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## Negotiating Inner-city Redevelopment: Engaging Residents in Housing Requisition in Shanghai

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Negotiating Inner-city Redevelopment:  
Engaging Residents in Housing Requisition in Shanghai

A Dissertation

Submitted to the Graduate Faculty of the  
University of New Orleans  
in partial fulfillment of the  
requirements for the degree of

Doctor of Philosophy  
in  
Urban Studies

By

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## **Abstract**

Housing requisition (Fangwu Zhengshou) is defined as the power to take residents' property for public use by the state. Between 1995 and 2010, one million residential units were relocated from the inner city of Shanghai to the outskirts of the city or suburban counties. Historically, residents have been excluded stakeholders in large-scale urban renewal in post-reform China. Starting in 2011, Shanghai requires residents to vote on property takings for inner-city renewal. In March 2013, residents voted down the Block 59 project in the North Bund area in Shanghai, which marks the first housing requisition project for inner-city redevelopment rejected by residents in Shanghai. This research illustrates how citizen participation frames or structures the relocation decision-making and whether participation matters.

This dissertation investigates four lines of inquiry: 1) How are housing requisition regulations and negotiations shaped at the district level in Shanghai? 2) What roles do the state and local authorities play, and how is this associated with urban redevelopment regimes under neoliberal governance? 3) Do the more “participatory” approaches to housing requisition for urban redevelopment address power relations and conflicts among local groups in different districts? If so, how? 4) What strategies do residents use to negotiate inner-city redevelopment? I utilize qualitative methods to recognize the complexities of citizen participation in urban renewal in Shanghai, and to develop an understanding of the dynamics of citizen participation and governance structures.

The 2011 regulations provide a more transparent, open and interactive process for community residents directly affected by housing requisition projects. However, the term “public interest” is ambiguously defined under the 2011 regulations. Findings suggest



that state-led participation in housing requisition is a tool for the government authorities to facilitate economic growth through requisition and strengthen the legitimacy for requisition among the relocated residents. The shift of compensation from counting the number of people in a household to considering the size and value of the apartment illustrates the shift from a social welfare approach to a market approach. The participation schemes promote fairness in a certain way that people who hold out for more compensation lose the power.

Keywords: Housing Requisition, Public Participation, Inner-city Redevelopment,  
Shanghai

## Chapter 1: Introduction

### 1.1 Statement of Problem

Between 1995 and 2010, one million residential units were relocated from the inner city of Shanghai to the outskirts of the city or suburban counties to make way for redevelopment plans (Shanghai Yearbook 2013). Housing requisition (Fangwu Zhengshou), defined as the power to take the (use) rights of residents' property on state-owned land by the state, and relocation figure heavily in the municipal government's current five year plan (2011-2015). Between 2011 and 2015, Shanghai planned to build one million subsidized housing units in the outskirts of the city, accounting for 20 percent of all new construction in China over this period. The municipal government finally built around 950,000 subsidized housing units by the end of 2015 in five-year period (Yang 2016), which is close to the target set in 2010.

Residents have historically been excluded from large-scale urban redevelopment decisions in post-reform China (Zhang and Fang 2004; He and Wu 2005; Zhang 2002a; Shin 2011). Starting in 2011, following the policy from the State Council of China, Shanghai requires residents to vote on property takings for inner-city redevelopment. *The 2011 Regulation of Housing Requisition and Compensation on State-Owned Land* (the State Council of China 2011; later refers as the *2011 Regulation*) and *Shanghai Bylaw* (Shanghai Municipal Government; later refers as the 2011 regulations for both the *2011 Regulation* and *Shanghai Bylaw*) require participation from the residents by soliciting opinions on housing requisition from every household affected by inner-city redevelopment plans. This opens a new model for urban redevelopment and housing requisition in China in which government can no longer carry out housing requisition

decisions on state owned land by use of force; residents have a say. In March 2013, residents stopped an urban redevelopment project, voting down the *Block 59* project in Shanghai (Hongkou District Website 2013).

Before the central government issued the *2011 Regulation* to justify demolition and relocation (Chaiqian) projects, the demolition and relocation cases caused conflicts among government, profit-driven developers and affected residents (Shih 2010). At that time, residents had no power in deciding whether the relocation project should move forward. Although the residents could write letters to government officials to protest proposed redevelopment projects, they were unable to stop them even if the majority of the residents did not want to move. The negotiation for better compensation between the district government and residents was an informal process carried out on a one-to-one basis (Ren 2011).

Citizen participation is defined by Arnstein (1969) as citizen power. Arnstein (1969) argues that participation without redistribution of power is an empty and frustrating process for the powerless. It is the “redistribution of power” that enables the powerless citizens, excluded from the political and economic processes, to be deliberately included to “share in the benefits of the society” (Arnstein 1969: 216). I define citizen participation in this study as a function of both presence in decision arenas as well as impact on decision outcomes (Arnstein 1969). I examine the impact of housing requisition policies on citizen participation and look deep into citizen participation in urban redevelopment in Shanghai by its pattern and residents’ presence at the site, specifically by whether the residents attending public hearings, giving opinions on relocation plans, and how they mobilize themselves towards the decision-making of

housing requisition and relocation. Community participation or public engagement suggests local communities have a role in contributing local knowledge to decision-making but local communities have different assumptions with regard to the transfer of power and authorities to determine outcomes (Bailey 2010).

This dissertation examines the complexities of citizen participation in Shanghai from the perspective of urban governance, specifically the regime concept. I will examine the impact of changes of regulatory regimes on citizen participation and the changing roles of the stakeholders in urban redevelopment.

## **1.2 Urban Redevelopment Regimes and Citizen Participation**

Wu (2011) argues that the transformation of mega cities in China, particularly the emergence of office and commercial centers, is the result of global market forces as well as discretionary implementation of city comprehensive plans by local government in the inner city in response to global integration on the one hand and investor interests on the other.

Governance in the capitalist world is a form of collective decision-making by a plurality of actors in a setting, which emphasizes decentralization, public-private partnerships and the pursuit of collective interests. Originated in the United States, the urban regime concept argues that land use interests in a city will seek policy outcomes that further urban development and reduce public disputes (Elkin 1985; Swanstrom 1998). Swanstrom (1988) points out that the types of regime developed in a city will be determined by economic pressures, capital accumulation and class composition. Political leadership and its value will influence the nature of the regime as well. Yan, et al. (2011) argue that due to the limitation on resident participation, there is a loss on space of

interest and benefits in urban redevelopment in China. Most case studies of social movements and community participation focus on how to help vulnerable groups through resource redistribution and through social networks (Yan et al. 2011).

Sassen (2006) argues that the loss of power at the national level has produced the possibility for new forms of power and politics at the subnational level, as large cities concentrate both the most advanced service sectors and a large marginalized population. Levien (2013) points out the state, so as not to appear as a blunt instrument of the capitalist class, must therefore explicitly justify such blatantly visible expropriations with an ideological or legal claim to be serving the “common good” or a “public purpose”—typically cloaked in the language of “development”.

My dissertation takes a critical look at the changing role of the state and decentralized urban governance in urban redevelopment in Shanghai. The scope of the research is confined to housing requisition on state-owned land. As a large numbers of urban residents are displaced and relocated during urban redevelopment, the politics of demolition and relocation in Shanghai have become a contested arena for urban citizens to negotiate and claim their right to urban space (Qian and He 2012). Shih (2010) argues that some new regulations at both the national and local levels on urban redevelopment have imported legal norms of Western liberalism, such as appraisal based on market value, release of and access to information, and community balloting for choosing appraisal companies. This is the case with the 2011 housing requisition regulations in Shanghai. The regulation adopted a compensation scheme based on market value and allows residents to vote for the companies used to appraise the value of their apartments. At the initial stages, the appraisal companies were state-owned companies. Some

residents might argue that voting for the appraisal company is not really about participation because the state-owned companies work for the state. On the other side, the involvement of residents in the selection of appraisal companies may matter if it makes residents feel more involved and more powerful.

Harvey (2005) argues that neoliberalism proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights and free markets. Sometimes powerful interest groups will inevitably distort state interventions for their own benefit. In Shanghai, private property rights are buried in the economic reform. The local government holds strong political power with indirect interventions, and the land and housing markets fail to meet the goal of free markets. It started in Shanghai in the 1990s that the municipal and district government could lease state-owned land via legal procedure. The residents only hold the use rights of the land, and the local government can optimize land value and facilitate urban development.

### **1.3 Redeveloping Shanghai**

Shanghai lies at the mouth of the Yangtz River, the longest river in China, which is a major means of transportation throughout Chinese history. The Huangpu River, a branch of the Yangtz River divides the city into two parts, Pudong and Puxi. As the largest city in China, Shanghai had a total population of 24 million including a floating population, or illegal immigrant population estimated at 9 million in 2013 (Shanghai Statistical Yearbook 2014). The size of the floating population in China cannot be ignored. In 2012, China's internal migratory population exceeded 250 million people (Armstrong 2013). This "floating population" of primarily rural migrants moving to the

industrial centers of China's eastern seaboard is the disadvantaged lifeblood of the Chinese economy (Armstrong 2013).

Traditionally land development was handled by public bodies or state-owned enterprises in China. In the case of the Pudong redevelopment in the 1990s, however, the local municipality could hardly obtain sufficient money from central government, and it could not spare from its own budget either (Chen 2007). Involving the private sector helped Shanghai to gain more knowledge of market mechanism and experience in collaborating with the private sector in urban development and renewal. The role of Shanghai in the global economy could be explained by Sassen's (2009) observation:

Working and residential landscapes in Shanghai have become more visibly fragmented as a result of globally linked sectors and jobs, the influx of mostly poor rural migrants, the government's plan to reduce older kinds of high-density housing in the center of the city, and the promotion of more diverse and globally oriented lifestyles. One critical strategy has been for the government and/or real estate developers to offer compensation to entice residents of older types of central city housing to vacate their homes so that their units can be replaced with new commercial towers and luxury apartment buildings (Sassen 2009: 21).

The 2014 Asian City Forum in Shanghai focused on urban redevelopment. In making the Shanghai's 2040 Comprehensive Plan, Shanghai in the post-expo era has planning conflicts in housing requisition and relocation, the historic value of dilapidated neighborhoods, and international firms' requirements for high quality of space and infrastructure (Wang 2010).

#### **1.4 Research Questions**

This research illustrates how the government frames or structures citizen participation in the housing requisition relocations and investigates how citizen participation is situated in the decision-making of housing requisition for inner-city redevelopment. I compare how district governments shape the decision-making processes

and participation patterns with different financial resources and development schemes.

This dissertation investigates four lines of inquiry:

Question 1: How are housing requisition regulations and negotiations shaped at the district level in Shanghai?

Question 2: What role do the state and local authorities play, and how is this associated with change in urban redevelopment regimes under neoliberal governance?

Question 3: Do the more “participatory” approaches to housing requisition for urban redevelopment address power relations and conflicts among local groups in different districts? If so, how?

Question 4: What strategies do residents use to negotiate inner-city redevelopment?

### **1.5 The Contribution**

This dissertation focuses on explaining the complexity of participation and redevelopment regimes. I utilize qualitative methods to recognize the realities of citizen participation in urban redevelopment in Shanghai, and to develop an insider account of the complexities and dynamics of citizen participation and governance structures. This research helps understand the role district government and residents have played in transforming the structure of the metropolis in response to local and global development pressures and decentralized land management policies in Shanghai, China.

The findings of my dissertation may contribute to theory development while presenting policy implications for urban redevelopment and housing requisition projects in Shanghai. The findings will help to explain the power structure and participation of negotiating urban renewal housing requisition. This dissertation provides important



insights both for researchers on citizen participation in urban redevelopment – in terms of the importance of combinations of key factors – and for policy makers working for the public interest – in terms of key policy levers affecting participation motivation and processes. Public interest in housing requisition is defined by the 2011 regulations as the interest of the residents who stay in poor condition housing under urban regeneration. This dissertation also suggests appropriate mechanisms to foster participation towards more equitable urban redevelopment in developing countries. It shows citizens who trust the government are more likely to comply with government policies, laws, and regulations.

This dissertation aims to address two research gaps by exploring the dynamics of housing requisition participation in the context of neoliberal urban redevelopment in Shanghai. First, it draws conclusions beyond citizen empowerment and power relationship among the stakeholders (government, private sectors and citizens). Second, it provides practical insights and strategies for residents to use to facilitate more effective participation in housing requisition.

## **1.6 Layout of Dissertation**

This dissertation is organized into eight chapters. Chapter 2 provides the context of the study, decentralized urban redevelopment regime and the scale of redevelopment in Shanghai. Chapter 3 reviews theoretical and empirical literature relevant to this research discussing the economic perspective of regime theory and how it applies to Shanghai, as well as citizen participation in the context of China. Chapter 4 covers the research design and methodology. It explains how the study utilizes in-depth interviews,

government regulations, census data, compensation data and observation to explain the regime type and participation patterns.

Chapter 5 discusses the pro-growth regime in China and presents the result of the first research question that how housing requisition regulations and negotiations shaped at the district level in Shanghai. Chapter 6 explains the roles of local authorities in housing requisition and urban redevelopment in Shanghai and explains the struggles among regime partners, and how it is associated with change in urban redevelopment regimes under neoliberal governance. Chapter 7 compares the participation processes on two housing requisition projects in Shanghai and explores the power relationship among different actors. It also explains strategies residents use to negotiate inner-city redevelopment. In Chapter 8, I conclude this study and explain the policy relevance of my findings as well as areas for future research.

## **Chapter 2: Decentralization and the Scale and Scheme of Urban Redevelopment and Housing Requisition in Shanghai**

This chapter lays out the research setting of the dissertation. First, I introduce institutional decentralization and growth coalition building in China and in Shanghai in particular. Second, I discuss inner-city redevelopment schemes and the scale of redevelopment by district in Shanghai. Third, I present a brief overview of the changing policy on housing requisition projects.

### **2.1 Institutional Decentralization and Growth Coalition Building in China and Shanghai**

The Chinese city has three administrative levels in its urban areas: the municipal government, the urban district government, and street offices<sup>1</sup>. Infrastructure projects are the responsibility of the municipal government; land preparation for leasing is initiated by both the municipal and district governments; the development and management of housing projects and derelict housing clearance are under the municipal and district governments, and implemented by the district government and street offices. Since the mid-1990s, the Chinese central government has stopped allocating funds for local urban redevelopment, as a means of decentralizing its fiscal authority (Ye 2011).

Decentralization makes local efforts to foster growth more active. With decentralization, the central government has adopted policies of tax sharing and has shared development decision power with local governments to promote local economic growth (Zhang 2002a). Moreover, Ye (2011: 343) argues that the financial and political relations between the local and central governments in China have forced local governments to

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<sup>1</sup> Street Office is one of the smallest political divisions of China. It is a form of township-level division which is typically part of a larger urban area.

“pursue land-centered urban (re)development in order to collect significant amount of revenues from land leasing”. As He and Wu (2005) explain, local governments use land leasing as a means of revenue generation. For example, one high-rise office building in the downtown of a major city can yield 100 million RMB (about \$12 million US in 2004) in taxes per year.

On the district level in Shanghai, there has been a decentralization of “land lease” (land form of land transfer right) negotiating authority (Zhang 2002a). The land lease is a special type of land transfer right that allows state owned land, to be leased by private individuals or companies for a specific period of time in exchange for fees. The lease is not a transfer of tenure or a right of title. Because district governments are the landowners, they have to pay for resettlement and have the responsibility of resettling the residents and enterprises displaced by redevelopment. Districts would prefer to resettle residents on land for which they have land use rights, however they may not have sufficient vacant land available. Districts lacking sufficient vacant land enter into contracts with districts that have land, paying them to resettle residents. Since land is cheaper on the outskirts of the city, district governments are more likely to supply land at locations with lower resettlement costs (Fu et al. 1999). In Shanghai, district governments are likely to negotiate with the municipal government for resettlement housing since the land resources for each district are very limited. Given the pressure to redevelop residential land for commercial use and the lack of available land for resettlement housing, many districts are moving their residents to the outskirts of the city. The decentralization of both fiscal and land management authority enables urban districts to play a key role in determining the trajectory of community development. Many district

governments not only have adopted pro-growth policies, but in many cases public authorities have become business partners with real estate and other business companies (Zhang 2002a; 2007). Among the many factors fostering the municipal government's decentralization trend, the main factor is the fiscal and management problems that arose after the economic reforms. Since the 1980s, and as a result of tighter public budgets and government downsizing, municipal governments have faced increasing difficulties in providing services to residents (Zhang 2002b).

In 2010, the national plan for the construction of government-subsidized housing required RMB 167.6 billion yuan. The central government contributed 29.4% (49.3 billion yuan) while local governments contributed around 70.6% (Song 2011: 111). As local governments sought to maximize revenue from land leasing, land leasing prices skyrocketed through a competitive bidding process. Profit-seeking developers in turn sought to ensure profits by raising housing prices, effectively pricing low-income residents out of their redeveloped neighborhood (Ye 2011: 343).

Shanghai has experienced the fastest economic growth among the mega-cities from the early 1990s, averaging 12 percent each year (Chen 2009). The huge amount of FDI influx has reshaped the inner city of Shanghai. By the end of 2009, the city's cumulative FDI since 1992 totaled US\$120 billion in over 55,600 projects. The service-oriented investment increased from 36.3% in 2001 to 72.3% of the total in 2009 (Chen 2009, Wu 2011). Since districts began leasing urban land to private developers in 1992,<sup>2</sup> the real estate market started to thrive on the private investment, which has aggressively sought maximum profit on urban regeneration in Shanghai. Between 1992 and 2000, 22.47 million square meters of land was leased to developers for redevelopment,

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<sup>2</sup> The first steps in land reform and housing reform were taken in Shanghai (He and Wu 2009).

accounting for 12.7% of the total land area leased in the municipality (SSB 1991–2001). There are property-led and rent-seeking coalitions in making the urban redevelopment in the inner city (He 2010). The municipal government is highly motivated to make space for market operations and neoliberal programs. The institutions are often reconstituted at the local level to optimize structures and urban development approach. A series of market-oriented reforms have significantly changed the urban redevelopment approach in China: administrative and fiscal decentralization empowers the local state with stronger decision making rights and creates an entrepreneurial government; the adoption of the land-leasing system and housing commodification stimulates the real estate market; and changing demolition and relocation policies showcase the marketization of the redevelopment process (He and Wu 2009).

#### 2.1.1 The Unique Urban Context of Shanghai

In 2013, Shanghai's per capita Gross Domestic Product (GDP) reached 14,547 US dollars (Table 2.1). A visible player in global economy, Shanghai has absorbed Foreign Direct Investment (FDI) of 16.8 billion USD in 2013, an increase of 51% compared to 11.1 billion in 2010. At the same time, it has actually contracted 24.6 billion of FDI in 2013, an increase of 60.8% compared to 15.3 billion in 2010.

Table 2.1: Gross Domestic Product (GDP) in Shanghai (1990-2013)

Year	Gross Domestic Product (100 million yuan)	Per Capita Gross Domestic Product (USD)
1990	782	1,236
1991	894	1,251
1992	1,114	1,488
1993	1,519	1,920
1994	1,991	1,662
1995	2,499	2,129
1996	2,958	2,483
1997	3,439	2,822
1998	3,801	3,045
1999	4,189	3,270
2000	4,771	3,630
2001	5,210	3,842
2002	5,741	4,103
2003	6,694	4,650
2004	8,073	5,417
2005	9,248	6,061
2006	10,572	6,882
2007	12,494	8,159
2008	14,070	9,637
2009	15,046	10,125
2010	17,166	11,238
2011	19,196	12,784
2012	20,182	13,524
2013	21,602	14,547

Source: Shanghai Statistical Yearbook (2014)

Figure 2.1: Shanghai District Map



Source: <http://www.chinatouristmaps.com/provinces/shanghai.html> (edited by author from a city map)

Note: The 16 districts are Huangpu, Jing'an, Xuhui, Changning, Putuo, Zhabei, Hongkou, and Yangpu, which are in the inner-core of Shanghai. Minhang, Baoshan, Jiading, Pudong, Songjiang, Qingpu, Jinshan, Fengxian are suburban districts (Shanghai Statistical Yearbook 2013).

### 2.1.2 Competition among Districts

Shanghai has undergone numerous administrative reforms over the past few decades. In 1945, Shanghai consisted of 30 districts, while in 2000 the city had 16 districts and 4 counties. Today, Shanghai consists of 16 districts and one county however these districts differ from those in existence in 2000. Three of the counties were converted to districts and a few of the districts from 2000 were merged (Figure 2.1).

One district in Shanghai could be as big as a city in the United States. The smallest district, Jing'an with a land area of 7.6 km<sup>2</sup> had a population size of 249,900 in 2013, while the size of New Orleans is 378,715. However, the second smallest district,



Huangpu had a population of 691,600. The biggest district, Pudong has a land area of 1,210.41 km<sup>2</sup>, double the land size of Chicago. The population of Pudong was 5.19 million in 2013 (Shanghai Statistical Yearbook 2014).

Shanghai's spatial restructuring follows the redistribution of functions among districts. Zhang (2009) listed four factors that Shanghai decision makers considered in redistributing district functions: location, history, economic base, and leadership. According to Zhang (2009), location first of all matters in urban development and the distribution of functions with downtown serving as a favorite place for investors and residents. The functions of the CBD, the Huangpu District range from administration to commercial, retail and residential development. Second, a district's history has a considerable impact on its functions and development pattern and has a strong influence on its economic role in Shanghai. For instance, the Huangpu District has been Shanghai's traditional CBD for 80 years and a part of the old French Concession<sup>3</sup>. Its history has fostered a local culture as high-end, upper corners<sup>4</sup> (Shang Zhi Jiao) and well-off. Third, a district's economic base contributes significantly to its functions. For example, Huangpu's economic base has been finance and retail businesses since it was founded in the 1850s and Huangpu serves as the heart of Shanghai's economy. Fourth, leadership makes a difference in urban development outcomes; Zhang (2009) concluded that the efforts to make Shanghai an international city start from the bottom at the district level, especially areas such as the CBD. For Zhang (2009), how to achieve balanced development for the district in terms of center areas and outskirt areas in the global era

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<sup>3</sup> The Shanghai French Concession was a foreign concession in Shanghai, China from 1849 until 1943, which progressively expanded in the late 19th and early 20th centuries. For much of the 20th century, the area covered by the former French Concession remained the premier residential and retail district of Shanghai.

<sup>4</sup> Shanghai was once divided into what were called Upper Corner and Lower Corner. Traditionally the foreign concessions were regarded as the Upper Corner such as Huangpu, while the northern areas in Zhabei and Yangpu, home to poor immigrants, were regarded as the Lower Corner.

remains a problem. On the other side, the municipal government sets annual requirements for district governments on the quantity of housing requisition projects. Districts compete with each other on attracting foreign direct investment, on land leasing revenue and other political achievements such as the infrastructure building. To achieve the political goals for the municipal government, Shanghai pioneered in China in engaging residents in housing requisition as it followed the regulation from the central government well and made the bylaws detailing the participation schemes in housing requisition on state-owned land. On the economic side, tightly controlled by the central government, Shanghai contributed 25% of the country's revenues during the 1970s (Wu 1999). And in 2010, Shanghai still contributed 17% of the country's revenues which accounted for 95% of total revenues in Shanghai (Shanghai Statistical Yearbook 2011).

Zhang (2011) has pointed to three major policy areas that have fundamentally affected land use changes in Shanghai and other Chinese cities: introducing a market mechanism to replace the planned system in all economic realms; decentralizing decision-making power on urban development issues from the central to the local government; and establishing the urban land and housing market to materialize the market value of land. He goes on to note that with decentralization and a greater reliance on the market has come a growing dependence on the part of local governments on land-generated revenues for funding infrastructure and social welfare projects. Particularly over the last decade land revenue has become a very important source of fund for local administrations in China. For urban China as a whole, "land granting" revenue flowing to local governments has increased from about six percent of total municipal revenue to more than 20 percent from 2001 to 2004 alone (Wang 2011). Zhang puts the number at

close to 40 percent for the current period (Zhang 2011). One factor clearly related to the growing reliance on land as a source of revenue for local Chinese governments is the rising price of land, which increased nationally by 74 percent from 1997 to 2006 (Wang 2011).

