also regards it as fundamentally wrong to allow removal of housing units from the low–moderate income stock, for any purpose, without requiring at least a one-for-one replacement. Demolition, conversion, or "upgrade" rehab of vacant private or publicly owned lower-rent housing should be just as vigorously opposed as when those units are occupied' (Hartman et al., 1982: 4–5).

Slater (2011) pointed out that it does not matter if it is private developer or government sponsored, moving people from their homes and neighbourhoods involuntarily is wrong. He believes that the gentrification process against local residents' equality rights caused the social injustice. In this instance, Slater appears to be arguing the same as Nozick. In the UK, poor households displaced by public redevelopment programmes would have the right to compensation (owners) and rehousing (tenants into council housing). This was not the case in many instances in the U.S., which is partly why a lot of the critical gentrification literature is about the U.S.

As economic development has proceeded rapidly in China, urban development has changed in the past four decades. The development and redevelopment in Chinese cities have more or less applied to gentrification and allowed people to understand how they have actually been affected by the changes. Unlike the U.S. and the UK, gentrified neighbourhoods in China focus on private sector rather than social housing (Schreurs, 2014²⁶). Schreurs compared New York's Brooklyn and Beijing's Wudaoying hutong, he concludes that albeit one localized to fit a new kind of Chinese hipster, Wudaoying hutong could easily be associated with an on-trend alternative Western lifestyle because it offers a large range of products and services. Gentrification having occurred in many Western as well as Eastern cities, the process at Wudaoying is unique, as domestic tourists have initiated its transition. Apart from a few Western restaurants, the majority of cafés are aimed at domestic tourists (Schreurs, 2014). The transformation process brought benefits for local neighbourhoods and individual households.

Existing gentrification studies in China produced an understanding of China as part of a global neoliberal system of urban development. On the other hand, they also explored

²⁶ <http://thediplomat.com/2014/04/gentrification-in-beijings-wudaoying-hutong/> , accessed 20/05/2017.

Gentrification in Beijing's Wudaoying hutong, China's growing wealth is bringing sweeping change to traditional neighbourhoods.

basic problems of urban governance, tax structures, land use, citizenship/property rights and shortages of housing, which all play a part in displacement. Ren (2015) looked into the uneven urban development and displacement in old neighbourhoods. They found that gentrification in China focused on urban extension and redevelopment. Policies and government's participants play significant roles to complete the transformation process. However, unlike the UK and the U.S., existing house owners in the neighbourhood in general would not be forced to move out of the neighbourhood because of higher payment, but tenants often forced to leave by higher rent. In some cases, all local residents include original households required to move to other places by the new project.

3.3 The Development of Urban Villages

The urban village in China, also recognized by the name of 'Village in the city' (Chung and Zhou, 2011; Song and Zenou, 2012; Hao et al., 2013), is the product of rapid urbanization undergone in the presence of the distinctive Chinese dual track system discussed in chapter 2. First, this section will provide an overview of urban villages in China.

3.3.1 An Overview of Urban Villages

Urban villages are defined as those villages which are spatially encircled by urban settlements but retain rural collective ownership (Liu et al., 2010). They are described as a product of China's land policy and a urbanization (Yong et al., 2007; Song and Zenou, 2012). As discussed in chapter 2, all members of a rural community are entitled to an equal share of the collectively owned land and act as long term landowners (no restricted tenure) (Ding and Knaap, 2005). Rural land is categorised by its function into farmland, settlement land and hilly land (Com, 2010). Urban expansion required the state government to transfer rural land to state ownership to be used for urban development.

According to Article 47 of the Land Administration Law, 'the peasants shall be compensated for land on the basis of its original purpose of use' (Standing Committee, 2004). To minimize total land acquisition compensation and the social burden of transforming rural to urban, local government typically chose to expropriate farmland only. Thus urban expansion extended to nearby rural farmland while bypassing village settlement areas (Zhang et al., 2003). Urban villages first emerged in large coast cities, especially in the south such as Shenzhen and Guangzhou in 1980s, and then became

prevalent in other large cities. The urban village phenomenon then appeared in medium sized coastal cities such as Suzhou (Dong, 1999) and Ningbo (Qi et al., 2007). Urban villages also showed up in many large inland cities such as Beijing, Xi'an, Taiyuan, Kunming, Wuhan (Chan et al., 2003; Liu et al., 2010; Zhang, 2005).

Since the mid-1990s, academic scholars have viewed the urban village as a key social place of migrant's social network, based on the early stage of their work (Liu and Liang, 1997; Ma and Xiang, 1998; Zhang, 2001). Most recent research has focused on the emergence and development of urban villages (Hao et al., 2013; Liu et al., 2010), and the roles that urban villages have played under the rapid urbanization process. Wang et al. (2009) believes that the urban village has changed the simple Chinese society of a binary rural-urban division, and urban villages react as the transitional neighbourhood which is characterized by a mixture of rural and urban society (see table 3.1) (Liu et al., 2010). Thus, the urban village plays an important role in supporting the transition of rural society to an increasingly urbanized society. The recent research has also focused on the role urban villages have played in housing migrants (see below 3.2.3).

	Land ownership	Economy development pattern	Social norms and social networks	Organization
Village	Collective land	Collective economy ²⁷	Rural traditional culture and social network	Villages' committee
Urban Village	Collective land (semi-private) ²⁸	Collective economy (collective rental) and private economy (private rental)	Mixed culture and traditional social norms	Urban self-organized grassroots unit
Urban Communities	State-owned land	Stated economy and Market economy	Civil culture and urbanism	Community committee

Table 3.1 Characteristics of the urban village

Source: Adopted from Liu et al. (2010).

On the other hand, Tian (2008) found many negative externalities, including environmental and social problems, which were partly caused by the insecure property rights in urban villages. There is no public space, except clubs for the elderly and ancestral temples, but inner streets are fully packed with shops, grocery stores and various service outlets. Poorly constructed pipelines and drainage systems cannot cope with the extra load in urban villages, with wastewater flowing on the ground and garbage everywhere. Therefore, the living environment in an urban village is often unhealthy. The

²⁷Contracted farming and private poultry.

²⁸Farmland was expropriated.

urban village also became the hotbed for criminals, because of the lack of efficient management for diverse, often mobile inhabitants.

3.3.2 Collective Economy and Villagers' Incomes

Villagers became landless farmers after they lost ownership and use of their farmlands. The collective economy has changed from agricultural production or township and village enterprises to a land and housing rental economy. The joint-stock company, village holding company or village committee are the manager of the remaining village collective land (Liu et al., 2010; Hao, 2013), and they often built new properties on retained collective land and rented it to individuals and enterprises. Rental income from these new built collective properties were distributed to villagers through the collective company.

In general, village landless farmers' income are seen as three parts: housing rent, stock dividends (from the collective economy company), and working salary. Housing rent contributed a large proportion of village households' gross income and working salary is often a small amount. As a result, collective property rights provide a survival strategy and the collective economy in urban villages concentrated on property leasing business (Liu et al., 2010).

3.3.3 Low Rent Houses Provided to Migrants

Since urban housing became subject to marketization and commodification, primary housing providers changed from local government/public enterprises to private developers, and city governments made little effort to build public housing (particularly between 1998 and 2008). Recent scholarly works focus particularly on urban village housing of migrants, from different aspects. Zhang, Zhao and Tian (2003) defined why urban villages are able to house migrants with government support. Song et al. (2008) proved that urban villages are a realistic and efficient urban housing market for migrants. Tian (2008), from the property rights perspective, found that there were large negative externalities including environmental and social problems. Wang, Wang and Wu (2009) have argued that urban village development contributed to the urbanization process. All of the above authors suggested that the urban village is a realistic and effective solution to providing affordable housing for rural migrants, although it raised different problems.

Because of the incompleteness of reforms to social services in urban sectors, rural migrants do not have access to many urban amenities, which include urban public housing. Furthermore, commercial houses are too expensive for migrants (Mobrand, 2006). Therefore, migrants are excluded from the formal urban housing market and are forced to accommodate themselves in urban villages. Hao (2013) explains why urban villages are the ideal place for migrants to rent. Houses in urban villages have good access to local transport services, they are durable and reasonably cheap, and they received reasonable infrastructure and public services.

Urban villages became the main resources to provide low rent housing for migrant workers and the local urban poor (Liu et al., 2010). Under collective ownership, village house owners are entitled to the rights to unlimited use of their housing plots and they constantly undertake housing construction and renovation to achieve better rent incomes as much as they can. Moreover, most village self-built houses are constructed at very low-cost. As a result, landlords are able to keep rents low.²⁹

Zhang (2004) draws the argument that urban villages share the responsibility of the city government to provide housing for migrant workers and local urban poor in very low rent prices, which has contributed to labour relocation and reduced social instability. Therefore, the urban villages have played positive roles for both migrant housing and absorbing potential social instability.

3.2.4 Land Use Transformation

The City Planning Ordinance was first introduced in 1984 and the City Planning Act in 1989. However, they did not break the urban-rural dualistic structure. Therefore the Act has only affected the jurisdiction of urban areas, rural development and rural land remained under control of the ‘Planning and Construction Regulations on Village and Township’ (Ho and Lin, 2003).

Land use planning and regulation is one key factor that affects the creation of urban villages. The Chinese central state can override all land uses, and rural land can theoretically be converted to urban land and used for urban development. Although the land management law has introduced the rules to prevent loss of rural farmlands since

²⁹Based on Liu et al. (2010), average price of urban village is 16 yuan/ per square meter compared to 32 yuan/square meter (city average price) (Zhang, 2009).

1986, economic development zones are still permitted to be set up in nearby rural areas to give way to urban development and local economic development. Therefore, conversion of village land is a one-way process affecting urban villages to the city until they lost control of all their village lands.

Urban construction land expanded by 850 km² per annum between 1987 and 2002 (Tan et al., 2003), and total cropland converted to urban built up areas are about 4.5 million ha (0.31 million ha per year) (Tan et al., 2005). The reasons that lead to such a huge amount of cropland to be lost are obviously the needs of expansion in order to meet the combined effect of rapid economic development, urbanization, fast urban population growth and high revenue (Ding 2003; Yang and Li, 2000). Urban expansion can also be seen from another perspective; there were only 297 cities built in 1984 but increased to 661 by 2004, 2,968 towns to 19,883 towns, and village numbers decreased from 926,439 to 652,718. As the village committee numbers declined, urban built up areas expanded from 87 square kilometres to 240 square kilometres in 2003 (Lu, 2008). Those missing villages may have already become part of urban areas, or they may have turned to the ‘urban villages’ (see figure 3.1), which some scholars tended to name ‘village in the city’ (Chung, 2010).

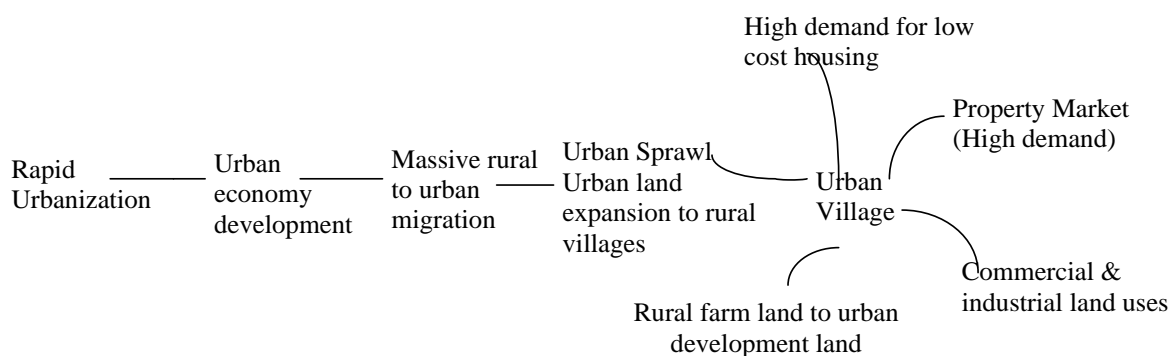


Figure 3.1 Creation of an Urban Village

Source: Author’s drawing.

3.2.5 Property Rights Distribution and Compensation

Once the village lost its farmland, it was supposed to be classified as an urban community and the local government would become responsible for providing jobs, social welfare and access to public services and infrastructure for villagers. However, the local government often failed to do so after the economy reform (Wang, 2006). Although

villagers are no longer engaged in agricultural activities, they retain their special identification as villagers of the urban village (i.e. rural Hukou). The status of villager's identification retained in collective ownership is very important for them, which means they can make profits from land ownership (Zhang et al., 2003) and have some say or control over their neighbourhood.

During the urban transformation, urban villages become involved in various property rights transactions. First, the land acquisition process transferred farmland to state ownership. It happened when the city government acquired the farmland by paying a certain compensation fee to villagers. Rural land acquisition goes against Nozick's argument of self-ownership and equality (Kymlicka, 2002: 121), as the villagers cannot refuse to participate in the ownership transfer and compensation process. Instead of making a fuss to refuse the transaction, they can only accept the certain (generally low) compensation provided by local government. This has created conflicts between public authority and villagers, as the inequitably distributed land wealth is a great disadvantage to village farmers³⁰ (Liu and Wong, 2012).

Second, the transaction of use rights of housing and housing plot. As they have been allocated the statutory land rights, villagers have rights over their houses and indefinite use rights of housing plot (reviewed in chapter 2), the livelihood of villagers have often changed from 'growing grain' to 'growing houses'. Due to the large amount of demand of low rent houses and housing plots in urban villages, the loss of ability to grow crops, loss of livelihood, and lack of guaranteed replacement employment, a vigorous campaign of housing construction and leasing housing plots was launched in urban villages.

3.2.6 Social Norms and Networks

The urban village is characterized by a mixture of rural and urban society, which transformed from a simple rural-urban division in society (Wang et al., 2009), and functions as a transitional neighbourhood. Urban villages in China do not only retain the strong collective economy but also inherit the village-style of self-organization and transitions of the social and cultural. The independence of the village economy, society

³⁰ Villagers are denied any share of the development gain (betterment), and also denied future flow of rental incomes, which is worth more than the compensation.

and culture have made them self-organized grassroots units, which fall to some extent outside of state intervention and regulations.

Considering the differences between the urban community and the village, it is important to identify the traditional social norms and networks in both urban neighbourhoods and the village. Unique physical forms³¹ and economic patterns³² create the special social norms and networks.³³ The existence of the original place-based and kinship based (as discussed in chapter 2) social relations determine the special type of community of the urban village. Rather than a modern contract based urban community, urban village community may be described as a traditional patriarchal community (Xie, 2005), albeit overlaid with a more transitory migrant population.

The traditional rural society based on primary relationships is different from urban community society based on contractual relationships. Most villagers would like to retain existing traditional social norms and networks with family ties, local attachments, local customs, caste groups and social strata rather than taking part in modern urban labour division. Under the market economy, the urban community often functions as a living space, which lacks a sense of attachment and social cohesion. Economic interest becomes the main factor in helping maintain social networks in urban society nowadays; it is difficult for individuals to generate a sense of belonging and social cohesion. The urban village can possess the features of both societies as it is transforming from traditional village society to urban society (Liu et al., 2010).

3.4 Review of Urban Village Redevelopment

Urban village redevelopment has become very popular over the country and has attracted scholars' attention in recent years. The existing scholarly works have focused on different aspects of the redevelopment. He et al. (2008) discussed property redistribution in Xi'an; they believed the property redistribution of urban village redevelopment failed the entitlements of the farmers. Lin (2010) analysed the partnership of redevelopment in Shenzhen. Hao et al., (2011) paid attention to the spatial development and implications of the policies (2011) in Shenzhen. Li et al. (2011) examined the forging and dismantling of

³¹Building, infrastructure, etc.

³²Land use and economic behaviour.

³³Customs, values, behaviour patterns and social relations.

urban coalitions and forms of power relations and outcomes of urban regeneration in Shenzhen. Chung and Zhou (2011) examined the social groups who have got involved in the redevelopment in Guangzhou. Zhang (2011) analysed political and economic contexts of urban villages in Shenzhen. Lin and Meulder (2012) focused on the sustainable redevelopment of urban village in Guangzhou. Liu et al. (2012) looked at the livelihood and social services assessed from migrants' perspectives in Beijing. Wu et al. (2013) analysed the redevelopment approach by comparing three large cities in China—Beijing, Shanghai and Guangzhou. Liu et al. (2014) categorized urban village land as brownfield and paid particular attention to different institution settings over the country. Having reviewed the above works, urban village redevelopment can be seen as a process of the urban village's physical and social transformation process. Urban village Redevelopment approach and strategies affected by urban economic, policies and spatial planning contexts. However, none of these works are based on Nozick's entitlement theory and gentrification; although land and property ownerships are the key issues of the redevelopment, and thus the two factors have major impacts on village households' life changes.

Therefore, based on the review of existing works, the second part of the chapter will focus on the redevelopment approach, redevelopment process, compensation and redevelopment problems, which are applied to the theory of gentrification and entitlement theory. It aims to identify the present-day victims and the beneficiaries during the rural-urban transformation process, and whether the victims end up worse or better than they would have been had the particular injustice not happened. Based on the entitlement theory, what measures would be sufficient to compensate them in order to reflect the transferring injustice.

3.4.1 Redevelopment Reasons, Key Actors and Approaches

Reasons

During the dramatic expansion of the urban space, almost all large cities have built 'ring roads', which aim to reduce traffic congestion and improve transport accessibility. As a result, urban built-up areas have expanded continuously along with ring roads. In addition, many cities have set up 'development zones' especially in the east coast region in order to attract foreign investments. Cities like Beijing also moved their industries (manufacturers especially) to outskirts development zones (Lin, 2007; Liu et al., 2012). As a result, the

urban-rural boundary both shifted and became more and more blurred. The drastic loss of agricultural land has worried the state government and the central government, which claimed to carry out strict control of arable land converted to urban land between 2001 and 2005, in order to secure Chinese food sources, as the unrestrained urban fringe land development caused massive agricultural land conversion to non-agricultural land (Brown, 1995). Therefore, redeveloping existing urban slum areas and urban villages has become the main resource of land where new urban spaces can be created (Liu et al., 2014).

In appearance urban villages are always described as dirty and chaotic, including narrow streets, back to back residential buildings without proper regulations, and mixed use of street level retail activities (Li et al., 2014). Nevertheless, Gao (2011) argues that urban village redevelopment is not always as desirable as it appears. The redevelopment is profitable for different groups, including the local government and developers. Wang (2016) also discussed land incomes, which are in fact a very important financial income source for the local government. Therefore the undesirable appearance of urban villages, new space for urban development, local economic benefits, and financial support for the local government because of rent gap has grown (see 3.2.2) and are the drivers of urban village redevelopment.

Key actors

Urban village redevelopment process is comprehensive and is mainly the concern of local government authorities, professional developers and village house owners (Hao et al., 2011, Gao, 211). Each actor has their interests and concerns (see figure 3.2).

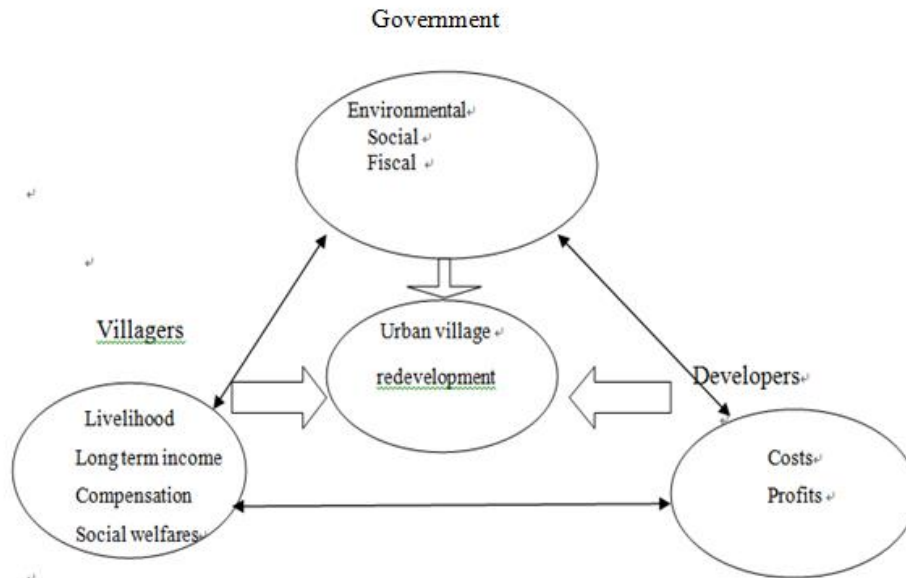


Figure 3.2 The interrelation between key actors

Source: Adopted from Hao (2011).

Local government is regarded as the 'intermediary group' by some scholars (Gao, 2011). However, it is the most powerful actor involved in the redevelopment. The local government has multiple concerns on environmental, social and fiscal aspects; thereby causing a relative weaker bargaining position. However, it is a well-structured organization composed of minority political elites. In some cities, local government is proactive, taking the initiative and leading, pressuring other actors. For example, government investment, and instead of developers and villagers negotiations some local government takes charge of the whole redevelopment process. As a result, the operation of the market is overheated.

Professional developers are looking for higher profits. Under the market economy, a professional developer normally can promote the optimal timing of land-use change, to make sure the current value of land and housing reflects expected higher returns in the future (Gao, 2011). Some urban villages are located in good locations in city centres or the core of development zones where they are able to achieve higher rents and higher property prices. The village residential layout accounted for a considerably lower floor area ratio of land use than the typical post-redevelopment layout.

Redevelopment is not attractive to village house owners who are from the village in most cases; although they will receive some compensation (albeit based on low administrative

values for their houses, and agricultural values for the farmland, rather than true market values). They are landless farmers who treat their rent incomes as the household's main income resource. They are concerned with their long-term livelihood, social services and welfare, because they have poor competitiveness in the job market, as many villagers received little education (Zhang, 2011).

Redevelopment Approach

Demolition-redevelopment approach: the redevelopment promoted by local government and implied by local development policy and plans. In practice, this is the most popular approach over the country. For example, in Tanjialing village in Beijing (Wu et al., 2013), local government returned a proportion of agricultural land as in kind compensation but migrant workers felt it was difficult to find another place to stay as good as Tanjialing.

This approach is done by both administrative and market forces, it is also applied to some urban villages in Guangzhou and Shenzhen. Shenzhen municipal government declared 40 urban villages in 2006 according to the annual redevelopment plan (Urban Village Redevelopment Office of Shenzhen Municipality, 2007). However, conflicts appeared between different stakeholders. First, local government authorities do not want to and are incapable of investing in the redevelopment. The proposed redevelopment project profits and revenues should cover all the costs of the construction of rebuilding the village and surrounding public infrastructure. Secondly, it requires a large investment by professional developers or real estate companies. Thirdly, the villagers worried about their incomes from collective companies and housing rents. Furthermore, because of lack of transparent information and efficient communication between stakeholders, it is difficult to reach a redevelopment agreement (Hao et al., 2011).

The villagers understand that demolition would not be allowed to take place before the compensation agreement was achieved. Villagers do anything they can to increase housing size in order to create more challenges for the compensation negotiation, although the municipal government devotes considerable efforts to control illegal construction, thus rounds of negotiation become unavoidable. Therefore it is difficult to schedule the redevelopment date (Southern Metropolitan News, 2004) especially sites that have more advanced development than most cities. For example, according to

Shenzhen³⁴ municipal government's redevelopment plan, the number of redevelopment of urban villages was upgraded to 117. However, only two villages had their compensation agreements in hand by 2009.

Property-led redevelopment approach

Property-led redevelopment led by the professional developers play a major role in financing the redevelopment project. This approach aimed to achieve the balance of revenue and expenditure by disposing of the cleared land to private developers. Whether the project is successful or not depends on if the developer can afford the full costs of the redevelopment required.

How much a developer will pay depends on a number of factors, the most critical one of which is supposed to be conditions imposed on the use of land. The local authority may impose their interests of a wider objective on the development by stringent conditions in planning permission or conditions on disposal of land (Gao, 2011). Bargaining between the local authority and the developer can lead to a lack of villagers' rights to negotiate a favourable collective deal with potential developers who have prepared comprehensive redevelopment. This redevelopment approach has had scholar's attention e.g. Wu et al. (2013) has done the research based on Gaojiabang village in Shanghai and Gao (2011) has focused on Yangji Village in Guangzhou.

Collective-led approach

This model is based on the village collective, usually combined with the village collective shareholding system reform, a village collective taking on self-financing, complete resettlement, relocation and construction of all commercial housing (Tao and Wang, 2014). It is explored and preferred in this case because the direct heavy government involvement seems to have met with more and more resistance from villagers in regenerating urban villages (Li and Li, 2011). The bargaining power of villagers is strong in southern China, because the clan network organization overlays village committees, political (communist party) and corporate (village stock companies) organizations. Since 2008, Guangzhou municipal government promoted 'one village one policy' (Chung, 2011)

³⁴ Shenzhen is a bit of an extreme case. Urban villagers were allowed to build big high-rise developments themselves in some cases.

and tried a new model of allowing the collective to work out a market solution with the developers directly. The most famous and successful case is Liede village (Wu et al., 2013; Li et al., 2014). A part of the land was kept under village ownership, and the village built new units for house owners and its economic development company by using the compensation money (the other two parts of land were sold to developers).

Based on the case of Liede village, Li et al. (2014) found that the municipal government allowed the Village itself to decide the major milestones including issues such as demolition arrangement, compensation schemes and reconstruction plans. Under this redevelopment approach, the municipal government is hands-off and transfers their control rights to village collective, and the village collective relied more on market mechanisms as a means to achieve urban regeneration objectives.

3.5 Redevelopment Process

The redevelopment process for urban villages is complex as it is not only a rebuilt urban project, including land acquisition and compensation, it also concerns villagers' resettlement. It does not matter which redevelopment approach has been selected, the redevelopment has to be approved by local government and higher-level governments (see figure 3.3). Friedmann (2005) suggests there are five aspects needed to take into account in urban village redevelopment in China: administrative, physical, political, economic, and sociocultural. Transformations of these factors directly work on the redevelopment and will be discussed below through land acquisition, land and housing compensation together with villagers' resettlement.

Tao and Wang (2014) discussed the gentrification phenomenon in redevelopment areas. Property prices and rent prices go up quickly and are the main reasons to move poor people and migrant workers away. This research will focus on the group of village households rather than migrant workers. Thus, this section will focus on the review of the redevelopment process from a theoretical perspective, it will focus on how ownership is transferred based on Nozick's entitlement theory, to find out whether the transfer is just and the compensation tries to reflect the injustice of the transfers. In addition, we will cover villagers who are the actual owners of village land and how their rights have been maintained.

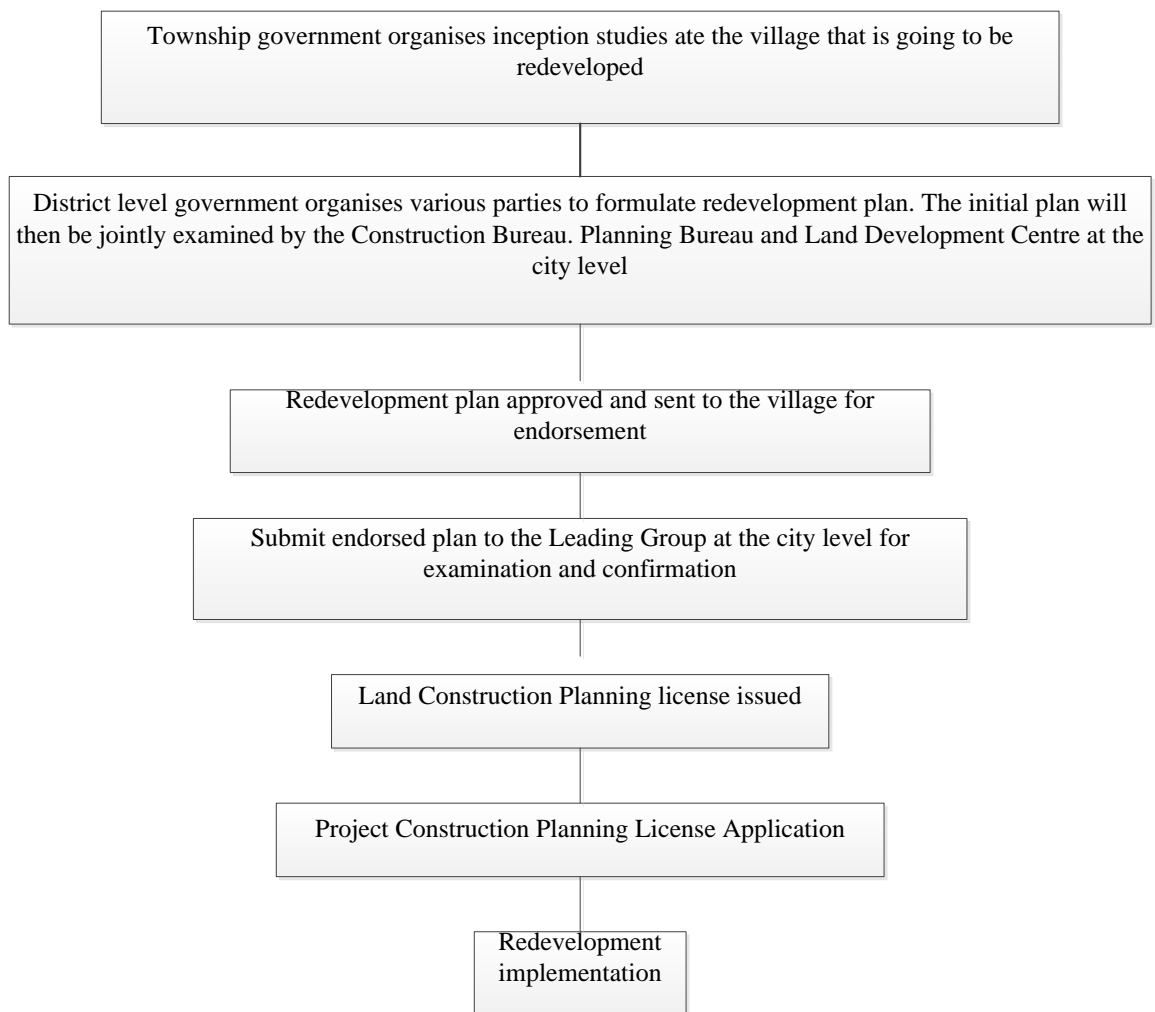


Figure 3.3 The process of urban village redevelopment

Source: Adopted from Chung and Zhou (2013).

3.5.1 Land Acquisition

Local government considers urban villages as a potential land stock for future urban development (Hao et al., 2011). Land value is a factor that affects redevelopment costs, compensation and revenues. Land acquisition in urban villages means a change of land ownership. Theoretically, villagers are the original holders of land and houses; based on Nozick's entitlement theory of property rights, they should have rights to transfer their holdings in a free market. In the case of urban villages in China, land acquisition by the local authority is the only way to transfer collective owned land. Therefore, the actual land value of collective owned is much lower than under state ownership.

The Land Administration Law allows land use rights of urban land (all urban land owned by the central government) to be transferred in the free market after 1998. By contrast, rural collective land retained the same status as before 1998, which is that they are not

allowed to sell or transfer their land rights. Local authority land acquisition is the only way to change rural collective land ownership to urban land; once it has finished the ownership exchange, local government will sell land use rights on the free land market through tender, auction or by agreement transfer (Wang, 2006; Liu et al., 2012). However, the rural collective is the owner on the behalf of village farmers, and they often treat themselves as the owner of the village land. During the land acquisition, village farmers have often been ignored (He et al., 2009).

Land ownership transfer happens between village committees, local government and higher-level government authorities. There would not be so much controversy if only a small proportion of land income goes to local government's financial income. For example, in Taiwan, according to the development plan, all land in the development area will be expropriated at once. Based on the planning policies, local government reorganized land uses, 40-50 per cent of the land returns to the original land holders, the government receives 50-60 per cent of the total expropriated land and 35-40 per cent of these land will be used to build public infrastructure, with only 15-20 per cent sold to the developers. Land income in Taiwan is used for land development fees and public facilities and infrastructures (Tao and Wang, 2014).

In mainland China, the government expropriated the cheaper farmland first, and village residential land is only expropriated just before village redevelopment. It is not common in China for local government to return part of the land to previous landowners (villagers). Even though some cities returned some land to the holders, the proportion is less than 10 per cent and these lands are known as 'economic development land', for example in some cases in Guangzhou and Beijing (Tian, 2008; Wang, 2006). Liede village is seen by Chinese government and scholars as a successful case of a redeveloped urban village, which was redeveloped under the collective-led approach, but this is not common. Some regions or cities have followed the redevelopment approach. As such, there is no less than 6-10 per cent expropriated land returned to villagers and managed by village collective organizations or stock companies in Liaoning province, and no less than 10 per cent in Xingtai City Hepei province, and 5-10 per cent in Taizhou City Zhejiang Province (Tao and Wang, 2014).

In the relevant state policy ('Notice of the Ministry of Finance, the Ministry of Land and Resources and the People's Bank of China on Issuing the Measures for the Management of Income and Expenditure from the Assignment of the Right to Use State-Owned Land')

issued in 2006), it indicated that land income covers the costs of compensation for land acquisition and relocation, land development expenditure, landless farmers' social security and public infrastructure expenditures, urban construction expenditures and other administration fees.

3.5.2 Compensation

Land loss compensation is the key factor of concern by villagers. The villagers try to maximize the compensation but the developers always do their best to reduce the compensation costs. Local government authorities most of the time are in support of the developers, in order to sell the land. Therefore, the state government policies that come up later on tend to be based on compensation issues, mainly aimed to protect the landless farmers, and policies have changed over time and have become tighter after much scandal and controversy (Liu et al., 2012). Based on existing work, compensation of residential plots creates more conflicts between stakeholders than the farmland.

Loss of Farmland

Before land reform in 1984, expropriation of rural land would not happen unless it was necessary for the use of building public infrastructure (e.g. roads) and public owned enterprises. Farmers do not have titles of village land but long term use rights, and as a result they cannot participate in the negotiation process but have to accept the compensation price offered by the local government. Before the land reform, rural villagers got nothing for their farmland, but they were automatically transferred to urban residents for the exchange of their land. They therefore had access to urban social services and welfare (Cai, 2003: 668).

In the early 1990s, villagers also automatically became employees of the public enterprise, which received the land use rights. This method satisfied to some extent the third principle of Nozick's entitlement theory, by securing farmers' interests in having some future livelihood [although without much choice]; arguably, it corrected the unjust transfers justly. By 2000, except Hukou transformations, villagers received 15 years pension contributions and 15 years urban worker's medical insurance contributions at once, which mean basic living costs have been covered after retirement (minimal pension and medical insurance requirement and no state pension in China). However, villagers

receive monetary compensation at once rather than jobs (Wang, 2006). This compensation method was first in practice in Shanghai Pudong New District.

In recent years, for compensation based on original farm use, monetary compensation is the only method used in China to compensate for farmland and crops/land-related occupations (Li et al., 2009; Tao and Wang, 2010). According to the ‘Ministry of Land and Resources on the improvement of land requisition compensation and resettlement system guidance’ (2004), provincial government has the right to set up the compensation prices. Because prices of farm production remain those in the planned-market era, compensation was too low compared to the real free market prices. In addition, the compensation often ignored or miscalculated the future farm production price.

Loss of Residential Plots

Compensation for village residential plots is more expensive and complex. It includes land compensation, construction materials of old village houses, attachment to the land, temporary settlement (during the redevelopment construction period) and resettlement fees. According to ‘Ministry of Land and Resources on the improvement of agricultural land conversion and land acquisition review and approval of the views of the work’ (2004), before the village committee received land compensation and resettlement payment, land use rights certificate is not allowed to be issued to the tenants, and land use rights will become invalid if villagers did not receive the compensation within two years.

Compensation includes monetary and property compensation. Generally speaking, compensation takes the form of replacement housing units. New settlement units received in household base and determined by the previous old housing plots with *de jure* property right and its legal floor area (Li et al., 2014). Conflicts seen between stakeholders have mostly happened at this stage, so the state government issued the policy of ‘Circular of the General Office of the State Council on Further Strictly Land Requisition and Demolition Management and Safeguarding the Lawful Rights and Interests of the Masses’ in 2010, the policy aimed to protect the villagers’ legal interests and reduce conflicts.

3.5.3 Resettlement

Resettlement of village households is the final step in completing the redevelopment of an urban village. The resettlement does not only concern the villagers’ livelihood and environmental changes but also social services, administrative status, public infrastructure

and facilities, education resources and facilities and social welfares. The most important changing issues are village households' income and employment status (Heet et al., 2009; Chung and Zhou, 2011; Hao et al., 2013; Li et al., 2014).

The dual structure has been in practice for decades; urban-rural societies clarified deeply, and as a result, in most cases, villagers recognise themselves as retaining village social norms. However, researchers found out that younger generations got used to the city life quicker and more easily than older generations (Liu, 2010). Therefore, rural-urban transformations may be easier to complete in terms of physical changes, but more difficult to complete as social transformations.

3.6 Discussion and Conclusion

As reviewed in this chapter, the urban village is a product of fast urban expansion after the economic reform. The urban village appeared in east coast cities first and it almost covers the country now. The unique characteristics of urban villages are also caused by the historic 'dual-track' holdings. The holding system was based on Mao's communist ideas and it was originally a relatively fair system although it does not fully conform to Nozick's principles in particular respects for nature holding argument.

Local government treated rural land as new urban development and development zone land resources. Villagers and migrants are the main groups living in urban villages; villagers heavily rely on rent incomes after losing their farmland. Existing research focuses on large cities, which have found that villagers are rarely suffering from starvation, and villagers are generally satisfied with their life. Thus, there are fewer arguments or conflicts between stakeholders because of loss of farmland.

The discussion of this part applied to gentrification concepts (1) Urban village redevelopment is part of urban development, caused by urban extension. (2) Village residents were the lower working class and the area will attract different urban groups (includes white collars and business). (3) Local land and property price will be increased. The big difference between urban village redevelopment and urban redevelopment or gentrification in western capitalist countries is village households will not be forced to move away by high property price and tax. However, they may be asked to relocate to some place together but with new property or money supplied. Migrant workers are the group affected by redevelopment according to gentrification, as most of them have to

choose to move to other places which can provide cheap rent but this research will only focus on impacts of redevelopment of urban village on village households. Based on the reviewed works, on the one hand gentrification contributes to local economic development, speeding up building of local public facilities and changing villagers' personal social status. On the one hand, gentrification causes villagers to leave their original livelihood and forces them to adapt to the new built neighbourhood.

Moreover, according to Nozick's property rights, the transferring process and compensation of farmlands are rather unjust. Nozick believes that a just transfer requires willingness on the part of both the original holder and the new holder. Villager committees organized by village leaders and led by the local township government ignore landowners' opinions during the land acquisition (farmland). Individual villagers have equal rights over village farmland, residential land and hilly land. Villagers instead of taking part in the compensation negotiation, have to accept the compensation price set up by the provincial government. Based on previous research, farm production and young plant compensation prices did not follow the market prices (they were lower than the market prices) and ignored corresponding future values. Thus, to apply the redevelopment of urban village to Nozick's entitlement theory, villagers are the present victims of land acquisition, local townships and higher-level governments are beneficiaries. Of these measures, compensation for residential plots seems fairer but conflicts often happen.

The local government decides the redevelopment approach. The Demolition-redevelopment approach is used most common in the country, developers are more powerful in property-led approach, but the collective-led approach is fairer compared to the other two approaches. The collective-led approach benefited each actor but the migrants; however, migrant workers are always unaccounted for by each level of government. According to the cases in large cities, local property prices almost always grow after the redevelopment because of local development plans.

To transfer village norms and networks to urban social norms cannot only rely on the physical changes. The changes of administrative and local institutions from rural to urban system, local economic change, and public improvement of local social services contribute to rural-urban transformations. Social insurance and pension system are more relaxed for all residents; nevertheless, different villagers will face different futures. Some villagers become rich and some may become urban poor in the long term while others would not see much change.

As discussed the natural holding argument did not follow Nozick's historical saying of entitlement theory, because the compensation schedule decisions explained by the state policy and local government. Thus, there would be no point in discussing the rectification of unjust ownership transfers, but village households as the members of village, as land owners and as the owners of their village houses are entitled to be involved in the compensation negotiation and, have rights to decide on the demolition of their houses (the clearance of the site).

Chapter 4 Research Strategy and Methodology

4.1 Introduction

This chapter describes the research strategy, combining the analytical framework with the research methodology. This chapter sets out the conceptual framework for the research, which has been derived from the theoretical elements and empirical research insights of the literature reviews (chapters 2 and 3). The analytical framework follows from this, seeking to clarify the relationship between urbanization and urban village redevelopment, to identify urban village redevelopment strategies, and to assess these redevelopment strategies through physical and social changes in local areas and their impacts on village household life changes. The latter part of the chapter focuses on the research methodology, describing the research methods that have been employed, including the methods of data collection and data analysis in the chosen case study areas. The basis for choice of case study areas is also described. Finally, the overall research design is presented in summary graphical form at the end of the chapter.

4.2 Research Strategy

4.2.1 Research Questions

To analyse the current situation of urban villages in the study area

- What has been the recent history of urban development in Weihai and how has this affected urban villages?
- What kind of character have recent and current urban villages had in Weihai?

To analyse urban village redevelopment perspectives in the case study area

- Why did the redevelopment take place?
- Which actors have been involved and what roles have these actors played?
- What have been the redevelopment strategies?
- What kind of physical, economic, and social changes have urban village redevelopments brought to the local areas?
- How and why have the redevelopment outcomes varied between different locations?

- *To assess urban village redevelopment impacts*
- Based on entitlement theory, how just/ fair have been the outcomes of redevelopment for former village households?
- Based on the literature of gentrification, how has gentrification developed in urban village redevelopment in Weihai?
- Comparing the analysis results and official redevelopment strategies, what strategic and policy suggestions can be provided to decision makers?

4.2.2 Research Objectives

Below objectives have been set up in order to answer the above research questions.

- To map the scale of case study urban villages in the case study city, and to discuss case study villages' development.
- To analyse the redevelopment strategies of case study villages. To define the redevelopment reasons of each village, to recognize key redevelopment actors and examine the roles they have played.
- To analyse the local physical and social changes caused by urban village redevelopment, and to discuss the redevelopment outcome differences between different study areas.
- To examine the development and applicability of entitlement theory and gentrification theory for this case study.
- To develop long-term policy recommendations for urban village redevelopment.

4.2.3 Research Framework

Having reviewed the literature of urban villages and their redevelopments in China, the analysis of this research will be based particularly on entitlement theory and gentrification approaches. Based on the existing studies of urbanization across China, both planned development and the market economy coexisted and interacted during the economic transition.

Based on the literature review, this research will focus on the following theoretical questions as it pertains to the case study city, Weihai

Nozick's Entitlement theory

- Whether the current distribution of property is just?
- Does the current distribution reflect historical injustices? Has this injustice been rectified yet?
- Who are the present-day victims of historical injustice? Who are the beneficiaries? (chapter 3)
- Are the victims worse off than they would have been had the injustice not occurred? (chapter 3)
- What measures would be sufficient to compensate the victims?
- Are there people who neither committed nor benefited from the injustice?

The gentrification

- How did urban village redevelopment apply to gentrification?
- How does gentrification contribute to local economic and spatial development?
- How gentrification affects an original village household's life changes (livelihood, environment, income and costs)?

Therefore this research first analyses how urbanization policies and urban development relate to the creation of urban villages in the case study city, Weihai. The second part of the research will focus on urban village redevelopment in Weihai and it will analyse local redevelopment policy as it applied to different types of urban village. Finally, urban village redevelopment did not only cause local physical and socioeconomic changes, it also changed local public services and villagers' social welfare. This research will investigate the impact of these changes on village household life changes.

Assessment Frameworks in Planning and Urban Development

Urban village redevelopment aiming to contribute to urban development and to promote healthy local economic development will require clearance of the site and new construction in local areas, which cause physical changes. To make sure land is used efficiently and creates higher market value, village houses would not be rebuilt and instead, high-rise units would be the most common buildings appearing on site.

As reviewed in chapter 3, various public and private organizations or actors got involved in the redevelopment process; therefore different redevelopment approaches emerged in different cities and villages. This research will determine the results of redevelopment

approach impacts on households and discuss each approach's advantages and disadvantages.

Because of the unique dual track land ownership, to redevelop an urban village it must transfer villagers' social status first. To complete the redevelopment, rural-urban transformations have to be done and rural villagers need to adapt to urban life including institutional changes (rural village committee changed to urban resident committee), local government organization (town government to neighbourhood committee), and livelihood (building and environment).

The research framework will determine redevelopment reasons, how local planning reacts to urban village redevelopment decisions, and how local policies act their roles. To assess urban village redevelopment in Weihai, it will require evaluation of the benefits and problems each actor has during the redevelopment process, and to evaluate how physical and social changes impact on village households.

This research therefore will focus on the redevelopment in medium-size cities and a case study city has selected with this in mind. The analytical framework of the research will focus on three parts. (1) Finding out how the urban village developed in the case study city. (2) Analysing the redevelopment strategies and both physical and social changes. (3) Analysing how the redevelopment affected households' daily life.

The Emergence of Urban Villages in the Case Study City

Under the influence of globalization along with the 'open door' policies, China has, since 1980, been focusing on economic development and urban development priorities, which have led to rapid urbanization. As was explained in chapter 2, urban sprawl and urban extensions are key factors that contribute to the existence of urban villages. Chapter 3 complemented this by reviewing rural development in China. The existence of an urban-rural 'dual track' system of administration (chapter 2) can be seen by comparing the literature on urban development and rural development. Urban villages used to be traditional rural villages and subject to a rural development system, but they have had a major influence on urban development and the transformation of urban areas.

According to the land management law, rural village administrations and rural collective land are still run by the village committee. To transform the village administration to the urban model, and thereby facilitate modern urban development, rural collective land and village properties have to shift to public ownership. Redeveloping the village as a whole

changes the village committee to an urban neighbourhood overnight, which is the quickest and easiest way to change rural village property and land ownership status to the public.