## **2.2 Inner-city Redevelopment Schemes and the Scale of Redevelopment by District**

In explaining the transformation of Shanghai from China's manufacturing and business center to an international financial center and a global shipping hub, Zhang (2009) identifies a series of policies on the city level, such as "investing more in infrastructure improvement and beautification projects for the service sector in the CBD rather than in manufacturing industry districts" (Zhang 2009: 178). These strategies have forced Shanghai to convert central industrial land into high-end housing and commercial buildings.

Zhang concluded that the efforts to make Shanghai an international city started from the bottom at the district level, especially in areas such as the CBD. Inner-city redevelopment (Jiuqu Gaizao) projects are one of the priority projects of Shanghai for inner-core districts such as Huangpu, Jing'an, Xuhui, Changning, Putuo, Zhabei, Hongkou, and Yangpu (Shanghai 12<sup>th</sup> five-year plan). Between 1995 and 2010, one million residential units were relocated from the inner city of Shanghai to the outskirts of the city or suburban counties (Shanghai Statistical Yearbook 2013, Table 2.2). Between 2011 and 2014, inner-core districts demolished over 2.5 million square meters of old lilong<sup>5</sup> housing forcing 102,700 inhabitants to move from old lilong housing to new apartments (Interview with Official 11).

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<sup>5</sup> Lilong housing is old residential pattern in the southern parts of China. "Li" means "neighborhood", and "long" means "lane".

Table 2.2: Residential Resettlement in Central Shanghai, 1995-2010

Year	Residential Resettlement (Units)	Residential Floor Area Resettled (10,000 Meters <sup>2</sup> )
1995	73,695	253.90
1996	86,481	258.86
1997	77,388	363.16
1998	75,157	343.94
1999	73,709	248.17
2000	68,293	288.35
2001	71,909	386.66
2002	98,714	485
2003	79,077	475.47
2004	41,552	232.52
2005	74,483	851.85
2006	76,874	848.35
2007	49,092	690
2008	51,288	753.71
2009	65,439	612.56
2010	38,441	389.87
1995-2010	1,101,592	7,482.37

Source: SSB 2011; He 2010

Lilong housing in Shanghai became the target of inner-city redevelopment beginning in the 1980s, especially for dilapidated, old lilong housing. The biggest challenge was the urban revival of the old central areas of each district. Disinvestment in housing during the pre-reform period and poor housing conditions in the old central areas have pushed district governments to pay more attention to housing improvement projects. For instance, in the Huangpu District, the old lilong neighborhoods accounted for 1,742,300 square meters in 2010, and the district government has retaken and demolished 14,493 units of derelict housing (housing with no proper hygiene facilities or where old

load-bearing walls were not up to standard, according to the Shanghai housing authorities) (Shanghai Statistical Yearbook 2014) (Table 2.3 & 2.4; Figure 2.1). In addition, in the 11<sup>th</sup> five-year<sup>6</sup> plan (2006-2010), the demolition of dilapidated housing in the Hongkou District covered 947,500 square meters, and affected 19,974 households. For the 12th five-year plan (2011-2015), 1.6 million square meters of old lilong housing is slated for demolition. Table 3 shows that the Hongkou District demolished 9,374 units of old lilong housing between 2011 and 2013 (Shanghai Statistical Yearbook 2014).

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<sup>6</sup> The five-year plan is a government economic and social development plan for a five-year period. The first five-year plan was carried out between 1953 and 1957. The third five-year plan was carried out between 1966 and 1970 after a three-year delay.

Table 2.3: Number of Existing Old Lilong Housing in the Inner-city Districts of Shanghai, 2010

District	Type one old lilong <sup>7</sup> construction area (10000 sq. m)	Type two old lilong <sup>8</sup> construction area (10000 sq. m)	Total construction area (10000 sq. m)	Construction area (sq. ft)
Pudong New Area	64.30	77.90	142.20	15,357,600
Huangpu	150.72	23.51	174.23	18,816,840
Xuhui	18.88	27.19	46.07	4,972,320
Changning	1.18	12.74	13.92	1,503,360
Jing'an	22.58	12.58	35.16	3,797,280
Putuo	9.21	55.24	64.45	6,960,600
Zhabei	57.69	66.62	124.31	13,425,480
Hongkou	82.60	46.08	128.68	13,897,440
Yangpu	40.17	96.01	136.18	14,707,440

Source: Shanghai Statistical Yearbook 2011

Note: 4) Lilong housing built later than Type Two lilong housing, having better facility than old Shikumen lilong. 5) Old lilong housing usually has no sanitary equipment.

Table 2.4: Old Lilong Housing Resettlement (Demolished) in Different Districts (2011-2013)

District	Quantity of Resettled Residential Households (Unit)			
	2011	2012	2013	Total
Total	22,349	21,262	30,322	73,933
Pudong New Area	4,184	2,297	1,846	8,327
Huangpu	4,205	5,118	5,170	14,493
Xuhui	233	101	118	452
Changning	479	1,907	2,184	4,570
Jing'an	1,038	258	3,979	5,275
Putuo	1,208	1,872	1,635	4,715
Zhabei	2,950	4,043	5,373	12,366
Hongkou	2,773	739	5,862	9,374
Yangpu	2,253	3,301	3,400	8,954

Source: Shanghai Statistical Yearbook, 2012-2014

The compensation per unit area in Jing'an is several times of that of Yangpu and Hongkou (Table 2.5). Yangpu has the most land resources among the inner-city district.

<sup>7</sup> Lilong housing built later than Type Two lilong housing, having better facility than old Shikumen lilong.

<sup>8</sup> Old lilong housing usually has no sanitary equipment.

It has 50,000 households for Lilong of Type Two in 2015 and will be planning to relocate 5,000 households each year in the next 10 years (Huangpu District 2015).

Table 2.5: Comparison of Relocation Compensation, Sample of Four Projects in the Yangpu, Hongkou and Jing'an District

	Yangpu 2010	Yangpu 2012	Hongkou 2009- 2011	Jing'an 2012
Number of Property Titles	245	1,152	271	2,580
The total housing construction area (square meters)	8,055.03	32,615.60	9,982.37	67,295.80
Average compensation per title (million)	58.22	109.27	123.57	246.45
The amount of compensation per unit area (million)	1.77	3.86	3.35	9.45
The percentage of Incentive Payments <sup>9</sup>	15.80%	20.80%	60.61%	47.01%
Percentage of disadvantaged residents receiving bonus compensation (Tuodi Baozhang <sup>10</sup> )	N/A	56.42%	N/A	28.99%

Source: Hua (2013)

Regarding the amount of compensation per unit area, differences are significant in each district. Using the example of 2012, the average amount of the Yangpu District compensation was the lowest at 38,600 Yuan per square meter; Hongkou reached 61,200 Yuan per square meter; Jing'an, which is next to Huangpu, even reached 94,500 Yuan

<sup>9</sup> Incentive payment is beyond the compensation calculated from the areas of the apartment and the need of the residents. It usually helps to encourage residents to work with the government to move out early.

<sup>10</sup> The disadvantaged residents here for Tuodi Baozhang mean that every member in one household gets less than 22 Square Meters compensation on resettlement housing according to their circumstance. The district government will pay the household 22 Square meters each person then.

per square meter (only monetary compensation, not counting the resources of resettlement housing). As the Yangpu District has more land resources, it offered more in-district resettlement housing. Huangpu and Jing'an have a higher monetary compensation standard (Hua 2013; Interview with Official 11).

The compensation package usually consists of two parts; one is calculated from the construction area of the apartments, the other is from the incentive fees such as moving fee, signing the contract fee and the bonus from each project. The proportions of the incentive fees in the total compensation costs differ among various projects in each district as well. In three projects in the Hongkou District in 2012, the proportions were 53%, 60%, and 38%. The proportions of the subsidies in two of Xuhui's projects were 48.75% and 64.68%. Overall, however, the proportions that the Yangpu District maintained were the lowest, at 20% and below. Leadership ability in each district, district financial capability, and property prices in the surrounding areas can explain the differentiation.

In August 2014, the Municipal Housing Bureau<sup>11</sup> issued *Article No. 243*, on regulating incentive fees for housing requisition. The legislation demanded that the districts not offer incentive compensation to relocated residents to make them move early. Different districts followed the new regulations in different ways. Some districts offered different categories of incentive fees to maintain the same level of compensation packages (Interview 12 & 24). The municipal government concerned about the political achievement that residents would send more petition letters to the local government about the unfairness of receiving different incentive compensation. The incentive compensation

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<sup>11</sup> Shanghai Municipal Housing Bureau regulates housing requisition on state-owned land: <http://www.shfg.gov.cn/>



drives residents out of their communities earlier, which does not obey the idea of citizen participation of the new policy.

### **2.3 An Overview of Requisition and Resettlement Policy**

At the beginning of the planned economic system in 1994, relocation was fairly easy for the government to operate, and residents treated relocation as a part of housing welfare benefits (Hua 2010). In the process of transitioning to a market economy, the district government contracted with demolition companies, who had power to “control” relocation costs. When the local government contracted with a demolition company, the company set the compensation standards tight and the relocated resident could not get full compensation from relocation. From 1996 onwards, residents began to realize that they could argue for fair compensation and the difficulty of relocation increased. Under the contract system, the revenue of the demolition company was linked to the compensation of the residents. The more residents relocated, the more money the demolition company could collect and get from the district government. Therefore the interests of the company were bundled together with those of the residents.

With the release of *Article No. 111* after Year 2000, while emphasizing the counting of “the amount of brick and mortar” (the size of the apartment), the government would still consider “the number of residents” in compensation. In order to get more compensation, residents employed various deceptions, such as transferring the Hukou (the registered residence) of some registered relatives into the household, even though the relatives did not live in the apartment. When a developer served as the main sponsor of a relocation project, the government served as a “third party” to resolve conflicts between residents and developers.

In 2004 and 2005, the local government emphasized the transparency of the policy—the so-called “sunshine policy”<sup>12</sup> in residential relocation and demolition. However in 2006 and 2007, the local governments allow payment of extra compensation to residents if they were not happy in the name of the maintenance of the stability and harmony of the society. There were some unfair policies practiced during that time period. One three-member household usually got 600,000-700,000 Yuan from a developer for relocation compensation. However if residents went through petitions (Shang Fang) and other government channels, they could get 2-3 million Yuan per household. Therefore residents preferred going through the government for relocation compensation. Compensation standards were still not clear and transparent at that time. Under these circumstances, 30% of residents would leave with the normal compensation, and another 30% would leave with a little more, around 100,000 Yuan more at that time. The rest could become the potential targets for forced relocation and get the most among all the residents (Hua 2010). Compensation differences among families in one project or between different districts could be huge. For example, in 2007 and 2008, the average compensation package in the Hongkou District was 270,000-280,000 Yuan, 500,000-600,000 for Huangpu and over 600,000 for Jing’an (Interview 22).

Under the previous regulations (before 2011) people who held out the longest received the largest compensation packages. Developers, mostly state-owned, were in charge of housing requisition projects, which were called “demolition and relocation” at the time. No private developers before 2011 could participate in housing requisition projects in Shanghai, except for some of Hong Kong based real estate developers such as Shui On. The developers pursued economic benefits. If they were able to finish a project

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<sup>12</sup> Sunshine (Yangguang) policy claims to emphasize the transparency of the policy.

one day earlier, they saved on loan interest. Therefore, they provided more compensation to remaining residents to persuade them to move earlier. One project manager from the Huangpu District recalled, “the government only had a bottom line but no ceiling at that time for the amount of compensation. Residents who stayed to the last moment gained more benefits than others” (Interview 13).

### *2.3.1 The “Significant Costs” of Housing Requisition projects*

In 2009, the local government released *Article No. 88* on housing requisition, with requisition costs reaching a high point. However, compensation standards were still not clear. Many reasons account for the increase in the cost of housing requisition. In addition to the escalation of housing prices in recent years, other factors also brought “significant costs” to housing requisition. First, the incentive compensation counted too much in a compensation package. Second, the subsidy for encouraging residents to move out early was at a high level at that time. Statistics from 5,391 households in 9 housing requisition projects from 6 districts showed that subsidies for rewarding accounted for 40%-64% of a total compensation package (Hua 2010). Third, the question of how to determine compensation for construction areas of the apartments changed in the 2009 policy, pushing up the overall compensation base. According to previous regulations, the unregistered<sup>13</sup> extra area built before 1981 was a legitimate area that could be compensated. However, some districts even compensated areas built between 1981 and 1999 (interview 22). In addition, dwelling area subsidies applied only to the old set of apartments (old lilong housing), but some districts included new studios and other sets of housing into the scope of subsidies (Interview with Project Manager 3).

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<sup>13</sup> Because of the limited housing size, the residents usually built some extra areas which cannot be recognized by the housing authority.

From the perspective of the cost of housing requisition projects, once the project had an 85% approval rate among residents, the remaining 15% of the residents could also raise the whole cost of the project. Residents who did not sign the relocation and compensation contract shared some of the following characteristics: they were demanding higher levels of compensation; they were unable to solve disputes among family members about the distribution of compensation; their title to the apartment was unclear; and/or they were members of vulnerable groups who could not afford to leave.

### *2.3.2 Compensation Schemes in Housing Requisition*

As China's socialist legacy, the compensation scheme in Shanghai consisted of subsidies for so-called "vulnerable groups", which included seniors (over 80-years-old), the disabled, and low-income households. Compensation schemes varied by projects in Shanghai. However the details of subsidies for vulnerable groups are not recorded in the national regulations. Some housing experts argued that the compensation packages that included subsidies not only needlessly increased compensation costs, but also led to additional unnecessary contradictions and conflicts. In a survey conducted by Hua (2013), resettlement standards for old lilong varied greatly. For instance, resettlement standards in the Hongkou District were set to ensure that the size of the apartment remained the same and they allowed relocated residents to find a place in the surrounding area of the redevelopment area in Hongkou; Xuhui ensured that residents could have the size of their apartment doubled in the surrounding area in Xuhui; Yangpu could only provide at least 22 square meters per person for resettlement housing in different places in or outside of the district. The district government could determine compensation

standards and those who have better financial resources usually provide more incentive compensation.

### *2.3.3 District Differentiation*

The differentiation in each district affects the compensation scale and how the policy scheduled and situated within the districts. The development of relocation compensation schemes considers historical continuity in compensation standards<sup>14</sup>, district financial capability, and property prices in the surrounding areas (Hua 2013). Government schemes for development generally include the following four steps on the district level: First, make a basic framework for a compensation scheme, according to the requirements of regulations and thus produce a template of a compensation contract; second, hire an appraisal company to assess apartments according to the standard of market value; third, organize public hearings for the draft of a compensation scheme; fourth, set subsidy standards.

Located on the most expensive land in Shanghai, with an 8.3-kilometer-long riverside, the Huangpu district is characterized as simultaneously having both flourishing high-rise buildings and dilapidated old housing. The new Huangpu District has created more opportunities to optimize economic development strategies to compete for foreign investment because it has more land resources and has a larger economic base (Huangpu District Website 2012). In the Hongkou District, the structure of real estate development has changed. The ratio of residential to commercial land supply was 8 to 2 by the “Tenth Five-Year” period: 2001-2005, and it was adjusted to 3 to 7 during the "Eleventh Five-Year" period: 2006-2010 (Hongkou District Document). Despite the increase in

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<sup>14</sup> The compensation for housing requisition follows continuity and stability in each district although the versions of the regulation update.

commercial development, in 2012 the whole district still had 1.52 million square meters of old lilong housing, with more than 62,000 households living in apartments in poor condition. However, per capita land resources in the Hongkou District are only one-tenth of the city average, making the economic and social transformation of Hongkou slower than many other inner-city districts (Hongkou District Official Document). The Yangpu District was Shanghai's industrial district and still retains some traditional industrial zones (Zhang 2009). Judging from the total level of compensation, the Huangpu District is relatively high, and Yangpu and Hongkou are relatively low (Interview 22). Some inner-city districts which are located in the most expensive blocks in Shanghai do not have many redevelopment projects left therefore the district government pays more compensation to close the projects quickly. Nevertheless, those districts usually have more financial resources. These high compensation strategies elicit feelings of injustice to those living in other districts and to those relocated earlier, from the same districts.

## **2.4 Conclusions**

The redistribution of functions among districts has led to the spatial restructuring in Shanghai, since urban redevelopment has been adopted as a strategy to promote economic growth in all these districts in Shanghai. Different focus on the industries determines the functions of the districts. The Hongkou District is turning its old industry zone into a new intensive shipping industry. And hardly any district can compete with Huangpu District for its world-class commercial streets.

The challenge facing Chinese urban redevelopment is that the central and local government share the social welfare spending. From the state-planned alleviation of old and dilapidated housing to state-subsidized urban renewal, the approach to urban

redevelopment in post-reform China has changed and brought about different impacts on urban neighborhoods (He and Wu 2005; 2007). City and district governments are more likely to supply land at locations with lower resettlement costs. While the changing of city landscape attracts more tourists from the world, urban redevelopment has sorted people into different places according to their socio-economic status.

The high cost of relocating residents from the city-center to suburban areas in Shanghai pushed the local government to utilize the 2011 regulations on housing requisition to include citizen participation schemes in housing requisition process. In the next chapter I will set up a research framework to fill in the literature gap on discussing the changing roles of the government and nongovernmental actors in negotiating urban redevelopment in China.

## **Chapter 3: Urban Redevelopment Regimes, Citizen Participation and Just Cities**

### **3.1 Introduction**

The objective of the dissertation is to provide insights on the efforts of local government in inner-city redevelopment and decentralized urban governance in housing requisition in a comparative perspective. In Chapter 2, I presented an overview on the scale of urban redevelopment in Shanghai and decentralization in urban governance. In Chapter 3, I examine the literature on urban regimes, justice planning and citizen participation to investigate the power relationships and nature of participation in different housing requisition projects in Shanghai. Specifically, this research seeks to answer the following questions:

Question 1: How are housing requisition regulations and negotiations shaped at the district level in Shanghai?

Question 2: What role do the state and local authorities play, and how is this associated with change in urban redevelopment regimes under neoliberal governance?

Question 3: Do the more “participatory” approaches to housing requisition for urban redevelopment address unequal power relations and conflicts among local groups in different districts? If so, how?

Question 4: What strategies do residents use to negotiate inner-city redevelopment?

### **3.2 Towards a Better Framework of Urban Redevelopment Regime**

Regime theory can help to understand the fine grain of urban politics in a period of changing forms of urban governance (Stoker and Mossberger 1994). A regime involves not just any informal group that comes together to make a decision but an



informal, yet relatively stable group with access to institutional resources (Stone 1989). To Stone (1989), regimes are the mediating agents between the ill-defined pressures of an urban environment and the making of community policy. Regimes concerned with property development become dependent upon capital resources rather than popular participation (Stoker and Mossberger 1994).

The regime approach offers a helpful perspective for analyzing the political economy of a city in the transformation as the regime approach emphasizes on the construction and institutionalization of cross-sector governing coalitions (Strom 1996). Stone (1989: 212) argues that the efficient execution of an agreed-upon project can be achieved by a relatively small body of actors, reinforced in their cohesion by selective incentives. According to regime theory, political restructuring reflects the concerns of a governing coalition, as well as its capacity to understand and appreciate the consequences of its actions (Stone 1993). Zhang (2002: 475) identified two assumptions in Stone's (1993) regime theory: (1) an urban governing coalition seeks to use political power for the purpose of social production, and (2) regimes, as informal arrangements among coalition partners, are formed by government officials. Regime theory focuses on the nature and composition of the governing coalition and, instead of assuming a widespread capacity to redress imbalances, asks how and why some concerns gain attention and others do not. Regimes, as Stone (1989) has conceived them, are understood in terms of: 1) who makes up the governing coalition, and 2) how the coalition achieves cooperation. Both points illustrate how an unequal distribution of resources affects politics and what differences the formation in a regime makes. Stone (1993: 11) points out that "those with more resources, especially resources that can build additional support or advance a policy

purpose, have a superior opportunity to rally support for the cause they favor.” Regimes do not directly emanate from economic globalization. However, they may be “more likely where states respond to globalization by decentralizing political power to localities than in states where the center is restructuring but retaining political power” (Davies 2003: 266).

### ***Types of Urban Regimes***

Swanstrom (1988) pointed out that the type of regime developed in a city would be determined by economic pressures, capital accumulation and class composition. In addition, political leadership and its values will influence the nature of the regime. Stone (1989) analyzed urban development in Atlanta and found corporate, progressive and caretaker regimes of urban development in the city:

- The corporate regime is one in which private interests play a major role in guiding development policy with the effect that public authority and resources are used to subsidize investment.

- The progressive regime is one in which middle- and lower- class neighborhood groups play a major role in policy-making.

- The caretaker regime is one in which small business and homeowners constrain city governments in policy-making.

Caretaker regimes solve the problem of civic cooperation—the coordination of efforts across institutional lines—by minimizing the need for it. They are concerned mainly with the provision of routine services, which requires relatively simple coordination compared to an activist regime, such as the one in postwar Atlanta. Caretaker regimes are less costly to operate. In the United States, progressive regimes are

common in communities with a resource-rich, but non-corporate, middle class (Stone 1989).

Stone (1993) further identified maintenance regimes, development regimes and regimes which are devoted to the expansion of opportunities for the lower class.

Maintenance regimes represent no effort to introduce significant change (p. 18).

Development regimes are concerned primarily with changing land use to promote growth, representing efforts to modify established social and economic patterns. Middle class progressive regimes focus on measures such as environmental protection, historic preservation, affordable housing, and linkage funds for various social purposes. Regimes devoted to the expansion of opportunities for the lower class typically involve enriched education and job training, expanded access to transportation, and greater opportunities for business and home ownership.

### ***Applicability of Regime Theory in China***

Stone (1993: 231) regards the social production model as a model intended to illuminate the workings of regime politics, and “urban regimes are arrangements for acting, for accomplishing policy goals, for managing friction points between groups, for adapting to an exogenous process of social change”. Zhang (2002) points out that Stone’s (1989, 1993) conception of power is based on a social production model, which emphasizes the ability of actors within a regime to mobilize resources. However, in China, where there is a strong government, it is based more on a social control model. A social control model is one in which local politicians must meet the desires of higher levels of government.

Zhang (2002) further argues that the economic perspective of regime theory applies to the case of Shanghai. From an economic perspective of regime theory, leasing more land in Shanghai can bring more revenue to the city (Zhang 2002). This is a main goal of the city's pro-growth policy. The amount of land-leasing has increased substantially in Shanghai. This land policy has brought pressure on the redevelopment of the existing built area. More urban residents have to be displaced to make room for redevelopment projects. Yang and Chang (2007) proposed a model called a "rent gap seeking regime" (RGSR) to explain the mechanisms behind China's urban redevelopment. They found that the logic of capital accumulation has dominated the reshaping of the spatial forms of Shanghai's *lilong* housing. A pro-growth coalition between district governments and foreign capital emerged during this process of urban restructuring.

Zhang (2002) employs the concept of coalition building and uses cases of displacement in Shanghai's rapid urban growth to study the relationship between urban regimes and urban redevelopment outcomes measured by population redistribution through relocation. The motivations for as well as the consequences of redevelopment in Shanghai manifest the characteristics of a socialist regime that features "successful government intervention, active business cooperation, limited community participation, and uneven distribution of benefits and costs of new developments" (Zhang 2002: 478). The uneven distribution of benefits of displacement makes it hard to build consensus among relocated residents. The community cannot effectively mobilize relocated residents to stop the project or get a "better deal" in displacement (Zhang 2002). After the issue of the *2011 Regulation* on housing requisition, community residents stopped at least

3 projects in different districts in Shanghai through refusing to sign the relocation contracts with the district government.

Zhang (2002) argues that the meaning of public power and political legitimacy in China differs fundamentally from that in the United States. As a result, a social control model might work better than a social production model for analyzing political issues in city governance in China. In the post-reform era in China, the municipal and district governments still control key development resources such as land and financial institutions like banks and insurance companies. Consequently, the government takes a leadership role in the governing coalition. The economic perspective of regime theory works well for an analysis of China. The state may have “direct power over others” in political matters; however, it no longer has complete control of other actors in economic issues (Zhang 2002: 477). From political perspective of regime theory, good political performance and meeting the desires of higher levels of government are the real concern of local leaders in China, because their positions rest on the approval of higher ranking officials rather than from local elections (Zhang 2002). Zhang (2002) concludes that the most important difference between coalition building in the United States and China lies in the political dimension of coalition building. In liberal democratic societies, political legitimacy is earned through public elections and is exhibited in governmental power. Additionally, private ownership forces governments to build coalitions with them for economic growth (497). In contrast, meeting the desires of higher levels of government is the main concern of local leaders in China because their positions come from the approval of higher ranking officials.

Governance practices must be understood in institutional and cultural contexts. Fainstein and Fainstein (1983: 258) identify successive types of regimes as directive, concessionary and conserving regimes for different development stages in the US. Before 1965, directive governments sponsored large-scale redevelopment with little effective opposition from the citizens. Concessionary regimes followed directive urban regimes as governments were forced to be more responsive to lower-class interests. Conserving regimes in the 1970s reflected more lower-income interests than the governments but was still under the hegemony of capital. Conserving regimes preserved political arrangements, which maintained social control without the cost of much capital. Fainstein and Fainstein (1983: 271) suggest how redevelopment is affected by the increasingly powerful representation of lower- and working-class interests in governmental policy, under conditions of weak versus strong private investment.

Mossberger and Stoker (2001: 829) identified the core properties of Stone's regime concept:

- Collaboration based on social production—the need to bring together fragmented resources for the power to accomplish tasks;
- Identifiable policy agendas that can be related to the composition of the participants in the coalition;
- A longstanding pattern of cooperation rather than a temporary coalition.

Mossberger and Stoker (2001) further argue that urban regimes bring together resources in a complex policy environment where government action alone is insufficient, and thus include nongovernmental actors. The exact composition of regimes

will vary because the institutional resources available will vary from one city (and one country) to the next.

Stoker and Mossberger (1994: 200) argue typology of urban regimes features four dimensions of the process of regime formation and development which are linked to regime purposes, and have implications for cross-national research. These four process components are:

- (1) mechanisms for mobilizing participation in regimes,
- (2) the nature and process of developing a common sense of purpose within regimes,
- (3) the quality of coalitions established within regimes and the congruence of interests among regime partners,
- (4) strategies used by regimes in dealings with the wider local and non-local political environment.

In the case of Shanghai, the institutional resources vary from one district to another because districts function as cities in many respects. The variation in resources among districts relates to my first research question, how are housing requisition regulations and negotiation shaped within the urban districts in Shanghai? What role do the state and local authorities play associated with a change in urban redevelopment regimes under neoliberal governance? I argue that districts in Shanghai compete with each other in land leasing, and districts with more financial resources play a more central role in the decision-making of housing requisition projects. It can dominate the decision-making by offering more incentive compensation.

Table 3.1: An Extended Typology of Urban Regimes for Comparative Research

Defining Characteristics	Regime Types				
	Organic	Instrumental		Symbolic	
	Caretaker	Development	Concessionary	progressive symbolic regime	urban revitalization regime
Purpose	Maintenance of status quo	Project realization	Growth domination	Redirection of ideology	Redirection of image
Main motivation of participants	Local dependency	Tangible results	Tangible results	Expressive politics	Expressive politics
Basis for sense of common purpose	Tradition and social cohesion	Selective incentives	Selective incentives	Strategic use of symbols	Strategic use of symbols
Quality of coalition (congruence of interests)	Political communion	Political partnership	Political struggle	Competitive agreement	Competitive agreement
Process	Debate	Confrontation	Negotiation	Representation	Negotiation

Source: Adopted from Stoker and Mossberger (1994: 199), Misener and Mason (2008), Fainstein and Fainstein (1983: 258), Stone (1989; 1993)

Stoker and Mossberger (1994) provide a typology to classify the different patterns of power in the United Kingdom and the United States, and I apply these patterns to describe the nature of decision-making within housing requisition projects in Shanghai. The essential characteristics of the variants of urban regime types identified by Stoker and Mossberger (1994: 199) are summarized in Table 3.1. The organic regime characterizes cities with a sense of place, or with homogenous populations that could have a high degree of consensus. The instrumental regime is typified by Stone's description of Atlanta. Symbolic regimes occur in progressive cities aiming at changing the ideology of local governance, or in cities pursuing a change in image to revitalize the fortunes (Stoker and Mossberger 1994). While taking an approach that recognizes the differences between countries, we need to look at the essential commonalities in the



politics of cities (Misener and Mason 2008). This dissertation attempts to identify what role the state and local authorities play associated with a change in urban redevelopment regimes under neoliberal governance. I will analyze the types of regime through an analysis of purpose or the goal of a regime, motivation of participation in regimes, ways of developing a common sense of purpose within regimes, the congruence of interests, and processes of regime development.

### **3.3 Justice Planning and the Right to the City**

Fainstein (1990) argues that “political forces are ultimately rooted in the relations of production” (123). To be sure, she argues, political forces enjoy a degree of autonomy and they are affected by non-economic as well economic factors, however the agenda of political struggle is closely tied in with the economy. Economic change raises questions of equity: who will benefit and who will bear the cost? It also forces decision-makers to ask how various economic and non-economic considerations are to be weighed against one another (Logan & Molotch 1987).

There was strong evidence from international media that displaced households were not happy with the conditions of resettlement—they were often not provided with compensation adequate for obtaining resettlement housing in a comparable location, or were resettled in remote areas with poor transportation connections (Day 2013). On the other hand, there is evidence that some Chinese citizens welcome relocation because it results in an immediate large cash flow and a larger living space (Day 2013).

The undemocratic nature of the planning process can be raised, as well as the influence of money and political power in the decision-making process. “Who benefits and who suffers” is always an important part of planning analysis (Marcuse 2009: 101).

Marcuse (2009) examines whether the purpose of public action in a particular case is simply to find the highest and best use for a piece of land, to serve the common good, or to improve the lives of individuals that are now or might potentially be affected by public action. Marcuse (2009) further argues that better processes do not necessarily lead to just outcomes, which parallels Fainstein's argument in *The Just City* (2010). A justice criterion requires a policy maker to ask not only about efficiency and effectiveness, but also to what end. The measurement of outcomes in "aggregate monetary terms" leads to a trade-off between efficiency and equity (Fainstein 2010: 9).

Fainstein (2010: 61) argues that "the initial demands for citizen participation in bureaucratic decision making originated in the U. S. with low-income groups wanting increased benefits. As time passed, participatory mechanisms became a vehicle for middle-class interests." Fainstein (2010) critiques the communicative planning paradigm's belief in the efficacy of open communication, which ignores the reality of structural inequality and hierarchies of power. Fainstein (2010) enquires whether citizens are good judges of their own interests or the public good and whether participants know their own interests or discover their own interests through the process of debate, while Healey (1997) argues that engagement in governance processes shapes participants' sense of themselves. Participation inevitably brings together both powerful and disenfranchised groups, and it becomes meaningless unless it is able to achieve shifts in power in favor of the latter (Bull and Jones 2006). Jones (2003: 582) argues that participation is unavoidable in games of power, and that they do not always produce the "desired" effects. They even could (re)produce inequality. Fainstein (2010: 3) proposes a model of the "just city" in which public investment and regulations produce equitable outcomes

rather than support those that are already well off. The issue of equity is closely connected to public policies for housing and urban regeneration (Fainstein 2010).

Fainstein (2010: 183) argues that,

At the very least, a concern with justice can prevent urban regimes from displacing residents involuntarily, destroying communities, and directing resources at costly megaprojects that offer few general benefits. Most positively, it can lead to policies that foster equitable distribution of governmental revenues, ...and make local decision making more transparent and open to the viewpoints of currently excluded groups.

Fainstein (2010: 36) refers to “equity” as a distribution of both material and nonmaterial benefits derived from public policies that do not favor those who are already well off. Furthermore, it does not require that each person be treated the same but rather that treatment be “appropriate”. Relative disadvantage may be defined in terms of class or group characteristics. Fainstein lists in her principles for guiding public policy on residential relocation (2010: 172-173),

When relocation is needed for the construction of public facilities, to improve housing quality, or to ..., adequate compensation requires that the dislocated be given sufficient means to occupy an equivalent dwelling, regardless of whether they are renters or owners and independent of the market value of the lost location. Reconstruction of neighborhoods should be conducted incrementally so that interim space is available in the vicinity for displaced households who wish to remain in the same location.

Citizen participation in inner-city redevelopment and housing requisition can prevent urban regimes from displacing residents involuntarily, and make local decision-making more transparent (Fainstein 2010, Marcuse 2009). Fainstein (2010: 64) points out that “citizen participation was to overcome the injustices caused by lack of responsiveness and failures of empathy, as well as being a value in its own right through its furtherance of democracy”. Citizen participation brings to urban redevelopment programs added efficiency, sustainability, and collective community power (Jones 2003).

To understand the participation of the residents and the neighborhoods, the policy makers should (1) identify the various voices and groups that exist within local neighborhoods; (2) develop a deeper understanding of the culture within and between these groups (Maginn 2007).

The Chinese cultural traditions of mutual help as well as China's hierarchical urban political framework shape its typology of participation. Education and income are key factors that influence general community participation. People with lower levels of education, those with lower family incomes, and those with a stronger satisfaction with the community show greater involvement in community service activities (Xu 2007). One type of such involvement in government-initiated and -sponsored community activities in China is caring for the "three no's" population--those with no work skills, no caregiver, and no income (Xu 2007: 629).

Weinstein and Ren (2009) seek to compare the changing regimes of housing rights in the context of the urban renewal that is currently underway in Shanghai and Mumbai. In their analysis, the authors identify a broad set of formal and informal institutions and practices associated with the right to housing as a "housing rights regime." Before the *2011 Regulation* was issued, residents had no say in the decision-making process of the inner-city redevelopment projects that would force them to relocate; although, Shanghai started a few pilot projects in 2007 to solicit the opinions of residents on redevelopment and relocation. Individual residents were only involved in an informal process to negotiate with the district government for better relocation compensation (Ren 2011). The negotiations were carried out on a case-by-case basis; consequently, incentive-driven behaviors and competition among residents for better

compensation made many residents choose the strategy of deliberately not-moving, i.e., acting as a ‘nail household’ (*Ding Zi Hu*) to drag out the relocation process, in order to secure a higher level of compensation and meet the best interests of their families (Song et al. 2012). Therefore, Shanghai’s experience of implementing the *2011 Regulation*, particularly its expected relocation process, demands careful examination. The changing role of residents in the housing requisition decision-making as well as the power dynamics present in inner-city redevelopment engenders a discourse on the definition of “public interest” in today’s China. The limited participation literature in China shows that resident involvement was incorporated into the earliest stages of the neighborhood planning processes for both city-center historic preservation and public space upgrading in the southern city of Quanzhou, Fujian Province (Abramson 2004).

Literature on urban redevelopment and residential relocation in China suggests that prior to the *2011 Regulation*, community residents and organizations were excluded from decision-making processes (He and Wu 2005; Wu 2004; Zhang 2002a; Ren 2011; Shin 2011; Shih 2010). Despite growing demands from residents and the greater influence of non-governmental organizations (Zhang and Fang 2004: 294), it is unlikely that citizen participation and organized collective resistance could arise and/or become successful in response to urban redevelopment schemes in China: “enormous obstacles exist as to registration and securing access to financial and human resources on the part of non-governmental, community-based organizations”. He and Wu (2005) identified the various stakeholders in China’s inner-city redevelopment projects. There are the city district government, the lowest city administrative unit in China, the active collaborator; municipal government, the authoritative mediator and supervisor; private developers,

primary participants; and urban neighborhoods and residents, the disenfranchised actors. Shin (2011) noted that in the context of Chinese inner-city renewal, local residents were effectively barred from taking part in the stage of project designation and design. Community participation in neighborhood redevelopment remains at the minimal or the bottom of Arnstein (1969)'s ladder of participation, namely manipulation, which involves educating citizens about a proposed plan or action. Under the 2011 regulations, relocated residents in Shanghai were able to participate in the decision-making process while power is not redistributed. Residents are able to stop a project according to the percentage of the contracts they sign with the district government. The transparency of the compensation schemes allowed residents to get a better idea of the whole relocation process. Those who hold out for more compensation were less powerful under the 2011 regulations. Relocated residents' expectation of citizen empowerment differs from the western context claimed by Arnstein (1969). The relocated residents in Shanghai participated for more economic benefits while Arnstein (1969)'s ladder of participation argued for being in full charge of policy aspects and promoted social movement in citizen empowerment.

Shih (2010) argues that the poor housing condition in Shanghai's inner city areas, mostly the Shanghai-style lane houses in a traditional lilong, have turned longtime residents into willing partners of the city redevelopment coalition; however, residents' embrace of the overall city redevelopment vision does not "necessarily ensure a satisfactory relocation, nor does it assure the equal participation in the inner-city redevelopment process" (Shih 2010: 352). Residents in China often lack effective means for countering the pro-growth coalitions of the government, and as a result, governments

and businesses leverage power imbalances to their advantage, at the cost of local communities and residents (Phan 2005; Zhang 2002b).

Under the *2011 Regulation*, the participation scheme in housing requisition allows residents to participate in the decision-making of housing requisition project. Do these more “participatory” approaches to housing requisition for urban redevelopment address power relations and conflicts amongst local groups in different districts? If so, how? What are the strategies that residents use to negotiate inner-city redevelopment? I argue that residents’ participation is constrained by political circumstances and economic power because the residents do not have real choices when offered financial benefits and facing a strong government. As excluded actors begin to make and gain a voice in the decision-making process of housing requisition for urban redevelopment, their decision-making is influenced by the development schemes and political context of housing requisition, although different projects might show different patterns.

### **3.4 Citizen Participation in Urban Redevelopment Relocation**

The literature on citizen participation in urban redevelopment in China identifies particular characteristics of the phenomenon. First, although residents have some passive participation in the decision-making process they need to be able to have more active participation (Yan et al. 2011). Second, residents have more concern about their own interests, and less for the “public interest” such as historic preservation and community rebuilding in China. Third, residents usually take the initiative to participate, however actual participation channels are limited (Yan et al. 2011). From the literature on urban redevelopment in China, citizen participation, social movement participation and urban governance, I summarize three main factors that affect residents’ participation in urban

redevelopment relocation; they are financial compensation, residents' place-attachment and their trust of the government.

The factors influencing residents' participation in urban redevelopment can be understood in a theoretical context Hirschman's (1970) Exit-Voice-Loyalty model. Hirschman (1970) argues that there are two ways by which people may address the declining performance of a firm, organization, or state. To "exit," means to abandon it. Hirschman (1970: 30) defines "voice" as any attempt at all to change, rather than to escape from, an objectionable state of affairs, whether through individual or collective petition to the management, through appeal to a higher authority with the intention of forcing a change in management, or through various types of actions and protests. Hirschman (1970: 77) defines loyalty as a, "special attachment to an organization." In Hirschman's model, loyalty increases the likelihood of pursuing voice by effectively reducing the costs of the action.

- Compensation

Li Zhang's ethnographic fieldwork in Kunming in China shows that "most families targeted for eviction are actually willing to give up the current place in exchange for a new home, but they are extremely dissatisfied with the politics of compensation" (Zhang 2004: 256). Most families are unable to afford resettlement housing with the compensation that they receive. Through in-depth interviews, Song et al. (2012) explore the everyday life experience of relocated residents during the process of resettlement in Shanghai and found that the relocation process involves a battle for compensation. Incentive-driven behavior encourages residents to stay in their home up to the last minute to pursue more compensation in a housing requisition project. As their old homes in the



inner city provided soon-to-be relocated residents with social networks, identity and shelter, they commonly adopted a strategy they call “bargaining for more money by using time”, holding out for more compensation and acting as “nail households” (households that refuse to make room for development) (Song et al. 2012: 66). In addition, Shin (2011: 23) found that the centrality of property values in residents’ resistance against redevelopment and demolition also allowed local governments and developers to frame “nail households” as the expression of selfishness that goes against the public interest.

#### Place-attachment

Literature in the disciplines of anthropology, sociology, and urban planning has highlighted the importance of connection to place as a force in political and social life (Hooper 2010). Munn (2013) argues that the negative evaluations of “city improvement” were within the overtly positive sense of the notion, only released and made overt as improvements were problematized and their negative aspects experienced. In city improvement projects in New York City, for instance, the value increment they create over the value they displace engenders their own future displacement (Munn 2013). In Shanghai, the increment on land value has pushed housing requisition projects and overshadowed place-attachment of the residents. According to Munn (2013: 376), “aspects of the socio-cultural milieu such as mnemonic-generational discontinuities, contradictions between fluid monetary wealth and inherited property, and between mobility and local attachments were integral to the relocations”. Munn (2013: 376) further argues that,

The city improvement could presage impending spatial segmentation in the bodily being of an old place. A place was experienced as being caught up in the potential expansive motion of the street grid. Disintegration of a place might also be initiated or prefigured in the severance of its socio-personal identity which could be drawn away from its spatial body in the departure of those inhabitants who gave it their

identity. In the moment of demolition, a place's entire existence—the concrete space, temporal pasts and futures and current identity held together in it were consumed as it was torn apart.

Furthermore, studies suggest that a greater connection to place enhances one's sense of empowerment (Manzo and Perkins 2006). Song et al. (2012) define place attachment as the meaningful relationships people form with places. While the western literature on place attachment has focused either on the elements of affection, cognition, and behavior, or interaction with cultural conformity, social belonging, and identity, Song et al. (2012) argue that the residential relocation process has advanced the reproduction of place attachment through constant bargaining, and that the place attachment of relocated residents involves remembering the past in their old homes and consideration of their future life in new places. "Bargaining place attachment" is built on the bargain between cultural conformity, social belonging, identities, and place participation. "Bargaining" has become not only their strategy of negotiation, but their way of being attached to or detached from the place--Shanghai (Song et al. 2012). Moreover, bargaining place attachment grants legitimacy to the fact that place detachment is indispensable in the redevelopment of urban China.

In their study, Song et al. (2012) argue that relocation does not destroy place attachment, but instead allows for the reinvention of place attachment in the process of bargaining. Song et al. (2012: 69) illustrated that,

The orthodox culture of obedience to authority is rooted in the displaced residents' minds, and has been utilized by the urban growth machine which imposes limitations on the social environment. When a deep-seated socialist culture meets a shaky idea of the market, the enabling of displaced residents during the process of relocation is relegated to bargaining.

Li (2015: 192) points out that the process of demolition and relocation has destroyed patterns of everyday life and obliterated the memories and histories of many families and communities, transforming old Shanghai homes into real estate capital and nostalgic photographs. Qin (2013) also argues that demolition and relocation have caused massive destruction to the patterns of daily life, especially for the economically disadvantaged people with few resources for coping with the changes in their life.

- Mis-trust

Conflict and mis-trust can be realities in all kinds of decision-making structures (Maginn 2007). Distrust in government officials has been shown to be a significant predictor of participation impediments (Boudet and Ortolano 2010). Distrust between residents, government officials and developers play a critical role in the decision-making processes of urban renewal projects. Similarly, citizens who trust the government are more likely to display compliant behavior toward policies, laws, and regulations (Sun et al. 2012). In the case of Shanghai, residents will move earlier or within the time frame of a project if they trust the government; however, they will stay to the last minute and bargain for additional money by using time if they distrust the terms of compensation package, or a “public interest” label.

### **3.5 Conclusion**

The limited literature on urban redevelopment and citizen participation in China suggests that community residents and organizations are excluded from decision-making processes (He and Wu 2005; Wu 2004; Zhang 2002a; Ren 2011; Shin 2011; Shih 2010). He and Wu (2005) point out that in Chinese inner-city redevelopment, urban district governments are the active collaborator, and municipal government is authoritative

mediator and supervisor; developers are the primary participator; and urban neighborhoods are excluded actors. Zhang (2002a) has conceptualized the features of the socialist pro-growth coalition in Shanghai as a strong local government followed by cooperative non-public sectors with community organizations being excluded. Shin (2015) argues that while China's urban accumulation may have produced new-build gentrification, redevelopment projects have been targeting dilapidated urban spaces that are yet to be fully converted into commodities and argues that dispossession is a precursor to gentrification. As the state tries to build an image of modern urban life in the city center, the social benefits of the urban poor are ignored. When the city celebrates its neo-liberal urbanism, the socio-economic benefits of local community are sacrificed (He 2010).

Local governments almost universally control land use matters, but national planning regulations, fiscal equalization formulae, and regional development policies limit both the autonomy of local officials and their dependence on local economic elites; the key arena for coalition building thus becomes central-local, rather than public-private (Strom 1996). Scholars in Chinese studies (He and Wu 2005; Wu 2004; Zhang 2002a; Ren 2011; Shin 2011) argued that the features of the socialist pro-growth coalition in Shanghai are characterized as a strong local government followed by cooperative non-public sectors with community organizations being excluded. My dissertation will offer a tangibly better framework for understanding the new context of urban redevelopment regime in China. This study will examine how stakeholders play different roles in urban redevelopment regime, the realities of citizen participation in housing requisition and changes in the power relationships of such circumstances. This research could fit in an

international context of how the roles of government and residents change in urban redevelopment under economic globalization and neo-liberalization.

## **Chapter 4: Research Design and Methodology**

### **4.1 Introduction**

In this chapter, I present a detailed account of my methodological considerations and research design. The purpose of my dissertation is to understand the complexities of governance structures and community participation in housing requisition in Shanghai. This research illustrates how the municipal and district government frames or structures citizen participation in housing requisition relocations and investigates how residents negotiate the processes of housing requisition projects. I compare how municipal and district governments shape the decision-making processes and participation patterns with different financial resources and development schemes. The research questions are as follows:

Question 1: How are housing requisition regulations and negotiations shaped at the district level in Shanghai?

Question 2: What role do the state and local authorities play, and how is this associated with change in urban redevelopment regimes under neoliberal governance?

Question 3: Do the more “participatory” approaches to housing requisition for urban redevelopment address power relations and conflicts among local groups in different districts? If so, how?

Question 4: What strategies do residents use to negotiate inner-city redevelopment?

### **4.2 Research Design**

I use a multiple case-study approach for this study. Case study is valuable when research involves empirical inquiries that investigate a contemporary phenomenon with

its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin 1994). Moreover, case study research aims for analytical generalization from specific “results” to broader “theory” (Yin 1994). Instead of hypothesizing causal relationships and then testing, the comparative case study approach allows for a more sophisticated understanding of causal mechanisms. Case study method also allows for continual refinement of hypotheses and improved operational definition of variables throughout the study, although it does not provide information about how much a particular variable affects the outcome in a particular case (Boudet 2010).

### **4.3 Methods**

My empirical work relies on several methods, including in-person, semi-structured interviews, non-participatory observation, and document reviews. I conducted in-depth interviews with officials from municipal and district housing authorities, developers, and investors, as well as residents on their roles in housing requisition process. I use government reports, legal documents, and news articles from the popular press about how district governments shape the decision-making processes and participation patterns in housing requisition and residential relocation in Shanghai.

#### ***4.3.1 Multiple Case Studies***

Yin (1994) suggests a multiple case study design use logic or replication, in which the inquirer replicates procedures for each case. Researchers should choose cases carefully so that they can predict similar results across cases, or predict contrasting results based on a theory (Yin 1994). To better understand the factors and processes that shape citizen participation in urban redevelopment and decision-making structures, I utilized a two-step comparative case study approach. Case-study research in urban planning

answers questions such as uncovering phenomena to be considered in formulating urban public policy or describing the decision-making processes (Birch 2012). A researcher selects a multiple case study to show repeated patterns, variation in patterns, and exceptional examples of patterns to “offer more ample descriptions and explanations of complex phenomena” (Birch 2012: 269). Case study approaches allow urban planning scholars to provide information about places that other methods would not capture. The contextual details about places are often lacking in purely quantitative studies (Birch 2012).