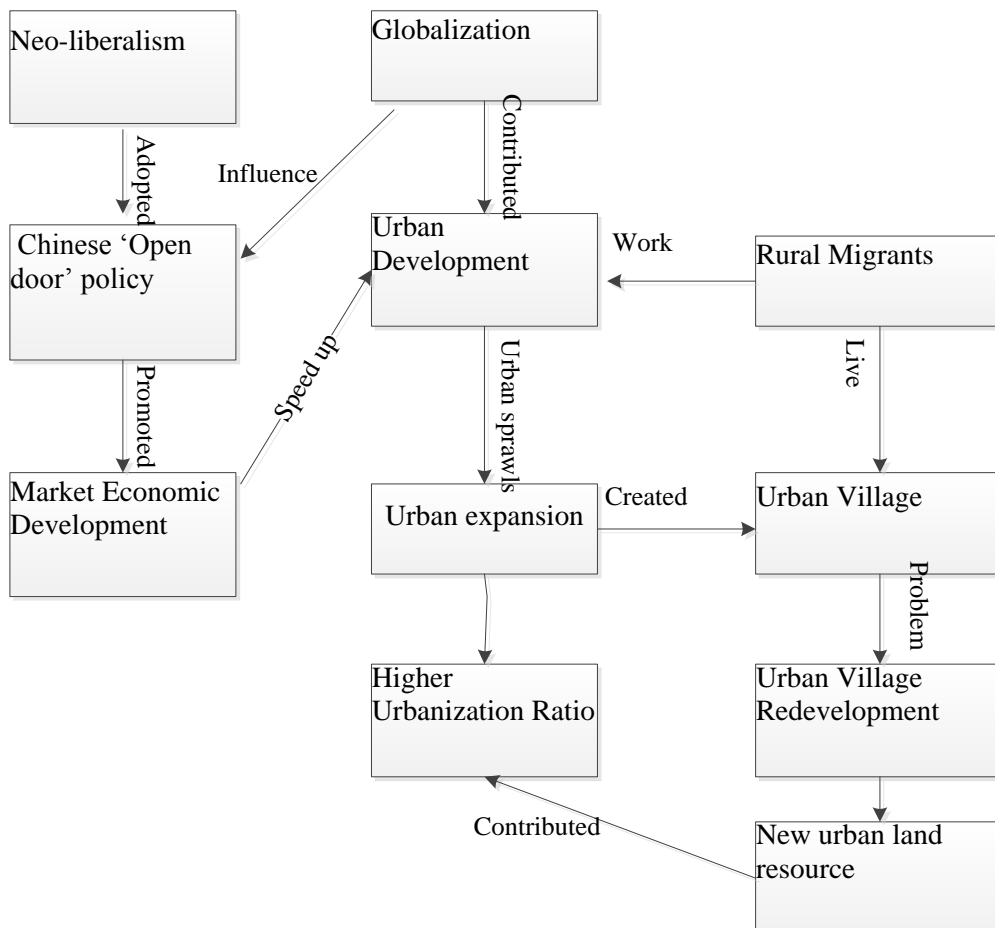


Diagram 4.1: Relationship between Urbanization and Urban Village Redevelopment

Source: Author's creation.

Redevelopment Strategies, Physical and Social Changes

The second part of the research concerns redevelopment strategies that include reasons, key actors and processes. Urban villages and their redevelopment in China are commonplace, but a case study approach was used to help collect and analyse data in one city, Weihai (chapter 6).

Redevelopment projects are promoted by local government, village committees or the developers and approved by local municipal government. The framework aimed to highlight the application and approval process, the role of relevant government

departments, national, provincial and local policies, and how those policies were practiced.

Unlike urban residential redevelopment (Shin, 2007, 2009), urban village redevelopment processes are more comprehensive. Rural collective land ownership has always been of concern for the villagers because rural lands have been the source of farm production and the land and location for building village houses. As a result, land is the key issue of redevelopment (discussed in chapter 7) and local/central government needs to transform the collective ownership to public ownership³⁵ through land requisition. Most of the new transition lands were used for commercial and real estate development rather than public facilities or public housing.

The format for selling the new transition lands can be by negotiation or auction (Ding, 2007), but regardless of method these sales provide direct support for local fiscal income while also keeping high local revenue by continuously expanding commercial revenue collections.

In the intermediate stage, village households have contributed their agricultural land for urban development, but most villagers can still be satisfied with the increased rent that they raise from informal development, subdivision and subletting of housing space to migrants. Urban villages may raise issues of local environmental concern, while still more properties are needed for growing urban population.

Redeveloping urban villages entails not only a focus on village building changes but also on surrounding physical changes and social changes (chapter 8). The aim is typically to rebuild village residential houses into urban high-rise residential and commercial buildings, led by urban regeneration concepts, which aim to promote local economic development. At the same time, this may also provide opportunities to improve the local community, provide employment training and education centres, local health services, public transport, retail shops and other services. However, Social changes are even more complicated during the transformation.

³⁵ Although the ultimate aim may be private ownership, at least of use right, public ownership facilitates comprehensive redevelopment, including repackaging of land.

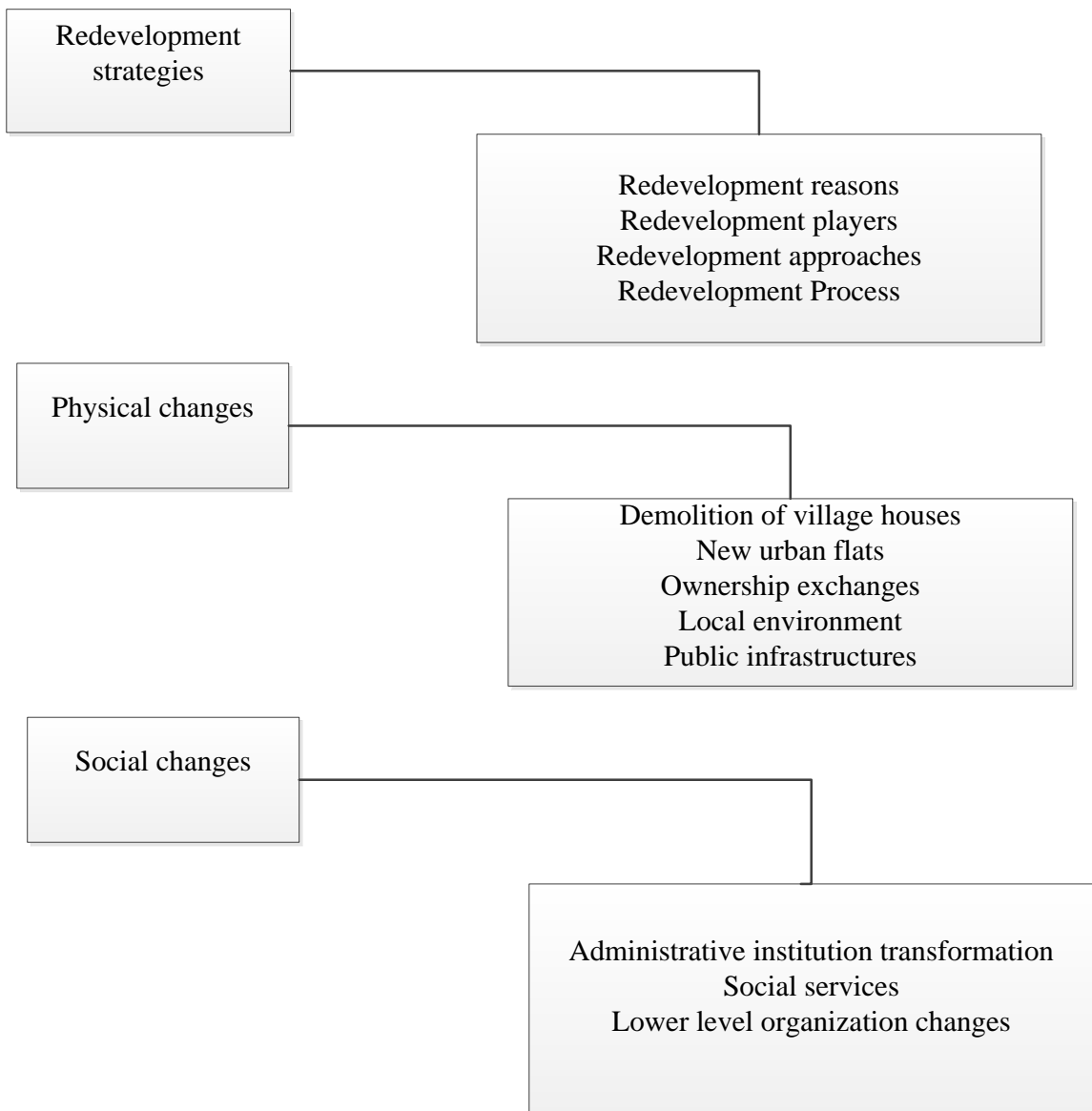


Diagram 4. 2 Assessing the Redevelopment Stragies, physical and Social Changes

Source Author's work

Assessing the Impacts of Urban Village Redevelopment on Village Household Life Changes

The creation of urban villages causes village residents to become landless farmers and rely, initially, on residential rental incomes (to a greater or lesser extent). The process of urban village redevelopment must transform the villagers to urban residents before the redevelopment is fully in place. Village farmers must adapt to urban life in a short time (sometimes overnight) and share their livelihood with new commercial buyers; urban village redevelopment shares some similarities with urban renewal, including being open to the criticisms set out in the gentrification literature (as discussed in chapter 3).

The research questions entailed in assessing villagers' life changes consider three broad types of impact: (1) Changes in household income and work opportunities; (2) 'Compensation', which include farm production income, rent income, property compensation, pension schemes and medical insurance; (3) Living environment changes. To compare with the former village living conditions, the research aimed to determine relevant benefits and problems that the new buildings bring to village households.

The fieldwork sought to compare the experience and outcomes of different redevelopment villages within the case study city, based on location, redevelopment time, and local policies, in terms of how the redevelopment impacted on different village household life changes. Village location, municipal policies and market prices³⁶ could determine land income, and land income is the key factor that affected compensation schemes. Therefore, some key hypotheses based on the research questions are: (1) Whether for villages near to the city centre, the village households receive higher compensation; this anticipated finding follows the conventional urban economic theory of land rent. According to O'Sullivan (2013), transportation relates to land prices by affecting land use. The centre of CBD is usually the optimal location where there is good accessibility so therefore higher land prices are reached. (2) The earlier the village has been redeveloped, the less compensation is received. This hypothesis relates to the 'political economy' of the process and stages of urban economic development discussed in chapter 2. (3) Local policies affect local compensation schemes directly, although they are all based on the national and provincial policies. This assumption is related to the nature of local government and governance in China, as discussed in chapter 3, including the political ties, and is elaborated in chapter 5.

³⁶Payment that users pay to the owner (O'Sullivan, 2013).

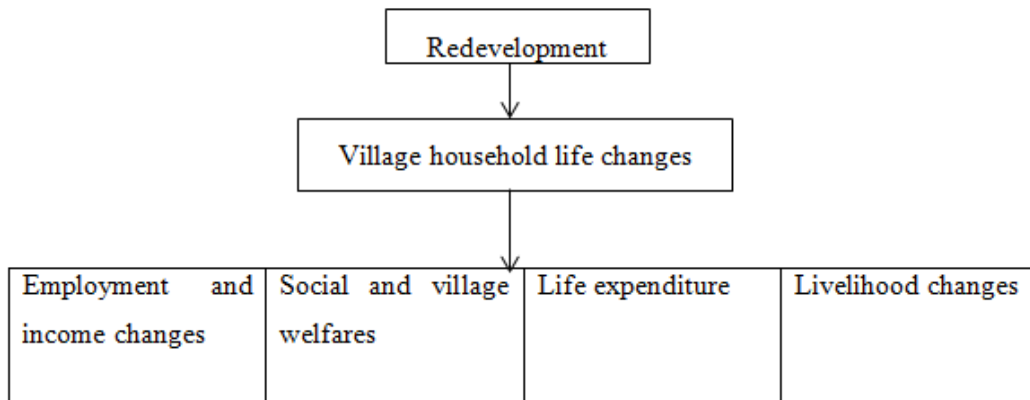


Diagram 4. 3 Household Life Changes

Source: author’s work

4.3 Research Design and Methodology

4.3.1 Research Design

Research Paradigm

The philosophy of this research contains important assumptions based in a pragmatic worldview. These assumptions underpin the research strategy and methods. The philosophy this research adopts will be influenced by practical considerations and the main influence is the particular view of the relationship between knowledge of reality and the process by which this knowledge is developed. Epistemological standpoints concern what constitutes acceptable knowledge in a field of study, and it considers the importance in the study of the researcher’s feelings and insights. This research adopts epistemological standpoints to gain an understanding of the emergence/existence of urban villages in China, together with the researcher’s own life experience of urban village life, which developed the research assumptions.

This research shows clearly that the researcher’s intentions in assessing urban redevelopment strategies and the impacts on household life changes in medium-sized Chinese cities. Having discussed and understand these paradigms, therefore, the epistemology of this research is based on the assumptions of a critical realist philosophical approach.

Mixed-method Approach

According to Tashakkori and Teddlie (1998), three research approaches are mainly recommended—quantitative, qualitative and mixed methods (combining both qualitative and quantitative elements) (Holloway, 1997). Having understood the research paradigm in the last section, the following section moves to the research methods.

A quantitative research inquiry involves a ‘postpositive’ worldview, and typically involves survey research and experimental research. Quantitative methods aim to determine the relationship from one or more independent variable(s) to a particular dependent variable. Surveys, observations and secondary data are the most common sources for quantitative data. Data collection using quantitative survey research usually entails the use of questionnaires and structured interviews (Babbie, 1990). Statistical techniques are often used for quantitative data analysis, from simple graphs to show the data through tests of correlations between two or more items, to statistical significance. Quantitative methods are unlikely to be very helpful for understanding the detailed reasons for particular behaviour in-depth. Thus, quantitative methods are not necessarily the most suitable methods for investigation in all circumstances.

Qualitative research generally appeals to the philosophical tenets and the procedures of the phenomenology, and utilises the procedures of grounded theory (Strauss and Corbin (1990, 1998) and /or ethnographic procedures (Wolcott, 1999), and is frequently involved in case study research (Stake, 1995). Sources of qualitative research are interviews, focus groups, secondary data and observations, etc. A number of limitations of qualitative research can be identified. First, the researcher must always be aware of the potential that respondents may provide inaccurate or false information. Second, there is potential for ethical difficulties as the researcher may be party to confidential information. Third, it is difficult for the researcher to remain apart as qualitative research involves people.

Based on the understanding of quantitative and qualitative strategies, this research adopts a mixed-method approach. To define the urban village redevelopment process in local areas and to find out what happened before/after the redevelopment, this research requires specific data to be collected from individual households, property developers, local and higher-level government officials, and village leaders. For example, we want to understand how the redevelopment works from different parties’ opinions and

perspectives. Therefore, it is necessary to apply qualitative methods and analysis techniques in terms of attaining a deep understanding of individuals. However, it also needs to combine this with quantitative methods because more comprehensive and precise data is required to develop the theory more broadly. Quantitative information in this research focuses on household life changes by comparing life standards, living conditions, environmental changes and social status changes. Placing both quantitative and qualitative information in a common database or table, we run into difficulties as the full richness of some of the qualitative evidence cannot quite be reduced to this format.

Research Strategy	: Theory to Research
Research Approach	: Mixed-method
Research Paradigm (Epistemology)	: Critical Realism

Source: author's work

Table 4.1 Theoretical Position of the Research

4.3.2 Case Study Approach

Justification of Case Study City

The basic principle of urbanization policy after 1970s was to maintain urban and rural divisions and avoid large-scale rural migration flooding into large cities. In order to protect large cities from tremendous pressure on public infrastructure and urban land problems, the state government refused to remove the strict urban Hukou registration status. The National Urban Planning Conference set the principle of urbanization in 1980 'to control the scale of large cities, develop medium cities at reasonable pace and develop small cities actively' (China Urban Construction Yearbook, 1989). According to this policy, the state government allowed rural towns to develop into small cities and it counted on incremental changes.

When the early stage of this policy was put into practice, there were 50 county-level cities upgraded to prefecture-level cities between 1983 and 1985 and another 50 were upgraded in the same way up to 1998. Most of these new set up cities were launched in coastal areas and have developed into medium-size cities by now. The case study city, Weihai, a typical coastal-county level city was upgraded to a prefecture level city in 1986 and the

city government was established on 1 July 1987. The city received support from both state and provisional government policies in 1980s and 1990s; the local economy has had its boom in late 1990s and 2000s. Without the strict Hukou registration status, local urban population increased from 300,000 in 1995 to 920,820 in 2010 (Weihai Municipal Bureau of Statistics, 2011) and a total population of 2.82 million.

As one of the first 15 coastal cities in 1987 (Gong, 2015), Weihai had fast economic development and urban land was mainly transferred from rural collective land. Weihai as a case study city will be able to represent well the 100 upgraded prefecture level cities. The New Type of National Urbanization Plan, which was issued in 2014, has addressed that the development will focus on medium and small cities in the next five years. Therefore, it is important for this research to study urban village redevelopment in medium-sized city.

Selection of Case Study Villages

The research approach entailed the use of a set of case study villages in Weihai. Existing research tended to ignore different types of urban villages; so this research will focus on different types of urban villages based on location.

Case villages were selected to cover different redevelopment characters-three phases:

1. Chengwaicun-Urban village redevelopment led by city planning or government. Most of these villages are located in more dispersed rural areas and villagers tend to lose their farmlands overnight. The reason why these villages need to be redeveloped is to create new Economic Development Zones or Industrial Zones being set up in these peripheral areas, in a later phase of urbanization.
2. Chengbiancun-Urban villages are located in suburban areas, where residents of these villages are villagers and migrants. Villagers have lost their farmland for a while, but the village remains in the village committee management system. The redevelopment of these villages is led by both the villagers and the local government.
3. Chengzhongcun-Urban villages that lie in the central city or Economic Development Zones, and have finished the redevelopment process. The village committee has been replaced by a neighbourhood committee. Some villages in

this category have been urban villages for a long time and residents have adapted to and profited from this, through rents or small businesses, before redevelopment. However, they may have suffered because the redevelopment happened earlier and recognition was not given to their livelihood, or because ‘greedy’ developers wanted to profit from prime locations.

Case study village selections also considered location of individual urban villages. There are broadly three types of urban village (discussed in chapter 3) in coastline cities based on their locations.

We are concerned about social and physical changes that redevelopment causes and the factors that affect the compensation schemes, which lead to village household life changes. Therefore case study villages were also selected across different administrative districts. Two or more case villages were chosen in each district in order to compare redevelopment results between villages that have similar locations but were governed by the same or different administrations, to help highlight more specific reasons that might have affected redevelopment outcomes, including physical and social changes, and factors impacting on household life changes. In order to track the relationships between political, socioeconomic circumstances and village residents, as well as the response of key actors, the location dimension forms an important criterion in the process of collecting case study villages. To give good coverage, at least two villages selected to stand for each format: Chengzhongcun (centred)—GuMo, Qijiazhuang, and Shendaokou; Chengbiancun (outskirts)—Fenglin, Haibu, Liyao, Bijiatuan, Xilaotai, and Jiangjiazhai; and Chengwaicun (rural)—BeiTai, Yangquan, Wenquantang (for details of case villages, see chapter 9, table 9.1).

Site visiting will be conducted in the case study city, in order to meet research objectives. A recent report (Xinhua News, 2010) showed that 77 urban villages³⁷ would experience redevelopment since 2007. According to the plan, 31,339 households and 100,000 people would be involved in the redevelopment, and redevelopment village land equalled 3,422,000 sqm² in total. By the end of 2009, 33 urban villages out of 77 had completed their redevelopment (Urban Village Redevelopment, 2015). It would obviously not be

³⁷ Sixty-six urban villages need to be redeveloped based on city development plans and 11 villages joined the redevelopment by town/village leader’s willingness but application approved by municipal government.

feasible to undertake fieldwork in all of the villages that have been redeveloped. Therefore, 12 case villages were selected and range of households were interviewed in those villages (see below 4.3.3).

4.3.3 Data Collection Methods

The research started with the literature review, which included international and Chinese literature. It focused on urbanization and rural development and used secondary data sources (existing publications, such as papers and electronic data). This review, reflected in chapters 2 and 3, helped to establish the framework for analysing the Chinese cases by highlighting the issues and problems related to the interface between urbanization and rural development. However, local online documents and documents collected from local government and villages (primary data) were used to review the background of case study city, Weihai, as well (chapter 5).

Chapters 6, 7, 8 and 9 will focus on urban village redevelopment in Weihai, primary (see below qualitative methods employed) data collected from government officials, village committees and village households will be used to define the redevelopment and analyse changes caused by the redevelopment and redevelopment impacts. However, online secondary data will also be used in these chapters, such as national laws, and local policy documents and plans. A self-completed questionnaire (80 households) survey was also completed to obtain basic quantitative information about household life changes including living environments, living conditions, employment, daily costs, which provides the main focus for chapter 9. Some simple descriptive and quantitative comparisons are used but the predominant weight of the evidence comes from the accounts of village residents given in response to (semi-) structured interviews.

Fieldwork

Fieldwork entailed the collection of new and original data in the case study areas including documents, interviews, field observations and photography. An initial stage of intensive policy analysis involved a review of relevant academic, official publications and reports. The research methods used to collect the primary data during the fieldwork is explained below.

Key Actor Interviews: Semi-structured interviewing is the main method of primary data

collection. Key actor interviews were held with local government officials, including planners and community workers, about the urban village development and redevelopment. Open-ended interviews were held with four village leaders about the impact of changes in the village over the last ten to fifteen years; and village redevelopment rationales, plans and their evaluation of the redevelopment already carried out. Interview questions are similar between different villages but sometimes varied to reflect differences in terms of the scale of redevelopments. The purposes of these interviews were to collect original data and opinions that were not likely to be found from existing documents. Not only could experiences be reported and interpreted through the eyes of specific interviewees, but also as the interview process proceeded, observation methods took place as well, providing more important insights.

In-depth Household Interviews: In-depth interviews with sample households at each village allowed the researcher to triangulate findings across sources and test issues of reliability and validity (Marshall and Rossmand, 1995). Considering the typical education background of households and the nature of the study, an informal conversational style was used. In general, subjects were interviewed individually, to maintain their privacy and confidentiality of information given.

Sampling Methods: Each village (excludes village of Shendaokou) had ten households who were selected for the in-depth interviews and the researcher's relatives and friends were internal sources used to help with the selections. It was important to recognize that village households were not a homogeneous group and differed in terms of age, education, skill, family background and health conditions. Ideally, the interviews would be held in the homes of interviewees considering safety reasons. However, some interviews were conducted outside the homes of residents. Forty households from in-depth household interviews have also completed the questionnaires (80 questionnaires completed in total). Households were divided into four categories: elderly couples with low education level without children/childcare costs (or grown up children); elderly single lone parent; middle-aged couples with one to two children; and young couples with one child or without child. Semi-structured interviews covered the following topics: family structures, economic activities, income and expenditures, property/housing ownership, compensations and their uses, current employment, welfare support and their satisfaction with the redevelopment (for interview questions and questionnaires, see Appendices 4.1 and 4.2).

Documentation: Documents played an explicit role in data collection and in case studies.

First, documents were helpful for determining correct names or titles of interviewed organizations. Second, documents provided specific details of corroboration to support or test other sources. Third, documents helped to make inferences—for example, by observing the distribution list for a specific document (Yin, 2003). Before I carried out my data collection plans, I researched the relevant documents systematically. In addition to using online data, local libraries and documents from government officials were the main resources during the field visits.

Typical primary documentary data:

- Letters: letters that are relevant to local villages' development or redevelopment and held by local authorities, village committee and village households.
- Memoranda and other communiqués: These original notes held by village households, developers and village committee were the most acute and helpful by providing event time data.
- Agenda, announcements and meeting notes, which belong to local government officials helped to clarify the true reasons why local urban village redevelopment was necessary and to understand the local plans and future developments the government expected.
- Administrative documents: Particularly agreements between the developers and local authorities. These documents, such as redevelopment proposals, reports on the progress of the project, and internal reports or records, were studied patiently, and the data were compared to the data or information households held.
- Newspaper accounts also provided excellent sources for covering topics. Past newspapers were the most important resources to provide typical cases of redevelopment problems or individual/social benefits. Moreover, newspapers helped to provide old pictures, such as old village, old town or houses before redevelopment.

Direct Observations: Direct observations helped to provide additional information during the formal interviews between myself and local government officials, planners and developers. Observing their reaction, expressions and behaviour helped in making judgements about their satisfaction with the redevelopment and in establishing their working attitudes. Direct observations obviously happened a lot during the site visits, for example, documenting landscapes, village physical and environmental changes, often using photos. In addition, direct observations helped to provide the evidence of village households' living conditions and their satisfaction. To assist in the recording of site

conditions, photos were taken systematically both within case villages and surrounding areas.

Participant-Observation: During the site visits, the researcher was able to stay with relatives who are also households in one case study area. In this case, it was possible to get deeper insight into the feelings of some residents about their experiences, as well as into the daily life of village households.

Archival Research: The Hukou registration status system plays significant role in local households in Weihai, as it determines the different benefits and compensations available to different groups. However, it was difficult to get permission from the local Public Security Bureau to read any personal archival material. However, village committees always hold the copy of all the village residents' registration certificates and village residents have the original documents divided into family units. Comparing the differences between the registered village Hukou households and unregistered households, the research attempted to find out how different their life changes are.

Village archives also contained the information only kept by the village committee, such as the traditional village land catchment, village economic activities, village environment change and village demographic change. Archives also record concerns about local rural development and big events.

4.4 Limitations of Research Methodology

The main limitation of the research is lack of secondary information. (1) There were no accurate statistical data of village household employment status and it would have been too demanding for the researcher to carry out a large structured survey of 100,000 households. The self-completion questionnaire was only collected from 80 households (and 40 out of 80 had in-depth interviews) from case study villages. (2) Some Local governments did not allow their officials to be involved in the interview, which caused part of the data to be missing. (3) Understandably, there is a lack of documentary file support for some alleged issues, such as village leaders accepting bribery. Therefore the research cannot fully discuss the village leader bribery problem, which may be one of the key factors determining the outcomes of village redevelopment. However, the range of sources used enabled the researcher to triangulate many of the findings from different sources, and therefore to compensate for these gaps in some sources in some cases.

In terms of secondary material, due to the unavailability of recent information, the researcher has had to depend on whatever data were available. The researcher could not manage to keep updating new redevelopments after the fieldwork in 2013, and new redevelopments might have had different formats and local government policies may have changed. Finally, urban village redevelopment also created big changes for migrant workers, but this research has mainly focused on local village households.

The range of approaches

The growth background of urban villages brought heavy interest in urban village redevelopment to the researcher. Personal experiences of rural life transformed to urban life affected the education and social services of the researcher, family incomes and parents' employment status, and changed family living environment and conditions.

Thus the researcher's personal life experiences endowed the researcher with the initial ideas of the existence of urban village and urban village redevelopment, and an understanding of the basic life culture of people who live in urban villages. Therefore, it helped to build up the relationships with village households in some case study villages, despite the difficulties gaining information on village households' life situations through responses from village leaders and interviewees. It is necessary to make the claim that the researcher's personal experiences and opinions did not bring personal biases into the research analysis and findings.

Grounded theory helped to select the case study villages, develop fieldwork, and data collection methods. Grounded theory especially played an important role in changing the case study villages and data collection methods during the fieldwork. Some case study villages have changed during the fieldwork as an informer of one village may have shared the same situation with another village in the study.

Chapter 5: Development in Weihai City and the Making of Urban Villages

5.1 Introduction

The following Chapter is based on a literature review of the employment status of landless farmers and their living conditions. It aims to illustrate the background of the case study city of Weihai. It will review the urban-rural division and the existence of urban villages in Weihai. This Chapter includes three parts: Development history of Weihai, the fast economy development era and urban villages in Weihai. Following the analytical framework, this Chapter will find out how urban villages developed under the fast, local economic development. Based on general urban village characteristics (Leaf, 2007; Lin et al., 2011; Liu et al., 2009, 2010; Song, 2007; Wang et al., 2009), this Chapter will discuss the groups of people who stay in local urban villages, the local environment, transport situation, land administration, and economic development. Local planning authority and traditional village culture are also responsible for these characteristics.

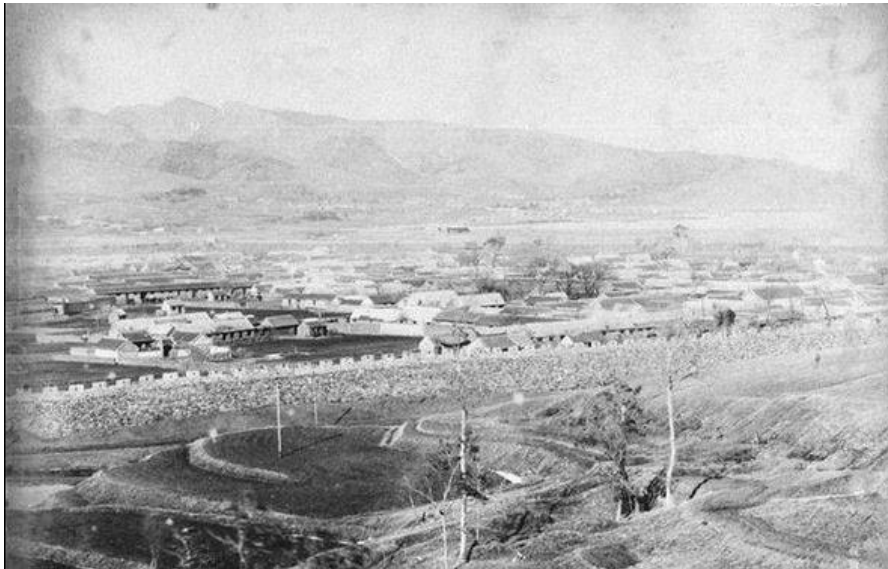
5.2. Weihai as an Historic Town

To discuss the early development of Weihai aimed to explain the special urban-rural development in the past that led to different urban expansion style compared to the literature reviews.

5.2.1 Early History

The city was first built in 1398 and its original name was Weihai Wei. It was famous as a Garrison town in both Ming and Qing Dynasties. It used to be a fishing town but the population and types of residents was changed by soldiers and their relatives during the Ming Dynasty. People tended to live near each other and city walls had been built in 1403. Wall builders and their families stayed in the locality as well after the city had been built. As such, the population of the city increased dramatically and 140 new villages were built at that time (History office of Huancui District, 2009). The area inside of the city walls was called the acropolis, which was only 0.55 square kilometres, with a length of 870 metres and width of 632 metres (see picture 5.1). After the revocation of the acropolis in

the Qing Dynasty, the acropolis became a normal residential area (History office of Huancui District, 2009).



Picture 1 Wei Hai City Walls Built in 1403

Source: <http://www.douban.com/photos/album/23611712/?start=180>, access date 22/10/2012.

5.2.2 Under Foreign Power Control

British soldiers landed in 1898 and governed the city for 32 years; the British Colony catchment excludes areas inside of the acropolis (case study areas). The Port of Weihai was famous as an international port and played very important roles in exporting and importing goods to contribute to the development of the local economy. The Port of Weihai had been renamed Port Edward, aiming to remember one of the British Ministers who had contributed to developing the port. Inside, the acropolis was still under the control of the Chinese government, but had been isolated from nearby cities, so institutions were administered in different ways. Both inside and outside the city walls were built-up residential areas, the area was near the port and surrounded by seas with a British Weihai Government set up to govern the area. Suburban developments were built just outside the walls, including churches and schools.



Map 5.1 British Colony Areas

Notes: Catchment of British Colony (1898–1930) includes Liu gong Island, excludes the acropolis, which was still administrated under Chinese government.

Source: Old images of Weihai City, <http://www.douban.com/photos/photo/1177823807/>, access date 22/10/2012.

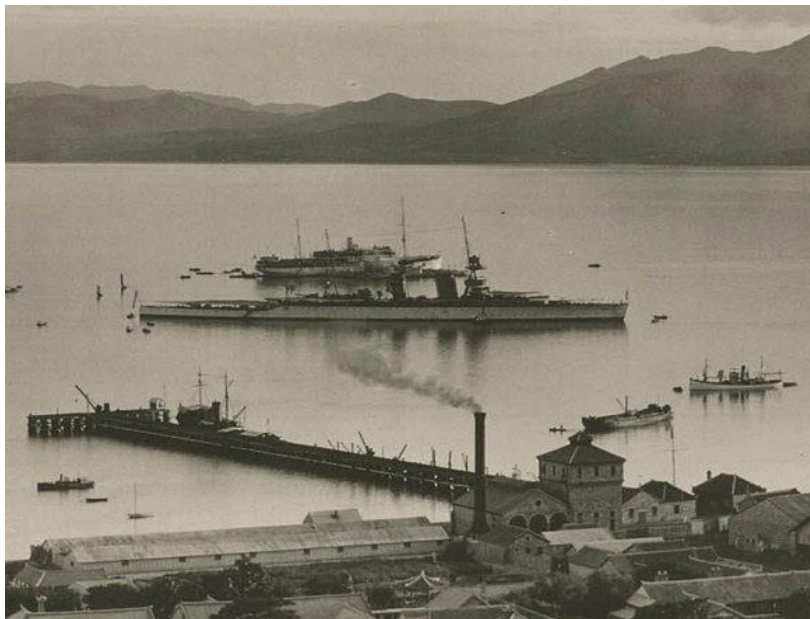


Picture 2 Weihai Park during British Colonial Time

Notes: Weihai Park, which was outside the acropolis and beside the seaside, 1921.

Source: Old images of Weihai City, <http://www.whminsu.com/html/y2010/446.html>, access date 22/10/2012.

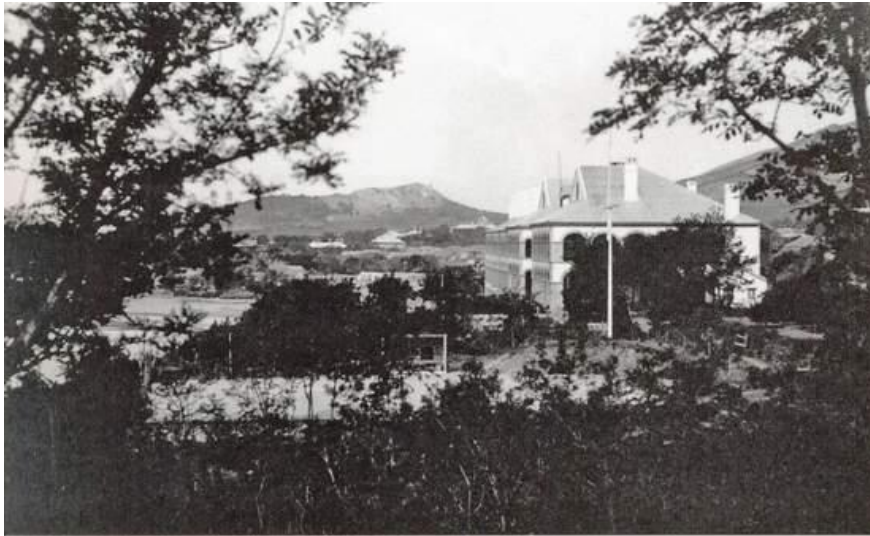
This park (picture 5.2) was built on the east coast of the city by residents and had been restructured during the Colonial period and enhanced by local Government of Republic of China. Although it has been rebuilt, it is still in the same location today. The original Port of Weihai (North Port of Weihai) picture 5.2, which is located at the north end of the park, has been used for small internal shipments and passengers only. International and larger shipping have been moved farther south to the newer port, Cargo Port, which is in the Economic and Technology Developing Zone (Liu, 2012).



Picture 3 Port Edward before 1930

Source: Old imagines of Weihai City, <http://www.whminsu.com/html/y2009/910.html>, access date 22/10/2012.

The British Council was located on the northeast of the port in the area called Port District just off the city walls and it had been built up for such uses as military, education, religion, residential and cargo warehouses. King's hotel (picture 5.4) was the biggest hotel in the locality and a few European-style hotels were built on the northeast seaside, besides the British Council building.



Picture 4 King's Hotel

Source: Old Imagines of Weihai City, <http://tieba.baidu.com/p/96337681>, access date 23/10/2012.

Having reviewed the early development history before 1949, it can be summarised that unlike Chinese big or historical cities, there were no big gaps between urban and rural development in Weihai during that time. Overall, rural population accounted for a large proportion with farming and fishing the two main industries supported by local economic development. International trade was brought to local and international trading ports ahead of most small cities at that time. Women had lower education level and lower employment rates.

5.3 Development of Weihai from 1949 to 1978

Following the history of Weihai, the development model changed significantly after the new Chinese government set up in Beijing in 1949. Instead of developing to be a bigger and stronger city, Weihai was downsized from Municipal level city to township-level city, because it was a coastline garrison city under Mao's 'political spatial strategy' as discussed in Chapter 2.

5.3.1 Urban and Rural Divisions

The urban boundary was not clarified until November 1980³⁸ when members of Cheng Li, Bei MenWai and Jing Yuan Production Brigades transformed into urban residents. Until then, only people who worked for the public sector or national ownership enterprises were qualified as urban residents but some of them may still stay in rural areas. Urban residents enjoyed their granted jobs and were paid by their employers (salary). They also received food, oil, meat and eggs as 'benefits' from their employers,³⁹ but they were not entitled to any rural benefits such as farmlands and access to village residential plots although some of them may still live in the village.⁴⁰ Nevertheless, urban Hukou holders' benefits and priorities were gradually reduced after the 'Open door' policy. Urban Hukou does not give access to any of the social welfares nowadays (Yao, 2004). Rural Hukou holders lived in rural villages and they had the right to farm on village collective farms, so they were called farmers. Farmers were fed by their own farm products only, and they

³⁸ The city walls crashed down during the Cultural Revolution.

³⁹ Almost all enterprises were under national ownership and employees were called workers. Those who worked for the government and enterprises as managers were called cadres. Cadres received higher salaries and better social welfare, and higher-level cadres lived in bigger houses.

⁴⁰ Many employees come from rural villages but worked in the city and they were counted as urban residents because of their Hukou status.

built their own houses on collective residential plots.⁴¹ Rural villagers were not entitled to any urban social insurance or social welfare goods or payments.

Urban and Industrial Development

When the city was demoted to county level in 1950, the city government ruled directly over 16 villages only, with Liu Gong Island as a town. All the remaining townships and villages were divided into county level divisions of Wendeng and Rongcheng, and they did not return to city government until 1956; although the city was promoted back to city level in 1951. The current city centre of Weihai and Liu Gong Island were set up as a garrison again in 1950, with naval personnel and soldiers staying in the city. So, urban areas in Weihai were not developed like inland cities before 1978, because of political and strategic reasons, although there were still a few factories built between 1950 and 1978. Nevertheless, some industrial development did take place, as described below.

Industrial development has been through four stages.

1950–1953 Side-line Industries: Rural development and agricultural production are priorities, but urban residents were encouraged to undertake some side-line industries to help their incomes, because they had less farmlands and more population in urban areas. The local government encouraged and helped private companies develop, so textile industries, ironwork and embroidery industries were developed well during this time. There was one new national-owned enterprise developed, Weihai shipyard in 1951 (Weihai Chi, 1951).

1953-1957: Industrial developments continued smoothly although there was no significant development. 1958–1961 was the famous ‘Great Leap Forward’, which was held all over the country (see Chapter 2). The Great Leap Forward concentrated on agricultural production in the beginning, but all people who stayed in urban and rural areas were involved in trying to develop iron industries. Consequently, almost all other industrial developments were closed down, and this was a huge waste on human resources, finance and materials.

1961-1978: In this period, all industrial development returned to normal and the social commune system became popular, taking over local township government. All private

⁴¹ Rural households enjoy free access to village residential plot but they need to pay for housing materials and construction fees. Rural residential plots were only provided to village Hukou households; including marriage age young men (household son) but not women (household daughter could apply if no sons).

companies transferred to public ownership,⁴² former owners were replaced by company leaders and run by local social communes in 1966. Young people who received higher education were sent to rural areas to help rural agricultural development. Between 1966 and 1976, when the city experienced its Cultural Revolution, universities only took students who were recommended by their employers or by village brigade. Open exams were cancelled during this time and did not restart until 1977.

After 1970s: Industrial development focused on collective town ownership enterprises in the form of ‘town village’.⁴³ There were seven townships in Weihai at that time, and each of them had built 10 to 20 township enterprises that employed local people. However, benefits and welfare township enterprises employees received were not as good as urban residents and urban workers. After all, they received higher incomes and better welfare than village farmers did. Development of township enterprises enhanced local retail and contributed to help ‘town centres’ develop. Meanwhile some urban and town industries started to use rural workers on a part time basis.

Rural Development

By 2002, there were 287 villages in Weihai in total, and most of these villages were first built before and during Ming Dynasty (see section 5.2.1). Only a few new villages were built before 1949, but almost no new villages were built after 1949.

Rural developments in Weihai were more complicated than urban development after 1949. From 1953 to 1957, when under the first national five-year plan, rural development focused on agricultural production and using a format of agricultural production cooperatives, under which farmers gathered their farms together and worked together, sharing their productions equally by the end of the year. In 1956, all farmlands belonged to rural collectives and members of the collective would not get any land payment. By the end of 1956, collective farmlands represented 98 per cent of all agricultural lands. Rural collective farmlands started to use the contract and reward system in September 1957; farmlands were contracted to households, with a production contract, a package of financial contracts, and overcapacity reward.

From 1958, People’s communes were set up in local rural areas, which included the urban neighbourhood Huancui, which was renamed Huancui Commune. Village residents worked and ate together in teams of production brigades and everybody got the same

⁴² Government didn’t pay any compensation to former owners.

⁴³Where the township government was located.

payment by the end of the year. All reTailing and other industries were run by the collectives. During this time, the town centre played important role, as each township normally set up a bigger reTail shop in town centre village and every five days, local people could come to the town's open market to exchange⁴⁴ living goods with each other and the market became a reTail trading centre for local people after 1961.

Many people died during the period of Great Leap Forward because of inefficient working system and natural disasters. There were 4,832 urban residents from Weihai who had been sent to rural areas during the national Cultural Revolution. In addition, different salaries, awards, and punishment rules reverted partially back to normal, which meant payment could be different and based on their work. However, people's communes did not finally stop until 1983.

5.4 Moving Toward a Larger Regional City Since 1978

The location of Weihai (map 5.2) is on the peninsula of Shandong, overseeing DaLian, a city linked to three north-eastern provinces across the Channel of Chinese Bohai Sea. It is close to South Korea (eight hours' ferry or one-hour plane distance), while it also faces Japan on the east of the Chinese Huanghai Sea, and connects to the Chinese mainland to the west. The natural advantages of location of Weihai have given it the potential to develop into an economically stronger and bigger city. Thus, in 1978, it started its fast economic development process when the Chinese central government believed it was time to relax the war threat and shift to economic development priority. This section will focus on economic development in both urban and rural areas after 1978, the demographic changes that accompanied the economic development, and how land has been used.

⁴⁴ Commune members were not allowed to do any trading privately because they were supposed to share all their assets, food, and poultry with all other members. If any member were caught with private goods kept, they and their families would be in serious trouble.



Map 5.2 Location of Weihai

Source: Author's drawing added to Google Map.

5.4.1 Urban Planning

The first master plan of the city development (1978–2000) was set up in 1980 and permitted by Shandong province in October 1982. This plan only focused on the development of urban areas. In the same year, the communal system was adopted in Weihai. There were seven People's Communes in rural areas (see section 5.2.2) and only one urban neighbourhood in the urban area, which was called Huncui neighbourhood (Sun, 2006).

Seven new townships and three neighbourhoods were set up to take over People's Communes in 1984. Urban boundaries have had their first extension by transforming four peri-urban villages from rural administration system to urban administration system (see section 5.2.2). Local government had started to concentrate on building the urban area of the city afterwards.

5.4.2 Economic Reform and Development

Mainland China cities have been developed under a Planned Economy and controlled by Central Government. Although Deng's Economic Reform in 1979 has been well known, it was not put into practice until late 1982 across all the country. Weihai started its new

page from the early part of 1983 as a township level city. It was governed by YanTai Municipal City Government before it upgraded to a prefecture level city in 1987.

To develop the local economy, priorities of building universities, new buildings, international trade, and industrial manufacturing factories were established. Weihai campus of Shandong University opened in 1987, and Weihai campus of Harbin Technology University opened in 1988. Under the poor local planning system at that time, many heavy manufacturing factories were set up in the city or nearby suburb areas (Huancui Chi, 2004), which became barriers to urban development later, and they were moved to New Industrial Development Zone (outside city boundaries) after 2006.

The Port of Weihai did not perform its role for shipments, particularly international shipments, after 1938. Warehouses of the port (77,000 m²) were rebuilt in 1977 and the project was funded by the national government. Port of Weihai was not officially opened to the public and the rest of the world until 1 April 1985. Meanwhile, part of Liu gong Island was officially opened to the public as a tourism place, although it was still a military base (Huancui Chi, 2004). Since then, the speed of economic development in Weihai has been driven fast and three development zones were built after 1990.

5.4.3 Population Growth and Migrants

On 15 June 1987, the City of Weihai Wei was permitted to become a prefecture-level city according to the National Letter 105 file. Original city of Weihai Wei has since been renamed old Huancui District and governed by Weihai People's Municipal Government (WPMG).⁴⁵ The research takes place in old Huancui District. It will still be called Weihai in this dissertation as residents generally called it so, Figure5.1 presents the administrative of Weihai.

⁴⁵ It also governs the township cities of Wendeng, Rongcheng and Rushan.