To answer my first research question, how housing requisition regulations and negotiations shaped within the urban districts in Shanghai, I examine the changing public participation mechanism through documentary reviews, interviews and observations. To answer my second research question, what role the state and local authorities play associated with a change in urban redevelopment regimes under neoliberal governance, I examine four housing requisition projects in different districts in Shanghai based on average property values, project compensation, time period and outcomes of the projects (Table 4.1a.b; Figure 4.1), to illustrate the relationships between power decentralization, citizen empowerment and civic engagement in negotiation strategies in housing requisition. I analyzed the types of redevelopment in each project through an analysis of the purpose or the goal of a regime, motivation of participation in regimes, ways of developing a common sense of purpose within regimes, the congruence of interests, and processes of regime development. I compare how the stakeholders in different districts shape the participation and negotiation patterns in housing requisition projects in Shanghai.

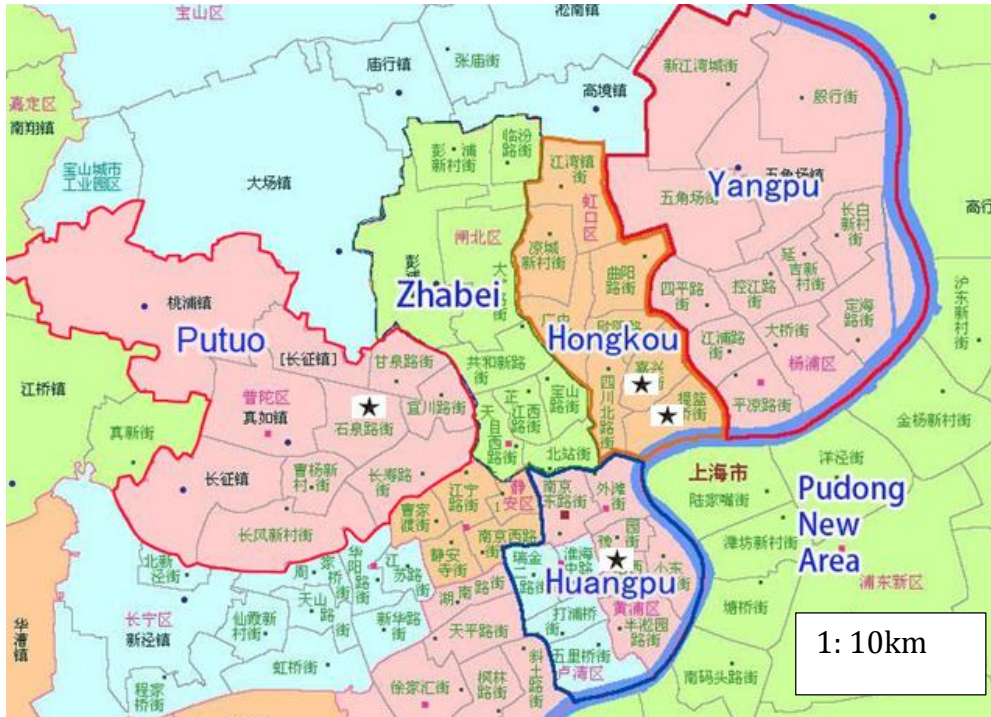


To answer my third and fourth research questions, whether and how the more “participatory” approaches to housing requisition for urban redevelopment address power relations and conflicts among local groups in different districts and what strategies residents use to negotiate inner-city redevelopment, I selected two housing requisition projects in the Yangpu and Hongkou District to observe the entire process of projects including the two-round public hearing procedures.

In an effort to identify potential cases, I reviewed key housing requisition projects in different districts from 2012 to 2014. To examine the effect of the 2011 regulations, it is appropriate to pick up projects started after 2011. And due to the time period I spent in the field from 2014 to 2015, projects started before 2015 would not be a good fit. It revealed over 50 housing requisition projects for inner-city redevelopment across 8 inner-core districts in Shanghai. To narrow the enquiry to a more manageable sample frame, potential case studies had to meet a number of criteria:

- First, the project adopted the 2011 regulations and had a clear participation scheme for relocated residents;
- Second, I welcomed any cases that were stopped by the relocated residents.
- Third, on a practical level, information on the cases had to be accessible through secondary data and interviews.

Figure 4.1: The Locations of the Huangpu, Hongkou and Yangpu District in Shanghai



Source: <http://lemonjoe.blog.163.com/> (edited by author from a regional map); the irregular line within each district divides Street Office  
Note: Black stars indicate locations of four cases.

Table 4.1a: Four Selected Case Studies of Housing Requisition in Shanghai

<b>Case Selection / Location (District)</b>	<b>Property Value</b>	<b>Compensation Package</b>	<b>Project Size</b>	<b>Regulation Requirement on Relocation Plan</b>	<b>Time Frame</b>	<b>Status / Outcome</b>
Luxiangyuan in Huangpu	High	High	~5,000 households	Over 80% approve	07.2012-12.2012	Approved
Block 59 in Hongkou	Medium	Low	~1,000 households	Over 85% approve	09.2012-03.2013	Denied
Block 237 in Putuo	Medium	Low	85 households	Over 85% approve	03.2013-12.2013	Approved
Lot No. 7 in Hongkou	Low	Medium	1,450 households	Over 85% approve	04.2012-10.2013	Approved

Source: Created by author with data from the Huangpu, Hongkou and Putuo District.

Table 4.1b: Case Selection and Research Questions

Q1	Citywide	
Q2	4 Cases	Luxiangyuan in Huangpu; Block 59 in Hongkou; Block 237 in Putuo; Lot No. 7 in Hongkou.
Q3 and Q4	2 Cases	Pingliang Block 2-3 in Yangpu; Block 158-161 in Hongkou.

#### ***4.3.2 Case Selection***

To investigate how district governments shape the decision-making processes in Shanghai and different roles of the stakeholders, and how they determine which regimes the redevelopment project might act as, I selected four cases at the district level. During my preliminary field research at the end of 2012, the Luxiang Yuan Road project in the Huangpu District was under way. My previous colleagues from Shanghai Municipal Housing Development and Construction Center introduced me to the project manager of that project for interviews. I identified this project as one of my cases because the Luxiang Yuan Road project met my selection criteria. In addition, Luxiang Yuan Road project is the largest housing requisition project in terms of affected population in Shanghai since the 2011 regulations, and it is located in one of the most expensive blocks in Shanghai. I then identified two cases in Hongkou because it was highly accessible through the internet and network connections. The Hongkou District has established an

official website on housing requisition and I also have connections with project managers and district officials in Hongkou through my previous work experience.

The second case is Block 59 in the North Bund area in the Hongkou District. This project was cancelled in March 2013 because it did not receive support from 85% of area residents (Hongkou District 2013). The Block 59 project is the only project stopped in the Hongkou District under the 2011 regulations and one of only three failed cases in Shanghai. The third case is in the Putuo District where residents proposed the housing requisition project first, and it had around 80 residents registered there. The fourth case is another one in the Hongkou District where I interviewed different levels of stakeholders from those in the district housing department to project managers.

#### ***4.3.3 Luxiang Yuan Road Project in the Huangpu District***

The Luxiang Yuan Road Neighborhood is located in the city core in the Huangpu District. The area is close to Huangpu River and is a part of the Old Town Historic District which is 7-kilometers long. Housing prices in the surrounding area are greater than the city average.

The area of Luxiang Yuan Road is one of the seven high-density regions in Shanghai and a part of the “old town”. One 120-year old temple is located in Luxiang Yuan Road Street Office<sup>15</sup>. The first phase of the redevelopment of Luxiang Yuan Road started as early as 2002. Old walls and historic buildings were not well-kept and the district government had torn down some historic sites before they realized their importance. The second phase of the Luxiang Yuan Road redevelopment project started after the government issued the 2011 regulations. The Luxiang Yuan Road project (Phase Two) is the largest inner-core redevelopment site in Shanghai under the 2011 regulations.

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<sup>15</sup> Refer to Street Office Official Website: <http://www.shtong.gov.cn>

The future plan of this area is to be developed into low-rise buildings compared to the high-rise apartment buildings of Phase One. However, the cost of housing will be too high for the average population to afford.

The project adopted the 2011 regulations and had a clear participation scheme for relocated residents. The financial resources and the power of the Huangpu District Government are greater than those of other inner-core districts. In this project, around 25% of registered residents were not living there because they owned other properties in Shanghai and they rented the old lilong housing to migrant workers or immigrants. The income level of residents in this project is higher than that of other housing requisition projects.

#### ***4.3.4 North Bund-Block 59 in the Hongkou District***

Block 59 was one of the largest inner-core renewal sites in Shanghai in 2012. It is located in the Jiaxing Street Office in the Hongkou District. The Hongkou District has a long history and deep cultural roots. The North Bund area of Hongkou District is the landmark shipping and logistics services hub for Shanghai, serving more than 3,000 shipping and logistics companies. The major economic drivers of Hongkou are its shipping services, knowledge industries, leisure and entertainment services and its real estate industry (Hongkou District). In this case, residents were able to stop the project because the residents who signed the contract with the district government on relocation did not meet a certain percentage set up by the government.

#### ***4.3.5 Block 237 (East) Project in the Putuo District***

Block 237 is located by the railway line, and 85 property titles are registered in the east side of Block 237. The district government divided the whole area into four small

projects. The project in the south of Block 237 has around 20 property titles with only 60% of residents signing the contract with the district government. Therefore the south side project failed in the second round of public hearing. Residents proposed the housing requisition project, and the district government divided the area into small lots and started the housing requisition projects using the same compensation standard.

#### ***4.3.6 Lot No. 7 in Hongzhen Laojie in the Hongkou District***

Rui Hong Xin Cheng (Short for RHXC, Shui On New City) Phase One is above average housing price in Shanghai. The Block 7 is a part of a large area of RHXC's redevelopment project. Shui-on Property Company worked as a partner with the district government and street office in this area and served as a platform for inner-core redevelopment in the Hongkou District. Lot No. 7 is a part of the community of Hongzhen Laojie. Hongzhen Laojie is a street of 500 meters long and is over 1,100 years old. The residential housing was ruined by the Japanese troops during the war in 1940s. After the establishment of People's Republic of China, farmers poured into the city and moved into Hongzhen Laojie area on the North Bund. The farmers worked by the Huangpu River and squeezed into the poor housing in Hongzhen Laojie, and later Hongzhen Laojie became a slum. In 2013, the municipal government developed a target and quota for the Hongkou District to relocate 6,000 households per year.

#### **4.4 Case Selection for Two In-depth Studies**

Examining what the nature of participation is through four case studies in three districts in Shanghai, I continued to ask whether participation matters through two in-depth case studies. To answer my research question whether the more “participatory” approaches to housing requisition for urban redevelopment address power relations and

conflicts among local groups in different districts and how, and what strategies residents use to negotiate inner-city redevelopment, I conducted two in-depth studies from June of 2014 to April of 2015: the Pingliang Block 2, 3 in the Yangpu District, and Block 158-161 in Hongkou. The Pingliang project started right after I began my field research. It was one of the representative projects in the industrial Yangpu District, and it involved conflicts between the developer, residents and district government during the transformation of the district set out in a plan for waterfront redevelopment. The Block 158-161 in Hongkou is also located in the waterfront area where I have some referred interviewees I can use to investigate the whole process of housing requisition.

The in-depth comparative case studies allow me to observe how participation and power is delivered, how consent is manufactured or falls apart and whether the efforts of relocated residents in the participation processes matter on the district level and the case level (Table 4.2; Figure 4.2).



Table 4.2: Case Selection for Two In-depth Studies

<b>Case Selection / Location (District)</b>	<b>Property Value</b>	<b>Compensation Package</b>	<b>Project Size</b>	<b>Regulation Requirement on Relocation Plan</b>	<b>Time Frame (from first round to second round )</b>	<b>Status / Outcome</b>
Pingliang Block 2-3 in Yangpu	Medium	Medium	2,900 residents	Over 85% approve	06.2014-10.2014	Approved
Block 158-161 in Hongkou	Medium	Medium /Low	1,329 residents	Over 85% approve	03.2014-01.2015	Approved

Source: Created by author with data from the Yangpu and Hongkou District

Figure 4.2: Locations of Pingliang Project in Yangpu and Block 158-161 in Hongkou (Black Stars)



Source: <http://lemonjoe.blog.163.com/> (edited from a regional map)

Table 4.3 shows the demographic information of two street offices where the projects are located. The population density is higher in the Jiaxing Street Office in Hongkou than in Yangpu. Jiaxing also has a higher percentage of non-native population with university education. Both Jiaxing and Pingliang are located on the riverside of the city.

Table 4.3: Demographic Information for Two Street Office (SO) for the Case Studies in Yangpu and Hongkou

Factors	Name of Street Office			
	Yangpu Pingliang		Hongkou Jiaxing	
Land space (square meters)	2,810,000		2,630,000	
Population Index				
Permanent Resident in the Street Office	85,870		125,634	
Registered population	107,213		125,183	
Non-local population	20,770		37,224	
Registered Permanent Population	65,662		90,004	
Registered Migrant Population	20,208		35,630	
Population with University Education				
Registered residents with university education	24,874	23.20%	32,091	25.64%
Non-local population with university education	1,863	8.97%	5,762	15.48%
Registered migrant population with university education	1,794	8.88%	5,317	14.92%

Source: Shanghai Population Statistics 2010

#### ***4.4.1 Pingliang Block 2-3 in Yangpu***

Pingliang West Lots in the Yangpu District, consisting of 0.33 square kilometers and 16,000 households, was a part of the 2005 municipal plan to “renovate old neighborhoods” (Jiuqu Gaizao) through the demolition of large patches of land filled with old alleyways. The government was to stash away the empty land and auction it off to developers for the professed purpose of improving the livelihoods of the residents who would get cash compensation or move into modern apartments in the suburbs (Li 2015).

Pingliang Block 2, 3 is located on riverside of Yangpu. Some open-air farmers’ markets, low-end retail shops, and community alcohol stores were located in the area. The food street crossing the area is famous for seafood in Shanghai, and the street is closed for redevelopment in this area.

#### ***4.4.2 Block 158, 161 in Hongkou***

A 2,764-meter long Tunnel Xinjian is next to the neighborhood Block 158, 161

and connects to the Pudong District. The tunnel was completed in 2010. Several subway stations are built around this area, and thus the location is easy to get around in the city center. Block 158-161 is close to a landmark of cultural and creative industry in Hongkou, the 1933 Shanghai Slaughter House (the Laochangfang). The district government plans to build this area into a creative and cultural center on riverside of Hongkou.

## **4.5 Methodology and Data Collection**

### *4.5.1 Identification of Key Informants*

To understand the realities of citizen participation in urban renewal housing requisitions, it is necessary to identify the key informants such as local government, developers, investors, residents, neighborhood resident committees, and street offices. I started my field research with interviews with officials from the district government and housing authorities to learn the impacts of the 2011 regulations on governance structure and housing requisition processes. Professors from the School of Management at Fudan University introduced me to visit district housing authorities and provided insights on the implementations of the 2011 regulations on the district level. We asked the district leaders whether all the residents had the opportunities to purchase the resettlement housing in the same district. In addition, I inquired about the compensation incentives for the residents who decided to receive cash compensation or signed the contract early.

My former colleagues at Shanghai Municipal Housing Construction Center and relatives introduced some key informants to me for interviews including the director at housing department in the Hongkou District and officials from the municipal housing authorities. Once I selected the cases according to the selection criteria, I began

information gathering by searching government documents regarding the cases (setting up the projects, etc.), newspaper articles and an on-line community forums. The documents and articles were used to identify the stakeholders such as developers, investors and key individuals for interviews.

#### *4.5.2 Data Collection*

##### ***Collecting Quantitative and Descriptive Information***

To answer my first and second research questions, how district governments shape decision-making and negotiations in Shanghai, I reviewed government reports, legal documents, and regulations to understand the housing requisition policies within which my cases are situated. In addition, I reviewed compensation policies for the affected residents in each district. Compensation package data include the average compensation amount the relocated household can get in a community. I also reviewed media coverage on the relocation cases as well as an on-line community forum ([www.libaclub.com](http://www.libaclub.com)) about different perspectives on housing requisitions.

For my third and fourth research questions, how “participatory” approaches to housing requisition for urban redevelopment address power relations and conflicts among local groups in different districts, compensation information helps to answer how residents were affected and motivated by the compensation incentives and how their participation was limited by the economic factors. I collected demographic information on population and education level that allows me to better understand what strategies the residents in the community take and why they make particular choices. My previous colleagues also referred me to a range of materials, such as government working papers, government policy notices, and a TV documentary on housing requisition in Shanghai.

These materials and regulations provided ample data for me to understand how policy had been formulated, interpreted and implemented at different levels.

***Interviews with Stakeholders***

Interviews can get “people’s knowledge, views, understandings, interpretations, experiences, and interactions which are meaningful properties of the social reality” (Mason 1996: 39). To understand how citizen participation scheme shapes the decision-making processes around housing requisition in Shanghai, and how residents negotiate the processes of housing requisition projects, I conducted semi-structured in-depth interviews with government officials, developers and residents on the 2011 regulations and their impacts (Appendix A).

Table 4.4: Interviews by Four Cases

Cases	Officials (District Level)	Officials (City Level)	Developers	Residents	Total
Luxiangyuan in Huangpu	2	2	1	1	6
Block 59 in Hongkou	2	2	1	0	5
East Block 237 in Putuo	1	2	1	2	6
Lot No. 7 in Hongkou	2	2	1	2	7

To answer my first and second research questions, how housing requisition regulations and negotiations are shaped within the urban districts in Shanghai, I

interviewed project managers and district officials on: the roles different stakeholders play in housing requisition projects; financing resources for the projects resettlement housing schemes and the leadership of district government (Table 4.4).

For my third and fourth research questions, how “participatory” approaches to housing requisition for urban redevelopment address power relations and conflicts among local groups in different districts, I interviewed residents on the motivations of their decision-making, and government officials and project managers on the impact of the 2011 regulations on social conflicts (Table 4.5). Residents I interviewed aged from 40 to 65, which represented the average age living in this area (Table 4.4; 4.5). All the interviewees I had were married and lived with their family members. I interviewed two migrants who had no rights in the housing requisition projects. They moved to other informal housing nearby and did not think of claiming their rights in the relocation.

Table 4.5: Interviews by Two In-depth Cases

Cases	Interviews					
	Officials (District Level)	Officials (City Level)	Developers	Residents	Lawyers	Total
Pingliang Block 2-3 in Yangpu	1	2	0	2	1	6
Block 158-161 in Hongkou	2	2	1	2	0	7

I recruited informants through several channels. Residents, project managers and officials introduced by family members, relatives, friends and previous colleagues account for the majority of my interviewees. I stopped interviewing when I received

similar responses and no new information from the interviewees. Interviews normally lasted for 30-90 minutes. I conducted most of the interviews with the residents at their residence and with staff at their office. I also interviewed officials on their perspectives on what motivates residents to participate in the decision-making of housing requisition as some of the officials have direct experience working with relocated residents.

### ***Site Visits and Non-Participatory Observation***

I observed housing conditions on the site of six housing requisition projects, along with residents' daily life and the locations of resettlement housing, to understand how "participatory" approaches to housing requisition for urban redevelopment address power relations and conflicts among local groups as well as settings of the research and the context of the cases. I attended the voting event for appraisal companies in the Yangpu and Hongkou Districts to observe the voting procedure and residents' reactions. I also attended and observed resident meetings on housing requisition issues and voting procedures for the cases of Pingliang in Yangpu and Block 158-161 in Hongkou (Table 4.6; 4.7). Direct observation can cover events in real time (Mason 1996). Site visits and observation combined with the interviews helped me understand how residents negotiate the processes of housing requisition projects and the strategies residents use to negotiate inner-city redevelopment.



Table 4.6: Observation in Four Cases

	Non-participant Observations
Project	Observations completed
Luxiangyuan in Huangpu	3
Block 59 in Hongkou	2
Block 237 (East) in Putuo	1
Lot No. 7 in Hongkou	2

Table 4.7: Observation in Two In-depth Cases

	Non-participant Observations
Project	Observations completed
Pingliang	18
No 158-161	15

### *Content Analysis*

Content analysis is a method for determining the presence of certain words or concepts within texts or sets of texts. It looks directly at communication via texts and gets at the central aspect of social interaction (CSU 2013). I was able to join in the on-line forum and reviewed on-line chatting history of the Block 158-161 project in Hongkou. The text dated back to November 17, 2014 and was updated through April 27, 2015. It was 1,023 pages, and covered over 100,000 Chinese words. The 468 participants were usually young people who know how to go to Internet and chat on-line. This might bias my findings if senior residents do not present in this on-line forum. The context helps to answer how residents imagine the negotiation process of housing requisition and what factors influenced their decision-making. On the other side, content analysis suffers from disadvantages such that it is inherently reductive, particularly when dealing with complex texts, tending too often to simply consist of word counts (CSU 2013).

### 4.5.3 Data Analysis

For case studies, data analysis consisted of making a detailed description of each case and its setting. I analyzed multiple sources of data to determine evidence for each step in the evolution of the case (Creswell 2009; Miles & Huberman 1994). I coded and analyzed textual interview data to identify themes and patterns in interview responses. Qualitative analysis, with its close-up look, can deal well with the complex network of events and processes in a situation (Miles & Huberman 1994). The overall analytic process takes the form of a “conversation” or “discussion” with the data. The course charted through the data is made clearer as the results are interpreted in light of relevant theory and contextualized with information drawn from interviews with informants. The result should be a cohesive, compelling, and robust narrative account grounded in data that explain, to the extent possible, the typology of regimes, and whether participation matters.

In initial coding, I looked for what I could define and discover in the data about the impact of the factors and processes that shape citizen participation in housing requisition. Then I began a process of winnowing out less useful codes. Some codes assume the status of overarching ideas or propositions that will occupy a central place in the analysis. For each case, codes exist for the context of the case (Creswell 2009). I was then able to take what I learned from the in-depth case studies to identify the nature of the participation and how it matters.

## **Chapter 5: Regulatory Regime of Property Practices: The Changing Public Participation Mechanism**

### **5.1 Introduction**

In this chapter, I illustrate how the government frames or structures citizen participation in housing requisition relocation. First, an overview on compensation scheme in housing requisition in different districts in Shanghai is presented to provide the context of the roles of different actors in the policy making. Second, I outline the participation mechanism in housing requisitions on the district level and decision-making structures associated with housing requisition projects. Third, I discuss the scale of the redevelopment and location of government subsidized resettlement housing in Shanghai, and provide a background for resettlement housing compensation.

The changing regulatory system in Shanghai, China requires residents' participation to approve housing requisition decisions for inner-city redevelopment projects; such policy reform creates a new discourse for urban redevelopment and housing requisition schemes. This chapter examines how and to what extent municipal and district governments shape citizen participation in residential relocation and housing requisition in Shanghai. The analysis of the regulatory system helps us better understand the importance of the role and power of residents in inner-city redevelopment.

The State Council of China has enacted three sets of demolition regulations since 1991. The first two, in 1991 and 2001, formally legalized the practices of redeveloping neighborhoods which required no residents' consent and conducted forced demolitions by administrative order. With the increasing incidence of demolition-related disputes, these terms of demolition and relocation were revised in the new set of demolition regulations

issued in 2011 for housing requisition and compensation. The differences between the three sets of regulations indicate the changing state responses to the contentious issue of demolitions over the past two decades. City governments drafted their own bylaws, often tailored to local conditions (Ren 2014).

## **5.2 Regulatory Regime of Property Practices: The Changing Public Participation Mechanism**

### *5.2.1 The New Regulatory System for Housing Requisition*

In 2011 the central government adopted the *Regulation of Housing Requisition and Compensation on State-Owned Land*, after hundreds of public hearings and revisions, to replace the 2001 *National Regulation of Urban Housing Demolition and Relocation* (State Council of China 2011 & 2001). The *2011 Regulation* contains several significant changes regarding housing requisition and property taking practices. First, the main sponsors of housing requisition projects are no longer private demolition companies, but a newly established quasi-governmental Housing Requisition Firm (Zhengshou Shiwusuo), affiliated with each district government. The *2011 Regulation* also forbids local governments from enforcing demolitions with administrative orders, and all forced relocations have to go to judicial procedures (Ren 2014) and are protected by the law. Second, the 2011 regulations require that relocated residents should receive financial compensation comparable to the market price of their properties. In an inner-city redevelopment project, once the housing requisition plan is approved by the district government and residents through public hearings and voting, the relocated residents can either take cash compensation for their property or exchange their property for government subsidized housing. Residents are also entitled to temporary housing

assistance before they move into new properties. Third, the legal system, rather than administrative orders will provide an appeal mechanism for relocated residents to resolve conflicts (Ye 2011; Ren 2014).