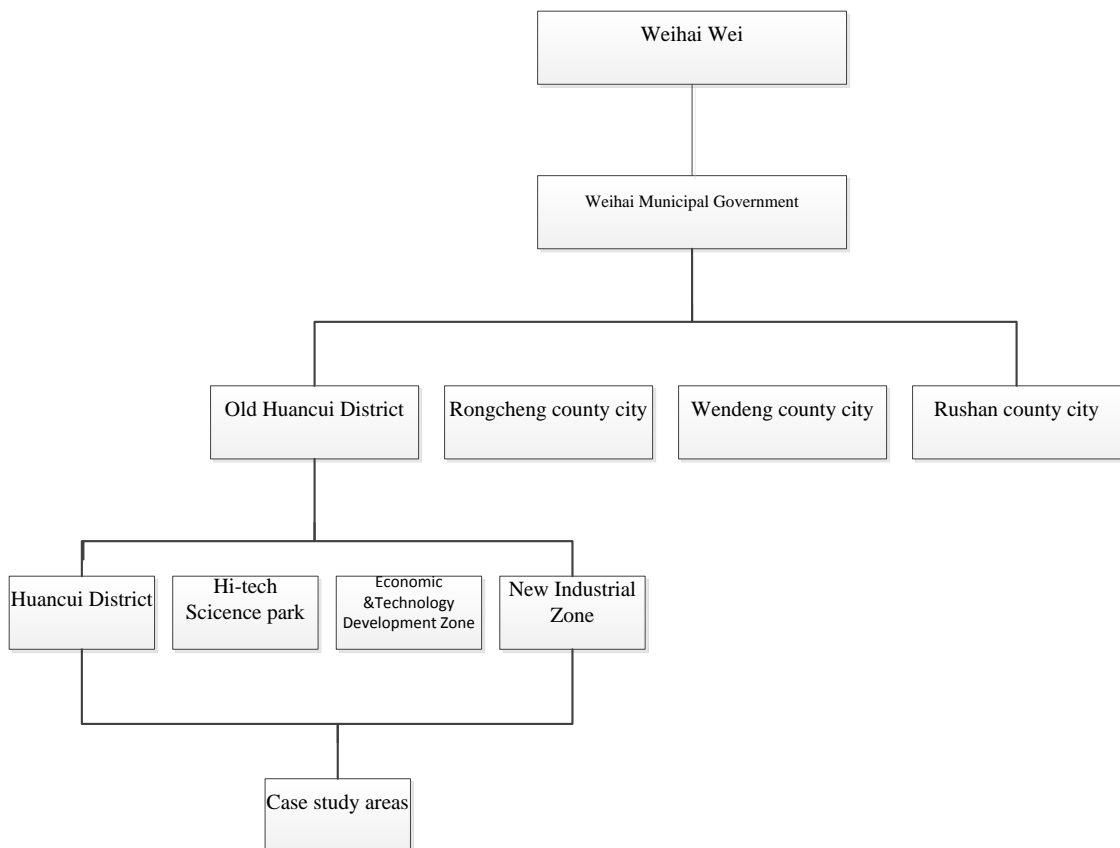


Figure 5.1 Weihai Administration Transformation

Source: Author's work.

To develop the local economy effectively, local government decided to set up another three development zones as a basis to transform to urban areas eventually. The fourth Census was completed in 1990, right before the Development Zones⁴⁶ were set up. Table 5.1 shows the growth of total population of Weihai City, and population distributions in each development zone.

Area	Fourth Census ⁴⁷ 1990	Fifth Census 2000	Sixth Census 2010
Weihai City	372,389	609,329	908,200
Huancui District	303,717	387,582	363,900
Hi-Tech Science Park	34,104	148,094	269,500

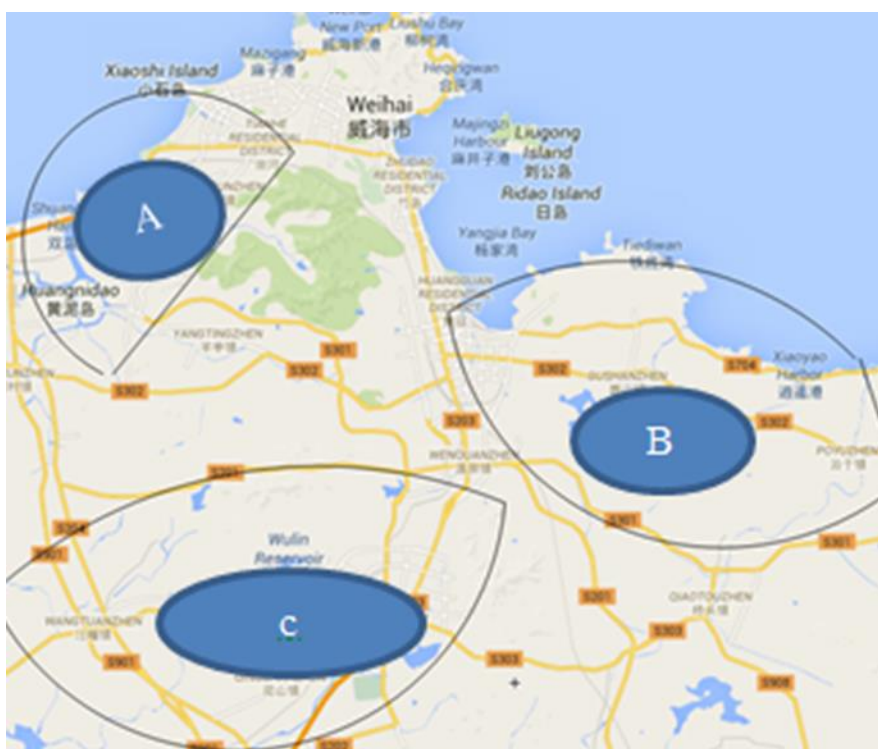
⁴⁶ Each Development Zone has its own government and led by Weihai municipal government directly though they were built in Huancui District.

⁴⁷ Population discussed here only concerns local Hukou holders.

Economic and Technological Development Zone	34,568	73,653	189,800
New Industrial Zone	N/A ⁴⁸	N/A	85,000

Table 5.1 Most Recent Population Changes in Different Areas

Source: Weihai Municipal Bureau of Statistics (2011).



Map 5.2 Locations of Development Zones

Notes: A: Weihai Torch Hi-Tech Science Park; B: Economic and Technological Development Zone; C: New Industrial Zone; The remaining areas on the map are Huancui District.

Source: Author's drawing added to Google Map.

Map 5.3 indicates three case study areas locate in the city.

Weihai Torch Hi-Tech Science Park: A state-level development zone set up in March 1991 and approved by Chinese central government, with an administrated area of 119.km². The Park is in the northwest and with a population of 34,104 when it was newly set up. The population of this area has increased almost eight times by 2010. It used to

⁴⁸ New Industrial Development Zone catchment areas are not only located in old Huancui District but also two towns of Wendeng County city.

govern four villages in the early stage, but it is now extended to two neighbourhoods, which includes 23 residential communities and 34 villages. Therefore, the extension of development zone boundaries is the key reason local population increased although migration also contributed.

The local economy has been growing because of many high technologically skilled organisations, such as two universities and other companies settled in the area. A population of migrants has been attracted there (Government of Hi-Tech Science, 2012). Population in this area in 2000 was four times that of 1990, though the growth slowed down later (see table 5.4). However, the local population in 2010 almost doubled again since 2000, so total population increased eight times within 20 years. Redeveloped urban villages in this area are classified as Cheng Bian Cun (see section 4.4.2).

Economic and Technological Development Zone: This is a state-level development zone located in the south of the city centre. The plan of building ETZ was approved by Chinese State Council on 21 October 1992 and its catchment area was 194 km². Originally, it was based on one township, but its catchment has been extended to include two townships, which included 71 village committees, and three neighbourhoods encompassing another 25 communities. Compared to Hi-Tech Science Park, population increase of this Development Zone is more stable and gradual, with population increasing five and one-half times within 20 years (Government of Economic and Technological Development Zone, 2012). Development Zone boundary extension and migration are two main reasons for population increase.

New Industrial Zone was approved by the Shandong provincial government in 2006 and established in 2008.⁴⁹ This newer Development Zone is in the far away south of the city. The catchment of the Zone is 297km², and three townships are included. Most of Zone areas remain under rural management and traditional villages. It aims to settle all companies that move away from city centre and attract more investments to develop the local economy. The local population is only recorded from 2010 (the sixth census), and as we can see, there were only 85,000 people living in the area at that time, although the catchment size is much bigger than the above two areas. Local villagers still represent most the local population. A group of local workers who work in this area still reside in

⁴⁹ It was renamed Lingang District in 2015, but it is called New Industrial Development Zone in this dissertation.

the city centre,⁵⁰ and migrant workers prefer free dormitories provided by employers⁵¹ (District Management Committee of New Industrial Zone, 2012; Weihai Municipal Government, 2012).

Huancui District: This is the original city of Weihai Wei and current catchment size is 368 km², which is half of its original size. Population declined according to the sixth census in 2010 was due to boundary changes; however, it increased in 2000 and maintains current growth trends. There are five townships and three neighbourhoods, which include 137 village committees and 79 neighbourhoods in total by 2010. Catchment size decrease is the main reason why the population has not been growing as fast as the development zones. The original city centre is still the centre of the district, and is the most crowded place in the city (Huancui District Government, 2012).

Time	Urban	Rural	Total
The fourth Census (1990)	83,693	179,097	262,790
The fifth Census (2000)	317,966	287,477	605,443
The sixth Census (2010)	547,080	215,584	762,664

Table 5.2 Recent Records of Local Urban-Rural Population in Weihai

Source: Weihai Municipal Bureau of Statistics (2011).

Table 5.2 shows local urban and rural population growth in the past 30 years. Total population trend of upward growth particularly between 1990 and 2000 in the early stage of economic development continues and it almost increased three times in the first ten years.⁵² Migrations play an important role and this was made obvious in the growth of urban population.⁵³ Rural population has dropped by 27,093 in the last ten years (2000–2010). It is easier to conclude that urban population growth is much more advanced than rural, and urban sprawl appeared in Weihai.

⁵⁰ They drive to work and some employers provide free coaches to transport employees from city centre and other parts of the city to place of work.

⁵¹ Municipal government forced employers to provide free dormitories for single employees.

⁵² Natural population growth is negative during the time (City Development and Property Market in Weihai, 2010).

⁵³ Urban population rose to 547,080 long-term residents (including migrants who stayed in the area for more than five years).

Area	Total	Urban	Rural
Huancui District	317,898	228,565	89,313
Hi-Tech Science Park	182,720	165,930	16,790
Economic and Technological Development Zone	124,096	83,585	40,481
New Industrial Zone	85,000	69,000	160,000

Table 5.3 Urban-Rural Population in Four Areas in 2010

Note: Based on hukou status and excludes migrants.

Source: Weihai Municipal Bureau of Statistics (2011).

Table 5.3 shows urban-rural population differences between four case study areas by 2010. Numbers of population are higher in urban areas than rural areas except New Industrial Zone. Huancui District has the highest urban population, which is almost three times the rural population, followed by Economic and Technological Development Zone, which is twice, and Hi-Tech Science Park where urban and rural almost equals each other. The numbers are based on urban Hukou holders who lived in urban villages or nearby rural villages especially in Hi-Tech Science Park and New Industrial Zone (District Management Committee of New Industrial Zone, 2012; Weihai City Chi, 2012).

The total population of the research area was 762,664 in 2010. Hukou holders in research areas are 644,264 and longer-term migrants are 118,400. However, migrants who stay in the city for less than five years are not counted and most of them stay in urban villages or nearby areas. According to the sixth census, if accounting for people with a stay length greater than six months, the proportion of migrants is 36.53 per cent (Weihai City Planning Bureau and Weihai Municipal Bureau of Statistics, 2011).

The characteristics of migrants may be summarised as follows:

- Huge increase in a short time. Numbers showed an increase, 294,900 in 2000 compared to 20,000 in 1990.
- Wide sources: people have come from all over China.
- Unevenly distributed: better economic areas have more population than those less developed areas do. For example, research areas have the smaller catchment but with bigger migration population than counties.

- Diversification of activities of the population. Peasant workers are unskilled migrants who come to the city and work mainly for manufacturing. ‘Migration’ refers to people who came to the city as businessmen, skilled workers, job relocation, graduates, and family relatives.

With so many honours (section 4.4.2) awarded to Weihai, and being famous for tourism, it has been well known in the country that the living environments of Weihai are good, with much less pollution than large cities and those inland cities (see section 5.4.4). Therefore, property in Weihai also attracts rich people to invest in and retirement people to settle in. Developers see the future as optimistic for the real estate market (discussed in section 5.5.1).

5.4.4. Urban Land Use Expansion

On 15 June 1987, when the city was upgraded to prefecture-level city, the jurisdictions governed by the city government was extended to 5,698 square kilometres, which included county level cities of Wendeng, Rongcheng, Rushan and Huancui District. Manufacturing plants were built on urban brownfield areas creating major problems protecting urban environment and speeding up the increase of urban population. These manufacturers needed to move from the city to rural areas according to the ‘master plan’ (2004–2020). Vacated urban space was to be developed into private residential and commercial properties. The idea of moving manufacturing out of urban areas and resettling in rural areas applied to gentrification theory even though it might be good planning. Because of the high demands in the city centre, higher economic benefits were received from newly built advanced reTail and property development. Higher income people relocated themselves to the city centre and they received better public services.⁵⁴

The old city centre was intended to be the centre of tourism, residential, cultural, public service sector, finance, and offices. The west part of the city centre focused on education, research, science and technology development, high-tech industries, tourism, residential, and non-polluting industries. Farther away to the south were areas used for general industrial use and residential purposes, and to the east were the administration offices, tourist resort, sports and leisure, and residential uses. As a result, urban residents enjoyed their peace and a beautiful environment with less pollution, but rural residents had to live around manufacturing buildings without their farms, especially in the south.

⁵⁴ For more on gentrification, refer to Chapter 2.

The master plan moved all heavy industries to the rural south on the border of Wendeng city. That area was designed to be a new town. It became the important link of industrial development between Weihai and Wendeng, which they would use to resettle local, national, and private mega factories to attract more business and investment. In consequence, hotels, sports and leisure places, business centres, and retail would build slowly as well in these local areas. All residents will be relocated by gathering a few villages into one neighbourhood (see Appendix 5.1).



Map 5.3 Old City Centre in 1987

Source: Haoyou Travel, <http://www.hytrip.net/n11845c611.aspx>, access date 07/06/2012.

Map 5.4 shows the boundary of the original Weihai City, the old city centre was just inside of the red circle (the grey area). Development Zones that have been set up in the west Hi-Tech Science Park and in the south Economic and Technology Development Zone (see section 5.4.3) had transformed to urban built up places by the end of 2010 (see map 5.5).



Map 5.4 City Built Up Areas by 2009

Source: Haoyou Travel, <http://www.hytrip.net/n11845c611.aspx>, access date 7/06/2012.

Years	Urban areas (km/m ²)	Urban built up areas (km/m ²)
1403	0.55	0
1930	2.12	2.12
1982	5.2	5.2
1987	13.10	13.10
2002	50.75	50.75
2005	82	60
2009	150	67.7

Table 5.4 Urban Areas

Source: History Office of Huancui District (2009).

Urban land has been fast extended to the south and the west (see map 5.5) after 1987. It is obvious that (table 5.4) urban catchment did not follow urban built up areas after 1987 and urban boundaries extended more than ten times in 20 years (until 2009). Table 5.7

shows urban areas were 150 km² in 2009 with an urban built up area of 67.7 km² but the city master plan aimed to build up all urban lands eventually. It is obvious that the economic boom affected urban development and resulted in urban extension, so that many urban villages existed in these incomplete built up urban areas. During the urban extension process, rural collective farmlands became the resource for new urban lands and redeveloped urban villages would help to complete the rural-urban transformation.

5.5 Urban Housing Reform and the Real Estate Development Market

Urban housing reform did not directly influence rural village farmers as other cities. However, building more residential and commercial properties in nearby rural areas was necessary since the early 1990s in order to meet the economic development requirements. As a result, real estate development moved from city centre to urban villages. In addition, residential lands in urban villages were also the main resources for social and affordable houses. The section aims to find out how urban housing reform contributed to the local real estate development market, and influenced the redevelopment of urban villages.

The following section will discuss urban housing reform in Weihai, including how the housing reform affected urban households' living conditions, and what happened to the urban poor. Social housing is fund by local government, aiming to help the urban poor and solve their housing problems. This research will find out how social housing new construction related to urban village redevelopment. Finally, it will consider the new residential and commercial building development in urban village.

5.5.1 Urban Housing Reform

As reviewed in Chapter two, housing reform promoted by the central government at the end of 1998 and it was in practice as of 1 January 1999 through the country wide. The local government of Weihai had produced specific rules on 14 September 1999. Housing reform only took place in urban areas and was available to urban residents, who were employed by public sector and national-ownership enterprises as well.

The municipal government of Weihai produced a new policy⁵⁵ called the 'disposable housing finance compensation' solution of Weihai. The solution, based on the national

⁵⁵ Housing compensation funds are paid by public employers. The sources of the funds are the incomes from selling public houses during the housing reform and funds for building houses from the old housing

policy, aimed to promote the housing reform programme, which transformed from distribution in kind to monetary distribution. According to the solution, essentially urban households became owners of houses they occupied as they had priority over buying at a concessionary price. The solution classified workers who could apply for compensation (if the worker chose not to buy the property) and how much they could apply.⁵⁶ This compensation solution applied to: current workers and retired people who started to work for government, public sectors and national ownership enterprises, collective enterprises, joint-stock enterprises or foreign investment companies before 31 December 1998, and were qualified for the housing benefit before the housing reform.

The solution was renewed in 2001, it also controls the terms and conditions for applicants: the property needs to be paid at market price if both halves of the married couple have received compensation funds. None of the married couples received compensation funds and bought the property at the same price of ‘economic and comfort housing’.⁵⁷ If the household returned the compensation that one of them received, the house price they paid to their employer was the same as ‘economic and comfort housing’ (WPMG, 1999, 2001).

5.5.2 Real Estate Development and the Market

Real estate development has been through six stages since 1985, when the first redevelopment of the old town centre commenced:

- 1985–1992 early stage,
- 1992–1993 development boom,
- 1994–1997 adjustment period,
- 1998–2002 fast development,
- 2002–the first half of 2005 rapidly rising housing prices,
- Macro-control after the latter half of 2005 (Housing Authority of Weihai, 2007).

When housing reform ideas were first promoted by Deng, Xiaoping in 1992, many developers started to build private houses between 1992 and 1993. However, housing reform policy did not perform well practically in the first two years. Many urban workers and retired people still relied on public (work unit) houses. As a result, real estate market

system. Employers must pay their qualified applicants at once in cash. If the employer has difficulties to make the payment soon, the payment must be made within five years.

⁵⁶ The compensation amount equals salary sum of 1998 x 30% x working age x [(standard control size of the selling property size of the selling property) / standard control size of the property].

⁵⁷ Economic and comfort housing are social houses sold to lower income households.

malaise appeared. The market grew rapidly again between 1998 and 2002. Private houses that were sold on the market became more and more popular, with housing prices rising dramatically between 2002 and the first half of 2005. Finally, the real estate market stepped into the stage of macro-control when the national and local governments realised property prices had risen too high, and it was going to be a problem for local economic development in the next few years.

In fact, the property price has kept growing and property investment remains very popular in Weihai between 2003 and 2007. Figure 5.2⁵⁸ shows that proportion of real estate development of local GDP was steady until 2007, when real estate development was more than half of the local GDP. Urban villages have become the main sources of development land since 2007. As a part of this, massive urban village redevelopment projects were carried out from 2007. Figure 5.2 suggests 2007 was an exceptional year, but it was generally 30–40 per cent. That helps to explain the politico-economic force behind the process of redevelopment. Now, with the benefit of hindsight, we can see that as a result an over-supply problem has appeared (see Chapter 8).

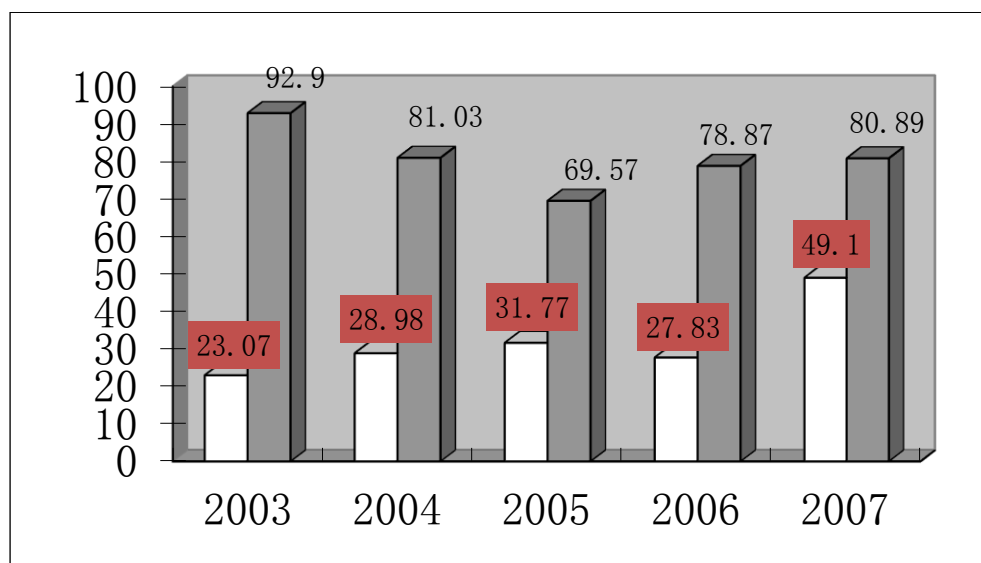


Figure 5.2 Proportion of Real Estate Development and Local GDP in Weihai from 2003 to 2007

□ Total real estate development ■ Total local GDP

Source: Weihai city building statistics (2010).

⁵⁸ Data provided in figure 5.2 gives an idea of politico-economic force though the data is old. The researcher could not find the latest data from website or local government.

To sum up, housing development in Weihai has followed national policies, which has been through housing reform, early stage of building of commercial houses, building social houses, and establishing rules and governance arrangements for real estate recovery time, boom time, and macro-control.

Although development of social houses was not successful in the past, the local municipal government planned to build more social houses in the future, partly in accord with central government's requirements, but all social houses would be funded by local government. According to Weihai housing building plans, most newly-built social houses will be in urban villages and built through urban village redevelopment (Housing Association of Weihai, 2010). The process of moving social houses to new redeveloped urban village areas comply with the movement towards gentrification.

5.6 Rural Changes and the Making of Urban Villages in Weihai

Having discussed both urban and rural development in Weihai in the above sections, this section will discuss how rural development changed and the existence of urban villages in Weihai. The section starts with how urban villages transformed from traditional villages, followed by numbers and locations of existing urban villages and the characteristics of urban villages in Weihai.

5.6.1 From Traditional Agricultural Villages to Urban Villages

Weihai is one of the earliest cities in China to set up international trade and foreign investment since the beginning of the 'open door' policy in practice. Local government has been concentrated on attracting foreign business from the early 1990s and nearby South Korean and Japanese investors.

Weihai is the important shipbuilding base of Shandong province, which has high economic strength. As the urban expansion process occurred, rural farmlands became the main recourses of building up new commercial properties for the purpose of local economic development (Song, 2005; Sun, 2003). Figure 5.3 is the traditional rural village in Weihai. When the development was extended from city centre to surrounding rural areas, these traditional village farms transferred to urban commercial used land (figure 5.3) and the village transformed to an urban village. Local rural village households previously relied mostly on farm production (see section 5.3.1), as there were only a few state-owned

town level enterprises in the locality. Loss of farmlands caused serious employment problems for village households.

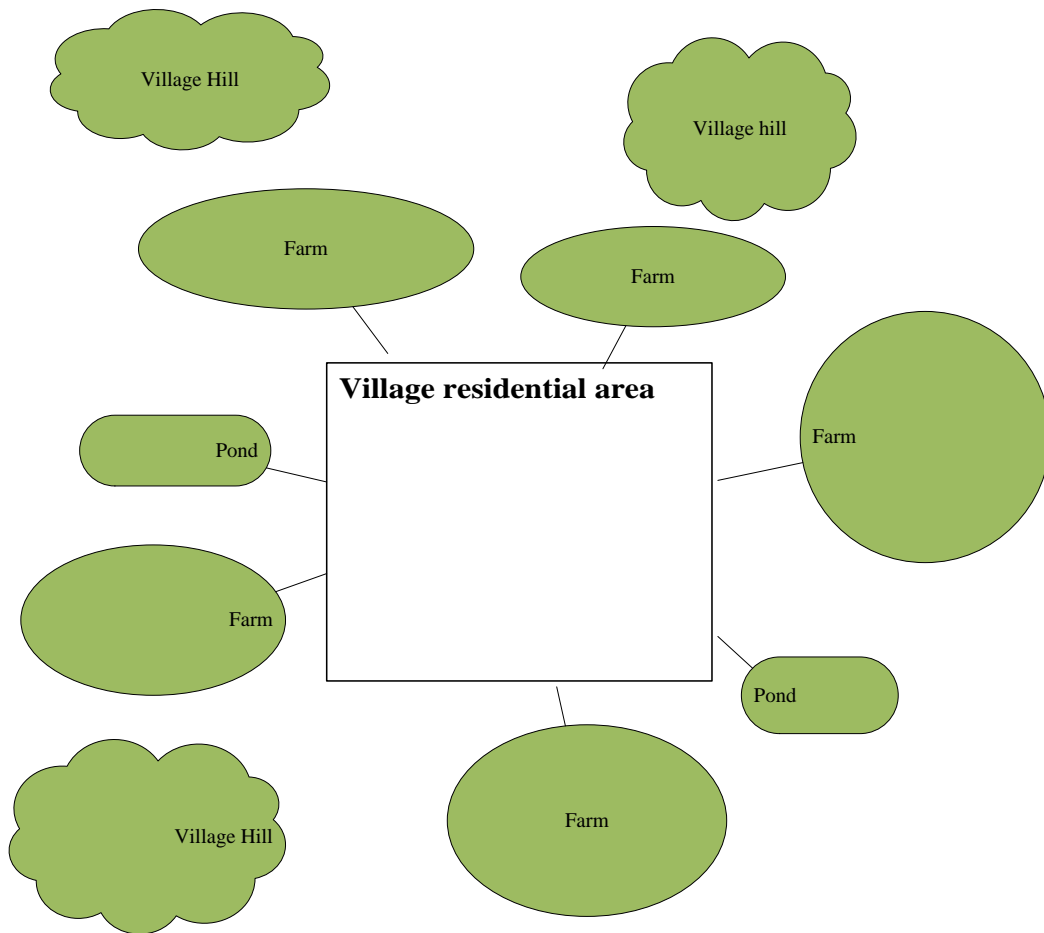


Figure 5.3 Traditional Chinese Village and Surroundings

Source: Author's creation.

In the early stage of local economic development, when it was only building up slowly, local government set up some policies to promote the settlement of foreign business. Examples of these promotional policies included: first three years' free tax; no or low employee welfare provisions; fast local government approvals; and low rents required. Consequently, there have been almost no accommodations or dormitories provided for employees by foreign and private companies in Weihai. Cheaper workforce, low welfare and pension costs, and three years' free tax helped these companies achieve higher profits and lowered their investment risks (Guide to Investment, 2002; Investment Service, 2002; Mayor of Weihai, 2005).

In this earlier economic development phase, several foreign businesses settled in suburban villages and village farmlands were used for building of manufacturing plants. Meanwhile, instead of developing formal village development plans, local government

paid a minimal price for village farmlands, left these villages to remain on their traditional rural administration system, and ignored those informal developments undertaken by village households (see figure 5.4). Informal developments outside of the house are treated illegally in Weihai (Land Resource Department of WPGM, 2011).

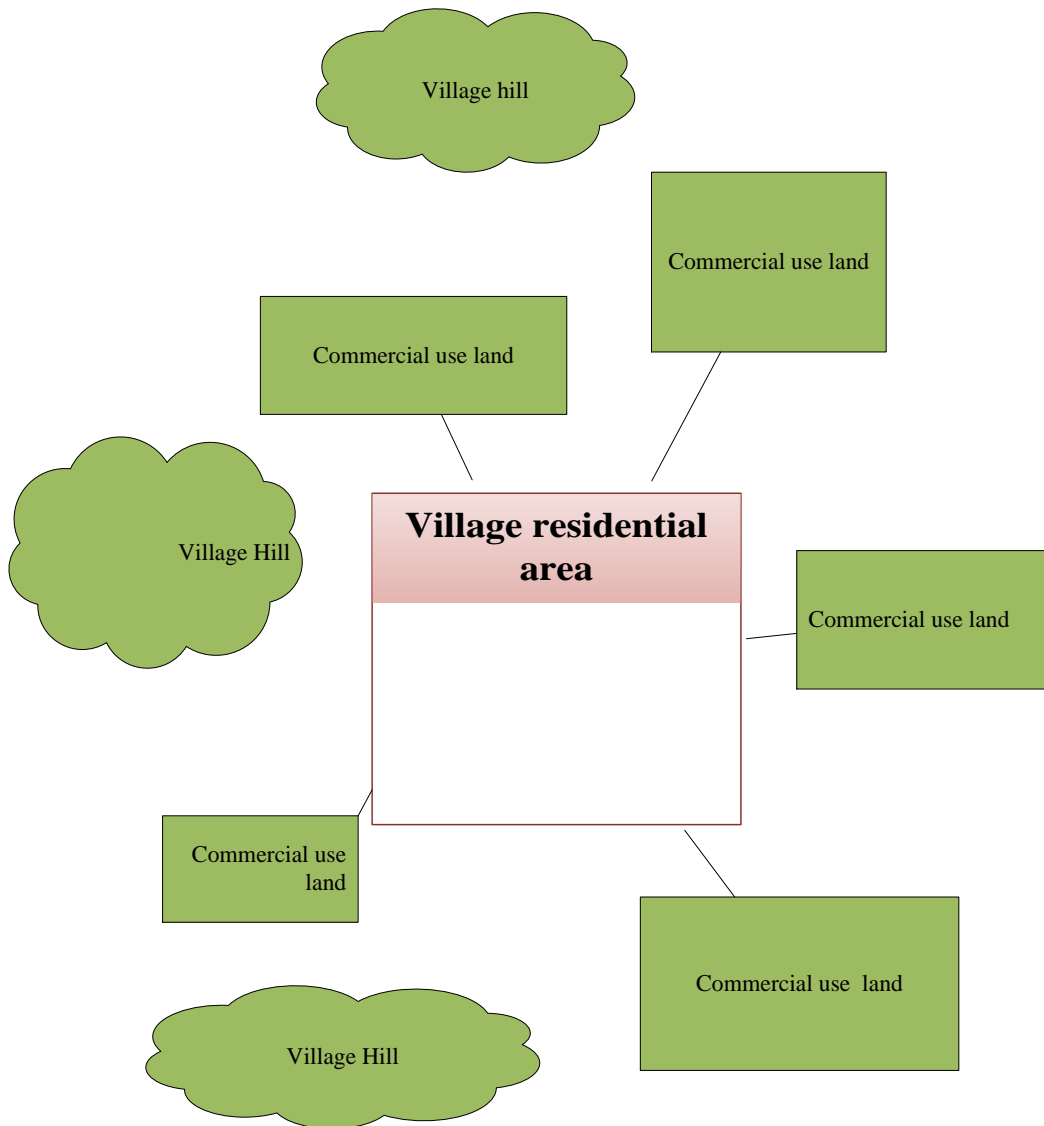


Figure 5.4 Urban Village

Source: Author's creation.

With faster economic development, property development sped up the urban extension process and urban physical changes created large numbers of urban villages in last two decades. WPMG decided to redevelop existing urban villages and rebuild the village at the same time when they lost their farmland, for example as with villages in the New Industrial Development Zone. Chapter 6 will discuss the redevelopment process of two

case villages from the New Industrial Development Zone and Appendix 5.2 shows the planned village land use (relocation villages in New Industrial Development Zone).

5.6.2 Numbers and Locations of Urban Villages

Unlike first line cities, urban villages in Weihai are mostly located in suburban areas (discussed in section 5.2), as the creation of the urban villages focused on the areas around Development Zones and the seaside. However, there are still several urban villages that lie within the city built up areas, although most of them have now been redeveloped.

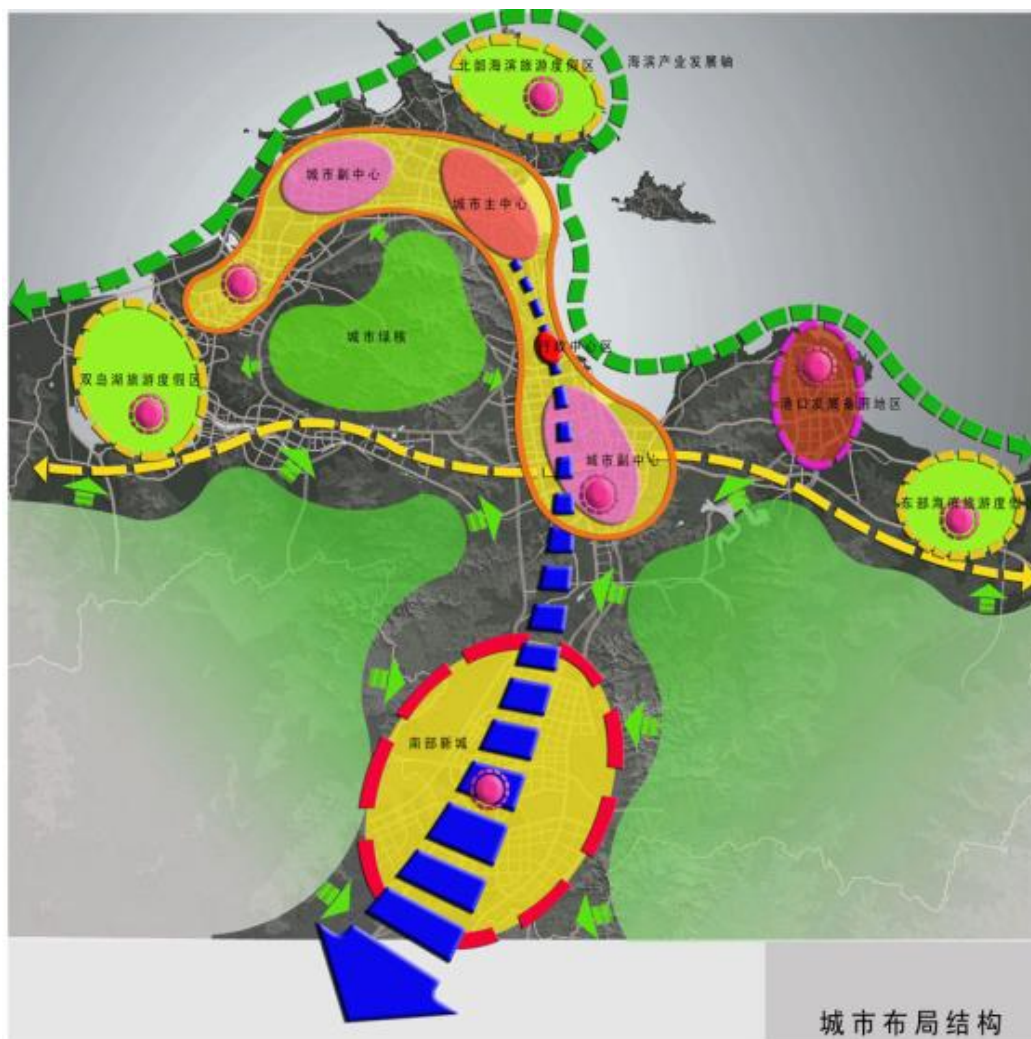
There were 77 urban villages in total by 2006 in Weihai (Weihai Committee of Chinese People’s Political Consultative Conference, 2010), and all 77 urban villages have been redeveloped by 2012 (map 5.6 shows the arrangement of urban village locations in 2008); but more urban villages have emerged in the west and south of the city in the most recent years.⁵⁹ This is because the bus station, railway station and cargo port have all been moved away from the city centre to locations farther south (Economic and Technology Development Zone), CBD has been settled in the area, and tourism related industries are very popular in the west coastline.



Map 5.5 Urban Villages in Weihai in 2008

⁵⁹ Numbers of new urban villages have not been officially documented.

Source: Weihai Evening News; Property of Weihai (2008).



- Areas of tourism
- New Cargo Port
- Mountain
- City centre
- Urban centre
- Urban area

Map 5.6 Master Plan 2004–2020

Source: Planning authorities of Weihai, Master plan 2004–2020.

Map 5.7 shows the Master Plan of city development, which also tells where majority of urban villages are. The map shows the location of the old city centre is at the top of the north, and urban built up areas have been extended to the nearby west and south areas, where urban villages gathered. It is so obvious that urban development is being particularly extended to the south and we can see that a new town was planned to be built in the farther south. However, development of the new town raises concerns not only about the redevelopment of existing urban villages but also about several villages that

remain in the stage of traditional villages. Households of these villages still feed themselves on farm productions, but they will lose both their farmlands and residential plots at the same time because the government is trying to avoid the phenomenon of the urban village. Villages in tourist areas need to be removed through the government redevelopment project as well as land around these areas has since become popular for property development and realing.

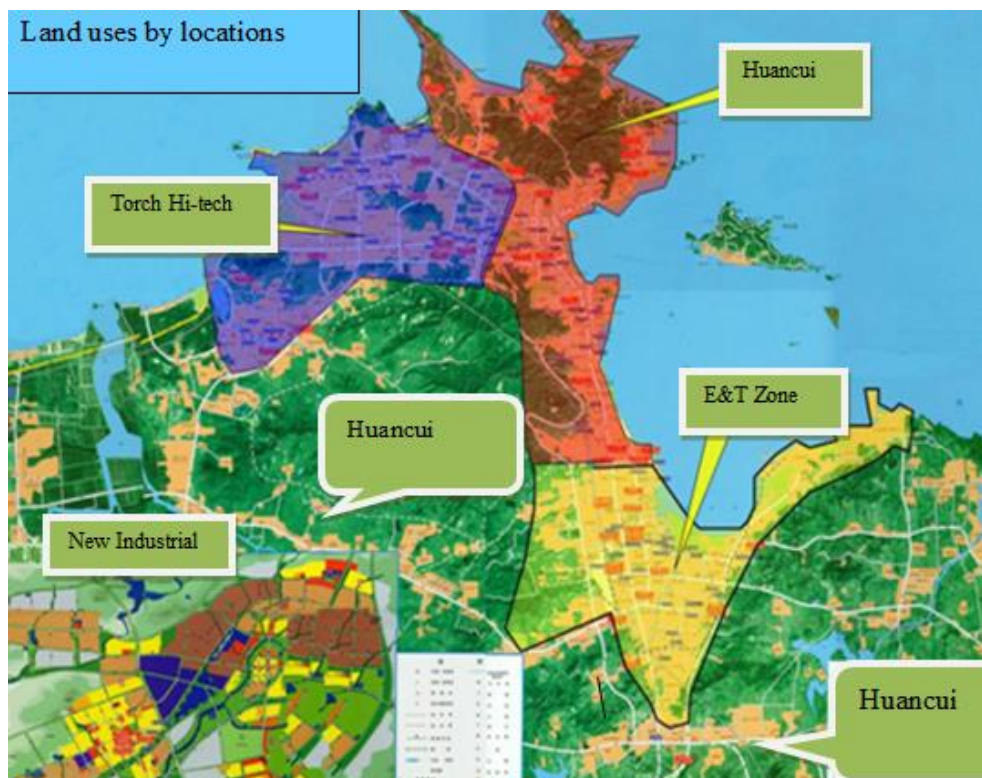
5.6.3 Characteristics of Urban Villages

(1) Land Use, Social and Economic Activities

Because of the rapid economic development and limitation on urban land, rural land has become the main resource of urban development and the key issue between village households, local government, and developers. Urban village land use can be different by location according to local planning authority and economic development policies (Housing Authority of Weihai, 2010). Land uses, social and economic activities will be defined in districts as follows.

Huancui District

Both formats of ChengZhongCun (city centre) and ChengBianCun (outskirts of the city) exist in Huancui District as city centre is in the district, but separated from its other towns and new town by the Economic and Technology Development Zone in the south and Torch Hi-Tech Science Park in the West (see map 5.6).



Map 5.7 Land Use by Locations

Source: Planning authorities of Weihai, Master Plan 2004–2020.

ChengZhongCun are inside urban built up areas and have completed their redevelopment, except a few that remain partly redeveloped. These urban villages have lost their farmland between the late 1980s and the early 1990s. Urban extension did not happen quickly as compared to recent years during the urbanisation early stage, so that the nearer to the old city centre, the earlier households have lost their farmlands, which were used for the development of public services, education centres, hospitals, retail, hotels, commercial offices, private residential properties and parks etc. Map 5.8 shows land uses in four districts of case study areas.

Other urban villages in Huancui district are ChengBianCun. Characteristics of ChengBianCun are varied by different land uses so that their social behaviours and economic activities are different from each other. On the west, villages that are near to Hi-Tech Science Development Park have benefitted from surrounding companies and universities by raising rentals, besides CCTV (Chinese Central TV programme), movie centre launched on the local seaside in early 1990s, and tourism industries are present here as well.

Inland town areas have not been developed as well as in the west coastline regions, where manufacturers are widely seen. Therefore, village environments are poorer in general

there, and these areas have gathered high populations of migrants and peasant workers. Manufacturers have been very popular, including businesses under state ownership, private ownership, and foreign companies. Consequently, this area has been attractive for developers. It is not only because of the industrial activities, but also natural spring water can bring high profits by building up some commercial recreation centres and clubs. Moreover, spa facilities have been used as a key factor to achieve higher profit for the developer by higher market prices but less cost for land.

Urban villages farther north of the city tended to be engaged with the tourism industry. The area has focused on building seaside holiday facilities and hotels; in addition, property developers have been trying to create a nice area to attract rich people to buy expensive luxury houses. As a result, village households are forced to move out of the area unless they can afford the new houses.

Torch Hi-Tech Science Park

This park located on the northwest coastline was planned for high technology industries and education organisations. In the early stage of the planning practice, the local government funded the local beach development that aimed to attract people from different areas to use the free facilities and to build higher-level properties. Since 1991 when the Park was established, there are two state-funded universities and one local founded language school settled in the area. Moreover, electronics industries are very popular such as Samsung and an international biological equipment company, Weigao, launched in the Park. In practice, the Park has been well developed by five hi-tech groups: electronics information, mechatronics, biological engineering, new materials, and new energy. Existing urban villages in the Development Park are Cheng Bian Cun, farmland was used for factories, tourism, university campus, reTail and property development. Local households have good rent income and higher employment rate.

Economic and Technology Development Zone

The development zone is southeast of the urban built up area with one sea side, which is on the north. The only CBD of the city has been created in the area where nearby the bus station, rail station and cargo port are situated. Manufacturers, such as chemical industrial and export processing factories, are the main industries that have led to local economic development. In addition, logistics industries are very popular because of the convenient transport services. Almost all villages inside the Development Zone have been used for industrial, retailing, offices and warehouses and the rest of lands are for property

development. Many migrant workers stayed in local urban villages and households were happy with their rent incomes.

New Industrial Zone

According to the local Master Plan 2004–2020, this area contains three townships and it will be built up for the southern new town. The area will be particularly used for heavy industry and some business-used hotels. Apart from those manufacturers that used to be in the city and have been resettled in the zone area, most of area remains traditional. Land in this area will be used according to a government-led master plan, in which villages will be relocated by the government before farmlands are expropriated (see section 5.4.4). Public services will remain in traditional facilities in most villages. Transport services need to be improved; for example, there is only one bus route from the city centre and bus station to the zone areas. There are no public heating facilities, no shopping centres and education facilities are poor compared to urban areas although a new high school was under construction in 2012.

(2) Housing and Living Conditions

Traditional rural villages in Weihai built before the 1950s are larger than houses built after 1970s. Table 5.5 shows different housing space per person between 1946 and 1982. Partly because the population was increasing between 1950 and 1978, village residential plots were designed to be smaller more recently, and this is another reason why individual house space has declined. Houses built during this period comprised three or four bedrooms with a kitchen lying on the same line at the north end of main building. Either left or right wing was built with two stores, or both wings were built for stores and contained both bathroom and toilet. Front yards were in the middle and a gate on the south. Most households built a simple storage for firewood outside of the gate.

Time	Housing space/per head (m ²)
1946	17.7
1959	11.1
1969	10.4
1979	12.5
1982	17

Table 5.1 Living Houses Size per Head 1946–1982

Source: Weihai City Chi.

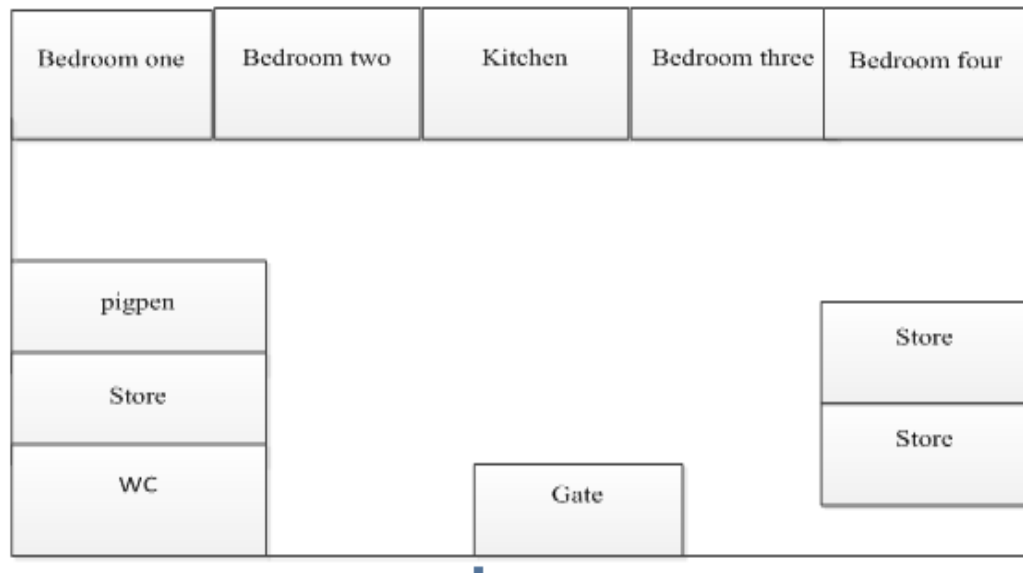


Figure 5.5 Traditional Village House Layout 1950–1970s

Source: Author's creation.

A similar style but smaller village residential plot was designed after the family planning policies (figure 5.5) were put into practice, also because of high village population density. Houses in the urban village built between 1970 and 1982 are around 100 m² (Weihai Chi, Rural village development, 2006), but it later increased to 133 m² later (Village development in Weihai, 2009).



Picture 5 Traditional Village in Weihai: Hushan Village, Huancui District

Source: Author's photo, August 2012.

However, house styles have changed in late 1980s and early 1990s (see figure 5.6). They are formed by three bedrooms and one lounge in the main building, separate kitchen and dining room on the left or right wing. A front yard is surrounded by left and right wings. Bathroom, toilet and more stores on both sides of the gate and the gate is still on the south of the house.



Figure 5.6 Layout of Village Houses after 1980s

Source: Author's creation.

Housing spaces in urban villages in Weihai have been used to the maximum but residential plots have not been extended illegally in most cases. A village in case study area includes houses built through different years (see picture 5.5). Households were not allowed to build upper stories on existing houses⁶⁰ and no more residential plots were created for village households even a few years before the redevelopment of the village. Instead of extending the house, they focused on changing house structure to create more rooms. Some village households removed their toilet and bathroom onto the street, located on the side of the gate. A traditional village house, which contained two or three bedrooms, a living room, one wing on each side with two storages, separated bathroom and toilet, may now be used for 11 tenants in addition to the household themselves. So that housing space per head dramatically fell again and caused safety issues, such as fire problems.

Although village households in Weihai did not break the planning law, they built new doors that faced the street for tenants' commercial usage and they encouraged their commercial tenants to use public spaces as much as they can. This has been particularly bad in Economic and Development Zone areas, as they have a great number of foreign factories built without company dormitories.

(3) People

Indigenous villagers are those who live in the village and are running the village. Indigenous villagers have always felt they have priority and speaking rights over those who settled later in the village by buying properties or investors.

Property development can be carried out around the villages before the village redevelopment project happened; those who bought new built flats could also register their Hukou in the village administration but they wouldn't have same treatment as indigenous villagers.

Migrant and peasant workers are another major group who live in the village and work in nearby companies and manufacturers. Young unmarried migrants take the main percentage of village tenants, but also there are some married families from other cities or far away rural areas. Migrant children used to stay separated from their parents, as they

⁶⁰ Law enforced strictly in Weihai, followed the national 'Urban Construction Land', and 'Weihai City Demolition Management Measures' set up the rule that any illegal built structures are not entitled to compensation.

do not have free access to local schools. However, there are more children in the village thanks to new national policies that set up free entrance fees for their education all over the country.

(4) Social and Administration

Most members of the village committee and village collective ownership company leaders are original villagers, especially village leaders who must be an indigenous villager to serve.⁶¹ Family trees are very important in urban villages (discussed in Chapter 3), villagers treat original residents differently, and they always recognise new faces.

Each individual village has concerns about their own land, environment, economics, and village household welfares. So that village public security management would be run by individual village committees and they also control migrants' registration and the control of crimes. Original households are divided into different classes, village committee has right to decide their different welfares and incomes. For example, two people may do the same job but an indigenous villager can have higher salary than the other person who moved into the village later.

Migrants and floating population are the lowest class, and their social activities and communications are normally within their similar groups. So, native colleagues are very important for each other (for mutual support), and they do not have any village benefits.

Chapter 3 explained that it was common that village enterprise led the village economic development and interfered with village administration, social activities, and village development plans. In Weihai, village committees set up village companies by using village land income and together, households own these companies. This situation is often seen in urban villages, and Figure 5.7 illustrates how village leading members and village administration work. Indigenous villagers have always had priority to work in village companies and ensure positions for their next generations. In some villages, village students are promised jobs upon graduation thanks to strong economics, good village committee holding, and access to independent companies (e.g. Feng Lin). However, there's no evidence to show how long village enterprises will stay strong. It had become a trend in these villages that men work for village companies and women become housewives but concentrate on rental incomes in urban village.

⁶¹ Village households have difficulty cooperating with village leader who is not original villager.

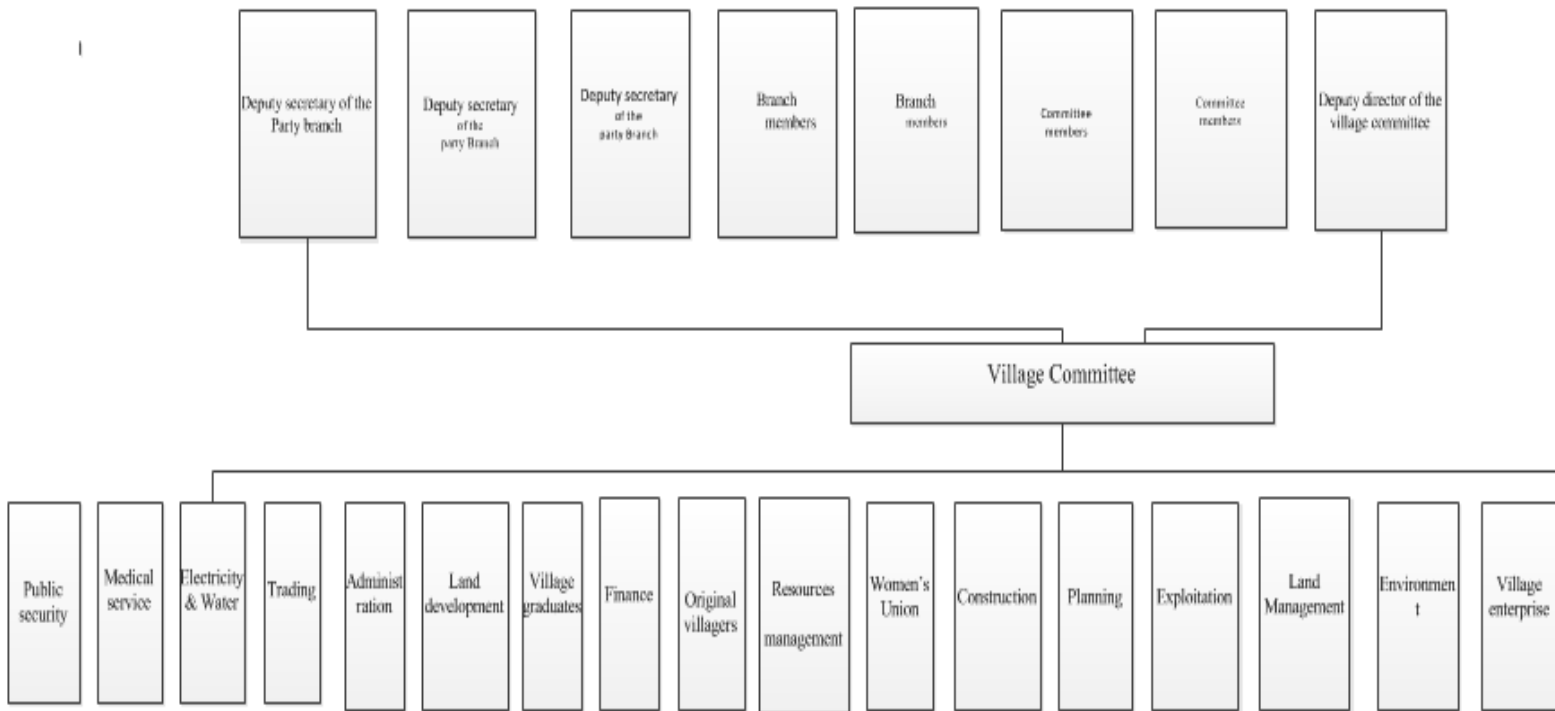


Figure 5.7 Leadership of Village Committee and Administration Works

Source: Author's work.

Furthermore, the village committee can decide the rewards to those who choose higher education or join the army. Awards can be different between villages and it depends on village economic strength.

(5) Environment



Picture 5 Surroundings of Urban Village in Weihai

Source: Author's picture, old picture of Qi Jia zhuang village taken in 2007.

ChengZhongCun (centre) has been isolated from its surroundings for the longest time (picture 5.6) but they have cleaner livelihood than those villages located in development zone areas in general. This is because manufacturers have started to move out of the city and urban areas have been used for residential purposes, though there are some reTail inside and around the village. Tenants in ChengZhongCun normally are migrants who work in the city, but there also some tenants from local nearby towns.

Compared to central ChengZhongCun, environmental problems of villages located in Torch Hi-Tech Science Park and Economic and Technology Development are much worse. Poor sewage system, sanitation problems, trash clean up, and on-street toilets contribute to the health problems. Because most tenants do not have cooking facilities, cheap street food is common means to eat. Consequently, there are always street vendors in the village market contributing to the waste, though some villages pay for their own cleaning and security services. Criminal offences and economic crimes are not common

in urban villages of Weihai, but fights, abuse, theft, and illegal incomes such as private protection fees collected by some bullies, does exist.

(6) Public Infrastructures and Transport Networks

Public infrastructures in urban villages have been improved in the past few years, as some village committees built public areas with simple fitness equipment for village residents' entertainment, such as elderly club, dancing area, etc. However, there is no heating supply to village, no regular cleaner to take care of street cleaning, except some trash containers at the end of the street. Some villages have their own health services under the control of township level hospitals, but this service does not exist in most villages. Each village has one person who organizes women's health check-ups and in charge of family planning.

Public transports are very convenient for ChengZhongCun and ChengBianCun (outskirt), and buses are the most popular transport mode used by residents. Hundreds of buses and taxis run between city centre and bus and rail stations. Only one or two public transports reach villages of ChengWaiCun (rural areas) and they are funded by local government.

There is only one bus route from city centre to some villages located in New Industrial Zone by the end of 2012, other villages still have no bus services and taxi services are poor over there as well. However, road conditions have been improved a lot compared to pro-zone time. Moreover, a city motorway was first built in the west and the south, but it has now been extended in different directions.

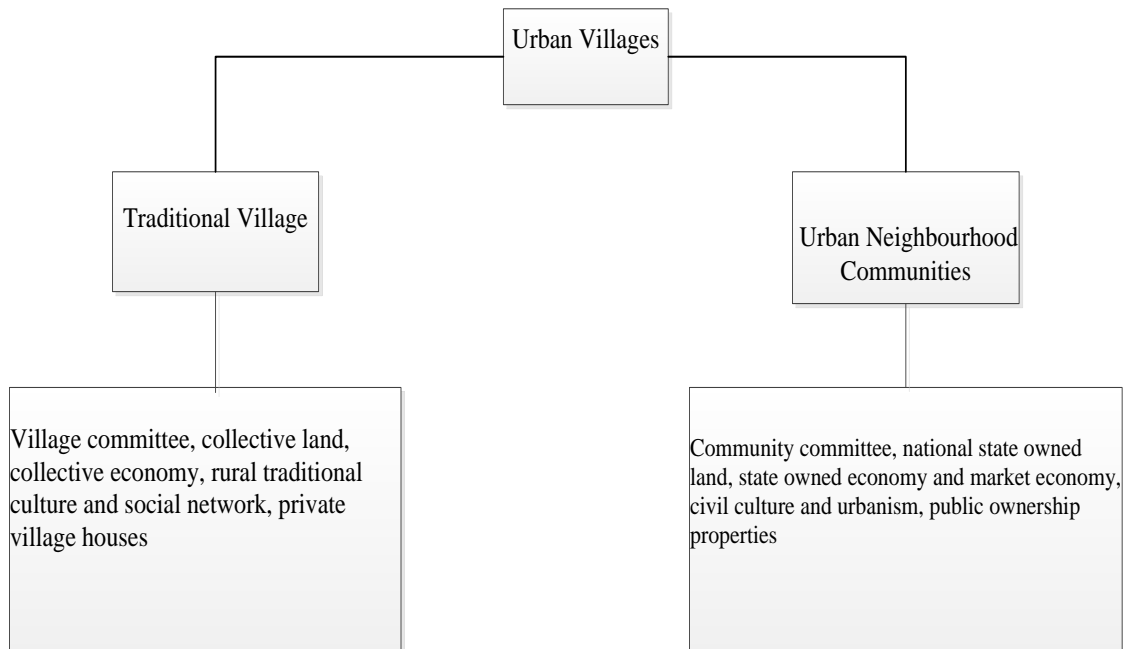


Figure 5.8 Characteristics of Urban Villages

Source: Liu et al. (2009).

To summarise, we can see that urban villages in Weihai have transformed from traditional villages, and the majority are in suburban areas. Fast local economic development has led traditional villages to become urban villages, and received a great number of migrants who work in nearby manufacturing. Urban village land is the main resource to develop local economies, to extend urban areas, and create more businesses. The diverse nature of urban villages is a union of both rural village and urban community characteristics (see figure 5.8).

Urban villages in Weihai do not receive good public services, and public infrastructures in villages are poor. However, road conditions and public transport services for most (but not all) urban villages are good. Village young people face particular housing problems, as they are not allowed to build new village houses a few years before the redevelopment was in place. As a result, many young couples had to share a house with the boy's parents. However, employment rates in urban villages are high, some villages offer jobs for villagers after graduation, but this is not necessarily the case in most case villages.

5.7 Conclusion

The Chapter reviewed both urban and rural developments in Weihai, including population distributions, land management and usages, and economic and housing developments. The city was built by the military six hundred years ago; it does not have a longer history compared to most other Chinese cities. It is different from most Chinese cities, and nearby rural areas, because it had a period under a foreign power, and the British built a port, hotels, parks and improved road conditions within their colony catchment areas excluding city centre.

The new regime demoted the city municipal government to county level after 1949, although the city of Weihai transitioned back to prefecture-level city in 1987. It was one of the first 14 coastal cities to embrace 'open door' policy in 1984. Special urban-rural development history and 'open door' priorities drove the speed of urban development. Fast urban economic development and high property demands pushed urban land extension to rural areas.

With a very small original city centre, development zones are the main places for manufacturing and other economic activities to settle. With a large number of villages inside development zones, regional catchments changed from traditional villages to urban villages. Villages located in Industrial Development Zone remained traditional villages physically for a period, though some villagers have been transferred to urban residents. Characteristics of urban villages in Weihai are varied, depending on local economic development.

Most urban villages in Weihai have better public transport services, and better road conditions. Unlike Shen Zhen or other super big cities, almost no village houses have been built up to multi-storey structures, as this would violate the law. There are several reasons that help explain why village households did not rebuild their houses illegally to be multi-floors (but they extended their house at ground level, which is allowed according to the legal process). First, illegal building would not receive any compensation from the redevelopment according to local government rules. Second, migrant population is still smaller than the local population, which means supply in the village still can meet the demands although demands keep increasing. Third, supply in real estate market keeps growing every year as well to meet the growing population demand.

On the other hand, environments of urban villages in Weihai could be as bad as in bigger cities. The more popular the village is, the worse the environment is. Urban villages receive a great number of migrant tenants and small village reTailing becomes very populated. Housing and living conditions in these villages are normally very poor, and households changed their housing structures to obtain more rent incomes. Tenants can run small businesses. Both households and tenants often change their electricity lines and cables by themselves. Safety and security problems have become the worst issues and need to be solved immediately.

Urban-rural dual system in China emphasised the differences of land ownership, housing ownerships, livelihood, Hukou status, social welfares, social services, and administration committees, as discussed in Chapters 2 and 3. Urban villages in Weihai share characteristics from both urban and rural systems. Development zones are the most common reason to cause farmers lost their farmlands while informal rent is very popular inside of the development catchment areas, large number jobs also created by local manufactures for landless farmers. Chapter 6 will discuss the redevelopment process of urban villages.

Chapter 6: Redevelopment of Urban Villages in Weihai

6.1 Introduction

Shortage of urban land has become a major issue for urban economic development purposes, real estate uses, and other public facilities. The local master plan (2004–2020) has focused on urban extension issues, which concentrate on developing nearby rural areas. Urban villages have been created informally during the rapid economic development, and there have been many existing problems in these villages.

Problems of urban villages were discussed in the previous Chapter, and these included security problems, housing safety problems, poor sanitation, an unhealthy environment, poor public services, and a prevalence of criminals. Redeveloping urban villages has become one of the major tasks of both municipal government and local district/township governments. According to local government leaders and planning officials, redevelopment of urban villages can help to develop a better city in terms of developing local economies, a better environment, and they believe it will be good for village residents as well. Massive urban village redevelopment projects have started in existing development zones, suburban rural areas, and New Industrial Development Zones since 2007.

There were 49 urban villages located within and around the city centre, which have completed their redevelopments within 2008 and 2009 (Weihai housing development in practice, 2008, 2009). Some villages that were inside central city areas, and in which had started their redevelopment since the 1990s, have now completed their redevelopment in these two years. The remaining urban villages located at a further distance from the city centre, will be redeveloped between 2010 and 2020 and have different redevelopment policies (Weihai urban housing development, 2010). This Chapter aims to define the redevelopment approach and find out the different redevelopment reasons and key players and how they are differentially affected by different redevelopment times and locations across four districts. Chapter six and seven will follow the analytical framework of urban village redevelopment strategies.

6.2 Reasons for Urban Redevelopment

Chapter 5 discussed the way that urban villages have played very important roles in city's urbanisation process over the last 30 years. At the same time, urban villages have demonstrated many social, economic, and environmental problems in Weihai. This section will discuss the reasons why urban villages need to be redeveloped in Weihai, from different points of view.

As discussed in Chapter 5, the city of Weihai consists of four administration regions: Huancui District (original city of Weihai); Hi-Tech Science Development Park; Economy and Technology Development Zone; and New Industrial Development Zone. Urban villages were created in each of these districts in different ways, and the redevelopment schemes are also different between zones as local economic, local planning policies, local finance situations, and locations are different. That means the reasons why they needed the redevelopment in their villages could vary and it could be different within the same region. The following discussion focuses on the general economic, social, environmental and political reasons in the city as a whole; different areas will be referred to from time to time to highlight the specific local reasons. To define redevelopment from different perspectives, a few case study villages from different areas will be highlighted.

6.2.1 Economic Development Reasons

Economic development has been given the highest priority since the city government was set up in 1987. Building Development Zones aimed to develop certain industries in certain areas so that they will lead the local economic growth. For example, the idea of the Park was to develop the economy on the west coastline by developing local tourism industries, high technical and scientific institutes and companies, and some electronic processing factories. Economic and Technology Development Zone, built on the south of the city centre, has concentrated on food, clothing, and electronic processing; it contributed to export production in the past, although there are also some public, collective, and private domestic companies inside the area. The New Industrial Development Zone is out of the existing urban catchment areas, located 10 miles away from bus and railway stations (in Economic Development Zone) farther to the south.⁶² It

⁶² New Industrial Development Zone upgraded from provincial level development zone to national level in 2013 and renamed Lingang District, but still called New Industrial Development Zone in this research. The development zone administrated three Town governments, which include 169 villages and 5 urban

was designed for the resettlement of manufacturing that moved out from city areas to attract more international, national, and private manufacturers later on.

Both the Hi-Tech Science Development Park and the Economic and Technology Development Zone were developed as urban areas and their local economies were strong by 2012. However, both areas used to be rural areas with traditional villages but are now urban villages that were redeveloped because local economic development required more land.

More than half of the urban villages that existed in both development zones contributed their farmland to local economic development in early 1990s, mainly for the building of manufacturing premises, but households were easily satisfied with good rental incomes from migrant tenants.⁶³ These villages have become overcrowded and surrounding areas have been built up. Therefore, redeveloping urban villages in Weihai could be seen as following the model of Gentrification theory and could enhance local economic development and property development, creating land sources for existing and new companies.

6.2.2 Social Reasons: Integration of Rural and Urban Communities

Urban villages located in Huancui District have more complicated situations than those in other areas as both ChengZhongCun and ChengBianCun existed in the area. Towns and city centre were separated from each other by Hi-Tech Science Development Park on the west and New Industrial Development Zone (see map 5.5). Except the city centre, most areas had poor public infrastructure and social services. The local government spent 2.93 billion Yuan (equivalent £293 million) on building roads and other social programmes between 2006 and 2011. By April 2011, there were 254.3 kilometres of new built roads, and various pipe networks totalling 697.9 kilometres. Infrastructure such as water, electricity, heating and gas supplies have been updated and extended to all townships (Huancui District government, 2006).

neighbourhoods with a population of 130,000 and boundaries covering 29,700 hectares.
<http://baike.baidu.com/view/11866259.htm>, access date 10/02/2016.

⁶³ Huge numbers of migrant workers flooded into the area to work, but this caused a serious shortage of accommodations in nearby areas. Informal village rentals were popular with villagers, each room let as a rental unit, households received good rents. Rents were low per unit, but households rebuilt their houses and created more rooms in order to get more rental incomes.

Education facilities and teaching systems, health and social care services in rural areas are much poorer than in city centre areas. Many local rural families, especially young couples, moved to the city seeking better social services and education. As a result, the number of school students in the village became smaller and smaller and schools in the city became overcrowded.

Why are schools in city centres more attractive for students? First, schools in the city centre have a better environment and education facilities. Second, they have higher quality teachers, because salaries in these schools are higher than in rural areas. Third, teachers can have better living conditions and social life in city centre. By 2011, the local government had funded 0.33 billion Yuan (equals about £33 million) on new school buildings and extended rural school buildings (Huancui District government, 2011), updated rural school facilities, and raised salaries of rural school teachers. However, even this would not completely stop village households moving to the city, because known good schools and private schools are still in the city.

People who lived in rural areas used to feed themselves on farm production and paid for their own medical costs, while even more importantly, they were not entitled to join in social pension schemes. Households in urban villages do not have farm production anymore. Consequently, local government has created a new rural pension and medical insurance system for residents of urban villages and they have funded 0.19 Yuan on rural village health services to build an efficient rural medical system. By 2011, through urban village redevelopment, there were 77,000 people joined in urban and township employee medical insurance, 67,000 joined in urban and town resident medical insurance, 68,000 joined in basic township pension scheme, new rural operated medical insurance covered all urban village residents, and 95 per cent of rural residents joined in new rural farmer insurance (Huancui District, 2011). Considering that the above social services have been improved, local government would like to redevelop the villages to improve local living conditions to attract better teachers, to save on medical costs as residents can use urban health institutes after the redevelopment, and they believe that new built public facilities could be used more efficiently after the redevelopment.

Jiang Jia Zhai is an urban village located in the south suburban area and under the management of the WenQuan township government. The village had a good transport service, strong village economic strength, and heating supplies to village commercial buildings (including residential flats) but not to village houses. Local township primary

and secondary schools have been moved from Hexi village (farther east rural area) to the village in 2010.

Original village areas including farmlands have now been rebuilt for commercial uses, such as real estate development, hotels, retail shops, manufacturing, and parks. Villagers live in urban flats and the village committee has been replaced by urban neighbourhood committee. The village has made the transition from a traditional village to an urban area. See pictures 6.1 (new developed residential buildings) and 6.2 (neighbourhood offices).



Picture 6 Pictures of Jiang Jia Zhai Residential Areas after the Redevelopment

Sources: Author's pictures, July 2012.



Picture 7 Village Committee of Jiang Jia Zhai Transformed to Urban Neighbourhood

Sources: Author's pictures, July 2012.

6.2.3 Environmental Issues and High Housing Demand

Urban villages located in economic development zones and near CBD areas are highly likely to be redeveloped because of environmental problems as well as for commercial purposes. Feng lin village is now Feng lin neighbourhood, located in the centre of Economic and Technology Development Zone. It was redeveloped in 2010 and completed its redevelopment by the end of 2011. The village used to be three individual small villages called upper village, nether village, and Feng lin first village. They have been combined into one village in 1950s and renamed village Feng lin later.

When the Economic and Technology Development Zone launched in the area, all village farmlands were expropriated in 1992. An Export Processing Zone was set up within the ETZ that is about 1.5 miles from the village. Many international and domestic private companies were built around the village, such as Japanese food processing companies, cloth processing and electronic processing factories, British cloth dyeing and weaving factory, and individual Chinese private companies. However, there are only international companies set up inside the EPZ.⁶⁴ As a result, these companies have attracted a great number of internal migrants and floating population to work and live in local villages. Feng lin is the biggest village compared to the other three villages located within the area and it has the largest household numbers, so it also has the largest number of tenants.

There was another reason why workers needed to rent from village households, namely that no housing had been built within the zone. In fact, in order to follow the method of attracting business investment (see Chapter 5), local government built some manufacturing buildings in HTSTP and ETDZ and 90 per cent of these companies rented their factory buildings from local government or private developers. Thus, companies, as tenants, are not allowed to build any accommodations for their employees. In addition, according to the old local policies, they are not obliged to offer accommodations for their employees either.

Therefore, village households received a large number of private tenants. Rather than higher standard of living conditions, these tenants particularly paid attention to the cost of the rent. As a consequence, village households tried to use their housing space as much as they can. According to local policy, rural households are not allowed to build or extend

⁶⁴ Export Processing Zone, a place focused on export goods processing only. Rather than being an independent administration development zone, it's led by ETZ government.

on their lands three metres outside of the house land boundary. So that most village households rebuilt their bathrooms and toilets for extra rooms (village house bathrooms are separate from toilets). Bathrooms and toilets were moved to the streets in crude rooms, to achieve higher rent incomes.

Small retailers saw good retailing opportunities from high population density. Private restaurants, internet cafes, different shops, and supermarkets were launched in the area; particularly at the west end of the village. Households who used to live in the west end of the village received good rental incomes from individual private shops. Some tenants rented a room to live and their business was also based in this room or they used public areas (outside the room). Consequently, the village environment became worse and worse.

Before redevelopment, there was rubbish everywhere in the village, particularly on the west end of the village near the village market and shops. The village committee employed some full-time cleaners to clean the street rubbish but village streets were still dirty and it was difficult to control street food quality.⁶⁵ As a result, redevelopment was seen as the only way to improve the local environment, solve existing safety and health problems, and to manage local retailing in line with normal standards.

Map 6.1 is the redevelopment design of the whole area. Inside of the orange boundaries are old village residential lands, around buildings built on village farmlands. All village households have been resettled in the original village residential areas. Many indigenous villagers have bought new flats in surrounding areas especially new flats in the east of the old village (red boundaries) because they want to have better living conditions during the redevelopment construction time (Chapter 7 defines where village households live and the compensations they received). A provincial level nursing home was built in the early stage of the redevelopment (blue boundaries), and a big hotel was launched in the area, which opened to the public; it was managed by Feng lin village committee before the redevelopment and transferred to Longfeng Ltd after the redevelopment (Chapter 9 will explain local village enterprises, as part of how village households have been effected by the redevelopment). New flats on the south of the map were particularly built for migrant workers who would like to settle in local areas, those flats are mostly small-sized and prices are lower than the rest.

⁶⁵ Small food processing businesses set up in village houses, even the simple street settlements. Street foods were very popular at the time.



Map 6.1 Design of Feng lin Redevelopment Project

Source: Web of SouFun,

http://newhouse.weihai.soufun.com/photo/d_other_21065761.htm, access date 05/03/2012.

Picture 6.3 is the new built primary school (north of the new built residential areas), which takes students from local areas including students from a nearby neighbourhood. The school used to be located inside the village, but in poor building structures in 1970⁶⁶ that were high potential safety risks for students and teachers. New school buildings also provide better education equipment. New built residential buildings are on the south of the primary school that lies across the main road (picture 6.4).

Feng lin is a case where the local village committee, partly through its successful village enterprise, exercised more control and influence over redevelopment (with more sense of ownership). It is obvious that residential environment improved and street food vendors are no longer operating inside of residential areas, while the new sewage system keeps the

⁶⁶ Original primary school built in 1970 was funded by three local villages: Feng lin, YangJiaTai and Laoji. Three villages funded a local middle school in 1974 but both primary and middle schools transferred to town education committee in the early 1980s. Longfeng Group Co. Ltd (village collective company) funded building a new primary school and middle school in 2007.
<http://www.baik.com/wiki/%E5%A8%81%E6%B5%B7%E7%BB%8F%E6%8A%80%E5%8C%BA%E5%87%A4%E6%9E%97%E5%B0%8F%E5%AD%A6>, access date 20/08/2012.

Therefore, villagers worked for both schools under administration by Education Committee of Economics and Technology Development Zone but Lungfeng Group Co. Ltd could interfere with their jobs if they disagreed with the redevelopment (primary data collected from individual villager interview in 2012 and the villager worked for local middle school as a qualified teacher).

street free of filthy water. More trees were planted in the complete redeveloped residential areas and new built park in the centre of the community neighbourhood (map 6.1).



Picture 8 New Built Primary School

Source: Author's picture, July 2012.



Picture 9 Feng lin Residential Buildings after Redevelopment

Source: Author's picture, July 2012.

6.2.4 Urban Planning Reasons

Beautification of Urban Areas

The impact of planned modern development can be seen quite clearly on the west coast in tourism areas located in the Hi-Tech Science Park. Picture 6.5 shows the entry-free beach that is open to the public, and each summer attracts hundreds of thousands of tourists. The campus of Shandong University is built on the right, with a hotel on the other side of the beach and newly built, expensive commercial seaside flats. Furthermore, luxury detached houses with views over the sea and backing onto the wooded hillside can be seen on the headland.

Where the new built luxury sea view houses are used to be a small fishing village called Li Yao village, and there was another village called BiJiaTan, which is just off the open beaches. Both villages have now been redeveloped. These examples provide clear instances of gentrification theory in action in local redevelopment. The redevelopment purpose of those two villages was to rebuild the local environment to draw tourists and to enhance the local tourism industry, pushing out the indigenous villagers to high-rise flats and bringing wealthier people into the area by building luxury seaside houses. Both village redevelopments were planned by the municipal planning system led by local government, although built by private developers.



Picture 10 Tourist Beach and Surroundings

Source: Author's picture, August 2012.

Supply of Land Resources for Urban Development

The surroundings of urban villages (agricultural land) have been built for commercial uses in the past, and one of the aims of the redevelopment of urban villages in Weihai was to build more modern residential condominiums as well as commercial use properties, to meet local economic development requirements. Property development in Weihai is always carried out by developers (some of the developers are locally based enterprises, some formerly village based enterprises), but local government benefits from land sales revenues as well as longer-term commercial revenue incomes.

According to the Housing Building Plans 2008–2012, housing land resources focused on urban village redevelopment. Local planning and urban development department officials believed that urban villages were caught between urban built-up areas, and they also believed that urban villages have not only impacted the city's beautification but also hindered the process of urbanisation. Furthermore, from local government officials' points of view, there is a great opportunity to influence the image of the city of Weihai and to build the Weihai Habitat brand (environment and planning awards discussed in Chapter 4). Thus, to meet these purposes and to create more lands, the plan has been made that 49 urban villages located in the city centre and nearby suburban areas had to have their redevelopments in 2008. 66 urban villages out of 77 completed their redevelopments by 2012.

There is almost no land for building new properties in the city centre, unless rebuilding or replacing some old buildings. As a result, urban villages in Hi-Tech Science Development Park, in Economic and Technology Development Zone, and in nearby suburb areas of Huancui District are the main sources to supply housing lands, and New Industrial Development Zone became the land source for urban industrial activities.

The Chinese constitutional law has laid down that collective village lands are only for the development of rural residential houses, village collective development needs, and farming (see Chapter 3). To justify any other reasons for the use of village lands, it must be proved that the uses will be necessary to benefit residents or the country (Land Administration Law of the People's Republic of China, 2007).

Farmlands of urban villages were expropriated a few years earlier than residential land in Weihai, in order to develop local economies and speed up the urbanisation process.

Farmlands of urban villages are much cheaper than village residential lands, and the processes are easier. Moreover, farmlands supply more lands than village residential lands generally. As a result, sold farmlands were used for commercial development and business properties. Redevelopment is focused on village residential areas, to demolish village houses and to build residential condos. See table 6.1 for a summary of land supply of new housing developments in 2008 and 2009.

Year	2008	2009
Total land supply of commercial newly built flats	263	268.69
Urban village land supply for commercial flats	193	195.99
Other land supply	70	72.7
Total land supply of social houses redevelopment	35	29.39
Urban village land supply for social houses	21	21.39
Other land supply	14	8

Table 6.1 Land Supply for Urban Housing Development 2008 and 2009 in hectares

Source: Weihai housing development in practice (2008, 2009).

This research experienced difficulty in searching for urban village land supply documents after 2009, but secondary data provided information that land transfer volume has been declining in Weihai after 2009, but still large amounts of land have been supplied through urban village redevelopment. Meanwhile, mayor of the city changed and new mayor's political dissent is having an effect causing a slowdown in urban village redevelopment process. New mayor stopped all policies that contained reductions in developer fees, wanting to focus instead on economic development.⁶⁷

The report of 'New urban housing construction 2008–2012' also stated that land transfer volume has been reduced by 58 per cent in the first half in 2012 (when most urban

⁶⁷ Data collected through district government officials of NIDZ and Huancui District. Limited resources could not arrange an interview with mayor of Weihai.

villages land transferred to urban lands) compared with 2011 (Weihai Municipal Land Resource Bureau, 2012).

High Demands on Real Estate Market

Property markets have performed very well on the west and the south of urban areas between 2007 and 2012. The average housing price in 2007 doubled compared with 2003⁶⁸ (Weihai Municipal Statistic Bureau, 2007); particularly for the Hi-Tech Science Development Park and Economic and Technology Development Zone.

The city centre has the highest property prices, followed by Hi-Tech Science Development Park and Economic and Technology Development Zone. Developers have received very high profits from the redevelopment of local urban villages. Urban catchment increased from 14 square kilometres to 146 square kilometres (between 1987 and 2012).

Table 6.2 shows that the total amount of sold residential houses in four areas between March 2007 and March 2010, each district reached their peaks in 2009 when urban villages provided the most land to build new properties. Less urban land was supplied in 2010 because most urban villages were transformed into urban administration system; property transactions were much lower in 2010 than previous years.

Year	2007	2008	2009	2010
Huancui District	3,908	2,624	5,097	1,963
Hi-Tech Science Park	2,272	1,722	3,432	664
E & T Development Zone	4,026	1,845	5,712	1,385
New Industrial Development Zone	53	389	3,947	530

Table 6.2 Total Number of Sold Residential Houses in Four Areas March 2007 to March 2010 (units)

Source: Property development report of Weihai (2010).

⁶⁸ Discounting inflation.

Year	2007	2008	2009	2010
Huancui District	5,128	5,032	5,333	4,293
Hi-Tech Science Park	4,489	5,400	5,312	5,541
E & T Development Zone	4,616	4,913	4,670	4,810
New Industrial Development Zone	2,206	2,311	2,342	2,305

Table 6.3 Average House Prices in Four Areas March 2007 to March 2010 (Yuan/ m²)

Source: Property development report of Weihai (2010).

Table 6.3 shows the average house prices in four areas between March 2007 and March 2010. The average property price in 2007 has grown 30 per cent compared to 2006 (Statistics of Weihai, 2011). Economic and Technology Development Zone (ETDZ) has had the largest housing transaction numbers in 2007 and 2009, but house prices in both two years were not the highest. Urban village redevelopment⁶⁹ during this period is one of the key reasons for high transactions. Large supply is one of the reasons to cause local property prices to grow steadily and property price growth became fast once less urban village redevelopment projects took place after 2009. The average property priced in 2010 jumped from 4,200 Yuan (about £420) to 5,700 Yuan (about £570).

Fast economic development in Weihai means that commercial property demands have increased dramatically. Offices and reTail stores used to gather in the city centre, but now they have spread to urban village areas along with urban extensions, and warehouses have moved out to suburban rural areas, such as Cheng Bian Cun. Manufacturers in Weihai have started to move from the city to rural areas. The New Industrial Development Zone has also been seen by planners as the ‘New town’ of Weihai, and it will concentrate on commercial property development for factories, offices, reTail and warehouses (Master Plan 2004–2020 of Weihai).

Large numbers of migrant workers and floating population tended to move from current urban areas to the new town, as industrial jobs moved to the Industrial Development Zone. Therefore, redevelopment of urban villages inside the zone will be more popular later and aimed to meet the high demands of residential houses and real estate market, and more

⁶⁹ Village households do not buy new flats.

redevelopment has been planned by both local planning and city development departments.

Reduce Social Housing Costs

Social housing in Weihai is funded by the city municipal government (see Chapter 5, section 5.5), and the budget for social housing is a serious issue in terms of increasing the supply of new housing in this sector. Construction of social houses has been financed by government funds only (Lian zu fang), the rest are affordable housing (Economic and Comfortable House). There are three social housing projects (2,300 units) that were funded by local municipal government and built in three urban villages, and the rest were affordable housing (3,500 units) received from private developers involved in the urban village redevelopment projects.

The facts are that in the recent period, social houses have only been built in urban villages, according to the plan in 2008 and 2009 (see table 6.4). By comparing with Table 6.2, the number of social/affordable units exceeded the number of market sale units (5,100) in 2008. It should be noted however that the plan was not really in practice until 2010. Table 6.5 shows the planned provision of social rental houses in 2010 and 2011. According to the Housing Association and Property Management Bureau, social rental units have only been provided through urban village redevelopment in this period.

Year	Total units	Total land (m²)	Government funded urban village projects		Affordable housing (private projects of redevelopment of urban villages)	
2008	5,800	350,000	2,300 units	140,000 m ²	3,500 units	210,000 m ²
2009	4,800	293,900	1,300 units	80,000 m ²	3,500 units	213,900 m ²

Table 6.4 Construction Plans of Social Houses in 2008 and 2009

Source: Housing Association and Property Management (2011).

Year	Economic and Comfortable houses	Social rental houses	Public rental houses
2010	100	1,148	200
2011	450	680	500
2012	1,103	None	800

Table 6.5 Social Housing Provision Plan 2010–2012

Source: Housing Association and Property Management (2011).

According to the plan of social housing new constructions of Weihai, ‘economic and comfortable houses’ will focus on urban village areas though they were also built in urban areas. Social rental houses (Lian Zu Fang) will be built on urban village land only so long as land prices are cheaper. Local government can receive social houses at lower prices from developers through the redevelopment project (Plan of social housing development of Weihai 2010–2012, 2010). Compared to the UK system of ‘Planning obligation (e.g. Section 106 agreement in England)’, developers in China are not obligated to provide free houses but they could be asked to assist local government to build some social and affordable houses through redevelopment.

Political Reasons

Political achievement of local government officials and village leaders is another main reason why urban villages need to be redeveloped. Political achievements include getting rid of images of poverty in or associated with the city, improving local environments, generating high revenues, and improving economic livelihoods.

Urban villages are causing local environmental problems as they provide cheap houses for the poor, floating population and migrants, which result in villages having chaotic environments. Shortage of living spaces in urban villages caused poor living conditions for village residents, including households and their tenants. Redevelopment is seen as the fast and efficient way to change village environments, by knocking down all village houses and building new flats. Local government officials also believe villagers will have higher living standards and better living conditions after redevelopment. Furthermore, new built commercial properties, factory buildings, retailing, warehouses, and offices all provide a major benefit for local government revenue.

Some higher-level government leaders are also concerned about the local urbanisation rate, to compete with other cities, and they believe urban villages' redevelopment will help to increase urban areas, thus achieving a higher urbanisation rate. This can easily be seen in suburb villages.

Urban population has increased by a million, urbanisation rate rose from 9.2% to 58.7% and urban spaces extended by 10 times, urban built areas has extended from 35.4 kilometres to 385.1 kilometres by 2009

(States Weihai mayor, Sun Shitao, on the meeting of municipal modernization and new urbanisation in 2010).

Taking an example of Wen Quan tang village, the redevelopment of the village started in 2011. Resettlement residential condominiums were built on village residential lands and are also for households from another three nearby villages as they will be relocated to the area as well.

The village of Wen Quan tang is located on the southeast of the city suburban area, in an area where there are a few companies located around, and about 200 tenants live in the village. Farmlands have not been leased to the developers entirely, and remaining farms still cooperate in agricultural production, which is still under the control of local township government or private lease, according to local township plan.

The redevelopment of the village was planned by local township government and approved by municipal government. The redevelopment plan was to build a tourism area on the lands of four nearby villages by using natural hot springs to attract tourists making the place a leisure and entertainment centre after redevelopment. Luxury entertainment buildings and parks will take the place of village houses. As a result, village households were moved from village houses to new built flats, and high revenue was expected.

All in all, from the local government leader's point of view, the plan would make it a better place, better environment, create much higher revenue, better living conditions, and life standards. It has been believed that redevelopment helps the township leader's political achievement, but village households have never been involved with the decision-making, which goes against the principle of rectification of Nozick's Justice of Entitlement Theory. As discussed in Chapter 1, Nozick developed his entitlement theory of justice based on Locke's principle of just acquisition. Nozick focused on how

individuals gain full control over previously un-held resources. According to Nozick, ‘A person who acquires a holding in according to the principle of justice in transfer, from someone else entitled to the holding, is entitled to the holding’ (Nayak, 1989). Therefore, urban village redevelopment in Weihai infringed on the villagers’ right to be consulted and stopped their right to freely decide whether to agree to the redevelopment plan/compensation scheme or not, which is unjust to transfer the holdings of village farmers (as village farmers of one village together own all the village land in accordance with Chinese Constitution).



Picture 11 Surrounding Areas of Wen Quan Tang Redevelopment Areas

Source: Author’s picture, August 2012.



Picture 12 Construction of Wen Quan Tang New Residential Building

Source: Author's picture, August 2012.

Picture 6.6 shows that surrounding areas of Wen Quan tang village are not fully built up, and picture 6.7 shows construction of new buildings are going on. New buildings are arranged from six floors to ten floors. Any buildings seven floors or less do not have lift services. Local township government is fully in charge of the project and redevelopment contract was signed between local township government and the developer.

6.3 Redevelopment Key Players and Their Interests

The key players of the redevelopment are Weihai People's Municipal government, Local District governments, township governments, developers, village leaders, indigenous villagers, and tenants/migrant workers. Potential interests from each player and the roles each group played in the redevelopment are different. As a result, each individual player has tried to maximise their interests and benefits as much as they can. As such, conflicts between groups often showed up, and it can be seen more before the redevelopment started and after the redevelopment, although it can also happen during construction.

6.3.1 Municipal and District Government

Municipal government planned and led the whole redevelopment. It promoted the redevelopment to all villages that lie within an area, aiming to meet the master plan and to

change the city image for the better. However, officials of WMPG do not get involved in any redevelopment construction and they do not contact developers and village households directly. According to their views, they are looking after a few things related to the redevelopment project: better image and better environment, requirement to meet master plans to develop stronger economic development ties, and higher revenue incomes for municipal finances. Therefore, it may be argued, they care more about their political achievements in these terms.

WMPG officials from Planning Bureau, Housing Authority, and Land Resources Management Bureau need to set up relevant redevelopment policies. The administration of the redevelopment is run by the District Demolition and Redevelopment Office that is situated within the Municipal Demolition and Redevelopment Department. However, the former mayor of Weihai is an advocate of redevelopment, and he has supported it by promoting all above relevant department officials to set up preferential redevelopment policies in different ways to benefit developers (Weihai People's Municipal Government, 2008), village committee and villagers (Zhang, 2015). All the redevelopment project applications must be passed to the above relevant government offices and approved by the officials before the redevelopment project starts.

WPMG has set up various preferential policies for private developers, and they set up policies of minimum compensation prices for village households in 2006 and 2008. In recent years, they started to encourage companies and factories to build their own dormitories in urban village areas for their employees, but it has not been counted in the local formalized legal policies.

As described in section 6.2.4, lands of urban villages are resources for urban development, while they also provide large number of social houses that are either funded by local government or by private developers. Social housing launched in urban villages helps municipal officials to achieve better political achievement by creating more social houses (completing their tasks, which has been ordered by Chinese central government),⁷⁰ and saved them money as land prices in urban villages are much cheaper than in the city. WPMG has funded and built three main social houses/residential areas in both 2008 and 2009, and these projects have been launched in urban villages, which took place at the same time as the village redevelopment (Housing Authority of Weihai, 2008, 2009).

⁷⁰ The state government set up certain amount of new build social houses but documents wouldn't define where these social houses need to be built.

6.3.2 District/Township Government

District government followed the plans of municipal government, but they also set up specific policies and rules for local township government, village committee and village households to follow. Economic strength, locations, land uses, land prices, and development formats are different between districts, so land incomes are quite different. Based on the provincial and municipal policies, district government can set up its own land prices and revenue policies. For example, they all share the principal policies of compensation fees, which are set up by WMPG, but they have different reward prices for local households or no rewards at all (New Industrial Development Zone).

Although land prices are different between districts, they cannot be lower than the land prices that provincial government has set up. Township government needs to lead and guide village leaders to process redevelopment. Township government focuses on the redevelopment process details of each individual village. Land incomes from redevelopment are normally transferred to township government first and they divide the money by municipal government, district government, township government, and village committee. Households never received land incomes directly. Therefore, township government is the key player between district government and village committee, and they need to assist village leaders in dealing with individual households having difficulties agreeing to the redevelopment agreement.

The interests of the township government are to receive high land revenue, to develop local economies, to help with the local urbanisation process by rural-urban transformation and other political achievements. Wen Quan Town, is located south of the city centre and the township government is under governance by Huancui District government. The township government has always set up the town development plan details, such as the most recent plan, 2010–2015, that focuses on the redevelopment of local urban villages. One of the aims of the plan is to enhance local tertiary industry development, and to increase the urban population by 60 per cent by 2015.

To meet the objectives, Wen Quan Township government decided to redevelop 15 local villages by 2015 and to relocate a few other villages to these redevelopment areas. The township government is involved in each of these urban village redevelopments; they deal with both developers and village leaders. They also made the decision for land use of each village. In addition, some of the village land incomes contributed to villagers' future

social welfares and insurance. Township government has tried to specify the redevelopment agreement made between village households and village committee. All in all, township government tries to put themselves in charge of the whole redevelopment process, making plans for local development, managing land use and land incomes, setting up redevelopment policies, drafting redevelopment agreement, and dealing with developers.