### *5.2.2 From “Demolition and Relocation” to “Housing Requisition”*

While the *2011 Regulation* mandates general citizen participation, it allows city governments to develop detailed housing requisition plans in order to address differences across Chinese cities (Ye 2011). The 2011 *Shanghai Bylaw* issued in October 2011 develops a two-round procedure of seeking public opinions on housing requisition cases. For the first round of public hearings, at least 90 percent of residents must approve a project. For the second round, each district establishes the necessary approval rate for the project. The relocation project will move forward as long as the approval rating in this round is above 80 percent (the municipal requirement). Compensation packages are disclosed to the public for residents to monitor. The two-round participation procedure is designed to pursue collective benefits for a majority of residents with special attention paid to families with difficulties. The participation procedure also creates a mechanism that coerces the minority of unwilling-to-move residents to comply with the majority decision, leading to a more “efficient” relocation process (Interview with Official 3).

### *5.2.3 The Changing Role of Residents in Housing Requisition for Inner-city Redevelopment*

Under the *2011 Regulation*, the major stakeholders in urban renewal housing requisition in Shanghai include the municipal government, which establishes the regulations; the district government, which develops the property requisition plan; the quasi-governmental property requisition center, which manages the property requisition

process; and the Shanghai Municipal Development and Reform Commission as well as the Shanghai Urban Construction and Communications Commission, which supervise all inner city renewal projects. The stakeholders also include private developers, investors, and utility companies, as well as street offices and resident committees (see Table 5.1). Under the *2011 Regulation*, all these stakeholders should attend public hearing meetings and jointly develop strategies and schemes regarding housing requisition and compensation plans. The resident committee functions as an extended governmental administrative body in the neighborhood during the planning and relocation process, and it is a major vehicle of social service provision, especially for vulnerable groups of people (Shin 2008; Xu 2007).

Table 5.1: The Stakeholders in Housing Requisition for Inner-city Redevelopment

Stakeholders	Duties
Shanghai Municipal Government	Establish regulations
District Government, Municipal Housing Bureau, Municipal and District land reserve authorities <sup>16</sup>	Make plans, manage, implement, and organize
Shanghai Municipal Development and Reform Commission Shanghai Construction and Communications Commission, Municipal Housing Construction and Development Center	Supervise the projects
Developers, investors, and utilities companies	Coordinate, implement, participate
Street Office, Resident Committee	Mobilize, organize
Residents	Participate, mobilize
Lawyers hired by the district government	Advise the residents

The Shanghai municipal government proposed an urban public management innovation model and a third-party review supervision model to strengthen external supervision on housing requisition. In 2009, the Shanghai Municipal Housing Authority, in conjunction with the City Bar Association launched a special project, “city lawyers involved in housing requisition work”. The Yangpu and Minhang District first initiated this project. Lawyers, community volunteers and CPPCC (the Chinese People's Political Consultative Conference) members constituted the third-party public platform. Lawyers

<sup>16</sup> Authorities in charge of land management and reserving land for future use, including land banks.

play an advisory role for relocated residents in the policy-making process, and dispute mediation.

All the districts adopted an electronic contract and information system. After the residents sign the contract with the district government, a touch screen computer displays the entire contract and the updated percentage of the contracts signed. This allows residents to check their relocation and compensation contracts, as well as those of other residents, on the computer system. The residents became more active actors compared to the old days when residents had no idea about the compensation in the community.

#### *5.2.4 Participation Mechanisms and the Decision-making Structure in Housing Requisitions on the District Level*

“It is deep-rooted-- I mean how the residents picture relocation and housing requisition,” one project manager from the Huangpu District noted about the 2011 regulations (Interview with Official 7). Since the 1990s, there have been numerous demolition and construction projects. Residents who stayed to the last moment always got the largest amount of compensation. “It is now about returning rights to the residents (Huan quan yu min), and it is the guideline,” the project manager mentioned, who worked with the relocated residents for over 20 years. He proposed several items in the new regulations for housing requisition in Shanghai’s bylaw in the framework of the *2011 Regulation* from the central government. The concept of relocation and housing requisition is deep-rooted in residents’ mind and it is hard to change their thoughts about getting benefits through moving late.

Resettlement and housing requisition plans are now included in the annual plans of districts. In the past, once a developer obtained a relocation permit from the government, demolition and relocation would begin. There are several differences



between the old process and the new regulations. First, it is the district government that sponsors housing requisition projects, not the developer. Second, the procedures are different. The regulations require a two-round public hearing, and residents will participate in the voting scheme of housing requisition. Third, the compensation schemes are different. They count floor area (housing size), and not the household-size (registered residents). It used to be a social welfare approach to count how many residents live in an apartment and compensated every one of them. Now it is more about the housing market, with residents being compensated according to the market value of their apartments. It is a neoliberal turn for the housing requisition policy in Shanghai. The municipal government assigns the market a dominant role in state-led housing requisition projects. Large households with limited floor area suffer from the changes while residents with more floor areas benefit from that. Fourth, the district government could no longer force residents to move. The relocation case has to go through a judicial procedure and the government will need to sue the residents who stay to the last minute, with the court making the decision.

Regarding the 2011 regulations, one resident commented, “it is about its public notice. All the information is posted on the wall and stored in the computer system, and all the residents are able to monitor it. You can follow every step with the regulations; therefore it is simpler to operate.” Now the main sponsor of a housing requisition project is the local government rather than the developer. District governments now will have to empty the land first. Afterwards, the land will go through the auction process to secure developers and investors. A second point is that a developer can no longer decide whether residents must move.

The Deputy Director of the Shanghai Construction and Communication Commission, Rong Ni, who proposed the two-round public hearing process for housing requisition in Shanghai argued that the regulation should eliminate the conflicts that might arise during the housing requisition process, “this new policy is to let relocated residents make choices and decisions”, Rong said in an interview in a documentary, “it aims to provide justice and fairness to the residents. There will be a negotiation process during the public hearing period between the district government and community residents as a collective effort” (CCAV Documentary 2014). If the negotiation does not favor the disadvantaged group, the so-called public hearing process is not effective. The nail-households who stay to the last will not get more compensation, which is fair in terms of compensation level. Those households who have more registered individuals but few floor areas might be put in a disadvantaged position.

#### *5.2.5 Why 85% as the Approval Level*

For the second round of public hearings, the district government usually sets the approval rate level at 85% as the *2011 Regulation* requires at least 80% of residents to agree to a move. A rate of 85% or 90% could have different impacts. It took the experts on housing requisition in Shanghai 5 years’ research to set this threshold (Interview with Official 7).

If the first round, and even the second round of asking for consent from the residents require 70% of approval, then considerable work needs to be done after the project is approved. The remaining 30% of residents would be much more powerful than 15%. However, if 90% approval is required, it would take the district government and other stakeholders much negotiation and communication with residents before they agree

to move. Therefore, 85% proved to be an appropriate level. When asked whether an 85% approval standard could show fairness, the project manager and officials from the district argued that housing requisition is for the sake of the residents, to improve their living conditions, therefore they require that the minority be subordinated to the majority. “It is fair in this sense for public interest at this stage” (Interview with Official 1, 2, 3, 7, & Project Manager 1).

Another challenge is to regain the trust of residents. Manager Zhang from the Huangpu District first proposed the touch screen e-file system in 2011, which allows individuals to examine the compensation contract for all residents, increasing the transparency of the relocation and compensation process (CCAV Documentary 2014). The e-file system is currently utilized in every housing requisition project for urban redevelopment in Shanghai. Manager Zhang insisted that everyone should be treated equally and residents who held out or prolonged their stay should not receive any additional benefits. However, some project managers from other districts did not agree with him. The cost of extending the project period put pressure on many project managers.

In the Hongkou District, the district government sets up a supervisory review panel for each housing requisition project. Resident representatives are able to keep an eye on all public-notice and the process of the selection of appraisal companies, and so forth. For the Block 93 project in the Hongkou District, the Supervisory Review Panel included staff from the police station, property management companies, the resident committee, the street office, law firms and 3-5 resident representatives. Some residents might doubt the helpfulness of the resident representatives and whether they stand by the

district government side. The Putuo District also uses a supervisory review panel to oversee and even determine the outcome of negotiations (Interview with Resident 8 and Project Manager 3).

#### *5.2.6 Procedures for the Two-Rounds of Public Hearings in Housing Requisition*

The two-round resident participation process has specific aims. In the first round, a public hearing is held regarding the possibility of a proposed inner-city renewal housing requisition project; in other words, the public hearing is to determine whether more than 90% of residents in the neighborhood are willing to move and would approve the project. In the second round, the public hearing is to solicit opinions on housing requisition and compensation plans. Residents do not really participate in making and developing the plans. In the beginning, the district government identifies the geographic location of the proposed housing requisition project. Then the street office conducts a survey among the to-be-relocated residents, collecting every household's opinion, door by door, and making survey results available to the public afterwards. If more than 90% of the households approve the project, the project may move to the next phase — applying for construction and land planning permits. If less than 90% of the households agree to move, the project will be terminated (Shanghai Municipal Government 2011; Figure 5.1; Table 5.2).

The *2011 Regulation* requires a “two-round public hearing” mechanism in urban renewal property takings in Shanghai. First, it considers whether residents are willing to move and approve the project before they start discussing the compensation. Second, it seeks/solicits public opinions on property taking and compensation plans. The public hearing organizers constitute members from district government, district land reserve

center, housing requisition center, investors, the street office, developers and resident committee etc. The district government identifies the project area for urban renewal. Then the street office delivers the survey forms door to door to the households and makes the survey results available to the public. If more than 90% of the residents approve the project, the project will continue. Then the district land reserve center (there are land reserve centers at both the municipal level and the district level) is able to apply for construction and land planning permits after the street office provides the land reserve center with the written approval according to the survey results. If less than 90% residents approve, the project will have to stop.

Once the land reserve authorities receive the construction and land development permits, the district government will develop and propose a compensation and resettlement plan and start to solicit opinions from residents. The proposed plan includes the compensation and incentive package, the project time period, a list of certified appraisal agents, the standard procedures for purchasing resettlement apartments, and the criteria for determining the households with hardship. Residents have 15 days to submit their written opinions on the compensation and resettlement plan. The district government will revise the plan according to resident feedback and finalize the compensation and resettlement plan so that the land reserve authorities can apply for the housing requisition and relocation permit and move the housing requisition project forward. Not all of the comments from residents are able to be incorporated into the revised plan.

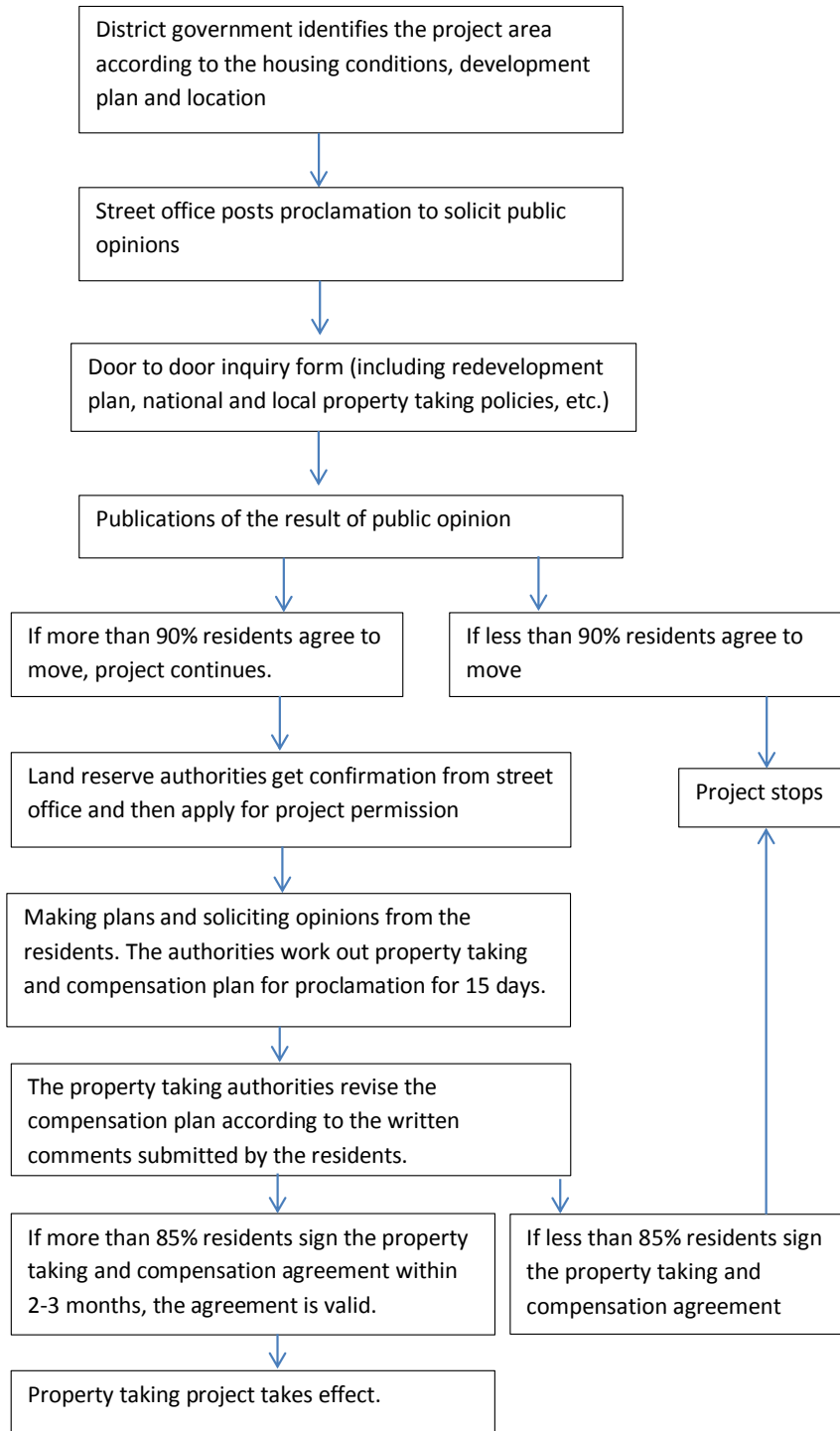
The finalized compensation and resettlement plan then becomes available for residents to sign as a legally binding agreement. During the time period of the signing of

the agreement, usually two to three months, the percentage of residents that sign the agreement should reach 80-85%; without reaching this threshold, the project is terminated and the already signed agreements become invalid. To encourage resident participation at this stage, the district government utilized various approaches. For instance, a housing requisition project in 2014 used a smartphone service and sent project-related information to residents, including regulations, policies, and updated news of the progress of the housing requisition. Tech-assisted communication increases interactions between the district officials and residents, although it might exclude those who do not have the resources to purchase or use a smartphone.

Table 5.2: Formal Decision-making Processes of Housing Requisition in Shanghai

- a. Preparation work for housing requisition by the district government;
- b. First round public hearing on residents' willingness to move;
- c. If it reached 90%, approval;
- d. Recording the housing information into computer database;
- e. The district government developing requisition and compensation plan;
- f. Modify the plan and publish to the residents;
- g. Official notice on housing requisition;
- h. Input compensation and resettlement information for each household;
- i. Select appraisal company, set the selection stage for the residents and get the assessed price;
- j. Publish resettlement housing information;
- k. Sign the contract;
- l. E-contract complete;
- m. Publish the e-contract;
- n. If reached 80%, e-contract valid;
- o. Residents moving and the district government demolishing the housing.

Figure 5.1: Procedures of the Two-Rounds of Public Hearings in Housing Requisition Projects in Shanghai



Source: State Council of China 2011; Shanghai Municipal Government 2011.

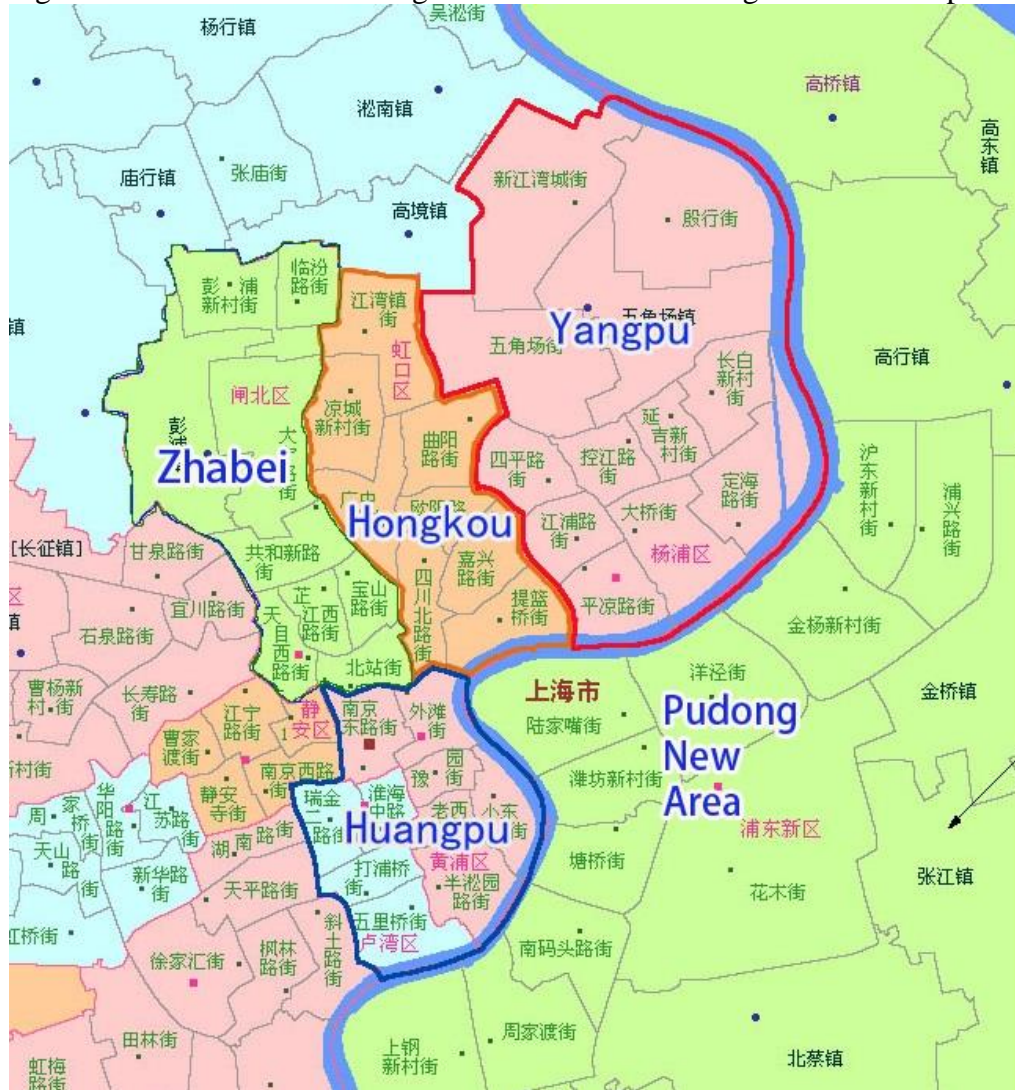
### **5.3 Spatial Restructuring of Shanghai's Residents from Housing Requisition**

According to Song's analysis of the spatial distribution of China's affordable urban housing projects (2011), the Chinese city government has paid much more attention to the economic rather than social costs of urban development and redevelopment. The spatial distribution of urban government subsidized housing across China would intensify the differentiation of social classes. With the rising cost of obtaining inner-city land for housing projects, wealthy people occupy urban centers where the land is more expensive, while low- and middle-income people are forced to the fringes of the city. Government intervention in the housing market through affordable housing policies has shaped the overall socio-spatial structure at the city level (You 2006). The socio-spatial structure was characterized by a mixed pattern of different kinds of neighborhoods in inner cities and suburbs; however, increasingly low-cost housing is clustered in the suburbs. The locations of subsidized public housing projects in Shanghai are either on the outskirts of the city or at the edge of urban districts. From 2003 to 2009, thirteen Economical and Comfortable Housing (government-subsidized housing) projects were planned and developed by the Shanghai Housing Construction and Development Center (SHCDC), involving 184,500 households, nearly 550,000 people, and over 18 million square meters of total construction. Most of the affordable housing sites are located near the city's outskirts and are connected to the city center by subway (SHCDC 2013; Table 5.3; Figure 5.2 a; Figure 5.2 b). The distance from a government subsidized public housing to the relocated apartments in the city core varies from 15km to 30 km. All the relocated residents were able to purchase resettlement housing or affordable



housing in the outskirts at a discounted price. However, only middle or upper class residents can afford resettlement housing in the same district in an inner-city redevelopment project.

Figure 5.2 a: Locations of Shanghai Resettlement Housing on the Municipal Level (2014)



Source: <http://lemonjoe.blog.163.com/> (edited from a regional map)



Table 5.3: Affordable Housing Nodes in Shanghai by 2009

Nodes	Construction (Meters <sup>2</sup> )	Population
GC1 in Baoshan	1,170,000	38,000
JQ in Jiading	1,700,000	52,000
ZP in Pudong	1,470,000	43,000
KQ in Pudong	1,080,000	34,000
PJ in Minhang	1,940,000	60,000
LD in Baoshan	2,050,000	63,000
GC2 in Baoshan	520,000	19,000
HX in Qingpu	900,000	27,000
SJ in Songjiang	1,000,000	30,000
CL in Pudong	2,590,000	68,000
HT in Pudong	1,470,000	48,000
PJ1 in Minhang	1,230,000	37,000
PJ2 in Minhang	890,000	27,000
Total	18,010,000	546,000

Source: Zhu 2009.

Note: Construction refers to both actual and planned developments.

The large-scale residential communities in Shanghai can host 546,000 relocated residents (Table 5.3). Most of the large-scale residential communities are located in the outskirts of Shanghai (Figure 5.2 b). While pursuing “highest and best use” of land development, the municipal government mismatched the housing planning sites and the convenience of relocated residents’ daily life.

#### 5.4 Conclusions

The 2011 regulations provide a more transparent, open and interactive process for community residents who are directly affected by the housing requisition projects.

Residents are able to participate in the resettlement plan-making and decide the fate of the housing requisition project. The new policy offers residents the opportunity to participate in redevelopment, which helps maintaining the social stability. When residents feel they have some control over the project, they are more satisfied about the relocation process. To the extent that the regulations enhance resident satisfaction, they are a

positive change. The regulations also provide a clear time frame for housing requisition projects and drive residents out earlier with incentives and make the relocation process “more efficient”.

However, the term of “public interest” is ambiguously defined under the *2011 Regulation*. The 2011 regulations encourage two controversial practices as ways of promoting the public interest, construction of affordable housing and requisition of old housing, and thus offer leeway for city governments to acquire land and relocate residents for a large variety of redevelopment projects. Classifying the redevelopment of old neighborhoods as developing in the public interest maintains the status quo by allowing local governments to continue their practice of using demolition to stimulate the local economy (Ren 2014). The district government needs to fulfill the political goals of the municipal government to demolish a certain amount of the old housing each year. At the same time, the district government needs to maintain the social stability on the district level to meet the needs of relocated residents.

In the next chapter I discuss the nature of participation in housing requisition in Shanghai. The state and local government promotes “public interest” through inner-city redevelopment, resettlement housing and affordable housing construction that might improve the living environment of the affected residents. However, the lower-income residents are driven out of the inner-city and the social mix of inner-city neighborhoods is lost. The diverse characteristics of the place are dispossessed through housing requisition projects. There is a need in China to carefully examine and define “public interests” in order to truly promote equitable outcomes of citizen participation in housing requisition.