6.3.3 Village Committee and Village Leaders

Village leaders are ‘the middle man’ of redevelopment and sit between the township government and village households, and between developers and households, assisting township officials to keep redevelopment process moving smoothly and assisting developers to negotiate compensation prices with households, while helping villagers to fight for their rights.

In reality, they stand for local government as its agent in securing financial and other benefits of redevelopment. Village leaders get involved in land transactions, dealing with developers, setting up compensation scheme and deciding what households will receive what before and after redevelopment. They often think they are the people who are in charge of the village collective lands, especially the farmlands. Instead of the developers or local township government, village leaders stand for the village committee and sign the redevelopment agreement with households.

The position of village leaders is often believed to be difficult but research found that the position of village leader is very popular and competitive in Weihai. The reason why the position of the village leader is so popular is that village leaders appear to receive good personal profits⁷¹ from the redevelopment (which may be termed a bribe).

Village leaders can come under pressure from both local government and village households. Most village leaders are trying to reach their achievements by pushing the redevelopment process. As they believe, redevelopment of urban village can change the local environment, improve local security problems, build stronger village economics, and help themselves to enhance their own interests.

⁷¹ Developers offer village leaders good benefits and cash if they help through the demolition and settlement. Though there is no clear data to show how much they will get, because it depends on developers and is illegal, nevertheless it is an open secret in the local area. It has been well known that village leaders will get certain commissions from each demolition agreement. Therefore, they can become rich overnight.

6.3.4 The Developer

Redevelopment project profits are the main interest of the developer, and the developer's interest is another reason that often triggered redevelopment. Open competition through tenders is not always held. In fact, developers have often built up good relationships with municipal/ local government officials and they will get the redevelopment project through local government approval. Instead of dealing with each individual village household, the developer only signs the contract with local government and village leaders.

None of the developers has ever offered higher compensation prices than the government standard compensation price, which has been set up by WPMG in 2008, although land price and property price are different. Developers will normally choose to pay off compensation fees and land fees and they would not get involved with village demolitions, unless the developer and the village committee are in fact the same party. For example, Lungfeng Property Development Ltd is run by Feng lin village committee and it is in collective ownership.

Data collected from developer interviews reflects that shortage of cash flow and conflicts with village households are two major problems for developers. The cash flow problem has become even worse since 2009, when the Chinese central government started to control the property market by controlling developers' bank debts. WPMG has promoted new policies to benefit the developers by reducing some types of taxes and offering other help, but these policies had stopped by the end of 2011. Developers believe that each of these actions reduced their profits.

Sometimes the developer and the construction company are different. The developer may sub-contract their development project to a building construction company. However, the developer will still be the responsible party for the redevelopment. From the planner's point of view, a developer can help to build a good new residential community by building new buildings under local planning policies (Weihai Municipal Planning Committee, 2008), to improve local infrastructures (see Chapter 8). However, Chapter 8 will also discuss the bad compensation for resettlement properties that some households received.

6.3.5 Indigenous Village Households

Indigenous households are clearly important players: they have contributed first their farmlands and then their residential lands, they are the group that has been affected the most by the redevelopment, and their lives are changed in different ways. (1) They need to move out from their private village houses and move into new built unit flats, with accompanying property ownership changes. (2) Village households rent income changed with average rent incomes decreased after redevelopment. (3) Social insurance/welfare changed. Payment amount households received depended on the village and local district/township government, and payment amounts also varied between villages. (4) Living standard changes as employment situations change.

Village households have never promoted any redevelopment in Weihai, which is different from large cities such as Shenzhen (Hao et al., 2011; Li, 2010; Wang, 2009). They are the party who has always been involved in redevelopment, but they do not have much right of speech, even though as villagers together they own the village land, and village leaders represent them to manage the land normally.

Moreover, local government tends to hide the land law information from villagers who are generally ignorant of the legal background. A few households learned the law, but a small group can never stop the redevelopment going on in Weihai. Nevertheless, some individual villages have held out and excluded their houses from redevelopment. Picture 6.8 shows one village house sitting on the construction site in Wen Quan tang village. The village house still sits in the village, although both villages have completed their redevelopments according to both municipal and local government (same situation happened in Gu Mo village and Jiang Jia Zhai village).



Picture 13 Wen Quan Tang Village Redevelopment Construction Going on While a Village House Sits in the Construction Site

Source: Author's picture, August 2012,

Village households are normally only invited to attend a pre-redevelopment meeting, which is held by the village committee and supported by local government (although some villages did not have this meeting). The meeting aimed to inform village households about redevelopment timing and arrangements, rather than listen to village households' voices. It is obvious that village households are 'obedient' and do not challenge the decision or what they are presented with. They lack the knowledge to fight for themselves and there are no arrangements for independent support or advocacy on their behalf. Nevertheless, they are still required to sign the redevelopment agreement.

Households can only hope for better quality in their new flats, with heating supplies and in their home neighbourhood; they also hope they can receive better village welfare after the redevelopment, better social services; they will even be cheered up if they can receive any pension and insurance payments. In fact, most of the village households do not need to be relocated after the redevelopment and they do receive village welfares and full or part of pension and insurance payments from local government in Weihai (physical and social village changes will be discussed in Chapter 8).

However, those who live in central urban areas and had their redevelopment undertaken in the late 1990s and early 2000s, have been treated very differently compared to those in

recent years. This is because WPMG did not get involved with the redevelopment and had not produced any urban village redevelopment policy at that time. Furthermore, those in New Industrial Development Zone have had their redevelopment from 2010, were also treated relatively poorly compared with the other three districts.

6.3.6 Tenants and Migrant Workers

Migrant workers have often been ignored during the redevelopment by local government, village committee, developers, and even their employers. This research also excludes migrant workers as a main focus, but this section will briefly discuss the situation migrant workers faced after redevelopment.

The redevelopment of urban villages has brought migrant workers a major problem of lack of sources for cheap rental accommodations. This applies obviously to their housing, but may affect economic activities as well. As a result, those who used to run their own small businesses must join in the practice of renting proper retail properties or warehouses that are much more expensive than village houses. There are still many migrant workers who moved back to their original village residential areas, but rent payment is more expensive than before redevelopment.⁷² However, some migrant workers are forced to change their employers to village areas farther away and some even decided to move away from the city.

Therefore, shortage of labour has become a problem for economic development, and local employers will need to hire new workers from inland areas to work in Weihai. It has become even worse in recent years, and local government has had to help local employers increase the number of migrant workers in order to maintain a healthy labour market.⁷³

Migrant workers have not only contributed to villager household rent incomes but also made huge contributions to local economic development. WPMG and local government have started to encourage companies and manufacturers to provide free dormitories. Some companies even offered free food for their employees in order to keep them working continuously. While it is arguably good to have free dormitories and free food as an option for migrant workers, it is also arguably desirable for local government to offer

⁷² There, only a few people share a whole flat and flat is more expensive than village house.

⁷³ Private business job advertisement often seen at the bus stop and public areas during the researcher's fieldwork.

housing benefits for those migrant workers who have families who want to stay in local areas.

All in all, migrant workers do not receive any direct benefits from the redevelopment, although some might hope for free dormitories and food from their employers but these benefits depend on their employers. Overall, the comprehensive redevelopment of urban villages may exacerbate problems of labour supply and thereby hamper economic growth of the city. This appears to be an unintended negative consequence.

6.4 Redevelopment Approach

As discussed in last section, government officials, village committee leaders, and developers often have all been in the position of advocating promoting redevelopment of the village. The style of redevelopment depended on the redevelopment leader, which could be the municipal government, district/ township government, village committee, or developers.

Nonetheless, some of the redevelopments have been led by two or more parties rather than one organizer; developers and village committee can be the same party in some cases⁷⁴ (see Chapter 3, rural economic development/village enterprise). It is common to see the village committee as the assistant of local government or developers in recent years in Weihai. However, the most popular style is district/township government and the village committee stand on the same line to cooperate with the developer. Having discussed the rationales, interests of key players and roles each play during the redevelopment in above sections, this section will turn to the aspects of redevelopment style and organisation.

6.4.1 Village/ Colletive Organised-The Collective Led Approach

It is common in Weihai that village committee has become the organizer of the redevelopment. Reasons why village committee promoted redevelopment may include (1) high profits; (2) when village committee sold their farmlands for commercial uses, part of village residential land were included; (3) village committee and developer is the same organisation such as Feng lin Village.

⁷⁴ The developer who redeveloped the village can be the village collective enterprise managed by villager leaders.

One of the case study villages, Hai Bu village, experienced reasons 1 and 2. The village is one of the case study villages located in the ETZ Zone area and just off the sea. There are 26 households that have been removed to the village-built units in 1996 because of building new village roads. When the national enterprise Hua Neng Power Plant was launched in the village in 1991, the village economy had its first boom and the company brought in a great number of migrant workers who stay in the village or company accommodations. Another 78 households have had their houses demolished in 1998, which was caused by the former village leader's decision. The former leader of the village decided to redevelop the village from the north to the south step by step, because he saw big demand. However, the government officials believed that the development he promoted in 1998 was against the planning/ development policies, as they did not apply for permission from local municipal government or provincial level government.

Meanwhile the Power Plant Company started to build accommodations for migrant workers, especially for those with families. The outcome was that redevelopment of the village has been stopped since then, until it was re-promoted by local district government in 2009.⁷⁵ However, there were still 20 households remaining in their village houses (during the fieldwork in July 2012), because they refused to accept the compensation scheme, which was drafted by local district government and village leaders.

6.4.2 Developer Organised-Property Led Approach

Developer-organised redevelopment happened in the early years under review. These villages normally had good locations (e.g. seaside, off the city centre, city centre or nearby) or natural resources (hot springs). The developer wanted to promote the redevelopment when they saw the potential high profits. Redevelopment that has been led by the developers could not finish in one go, but projects would be continued one after another until the whole village had completed the redevelopment. By the end of the redevelopment stage, local government got involved to press the developer to build in areas they do not want by forcing them to change the conditions.

Case study village, Gu Mo village, reflects the phenomenon. Gu Mo village was just off the city centre. The village had its first redevelopment in 1998, which has been promoted by the local developer (Jian Mei Property Development) but the whole village did not

⁷⁵ Former village leader was fired due to lack of cooperation/motivation.

complete its redevelopment until 2011. The redevelopment of the village has taken place in 1998, 2000, 2002, 2004, 2006, 2007, 2009, and 2010.

Most village households have chosen new flats in compensation rather than cash payment. Households believed that a new flat would be worth much more in the end, although they might receive a good payment at that time. Because the location of the residential areas is now within the central part of the city centre areas, both rent incomes and property prices have kept going up. However, despite this, most households from Gu Mo Village are unhappy with the redevelopment compensation scheme.

6.4.3 Government Organised-Demolition to Redevelopment Approach

This is the most common redevelopment style in Weihai, with more than half of the urban villages having had their redevelopments follow the master plan of the city. Figure 6.1 defines how planning systems work in Weihai. Local district and township government plans have to conform with the municipal government plans to build modern local environment and develop local economies. They have led all urban village redevelopments with the district/ township aiming to control the redevelopment.

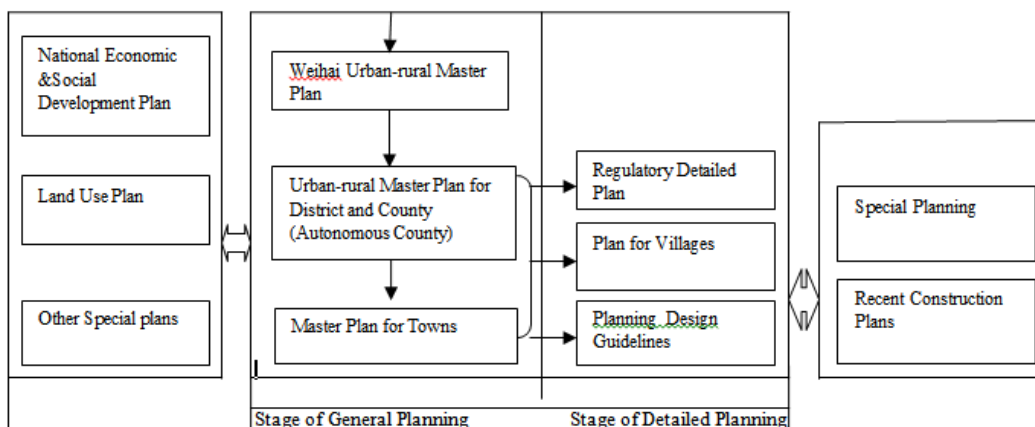
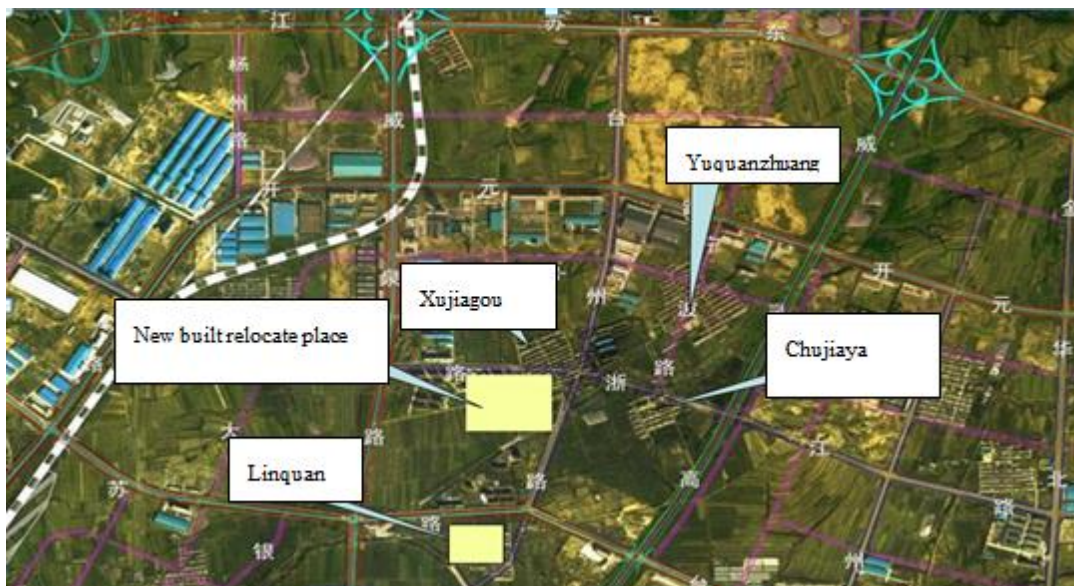


Figure 6.1 Urban Rural Planning Formulation System

Source: Author's work.

Government led redevelopment was especially arranged in NIDZ. Original industries started to move from urban areas to the NIDZ development from 2006 and they had begun to impinge on local rural farming areas by 2012. The district government had made their development plans in 2012 to redevelop or relocate residents aiming to make the best use of the land (see map 6.2). Four villages will be resettled in one built place, as planning officials believe this will be the most efficient land use method and the best way

to attract manufacturing, commercial developers and investors to invest in the area (Appendix 5.1 and 5.2).



Map 6.2 Redevelopment Plans of Yu Quan Zhuan, Xu Jia Gou and Chu Jia Ya

Source: Solutions and analysis for urban villages' redevelopments of New Industrial Development Zone, District Government (2012).

According to local plans, all smaller villages will be relocated and join in bigger communities, so that developers and investors will be more interested in developing the land. It is also easier for planners to make a better development plan on a larger scale. Village household life changes could be massive, and before the local economic growth becomes strong, they may have difficulties finding jobs, at the same time, their farmlands will be taken away. WPMG do not offer any financial support to help local government to resettle households, and local district government has very weak incomes. So that, according to local officials I have interviewed, makes it difficult to keep the redevelopment going smoothly, because village households will receive very low compensation payment and they are compelled to accept it.

6.4.4 Mixed Approach

Villages that have had mixed approaches tend to have a good location, such as a central urban area or nearby suburban seaside area in Weihai. They tend to focus on west coastline villages, which used to be suburban areas and are only 20 minutes from the city centre by bus, with good traffic and transport services, strong local economic strength,

and existing commercial and residential properties. In this case, WPMG would like to redevelop the village to change the city image; local government officials are concerned about the local environment, land revenue, and personal achievement; while developers see higher profit.

Villages located in Hi-Tech Science Development Park, particularly villages located beside the sea, have been redeveloped using this mixed approach. However, some villages in the city centre and ETZ also redeveloped using mixed approach.



Picture 14 New Built Residential Areas of Xi Lao Tai

Source: Author's picture, August 2012.

Above pictures are the new built residential areas, which have been developed by different developers. The village is located within the Hi-Tech Science Development Park and it is about 15-minute walk to the sea park, which attracts hundreds of thousands of locals and tourists during the summer, which has been planned by municipal government, and built by local government in early 2000s. Also, light industrial manufacturing, offices and retailing around the village result in a strong village economy and popular property market. Local district government and village leaders have applied to redevelop the village and the municipal government has permitted to redevelop the village in 2008. Developers have seen high profits from the village development, so that intense competition happened between developers. Pictures 6.9, 6.10, 6.11 and 6.12 show the images of case village, Xi Lao Tai, after the redevelopment.



Picture 15 Nursery of Xi Lao Tai Cun

Source: Author's picture, August 2012.



Picture 16 Community Centre of Xi: ao Tai Neighbourhood

Source: Author's picture, August 2012.



Picture 17 Shops under Some of the Newly Built Flats in Xi Lao Tai

Source: Author's picture, August 2012.



Picture 18 Images of BiJiatan Cun after Redevelopment

Source: Author's pictures, August 2012.

Pictures of 6.13 are images of current residential and retailing areas of Bi Jia Tan. The village used to be one mile away from the public sea park and 1.5 miles to the university campus of Shandong University; there is also a luxury hotel and a private hospital built beside the hotel. When the public sea park launched in 2000, developers and investors started to build some commercial and residential properties on village farmlands. The sea park is free to everybody and it is good pleasure place to swim and relax during the summer.

On the south side of the village, electronic processing plants, clothing factories, and other light industries are very common. Because the village has taken a great number of migrant workers, municipal government would like to build the place to be a better tourism area, and the local district government is concerned about the local environment

and they would like the sea park to keep running well, so that retailing, hotels and property prices keep growing well. As a result, the village had to have its redevelopment in 2008, so that developers could develop more expensive properties.

All in all, mixed approach led redevelopment is expected not to affect household life dramatically, as strong local economy and higher employment rates ensure most households' livelihoods. Although households have received compensation payment to support themselves, they may still be worse off in the long term, particularly those who have no work skills and received lower education.

6.5 Redevelopment Process

It does not matter how the urban village was redeveloped (redevelopment approach), all the redevelopment followed the same projectry.



Figure 6.2 Redevelopment Process

Source: Author's creation.

6.5.1 Planning (Apply-Project-Approval)

Apply, district government submitted redevelopment plan: Local district government submits the urban village redevelopment plan to Weihai Municipal Government (relevant departments). Some villages may be included by the municipal level planning plans but local government still needs to prepare the application, and these applications are easily approved.

Project, the redevelopment project set up once the application approved by Weihai People's Municipal Planning Authority, Development and Reform Committee, Land Resource Bureau, and land reserve centre. Meanwhile, the Municipal Planning Authority sets up the pro-building condition requirements before the redevelopment project construction takes place.

Approval, local government sets up the redevelopment project plan details and Weihai People's Municipal Planning Authority is the department in charge of approval of these plans.

6.5.2 Land Expropriation

- (1) Urban village land that has been planned to be redeveloped documented by Land Reserve Centre.
- (2) Rural collective must be expropriated before the redevelopment, both local district government and Land Reserve Centre together must submit the application to higher-level government (provincial government).
- (3) Former farmland around urban village needs to be built in the redevelopment project.

6.5.3 Demolition

- (1) Setting up compensation programme plan

Counted population and village houses of urban village (see Appendix 6.1), and setting up compensation schemes. The compensation scheme needs to be re-examined by Weihai Municipal Finance Bureau, Audit Office, Land Resource Committee, Property Management Bureau, Planning Authority, Public Security Bureau, and Inspectorate Bureau.

- (2) Collective debt review

Collective debt of urban village needs to be audited by district Audit Office and reviewed by Municipal Audit Office and the debt is part of the redevelopment cost.

- (3) Pre-redevelopment costs

Pre-redevelopment costs including administration fees, compensation fees, and land incomes, all these fees paid by the developer.

- (4) Demolition

Before village houses are demolished, developers must have village household agreement in hand and village households must be resettled in local areas. Each village has their own demolition rules.

6.5.4 New Construction

Once village houses were demolished, developers can start the new construction that follows the redevelopment plans and meet the planning requirements. New numbers of dwellings follow the developer's application. New build property can be high-rise flats,

low density flats, or detached/semi-detached houses; all this information is presented in the application and new construction must follow the application.

6.6 Conclusion

The government-led approach is the most popular redevelopment method that has been employed in Weihai although there are still other redevelopment organisations. The municipal government followed the master plan of the city, which restructured the city map and the functions of each regional area. As a result, local economic development and environmental changes caused the employment situation to change, social integration of rural and urban areas improved, and urban rural boundaries are not as clear as they used to be.

According to the master plan of the city, the research areas are going to be developed to be urban areas by 2020. However, many urban villages existed in this area, which holds urban development back. WPMG believed that redeveloping of urban villages is the most efficient way to solve the problems of urban villages, and to achieve their political achievements by changing their environment. Government leaders decided to redevelop most of the existing urban villages between 2008 and 2010.

In addition, because of the fast economic development in Weihai, migrant workers and local residents from other counties moved into local urban areas causing urban sprawl and shortage in the supply of commercial residential housing. Therefore, redevelopment urban villages will solve existing urban village problems of environmental, social and security issues, complying with urban planning, politicians' achievements and reducing urban housing stress.

The process of redevelopment is a complex process in which the government, developers, and landlords are the three key actors. The special ownership of the land—rural collective ownership—created difficulties in the distribution of land uses and land incomes. However, the village committee as the village administrative organisation is qualified to deal with land issues with local government and developers on behalf of village households.

Individual village households are entitled to disagree with redevelopment. In reality, instead of standing for village households, village leaders often treat themselves as the decision makers and they believe that the village committee owns all village lands rather

than individual village households. As a result, village leaders consider their own benefits above those of their fellow villagers. Redevelopment conflicts between village committee and village households are seen more and more often. Chapter 7 will discuss the issues that emerged during the land acquisition specifically.

The findings of the chapter have shown clearly that the redevelopment period was very significant; villages that were redeveloped in the early years (1990 to 2000) showed marked differences in the redevelopment approach and process compared with recent redevelopments. Locations of urban villages affected the redevelopment time: the nearer the village to the city centre, the earlier the village was redeveloped. However, this is not always true, because in some cases the government would like to develop the local areas for particular reasons. Examples would be villages located within the New Industrial Development Zone, which are far away from the city centre. So that, overall, policies are key factors that affected redevelopment time and local social, economic, and environment changes and developments. Chapter 8 will focus on these local physical and social changes after the redevelopment.

We can conclude that local government is the key actor of redevelopment, and it decides the redevelopment style and local development process in the long term. Rural-urban dual land ownership has made redevelopment more complicated. The next chapter will focus on land ownership changes and how they impacted village households' lives. Chapter 7 will also define why land price is the key issue that will affect the profits or benefits for each party, and how it is reflected in the compensation for village households. Chapter 8 will examine how local physical buildings, infrastructures and living conditions changed, and the changes in social welfares and social public services experienced after redevelopment.

Chapter 7: Changes in Land Ownership and Compensation Scheme

7.1 Introduction

Urban villages have been seen as barriers to local urban development by local government officials (Sun, 2010; Weihai People's Daily News 2010; WPMG Planning Authority 2008). Officials have blamed the uncoordinated urban development on existence of urban villages, and they believe that the ideal way to solve the problems of urban villages is to redevelop them. These existing problems include inadequate village road networks, water networks, heating provisions, gas supply, dirty and messy environment, and so forth, and officials argue that these will be solved through redevelopment.

This has led to a massive redevelopment plan in Weihai with 31,339 households involved and the rebuilt areas covering 3,422 thousand square metres. Around 100,000 people have been resettled into their new flats. All the redevelopments have been approved by Weihai WPMG and many municipal and local government officials and individuals have received awards for their work achievement from the redevelopment (Sui, 2011; WPMG, 2010).

Article 11 of Constitution defines 'Collective land owned by village farmers together and managed by village committee or village collective economic organisation'; the constitution also set up the detailed provision that one village household is only entitled to one free-provided village residential plot⁷⁶ in corresponding village (where his Hukou status)⁷⁷. Village collective land must be used for village farming and economic development; village committee and households are not allowed to sell, transfer, or let their land.

To redevelop urban villages and complete rural-urban transformation, collective village land and private village houses are required to be transformed to national ownership before redevelopment. Ownership transformation must be done through a series of legal processes⁷⁸ (see section 7.2) and the land transformation agreement must be signed by

⁷⁶ Size of the village residential plot set up by provincial government.

⁷⁷ In general, girls are not allowed to apply for village residential plot in Chinese rural villages (Chapters 2 and 9).

⁷⁸ According to Chinese Land Management law, rural collective land ownership transformed to state-owned must be approved by central state government or provincial government.

village households before land acquisition and land income compensate village households as the priority according to the national policy of “Notice of Ministry of Land and Resources on Realizing the Compensation and Resettlement of Land Requisition, 2010”. Thus, this Chapter will find out how village households were compensated.

This Chapter will focus particularly on the redevelopment of residential lands, it will find out how village households’ interests were protected base on the policy of “Notice of the Ministry of Land and Resources on Safeguarding the Legitimate Rights and Interests of Land - expropriated Farmers, 2010”. It aims to explore difficulties of households arising from redevelopment, by analysing the local policies and compensation schemes and the factors that affected the operation of these compensation schemes.

7.2 Local Policies

To maximise the usage of local land, Weihai municipal government decided to move enterprises and manufacturers located in prime urban areas to the New Industrial Development Zone gradually and to promote redevelopment of old town areas and urban villages. Aiming to achieve a better urban landscape and to improve land utilisation, suburban village committees will be dismissed and new urban neighbourhoods will be established instead (WPMG, 2005). Inter-related urban villages’ redevelopment policies can be discussed in four parts: (1) organisations and administration institutions; (2) local government rights and responsibilities; (3) land acquisition and compensation; and (4) resettlement of village household.

7.2.1 Organisations and Administrations

The redevelopment is led by the mayor/ municipal office and supporting work is required from different municipal level administration departments (see figure 7.1). Weihai City Housing Authority had been put in the lead position for urban village redevelopment project before 2006. Department of City Demolition Office was set up in 2006, under supervision of Weihai City Housing Authority (WPMG, 1999, 2004, 2006). As the leading group in the transformation of village construction registered under the Municipal Construction Committee, it is responsible for organizing redevelopment and it also

manages the coordination between the administrators.⁷⁹ A successful application requires approval from each interrelated department as shown in figure 7.1.

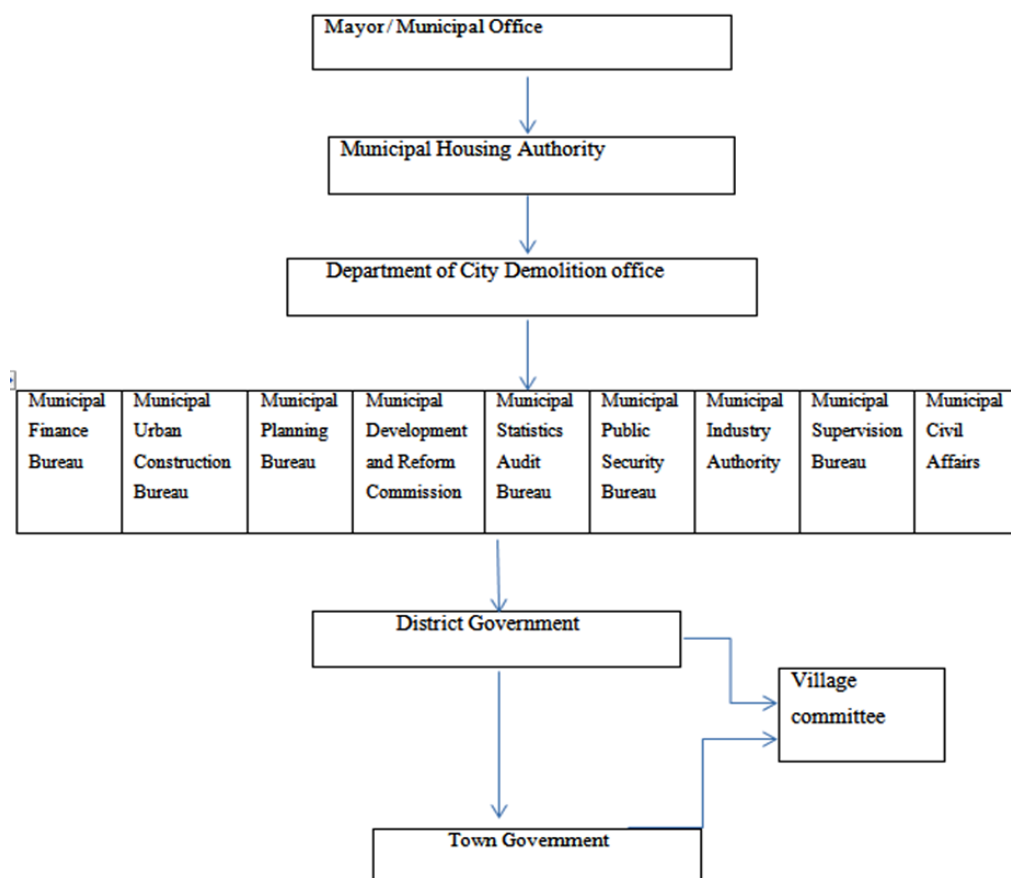


Figure 7.1 Layer of Urban Village Redevelopment Co-Working Government Departments

Source: Author’s creation.

As leader of the redevelopment process, WPMG promoted incentives between 2008 and 2010. The incentives for redevelopment of urban villages were in practice within the planned redevelopment areas (WPMG, 2008). This policy focused on the developer’s benefits by removing and cutting some of administration, land management, environmental protection fees, and taxes. It had also granted the right to developers to pay less for public infrastructure building costs. As a result, the redevelopment has had its boom during the three years (2008–2010) and 77 urban villages had their redevelopments (66 urban village redevelopment projects were led by municipal government and others were promoted by village committee or local township government).

⁷⁹ Administrators are departments of Urban Regeneration, Real Estate Board, Land Resources Bureau, Planning, Environmental Protection, Finance Bureau, and SAB.

7.2.2 Local Government Rights and Responsibilities

As the leading group, local government is required to deal with major issues of redevelopment even if the redevelopment is promoted by Weihai Municipal Government. Whatever the redevelopment reasons are local compensation schemes have always been set up by local district government and based on principles of Municipal policies.

The village committee, as the lowest government institute, is responsible for organisation of individual urban village redevelopment. It plays the role of middleman between developers, households and local government. It represents local government most time, so it has been trying to maximise redevelopment profits for local government to assist local district/township government to set up development projects (see section 6.3.3). The village committee now often needs to take care of the village land clearance before construction starts. On the other hand, it can also theoretically deny/ withhold agreement for redevelopment while representing the villagers' points of view.

7.2.3 Land Acquisition and Compensation

Land acquisition is a legal process that enables state government to transfer rural collective-owned land to state ownership to meet public interest needs. The state must provide reasonable compensation and proper settlement to the collective economic organisation and landless farmers by law (Constitution, 2005). Land acquisition promoted by local district/township government and approved by state or provincial government, deals with both farmland and village residential land.

However, land prices depend on land usage and location. Collective land is used for collective offices, nurseries, schools, hospitals, etc. (i.e. rural collective facilities) (National People's Congress, 2000; Construction Land). According to Article 13 of 'Interim measures of urban village redevelopment in Weihai', the local government can grant land use rights to developers through process of bidding, listing and auction. Winning bidders (developers) are responsible for village households' resettlement costs and compensations for land and land attachments.⁸⁰ Article 74⁸¹ indicates that the Land Resources Bureau would not release land use right certificates unless all village

⁸⁰ Land attachments include farm production and village houses.

⁸¹ Weihai Municipal People's Government on strict land management to promote Conservation and Intensive Land Use Advice.

households received their rents/ temporary houses.⁸² These houses would only be used for short stay, therefore simple equipment provided (see picture 7.1). One agreement provided by one household only.



Picture 19 Temporary Living Houses During Redevelopment Construction Period

Source: Website of Weihai News, <http://weihai.house.sina.com.cn/news/2008-11-25/083715411.html>, access date 20/06/2013.

Local policies have secured the lowest compensation prices for farm production (see Appendices 7.1 and 7.2), village houses and their ancillary structures (see Appendices 7.3 and 7.4). New build property prices differ by floor levels, local policy was also set up to adjust prices for village households' new build flats (see Appendix 7.5).

7.2.4 Village Household Resettlement

The current ideal resettlement method that local government expected, would be to bring all households of a few villages to resettle into one new built residential area (urban neighbourhood). In this way, higher land utilisation would provide more land for manufacturing, other developments, and effective farm business. So far, this method has only taken place in the New Industrial Development Zone and there are only two villages that have completed their redevelopments in the area by 2013 (second fieldwork).

⁸² Developers are responsible for households' housing problems after village houses are demolished. Villagers can choose rent payment or houses provided by developers.

However, a specific plan was made for New Industrial Development and was promoted between 2013 and 2015 (see Appendix 7.6).

A condition of receiving compensation is holding a property certificate and land registration. All village houses in Weihai received their land registration in 1991 and property certificate by 1992; meanwhile old certificates that had been issued by local township government were abolished. Once households agreed with the redevelopment, compensation payment claims were based on property size shown on the certificate and land registration size in recent years.

According to articles 19 and 20,⁸³ village households can choose either the compensation of cash payment, property, and ownership exchange,⁸⁴ or they can choose both cash and the building if the compensation matches with their village house entitlement.⁸⁵ However, details of the compensation are presented differently, because they are different between districts, towns and villages. The municipal government is now considering setting up a policy of standard prices for demolished houses and the policy will be used in master planning catchment areas. WPMG set up standard residential housing compensation prices in 2004, 'Weihai City Planning Division demolition of residential housing compensation guide price', based on location. Housing prices are divided into seven levels, and the highest land price is 3,300 Yuan/m² and the lowest is 1,900 Yuan/m² in 2005 (see table 7.1). However, this guide has never been upgraded in the past 10 years, developers have since been receiving higher benefits because market prices keep growing (see Chapter 7). Fieldwork household interviews showed that most households prefer a new flat rather than cash payment as compensation as prices are much lower than market prices.

⁸³Local policy 'Interim measures of urban village redevelopment in Weihai'.

⁸⁴ Old village houses need to be demolished and households need to move into new build flats, the new property ownership will be changed to public ownership-leasehold ownership with a 70-year lease.

⁸⁵ Households have to pay for the extra property size if the resettlement property is bigger than their old village houses. Prices will be decided by developers; normally it will be cheaper than the market price. Households are also allowed to choose new flats, which are smaller than the old house, they will receive cash for the rest of the property size.

District	Price (Yuan/m²)
One: east part of old urban area	3,300
Two: west and north parts of old urban area	3,000
Three: Hi-tech Science Development Zone	2,700
Four: Economic and Technology Development Zone	2,700
Five: Provincial level tourism places	2,300
Six: north-sea tourism destination and WenQuan Township	2,100
Seven: all other areas except above six districts	1,900

Table 7.1 Weihai City Planning Division Demolition of Residential Housing Compensation Guide Price

Source: WPGM (2005).

According to Robert Nozick, just compensation happened during the transfer of holdings from previous holder to a new owner (Nozick, 1974: 151). Both WPMG and local government failed to compensate landless farmers initially. New employment and social insurances supposed to be provided when farmlands were expropriated. In Weihai, most villagers received their compensation before redevelopment and redevelopment compensation schemes included both social insurance and compensation for village house.

However, local policies did not include elements of social welfares, insurances and job allowances for villagers and higher level provincial policy concerns the general requirements (see table 7.2). As a result, redevelopment has had different impacts on village households' daily lives (as described in Chapter 8). Provincial Article 23 of 2011,⁸⁶ stipulates that current villagers who have not had their redevelopments, need to be paid before their lands are expropriated otherwise, the application will be denied. Article 24 set up the rules that local government are responsible for villagers' pension and job allowance after redevelopment (compensation context and impacts on village households will be discussed in Chapter 8).

⁸⁶ A new provincial policy, 'Measures for the Administration of Shandong Province land expropriation'.

Land price (Yuan/Mu)	Government payment (Yuan/Mu) ⁸⁷
< 50,000	10,000
50,000–100,000	15,000
>100,000	20,000

Table 7.2 Local Government Implementation of Standards of Villagers' Social Welfares

Source: Shandong Xinhua Channel, <http://house.whinfo.net.cn/DeTailInfoSumNew.aspx?iId=11522>, access date 15/05/2012.

7.3 Land Acquisition and Land Prices

Urban village land acquisition is the legal activity entailed when the state government transfers village collective lands to national lands before construction starts. It must be permitted by provincial level government according to Chinese Land Management Law. By law, the state needs to pay for collective lands and production on the land in terms of land ownership transformation (Interim Measures on Management of Allocated Land Use Rights, 1992). In practice in Weihai, local government will not pay any fees to farmers until lands have been sold to developers or investors. It is noteworthy that payment of lands made by developers or investors entitled them to lease, rather than outright ownership. 'Land Use Right Grant' is generally known as 'selling off the land' in local terminology (Real Estate Administration Law of the PRC, 2007).

⁸⁷ Rather than hectares, Chinese people prefer to use 'Mu' as the land measurement. One hectare equals 15 Mu.

Land uses	Max time limitation/ years
Commercial land	40
Residential land	70
Construction land and industrial	50
Public service	50
Integrated usage and others	50

Table 7.3 Land Use Right Grant Time (Lease Time)

Source: The People's Republic of China state-owned land use right transfer and transfer of the Provisional Regulations (2007), <http://baike.baidu.com/view/36397.htm>, access date 22/06/2013.

WPMG published an announcement in 2010 (see table 7.3) deling maximum land use time in years. As we can see, land usage time limitations have followed the central government. An agreement between local government and the buyer must be completed legally; once beyond the contract time (i.e. at the expiry of the period), the landowner (the state) can take over the land and all appurtenances for free. On the other hand, the state will be required to make compensation to the users, if the state needs to take the land back within the legal usage period. However, the contract can be renewed if both parties agree.

7.3.1 Land Ownership Transfer Methods

There are four different land ownership transfer methods according to central government: auction, bidding, leasing, and agreement to sell. Tender auction listing to sell state-owned construction land use rights have been widely used since 2007, when leasing became more and more popular. It has especially been used for urban villages' land and for industrial use of land, though land auctions can be seen sometimes (WPMG Land Resource, 2007).

Administration

'Land Administration Law of the PRC' granted the right of provincial government to approve land development application. However, the application must be approved by

central government if it meets any of the four conditions: (1) Prime croplands⁸⁸ or includes some prime croplands. (2) Any farmlands exceed 35 hectares. (3) Any other land that has not been used for farming purposes, and exceeds 70 hectares. (4) Land will be used for public use construction, such as public transport, network lines, and big infrastructures, which involve some farmlands (Land Administration Law of the PRC, 2004).

If expropriation of agricultural land, the agricultural land should switch to the approval first... Agricultural land usage switch approval and agricultural land expropriation issue right belong to provincial government (Land Administration law, 2007).

Application to build Hi-Tech Science Technology Park was approved in 1991, and Economic and Technology Development Zone was approved in 1992, by the central government. Other development land in Weihai including urban villages' development was permitted by Shandong Provincial Government (based on Author's fieldwork).

As discussed in Chapter 1, section 1.2, certain urban villages in the UK can apparently represent a similar situation like that in China, but land ownership exchange was not involved in urban village redevelopment in the UK. In China, each single urban village's redevelopment project application must be organised by village committee and passed to township/ district government first. Once the officials at this level have agreed, they can then pass to the higher-level city government/ municipal government⁸⁹ (Administration Approval of Weihai Land and Resource department, 2009). As a result, urban villages' redevelopment lands in Weihai have always been issued by Shandong Provincial government after the applications have been permitted by Weihai Municipal government (WPMG Land Resource Bureau, 2009, 2010; WPMG Planning Bureau, 2009).

In addition, agreements⁹⁰ have to be signed by village households before the application can be approved according to law. Redevelopment agreements aimed at making sure that farmers are aware of their rights would help to solve the problems of landless farmers.

⁸⁸Based on a certain period of demographic and socio-economic demand for agricultural products, according to land-use planning to determine not occupiable land.

⁸⁹Department of Land and Resource Bureau is responsible for administration of land ownership transformation and land use rights transfer.

⁹⁰Right to know (On deepening the reform, strict land management decisions, 2004), hearing materials (Further strict land management on the current emergency notification, 2006), description of social security funds and audit opinion (On strengthening the regulation of land related issues notice, 2006).

Local government provides these documents with the application. However, more than half of the village households were not informed about the use of the land at all, others heard from each other rather than receiving formal documents provided by local governments or village committee. Ordinary villagers have never been invited to Hearings before land acquisition. The agreement/ contract households will be required to sign in Weihai will only concern the compensation schemes (Author's fieldwork, 2012).

Process of Land Acquisition

The process of land acquisition is divided into three major stages.

(1) Planning includes four sub-steps; publish land acquisition notice within the land acquisition catchment (especially printed notice in the village); seek villagers' advice; cadastral survey; and registration of land attachments (see diagram 7.2).

(2) Application Submission. Application of redevelopment land acquisition made by the township/ city government, consisting of description of the construction land, agricultural land conversion plan, supplementing farmland plan,⁹¹ land acquisition scheme, and land supply plan. Pre-administration, operated by local government, and contains three programmes: land acquisition announcement; announcement of land compensation and resettlement schemes in local areas; application of land compensation and resettlement scheme to the higher-level district/ municipal government.

(3) Application Grant. Tenant must complete following two programmes, before the land is actually on the market: approved land compensation and resettlement plans; and individual land compensation registration⁹² (Chinese Land Expropriation Network, 2009; Land Acquisition Management Approach of Shandong Province, 2010).

⁹¹ It has become lawful that the user has to supplement same-sized farmland to the farmland used for the construction. It can be provided by opening up virgin soil or by making payment (Legal Daily Newspaper, 2010).

⁹² Rural collective economic institute/organisation, villagers and other land users need to complete their registration of land compensation; they are required to provide their land use grant certificates.

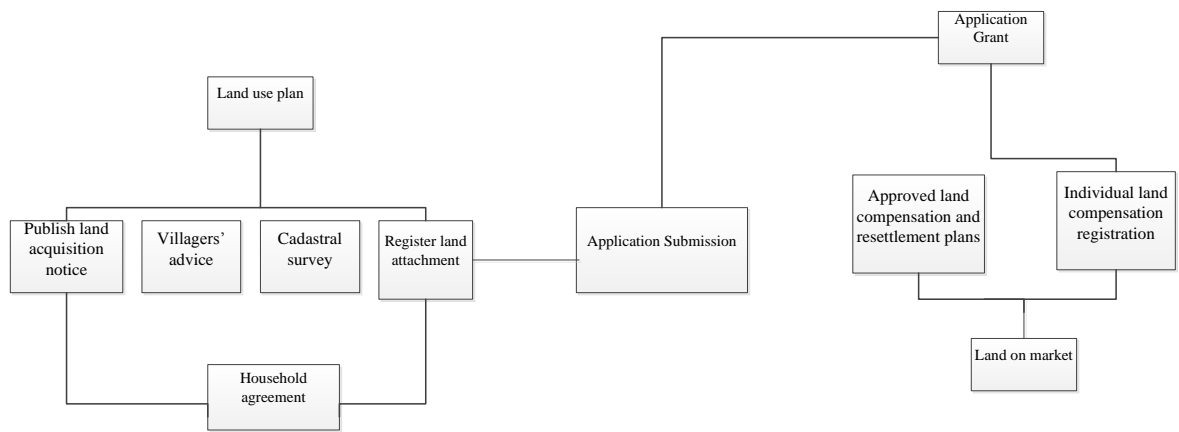


Figure 7.2 Land Acquisition Process

Source: [www.http://www.malvshi.cn/newshow.asp?=110](http://www.malvshi.cn/newshow.asp?=110), access date 13/06/2013.

Land Price: Land Transferring Fees

Land price has been used to describe the price of land per Mu,⁹³ which has been sold during land acquisition by local government. It has officially been called ‘land transferring fees’, which is the total land transaction fees rather than the land selling price. It means the total rents of the land in certain lease years. Land transference fees are certain payments ruled by local government. For example, land use for building up social houses is free. Local government has played the role of regulating land use in terms of improving industrial structures and regulating marketing competition by allocation of land revenue between the state, land owners, and land users (Network of Land Resource, 2011).

Land premium has become a major source of extra-budgetary revenue for local government. Land values depend on market prices, local economic strength, location, usage of the land, inflation rate and land compensations. Government policy is another key factor, which is excluded by the market price and is different from western countries. In China, the central government has granted the right to local government to set up a benchmark premium based on the local economic strength and locations. According to the ‘Land Administration Law’, land incomes only contributed to local government and they must be used for local land acquisition and resettlement compensation, land development expenditure, and expenditure on agricultural and urban development only. But this is not the case in Weihai, land incomes of urban villages’ redevelopment mostly

⁹³Mu is a most common plot unit in China. One Mu equals 666.76 m².

contribute to government financial affairs and are spent on different government funds, for example urban public infrastructures, social welfares, urban public parks, and government expenditures to name a few.

Land Revenue

Land revenue in Weihai, which local government achieves through urban villages' redevelopments, are managed by local government instead of village committee. Each district government entrusts the village committee to collect residential land use certificates of village houses from village households and to get households' signatures for compensation contracts/agreements. Village residential land can legally go through land acquisition and be transformed to urban land with all households' signatures and residential plot certificates. Village houses will be demolished after the land acquisition (Approach of Urban Villages' Redevelopment in Weihai, 2006).