## **Chapter 6: The Dynamics of the Housing Requisition Projects in Shanghai**

### **6.1 Introduction**

In this chapter I examine the dynamics of the housing requisition and what roles the state and local authorities play in urban redevelopment regimes. I explain how district governments shape the decision-making processes and participation patterns, how participatory schemes in urban redevelopment address power relations and conflicts amongst local stakeholders on district levels, how residents participated in the decision-making activities, and why. I answer the research questions through an analysis of four housing requisition projects in Shanghai (Table 6.1).

Table 6.1: Summary of Projects

Case Selection / Location (District)	Property Value	Compensation Package	Project Size	Regulation Requirement on Compensation Contracts	Time Frame (closing by second round )	Status / Outcome
Case 1: Luxiang Yuan in Huangpu	High	High	~5,000 households	Over 80% approve	07.2012- 12.2012	Approved
Case 2: Block 59 in Hongkou	Medium	Low	~1,000 households	Over 85% approve	09.2012- 03.2013	Denied
Case 3: Block 237 (East) in Putuo	Medium	Low	85 households	Over 85% approve	03.2013- 12.2013	Approved
Case 4: Lot No. 7 in Hongkou	Low	Medium	1,450 households	Over 85% approve	04.2012- 10.2013	Approved

Source: Created by author with data from the Huangpu, Putuo and Hongkou District

## 6.2 The Setting of the Participation Paradigm for Four Cases

### 6.2.1 Luxiang Yuan Road Project in the Huangpu District

The Luxiang Yuan Road Neighborhood, located in the city core in the Huangpu District, is one of the seven high-density regions in Shanghai and a part of the “old town”. The area is closed to the Huangpu River which has the river-view from above 16<sup>th</sup> floor of apartment complex. It is a part of the 7-kilometer long Old Town Historic Area



and next to Yu Garden, a popular tourist site in Shanghai. This historic area has access to good public service facilities located in the city center.

Figure 6.1: Location and Area of Luxiang Yuan Road Project



Source: Google Earth (Edited by author)

The Luxiang Yuan Road project area extends east to South Henan Road, south to Dajing Road, west to Luxiang Yuan Road and north to Fuyou Road (Figure 6.1). The renewal plan for this area includes high-end residential and commercial complex development. The developer for this project, Shanghai Chengtou Corporation is affiliated with Shanghai Municipal Government (Shanghai Chengtou News 2012).

In total, 5,056 households and 4,138 property titles were registered in this area, with a floor area of 120,000 square meters. Roughly 25% of registered residents do not live in the project; they rent their apartments to immigrants from outside of Shanghai and live in other properties they have elsewhere in the city. Better-off residents usually move out of the apartments who owned several properties in the city. More senior citizens and migrants live in the community.

### ***6.2.2 North Bund-Block 59 in the Hongkou District***

Block 59 was one of the largest inner-core renewal sites in Shanghai in 2012. It is located in the Jiaying Street Office in the Hongkou District. The Hongkou District has a long history and deep cultural roots. The North Bund area of Hongkou District is the landmark shipping and logistics services hub for Shanghai, serving more than 3,000 shipping and logistics companies. The major economic drivers of Hongkou are its shipping services, knowledge industries, leisure and entertainment services and its real estate industry (Hongkou District). In this case, residents were able to influence the fate of the project.

Block 59 was one of the largest inner-core renewal sites in Shanghai in 2012 which involved over 1,000 residents. Four streets-- Xinjian Road, Dong Changzhi Road, Gaoyang Road, and Dong Daming Road-- surrounded the redevelopment area. Block 59 was located in the North Bund area, across from the Shanghai International Shipping Center, a facility that was abandoned before operation began because of the limited height of the ships they can carry in that downtown location.

The first round public hearing started in September of 2012 and over 90% of the residents passed the first round without talking about the compensation. The second round public hearing period was between September 28, 2012 and March 8, 2013. The public hearing was extended to March 27, 2013 based on resident requests. On the closing date of March 27, 790 households signed the contracts, accounting for 76.03% of total registered households, less than 85% required by the district government in Hongkou (District Website 2013). In April 2013, the district government announced that the Block 59 project in the Hongkou District failed because not enough households



signed the contract according to the regulation. When the Hongkou District government announced the result of the vote, those who wanted to move cried loudly on site (Interview with Official 2). After the announcement, the district government offered 5,000 Yuan to each household that had signed the contract. This compensation was not mentioned in the contract or regulation and was a project by project thing. Some residents argued that those who had already signed the contract should not be treated like this and they could sue the government about the contract they already signed.

In 2012, the block right next to Block 59 underwent an auction in which the developer bid 5.68 billion Yuan for the land (Sina News 2012). This land leasing price broke the record in North Bund area in Year 2012. Although it is not clear which developer will participate in redeveloping Block 59 area, it shows that the land leasing between the district government and a developer will be a pro-growth coalition for “highest and best use” development.

### ***6.2.3 Block 237 Project in the Putuo District***

Block 237 is located by a railway line, which affects the land value of this area for future redevelopment as a whole because the parcel of the land was divided by the railway. The east side has 85 properties registered and passed the second round public hearing smoothly. The project in the south of Block 237 has around 20 property titles but only 60% of residents signed the contract with the district government. Residents proposed the housing requisition project and the district government divided the area into small lots and started the housing requisition projects using the same compensation standard. However, the project result is different.

There is a large refrigerated warehouse facility standing right next to the south

section and Jiangqiao Food Company owns the property. The redevelopment of Block 237 cannot start because the land is not empty yet. The redevelopment plan of the south section of housing requisition will not start again until 2018 (Putuo 2015).

The apartments located on Block 237 (south) belonged to a private college and were used as teachers' dormitory. The current residents on the south section cannot reach an agreement with the district government because the residents consider the condition of the existing housing better than the district government claims. After the Expo 2010 Shanghai, only half of the neighborhood remained and the other half was relocated. Many residents thought the housing requisition project should use the old policy which was implemented before 2011 because the old policy counted the population registered in the apartments rather than the square meters of the apartment. Many residents had prepared for a long time and transferred the Hukou<sup>17</sup> of their family members into the relocated housing. It started the first round public hearing in March 2013. The project (east) started second round public hearing in September and ended in December 2013 and reached 89.53% on the closing date.

The project is among the pioneers in using new model of financing for the investor, the West Group, which is affiliated with the Putuo District government. The West group has entered into a financing agreement with the Bank of Shanghai, to ensure the funds for housing requisition (West Group News 2013). The Land Development Center in the Putuo District participated in the implementation of Block 237 project. Third party members such as Shanghai People's Congress members and CPPCC<sup>18</sup> members participated in the inspection of this project (West Group News 2013). The

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<sup>17</sup> Hukou is a record in a system of Chinese household registration.

<sup>18</sup> CPPCC: Chinese People's Political Consultative Conference

Bank of Shanghai is a joint-stock company involves state funding, foreign investment and personal shares.

#### ***6.2.4 Lot No. 7 in Hongzhen Laojie in the Hongkou District***

The Hongkou District is one of the oldest districts of Shanghai. It contains high concentrations of shanty housing and the largest amount planned of housing requisition and lilong redevelopment projects. By 2012, the district still had 1.52 million square meters of old lilong housing and more than 62,000 households lived in housing with poor conditions. For this project, the Hongkou District did not allow the developer to take charge of the housing requisition project but around 60 social workers to take the jobs and work with relocated residents. It took 18 days for 85% households to sign the contract with the district government and “close” the project.

Rui Hong Xin Cheng (Short for RHXC, Shui On New City) has had six phases of development by 2015. The Phase One was above average housing price in Shanghai and second to locations such as where Luxiang Yuan Project in the Huangpu District. The Lot No. 7 is one of the redevelopment projects of RHXC which is located in the North Bund in the Hongkou District. Shui-on Property Company worked as a partner with the district government and street office in this area and served as a platform for inner-core redevelopment in the Hongkou District. Lot No. 7 is a part of the community of Hongzhen Laojie. Hongzhen Laojie is a street 500 meters long that has existed for over 1,100 years. The residential housing was ruined by the troops during the war in 1940s. After the establishment of People’s Republic of China, farmers poured into the city and moved into the Hongzhen Laojie area on the North Bund. The farmers worked by the Huangpu River and squeezed into the poor housing in Hongzhen Laojie. The Hongzhen

Laojie became a slum at that time. Redevelopment efforts to improve and upgrade housing started in the 1990s.

The Hongkou District government planned to redevelop Lot No. 7 in the Hongzhen Laojie area in 1995 and the developer started demolishing the housing block by block. The project stopped when the developer ran out of money. The district government restarted the project in April 2012 and it passed the first round public hearing at 98.9%. The project was suspended at the end of 2012 because the district government could not secure enough funding. In 2013, the municipal government targeted the Hongkou District for redevelopment and set out to relocate 6,000 households. The district government decided to relocate the whole Hongzhen Laojie area to reach the redevelopment quota required by the municipal government.

The district government started the second round public hearings in the third quarter of 2013 and finished the second round public hearing in 18 days, receiving 85% of residents' support on October 7, 2013. Residents living in the Hongzhen Laojie were mostly low-income residents, immigrants from other provinces and senior residents. 94% of residents confirmed their agreement to the relocation scheme in December 2014 (Shui On Annual Report 2014).

### **6.3 Coalition Building and Motivation of Participants**

For the four cases I studied, two of cases had developers that provided financial support in housing requisition and made development plan on the vacated site. Two projects had no developers that the district governments would reserve the land for future development such as building infrastructure facility or leasing to a developer for redevelopment.

### ***6.3.1 Coalition Building with the Developers***

#### *Chengtou Group--Municipal Urban Renewal Platform (Case 1)*

The Shanghai Chengtou Group is owned by the Shanghai Municipal Government and contracted with the district government of Huangpu to rebuild the Luxiang Yuan Road project. It functions as a platform for urban redevelopment in Shanghai. The city established an urban renewal foundation that enabled Chengtou to use municipal funding for up to 40% of the total redevelopment costs in this project, and the Chengtou Company invested the remaining 60% (Interview with Project Manager 1). The developer complained, however, that the district government leases for the land were too costly. The development cost for the high-end residential buildings on the same location will reach RMB 65,000 Yuan/m<sup>2</sup>, and the retail price will have to be 80,000/m<sup>2</sup> for the company to make any profits (Interview with Project Manager 1). For the Phase One project at Luxiang Yuan, the retail price averaged 85,000/m<sup>2</sup>. The Chengtou Company sold 113 apartments in this project in 2013, a total area of 27,300 square meters, making a profit of nearly 2 billion yuan (163 News 2014).

#### *Partnership between the Government and the Developer--Shui On Group (Case2)*

Shui On Group, a Hong Kong based company started its business in real estate in Shanghai as early as 1990s. The company built good relations with the Shanghai Municipal Government and different districts including Hongkou and Luwan. The Asian Financial Crisis in 1996 pushed Shui On to transfer most of its capital assets to Shanghai (Yang and Chang 2007). The Hongzhen Laojie redevelopment started in early 1990s, and the Shui On Group had served as the developer since 2004. Shui On has a strong connection with the Hongkou district government. From Table 6.2, the relocation cost as

of December 31 of 2014 reached 3,063 million RMB Yuan and the Shui On Annual Report (2014) showed Shui On held 100% share of interest in this project.

*The West Group as a Stakeholder (Case 3)*

The West Group, which is affiliated with the Putuo District government, is the investor of the Block 237 project. The West group has entered into a financing agreement with the Bank of Shanghai, to ensure the funds for housing requisition (West Group News 2013). The Land Development Center in the Putuo District participated in the implementation of Block 237 project; there was no developer. The West Group represented the district government and served as a stakeholder of the project.

*Lot No. 7 in Hongzhen Laojie in the Hongkou District (Case 4)*

The Hongkou District Government sponsored the Lot No. 7 project and the district government did not select any developer for this project. The plan is for the district government to organize a bidding process to recruit the developer.

Table 6.2: Details of the Relocation Progress of Lot 7 in Rui Hong Xin Cheng (RHXC)

Project	Percentage of relocation as of 31 December 2014	Leasable and saleable GFA	Relocation cost paid as of 31 December 2014	Estimated outstanding relocation cost as of 31 December 2014	Actual / Estimated relocation completion year
		sq.m.	RMB'million	RMB'million	
RHXC Lot 7 (Residential)	94%	160,000	3,063	1,035	2,015

Source: Shui On Land Limited Annual Report (2014: 64)

**6.3.2 Motivation of Participants or Stakeholders**

Understanding national and local differences in the composition of regimes can help to explain variation in motivations and politics. Private interests have not played a

driving role in development in China. In the US context, politicians or government officials may see partnership with the private sector or community organizations as a way of winning public support and getting things done or perhaps advancing their political careers. Residents may approach the issue of participation with a clear focus on how the issue would benefit them. However, in the housing requisition projects all over Shanghai, the district governments held political tasks from the municipal government to finish the projects in a certain time period (one year plan or five-year plan) and Shanghai Municipal Government set housing requisition for inner-city redevelopment as model projects for residents after the *2011 Regulation*. Still, residents consider the benefit of the projects.

Knowledge can join economic position as a key resource that gives groups privileged access to decision-making (Stoker and Mossberger 1994). Local knowledge matters in the coalition building in the Huangpu project. The project manager used to work in other Shanghai districts that did not allow the district to offer more compensation to drive the residents out of the places earlier. This attitude differed from that of prior the officials in the Huangpu District who did not follow the relocation policy quite well and used financial incentives to deliver the land earlier to the developer, the Chengtuo Company before the *2011 Regulation* was issued. This project manager felt working staff did not follow him as well as the group of people he used to work with in the Luwan District. By April 2014, 5% residents still had not signed the contracts (Interview with Project Manager 1).

#### *6.3.2.1 Political Achievement: The Politics of Historic Preservation*

Politics is about shaping or molding preferences and developing a common sense of purpose among a limited range of actors (Strom 1996). The Luxiang Yuan area is

located in the Old Town Historic District (2006 List) in Shanghai. Among the area of 120,000 square meters, the district government had more than 30,000 square meters of old buildings preserved at the time of housing requisition, named Cixiu Temple (An) and Kaiming Lane (Li). The developer felt it was not necessary to preserve these historic buildings because the developer could not use the historic structures efficiently and it destroyed the whole redevelopment area (Interview with Project Manager 1).

The Shanghai Municipal Government released regulations on historic preservation in 2002, requiring that 34 streets in this old historic area be preserved. Luxiang Yuan Road is one of the 34 streets that need preservation. The regulation requires the district government to preserve historical features of the streets in this area. However, the district government partnered with the state-owned corporation, Chengtou Group, to rebuild this area for tax revenue from the land and build into a symbolic landmark for high-end population, thus a large portion of lilong housing disappeared in 2014 (Figure 6.2, 6.3).

Figure 6.2: Satellite Images of Luxiang Yuan Area before Demolition of Housing in April 2014



Source: Google Earth

Figure 6.3: Satellite Images of Luxiang Yuan Area after Housing Requisition and Demolition in January 2015





Source: Google Earth

The remaining two historic buildings, one of which, the Cixiu Temple, is on the list of municipal conservation for historic buildings, while the old lilong Kaiming Lane is on the district's preservation list, a lower level of preservation. The district government expropriated Kaiming Lane from the residents but planned to keep preserving the original structures after those experts on historic preservation appealed. Before the 2011 regulations, in the Phase One redevelopment of Luxiang Yuan, a substantial portion of a 458-year-old ancient city wall of Shanghai was removed by the developer (Dongfang Daily 2011). The Chengtou Company also demolished two historic courtyard-style mansions in this old town district area. Residents and historians argued that the developers had not demolished the really poor housing but the historic decent ones “for the high land value in those areas.” The political achievement addressed more on the economic growth in the district rather than the value of the historic buildings.

### *6.3.2.2 The Decision-making Structure and Process*

After the first round public hearing, more than 40 percent of households pre-signed the compensation agreement in Luxiang Yuan Road. Relocated residents who chose to participate in the formal decision-making structures provided by the district

government acted actively in the neighborhood. In order to get a new resettlement apartment located at the periphery of the city with relatively better transportation connections and community services, quite a few relocated residents waited by the door of the district property taking center three days before the first official day to sign the property taking and compensation agreement. The implementation policy made by the Huangpu District government required that 80 percent of residents agree to move in the second public hearing before the relocation project could continue. The district government and other stakeholders including the street office, resident committee, investors and developers, held more than 30 informal discussion meetings with residents over a three-week period before the second round of public hearings.

The district government started the second round public hearing in July 16 in 2012 and by November 5<sup>th</sup>, 80% of the residents had signed the contract. Therefore, the project was approved. Tons of news media covered this approval that day while the Putuo case of Block 237 had limited exposure only in district-owned newspaper. The relocated residents participated in the two-round public hearing and public meetings held by the Huangpu District. The residents suggested more resettlement housing in the same district of Huangpu, therefore the working staff informally searched some housing information in the nearby area and posted it in the housing requisition center for the residents. However, those second-hand apartments were not popular among the residents because the unit prices were beyond the purchasing power of the relocated residents. Economic growth exists not as a goal in itself, but as an activity that must conform to the regime's broader values about what the city is or should be. The urban revitalization regime purports to

change the city's image in order to attract investment and/or middle-income or high-income residents.

### 6.3.2.3 Leadership of the District Government

Many residents believed the leadership of the district government played a big role: “when the district official did not push or did not have the ability such as the decision-making and financial resources to launch the project, the housing requisition project can stop and restart several times” (Interview with resident 3 and 4). A new administration team led the 18-day “victory” on housing requisition in Hongzhen Laojie when the district head moved from the Zhabei District to Hongkou. Municipal government makes the decisions on the appointment of Head of each district. It reveals that the municipal government pays much attention on the Hongzhen Laojie Project. And the leadership of the district plays a big role in housing requisition for urban redevelopment.

#### *Eighteen Days for Eighteen Years*

Hongzhen Laojie became synonymous with Shanghai’s shantytowns over the past 20 years. The area reached a new record when 85% residents signed the contract with the district government after October 19, 2013, 18 days after the district government initiated the second round public hearing. This project started 18 years ago and never ended until the new district head was determined to close this case. When 4,350 households moved out of the old lilong housing, the shantytown would finally disappear from the landscape of Shanghai. Before the households and the district government signed the formal compensation and housing requisition contract, the Jiaying Street Office, the headquarter of the relocation (Dongqian Zhihuibu) held 114 “roundtable” meetings for 3,000

residents in 7 days. The steering committee at the headquarter arranged social workers in the interpretations of the relocation policies for the residents, collected and answered 455 questions raised under six categories from the relocated residents. The previous approach was to hold an assembly for all the 3,000 residents and there was no face to face communication between the district government and residents for the information-sharing procedure of housing requisition.

#### *6.3.2.4 Participation: The Street Office Perspective*

The street office represents the lowest level of government authorities and conveys credibility and trust to the residents. One street officer from the Putuo District described the relationships among the stakeholders,

“We did all the work. We are not the sponsoring part but we have to work with the residents. As you know, in China people do not talk to those who they do not know well. Our street office and resident committee can represent the interests of the residents. The housing requisition team consists of the demolishing company that works for the district government and different departments of coordination unit. The residents would consider the demolishing company representing the opposite interests with them. Only the resident committee and the street office would gain the trust from the residents. Residents know the people from resident committee very well and it works when the staff from resident committee gives suggestions to the relocated residents” (Interview with Official 7).

The Putuo District No. 1 Street Office coordinated with the district government on housing requisition projects as the district government usually required that. All the working staff was allocated into different groups on the housing requisition project. There were fewer than ten employees in the No. 1 Street Office and everyone was in charge of one community issue such as child care, senior activities, or the unemployed. For housing requisition alone, the No. 1 Street Officers have two functions. First, the groups who were in charge of coordination visited the relocated households one by one to hear their concerns. For this case, there were 85 households therefore it was feasible for local officers to visit and talk to most of the residents at their apartments. The officers did

not have one day off during the housing requisition project in 2013. Secondly, the No. 1 Street Office made newsletters on housing requisition about the regulation and some other information to clarify the policy.

“The transparency of the projects defeated the rumors sometimes. Some residents would like to advocate and asked their neighbors to stay to the last minute. They even mentioned they had relatives working at the Putuo District Government and they knew all the policies and regulations. Finally they signed the contract before the deadline and neighbors saw their names posted on the wall and on-line system, then the rumors proved unfounded. It was very important for us to make sure everyone gets what they deserve; otherwise, we will be in trouble. We have to be clear no one can get more than what they deserve, or it will not be fair” (Interview with Official 7).

As mentioned, meeting the desires of higher government is the real concern of local leaders in China because their jobs come from superior officials rather than from elections. The street officers will be “in trouble” if they do not perform well by implementing the policy in its right way. The district government will judge the political performance of the street office by how well they perform the duty. The “fairness” mentioned here refers to treating every household according to the same compensation standard.

The duty of the street office also includes political tasks such as propelling housing requisition. In 2013, the municipal government set the target for the Putuo District to demolish 5,300 square meters old lilong housing. Under the *2011 Regulation*, the inner-city redevelopment housing requisition projects should only use for land reserve. The district government will then put the vacant land on the auction market in the future. If housing requisition is not so called a “political task”, it should be designed to meet more of the needs of the relocated residents rather than political achievement and economic pillar in the district.

#### *6.4 A Common Sense of Purpose*

#### *6.4.1 Compensations and Incentives*

Stone (1989: 186) argues that the traditional solution to the collective-action problem has been selective incentives; that is, to supplement group benefits by a system of individual rewards and punishment administered so as to support group aims. Those residents who go along with the group receive individual rewards and services, those who do not go along lose valuable benefits. In the four relocation projects, incentives play a large role in persuading residents to move out of their residences earlier. There is an incentive fee for the residents of certain blocks who move earlier than other blocks, thus the participation of the residents is affected by the incentives. For example, in the Luxiang Yuan project the average sale price for the original apartment on the site was assessed as around 26,000 Yuan/m<sup>2</sup>. The incentive for moving out earlier varies from RMB 20,000 to RMB 150,000 Yuan per household. If an entire block moves out earlier than the set dates, residents could get as much as 150,000 Yuan which counts for over 5 square meters compensation in the Luxiang Yuan Road project.

As long as the relocation provides residents with a transparent/open compensation and relocation scheme, the majority of the registered residents are in favor of the housing requisition projects (Interview with Project Manager 1). Non-registered residents who were only staying in the community had no voice in the process. In the project in Luxiang Yuan Road, around 25% of registered residents were not living in the old housing. The housing condition is poor and the households usually rent the apartment to low-income residents and immigrants from other cities who work on construction sites and in restaurants in the city center. The new regulation urges the residents to look for those

neighbors who no longer live in the neighborhood but actually have the voting rights to determine the fate of the project.

#### 6.4.2 The Assignment of Resettlement Housing

There were close to 10 resettlement sites for residents in the Luxiang Yuan project and limited resettlement housing in the same district of Huangpu (Table 6.3). The working staff usually organized a tour of resettlement housing for relocated residents (Interview with official 5). Only about 5% of households choose resettlement housing close by the relocation site, because the unit price of resettlement housing is considerably higher than the average sales price of the requisition housing (~26,000 m<sup>2</sup>). The unit price or replacement housing in the Huangpu District is three times of that of the resettlement apartments in the outskirts.

Table 6.3: Locations and Prices of Resettlement Housing of Luxiang Yuan Road

Resettlement Housing (Neighborhood Names and Districts)	Housing Price (Yuan RMB / m <sup>2</sup> )
1. Sanlin in Pudong District	9,300
2. Pujiang in Minhang District	9,100
3. Sijing in Songjiang District	9,100
4. Huaxin in Qingpu District	9,100
5. Qizhong in Minhang District	9,100
6. Huangtou in Pudong District	9,100
7. Gucun in Baoshan District	9,005-9,265
8. Close-by area in the Huangpu District	35,000

Source: Created by author with data from Huangpu Housing Requisition Center, December 2012

Table 6.4: Locations and Prices of Resettlement Housing for Block 59 Project

Resettlement Housing (Locations and Districts)	Housing Price (Yuan / m <sup>2</sup> )
1. Pujiang in Minhang District	7,800
2. Luoqing in Baoshan District	8,200
3. Huangtuo in Pudong District	9,700
4. Luodian in Baoshan District	9,500
5. Close-by area in the Hongkou District (Rainbow Bay)	20,000

Source: Hongkou No. 1 Housing Requisition Center 2012

The district government was only able to garner about 5 locations of resettlement housing for the Block 59 project after negotiation with the municipal housing authorities (Table 6.4). The district government purchased the relocation housing from the municipal level and followed the plan with the municipal housing authorities on resettlement housing allocation. The negotiation between the district government and municipal government depends on the availability of resettlement housing at the municipal level and the competition from other districts who also want to purchase resettlement housing from municipal housing authorities. The municipal housing authorities considered the distance from the project site to resettlement site and allocated the housing to the site with shorter distance. Another factor the municipal level considered was the financial ability of the district government. District government with better financial ability such as the Huangpu District could get more resettlement housing.