Land revenue has been distributed to different level governments and village committee finances. Households do not receive full land transference fees in Weihai, as discussed in section 7.3.1. The distribution proportion of land incomes between Municipal government, district government, township government, and land owners are 1:1:3:5 (see diagram 7.1) and land price will be decided by local government township government based on the benchmark premium (Song, 2002).

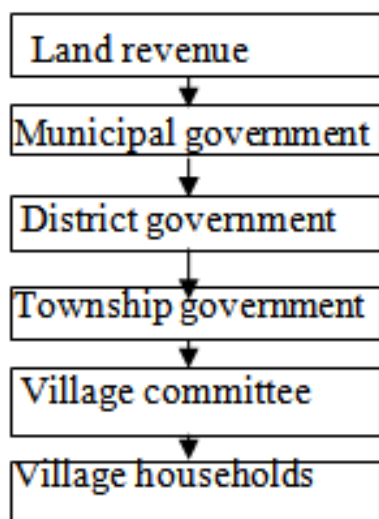


Figure 7.3 Land Revenue Distribution Ties

Source: Author's fieldwork, August 2012.

Benchmark Premium in Weihai

The Benchmark Premium is the initial land price and it is an average price announced by local county or higher-level government. The price is based on total amount of commercial, residential, and industrial usages within the maximum legal land use right at time of transfer (Network of Land Resource, 2012).

The Benchmark Premium can be changed by local government if granted by central government, and it has been upgraded three times since 2001 in Weihai. Weihai Municipal government has divided the land prices into seven tiers according to location in 2004 (Announcement of urban Benchmark Premium of Weihai, 2004). The municipal government has adjusted local policy by three categories and they are commercial, residential, and industrial use (see table 7.4), and the latest benchmark premium in Weihai was announced in 2010 by the municipal government and land price tiers changed from seven to six (see table 7.5).

Land usages	Price	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
Commercial	Yuan/m ²	2,150	1,200	700	500	300	240	200
Residential		1,600	1,000	600	400	260	220	180
Industrial		550	340	170	150	130	120	110

Table 7.4 Benchmark Premium in 2004

Source: Weihai Municipal Bureau of Land Resources (2004).

Land usages	Price	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Commercial	Yuan/m ²	3,360	2,280	1,440	780	660	540
Residential		2,040	1,440	1,080	720	550	450
Industrial		570	450	380	320	300	N/A

Table 7.5 Benchmark Premium in 2010

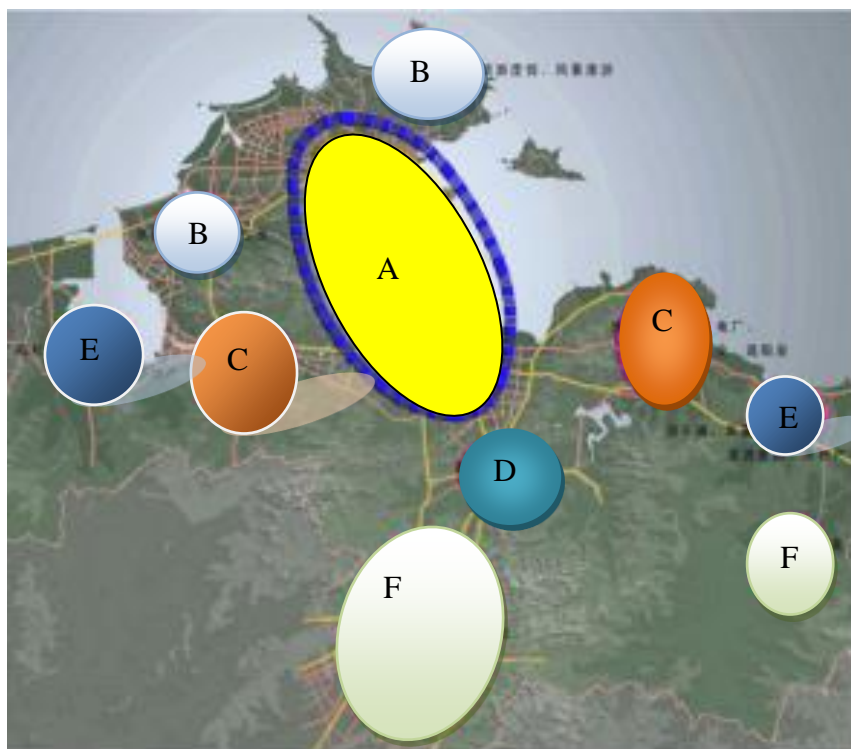
Source: Weihai Municipal Bureau of Land Resources (2010).

By law, land acquisition application must comply with local development plans. Land acquisition did not become popular in Weihai until the master plan of the city was published in 2004. Land prices are based on land-use categories and location. Land has

been divided into three categories: core area, city centre, and outskirts. Core area is the central area of city centre (old city centre); central (Huancui District, Hi-Tech Science Development Park, Economic and Technology Development Zone, and the rest of Huancui District areas); outskirts includes suburban areas and New Industrial.

The closer the land to the city centre, the higher the benchmark premium is. Both tables 7.4 and 7.5 show that land at level one (core area) are the most expensive, and the farther the area from city centre the cheaper the lands are. Moreover, land prices are different within the same area due to different uses. For example, Benchmark Premium for level one commercial in 2011 was 3,360 Yuan/m², residential was 2,040 and industrial was 570.

Benchmark premiums have risen dramatically between 2004 (table 7.4) and 2010 (table 7.5); the price of suburban areas have doubled or in some places have increased even more than twice. Some suburban towns have joined in the different development zones according to the master plan in 2004. Thus, lands have been differentiated to six parts rather than seven in 2010. It can be concluded easily that land prices in urban village areas are cheaper than the centre. However, suburban lands of urban villages have grown up dramatically due to redevelopments going on in recent years (see Chapter 5, locations of urban villages in Weihai).



Map 7.1 Locations of Land Levels

Note: A: level one and level two: city centre and surrounding areas

B: part of level 2 and level 3: further new built urban areas

C: level 4: economic development area that is in process of transforming to urban areas

D: level 5: central township areas, new urban areas in long term

E: level 6: suburban village areas, land used for farming, village collective economic development, tourism, and manufacturing

F: level 7: New Industrial Development Zone, land uses for heavy industrial, manufacturing and retail

Source: Master Plan of Weihai city 2004–2020; Weihai Municipal Planning Bureau (2004).

The policy of ‘Approach of urban village’s redevelopment in Weihai’ was published in 2006 and set up that urban village land prices also depend on land use categories, benchmark premium (price developers paid local government), residents’ resettlement costs, compensation costs, public infrastructure costs, and other equipment costs. As a result, land prices of urban villages in practice are not necessarily the same as their benchmark premiums.

To summarise, land acquisition in Weihai has been led by local district/ township government and permitted by Weihai municipal government, but the final approval belongs to the provincial government of Shandong province. Weihai Municipal government (local Land and Resource Bureau) has also been granted by the central government to set up benchmark premium in local areas. Both land prices and benchmark premium have been raised between 2004 and 2010, and it continues to grow. Projects of urban villages’ redevelopments have had their boom time between 2007 and 2009 (master plan of the city) but urban village land prices keep going up. It has been predicted that urban development will extend to the south, resulting in higher land prices for urban villages than in the east and farther west. The New Industrial Development Zone has the lowest land price compared to other areas, as it used to be traditional villages and has concentrated on industrial use though some new commercial residences will be built later on.

7.4 Compensation of Loss of Land

7.4.1 Loss of Farmland

Farmland compensation schemes always followed WPMG policy. However, the results are complex and diverse. Location affects local compensation policies' decision-making, which set up by local district/township government. Time, when the farmlands were/are expropriated, does affect compensation price, as crop prices tend to go up each year. Location of the farmland directly decides land price and farm production price. Though this finding does not go against the law, the author believes that different land prices are accepted but not farm production incomes. The argument will be made that farm production shares the same market price.

WPMG policy 2005⁹⁴ has set that total compensation of farmland compensation price is 30,000 Yuan/Mu.⁹⁵ Crop compensation will be calculated by seasonal crop (see Appendix 7.1). Arable land price is 16 times the current crop income. Shandong Provincial policy 2009⁹⁶ presents the average land price as 43,184 Yuan/Mu⁹⁷ and it also claimed that land price will be the same within one area. As a result, land compensation prices are the same within the same village or between villages within the same catchment area.

WPMG reset their standard crop compensation payment in 2011 and it was approved by Shandong provincial government in the same year (see Appendix 7.2). This policy was set up by Weihai Municipal government, which is also concerned with crop prices in the other three county level cities, subjectively varying the crop price by regional and local economic strength. According to new policy, crop payment cannot be lower than 1,800 Yuan/Mu/annual in Weihai, which is higher than other three county cities (Wendeng and Rongcheng 1,600 Yuan/Mu; Rushan 1,400 Yuan/Mu). The issue is that market crop price is the same no matter where the product comes from; thus, the policy is considered unfair treatment. By contrast, compensation payment has been increased in general and it has become more specific than the one in 2004 (see Appendix 7.1).

Data collected through in-depth interviews found that farmers would only receive one final payment. For those villages keeping the old village format for a longer time (which

⁹⁴ The adjustment of land value and compensation standards in Weihai.

⁹⁵ About £4,500 per hectare.

⁹⁶ Same land, same price.

⁹⁷ £647,76 / hectare.

are not planned to be re-developed by local government so far), farmers will receive payments every year until redevelopment. Farmers who transformed to urban residents before 1997⁹⁸ (through Hukou transformation system), did not receive any payment for their crop losses. This applies to villages such as Gu Mo, Qi Jia Zhuang, etc. When Article 2004 was in practice, redeveloped villages started to offer food welfare⁹⁹ for indigenous villagers, while others paid nothing for their villagers' loss of agricultural land (Gu Mo, Redevelopment before 2006 in Qi Jia Zhuang).

Finally, rural villagers are granted free entry to village cemeteries while urban residents need to buy cemetery plots for themselves and family members. Cemetery demolition is a hard issue for local government and developers in terms of redevelopment. Villagers will ask for free supply of cemeteries for themselves and their dead family members in some cases. The compensation for each grave is 400–600 Yuan, which is not enough for a new grave in urban areas.¹⁰⁰ The traditional cemetery will be retained as much as they can and without demolition after redevelopment.

7.4.2 Loss of Residential Plots

Local urban population has increased by 15 times in the past 30 years, and urban sprawl has forced urban extension. Farmlands of urban villages have been used for manufacturing, offices, retail premises, and warehouses in Weihai, aiming to develop local economy. Urban village redevelopment has become even more popular since 2008 when local support policies in practice were at their strongest. Redevelopment has focused on rebuilding residential areas and principles of redevelopment are: to provide more commercial residential flats, to enhance local economy, and to raise urbanisation rate by transforming village houses into urban high-rises. However, local officials would like to describe redevelopment as an activity that will profit village householders by changing their living conditions, bringing better social services, better environment, and higher values of their new flats than old village houses did.

⁹⁸ No urban village has been transformed to urban areas by transferring village residents' Hukou registration status from village registration to urban registration after 1997 (Author's interview data).

⁹⁹ Village food welfare is very common in Weihai now; villagers are receiving flour, rice, cooking oil, eggs, meat and fish. More than 60 households also receive some biscuits, sugar, free entry to the spa, tea, etc. None of these villages know when this welfare will end or that the amount of the food welfare villagers receive depends on the village leaders.

¹⁰⁰ The grave price in urban area is 3,800 Yuan to 78,000 Yuan (Qi Lu Evening News, 2012).

The section will analyse local redevelopment achievement, based on local government provided data, to find out how the procedure of redevelopment operated in practice and to present the results of housing redevelopment based on secondary data of the government document and primary data on household opinions.¹⁰¹

7.4.3 Redevelopment of Residential Area

Land expropriation is a completely different concept from housing demolition according to Chinese laws, but village households often regard these as one and the same. Village lands are transformed from rural collective ownership to national ownership by use of the state's coercive power, and it aims to serve public purposes. The national or local government will be required to pay compensation fees to land owners, users and contractors. The Department of Land Management is the administrator of the land expropriation (National Land Management Law, 2005).

Housing demolition falls under Construction Management department. When houses need to be demolished to meet local development plans, and house owners are relocated onto land in national ownership (i.e. existing or new urban land), compensation payment is due to the owners (or users, including tenants), and will be issued by the national or local government. Housing demolition work is required normally during the process of old city area reconstruction, so resettlement houses will need to be provided for the original owners (Urban Housing Demolition Ordinance, 2001).

Rebuilding residential areas of urban villages has become the key issue between local government, developers, and village households. In Weihai, house owners treated residential redevelopment as the most significant stage of redevelopment of the village. Local government officials who are required to cope with redevelopments believe that it is the most difficult stage for them during the whole redevelopment process, as the compensation schemes vary between districts, townships and villages. Factors, which impact compensation prices and are normally considered by local officials and village leaders, are local economic strength, land price, usage of land, and size of village houses.

On the one hand, villagers believe they would have a better life after redevelopment (Sui, Urban and Rural Construction Committee, 2011). On the other hand, village households

¹⁰¹ Primary data collected by the author in 2012. Both government documents and village households' opinions collected through the interviews.

often compared their compensation schemes with other villages and they tend to contrast and learn from each other. As a result, there are always some village households who do not agree with the compensation scheme and refuse to sign the redevelopment agreement with the village committee/neighbourhood/developer. Certainly, there also are some village households that feel the compensation scheme they have been offered is inconsistent with the law, and they could bring their case to court. In recent years, the number of village households that gained legal knowledge has increased as the redevelopment is going on.

7.4.4 Conflicts between the Law, Local Policies and Practice

Weihai Municipal government has granted local district government the role to lead local redevelopment and to set up redevelopment compensation and resettlement schemes, but all local policies have to follow principles of the national and city policies. However, there is no specific policy for urban villages' housing demolition and rebuild. The municipal government did not set up a standard rule for housing compensation scheme for urban villages' redevelopment, and they have directed local district government to Article 2004,¹⁰² 'Urban housing redevelopment compensation approach of Weihai' was set up in 2004; though 'Article 2006'¹⁰³ has been set up, Article 2004 wasn't updated until 2011.

According to the law, rural village house is built on rural collective land and entitled to private ownership, called *xiao chan quan*. This means village houses cannot be sold on the free market, as house owners do not own the plot but they have long term use rights and they can pass their properties to their children (they pass to their sons traditionally). However, villagers from the same village are able to buy the houses (Wu, 2012).

By law, rural individual households have free entrance to the one standard village housing plot.¹⁰⁴ In addition, male¹⁰⁵ students who are from the village but study in other places will still be able to apply for residential plot to build new houses. In fact, these male

¹⁰² Standard compensation of ground belongings and crops in Weihai.

¹⁰³ Interim measures of urban village redevelopment in Weihai.

¹⁰⁴ Households are able to apply for a new housing plot but they need to demolish their old houses, or if son of household is of marriage age, he is entitled to a new housing plot for free.

¹⁰⁵ Traditionally, daughters of village households are not entitled to housing plot though man and woman are equal according to the law of Chinese Constitution.

students are not allowed to apply for their housing plot unless they are coming back to the village and transfer their Hukou registration under the village administration.

One contradiction appears to be that there are huge differences between values of urban village houses. Because of urban houses/properties, which are built on national-owned land, property owners own the house/flat but they are only entitled to pay for 70 years' land use right rather than free long-term land use right in the village. Land registration is the key factor that will reflect on housing value, and in this respect, village houses have higher value. However, village houses are unable to sell on the free market which will limit the demand, and result in lower price. Another disadvantage of village house is poor public services and infrastructures.

The local policy, 'Weihai city village layout planning', has also showed that not all village households can apply for new housing plots if the villages are on the list for redevelopment, including those villages that have not indicated when they are going to be redeveloped (Weihai Media of HangfengrexianIt, Weihai Planning Committee, 2013). It is obvious that local government has been trying to save their redevelopment budget by controlling the numbers of new-built village houses. This policy has resulted in young couples having to share one old village house with their older generations, and the house has become even more crowded sometimes, especially when the situation of four generations living in one house happened. In this case, more than 90 per cent of these village houses would like to have their redevelopment as they need more living spaces, yet financial problems could stop them from having enough new flats if the family is living in poor conditions. In reality, these families are normally receiving lower income.

7.4.5 Varying Compensation

Generally, the redevelopment can fall into one of two formats; (a) rural villages that have transferred to urban area where villagers are holding urban Hukou registration; (b) village lands are under national ownership and villages still remain rural collective land ownership (villagers' Hukou status are still rural registration). Villagers who have been transferred to urban residents can only be seen before 1997 in Weihai; some villages located in Hi-Tech Science Development Park and Economic and Technology Development Zone, were transferred to urban areas in 1991 and 1992 because of establishment of these Development Zones. In addition, some nearby suburban villages of Huancui District have had their system changed. These villages have now completed their

redevelopments and transformed to urban administration system, but village properties were still left in traditional houses.

When the redevelopment was taking place, village houses were treated as urban properties and the compensation scheme was based on urban property rules, as the land had changed to urban land. According to ‘Weihai City Housing Demolition Management Regulations’, house owners can choose property ownership exchange¹⁰⁶ or cash payment¹⁰⁷ and developers need to pay households for maximum 18 months’ rent.

Village households from these villages did not receive any payment for their house plot and old house, which goes against entitlement theory. On the other hand, WPMG has set up standard material payment for village housing damages (see Appendix 8.3). The villagers have given up their social welfare in the past for their lands, but the government has taken the villagers’ rights away by transferring them from village system to urban administration overnight and paid them nothing.

Villages, such as Gu Mo changed to urban system in 1984 and had its first redevelopment in 1998, with the project completed by 2009. Time, therefore, becomes a key factor, which influences the compensation scheme because of changes in living standards and expenditures. The whole village has been through five stages of redevelopment; the later the village house was demolished the more payment or the bigger new flat they received. For houses that were demolished during the first redevelopment, house owners were only allowed to access actual building size rather than land size. As time proceeded and local policies become more and more strict on the compensation rules, house owners have received 80 per cent of their front yard land payment by 2009. Villages in farther suburban areas, which remain in village administration system received full house land compensation. For example, villages such as Liu lin and Jiang Jia Zhai, village redevelopment scheme describe that house owners will be paid in full based on land registration. Moreover, some villages, Qian Feng xi and Bi Jia tan, located in Hi-Tech Science Development Park received another extra 20m² as their reward to encourage house owners to agree with redevelopment.

¹⁰⁶ House owner can decide to choose new flat instead of old house, but new house ownership will be public ownership rather than private ownership.

¹⁰⁷ The price the developer will pay for the house owner depends on market valuation price.

7.5 Conclusion

The Chinese Land Administration law stipulates that rural collective land can only be used for township enterprises, township and village public infrastructures, public (national) construction, village farmers' residential plots, and farmlands. The law also states that one household can only have access to one village housing plot, that urban residents are not allowed to buy village housing plots, and that village committees will infringe on the law if they rent the land use right to any developers, investors or companies (State Council on the strict implementation of the law on rural collective construction land and policies, 2007).

Land acquisition is the legal process created by Chinese central government to change rural collective land ownership to national (urban) ownership. New users of the land need to pay fees for land grant use right for 40, 50 or 70 years, with the land use time limit depending on the type of usage (commercial, industrial, residential). Because of the location and accessibility differences, land prices are varied across the wider city and these prices do reflect true market values. However, values of the land within one district are similar, and the prices need to cover compensation fees, public infrastructure costs, and villagers' resettlement costs.

Land income goes to local government finance and only the local government can decide distributions of land income. WPMG is the leader of redevelopment and departments of Property Management, Land Resources Bureau, Planning, Environmental Protection, and Finance Bureau are responsible for administration.

Before any redevelopment starts, the local government will change the village administration system from rural to urban, and the village committee will be replaced by urban neighbourhood. As a consequence, indigenous villagers are transformed to urban residents but the village still remains in the same buildings and everyday life and culture continues until redevelopment is completed. The recent policies contend that local government is not allowed to release land use right permission unless villager resettlement fees are paid.

There are five main issues that emerged from this research relating to the land acquisition stage. (1) Expropriated land sizes are too large for development. This phenomenon happened especially when local government decided to build a new development zone. The average lands used to build the new development zone are more than 80 per cent

from rural villages. As a result, urban construction land will be 2-to-3 times larger than the current stock, and it is against the standard national land use rules. (2) Low land compensation for village households has been paid in local areas. Land compensations are intended to be for not only the lost farm production or village houses. Those village households did not receive any payment for their lost crops, for which they are supposed to be paid back. Redevelopment of urban village also changes the village house ownership from rural private ownership to national ownership. It was believed that urban property and village houses do not share the same values because of dual ownership, but this factor has normally been ignored. So that, the compensation schemes in practice in Weihai, which were only based on housing material and size, are much less valuable than the households were supposed to be paid. (3) Land incomes have been subject to bad management. Land incomes are in credit of supporting local government financing for the next few decades, and local government has been using some of the money for local development and other costs currently. (4) Local resettlement solution that involves paying village households' loss once, could lead to the creation of a pool of urban poor in long term as villagers do not receive any training skills or jobs. (5) Village farmers have been irrelevant to and excluded from the process, which ignores village households' opinions, though the national law has pointed out that villagers have the right to know and get involved before the land acquisition.

Finally, village house owners resettled in the original village area and relocation happened in some cases. Locations of the resettlement depended on local master plan and local development plan. Village households normally receive 18 months' rent payment and use this to rent temporarily in other places. They will receive continuous rent payment until the new building is built if the construction cannot finish within 18 months. One problem is that some developers try to save money by pushing village households to move into new flats as soon as possible. Thus, new build property quality is another common issue for village households (the problem will be defined further in Chapter 9). Moreover, village house owners who choose cash payment for their old houses believed that they received unfair payment, as the standard payment policy (2005) is far too old to adjust to current market prices.

Chapter 8: Physical and Social Changes

8.1 Introduction

Redevelopment constructions cause physical changes in urban villages. Land use patterns that followed redevelopment can be complex, though residential uses are the most common in Weihai, followed by retail, offices, and manufacturing activities. Land uses determined the physical changes of villages and nearby areas, and they in turn contributed to social changes of the local areas.

Site clearance required before the redevelopment construction under the demolition-redevelopment approach. Traditional village houses and public infrastructure demolished to build new properties¹⁰⁸. Property developers may contract the redevelopment project to one or many contractors, but they will still need to take care of the property management¹⁰⁹ after the new buildings are completed. However, some development estate companies transfer property management to the local neighbourhood committee or lease to another private property management company. Properties in the original village and the surrounding areas have since joined in the free estate market.

Local government is willing to build new roads to the planned redevelopment areas, or they will repair the existing old roads if it is necessary. The most recent policy has especially focused on the quality of the new property, public infrastructures, environmental changes, and provision and protection of greenspace inside of the new built neighbourhood. Although there were existing commercial companies and village enterprises in surrounding areas to support local economic development, the form of economic development will have been transformed alongside the physical changes.

Having discussed the local physical changes, the following parts of the Chapter will examine the local social changes such as economic changes after redevelopment and analyse the factors that affect the strength of local economic development; residents' employment status changes; data will be used including both from the author's fieldwork and local government data base.

¹⁰⁸ The state government is now being very strict on the administration of building new luxury houses. But there is one village (Li Yao village) in Weihai that has been redeveloped to luxury housing residential areas. As one of the case study villages, it will be described in this Chapter.

¹⁰⁹ Estate developing companies normally branched their own property management company in Weihai.

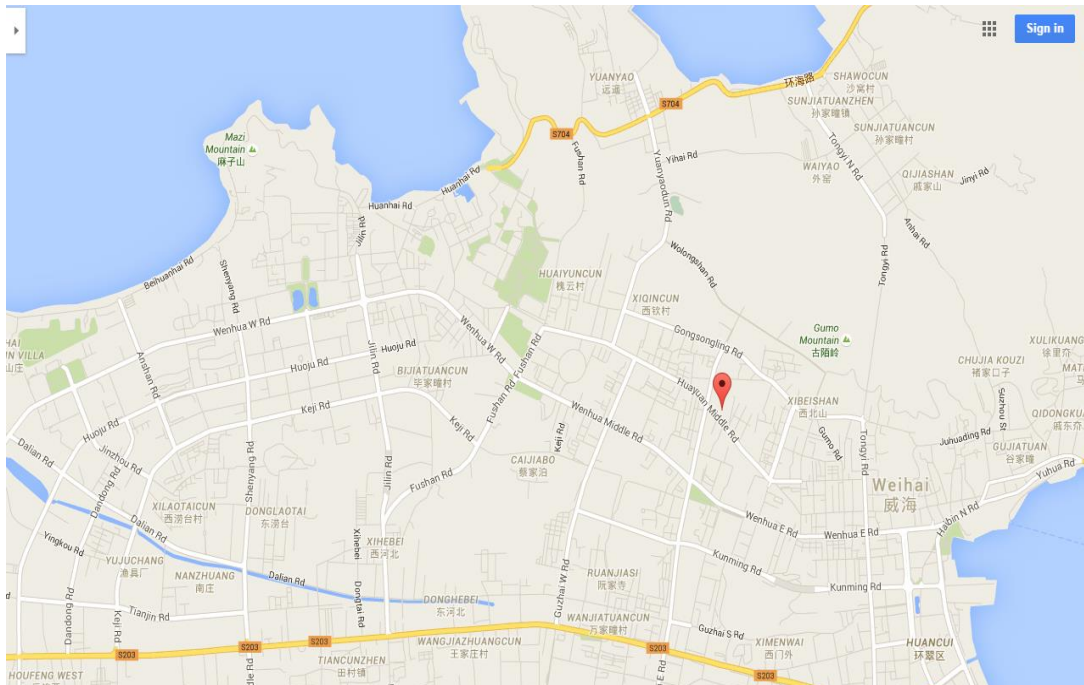
This Chapter will define the process of local social transformation. It will discuss how the previous village Hukou affected indigenous villagers' welfare entitlements, and how this changed following redevelopment. The Chapter will also examine local social services, such as education facilities, medical centres, and health care.

8.2 Physical and Environmental Transformation

The Chinese rural-urban dual system does not only apply to land management but also to management of the environment and provision of roads and public infrastructures. As urban village redevelopment is in process, traditional villages and surrounding areas are transformed from rural to urban environments. As discussed in Chapter 6, local officials believed in the positive effects of redevelopment projects. To define how physically they changed from rural villages to urban neighbourhood and the changes in public areas, this section will use a local village of Shen Dao Kou as a case study village to go through the whole process of physical and environmental changes.

8.2.1 Rural to Urban Transformation

Some urban villages remain in traditional village layouts but surrounded by high-rise buildings, busy with shops and street vendors before redevelopment. Chapter five explained that village houses in Weihai do not have the problems of illegal construction, but house owners had changed the inside structures of the houses and used front street areas, as much as possible to benefit from more rents.



Map 8.1 Location of the Village

Source: Google maps 01/08/2013;

<https://www.google.co.uk/maps/place/Shen+Dao+Kou,+Huancui+Qu,+Weihai+Shi,+Shandong+Sheng,+China,+264200/@37.5158714,122.0962521,15z/data=!4m2!3m1!1s0x359ae973947d6a7f:0xe0d04c373500138f>, access date 02/12/2015.

Shen Dao Kou village was first built in the middle of Ming Dynasty between 1520–1563, and it was created by an army officer Bi Gao. Bi’s descendants extended the area into a village and it has remained in village development format since then, until 25 November 2008, when the village started its physical redevelopment. It was under county administration of Wen Deng before becoming part of the British Colony and Shen Dao Kou is in the catchment of the Third District of the Colony area¹¹⁰. It had been changed to the Second District when the Chinese government recaptured the city in 1930. The village became the town centre of Shen Dao Kou Township between 1948 and 1950¹¹¹, when the new regime divided the city with a few townships in rural areas and city centre boundaries were clarified. During the People’s Commune (1958–1976), the village was

¹¹⁰ The British had divided 300 villages into 26 districts, with each district in charge of 12 villages (GuoXiao, 2012).

¹¹¹The city was county level and started urban-rural dual administration systems.

governed by Tian Cun Commune¹¹² until 1984. It has since been governed by the town government of Tian Cun.¹¹³ In 1996, the village was appropriated to Torch Hi-Tech Science Development Park. It has transferred to Yi Yuan Sub district Administration office and Shen Dao Kou neighbourhood. The village has never been administrated by central city but it has been well developed for a local rural area.

Before the redevelopment, the village lay on the northwest of the central urban catchment areas. It had a land area of 3,000 square kilometres and a village population (excluding migrants) of 2,200. To summarise, Shen Dao Kou village has always been in village format and run by a rural administration system until its redevelopment, even if it has been formally transformed to an ‘urban’ place in 1996 and the village committee was replaced by an ‘urban neighbourhood’ in 2004. However, the village has now fully transformed to the urban system, and completed its physical and social changes.

8.2.2 Traditional Village Houses to Urban Estate

Density of Development

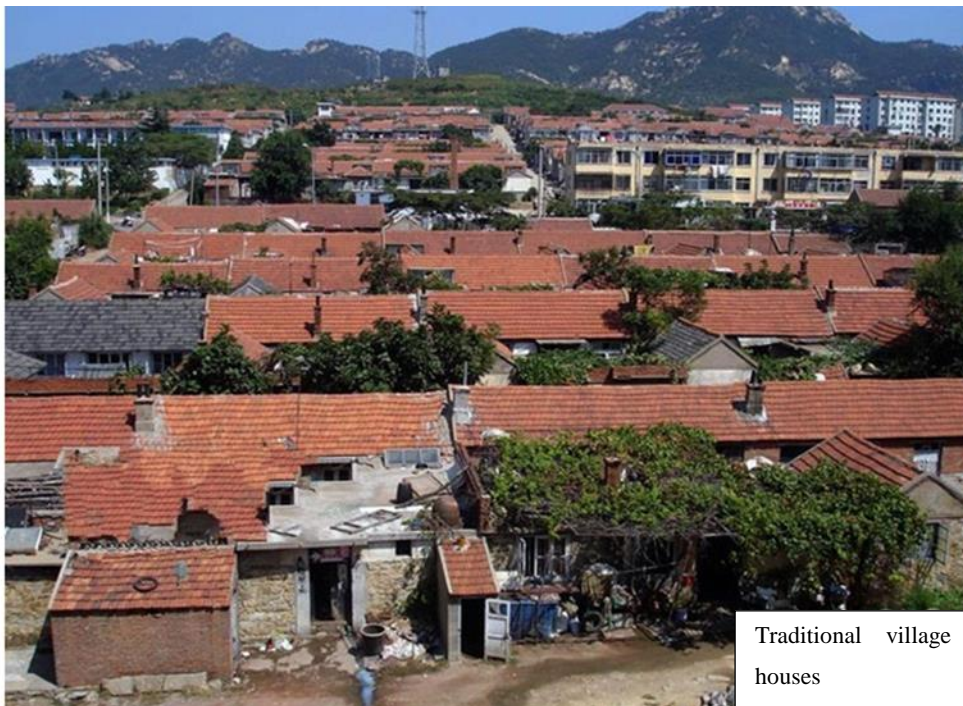
To provide visual images to help understand how physical changes transformed village through redevelopment, this section will use two case villages, Shen Dao Kou and Li Yao. Building and street layouts and housing development styles of Shen Dao Kou village shared similar design characteristics with other villages of Weihai (see pictures 5.5 and 8.1). The front village houses in picture 8.1 were built between the 1950s and 1970s, and houses¹¹⁴ in the back were built after the 1980s. High-rise apartments¹¹⁵ on the right top of the picture are out of the original village residential boundaries but on land, which used to be village farms.

¹¹² The whole city was divided into many communes, each commune as a political administrative unit in charge of local villages, with the commune normally named after the commune centre village name.

¹¹³ When the commune administration system ended in 1984, the local commune office was replaced by the newly created local town government.

¹¹⁴ Behind the multi-floor yellow-coloured building.

¹¹⁵ Private developers developed residential high-rise flats, sold on free property market.



Picture 20 Village of Shen Dao Kou before Redevelopment

Source; Author's picture, August 2010.

Houses in the village followed the street line, and were built in a mixture of stone, brick and reinforced concrete; there were trees planted by residents on the street. Each house had a chimney for cooking purposes, though households also often use bottled gas. Some house owners converted their front yards to bedrooms and pit latrines were moved to the street. Street emission from foul water came from households' and tenants' cooking and washing, which brought more pressure to the soil-made street (picture 8.1). Many villages had bad drainage problems, even though some village households built their own cement underground sewage pipes.

As map 8.2 shows, the location of the village is inside the city-centre administration catchment. It is about 2,000 metres to the seaside and it is very close to the central park – Huancui Public Park. Furthermore, many Chinese people consider Feng Shui¹¹⁶ seriously; location of the village is backed towards the hill, which means it is very good for households and their families' health and wealth.

¹¹⁶ Feng shui is one of the Five Arts of Chinese Metaphysics, it is a Chinese philosophical system of harmonizing everyone with the surrounding environment and closely linked to Daoism. Feng shui is widely used to orient buildings and an auspicious site could be determined by reference to local features such as bodies of water, stars, or a compass dependent on the particular style of Feng shui.



Map 8.2 Location of Li Xiangshan

Source: Wan Fang Property Limited, <http://lixiangshan.soufun.com/>, access date 31/07/2013.

Wan Fang Property Limited has been trying to use both the location and Feng Shui features to attract new buyers and they have renamed the place Li Xiangshan (picture 8.2). The developer has targeted the project to be a central, expensive residential development and they have assumed Weihai residents are the potential buyers. According to company sales data, it appears that local buyers represent 87.4 per cent of all buyers and average price is 6,700 Yuan/m², which is much higher than the average property price across the city of 4,511 Yuan/m² at the same time (Weihai Municipal Bureau of Statistics, 2010).

Picture 8.2 is the designed redevelopment plan, which has been planned by Wan Fang Property Limited and picture 8.3 is the new built residential properties (high-rise flats but no houses) built on original Shen Dao Kou village residential and farm lands. The whole area has been rebuilt to be an urban neighbourhood community.



Picture 21 Images of Project Development

Source: Focus SouHu http://lixiangshan.soufun.com/photo/d_other_130428917.htm, access date 30/07/2013.



Picture 22 New Built High-Rise Flat Units

Source: Author's picture, August 2012.

Forms and Style of Development

The redevelopment of the village has ended up with high density, high-rise buildings. Rather than individual front gardens, residents who live in high-rise flats are sharing the ground-level public space¹¹⁷ (see picture 8.2). Compared to the British preference and planning system limits on construction density, the Chinese planning system and developers prefer 'modern' high-rise buildings rather than traditional houses, because of land resource problems.

¹¹⁷The new community of Shen Dao Kou is gated community and new communities created after redevelopment are mostly gated but some communities are still open to the public.

The state planning administrations have limited annual new build houses according to the scale of the city, in effect deciding that only a very small group of people are able to afford such expensive houses.¹¹⁸ The case village of Li Yao (map 8.4) is a small village located on the north of the urban area (5.5 kilometres to the centre). Three villages border on northern-east, southern-east and southern-west and it's just off the beach north of the city. Total catchment size of the village is 143 hectares (including residential areas 20 hectares, farms and green areas 40 hectares, forest 80 hectares). Number of village households are 273 with a population of 659.

Village households did not only rely on farm production incomes for their income, they also have fishing businesses. When urban economic development transferred to market economic development model, the village built a few village collective enterprises, such as Li Yao tyre re-treading plant, Li Yao construction company, Li Yao sea food plant breeding plant, and the village collective owns 14 fishing boats. Average annual income of individual villager was £720 (excludes rental income),¹¹⁹ which is similar to average annual income of Weihai farmers (£780 pounds).¹²⁰

¹¹⁸ These luxury houses priced between 2 and 10 million Yuan (equals about £200,000 to £1 million).

¹¹⁹Source: <http://weihaimsg.focus.cn/msgview/5676/183643326.html> 02/06/2013 and author's fieldwork data.

¹²⁰ Source:

<http://www.baike.com/ipadwiki/%E5%A8%81%E6%B5%B7%E5%B8%82%E6%94%BF%E5%BA%9C>, access date 10/09/2013.



Map 8.3 Location of Li Yao Village

Source: Google map

<https://www.google.co.uk/maps/place/Li+Yao,+Huancui+Qu,+Weihai+Shi,+Shandong+Sheng,+China/@37.5234149,122.1048029,13z/data=!4m2!3m1!1s0x359ae9d1e854ed7b:0xf88e122241ce6d84>, access date 03/12/2015.



Picture 23 Picture 8.1 Li Yao Village before Redevelopment

Source: Author's picture taken by a villager, 2007.

The village had its redevelopment in November 2007 (Ma, 2007), which is earlier than other case study villages featured in this Chapter. The redevelopment project (called Shan

Hai Hua Fu) aimed to move indigenous villagers to new built high-rise flats away from the original village and developed by the Jun Yue Property Development company.

The whole redevelopment project is now completed with 317 detached, semi-detached and terraced two or three-storey luxury houses (see pictures 8.4 and 8.5). The greenspace rate of the area is 60 per cent, which is higher than the average green rate of 55 per cent for residential communities in Weihai.

To summarise, rich people were attracted to buy the new built houses with natural spa (see Chapter 9). The gentrification of the area forced village households to leave their village and move to nearby flats. The new built estate created a new rich community area with good environment and high living standards. This clearly shows that village house owners do not always receive project properties as their resettlement places. Similar situation applies to case study villages, Bei Tai and Yang Quan; their households were resettled in nearby high-rise flats after redevelopment (map 8.5).



Picture 24 New Built Houses Outside Features Li Yao

Source: Author's pictures, November 2011.



Picture 25 Western Style Decoration Show Room

Source: Shan haihuafu Estate Sale Department, November 2010.



Map 8.4 Locations of BeiTai and YangQuan Villages and Relocation Site

Source: Redevelopment plan of New Industrial Development Zone (2010).

8.2.3 Environmental Changes and Infrastructure Provision

Urban villages evolved from traditional villages and joined the urban administration after redevelopment. One of the major aims of urban village redevelopment was to change and improve local surrounding environment and living environment, from the viewpoint of

local municipal government officials. Traditional villages do not share the same public services and infrastructures; for example, faulty transport services and gas/heating services are characteristics of urban villages (see Chapter 6). This section will discuss the environmental changes in urban villages and surrounding areas, and the changes to public services and updated infrastructures that benefit from redevelopment.

Physical Changes

Physical changes are the key factor that led to local environment changes. WPMG claimed that they were willing to build a new ‘boutique’ community by redeveloping urban villages in 2007 (Fu and Ju, 2012). However, the newly built urban community administration could also gather households from a few nearby villages, by breaking the boundaries of village fields in terms of planning requests and land conservation. Natural farming no longer exists; villages are designed to be estates and residential developments, and natural village green areas replaced by planted trees or gardens (see picture 8.2). House owners are not allowed to undertake any construction or to plant their own plants on the street. All the buildings are now managed by property management companies, rather than individual households.

Nevertheless, majority of households who were interviewed during the fieldwork believed that living conditions had been improved a lot after being resettled in flats. They liked the fact that the new environment is cleaner than the old living environment was. They have more privacy and they now can enjoy central heating services during the winter, with central gas supply being much easier than gas bottles.¹²¹ Relevant findings on the impacts of redevelopment on household life changes were collected by household interviews and will be presented in Chapter 9.

Infrastructure Provision

Urban villages’ redevelopment has played another important role for urban development, fulfilling certain urban functions that further improve and enhance the image of ‘liveability’. In terms of completing the objects that WPMG desired to achieve, they reconnected 36 roads, cleaned out 13 polluted village rivers, built’ new sewers (270 kilometres), set up 63 new community health centres, and built 55 new schools. There are also 180 new built RCPS-rubbish control protection stations, 587 kilometres of newly

¹²¹ Data collected from author’s fieldwork: in-depth interview method was used across 80 households.

constructed heating and gas pipes, and new public green space of 570 hectares (Zhang, 2015). Quality of services of public transport were improved after redevelopment, taxi lines extended to local areas and new bus lines added to in some cases. Residents have benefited from the new built urban public services, but resources for these services and public infrastructure updating came from the profits of redevelopment and/or the fees /taxes and charges for the land. Compared to urban residents, villagers have paid so much including their house and lands to receive better public services.

Table 8.1 summarises the redevelopment across 12 villages, concludes the redevelopment approach, new building uses and resettlement properties and locations. Nature resource and location are the reasons to decide how the village redeveloped if the redevelopment did not challenge the city's master plan of 2004-2020. Local government has the right to decide the redevelopment approach for each village. The physical changes of each village also concerns future local economic development according to current economic strength and industrial distributions. The following section 8.3 will discuss local economic development and transformation.

Village name	Village location	Redevelopment approach	Redevelopment phase (site clearance)	Number(s) of developer	Style of new buildings	Resettlement location	Resettlement property
Shen Dao Kou	HCD	Property-led	Once	One	High rise	Original place	Flat unit
Li Yao	HCD	Property-led	Once	One	Luxury houses	Relocate in Nearby area	Flat unit
Qi Jia Zhuang	HCD	The collective-led	Several times	One	Normal residential flats ¹²²	Original place	Flat unit
Gu Mo	HCD	The collective-led and property led	Several times	More than one	Normal residential flats	Nearby place	Flat unit
Bi Jia Tuan	HTSDP	Government-led	Once	More than one	Normal residential flats	Original place	Flat unit

¹²² Residential used flats built no more than 7 floors

XilaoTai	HTSDP	Partnership	Once	More than one	Normal residential flats	Original place	Flat unit
Hai Bu	ETDZ	Both the collective-led and Government-led	Several times	More than one	Both normal flats and high rise	Original place	Flat unit
Feng Lin	ETDZ	Government-led	Once	One	Normal residential flats	Original place	Flat unit
Jiang Jia Zhai	HCD	Government-led	Once	One	Normal residential flats	Original place	Flat unit
Wen Quan Tang	HCD	Both the Colltive led and Government led	Once	One	Normal residential flats and high rise	Original place	Flat unit

Bei Tai	NIDZ	Property led	Once	One	Luxury houses	Relocate nearby area	in	Flat unit
YangQuan	NIDZ	Property led	Once	One	Luxury houses	Relocate nearby area	in	Flat unit

Table 8. 1 Summary of redevelopment across 12 case study villages

8.3 Local Economic Transformation

Although local economies have adapted to urban economic development, urban villages still hold some of their own unique economic character. Rent incomes have become one of the main incomes to support family living costs and savings, for landless farmers. Village households may receive more rental incomes after redevelopment, or they could lose out with decreased rental incomes.

Unlike urban residents who work in different companies in established urban areas, majority of former village households worked for village collective or nearby private enterprises, or worked at home. Indigenous villagers have treated the village as a special base, which provided their jobs and social activities.

Urban village redevelopment in Weihai did not only contribute to a local urbanisation process and comply with the local master plan to relieve urban sprawl problems; but also aimed to change local economic climate by creating better economic development environments. The following section will discuss the main elements of local economic development and how they performed.

8.3.1 Investors' Interests

The redevelopment project caused village administration to be transferred from rural to urban, and the village-based limited housing market changed to a free market (see sections 8.1 and 8.2). Property developers are typically one of the key actors who lead the redevelopment, and high property profits have attracted developers. As a result, property development led the local economic development and it helped to change the economic climate by supporting the GDP growth¹²³ during the world recession. Investors bought local commercial new-built properties and became landlords after the redevelopment.

8.3.2 Surrounding Industries

The most common industries before redevelopment were light manufacturing, retailing (supermarket and other shops), small hotels, and warehouses. It was obvious that there was a shortage of tertiary sector activities, such as entertainment and offices, but villages

¹²³ Village land incomes are paid once by the developer to local government and the incomes have been used in local, regional, and economic development (see section 8.2, land acquisition and land prices).

located inside of the Development Zone have transformed from local, farm-based industries to more general manufacturing.

Urban villages located in the centre could be more easily adapted to urban industrial development than those in suburban areas, because they have accommodated urban residents and their houses have been surrounded by urban buildings for many years before redevelopment. In addition, villagers who came from these central urban villages have more often been employed in the same way as urban residents. Many of them have treated themselves as urban residents, and they have been sharing the same social services with local urban residents, such as schools and health services. This means that local economic development of central located urban villages is concentrated on the property development aspect.

Industries that used to be around suburban urban village areas continued their business in the local area, but there would not be any new manufacturing launched in the locality later on. However, international supermarkets, offices, and warehouses will be built in surrounding areas. The locations of urban villages determined the surrounding industrial development according to Urban Development Plan 2004–2020. The local district and township governments normally set up the five-year development plan, which is in keeping with the city's master plan and accord with the state's five-year plan.

8.3.3 Enhance Local Finance

The city centre is expected to focus on development of the tertiary sector property development including large shopping malls and hotels; both ETDZ and HSP will still retain the current development models but no large new enterprises can be accommodated. The New Industrial Development Zone is the place to hold large and heavy industrial enterprises and manufacturing.

The town of Wen Quan¹²⁴ administrated by Huancui District government is located on the south of the city between NIDZ and TEDZ. The District's 12th five-year plan (2010–2015) has specified that economic development of the Town of Wen Quan focus on full use of its advantages of location and resources. The whole township is located on the

¹²⁴The township government is in charge of the administration of four communities and 26 villages by 2011. The township government set up development and redevelopment plans for each village. Redeveloped urban villages within the town boundaries are clarified for Cheng BianCun. Both case study villages, Wen Quan Tang village and Jia Jiang Jia Jia Zhai village (Chapter 9), lie within the town boundary.