The more resettlement housing choices the district provides, the earlier the residents might want to move out. The Rainbow Bay Apartment in the same district of Hongkou has subsidizes from the district government in housing unit price as the market



price of Rainbow Bay is over 25,000 Yuan per square meter, much higher than 20,000 Yuan in other resettlement sites (Interview with Official 2).

As the incentive compensation is set up by each district and differs, residents asked about the compensation in other districts and figured out the compensation was lower in the Hongkou District. As a result, Hongkou residents complained about their own district leaders (Interview with Official 2; Resident 2 and 3). The director from the district housing authorities explained that if housing compensation differs just by location, it is fine. As Huangpu District is in the right center of the city, the market-rate housing price is higher than other districts, and the residents will accept that fact. However, the incentive fee and other compensation items (see Table 6.5) are set by each district, and the district with better financial ability will be able to provide more incentives to their residents.

Table 6.5: Detailed Compensation Classified Items Based on One Sample Compensation Package for a Household in Block 59

Housing price (Unit)	22,000
Incentive fee for signing contract	10,000
Incentive fee for moving out	20,000
Incentive fee for moving out earlier	15,000
Renovation costs	3,000
Moving expenses	2,000
Facility relocation costs	varies
Subtotal	varies

Source: Hongkou No. 1 Housing Requisition Center 2012 (Note: Coefficient for subsidized price=0.3; the sale price for the original apartment on the site was assessed as 22,000 RMB/m<sup>2</sup> in Block 59 project.)

The 2011 regulations make the process more transparent than before so residents might have less to fight for. There are few bargains “under the table” that residents should care about. As one resident indicated:

It is okay. Everyone can monitor and no one can get more compensation than what you deserve according to the policy. However, I did not check other people’s information because I do not care that much. I just tried to get what I wanted. As I cannot argue for more and the policy is very strict this time, I did not even care about and ask about other people’s situation (Interview with Resident 5).

In Block 237 project in the Putuo District, one family had a big house with the floor area of 400 square meters and only an 80-year old sister and her brother stayed at this house. The original property title of the housing was missed during the time period when the People’s Republic of China was established. The working staff negotiated with this household from the beginning of the second round public hearing. One resident questioned the transparency of the policy,

“My question is whether the policy is transparent and clear, why talking to this household first and much earlier than when the project started? And finally this household only got one resettlement apartment but their original housing size is huge. I feel like the working staff paid much attention to this household and talked to them many times which lasted for half a year. It should be at least two resettlement housing for this household because the two senior persons are brother and sister, and they are separate families. Sometimes I did not understand the policy and how they implemented it” (Interview with Resident 6).

Around 10-15% disadvantaged households received bonus compensation in this project. According to one selection criterion, it is hard to “identify” who owns other properties in the city of Shanghai. Some families purchased the apartment with a 1,000,000 RMB loan, then it is hard to decide whether they are qualified for the bonus compensation or could be categorized into vulnerable groups<sup>19</sup> (Interview with Official

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<sup>19</sup> Vulnerable (disadvantaged) group in housing requisition project can be defined as one person averagely occupies less than 22 square meters in a household (Document No. 71 Shanghai Municipal Government)

7). The district government offered 20,000 RMB for senior residents who were over 70 as well as those veterans.

The residents could purchase more resettlement housing if they wanted or had cash. After calculating the compensation formula, if the households had even just one square meter area extra, they could purchase another resettlement housing in the outskirt (Interview with Project Manager 3).

#### *6.4.3 The Assignment of Resettlement Housing*

According to the resettlement housing policy for project in Block 7, one property title certificate (Fangchan Zhen) can only get one resettlement apartment from Hongkou, Baoshan or Minhang because these resettlement sites were very popular among relocated residents while the other four sites were much less popular. The district government has to set some limitation on the provision of the resettlement housing. For those families who wish to stay together in one district, they might have to break the rules. The supervisory review panel voted for the decision that one household was eligible to purchase two resettlement apartments in Baoshan because the elderly parents were sick and the daughter would take care of them living in a nearby place. The supervisory review panel posted the decision in the community and no one was opposed to that.

#### *The Impact of Resettlement Housing*

For those households who do not own property in other parts of the city, resettlement housing is a big deal.

“It affected my decisions a lot. I am not able to move because one of my resettlement housing [units] is not available yet. They do not have enough resettlement housing for us to select. We signed the contract the last day before the deadline but got our compensation half a year later. The government did not follow the policy at all because the policy mentioned the ratio of household to the resettlement housing is 1:1.2. The government should avoid paying the extra compensation money for temporary stay before the residents get the resettlement housing. The issue is the

district government cannot allocate the resettlement housing in time. The resettlement housing in the same district of the Hongkou District, the Rainbow Bay won't be delivered until at least 3-4 years. The senior people sometime cannot wait that long and they finally do not have the opportunity to live in new apartments” (Interview with Resident 3).

For those who had moved out of old lilong housing already, they enjoyed staying in their other properties and used the resettlement housing for investment.

“It (the resettlement apartment) sounds like some extra bonus for me. Our old housing was assessed 24,000 RMB/M<sup>2</sup>. Under the new policy, it is ideal that the housing floor area is relative large and the number of the residents is around 1-3 per household, and then the compensation amount is relatively okay. We got 3,000 Yuan each month before the new resettlement housing is delivered. The apartment is not yet built and will be available in 2018 so the district government has to pay us 3,000 a month for 3 years and they paid us the money altogether (a lump sum) in June 2014 for around 108,000 RMB” (Interview with Resident 4).

“I signed among the first group of residents because I want to get a resettlement apartment on a good floor number and direction (windows facing south). We have to draw lots to decide who will choose which room you want among the residents who already signed the contract. I was waiting on a queue and waited for 2 hours before I can enter in the hall to choose the resettlement. They told us if we do not make a decision immediately we will not get the housing we want. I got the resettlement housing I wanted which is on the 14<sup>th</sup> floor in a 22<sup>th</sup> floor high building facing west. The numbers of the resettlement housing are limited therefore we were asked to sign the contract as early as possible; otherwise we might miss the opportunity to get the resettlement housing we want. I wanted to buy a three-bedroom apartment in the same district but I was not allowed by the working staff to buy this larger apartment than my original floor area. Although I wanted to pay more cash, I could only get a two-bedroom apartment according to the compensation I received from my original housing (calculated through assessed price and floor area). They do not count the incentive amount when I purchase the resettlement housing. The government will pay me around 100,000 RMB incentive fee for moving early, signing the contract early and other reasons. But I cannot use that incentive fee for purchasing resettlement housing” (Interview with Resident 4)

This interview shows some characteristics of citizen participation in urban redevelopment that residents are more concerned about their own interests, and less concerned about the public interest such as historic preservation. On the other side, the participation is limited by the incentive mechanism on compensation. Residents get more money if they move out even one day earlier. The working staff encouraged the relocated residents to sign the contract and left everything behind. One resident signed the contract

with the district government and was one of the 85%, he was still staying on site because he was not satisfied with the resettlement housing assigned to him by the government. It had been 1 year and half since it reached 85% deadline in 2013. Except for those who had not signed the contract, the remaining issues were huge for the signed households.

### *6.5 Quality of Coalition (Congruence of Interests)*

#### 6.5.1 Consulting the Lawyers: Legal Advisory Services

The district government of Huangpu hired a legal consulting team to provide legal advisory services to the relocated residents. From July 25 to November 6, 2012, a total of over 1,000 residents consulted the lawyers about relocation and compensation issues. The residents sent over 180 petition letters to the lawyers on the issues of housing requisition. Among the roughly 1,000 residents who consulted lawyers, nearly half (47%) faced conflicts among the family members, 15% concerned about accounting floor areas rather than counting the registered population, and 5% were concerned about compensation (Zheng 2013).

In May 2014, one household from Luxiang Yuan Road project sued the Huangpu District over the housing requisition (Xinmin 2014). The relocated household questioned the legal basis of the district government taking the use right of his apartment because the government already leased the land to the developer. The district head interpreted the legitimacy of the housing requisition project under the 2011 regulations and apologized for the incomplete paper work in the document file. This was the first time in housing requisition that the district head showed up in the court to defend the case (Xinmin Wanbao 2014), though it was not the first time that the relocated resident sued the district government. Residents were not aware of the incomplete paper work the governments

might have in conducting the public projects. The role of the residents in inspecting the government changed under the participation scheme set by the regulation.

### *6.5.2 How Residents Affected the Decision-making and Their Efforts*

Those residents who did not sign the contract wanted to pursue huge economic benefits from the housing requisition project because they did not believe the government would provide fair compensation package to everyone (Interview with Project Manager 2; on-line forum). Those residents otherwise thought that those who stayed to the last minute would get more benefits. This group of residents could affect the result of the decision-making of housing requisition project (as it was over 15 percent).

Once the project is turned down by the residents, the whole neighborhood has to wait for another 2-5 years before the government decides to solicit on housing requisition and relocation again. The adjacent blocks of Block 59 in Hongzhen Laojie finished the public hearing procedures in 18 days. Residents used the slogan that “we do not want to wait for another 5 years to move” and they hung the slogan in the neighborhood during the public hearing and voting period. This showcases that residents mobilize around and try to influence those who are not in the same campaign with them.

### *6.5.3 Trust and Credibility*

#### *6.5.3.1 Why the project failed*

Many reasons could explain why block 59 project in the Hongkou District failed in 2013. In this project, one property title occupied an average area of 27.7 square meters, and resident population per title was 4.25 persons. Some of the residents paid some money to transfer the registered residence into the household many years before the district government froze the Hukou which meant residents could not transfer their hukou

freely out and in; therefore they could not understand why the new policy did not count and compensate the number of persons under the property title anymore but only counted the size of the housing unit. Moreover, nearly 30% of households in this project were considered part of a disadvantaged population that needed extra compensation and assistance (Interview with Project Manager 2). It requires much work from the district government to understand the need of the residents. Since the policy follows the top-down model, the residents might not like the locations of resettlement housing and the compensation plan. For example, some residents thought one of the locations were too close to the cemetery and people did not like it. The third reason was that the residents still believed that the later you moved, the more benefits you would get. This Block 59 case was among the first few cases started right after the new regulation of housing requisition. Propaganda surrounding housing requisition projects is very important in China. Some of the residents sent wrong information on the Internet that others believed (Interview with Project Manager 2). Trust is an important issue. The district government lacked credibility among project residents because the compensation package varied a lot under the previous development schemes. Credibility and trust play a big role in failing this project (Interview with Project Manager 2).

From the perspective of the government or policy, there are several reasons the project failed. First, the district government did not spend enough time to understand what the community and relocated residents really needed. For example, only 6.8% of resettlement housing was located in the same district, much lower than the standard 30%. (The municipal regulation requires that the resettlement housing in the same district should account for 30% of the total supply of resettlement housing). The supply of

resettlement housing involves working with municipal government and much mobilization effort unless the district has land resources in its own district to resettle residents such as the Yangpu District. Second, a single compensation and relocation plan for a large and diverse population pool was not feasible. The population size, with around 1,300 households was huge for the housing requisition firm to deal with; especially right after the central and municipal government issued the new *2011 Regulation* and *Implementing Regulations*. The working staff lacked the experience to work with the relocated residents under the new regulation. For other housing requisition projects, the Hongkou District government set up a weekly meeting platform and a resident mediators' forum to solve the conflicts at the outset of the requisition process.

Residents offered their thoughts on why the project did not receive 85% support from the residents on an online community forum, libaclub.com. Some residents mobilized to achieve their goals, while others held on to the idea that if you bargained with the government, you could get better deal. Residents in support of the project worked to change the minds of their neighbors holding out for more compensation:

Resident A: We did everything we could. We were trying our best to persuade our neighbors to sign the contract with the district. We even thought of paying those people who did not want to move and meeting their needs.

Resident B: Some residents volunteered to explain the policy to their neighbors. However, the project still failed and those 23% did it (On-line forum).

Block 237 (south) is another project that did not reach 85% in the second round with 80 property titles registered in the south lot. Both the east lot of Block 237 and the south lot reached 100% for the first round public hearing. The relocation standard and compensation for Block 237 south was the same as for the east, however the housing condition is different according to the affected/project residents (Interview with Resident



8). Residents regarded their housing as new lilong rather than old lilong as the district government assessed it. Fifty percent of native residents were still living there in 2015, and the housing used to be the dormitory of a university. The whole area is alongside a railway line and the area was cut off by the railway line and the unit price of second hand commercial housing nearby reached 30,000<sup>20</sup> Yuan in 2015 but around 25,000 Yuan in 2013 (Interview with Project Manager 3).

#### *6.5.3.2 (Dis)trust and Credibility*

The relocated block 237 (east) is still an empty piece of land with some nail houses standing there. In May of 2015, the district government was taking procedures on forced relocation and the district government would sue the nail households in court by July 2015 (Interview with Project Manager 3). The big issue of this piece of land of block 237 was that there was a huge freezer standing there and the negotiation between the owner of the freezer and the district government could not reach a deal (Interview with Resident 8). This issue also slowed down the development plan of the district government on renovating this area into a high-end residential area because the land was not ready.

For those who did not stay in the old lilong housing, the participation approach did not affect them much. They believed the district government should sponsor the projects otherwise the area where their housing was located would never be redeveloped.

“I had to sign a lot of paperwork. I did not participate in the public hearing for compensation scheme and plan (this is not required for each household). They said the residents from Block 7 were hard to deal with. We can hardly believe the whole process took only 18 days to reach 85%, as this area has been back and forth for 18 years”.

“Yes, my neighbors would tell me how many people have already signed the contract and how to calculate the compensation. They helped us calculate the compensation and I trusted their opinions. Most of my residents wanted to move because they felt

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<sup>20</sup> The housing price around this area was a bit under the average housing price of inner-city of Shanghai from January to July in 2015: 32,000-34,000 Yuan/m<sup>2</sup>.

depressed staying there in such a small apartment. People built extra floor area year by year. When I married into this community, we can drive a truck into the lane but now we can only ride a bicycle. Some resident occupied lots of public area to build some extra area for their apartments, and now our community looked like a slum” (Interview with Resident 4).

Many residents who had lived in the old lilong housing for a long time took advantage of the policy and voiced their concerns/support during the public hearing.

“I participated twice in the public hearing for compensation scheme and plan. We had around 100 residents attending the public hearing. There were some squabbles during the public hearing. The developer had a poor attitude. After the public hearing, the district government made some changes in the relocation and compensation plan but did not take all the comments from the residents. They changed the assessed price as the old one came out in 2012 which did not apply to the real situation in 2013. They also refined some of the items and made them in detail. ”

“However, there is a bad case; the street office asked one household to select a representative to persuade other family members in the household. And finally the street office appointed one representative for this family. This representative turned out to get much more compensation than other family members, such that, the whole household got 1,000,000 RMB for 10 persons, and each one should get 100,000. However, the representative alone got 400,000 RMB.”

“For the household which has many people, the compensation scheme is a failure and it cannot solve the problem at all. It was 3,000 RMB for each household for moving and relocation alone. If the household has 3 family members, they can get 3,000. And if the household like us has 16 family members, we still get 3,000 for moving incentive. Each of us get only less than 200 RMB for this incentive. I mentioned this issue in the public hearing” (Interview with Resident 3).

This negotiation was not successful for the residents who gained more relocation incentive although it was proposed in the public hearing. However, some residents bargained for their family successfully on the issue of bonus compensation for vulnerable groups.

“Our family was not qualified with the low-income bonus compensation under the 2011 regulations. However, I negotiated with those people who were pushing our project forward and they allowed us to have the low-income compensation. Different departments in the district government have to sign for us to get this compensation” (Interview with Resident 3).

On some occasions, not all the family members could get compensation (resettlement housing) as the original floor area of the apartment was too small. Such conflicts could make one household delay moving to the last minute. They represent some of the situations other “nail households” might face:

“I was concerned that I couldn’t get two resettlement apartments. We signed the relocation and compensation contract in October 2013. As there was not enough resettlement housing available for us at that time, we waited and waited. They offered me an opportunity to select another resettlement apartment in May 2014 but I am not satisfied with that environment where the housing is relocated. So I am still waiting for another opportunity. My brothers are waiting for another two apartments, especially one of my brothers who have less income. We will not move and sign the final official contract (the supplement contract).”

“I know if we did not sign the contract before the deadline, we might not be able to get a certain kind of incentive. However the district government tried all means to make us sign within 18 days (1,450 households), they did not follow the instructions and policies as they cannot provide enough resettlement housing for us. That is why I am still not able to move (even though I signed the contract)” (Interview with Resident 3).

In the lilong area of Block 7, in addition to the slogans for calling for relocation, there was notice such as, “it will be 2 days to Oct 22, and you will be losing 20,000 yuan if you do not sign the contract before that date,” and “adhere to the law to enforce the implementation of justice”. Some interviewees expressed that the new regulation had made housing requisition operation more normalized (Interview with Resident 5 and 8). However, the incentive mechanism made residents’ participation less meaningful as the participation is mostly driven by compensation.

Research shows that payoffs motivate participation (Hooper and Ortolano 2012). In Shanghai, compensation scheme is one of the major factors that influence the decision-makings of the residents. Districts with different land prices and resources provide different compensation packages to their residents. The districts with more financial resources play a more dominant role in decision-making of housing requisition and

resident relocation. Statistics showed that in 2012 the Huangpu District resettled more residential units than other inner-city districts in Shanghai, increased by 18% compared to Year 2011, while the Hongkou District decreased by 73% (Shanghai Statistical Yearbook 2013). In 2010, the Huangpu District had fiscal revenue of RMB 6,436 million Yuan, and fiscal expenditure is 8,073 million Yuan, while the Hongkou District had fiscal revenue of 4,836 million Yuan and fiscal expenditure of 7,452 million Yuan (SBS 2013). The rate of revenue to expenditure remained the same level in 2012 in both districts, and showed that the Huangpu District had better financial conditions. The Huangpu District offered more incentives to the relocated residents compared to the Hongkou District. The district officials from the Hongkou District also mentioned district with better financial ability will give more incentives to their residents, which makes residents in other districts dissatisfied with their own compensation packages (Interview 2012).

## **6.6 Urban Redevelopment Regime and Citizen Participation**

Housing requisition projects serve as a kind of political achievement in China. Both the district governments and the agency they hire face political pressure from higher authorities in economic development or meeting the public interest. Some project managers complained that if the district government pushed the project to finish within a limited time, then they would not be able to follow the regulation step by step. However, if they could follow the regulation strictly, the residents would trust the government and make it a virtuous cycle. Therefore there is a “relative fairness” in the housing requisition project (Interview with Lawyer), which is to follow the willingness of the majority. There is a template about the relocation and compensation plan for the whole city of Shanghai. Residents’ comments do affect it but not much since the comments are regarding more

about the incentive fee. Starting in July of 2014, Shanghai Municipal Housing Bureau issued a new policy that district governments are not allowed to pay subsidy for the resettlement housing. The Huangpu District offered to pay some subsidy to make the price of resettlement housing lower and the residents were happy for that. However it is not fair if some of the districts pay more subsidies to the residents while the others do not. Resident participation is limited because of the political significance of the housing requisition project.

“It is more about the political achievement. If No. 2 housing requisition firm can accomplish, why not our No. 4? However, we do not need to rush. Why do we have to finish the project in a certain time period and relocate a certain amount of households? If you let the residents decide, why all the projects should be successful? Your generation might not know, but to our generation, the political achievement counts a lot. Second is the political push from the district government. There is a competition among different stakeholders. The regulation is fine, but we do not follow it very well. We should eliminate the human factors when we are implementing the regulation. Also we use to destroy the trust from the residents and now we have to regain it” (Interview with Official 7).

The *2011 Regulation* in the municipal level is much more detailed than the national regulation. The national regulation requires the close-by principle which means the relocated residents should move to close-by areas. It is not clear and hard to measure what “close-by” means in each city of China. Therefore the municipal government of Shanghai made a detailed requirement: If the original neighborhood is within the inner-ring area, the close-by area is the adjacent district. If it is within the outer-ring area, the close-by area is within the same town or neighborhood (No. 71, 2011). Among the four projects discussed here, not all the districts followed the policy. Even though the residents can argue for this if they know the policy really well, it might not work if they are not able to form a coalition. More residents could stay in the same district if they successfully argued for this item in the policy.

Local district government defined the housing requisition project as the “interest of the majority of the residents” (Interview with Official 11):

It is the interest of the majority of the residents. Civilization is built on the materials. We do not have that good life quality compared to the western countries. Residents still rely too much on the government. To improve the living condition of the residents is the purpose of the housing requisition project for livelihood.

The regulation setting caused conflicts and negotiation among the family members. The previous policy before the 2011 usually took care of everyone in the household (counting the population). Now one compensation package is delivered to the relocated household and some family conflicts emerged. If the original housing size was small and the numbers of the residents registered in the household are more than normal (3-4 members), the family members could sue each other to argue for more compensation within the compensation package they received from the district government.

#### *6.6.1 Urban Redevelopment Regime*

This chapter focused mainly on the role of the government in shaping urban redevelopment regimes. The cases of Luxiang Yuan Road, Block 59, Block 237, Block 7 showed that the roles of different stakeholders in housing requisition projects depended on the leadership of district government, financial resources, or compensation scheme.

***Progressive symbolic regime:*** The Luxiang Yuan Road project was well organized by the district government. The district government utilized the media and the relationship with the municipal government to provide positive publicity of the legitimacy of the housing requisition project in this historic old town of Shanghai. The district government integrated financial resources and goals of political achievement through this project. The district government subsidized the resettlement housing to lure residents out of their original apartments early. The investor, Chengtou Group is a state-

owned enterprise which served as a platform of urban redevelopment in Shanghai and plays a major role in housing requisition. The nature of the project is for building the city image of globalizing city and attracting high-income people.

***Caretaker regime:*** Block 59 in the Hongkou District showcases weak government because the residents stopped the housing requisition project while other parts of the North Bund area were under tremendous redevelopment. The district government laid back and maintained simple coordination for the residents. It is not clear who will be the developer for this project and no private investment so far.

***Development regime:*** Block 237 in the Putuo District had a voice from the community because the residents proposed the project on the east side; however, on the south side, the residents stopped the project. The investor, a state-owned company partnered with the Bank of Shanghai, a joint-stock in this housing requisition project and provided funding for housing requisition. Development regimes are concerned primarily with changing land use to promote growth, representing efforts to modify established social and economic patterns. In this project, the district government and investor only aimed to redevelop the industrial and residential area into a high-end residential complex and it did not represent the image of Shanghai as a globalizing city due to the location of this project.

***Urban revitalization regime:*** Block 7 in the Hongkou District pursues a change in image to revitalize the dilapidated area. The project could not continue in the past 18 years because of the opposition from the residents as well as the financial resources of the investor, although regimes concerned with property development become dependent upon capital resources rather than popular participation. The developer, Shui On Land

Limited, contracted with the district government to redevelop this area into a flagship of the company as Rui Hong Xin Cheng, a high-end mixed land project.