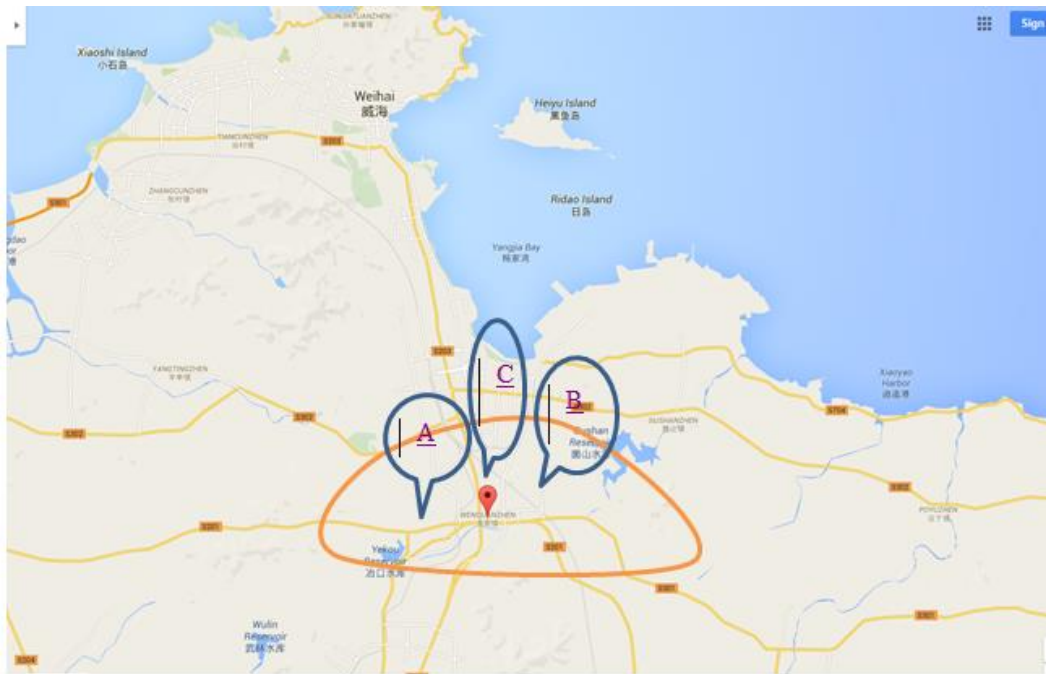
intersection of the city centre, Wen Deng county, and Rongcheng county, which means good transport services and short distance to city centre and other places.

There were 15 villages in the town that were going to face their redevelopments in the near future according to Wen Quan Town government planning plan and four of them would have completed their redevelopments by the early part of 2013 (Appendix 8.1). Aims of redeveloping another 15 villages are included in the plan, which include building a 'boutique' urban place in the south of the city, and political achievements of town government leaders are highlighted in this document.

The town of Wen Quan was awarded one of five 'strong economic strength' town designations in Shandong Province in 2001. The local finance and economy had always relied on agriculture until the open-door policy, since then manufacturing had become the main support for local finance. Unlike other regional towns, the town government of Wen Quan decided that agricultural development industry would continue in some villages' after redevelopment, while other villages would concentrate on urban development. The agricultural and tourism department of the township government would oversee the farms and lead the farmers to develop and grow new orchards and crops. In addition, eco-tourism and historic tourism would be among the new industries to be developed in local areas.

Wen Quan was named after the natural hot springs in the Jin Dynasty (1115–1234). Redevelopment of four villages located around the hot springs was motivated by the plan to develop leisure services making fuller use of the hot springs. Developers also built new apartments by the hot springs to attract buyers and compete with other developments. Investors took the chance to build a resort, including gyms, health clubs, and hotels.

One of the projects was to build the west part of the town (map 8.6, A area) to be a logistics and warehouse centre and auto trading (shops) centre. Furthermore, existing enterprises (Map 8.6, B area), such as Gong You Ltd. groups, Hao Cheng Cloth Processing, and Fu Dian Electronic Processing (Map 8.6, C area), will be upgraded. By 2015, there will be three provincial level enterprises, three municipal level companies, and three district level companies. Electronics and cloth processing companies would still be the most common private companies and would provide a great number of jobs for both local residents and migrants (Wen Quan township government, 2010).



Map 8.5 Location of Wen Quan Town

Source: Google map

<https://www.google.co.uk/maps/place/WenQuanzhen,+Huancui,+Weihai,+Shandong,+China/@37.4265921,122.1918104,11.96z/data=!4m2!3m1!1s0x359af00c2069994d:0x69d7bb53dbabb244>, access date 04/12/2015.

In summary, it can be seen that villages in suburban areas have different situations from urban areas and remote areas. They are still led by township government directly, but they will be part of the urban system eventually, although some villages are still farther behind than others. Rather than individual households running their farms, the future focus point is a base of larger agriculture units. Local township government believe that a larger agriculture base, which is run by local relevant government department, will be much more efficient by hiring good management and scientific development (by the time of the fieldwork, results of this plan do not appear to have been implemented). Redevelopments have allocated more lands for development of light manufacturing and other industrial development (includes property development), which will enhance local finance. Based on the Town planning 2010–2015, rural nature and history are focal points to develop local tourism industries. Compared to the main development zones, the town of Wen Quan aimed to keep some local agricultural-based industries running during the fast urbanisation era (Town planning government of Wen Quan, 2010).

8.4 Social and Institutional Transformation

Social transformations are often the most difficult aspect of redevelopment. Social transformations include changes in social administration system, Hukou status, health care services, pension and retirement, social welfares and public services, and local demographics.

8.4.1 Villagers to Urban Residents

Changes in Hukou Status

Chinese rural-urban dual system divided local people into urban residents and rural village farmers, and villagers from urban villages remain in rural Hukou system. However, some villagers stay in the village and have changed their Hukou status under urban administration system through their work before the redevelopment (see section 7.4.1, Loss of Farmland).

In Weihai, the municipal government transformed villagers' Hukou status to urban administration (Nong Zhuan Fei) before redevelopment (could be a few years before) and the last village (Wang Dao Village¹²⁵) transformed villagers' Hukou status to urban Hukou registration in 2007. Land of these villages automatically became state-owned because of changes in villagers' Hukou status (State Land administration, 1995). The rest of urban villages (after 2007) did not transfer villagers' Hukou status but the village committee was changed to urban neighbourhood before redevelopment. Hukou registration is very important for residents of urban villages, as it determines whether the villager was entitled to village redevelopment compensations and social welfares.

A villager who is Nong Zhuan Fei (all villagers of the village) has access to urban social pension scheme and urban social medical insurance. They can pay off minimum pension payment of 15 years¹²⁶ (woman is over 45 but under 50 and man is over 50 but under 55). The village committee may or may not make any contributions to the payment because it depends on village financial situation and village leader's decision. In Weihai, most

¹²⁵ Administrated under Huancui District Government.

¹²⁶ Urban worker required to pay for minimum pension fees of 15 years before their retirement. Woman is retired at 50 years old in private and public enterprises and man is 55 years old. Woman is 55 years old in public and government sector and man is 60 years old.

villages would not pay for their villagers; only one case study village paid half of the payment (Jiang Jia Zhai Village), which will be discussed in Chapter 9.

For those urban villages that have had redevelopment without their Hukou status changed, the villagers do not have access to join in urban pension and medical schemes. However, the government designed a new medical insurance, ‘New Nong He’,¹²⁷ for these villagers and landless farmers to join the ‘landless insurance’ (Shi Fi Bao Xian)¹²⁸ scheme. Based on research data, all villagers were covered by these programmes and the village committee paid the fees. However, there is no fixed insurance payment amount set up by any of the Chinese governments. As a result, there are some villagers who are over 60 years old and with retirement pay of only £18/ month (extremely low), which villagers believe is far from sufficient to cover basic living costs (Data collected from New Industrial Development Zone, Bei Tai Cun). Others, particularly villagers from suburban Huancui District village, received both food provision and £38/month (still very low). Meanwhile minimum urban retirement payment is £70/month and the payment increased every year.

How Does Old Hukou Status Affect Villager’s Welfare

It is not necessarily the case that all urban village households are indigenous villagers. Some households settled in the villages in recent decades, although their Hukou were under the village administration before redevelopment. These households are entitled to residential plots and farming lands, the same as indigenous villagers but they received welfare services differently from indigenous villagers. For example, they were excluded from the new rural cooperative medical care system.¹²⁹ Females transferred their Hukou from birth place to the village that enjoys village welfares, just like indigenous villagers.

Furthermore, only indigenous villagers were enabled to participate in the village leader’s elections. Later-settled households were not entitled to the village enterprises’ shares

¹²⁷New Nong He is a new creative health system for rural villagers; it is contributed to by state government, local government, and villagers.

¹²⁸ Shi Di Bao Xian, new designed pension system particularly for landless farmers. It is different from the urban pension system, payment comes from part of land incomes, and the amount is paid once only. Compared to urban retirement, the payment is a small amount and it would not increase (Article 20, Pass of PRC Social Insurance Law, 2010).

¹²⁹The new rural cooperative medical care system was set up by state government in 2002 and in practice from 16 January 2003. It aimed to help farmers with serious diseases in rural villages (State Council forwarded the Ministry of Health and other departments on the establishment of new rural cooperative medical system, 2013).

attributable to householders, unless they settled before a certain time.¹³⁰ Residents can be in varying situations because of the property development. Instead of all residents being on the same line, original villagers are treated much better than new residents are, although their Hukou is registered under the same neighbourhood administration. Original villagers will continue to receive their village food allowances (see section 7.4.1, Loss of Farmland). However, neither local government officials nor the villagers know when village food allowances will be stopped. It was believed that when the food allowances stopped, local villagers have completed the rural-urban transformation.

8.4.2 Demographic Changes

Newly-developed properties attracted different buyers to move into the area, which led to local demographic changes affecting population structures, family structures, education, age, and occupation composition. Although migrants and floating population¹³¹ can use public infrastructures and public services,¹³² this section will only focus on local village households.

Population and Family Structures

By the end of 2010, there were 66 villages that had their redevelopments and 82,300 villagers have resettled in their new flats. The proportion of indigenous villagers are just over 60 per cent of the total village residents in the city centre, less than 50 per cent in ETDZ and HTSP, and 60–80 per cent in suburban villages before redevelopments, but there are more than 90 per cent in the New Industrial Development Zone villages.

Excluding villagers in the New Industrial Development Zone, villagers in all other areas are resettled in the same locations in Weihai. Instead of the large number of migrants, new property buyers have settled in the area (although some of them are richer migrants). Numbers of long-term residents depend on the amount of the new build property units (4-to-5 times more than the original number of village houses in most redevelopment projects). Occupations of the new residents are varied, but people tend to buy residential condominiums closer to their workplaces. However, a great number of residents work in the city but live farther away because they cannot afford the houses in the city.

¹³⁰ The time was settled by village committee rather than local government.

¹³¹ Migrants who live in local area for less than six months may have short-term employment or remain unemployed.

¹³² They are not Hukou holders and their situation is complicated.

Family structures are smaller than before, which is 2.5 people on average after redevelopment. One of the main reasons is that redevelopment has divided one household into two or more, as married children no longer stay with their parents and single buyers are common. It is quite common that village households receive more than one flat after redevelopment, and the Chinese ‘one child’ policy helps to keep urban families smaller than other rapid urbanising countries.

Age and Education Changes

Population ageing is a new issue for the city and it has become worse in villages; although there is a better situation in urban villages than in traditional villages. Young people would rather work in manufacturing than work on farms, and those young villagers who have received higher education tend to live in the city or stay in bigger cities. Based on table 8.1, the population structure is skewed to older ages in these villages. A relatively small number of villagers live in these villages and there are almost no tenants. To conclude that inconvenient locations of these villages hold back village economic development because of limited investment and manufacturers.

	0-14 years	15-39 years	40-64 years	Over 65 years	Number of villagers
Wu Jia tan	37	76	50	75	115
Tai xia	41	81	96	85	136
Xi Zhuang	52	120	89	139	215
Bei Qi Kuang	12	46	20	30	46
Total	142	323	255	329	512

Table 8.1 Village Population Age Structures of Four Existing Traditional Villages in ETDZ

Source: Planning Department and Statistics (2011): Adopted the changes of population structures and enhancement of local public infrastructures.

Population densities of urban villages are much higher in ETDZ than the four traditional villages. Except some young who travelled abroad or to bigger cities elsewhere in the country, a majority young people in urban villages stayed in their villages even though they could not work in nearby manufacturing. As a result, age structures do not show much change for urban villages compared to before.

Young people must complete their secondary education,¹³³ which means they cannot leave school until they are 16 years old by law. Because of family control policy, which started in 1970, parents put all their attentions on the only child (maximum two in some families), and parents always want their children to receive an education. As a result, younger generations have received better and higher level education, especially in urban areas. However, this research found that, the better employment situations urban villages provide to their younger generations, the less desire for higher education certificates/degrees. Fewer young villagers obtained postgraduate degrees in these villages; one of the reasons is that they are satisfied with their positive employment situation.¹³⁴

Employment Situation

Positive employment reflects on NIDZ and Huancui District more than the city centre, because of big demands for labour from new built manufacturers, and these jobs generally require lower skills. However, villagers who are over 45 have difficulty finding jobs if they do not have higher education certificates. In fact, villagers who are over 45 are of lower educated levels partly because of Chinese political problems, particularly the Cultural Revolution (1966–1976). As a result, those over 45 either work in heavy labour (construction builders, porters or cleaners), or they remain unemployed (those with disabilities, chronic diseases or no job resources).

The research presented the finding that those villagers who work as security officers need to work 12 hours a day but receive less payment than construction builders or other heavy labour jobs. Therefore, construction work is the most popular job for male villagers over the age of 45, and cleaning jobs are very common jobs for female villagers over the age of 45. The survey also shows that graduates tend to find office jobs in the city or are

¹³³ Children in China receive nine years free education services, which include five years primary level and four years middle school or six years primary and three years middle school in some places.

¹³⁴ Author's interview data collections.

training to be skilled workers who work in technology companies and other fields, such as supermarkets, hotels, restaurants, while others work for local manufacturers.

The city of Weihai has received 1,046 hectares of land for urban development from all urban village redevelopment between 2007 and 2012. This has helped large service industries (Hua xiacheng¹³⁵ and Justics¹³⁶) to launch in the locality. A total redevelopment investment of 20 billion Yuan concentrated on more than 40 different industrial enterprises including building materials, logistics, decorating, etc. and increased by another 100,000 jobs (Sui, 2011).

8.4.3 Institutional Transformation

When villagers transformed to urban residents, the relevant aspects of administrative organisation would then face reform as well. Instead of the village committee, a new urban neighbourhood community was set up. Compared to the village committee, urban neighbourhood community not only focuses on indigenous villagers they also look after all the residents who are settled in the whole area. As the administration organisation, duties of neighbourhood community include local security issues, social activities, and organizing some events. The neighbourhood community takes over the job of providing village welfares to indigenous villagers. Nevertheless, they do not deal with land issues with the government and residents.

As the village committee no longer formally exists, collective enterprises need to be privatised. For example, Feng Lin village used to own six village enterprises with total asset of 52 million Yuan and net asset of 0.35 billion Yuan. These enterprises have been sold and are now running in a joint-stock way. Except 40 per cent of fixed shares, the remaining 60 per cent was divided into 5,439.05 shares and held by 3,308 qualified indigenous residents.

Whoever was aged over 40¹³⁷ by 31 December 1999, was entitled to become one of the investors of the companies, and he/she would get warrants valued at 60,000 Yuan. The

¹³⁵ A local leisure place that includes hotel and tourism; often location for local and provincial entertainment. The place was built by a local private businessman.

¹³⁶ Japanese super market.

¹³⁷ The rule was set up by village leaders and they never explained to the villagers why over age 40 by 31 December 1999.

warrant can pass to the heir (Feng Lin Neighbourhood Community, 2011). In the case of Feng Lin village, the redevelopment caused households to lose their private ownerships houses, residential plots use rights and reduced rent incomes. In return, they got new public ownership flats, job offers and warrants (household benefits from the warrant will be discussed in Chapter 9).

It is difficult to value the share values based on the market price because it can only be inherited. However, those who run a small business in village houses are really dissatisfied because the new leases for the business are more expensive (Chapter 9). The scheme did not apply to all urban villages in Weihai, so far it has only covered urban villages in Economic and Technology Development Zone. The city government has decided to carry on the scheme for all urban villages to be redeveloped later.

8.4.4 Comprehensive Medical Service

One barefoot doctor¹³⁸ used to be the only person who was taking care of all the village medical issues. Like other village farmers, this barefoot doctor does not have any pension or health insurance. They used to work for a salary and were paid by the village committee. When the village became an urban village, they started to run private clinics in the village and some will work for village-owned clinics.

Because of the low skills of barefoot doctors, malpractice caused many villagers' death or delay of treatment. In addition, considering the legal issues, given that unqualified doctors are not allowed to open a clinic, the local government decided to dismiss all illegal clinics and village-owned clinics, setting up public health centres in each neighbourhood. The health centre is owned by local government and run by the local hospital.¹³⁹ However, registered private clinics remain.

8.5 Conclusion

Before redevelopment construction started, local government cooperated with the most suitable developers they thought might be interested in developing the villages. In some

¹³⁸ Barefoot doctor is not qualified to be a registered doctor. In order to cover rural village medical matters in a broad way, Chinese government trained a barefoot doctor for each administration village. Barefoot doctors have only received some medical training in less than three years; some only a few months, in local college or hospitals. They don't receive full payment from the government, as a result they also need to do some farming to support their families.

¹³⁹ Local hospital medical staff take duties in turn.

cases, the village committee functions as the developer. As a result, developers do not normally have contact with individual village households; they cooperated with local government and village leaders only. In addition, the village committee is required to deal with demolition issues with village households. The village committee will also follow instructions from local government. At the end of the day, the local government is the key decision-maker and they can decide the development details.

The physical changes of the local areas are designed by developers and approved by the WPMG; the changes bring new residents to the areas and are attractive for business investors. To build more competitive properties, developers normally build a well-designed gated community residential area¹⁴⁰ with beautiful artificial pools and hills. Some new-built gated residential areas have also planted new grass and trees, and others may have cameras in operation or 24-hour security. High [or medium] rise apartment blocks are typical construction styles of redevelopment. The gentrification idea is well practiced in villages of Li Yao, Bei Tai, and Yang Quan. These villages were redeveloped to be luxury sea-view houses, and the original households of Li Yao village were moved to high-rise housing at a considerable distance from their original location.

According to WPMG officials' points of view, physical changes of urban villages are very successful and the changes have beautified the city and contributed to urban development. A large supply of new flats in the short term caused some slowing in the growth of a healthy Real Estate market. Building densities are normally much higher than the village, and a new name will be given to the project rather than the village's historic name. There are no specific reasons why developers would like to rename the area, but residents believe that they are trying to use the new name to attract buyers, because current name of the village might make people feel they still live in rural areas.

Local economic development in villages has been transformed to urban economic development. It is easy to see that some villages used to be surrounded by manufacturers, shops, and high-rise dwellings. However, large retail centres and offices have increased more than before redevelopment, while manufacturers are moving out of some of the areas over time.

While recognising the institutional administration changes, such as village committee transformed to urban neighbourhood committee, former village leaders are still the people

¹⁴⁰ These new built residential communities are not specified household numbers.

who are in charge of the areas. The agreement that village households signed will also show the welfares that they are entitled to after the redevelopment. These welfares show how social insurances will be paid, and also cover food supplies and some other fees (property management fees). Hukou status is the key element that determined what kind of welfares villagers will have after the redevelopment.

To summarise, we can say that urban village redevelopment benefitted local public infrastructure and facilities, physically changed local buildings, and villagers' living environment improved, as rapid urbanisation was achieved. Health provisions are also improved by building of local public and private clinics, which are more convenient and offer better medical treatment for residents. Problems of public infrastructures, public transport services, and gas and central heating supplies are solved through cooperation between government and developers. However, the redevelopment also caused village households' rent income to decrease and living costs to increase (as will be further discussed in Chapter 9).

It is hard to evaluate what social changes were brought to villagers, as they lost their right to free village residential land plot and farms but received offers of urban pensions and health insurances in some villages. Those villagers who did not receive any extra help (including financial help) from local government and village committee have the worst situation.

Chapter 9 will discuss implications of redevelopments on village households. Data will be used mainly from primary interview data and survey data, collected from questionnaires will also contribute. Chapter 10 will specifically analyse why redevelopment effect on villagers is different by age groups, family size, and gender.

Chapter 9: Impacts of the Redevelopment on Village Households Life Changes

9.1 Introduction

High land prices bring better lives for households of Cheng Zhong Cun, with better public infrastructures and social services than Cheng Bian Cun and Cheng Wai Cun. Household life quality changes depend on the distance between village and city centre. It appears from evidence that, on average, village households in the HTSDP (High Tech-Science Development Park) and ETDZ (Economic and Development Zone) were better off than those in the NIDZ (New Industrial Development Zone) were. Having discussed the physical and social changes in the last Chapter, this Chapter will focus on how household life changed because of redevelopment.

Sixty-six urban villages out of 80 had their physical redevelopments started by July 2010 (Jia, 2015), containing 31,339 households who would be displaced by redevelopments (Chapter 6). There were only 15,000 households resettled in their new flats by the end of 2012 and the rest would have their new flats ready for resettlement in another year. To fill the gap of analysing how locations of urban villages (how far the village is away from city centre) related the impacts of village households, Chapter 9 adopts a case study approach (data collected from 11 villages located in four different administration areas). The analysis will focus on the changes of living standards and quality of social services across Cheng Zhong Cun, Cheng Bian Cun and Cheng Wai Cun in four district areas. This will verify the overarching hypothesis that, the nearer the village to city centre, the better the quality of life outcomes are found.

Findings of this Chapter are based on researcher's fieldwork primary data; these data include relevant laws, municipal and local government documents, township and village policies, interviews with developers and, most importantly, interviews with households. There will be a particular focus on social welfare and services. The analysis will be grouped by age, gender, and job categories.

9.2 Village Household Life Changes after Redevelopment

Compensation payment that village households received is an important element determining household living standards after redevelopment. Based on general land acquisition process, land prices and terms of leasing in Weihai, which were discussed in Chapter 7, this section will determine land price differences between locations and how they affected household compensation payment distributions.

Costs of redeveloping urban villages have become higher and higher as redevelopment issues have been getting more problematic in China (Liu et al., 2010). Central government has published new redevelopment policies to protect village farmlands, ensure household benefits, and place restrictions on forced evictions in recent years. However, it is impossible for central government to specify compensation payment prices and details for each individual city. Therefore, in practice local government has been granted the right to set up standard compensation policies according to local expense levels. So, the redevelopment time and village location are assumed to be the two key factors that affect household daily life the most. This section will also explore how redevelopment time, village location, and government policies affected redevelopments and what kinds of consequences village households have experienced in their lives.

9.2.1 Employment Status and Income Changes

Redevelopment has affected village residents' employment status, to a greater or lesser extent. Complaints about job provisions and work environments in the NIDZ are much more frequent than in the other three areas. Village of Bei Tai and Yang Quan are the first two villages to have completed their redevelopments within the NIDZ. The redevelopment was promoted by a private developer with full support received from local government. Natural hot springs attracted the developer to build more than 200 luxury houses on both villages' residential lands. As discussed in Chapter 8, the design of these houses would allow for natural hot spring water to the houses 24 hours a day.

All households from these two villages worked on their farms full-time or part-time, with more than 90 per cent of households working on their orchards. No village enterprises were set up by the village committee before redevelopment, and there was a low industrialization level in the local areas except a few small private businesses owned by village households. Though the new commercial houses have only taken a small part of

total village land, the whole village including farmlands have transferred to state ownership. Since the redevelopment project started, village farmlands have been restricted to farmers and most villagers became unemployed.

Males between 25 and 40 were able to find jobs in manufacturing or retail in the city or local town. Males who are over 40, especially over 45, must choose hard labour work in uncertain work places, such as transportation port, construction work and city garden planters because of low skills. Furthermore, compared to working in the village, they must travel to far work places and they cannot set their work schedules anymore.

Because of low population density in local areas, poor public transport services are provided. So that, it is even more difficult for married females over 35 to find jobs; it is almost impossible for them to work in the city and look after their children at the same time. To analyse the data, it shows that the most common work this group of people has is low-income handicraft and work at home. Villagers aged 60 and over have since become long-term unemployed.

Another case village, Wen Quan Tang (Cheng Wai Cun), has started its redevelopment at the same time of Bei Tai and Yang Quan, they also shared the same redevelopment reasons. Village of Wen Quan Tang is in Huancui District and is nearer to the city centre. It has always been famous for the natural hot springs in the locality and some commercial spa leisure businesses were built some years ago. Manufacturers developed very well around the village and part of the village lands had been expropriated before redevelopment. As village farmlands continued to be run by local township government, they kept small-sized farms for each village household to farm. Employment rate after redevelopment was more than 90 per cent excluding school children and those over 60. The redevelopment of the village was part of local township plans, and the township government dealt with the developer on behalf of the village committee.

Feng Lin neighbourhood committee was renamed Feng Lin community after redevelopment (village is in ETDZ). The village committee guaranteed jobs for village graduates and helped to find jobs for any unemployed Hukou holders under 60 years old. There are a few villages like Feng Lin and they have helped one-third of village Hukou holders to find jobs by 2011—this applies to villages such as Wai Yao, Wang Dao, Song Jia wa, etc. (WPMG, 2011). The results (based on the fieldwork) from other case villages

show that job opportunities are not usually problems for indigenous villagers, unless the villager particularly desires higher payment and work environment.

According to ‘Measures for the Administration of Shandong Province Land Expropriation’ (2010), landless farmers should receive income support and local government needs to create some public positions or local government can choose to exchange land uses with farmlands in other locations for village farmers to farm. Furthermore, the provincial article has also asked local government to provide free skill training courses for local landless farmers. However, case study villages in NIDZ apparently did not follow these policies resulting in no training courses provided, strong agricultural-dependence before the redevelopment, with resulting job difficulties and low employment rate.

Village households can only hope the development zone will attract more investments and business in the near future to provide more jobs for local residents. Other villages in ETDZ, Huancui District and THSTP did not provide training courses as well, except a few villages like Feng lin, which offered jobs for indigenous villagers, most villages left job-seeking opportunities to villagers’ themselves. However, positive employment exists for villagers between 20 and 60 because of strong local, economic, and existing manufacturing.

Jiang Jia Zhai (governed by township government of Wen Quan) is located south of city centre at the start of the motorway to Qingdao (Qing Wei Gao Su), at the crossroads of the main road to Rong Cheng and Wen Deng counties. Because of the good location, many businesses and manufacturers opened in village area, such as South Korean investments and manufacturing in a development zone set up in 1993, and the township government moved from Wen Quan Tang village to the village nearby area in 1997. Township nursery, primary, and middle schools also moved to the area in 2000. This prosperous local economy provided jobs, which not only for local residents but also brought a great number of migrants to come and stay in the village. Private rental incomes provided support for village households’ daily costs even after they became landless farmers. Rent incomes decreased after redevelopment for most households and some households would not have any rental income at all since redevelopment started, because the new flat they live in is the only property they have.¹⁴¹ Jiang Jia Zhai is not the only village that lost rental incomes. Other case village households have suffered from similar

¹⁴¹ Traditional village layout (see Chapter 5) allows tenants to enter their rooms without disturbing the hosts’ private life but the design of new built flats would not allow this separation.

situation, except Bei Tai and Yang Quan. It can be seen that the nearer the village to the city centre, or the more migrants the local area used to have, the more rental incomes village households are lost after redevelopment.

9.2.2 Social Welfares: Pension and Medical Fees, Food Provisions

In terms of completing the transformation of urban villages to urban areas, both physical and social sectors are required to be transformed. Until 2004, there were no documents in Weihai that paid attention to landless farmers' social welfare issues. Villagers did not receive any compensation for their pensions and social/medical insurances. This section will look into what kinds of social/public services and social welfare villagers received when they were transferred to urban residents in different areas. The findings below are summarised in table 9.1.

Huancui District

Huancui District consists of a city centre and six suburban townships, where the situation is more complicated than in the other three development zones. To identify the different impacts within the same district, five case villages were chosen in this area and classified by Cheng Zhong Cun (Gu Mo and Qi Jia zhuang), Cheng Bian Cun (Li Yao and Jiang Jia Zhai) and Cheng Wai Cun (Wen Quan Tang).

Villages of Gu Mo and Qi Jia zhuang are typical Cheng Zhong Cun; their redevelopments were caused by both government plans and developer interests. Both villages completed their redevelopments over an extended period. Times for each redevelopment stage of Gu Mo village are 1993, 1998, 2000, 2002, 2004, and 2008; and Qi Jia Zhuang village are 1998, 2000, 2001, 2002, 2004, 2006, and 2008. Over time, the village has moved from being partly redeveloped towards being fully redeveloped. Therefore, new built flats have different market prices over time, and the later the village house redeveloped, the higher the market prices are. Households of Gu Mo village have changed their Hukou status to urban residents in 1984, therefore redevelopment qualified for urban redevelopment according to local authorities. Yet none of the original villagers has received any payments for their pensions and social medical insurances from local government, village committee, or developers (data collected by the author through research fieldwork in 2012).

Compared to Gu Mo, the village of Qi Jia Zhuang did not transform their Hukou status to urban until 2007. The Qi Jia Zhuang community/ village committee made half contributions for those indigenous villagers who had their redevelopment in 2006 and 2008. These households also have food provisions after redevelopment. However, households who had their redevelopments before April 2004 did not receive any support. The village committee has never gone beyond the law and local policies, because the municipal policy, 'Weihai Municipal People's Government on the establishment of landless farmers' basic livelihood guarantee system implementation', was only issued on 5 April 2004.

Li Yao village is only 5.5 kilometres from the city centre on the north seaside, but the village was relocated into nearby field areas after redevelopment. The village had been running good village businesses (see Chapter 8, economic transitions), 39.6 per cent of villagers aged 45 (male) and 35 (female) and over have joined in urban social insurances and the village contributed to half the total payments, but any other younger villagers would not have this payment later. Young villagers have since been enrolled in the urban social service system. According to village statistics, they have paid £0.7 million at once in 2007 for those qualified villagers' urban social insurances. Annual fees are £40 thousand in total afterwards and the payment will be covered by commercial property rent incomes after they run out of land incomes in later years (Data collected from village leaders during fieldwork, 2012).

The Villagers' Hukou status in Jiang Jia Zhai is urban (transformed in 2007). Redevelopment of the village was carried out in 2008 and 80 per cent of villagers (over 45 but under 50 years old) joined in the urban pension scheme and social medical insurance. Those who are over the cut-off age joined in 'landless farmers' insurance' and rural medical insurance scheme. The village has made full payments for both urban social pension and medical scheme and landless farmers insurance. So far, rural medical insurance fees have passed to Jiang Jia Zhai community and annual fees are covered by village commercial rental incomes. It is worth noting that those Hukou holders full-time employed before redevelopment and joined in urban social insurance through their employers, also received same amount of cash as landless farmers' insurance payment.

Rather than urban social insurances, 90 per cent of villagers of Wen Quan Tang village have had their landless farmers' insurances paid and 100 per cent of villagers have joined in rural medical insurance, but annual payment is required after redevelopment. The

village committee has made the first payment for villagers but never promised long-term payments. Villagers don't need to pay anything for the insurances but they also received less payment (£38-42) after 60 years old and rural medical insurance will only cover 50 per cent of medical costs.

To summarise, villagers from the above five case villages have received widely varying pensions and medical schemes. Locations of Cheng Zhong Cun attracted developers in the early years and led to redevelopment by different developers through the years. The key factors to decide villager's welfare are redevelopment time and local policies. The later the village houses are redeveloped, the higher the land incomes are and local policies upgraded to become more helpful for village households. However, these villagers have never received the best treatment compared to other villages.

Both Jiang Jia Zhai and Li Yao have provided pensions and social medical schemes for their villagers and made full or part payments. Redevelopment time for both Cheng Bian Cun and Li Yao is very similar, though the latter has a shorter distance to the city centre than Jiang Jia Zhai, villagers from Jiang Jia Zhai village received better deals. Local and village economic strength is the key element that has affected the result. Two case villages governed by different township governments and led by different village leaders both had redevelopments promoted by municipal government. Therefore, local township government policies and village rules are also key factors.

Unlike the other four villages, the case village of Cheng Wai Cun, Wen Quan Tang, was promoted by local township government rather than municipal government. Most households were still doing farm jobs and did not join in urban social pension and medical insurance schemes, though they could be employed full-time by local manufacturers. Land prices are much cheaper than the other four villages, so that land incomes are lower, even though it is the last one to be redeveloped. In order to save money and follow the policy to maintain minimum living payments for villagers, local township government officials guided village leaders to provide 'rural landless farmers' insurance' and provide rural medical insurance (less contributions from government compared to urban social medical insurance) for all villagers. Location of village determines villagers' social welfare category as it is governed by the same township government with Jiang Jia Zhai village.

Food provisions supplied excluding Cheng Zhong Cun households who had their redevelopments before 2004. All in all, local village leaders have always kept in line with local municipal and district government policies otherwise they would not safeguard villagers' interests unless they do so. Therefore, government policy upgrading is very important for better services to villagers.

Economic and Technology Development Zone

Case study village, Feng lin, was redeveloped in 2009 and completed in 2011. It shared some characteristics with Gu Mo and Qi Jia Zhuang, in that developers of these three villages were owned by their village committees before and during the redevelopment, but village property development companies changed their ownerships to be shared equities. Previous village leaders are currently the biggest equity holders. Though original Hukou holders of Feng lin also became equity holders in 2011, they have yet to receive any dividends. Based on the interviews, there are only a few villagers who understand what kind of equities they have held; the rest have never understood how the village enterprises transformed and what they received after the village collective enterprises transformed. Unlike villagers of Gu Mo and Qi Jia Zhuang who have yet to qualify or join in equity of redevelopment.

Under the same local government administration (ETDZ management committee), households of Hai bu have to pay for their social insurances and pension fees by themselves in full as well. However, the proportion of account holders of Feng lin is much higher than Hai Bu. One of the reasons why the result can be so different is that the village of Feng lin has stronger economic strength (contributions from outside investments, manufacturers, and village enterprises). Average household annual incomes of Feng lin are also much higher than Hai bu, due to higher employment rate as well as rent incomes in Feng lin, which were much higher as well. The key reason is village leaders of Hai bu did not organize the account event when the village transferred to urban system in 1992. Rather than urban pension and medical insurance accounts, most villagers of Hai bu joined in New Nong He and over age 60 females and over age 65 males received £30/month. Basic food provisions provided as well in Hai bu but the payment of £300/annual for villagers over age 60 was cancelled after redevelopment. There were still 21 households fighting with the village for their social insurances and to retain their village houses in Hai bu by July 2012. Villagers also worried about when their food provision would stop.

To conclude, both villages were under the same government and shared the same policies. Village leaders' activities and decisions along with village economic strength determined different social welfares villagers received.

High-Tech Science Development Park

Both case villages of Bi Jia Tuan and Xi Lao Tai were under the same neighbourhood committee administration (Yi Yuan neighbourhood committee). In 2003, Bi Jia Tuan had its first 35 houses demolished because of construction of the 'natural beach', which is open to all residents for free, but these households did not receive their new flats until 2008. The remaining village houses were redeveloped in 2007 and 2009 by the same private developer.

In contrast, Xi Lao Tai village households were redeveloped by several estate companies in 2008. The insurance cover rates are 100 per cent for both villages. Under the same local policies and similar land incomes, both villages provided their villagers £5,100 for any of the insurances if villagers would like to buy the insurance. Compared to the New Rural Pension (over 60), urban social insurance costs more. Therefore, there still are 20 per cent in Xi Lao Tai and 10 per cent in Bi Jia Tuan who have chosen the New Rural Pension (£5, 000)¹⁴² and pay for individual urban/rural medical insurance annually. Both villages provide food supplies for their villagers, excluding married daughters.

In theory, villagers are the people who decide their social welfares. In fact, villagers' decisions are based on local government policies and village rules and their choices are limited by the budget.

New Industrial Development Zone

Two case study villages, Bei Tai and Yang Quan, are also the only two villages that have had their redevelopments, though all local villages located within the zone will face redevelopment in the future according to local government's industrial development plans. Both villages have never provided any help for urban social insurances and they did not contribute to payments. However, all villagers over 45 (including males and females) received free landless insurances. The landless insurance fees they have been paid are much less than Huancui District. As a result, villagers over 60 years old receive

¹⁴² It is different from landless farmer insurance. New rural pension paid at once by account holder and receive monthly payments after retired. The insurance is more relaxed on the age requirement and the monthly payment received grows annually. However, the rural pension scheme has now stopped opening any new accounts.

(£17.1/month), less than half the payment villagers received in Huancui District (£40–60/month). Based on local government report, that villagers have been covered by both rural landless and New Nong He medical insurance but villagers feel their lives are not secured with the extremely low payment. Moreover, villagers from NIDZ receive maximum 50 per cent in patient medical costs compared to 80-90 per cent of urban medical costs allowances.

Each villager from the two case villages only received £150 living payments per year. During the interview, villagers from both villages have complained that they only received £100 in the first year after they lost their farmlands and they were told this was because they have not moved into the new flat yet, therefore there are no payments for heating. During the second visit (October 2013), most village households had settled into their new flats. A few households still stayed in temporary settlements, as they could not afford to pay the new housing costs (details discussed in section 9.2.3).

Name of village	Redevelopment time	Urban social insurances (%)	New rural pension only (%) ¹⁴³	New Nong Hee (%)	Other insurances	Contributions of village (%)	Contributions of household (%)	Village household numbers
Huicui District								
Cheng Zhong Cun								
Go Mo	1993, 1998, 2000, 2002, 2004, 2008	80	0	1	90	0	100	800
Qi Jia Zhuang	1998, 2000, 2001, 2002, 2004, 2006	90	10	5	30	Vary	Vary	523
Cheng Bian Cun								
Li Yao	2007	39.6	15.4	52.4	44.9	50	50	268
Jiang Jia Zhai	2008	80	10	20	10	50	50	675
Cheng Wai Cun								
Wen Quan Tang	2010		90	100	30	100	0	320

¹⁴³ Some residents who is aged between 60 and 65 can choose to pay for 5,000 pounds in once and receive continuous pension payment until they die, and the payment will follow the salary growth each year. The insurance keeper receive a little less payment than urban retirement but much higher than landless insurance.

Name of village	Redevelopment time	Urban social insurances (%)	New rural pension only (%) ¹⁴³	New Nong Hee (%)	Other insurances	Contributions of village (%)	Contributions of household (%)	Village household numbers
Economic Technology Development Zone								
Cheng Bian Cun								
Feng Lin	2009	90	10	0	10	0	100	936
Hai Bu	1998, 2008	50	50	60	10	0	100	738
Hi-Tech Development Park								
Cheng Bian Cun								
Xi Lao Tai	2008	80	20	20	10	60	40	750
Bi Jia Tan	2003, 2007, 2009	90	5	5	10	60	40	1430
New Development Zone								
Cheng Wai Cun								

Name of village	Redevelopment time	Urban social insurances (%)	New rural pension only (%) ¹⁴³	New Nong Hee (%)	Other insurances	Contributions of village (%)	Contributions of household (%)	Village household numbers
Bei Tai	2010	5 ¹⁴⁴	100	95	10	100 ¹⁴⁵	0	400
Yang Quan	2010	5	100	95	10	100	0	300

Table 9.1 Insurances and Pensions of Those Over 45 or 40 (Females Applied for Certain Villages)

¹⁴⁴ Employer and villagers both contributed to their urban social insurances, villages have no contributions to them.

¹⁴⁵ Only for those who joined the landless insurance.

Summary and Discussion of Social Welfare

Urban residents have always had their urban social insurances, which cover their pension and medical costs.¹⁴⁶ The closer the village to the city centre, the bigger the village tended to be, because they have better economic development and convenient transport. Cheng Zhong Cun started their redevelopments much earlier than Cheng Bian Cun and Cheng Wai Cun did. While not all Cheng Zhong Cun received better social welfare provisions than the remaining villages, it is certain that better insurances have been obtained in both Cheng Zhong Cun and Cheng Bian Cun than Cheng Wai Cun.

Municipal government policies secured basic compensation of landless farmers. Until 2004, the local municipality set up some policies to make sure villagers had basic insurances (WPMG, 2004). Thus, redevelopment time tells how much compensation will be although redevelopment projects favoured the developers in the early years. Another important finding is that although local government guides redevelopment rules, village leaders play significant roles and together with village economic strength determine village welfare provisions.

Both locations and local economic strength decided market land prices, and therefore land income is another direct factor that influences the provision of villagers' welfare after redevelopment. Market land prices are generally higher than the benchmark prices, especially in city centre, but village committee received much less than the actual land incomes and village households did not know how much land incomes were (diagram 7.1 explains the land revenue ladders).

Table 9.2 shows the land prices case villages received according to provincial government (Shandong Provincial Government, 2010). It shows that city centre doubled the level of the New Industrial Development Zone (base at the same time). One of the important research findings is that the more the village land incomes are, the better the social welfare received, but redevelopments undertaken before 2004 go against this pattern. The research also found that villagers of Cheng Zhong Cun did not necessarily receive better payments than the remaining villages, which also contradicts the hypothesis that the closer the village to the city centre, the higher the compensation villagers received.

¹⁴⁶ Urban residents receive 80–90 per cent in payments (dependent on local finance situation) and they also receive certain cash to cover their out-of-pocket costs.

Villages	Land income Yuan/Mu (£/m ²)	Distance to the city centre (km)
Gu Mo	80,000 (120)	City centre
Qi Jia zhuang	80,000 (120)	City centre
Li Yao	80,000 (120)	5.5
Jiang Jia Zhai	55,000 (83)	14.3
Wen Quan tang	42,000 (63)	17.2
Bi Jia tuan	55,000 (83)	11
Xi LaoTai	55,000 (83)	10
Feng Lin	80,000 (120)	9.42
Hai Bu	55,000 (83)	16
Bei Tai	35,000 (52)	28.2
Yang Quan	35,000 (52)	28

Table 9.2 Land Prices Case Villages Received According to Provincial Government

A new provincial policy of ‘Land expropriation management’ was released in 2010. The policy emphasised that landless farmers’ insurance issues must be solved before land acquisition. Case villages of Bei Tai and Yang Quan were redeveloped in 2011 and local officials of New Industrial Development also expressed dissatisfaction with WPMG.

They have always said that they support our development, but they never give any financial support and we cannot go against the law. Therefore, what we have done for the villagers is the best we can do, in terms of the development zones’ development, to attract more investments. Though we know they are having difficulties with their lives, we can only hope their lives will be better once the local areas have more investors and more jobs provided (Said by one of local redevelopment officers, during his interview in his office in the local government building, August 2012).

It is therefore worthwhile to consider what WPMG has contributed to redevelopments in the past. They did not release any efficient redevelopment policy in time to protect villagers' interests. For example, there was no specific policy to secure Gu Mo and Qi Jia zhuang villagers' interests before 2004. They did not provide or specify any typical insurance scheme that villagers could be entitled to, so that social welfare services and insurance systems are varied. For example, the number of villages in Huancui District paid (£4,100) doubled that in NIDZ (£2,000), which resulted in villagers over 60 receiving different amounts in payment.

The latest provincial policy, 'Landless farmers in Shandong Province, residents of Pension Insurance Measures (2014)' (article 9 in Chapter 2), any Hukou holding villager under 16 years old or over 16 years old students will have their insurance account opened by local government and once they meet the insurance condition, local government is responsible to pay the payment¹⁴⁷ into the account. The research finding shows that all case study villages in Weihai have tried to avoid the responsibility for villagers under 40. Unfortunately, this research focused on redevelopment before 2014 and the policy practice will not be discussed. It is easy to conclude that lower-level government have always gone with higher-level government policy, therefore it is important for higher-level government to keep their policy updated and renewed.

9.2.3 Housing Compensations and Effect on Household Life

Exchange of village houses for urban flats is considered one of the main issues of redevelopment compensation. Villagers rarely realised that there was a change in ownership of their houses, and most villagers would not understand the differences between private-owned village houses and public-owned flats. Local government never gave full explanations of redevelopment or why this caused housing ownership to change. On the contrary, local government encouraged villagers to believe that newly-built flats were worth much more than their houses. This section will consider the details of housing compensations across 11 case villages and the findings will highlight their similarities and differences. It will also find out how redevelopment time, village location, and local government affected these impacts on household life.

¹⁴⁷ The payment will be the same as current qualified villagers have.

It has taken more than ten years to complete the redevelopment of Cheng Zhong Cun (Gu Mo and Qi Jia Zhuang); housing compensation rules and prices are different by redevelopment time. None of the village households, who had their redevelopment before 2004, are happy with the redevelopment compensation schemes they have been provided. According to the households, rather than based on land registration, they only received a new flat, which was as big as their old house construction size. Villagers believed that they deserve the full size of their old house plot. To take one of the households from Gu Mo, according to the land registration, the old house was 149.7 m² but they only received a flat of 87.9 m² in total. Both husband and wife are urban residents before redevelopment and they have joined in the urban social insurances system through their employers. When they faced redevelopment in 1998, they were willing to contribute to urban development but they disagreed with the village housing compensation rules.

Both of us have had social insurances and pension. What we would like to see is a reasonable housing compensation. We believed that we should receive a new flat as big as our house land rather than the construction size. Our old house was terraced one floor house with both front and back garden. Therefore, we were against the developer's construction process and refused to sign the agreement. There were another 14 households that stayed with us as well in the beginning but half of them moved away before us because they chose to surrender to the village committee and local government (Said the household husband (A), 2012).

There were seven households that disagreed with redevelopment initially but they finally surrendered their houses to the redevelopment.

Village leaders and local district government officers came to my house every night, they finally told me if I don't accept the compensation offers, they could ask the police to force us to move out from our property according to the local policies (Said by another household (B), 2012).

According to the Urban Housing Demolition Management (2004), once the village redevelopment project has been approved, the residents in the redevelopment area are not allowed to build new houses, rebuild houses or extend houses. Otherwise, the process of redevelopment will be delayed and the extended time can be no longer than one year. If it is necessary to force the residents to move away from the redevelopment, the developer

must let the police know and provide proof of delay of process. Before this policy was released, developers often forced households to demolish village houses. Such as Household C and her daughter were force ably carried out from their house by the developer and the house was knocked down once they were on the street. The village committee did not offer any help for Household C, presumably because the developer and director of village committee was the same person.

As conflicts between the village committee intensified, developers and the village households relationships became worse. WPMG (2004) first released the policy of 'Notice of Compensation Subsidies' (file 8) and 'Weihai Municipal Urban Housing Demolition Management' (file 53) in 2004. Both policies have emphasised that new flats will be the same size as land registration, and they also ruled on compensations for old houses and temporary housing costs¹⁴⁸ during construction (see Appendix 9.1).

Households from both Gu Mo and Qi Jia Zhuang villages have lower levels of willingness to accept the redevelopment according to table 9.3, and the main reasons are, they were not happy with the housing compensations, especially on redevelopments before 2004. Another key reason is they lost their rental incomes after the redevelopment, as most of them can only have one flat according to the compensation rules at that time. Finally, there was no payment issued for moving fees, housing construction materials or storage of physical belongings. At the same time, households needed to pay for the new property registration fee, decoration fee, moving fee and adjustment fee of story level (Appendix 9.2). Although redevelopments have better housing compensations offered in recent years in both villages, the best compensation village households of the two villages (housing construction size plus 80 per cent yard land) received are still not 100 per cent land registration size. There are still only 25 per cent satisfaction rate in Gu Mo and 40 per cent in Qi Jia Zhuang compared to Cheng Bian Cun and Cheng Wai Cun.

This research also presents the finding of 50 per cent of village households from Gu Mo who were not registered with their Hukou in the village, but they still received the same housing compensations as village Hukou holders.

¹⁴⁸ Villagers need to rent or find temporary living places after their houses are demolished; the payment will be paid until they receive the new house keys.

Villages	Principles of new flat size compensation (proportion % of old house)	New flat's market price (£/m ²) ¹⁴⁹	Property prices villagers received/paid (£/m ²)	Aware of ownership changes (%)	Household willing to, before redevelopment	Satisfaction (%) after redevelopment
Hua District						
Cui						
Cheng Zhong Cun						
Gu Mo	vary by time	by time	vary by time	20	37.5	25
Qi Jia Zhuang	vary by time	by time	vary by time	20	35	40
Cheng Bian Cun						
Li Yao	100	1,000	210	15	80	70
Jiang Jia Zhai	100	500	360	10	75	50
Cheng Wai Cun						
Wen Quantang	100	390	308	5	60	60
Economic and Technology Zone						
Feng Lin	100	600	320	15	20	50
Hai Bu		510	240	10	10	45
Hi-Science Developme						

¹⁴⁹ This is the average price after redevelopment and floor price fluctuations not counted.

Villages	Principles of new flat size compensation (proportion % of old house)	New flat's market price (£/m²)¹⁴⁹	Property prices villagers received/paid (£/m²)	Aware of ownership changes (%)	Household willing to, before redevelopment	Satisfaction (%) after redevelopment
Technical						
Xi Lao Tai	100	540	328	25	65	65
Bi Jia tuan	100	650	392	30	60	68
New Industrial Development						
Bei Tai	100	N/A	220	none	10	30
Yang Quan	100	N/A	220	none	10	30

Table 9.3 Compensation for Redevelopment

The higher the market prices are, the better satisfaction village households have reached. Table 9.3 shows that Li Yao has the highest estate price, which is 1,000 Yuan/m² and the village households also have the highest satisfaction level. As discussed in Chapter 6, original village residential land of Li Yao have been rebuilt to new luxury houses, and village households are moved to new built high-rises beside the luxury houses. Because of the location of the area (near to the city) and the new built local environment, local housing prices are almost five times the price house owners received. It is worth noting that a flat is cheaper than a house according to the market price. However, market prices of the new flat in this area are higher as well. Therefore, this research also found that house owners of Li Yao preferred flat units rather than cash payments.

Environment is another key factor that decides housing price directly and has effects on housing compensation payment and household satisfaction indirectly. According to table 9.3, housing prices for Cheng Bian Cun in ETDZ and in Torch Hi-Tech Science Development Park are not much different on average. The distances of both development zones to the city centre are similar, public transport and other services stay on the same condition. However, a housing price of one village within one development could be £100 pounds/m² different from the other one. For example, Bi Jia Tuan community is just

off the new built beach (see Chapter 6), surrounding better environment resulted in its housing price on average £110/m² higher than Xi Lao Tai community. Torch Hi-Tech Science Development Park has better environment than ETDZ in general, as a result, both case villages have higher satisfaction level than in ETDZ.

Only 10 per cent households from the NIDZ would be willing to redevelop their village before the redevelopments, and they have the lowest satisfaction rate. One of the key reasons is that households were worried about increased housing costs after move into the flat¹⁵⁰ (see section 9.2.4, Changes in Living Costs). Another problem for them is a negative housing market, which discouraged households' requirements for new flats. Poor public transport services, a long distance to the city centre, and lack of migrants working around lead to no sales transactions having been completed by 2013 (second fieldwork). In contrast, the reasons that stopped village households in ETDZ from agreeing with redevelopment are massive rental income loss and unfair self-made village rules. For example, Feng Lin village leaders have forced their house owners to hand in their housing certificate and land registration to the village committee five years before the redevelopment and they were told they are not going to have their new property's ownership certificates until five years after the redevelopment.

New built flats have several issues raised by households after the redevelopment across all case villages. First, actual construction size is less than the compensation size they were supposed to get according to the agreement. Households would not find out this problem until they moved into the flat. In most cases, they could not have their money back. Second, poor quality inside meant that households had to fix any problems at their expense. Of note, those commercial properties built in the same community and sold on the free market did not have this problem. As a result, developers isolated the village redevelopment buildings from commercial buildings and subsequent buyers always cared if the property was commercial build or resettlement build, and commercial build had higher prices than a resettlement build. Third, there were quality problems with flat walls and lighting issues. These problems especially happened in Feng Lin, Bei Tai, and Yang Quan villages. Eight out of ten new resettlement flats have problems of water leaking through the walls/roof and not enough sunshine come into the room in Bei Tai and Yang Quan, and seven out of ten in Feng Lin.

¹⁵⁰ Compared to their old village houses, new built flats include property management fee and heating fee. Moreover, rather than rely on free firewood, they have to pay for gas.

The above problems have shown that local government and village leaders did not take responsibility to control the new buildings' quality. Wen Quan tang village households have higher satisfaction level of new flats. The village leaders visited the new buildings every day and supervised the building materials and workmanship. Therefore, a very low proportion of newly built buildings have had problems.

Finally, property management is a big issue between the developer, village committee and village households. Some of the villages promised their households they would not charge a property management fee for them and the neighbourhood (former village committee) will take care of it. In reality, village committees (residential committees) took over the property management from the developer¹⁵¹ but they do not offer property management services or they provide poor services because of non-payments from households. Some village property management is still run by developers, but village households still retain village living habits and refuse to pay the fees. As a result, the developers stopped services resulting in poor maintenance issues. This situation is, in a sense, like very widespread problem in former socialist transition countries, where households do not expect to have to pay for services and proper maintenance/management services are not provided.

To summarise, changes from village houses to new built flats improved the local environment, but housing compensations are most important for village households/house owners. Unlike social and village welfare provisions, all house owners are treated equally even if some house owners did not register their Hukou under the village committee. House owners can decide to choose cash payment or new flats as part of the compensation; they can also have both cash and flat if the new flat they asked for is smaller than the actual compensation size they should receive, the rest of the size equivalent will be paid in cash.

On the other hand, developers always set up standard market prices for households before the redevelopment and compensation of cash payment also based on prices. Because standard prices are always lower than market prices, households are not allowed to buy a whole unit of flat at compensation price. For example, a household is supposed to receive a new flat size 133m² and the household only asks for a 90m² flat, the remaining 43m² will either be paid in cash or the household can have a second flat, which is bigger than 43m² but household needs to pay for the difference in square metres. In this case, if the

¹⁵¹ Each developer has his own property department but they can also contract to others.

household chose a new flat, which is 133qm² or over, he wouldn't be able to pay for the second flat at standard market price. However, villagers can always buy new flats on the free market after the redevelopment. Research findings show that flats are much more popular than cash payment in Weihai.

Redevelopment time, national policy, provincial government policy and local district government policies, local economic strength and development plans, location and local environment, land incomes, redevelopment format, and village leaders are key factors that determine new built resettlement flat prices rather than market price only. Village housing compensation rules and standard prices are made by developers rather than village households. Therefore, newly built estate property prices consequently reflect on profits developers received and effect on households (how much compensation household could receive).

Table 9.3 shows how the standard prices that developers set up are always lower than the market price. On the one hand, this has been seen as a reward to village households; on the other, it saves the developer as well because it normally takes two years to complete the construction work, by which time property price on the market has risen. To save money, developers always try to shorten the construction time-period and once the household receives the keys to the first flat (some village households are entitled to two or more units), they won't receive any more payments for their rent from the developers. However, a household would not receive their cash until the whole project was finished.

This method goes strongly against the principle of entitlement theory: a principle of justice in transfer. Especially for those villages where the maximum they will pay a household is for 133.3m²¹⁵² even if their land registration is bigger than 133.3m². New flat sizes are based according on their old houses' construction certificate rather than land registration. Households will only receive a same size new flat/cash as the compensation if old house is smaller than 133.3m². Village households could not manage to move into the new flat because decoration needed as the new built flats in China are not provided, and they must pay for their own rent at this stage.

Local government and the village committee were supposed to assume responsibility to assure their villagers fully understood the legal position. Local government officials prefer developer's profits to achieve high revenue and political achievement, and the

¹⁵² It is the standard size of village self-built houses from early 1980s. Houses could be smaller or bigger than this.

village committee played the middlemen and, to promote the redevelopment running smoothly, they tried to avoid explaining the disadvantages of redevelopment to villagers. Therefore, with their minor awareness of property ownerships, village households are hard put to realise these differences.

The quality of newly built flats for the resettlement are in marked contrast to commercial properties. Though some villages are better than others, this has caused serious problems. Immature property management services leave the new buildings in chaotic states, although the village may have physically changed. This research also found that most village households preferred to live in the flat without accounting for unfair compensations, high housing costs and rental income losses. They enjoy the outside environment and public services; almost all villagers feel that the living environment is much cleaner than before. Central heating services supplied to flats are very good in the winter but villagers think they are too expensive.

9.2.4 Livelihood and Changes of Life Expenditure

As discussed above, village households have mostly been resettled in the same areas, but there are a number of new neighbours who are new settlers. These new settlers could be new buyers, household relatives, or tenants. Migrants are the main buyers and there are some buyers from the local areas. Households have to establish a new livelihood and may have suffered during the transformation time from villagers to urban residents.

Households have to change their daily living habits to adapt to the new environment and new housing facilities. For example, they need to get used to the entry phone and building main entry gate before their flat door, and get used to new bathrooms and facilities, etc. Villagers described that they used to leave their village house gate open when they were home and freely visit with each other. They found less communication now between neighbours; as a result, they show less care for each other after they move into the flats. Furthermore, some villagers complained about their flat floor levels, especially elderly people and people with chronic disease struggle to climb stairs. However, they feel a better environment and are much more comfortable. Overall one-third households are satisfied with their livelihood after redevelopment.

The Chinese property market has been going well the past ten years, with property (urban full ownership properties) prices growing at a fast speed. Property price in Weihai is not

as high as first line cities, but it has grown by 10 to 15 times¹⁵³ over ten years. As a result, 70 per cent of households decided to have two or more flats even though most of them need to earn extra money for their second flat (discussed in section 9.2.3, Housing Compensation). Some village households believed that it is a good chance to invest in property, some think the redevelopment saved them from buying a new property for their son's wedding property,¹⁵⁴ especially those who have difficulties affording a new flat in the city and the rest have different reasons to require two properties. However, most old people still prefer village houses.

Life did not change much for those who lived in urban flats but still own one or two village houses; they still have stable jobs and rent incomes¹⁵⁵ and housing costs remain the same for them. This group of households chose one new flat mostly, and the rest of the compensation in cash. So that rather than decreasing household total incomes, they received more savings, life standards and living costs didn't change at all. Therefore, these house owners rather like the redevelopment.

The research also found (see below table 9.4) 38 per cent of households need to pay for the extra size of the flat; 27 per cent paid with their savings; 6 per cent paid by other compensations of redevelopment; 6 per cent borrowed from relatives and friends; 1.4 per cent has a mortgage; 1.4 per cent received help from parent/children; 3 per cent paid by other funds (data collected from fieldwork questionnaires) and the remaining 17.2 per cent chose equivalent exchange. Living standards have changed for this group and 29 per cent households have since incurred debts. Either the second flat is let out or is for the use of their children/family; thus household living standards have maintained a similar level. Table 9.5 shows how village households (across total 11 case villages) feel their life quality changed.

¹⁵³ Depends on the location.

¹⁵⁴ Man's family provides house for the new married couple traditionally in China.

¹⁵⁵ They let the new flats to migrants, as they don't need to move in.

Savings	Compensation payment	Borrow from relative and friend	Mortgage	Received help	Other fund
27%	6%	6%	1.4%	1.4%	3%

Table 9.4 Payment for Extra Flat-round Percentages

Much higher	6.7%
A little higher	21.7%
Not much changes	46.7%
Drop a little	13.3%
Much lower	5.0%
Don't know	6.7%

Table 9.5 Living Standard Changes (Based on 120 Households)

Old village houses are 150m² in Bei Tai and Yang Quan; households mostly chose two flats and they don't need to pay for the extra payment.¹⁵⁶ But they have serious living costs problems after redevelopment. To investigate how much the redevelopment affected household life changes, data of different daily costs were collected from 11 case villages (110 village households). Low employment, lack of rent incomes, and increased living costs brought the local households into difficult situation and they could become long-term urban poor if the local economic development remains low.

¹⁵⁶ The most popular flats are between 70 to 80m² for local people, therefore their housing compensation properties are big enough.

Expense proportion (%)	Before redevelopment (%)	After redevelopment (%)
5	25.8	31.0
10	38.7	10.3
15	6.5	31.0
20	22.6	13.8
25	3.2	6.9
40	3.3	3.4
50	Nil	3.4

Table 9.6 Living Costs Changes—Food (Annually)

Bill proportion (%)	Before redevelopment (%)	After redevelopment (%)
0	2.9	Nil
2	11.4	Nil
5	31.4	2.9
10	25.7	14.3
15	20.0	20.0
20	5.7	28.6
Above 20	2.9	34.2

Table 9.7 Living Costs Changes—Utility Bill (Annually)

Housing costs (%)	Before redevelopment (%)	After redevelopment (%)
5	48.1	3.3
10	44.4	13.3
20	2.0	13.3
25	1.7	6.7
30	1.9	10.0
35	1.8	6.7
40	nil	20.0
45	nil	3.3
50	nil	16.7
Above 50	nil	6.6

Table 9.8 Living Costs Changes—Housing (Annually)

Transport costs (%)	Before redevelopment (%)	After redevelopment (%)
5	37.5	35.7
10	37.5	29.5
15	12.5	13.4
20	6.3	14.3
30 and above	6.3	7.1

Table 9.9 Living Costs Changes—Transport (annually)

Medical costs (%)	Before redevelopment (%)	After redevelopment (%)
10	42.8	33.3
20	21.4	25.0
25	5.5	8.3
30	8.8	25.0
40 and above	21.3	8.3

Table 9.10 Living Costs Changes—Medical (Annually)

Shopping	Before redevelopment (%)	After redevelopment (%)
5	15.0	22.2
10	10.0	23.1
15	25.0	26.9
20	15.0	16.7
25	20.0	7.6
30 and above	15.0	3.6

Table 9.11 Living Costs Changes—Shopping (Annually)

Holiday costs (%)	Before redevelopment (%)	After redevelopment (%)
5	28.6	50.0
10	57.1	25.0
15	14.3	25.0

Table 9.12 Living Costs Changes—Holiday (Annually)

Unlike utility bills (table 9.7) and housing costs (table 9.8), which have increased dramatically, food costs (table 9.6) have bidirectional growth. Both lower proportion of the costs and high proportions have increased. After the redevelopment, 31 per cent of households spend 15 per cent total costs on food, which is much higher compared to village life (6.5 per cent). Both ends of the growth curve have not changed as much because of different village welfare policies. In those villages that provide food to their households, households will spend less on food costs. On the other hand, in those villages that do not provide any food, village households needed to spend more on their food. Especially for those villages that still retained some farmlands, their villagers used to feed themselves by planting their own crops and vegetables.

It is worth noting that numbers of village households spending high proportion on medical costs (table 9.10) has reduced. Though the compensation for villager's medical insurances payments are different in some villages, almost all villagers are covered by different medical insurances.

As discussed in Chapter 8, local road conditions have been improved a lot and public transport services of case study villages are good (except Bei Tai and Yang Quan), therefore transport costs are a little higher than they used to be but there is not much changed. Tables 9.11 and 9.12 show that households spent less money on shopping and holiday costs in general after redevelopment. As noted, 57.1 per cent of households reduced their holiday costs by 10 per cent after redevelopment. The fact that these have fallen for many households is an indicator of pressure on budgets and standard of living. On the other hand, 25 per cent of households' holiday expense level remained the same (table 9.11) and 14.3 per cent of households spent 15 per cent of their total costs on holiday costs before redevelopment, and changed to 25 per cent (table 9.11) after redevelopment. It indicates a higher standard of living and less financial pressure of this group of households.

9.3 Discussion and Conclusion

Village household life changes caused by the redevelopment are indicated mainly through four features: employment, social welfares, compensations of village houses and, livelihood and living costs changes. Huancui District includes all three types of urban villages, ETDZ and Torch Hi-Tech Science Development Parks have only had their

Cheng Bian Cun, which have been redeveloped, and the only two villages have had their redevelopments in New Industrial Development Zone are classified as Cheng Wai Cun.

Redevelopment time, village location, village, and surrounding economic development and local government policies affected the package of household life changes directly. The earlier the village houses redeveloped, the less payment and smaller the new flat they received. However, case studies did not always follow this general story of redevelopment. Even the latest redeveloped households (2009) did not receive full land registration sized housing compensation for households in Gu Mo, who had their redevelopments in 2009, but all other households who had their redevelopments after 2006, did have full land registration sized new flats/ cash payment.

The nearer the village to the city centre, the greater their compensation payments were. However, land prices can be different because of local environment and public activities. Bi Jia tuan and Xi lao Tai have similar distances to the city centre and are under one local government, but because of the location of Bi Jia tuan, just off the beach and that local government rebuilt the beach for the tourists and local residents, land and property prices are more expensive than Xi lao Tai; therefore, the village households received higher payment and better deals. Therefore, special natural location also contributes to compensation prices, as market property prices are higher.

Village physical changes are the most important factors that impact household living conditions (discussed in Chapter 8) and living costs. Most households prefer the new living condition of their flats, but they also complain of lost/ decreased rental incomes, high housing and bills, less communication between neighbours, and problems climbing sTairs. There are a small group of households who realised the changes in house ownerships, and they worried about what will happen after 70 years, and those households who have more than one flat also worried about the property tax.¹⁵⁷ Some villages offered free property management, some provide free lift services, but those households their households will need to pay all the costs by themselves eventually if they did not receive any of these free services.

Local district and township government often set up specific policies to carry out in local villages. All these policies must be based on the municipal government policies and local policies and practice methods differences are obvious. For example, villagers of Huancui

¹⁵⁷ Chinese government has been saying that the new law of property tax will be released by the end of 2014, and this is a brand new law in China.

District received urban social insurances and new Non Ghee after 2004. Whereas, both villages of Feng Lin and Hai Bu of ETDZ did not receive any payments for their urban social insurances although their Houkou holders who were over 60 received £30 pounds per month. Bi Jia tuan and Xi lao Tai (in Torch Hi-Tech Science Development Park) received more than half payments for their insurances, and households from Industrial Development Zone did not receive any insurance payment except for half payment of their Xin nong he, which was paid by the state.

After the redevelopment, some full-time housewives had to find work to support their family's daily costs, and landless farmers had to leave their farms and work in heavy labour jobs. Employment rates are high for those under 40, especially in development zones, but over 45 groups have difficulty finding satisfying jobs, and the employment rate in New Industrial Zone is very low. Moreover, households from NIDZ do not have rental incomes and face the downside of the property market, poor public infrastructures and transport services could lead to local households becoming future long-term urban poor. All in all, the more households previously relied on farm production, the more their life changed and more difficulties for them to adapt to urban life.

Having discussed the key findings in different groups, NIDZ have the most concerns of future quality of life. Villages in this area remained in traditional rural character and village households relied on farm production heavily. The typical gentrification stories are the villages by the beach and near the city centre, and maybe the hot springs as well. Generally, the NIDZ case illustrates examples of local government being too ambitious about the scale of industrial and new development building and undertaking premature redevelopment without the resources to back it up. It is obvious that redeveloping local villages have impacted village household life changes badly as the transformation happened too soon.

Village households are entitled to own village collective land; thus, they have rights to decide redevelopment or not. However, the redevelopment planned by WPMG and led by INDZ government officials ignored village household views entirely. Although households received some compensation of cash, insurance and flats, the redevelopment still caused entitlement failure as village households are struggling with their life. Nozick argues that 'If an economic production and exchanges left some members on the brink of starvation, he would not advocate state intervention on the grounds that it would be "coercive"' (Nayak, 1989: PE2).

However, Cheng Zhong Cun villages received the most unjust treatment, although they have a good location and household life standard did not have big changes. Households of Gu Mo did not receive any payment for social welfares and no food provisions but later redevelopment provided bigger flats. A small group of households who had their redevelopment after 2006 received some of these welfares in Qi Ji Zhuang. This finding applied to 'A principle of rectification of injustice', but local government did not propose what to do for those who (redeveloped in early years) did not receive just compensation compared to the later redevelopment.

The redevelopment maximised the interests of economically and politically powerful agents who have done unjustifiably well out of this transition. The rest of case villages did not distribute village land incomes to village households in just but they offered better compensation and household life standards are even. Therefore, the rest of case villages applied to the principle of entitlement theory, 'how (justly owned) things can be transferred justly' (Nayak, 1989: PE2).

Chapter 10: Conclusions and Recommendations

This research aimed to evaluate the benefits and problems of urban village redevelopment for village households in a medium-sized Chinese city and to find out how households' life changed. The comprehensive analytical framework was designed to answer the research question by analysing how urban villages existed in the case study city under the rapid urbanisation, how households' life changes were caused by local physical and social changes and defined how villagers completed the transformation and how their daily life was affected.

By contrast with past research in large cities such as Guangzhou, Shen Zhen, Beijing (He, 2010; Wu, Zhang and Webster, 2013; Zhou, 2007), this research is based on a typical newly-growing coastal medium-sized city in Weihai. This research is mainly based on qualitative methods though it is combined with some Quantitative methods. Grounded theory holds a special place for qualitative research, based on the researcher's fieldwork ideas. The logic of grounded theory influenced different research stages/phases. Grounded theory contributed to design and formed the interview questions, questionnaires for recruitment, and sampling of participants; guided the collection of data; and focused on data analysis, theoretical coding, and methodological development. In-depth understanding was received because of rich data gained by using grounded theory through fieldwork strategies to direct data collections.

Therefore, this research is partially based on grounded theory, in the sense that it gained greater insight from the fieldwork which informed the broader analysis and conclusions. Finally, the researcher will provide recommendations for individual research objectives at the end of this Chapter.

10.1 How Rapid Urbanisation Related to Urban Village Redevelopment

Under the globalisation phase of economic development, western developed countries that had already achieved high urbanisation rates tended to relocate the heavy manufacturing industries to Asian and Latin American developing countries. As reviewed in Chapter 2, cheaper labour and natural resources have attracted international investors to invest in developing countries since the early 1980s. The neoliberal development approach informs most of the developing countries' economic developments since then. China, as one of the Asian developing countries, adopted this development approach partially, because it is not straight neoliberalism and it is mixed with strong government

control (as reviewed in Chapter 2). The development approach followed in China involved ‘open door’ policies, introduced and practiced in Shenzhen in 1979 and other coastal cities later. Chinese economic development has since had its remarkable record.

The neoliberal development approach influenced Chinese economic development theory although it still retains many state controls and involvements. There was a partial privatization of public-owned enterprises in urban areas and many developments of private and township collective enterprises between the end of the 1980s and the end of 1990s. Urban development transformed from central government controlled industrial development to more market-led industrial development, and urbanisation has had its first boom as rural-urban migrant movement took place. Thus, urbanisation in China can be seen as the corollary of economic development, with associated demographic changes, and a social development and transition process.

Urban village redevelopment increased the local urbanisation rate. The urban-rural dual track system entails urban residents having better-built environment, better social services and welfare provisions, and employment prospects and housing benefits, especially before 1999 (see Chapters 2 and 3). Rural-urban migrations contributed to urban economic development but caused urban extensions. Land ownership transfer is the essential requirement and the land ownership status change from rural collective ownership to national ownership always happened before redevelopment construction. To complete a redevelopment, it must finish the administration and social transformations, and physical changes of village houses to urban flats.

10.2 Impacts of Physical and Social Changes on Village Households

10.2.1 Physical Changes

Chapter 8 discussed the main intention of redevelopment, which is to rebuild the local built environment by demolishing original village houses and building new high-rise flats. Based on the case study city, different village redevelopment projects may have varying focuses, whether on real estate development, tourism, commercial uses, or building of economic development zones. It has shown that after redevelopment, local property prices have continued to grow and there has been more investment in local areas. On the one hand, a free property market and higher property prices lead some of the original households to better living conditions and potentially becoming richer. On the other hand,

new built flats replaced village houses, which meant households would only have 70 years property use rights rather than permanent private ownership.

Urban village redevelopment helped to improve local environment, public infrastructure, and new built buildings connected with surrounding buildings, presenting a more attractive picture. New built residential areas tended to be gated communities, which contain green plants, open space, good public infrastructures, property maintenance, and well-organised shops and designed streets. These new built communities have good impacts on local security control and living environment. The area is no longer dirty and chaotic, with small businesses well-organised inside and outside the residential community areas.

10.2.2 Social Changes

Redevelopments helped villagers transform from rural to urban residents, and they then followed the urban administration system. Rather than self-support for their health and medical costs, they joined different medical insurance policies, private and public health services, as convenient. Compared to work on the fields, older villagers joined in different pension schemes and some started to enjoy their retirement.

Schoolchildren are no longer restricted from using urban education services, the village committee is replaced by the urban neighbourhood, and each neighbourhood has its own community centre. The urban neighbourhood looks after the local resident administration, arranges some health checks, and social activities.

A proper local health centre provides professional medical services, which helped residents avoid travelling to the hospital and to help avoid major malpractice (caused by barefoot rural doctors). Convenient public services such as transportation service, urban heating service provision, piped gas service, and public recreational facilities are provided.

10.3 Impacts on Household Life Changes

Higher daily costs (food and utility bills) were stressed by village households, particularly those from NIDZ. Households in this area used to supply themselves with free crops, vegetables, and natural underground water. They mainly used open fire cooking, which has lower or no gas and electric costs, and the new gas-cooking stove caused higher costs.

Moreover, compared to the old village houses, housing costs are much higher. High housing costs, such as property maintenance and new decorations, have become a serious problem for some low-income households, especially for those who used to rely on rental or agricultural incomes. To pay for the high housing costs, those households with financial difficulties have been forced to cut the other living costs and remain at a very basic standard of living. Some household members have been forced to work in hard labouring jobs, which receive low wages and some cannot afford the heating supply in the winter.

However, it is not necessarily the case of negative impacts of redevelopments on all households' daily life. Others who have had stable jobs before the redevelopment, or who owned more than one old village house, have received better quality of life because they are entitled to better compensations. Finally, the fact is that all households agreed that physical changes improved their local building environment and living conditions. They believe that gas cooking stove and indoor bathroom and toilet bring them a much cleaner house.

10.4 Evaluation of Redevelopment Key Actors Interests and Functions

10.4.1 Municipal and Local Government

Urban village redevelopment in Weihai contributed significantly to urban development. It underpinned the government budget to build public infrastructures, enabled a higher urbanisation rate to be achieved in a short time, and generally benefited financial incomes of municipal and local government. Apart from the revenues received from the newly launched investments in businesses and manufacturing, both municipal government and local government gained the most profits from land acquisition and disposal before the demolition. Local government does not need to make any payments to the village households because compensations come from developers, but they must obtain permission from local municipal government and land ownership transit permission from the central or provincial government. Local governments received the most land incomes and municipal government benefits from land income distributions.

Local government has also encountered difficulties through the redevelopment process. Local government was under pressure, when the redevelopment project application was often being rejected by provincial government, and the pressure came from the municipal

government to supervise the timing of the redevelopment project. Local government must follow policies set up by higher-level government, but they would not receive any financial support from that higher level. As a result, they often ran into problems of village households disagreeing with low proposed compensation payments and services. Rather than ‘surrendering’ for higher payment, they can only communicate with households face-to-face and try to solve the problem, because it can show their generosity to these village households. As a consequent, they were often involved in impolite meetings with village households and found that high negotiation skills were required.

Compared to local government, WPMG (Weihai People’s Municipal Government) deals with difficult issues between local government, developers, and village households after the redevelopment. These issues focused on the quality of new flats, and uneven compensation schemes between villages or within one village. Village households put the hope on WPMG to correct the unjust compensation they received. These village households would write or visit provincial government or even the state government, if WPMG did not provide a satisfactory solution. Once the complaints are received (and upheld) by higher-level government, municipal government officials are at risk of receiving political punishment. However, households have rare chances to make a successful complaint to provincial and state government; for example, they have often been arrested by municipal and local government officials on their way to the provincial/central governments (Shangfang).

10.4.2 Households

Village households are the major groups affected by redevelopment, but migrant workers who may also have been living in the urban villages before redevelopment are also affected. Households only receive moving fees and temporary settlements costs (paid by developers) before the redevelopment, but they would not receive new flats and cash until new building construction was completed. They often experienced difficulties in adapting to urban society and getting used to the urban system. Household daily life was changed by changing living conditions, daily costs, income changes, and employment status changes. However, villagers could also benefit from medical insurance and work environment changes in some cases.

Village households would not be paid for their farm until local government was paid by developers, and households did not receive any payments for their farmland at all in some

villages (in the early years, before 2004). Thus, all payments went to local government and village committees. At the same time, village households lost the ability to work the land and generate an income from it.

From public civil service's point of view, land incomes are partly supposed to be used for local transport services, local public infrastructures, and other social services. Land income being used in this way contributes to public use and complies with the ideas of 'betterment', but households still deserve their farmland compensation. Compensation of social welfare schemes are based on limited budget (village committee received the distribution) and flat exchange rules set up by developers and supported by local government. The most difficult part for the household is they cannot protect their rights of being owners of collective land and private village house by hiring lawyers or looking for support from public bureaus. Village households are the party that often received the most unjust treatment and entitlement failure, because there is no rule of law, and that public bureaucracy systematically abused their position.

10.4.3 Rural Communities

Rural communities, such as township government and village committees, have the most difficult jobs. Township officials get involved in redevelopment plans, application approvals, dealing with developers and guiding village leaders. However, township government has received the most land incomes to develop local economic development and build better public infrastructures. The township government was able to manage village finances and set up the plan for village development, particularly in the case of Wen Quan township government. Once local redevelopment successfully supported local economic development and environment changes, township government officials may receive job promotions.

Village leaders played the position of mediators. They would not be able to consider their own compensation because they have no option rather than listen to township officials; otherwise, they will be fired (as happened to two former village leaders in the case studies of this research). The position of village leaders required them to provide village household agreements to the developer and to help the developer through the redevelopment process by collecting redevelopment agreements, village house land registrations and house keys, and distribute resettlement new flats to the households.

Village leaders also need to set up village redevelopment rules and village welfare policies within the limited budget.

10.4.4 Developers

The interest of the developer is always likely to be profits from redevelopment project, but it also can happen that they cooperate with local government to redevelop the village because of their interest in building good relationships with local government officials. Developers are where redevelopment finance come from, so lack of cash flow is the most difficult problem for developers, to enable them to continue with construction. High compensation payments (higher than the budget) made to village committees and village leaders may reduce the profit, but developers always receive support from local government and village leaders.

10.5 Key Findings and Contributions to Research

10.5.1 Key Findings

Entitlement Theory

This research provides a case for the application of ‘entitlement theory’, which focuses on individual rights and what different players are entitled to. The term entitlement has been explored from different perspectives through urban village redevelopment in Weihai. There are four strands to this argument.

(1) Literature on urban and rural development in China argued that the Communist regime tried to set up a new system, which was believed to be a just system in the 1950s ‘urban-rural dual system’. This system has been propagated by state government as the ‘justice of Marxist’ theory. However, Marxist theory also concerns the entitlement between work and income, and the theory claims that workers are entitled to a product of their labour as they have earned it. By reviewing the literature on urban and rural development (Chapters 2 and 3), it concludes that Chinese urban-rural dual system introduced unjust social service systems and uneven employment opportunities.

(2) Village houses are in private ownership but they cannot be sold on free property market. The transaction limitations of village house run against the second principle of entitlement theory, which allows object transfers between owners. However, this limitation did not apply to government-led development in practice during the

redevelopment process. During the redevelopment process, local government took farmlands away from urban villages with limited democratic consent or compensation rights. Local government has always claimed that the application was approved by the provincial government or state government. Thus, the state failed to do their duty to protect farmers' rights of owning village collective land and houses and ensure justice of treatment between local government and village households. Of note, redevelopment application is subject to approval provided by central government on condition of just compensation to village households and individuals.

As discussed above, the owner of the object would enjoy benefits of the resource fulfilled. Urban village redevelopment favoured the interests of political power and economic activities, which runs against Nozick's theory of rights. Nozick believed that no individual can be sacrificed for common good and he agrees with Rawls's criticism of utilitarianism for the same error.

(3) It was often seen through this research that government officials put more attention on their fame or reputation than on the redevelopment itself. Therefore, the third principle of justice is rectification, which concerns just compensation during the transfer was ignored. Redevelopment compensation schemes were set up by municipal government and always favoured different level government and developers. For example, land incomes distributed to different government and land revenues and redevelopment taxes were used to develop other sectors. So that, the research findings concluded that village households have sacrificed their livelihoods and property while enabling others to benefit, and local government as the perpetrators receive the most benefits.

(4) According to Robert Nozick, a core principle of justice in the distribution of resources is that we all are supposed to be entitled to holdings we possess (1974: 150). In exploring the nature of holdings for distributive justice, he also explains a principle of justice in transfer of holdings. A person is entitled to hold resources acquired from another through legitimate mechanisms that include gifts and voluntary trades. According to Nozick, no one is entitled to a holding by application of self-held and transferred resources from previous owners. However, there always will be some who would flout distributive justice and steal from others. Nozick's principle of rectification of injustice (Nozick, 1974: 151), in particular, will support the claims of injustice that some village households held.

To create a system of social justice, Nozick believes that unjustly taking someone's holdings violates their rights to property (1974: 235). To balance the villagers' benefits, a

system of compensation is employed for redevelopment villagers. The compensation is received at the unit of the household, and compensation methods are based on state and local policies rather than market values. As is typically the case for poor groups, villagers could not in practice join in the compensation scheme decision-making, and local government considered the importance of land incomes and revenues over villagers' benefits.

Furthermore, Nozick believes taxation is not entirely involuntary; nevertheless, necessary goods and services market transitions are not entirely voluntary and if the wealthy, organised labour, or those in control of de-facto industry standards, frequently favour their own interests by skewing those transactions, they are able to exert undue influence on such market. The stance adopted in this study is to agree with Nozick's voluntary and fair distributional principles but recognise that, in a society that upholds the rule of justice; transgressions and injustice often happen. Urban village redevelopment typically brings benefits/ achievements for a small group in the form of local government revenue incomes. Those who oversee local government and village lands are more powerful in terms of decision-making and ordinary villagers' voice or influence counts for little.

Urban village redevelopment is led by local government in most cases, rather than the wills or voluntary initiative of village households and residents (Chung, 2009). Banner (2002) also suggests that inequality of power and wealth is the premise of property rights, when powerful oligarchs control both the largest share of resources and the political system (Anderson, 2007). This is clearly the case with some urban village redevelopment programmes in China now with local officials' decision making affected by developer's interests.

Gentrification

Massive urban village redevelopment projects took place in Weihai, achieving urban development targets based on designs of the master plan (see Chapter 5). According to Mathema (2013), recent gentrification focuses on policy interventions and Hackworth and Smith (2001) argues that the state role has become stronger in gentrification because of devolution of power from federal to state and local government. Gentrification may be said to have applied to urban village redevelopment in China, when the central government decentralized the power of redevelopment policies. Local government therefore often hides the real detrimental factors from central government and overrides village committee and village households' unwillingness to participate. Tao and Wang

(2014) discussed the appearance of gentrification of the urban village redevelopment. They focus on the migrant workers who are forced to leave the village area after the redevelopment because of high property price and rents.

Urban village redevelopment in Weihai focused on policy interventions and economic returns (Smith, 1979). The Municipal Preferential Policies (policies designed to reduce/waive some applications and redevelopment fees, see Chapter 5) have been well sold, developers took the opportunity to maximise their profits through urban redevelopment projects. Urban villages near the city centre or inside of downtown are more likely to be subject to gentrification because they are closer to richer communities (Guerrieri et al., 2013). Optimistic economic gains are key reasons why redevelopment in this area is more popular.

Gentrification often occurs when potential economic returns appear (Smith, 1979). Thus, gentrification did not only apply to urban villages in good locations or those villages long distance from the centre with valued natural resources (spring water, seaside location, etc.). The redevelopments of these villages moved village households (as the lower-income groups) away from the area to meet the demands of gentrification by attracting new settlements of well-off groups.

10.5.2 Research Contributions

As briefly described in the background, relevant research in the past have tended to focus on big or large cities (Hao et al., 2012; He, 2009; Li and Li, 2011; Yan et al., 2004). This research fills a gap in knowledge of urban village redevelopment in medium-sized Chinese cities, and summarises the similarities and differences between large and medium-sized cities. Several similarities are identified, including that the existence of urban villages is seen as detrimental for the image of the city, that urban villages break the continuity of urban development, create an unfavourable local environment with high risks of local building safety and higher crime rate (Tian, 2008). As these existing problems of urban villages have emerged, urban villages are rejected (as a long-term phenomenon) by local government policies and forced to face up to their redevelopment (Hao et al., 2011). However urban villages are no longer or much less contributing to the availability of social or affordable housing for the disabled (Wang et al., 2009; Zhang et al., 2003).

The literature on gentrification highlights the effects of redevelopment on the socio-economic and cultural characteristics of in-migrants, benefits to the city, and creation and destruction of community. With the industrialization and urban growth, land and city improvement become commodities and benefit the wider city and economic development (Smith, 1979). Therefore, urban village redevelopment in both large cities and in medium cities can be interpreted as an example of the process of gentrification, to a greater or lesser extent.

Considering the differences, compared to large cities (Beijing, Shenzhen, Guangzhou, etc.), urban village redevelopment more often happened in development zones. Land prices are lower than in large cities and households received even less land income distribution (Hao et al., 2011; He et al., 2009; Yan et al., 2004). Household living standards are not as high as in large cities, and employment statuses were not optimized. However, the process of redevelopment was better organised and less conflict happened.

This research also concerns the rationale for villages that were redeveloped (in the peri-urban NIDZ), which have no previous research studied by other researchers. It allows the researcher to compare the differences between urban village redevelopment impacts and traditional village impacts, and to analyse the influence on local economic development and local environment changes.

Finally, but importantly, this research focused on urban village redevelopment in one medium-sized city and adopted east coast city Weihai as the case study city that aim to stand for many medium cities. However, it is not true that all research findings based on Weihai are likely to stand for redevelopment in all medium-sized cities in China. Inland medium-sized cities such as Luoyang and Guiyang have very different situations (Hsu, 1996). The location of inland cities determined that typically there would be less investment and business compared to coastal cities, make urban development pattern different. Furthermore, as discussed in Chapter 4, the fact that Weihai has been able to win a series of prizes, the city government has relatively higher awareness of environmental issues and strategic advantages. Thus, we may suspect that if even a 'good' city did not deal well with urban village redevelopment, how much worse is it going to be in less favoured or less well-governed inland city. Redevelopment also shares some similarities from each other as they share dual system policies, national laws, and culture background.

It is also worth clarifying that urban village redevelopment from east coast cities have different outcomes from this research, for example in studies of Suzhou (Wang and Chen, 2005) and Ningbo (Qi et al., 2007). As discussed in the literature Chapters, coastal cities have fast economic and urban development after the ‘Open Door’ policy, but urban economic development in different cities was affected by development background of the city before 1949 and defence policy between 1949 and 1978. Urban and rural development in Weihai is clearly influenced by British development theories and wars before 1949, and development has been limited between 1949 and 1978.

10.6 Discussion and Recommendations

Base on the literatures of urban village redevelopment, this research also find that land acquisition and key actors’ interests and functions have implicated in the redevelopment impacts on village household life changes.

Land value is the driving force of the urban village redevelopment. While existing urban village problems should be acknowledged, more importantly the redevelopment is able to revitalize land resources. As a result, this creates new land for urban development uses. In reality, land income has become the main support for the local government fiscal incomes (between 35-60% total income). As discussed in Chapter 3, interest disputes between stakeholders often caused conflicts and difficulties of redevelopment agreement. Professional developers certainly understand the property market and try to achieve higher profits, Villagers gradually realised the collective land value, and they tend to hope the redevelopment will improve their living conditions, achieve higher property prices and better compensation.

It is important to understand the root of the land problems - redevelopment funding resources and land acquisition compensation. Therefore, how the parts of government play their roles are very important. The local government needs to organize and supervise the redevelopment in order to balance the interests but not to ignore the land owners’ rights. However, this research finds that local government often uses alternative developers to negotiate with the villagers. The reasonable interests of the government are through the urban village redevelopment to receive new urban land for the urban spatial and economic development uses.

The current laws do not provide an adequate context the specific aspects for urban village redevelopment; neither “Urban real estate management” nor “Land Management Act” is

able to present proper solutions for redevelopment land problems. It is rather important for the state government to set up a comprehensive urban village redevelopment system of legal protection, thus the redevelopment must follow the law. This recommended law need to concern the exist redevelopment problems of land uses rights abuse, low compensation, land acquisition procedures are not strict, and undemocratic to balance different stakeholders' interests and to protect the land owners' rights.

Moreover, villagers lack of the cognition of the details of redevelopment process, compensation scheme and resettlement. As a result, the villagers worried about their future employment, total incomes, social and village welfares, local social services and infant education for young generations etc. It is recommended that local government and village leaders to explain well redevelopment plans, villagers' future lives, how compensation schemes work, and how social welfare provisions change. Thus 'Real democracy' needs to rest on substantive rights, including in this case legally enforceable property rights, clear limitations, procedural safeguards around 'compulsory purchase', and independence of village leaders from the CP-monopolized power hierarchy.

Redevelopment compensation schemes are varied all over the country; Although it is understandable that payment of compensation prices is based on local economic strength, the degree of variation seems unjustified. Maybe there should be minimum standard of compensation, and this might discourage some unnecessary or premature redevelopment. Based on this research, compensation schemes are different even within one city.

In Weihai, local municipal government did not set up the redevelopment compensation principles until a few years after the initial wave of redevelopments and after some central villages have had their redevelopments. Relevant redevelopment policies and compensation rules have never been fully updated since they were set up. As a result, developers would not pay any higher prices than the minimum payment rules, which were set up by the municipal government. Because of the high inflation rate now in China, living fees for households received cannot meet market living costs. Therefore, municipal government will be asked to keep relevant policies updated with market prices in time.

This research has addressed how land incomes related to household compensation payments and how much village households received. It is very true that market land prices are closely related to their locations and local economic strength, but farmland productions tend to have same market prices. It is not right that farmers received different payment for their orchards and crops between areas; part of the minimum standard of

compensation should be payment for at least market value of orchards and crops, plus compensation for disruption and retraining for different work. Villagers should be entitled to the same social services and social welfare provisions as other urban residents are, if they had their redevelopments, but often they did not. The researcher believes that local district/township government responsibility for establishing neighbourhood community services and providing work skill training before redevelopment should always be clearly established.

Villagers have never been involved with the decision making about redevelopment compensation schemes in Weihai. To keep a fair social system, the recommendation will be that all villagers from the same city should receive same social welfare provisions and urban social insurance as the original urban residents, and the municipal government needs to take responsibility to pay off the insurance costs. Based on the recommendations, most land incomes can come to the government; otherwise, villagers should be entitled to the full land incomes.

Having discussed the phenomenon of education and cultural aspects of social class, poor quality of household resettlement flats exacerbates villagers being looked down upon by private buyers, and they will remain in lower social class in case study city. To solve this problem, the developers must build same quality buildings for the whole community and designed for hybrid owner's format. Therefore, it is necessary for Weihai Municipal government to set up a series of formal relevant policies to control developer's activities.

The researcher disagreed with some current redevelopment ideas (e.g. premature redevelopment and focus on physical development) and believed that urban village redevelopment should place more emphasis on social issues rather than just building new places. Therefore, a higher-level systematic planning system needs to be developed, which will concern future plans (30 years at least). This future planning system needs to be concerned more with sustainable development elements.

10. 7 Methodological Limitations and Direction for Further Research

This research was part of an exploratory nature. The main aim was to provide a picture of redevelopment impacts on village households' life changes. The theoretical development of this research focuses on property rights and transfers, and the adjustment of unfair transitions. To develop a comprehensive picture of urban village redevelopment in medium-sized cities, this research lacks a comparative dimension to identify the

differences between cities and whether the recommendations applied to other cities. It would also be desirable to continue the longitudinal study to understand changes in urban village redevelopment process in a broader way (for example, to what extent are local and national government learning from experience and improving the process). This research tried to understand the different forms of urban village, how they came into existence, and how this related to redevelopment impacts. In highlighting the policy recommendation of this research, the focus has been on municipal and local district/township policies, but future research could address more state policies. This research also found that municipal plans, such as ‘Urban planning blueprint’ guided the whole development of the city and the plan did not concern sustainable development ideas because it focused too much on physical design and development. To clarify how municipal planning works and how it affects urban village redevelopment, the future research could also review Chinese planning theories and assess what needs to be reflected in a systematic, long-term planning system.

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