## **6.7 Conclusion**

The role of local authorities in urban redevelopment changed under the *2011 Regulation*. More actors joined in the decision-making of redevelopment and relocation process in Shanghai and it showed more cooperation and conflicts among district government and municipal government. Project One in the Huangpu District showed strong leadership in organizing the participation schemes of housing requisition projects and moved the projects forward more efficiently. It was a city image project that attracted funding from both the municipal and district governments. The project thus provided more compensation and incentives for relocated residents and provided better locations and more choices of resettlement sites. The district government launched a sophisticated outreach effort to build residents' trust. Project Two of Block 59 in the Hongkou District showed that the district government did not effectively promote the project. Residents opposed the project halting its progress. The project was not a priority for the municipal and district government, thus they provided fewer resettlement sites for the residents. The district government did not take the initiative to engage the relocated residents in the process and failed to establish the trust with them. Project Three of Block 237 in the Putuo District had a weak government role in initiating the housing requisition project and making a deal with the community. The Street Office played a strong role in working with the relocated residents but the district government did not make an initiative to meet the need of the community. It was not a high profile project because the location was less desirable and housing demand in this area is lower compared to other projects in the



Huangpu and Hongkou Districts. Some residents went to the district government for relocation and showed strong resident engagement. Project Four of Lot No. 7 in the Hongkou District had a long-term partnership between the private developer and district government. The district government finalized the project under a new leadership of the district and the developer played a role in financing the project. It was a priority project in the city because it was the first housing requisition project under the 2011 regulations involving more than 5,000 households and located in one of the most expensive blocks in Shanghai. The municipal government appointed a new district head who achieved much in housing requisition in another district hoping he brought his experience in housing requisition and residential relocation to this project. The project went smoothly when the residents had more choices of resettlement housing after negotiation. State-led participation in housing requisition in Shanghai is a tool for the municipal and district government to facilitate economic growth through urban redevelopment and it is a process to strengthen the legitimacy for requisition among the relocated residents and move the project forward. In the next chapter, the study will discuss the nature of resident participation in housing requisition and the changing roles of residents in inner-city redevelopment in Shanghai.

## **Chapter 7: State-led Participation in Housing Requisition: A Comparison**

### **7.1 Introduction**

This chapter aims to answer whether more “participatory” approaches to housing requisition for urban redevelopment address power relations and conflicts among local groups in different districts, and what strategies residents use to negotiate inner-city redevelopment through a comparative analysis of the Yangpu and Hongkou cases.

Although residents have a more active role in the relocation process under new property taking regulation issued in 2011, the study argues that residents’ influence is constrained by compensation policies and participation schemes set by the district governments. It further argues that state-led participation in housing requisition is a tool for the government authorities to use to facilitate economic growth through requisition, and it could also be interpreted as a process to strengthen the legitimacy for requisition among relocated residents. The roles of the affected residents as participants did not properly address the power relationship, when the government used the regulatory power to shape the power dynamics between the local government, the affected residents and the developers. I define power as the ability to initiate change within the decision-making processes. I see power relationships at two levels, first, it considers power relations between institutional partners (municipal government, district government, housing authorities, private developers and local community), and secondly, it looks at the governance structure that enables local communities to participate officially within the regeneration process (Wong 2013).

### **7.2 Pingliang Project: Housing Requisition Participation in Shanghai**

#### ***Project Profile***

The Pingliang Block 2, 3 project is located along the Huangpu River (North Bund) in the Yangpu District, west to Dalian Road, north to Pingliang Road, east to Tongbei Road, and South to Yangshupu road. It is located in one of the historic areas in Shanghai, which called Ba Dai Tou. Ba Dai Tou was established in 1863, which hosted school, church, post office, hospital, cinema, barber shop and various shops. It was a convenient location for residents to satisfy their daily life.

The housing requisition project started in June 2014 and reached 87% approval at the second public hearing procedure in October 2014 (Table 7.1). In total, more than 2,900 households are registered in this neighborhood. The Yangpu District government required that if less than 85% of residents signed the contract before the end of December 31 (three month period from September 12 to December 12 and extend to December 31), the project would be rejected and all the contracts will be invalidated. The whole project area was divided into Lot A (835 households) and Lot C (2,159 households). They started the first round public hearing on June 10, 2014 and reached 90% in seven days. The implementation policy developed by the Yangpu District government requires that 85 percent of residents agree to move in the second public hearing before the relocation project can continue. In the Pingliang Block 2 and 3 project 69% and 78% of residents pre-signed the contract by Saturday, September 13, which was the first day for those households who already signed the contract to draw an order to select their resettlement apartments. By October 10, 2014, 2,599 residents in Block 2 and 3 had signed the housing requisition and compensation agreement with the Yangpu District Housing Requisition Center when it reached the 86% approval to make this project official (Observation 2014). In May 2015, around 110 households had not moved out. One

resident who built his own 3-story high building told me he would move if the district government compensated him 8,000,000 instead of 5,000,000 Yuan (Interview with Resident 9). They enjoyed the life in this location and everything was convenient. They regularly cleaned the streets in front of their apartments, which is public space cleaned by workers hired by the district governments (Interview with Resident 9). Those residents who took the initiative to clean the public space in front of their apartments strived for their rights to the apartments and public space which could be turned into private space in the near future under district's redevelopment plan.

The district government prepared around 1,800 resettlement units located in the same district and signed into contract with the municipal housing authorities for more than 6,000 resettlement units located in nine districts other than Yangpu (Yangpu Times 2014). The Yangpu District is one of the inner-city districts that provide the most amount of resettlement housing within the district because of the land resources the district has given its role as a previous industrial district.

#### *The Financing Mechanism and the Investor of the Project--Zhongwei*

The investor for this project has owned the user rights of the land since 2003. Due to the funding shortages from the developer's side, the project did not restart until ten years later. The Yangpu District government implemented a partnership strategy with permission from the municipal government to allow the district government, the China Development Bank and the developer to work together to finance the Pingliang project. This is rare and creative under Chinese financing mechanism for housing requisition projects because the China Development Bank usually does not participate in a district level redevelopment project. The Shanghai Municipal Government signed contract with

China Development Bank in late 2014 on financing over Shanghai inner-city redevelopment (Jiefang Daily 2014) and the district government signed contract with the municipal government on that. The developer, Zhongwei Real Estate Unlimited Company, invested 500 million Yuan in this project. The US company Portman Holdings planned to participate in the urban design and planning of the complex located in the demolition area (Yangpu News 2014).

### *The Legitimacy of Housing Requisition Projects*

The demographic information of the community is not available to the public, thus I am using the demographic information for the whole Street Office of Pingliang. Around 15% of low-income residents could get the bonus compensation for the disadvantaged (Tuodi Baozhang). For example, if each member of the household on average receives less than 220,000 RMB, the disadvantaged residents would receive 220,000 RMB per person. This happens when the population registered in the household is large but the floor area of the apartment is relatively small:

“We have four households under one property title. I am no longer living here. I used to live in the attic on the third floor. We can hardly stand up in the attic, so I changed the structure and made the storey as high as the first and second floor. In the 1980s I wrote to the housing authorities to make the floor area officially confirmed after the staff from the housing authorities checked the floor area for me. I did not realize that I would get compensation from today’s relocation project at that time. As we only have the use right of the housing, I was thinking I made a contribution and renovated the housing for the government” (Interview with Resident 1).

The state regulation on housing requisition provided some residents with an opportunity to make a profit from housing requisition rather than to improve their living condition because they would probably stay in their current residence in other parts of the city, which had a location preferable to the resettlement housing. One of the stated

purposes of the housing requisition policy is to improve the living condition of relocated residents. Although the residents living off-site could rent the resettlement housing to immigrants or just take the cash compensation, and they could be more satisfied with housing requisition in terms of the economic benefit, their living condition might not improve.

Table 7.1: Pingliang Project Timeline

Year	2003	2004	2013	2014
First Stage	1. The developer successfully leased the land from the government. 2. The district government initiated the housing demolition project.	The developer quit because of the shortage of development funding	The district government started making the relocation plan and applied for a loan from the state-owned bank.	1. June 3, the district government restarted the redevelopment and relocation project. 2. First round public voting started on June 9 and reached 97% in one week.
Second Stage	1,000 households (roughly 25% of the community) relocated in 2003.	The project aborted.	The district government got the loan from the bank using government guarantees.	September 12, the second public hearing started and it reached 85% on October 10.

Source: Created by author with data from the Yangpu District

### *The Impact of Resettlement Housing*

In the Pingliang Block 2 and 3 project, 69% (Lot A) and 78% (Lot C) of residents pre-signed the contract before the official signing day. Seventy-eight percent is very close to eight-five percent where there is a gap of 150 households in the sample of 1,836.

According to the policy adopted by the Yangpu District, 2,000 households who already signed the contract need to draw an order to select their resettlement apartments.

Relocated residents gathered around the place where the ballot was going on. Only one

representative from each household was allowed to enter the hall to do the draw. However, some residents mentioned that the number of 78% might not be real as residents asked around and figured out fewer neighbors than they expected actually signed the contract. Some people complained about the rule that those who did not sign before the first official signing day could not choose their resettlement apartments.

### *The Selection of Appraisal Company*

Voting for the appraisal company happened on June 19 2014, and each household had one ticket to enter a parking lot where they could draw the vote for the appraisal company (1 out of 5). Both Pingliang Block 2-3 Lot A as well as Lot C started the process at the same time. The two lots finished the first round public hearing on June 11, 2014. Over 90% residents agreed to move. Some residents mentioned that those whose housing condition was acceptable did not want to move because they enjoyed the easy location of the residence. Many residents came to the voting site by private cars, which meant a certain percentage of residents did not live in the area any more. The surrounding areas of the housing requisition projects were filled with cars. The voting event started at 7 pm and continued to around 8 pm. Police and security staff had to maintain order on the site because thousands of residents were around the area. Five stakeholders were supposed to be present on the rostrum; representatives from the Pingliang Street office, No.1 Resident Committee, and Yangpu District Housing Bureau, the developer and the lawyer. There was a limit line that protected the area where people voted. Staff counted the ballots afterwards. There was no microphone but a speaker, so the residents could not hear what the official was talking about except for the first line. Some residents left immediately after they cast their vote at 7:05 pm. before the final results came out. I

asked them why they did not wait for the voting results on site and they responded that it did not matter; the company might be selected beforehand if it had a close relationship with the district government. It took time for the district government to regain the trust from the relocated residents because the relocation process was not transparent before the new regulations.

When the selection result was announced and the appraisal company selected, some residents felt like they were not sure if the whole process was fair although they were watching the process. Residents had the right to vote, but the result was given by the staff who counted the ballot in a circled area. Some residents questioned that the selected company, Shen Yang, is associated with the Yangpu District. The residents were concerned whether the company would assess the housing fairly. Other residents argued that it was not a big deal which company was selected because the prices of the housing would be assessed in a certain range (Observation 2014). The final compensation package is a big deal but not the housing price alone. Some residents felt like the voting process provided a platform for the residents to share the information and communicate with each other.

### ***The Story of Resident Wang (Pseudonym)***

Resident Wang's family has 7 people registered in one household and its floor area is 52 square meters. Wang was born there and stayed there for over 40 years. Wang used to be an engineer working in the space satellite field. Wang was not among the first few who pre-signed the contract with the government before the official signing date, because he was worried he did not have other apartments in the city and he had more concerns about the location of resettlement housing.



When asked about how his household would share the compensation benefits from relocation, Wang mentioned everyone would get some compensation, but not enough. He was planning to get a three-bedroom apartment in the Baoshan District, and for his brother's three members, they might get a two-bedroom apartment. Wang was concerned that they were compensated with a smaller than average package. The district government tried to use a pilot study for this project, *one big piece of cake*, which means they would not walk into each household in conflicts among family members. One household got one compensation package and you divided the compensation among their family members (Interview with Resident 6).

The compensation package was determined by the government according to regulations and formulas: “We are in the community of interests. We released the compensation amount a month ago. You calculated by yourself according to the regulations and the formula they provided. If the total amount is almost the same, then it is done. If not, that means you are smarter than them. The working staff did this for long, and if you can get different numbers according to those formulas, it is not easy” (Interview with Resident 6). Wang was not quite satisfied with the relocation and compensation scheme, and he did an analysis for the advantaged residents and the disadvantaged for relocation:

“It is complex. Moving into a bigger apartment is better but we will lose lots of the life here. My mother-in law is 98 and we will not move into the outskirts as she is used to the life here. Our area is a very good location because it is close to the Huangpu River where the district government will have the waterfront redevelopment projects here. We can go to other places in Shanghai from all four directions but if we move to the outskirt for example the east-north Baoshan District, we can only go out to one direction—the city center, other directions will go out of the city, where we usually do not go because all of our family members are living in Shanghai. The neighbors here are helpful and we will not have those in the new neighborhood. (Interview with Resident 6)”

However, Wang did not visit the district government or talk to his neighbors about his experience in this housing relocation projects. He used some of his personal relations as he mentioned, “I know people from other demolition companies. We talked a lot. I thought it over and over. Then I talked to the working staff here for our project and they had some feedback for me.” The interaction between the expert who had worked in this field for long and this knowledge helped Wang make his decision. Wang felt like he got the exact right information by himself. He understood how the power was decentralized from the municipal government to the district government and the district government to the street office; therefore he thought there was no need to talk to the officials in the municipal and district level. Wang believed he should make decisions by himself and his next step would be leasing an apartment in the close-by area. At that point, although he had not signed the contract with the government, he felt like the project would reach 85% finally (Interview with Resident 6).

As for the resettlement housing, Wang mentioned that residents would get relocation housing built in the outskirts in two years and his mother-in-law would have to stay in the same location. Even after they get the keys to the resettlement apartment in two years, his mother-in-law would still stay in the same district by leasing an apartment. For his own family, wife and daughter, he would like to choose one three-bed room apartment in the Baoshan District after serious consideration and visiting all the resettlement housing sites. Wang considered the structure and type of apartment in the Baoshan District to be the best. Also, the district government priced the resettlement housing with different prices in different locations. Sijing in the Pudong District is the lowest. The housing price of resettlement housing in the same district of Yangpu is

closed to the market price, around RMB 20,000 Yuan/m<sup>2</sup>. Wang thought the same district resettlement housing was too expensive for his family. There was less incentive for popular resettlement housing. His favorite choice in the Luodian, Baoshan District cost RMB 8,500 Yuan/m<sup>2</sup> (Table 7.2). Wang further explained (Interview with Resident 6):

“Only households with more than 5 people can have three-bedroom apartments. Less than 4 people can get two-bedroom apartments. If you have only one resident registered in one household, you would better get one apartment in the same district in the Yangpu District which is more expensive but not large compared to those in the outskirts. Yes, the government regards this as fair that you are not allowed to pay much more than standard to get three-bedroom apartment. The subsidized resettlement housing has limited supply.”

When commenting how to get the resettlement Wang would like to get, Wang mentioned that relocated residents had to sign the contract before residents drew to decide who would select the apartments first. Wang regarded this process as fair. Some people do not know the policy, and they are trapped. When they pre-signed the contract, they put information such as 2-bedroom or 3-bedroom apartment in which district, but did not know which specific apartment they would get. The residents had to draw the ballot and select the apartments. “If someone else gets it, we have to choose another one.” Wang mentioned, “And I think it is fair. If you are lucky, you can get the apartment you want. But in the past, if you know some officials or managers, you will get a better compensation package.”

Table 7.2: Location and Prices of Resettlement Housing in the Pingliang Project

Resettlement Housing (Neighborhood Names and Districts)	Housing Price (RMB Yuan/m <sup>2</sup> )
1. Xinchang in the Pudong District	10,600
2. Hangtou in the Minhang District	9,200
3. Sijing in the Songjiang District	7,700
4. Huaxin in the Qingpu District	7,800
5. Luhui in the Minhang District	9,100
6. Zhoupu in the Pudong District	9,200
7. Sanlin in the Pudong District	13,800
7. Luodian in the Baoshan District	8,500
8. Close-by area in the Yangpu District	21,000~26,000

Source: Created by author with data from the Yangpu District

### ***The Role of Lawyer***

The Yangpu District government worked with one volunteer lawyer group on the housing requisition project. The lawyer team worked on the family conflicts for the relocated residents, provided free consultation services and answered questions regarding legal issues. This lawyer group set up 10 years ago the first organization that provided legal services for relocated residents and they defined “public interest” as “related to improving residents’ living condition” (Interview with Lawyer):

“The State Council required in 2011 Regulation that housing requisition projects should improve residents’ living condition. However, the Shanghai government compensated even more and improved much of residents’ life quality”.

The law agency has its concentration on land rights and property rights and started service in April, right after the first round public hearing for the Pingliang Project. Within the 5-month time period, they had talked to over 800 households, almost 10 cases a day. The model as described by one lawyer on the mechanism of how different parties work together to assist the district government is “four agents work together (Si Wei Yi Ti)”, “first is the street office; the second is resident committee; the third is the lawyer; the fourth is the demolition company. The four parties play together and try to do fair to the residents” (Interview with Lawyer).

### ***Trust or Mistrust-- Mobilizing Residents***

Relocated residents normally gathered together by 5 to 10 people in the community or in front of their apartments discussing the relocation issues. In most cases, the residents were complaining about the compensation package or comparing the benefits in the Pingliang project with other projects. The residents also discussed resettlement housing issues and compared which locations were better in terms of the environment, housing structure and subway connections (Observation 2014 and interview with Resident 3, 4 and Official 9).

Someone printed some TV news from the Internet regarding the relocation policies and sold them to the residents for 0.20 RMB Yuan (the cost of printing one piece of paper). It said one judge from the Supreme Court was interviewed by the national TV stations, and the compensation package from a housing requisition project should refer to the market housing price of the commercial housing in the same locations. According to the *Second Article* of the *2011 Regulation*, if the compensation package is lower than the market cost replacement housing, even it involves thousands of residents, it will be

revoked. Some residents believed this information after reading the material handed out by the neighbor, other residents questioned that it was still too general that it did not mention the housing size and some other criteria. Then those residents feel like they could hardly argue with the government using this material (Interview with Resident 6).

### ***Fairness***

Before the *2011 Regulation*, residents who stayed to the end received more compensation. Therefore the majority of the residents would rather stay. It was not good that the project lasted for a long time period, over several years even. Both municipal and district government understood they could no longer work in this way to conduct a housing requisition project. Moreover, residents did not trust the government any more as they believed that you could bargain for more (Interview with Resident 6 & Official 11). Furthermore, the old regulation was not good for the government image. District government was hesitant to undertake too much forced relocation (Interview with Resident 6). At the experimental stage of the 2011 regulations, the percentage set by the government for the second round hearing is 70% rather than 85%. It was not feasible because the more residents stayed in the community; the more it cost the government to solve the remaining issues (Interview with Project Manager 1 & Resident 7).

Some residents complained that households that did not pre-sign the contract within the time period (ten days for this project) the government set, would not be able to select the resettlement apartments they liked. They argued that everyone should have the same opportunities to select the resettlement housing (Interview with Official 8 and Observation 2014).

Among those who held out, are those households that built extra areas that were not counted for in the compensation formula. It made the residents angry about the relocation policy as well. Those extra areas which were not confirmed by the housing authorities were built in a special period. It was under the situation that more people had to squeeze into one apartment; therefore residents had to build a second floor or even a third floor (Interview with Official 6).

Another prominent contradiction for the residents in the housing requisition project is family conflict. Some families could not decide who should get the resettlement housing, especially for those big families whose parents have passed away. The old regulation before 2011 usually compensated up to three families registered in the same household. This Pingliang project under the new 2011 regulations provided compensation package to only one household no matter how many people were registered in it (Interview with Resident 6).

### ***Compensation and Incentives***

Another factor mentioned repeatedly in the interviews is that compensation and incentive plays a big role in residents' decisions (Interview with Resident 2-5). The Pingliang Project provided all kinds of incentives to encourage residents to move earlier. The project divided the area into several pieces. The district government numbered those residents who were hard to deal with into the same blocks such as Block One or Block Two. Therefore other pieces will reach 85% or higher easier and earlier. This strategy made the relocation process quicker. Once the whole block reached 100%, all the households got a 300,000 RMB Yuan extra incentive to move. But if the blocks reached

only 85% then they got only 80,000 RMB as an extra incentive. And once the residents moved out of the apartment in time, they would get an additional incentive.

The project offered 20,000 RMB for senior residents who were over 70 as well as for those who were veterans. The district government also paid for the residents when they transferred their registration from the Yangpu District to the district where their resettlement housing would be located which was further from the city center. People in China need registration to go to a public school, go to a public hospital and go to the community center. Therefore many residents do not want to transfer their registration with the inner-city districts to districts on the outskirts. Then on the other side, it was hard to count those who had no dwelling place in an inner-city district (Interview with Resident 9).

Another reason why the district government wants to speed up the project and offer more incentives is that each year the district government has to demolish old lilong housing for around 5,000 square meters within the district. The municipal government has a quota for each district each year. The district government officials need to please the higher authorities to excel their political career.

### ***The Concept of Home and the Impact of Resettlement Housing***

Several residents were concerned that their resettlement housing was too far away from the city center. They also did not want to live in the neighborhood that was far away from their relatives or family members. Taking two buses was considered too far. One resident mentioned: “If the apartment housing is too far away, it cannot be called a home as it is separated from my family network” (Interview with Resident 5). When asking



whether the resettlement housing affected the decision-making of relocation, the resident answered,

“It did not affect that much. I was planning to get the cash compensation. In our household, we had me, my sister and my daughter listed on the certificate of title of our original apartment. For the old policy, which was implemented in and before 2011, we should be able to get three resettlement apartments as it counted population rather than the floor area of the apartment. My daughter, my sister and me are three separate families so we should be able to get three apartments. For the new regulation after 2011, it counted floor area only so we got 2 resettlement apartments in the outskirts of the city because our original floor area (apartment size) was relatively small (13 square meters). I can stay with my mother in law if I get the cash compensation. My sister would like to have the resettlement housing for compensation so I followed her. I do not want my sister to hate me for the rest of her life therefore I followed her opinion. The new policy made many households complain a lot as it transferred all the conflicts and contradictions to the residents within their families rather than between the residents and the government” (Interview with Resident 5).

This resident prioritized family interests ahead of monetary compensation and tried to solve the conflicts among family members rather than turn to the district government for help. Economic compensation does not play as important role as the other factors in the decision-makings of this household. There was a conflict between economic compensation and family interests under the new regulations for large households.

### **7.3 Block 158-161 in the Hongkou District**

#### *Project Profile*

The Block 158-161 project, located along the Huangpu River (North Bund) in the Hongkou District, started in March 2014 and reached 96% approval for the first round public hearing and 85% at the second public hearing procedure in January 2015. In total, more than 1,329 households registered in this area.

When the district started the second round public hearing of Block 158-161 project, the district government had met its housing requisition quota for year 2014 and

met the goals set by both the municipal government and district government on the numbers of the households relocated.

#### *Two-round Public Hearing Mechanism*

The project finished the first round public hearing in March 2014. Between March 22 and March 29 (Table 7.3), residents could submit the survey for the first stage of seeking public opinion. The district government officially announced the result of the first round public hearing as 96% approval (1,292 out of 1,306 households) in April (Interview with Official 5). The project started the housing assessment in the summer of 2014. For the selection criteria for the appraisal company, it should have at least 50 appraisers if they want to be the candidate for the housing requisition project with a population of over 1,000. Block 158-161 had 1,308 households and the resident committee handed out the voter's ballot for the appraisal company. If the assessed price of the apartment is higher than the average one, it is the final one. If the assessed price is lower than the average one, the household will receive the average one. The average assessed price was announced in December as RMB 28,539 Yuan/m<sup>2</sup>.

Table 7.3: Percentage Signing the Contract in Block 158-161, the Hongkou District

Block 158-161 Project		
Date	Percentage of signing the contract	
12.20-12.26, 2014	0-74%	Pre-sign
12.27.2014	74.34%	1st Day
12.28.2014	75.62%	
12.29.2014	76.52%	
12.30.2014	77.65%	
12.31.2014	80.36%	
01.01.2015	81.41%	
01.02.2015	82.62%	
01.03.2015	85.03%	APPROVED
01.04.2015	86.16%	
01.05.2015	87.13%	
01.06.2015	90.01%	per property title receives 20,000 Yuan bonus when reaching 90%
01.07.2015	90.44%	every 1% increase after 90%, per property title receives 6,000 Yuan bonus
01.08.2015	90.44%	every 1% increase after 95%, per property title receives 10,000 Yuan bonus
03.27.2015 (deadline for 85% approval)		

Source: Created by author with data from the Hongkou District government

Funding and resettlement housing are the two keys issues in the preparation of a housing requisition project, according to the district government (Interview with Official 2 & 5). The district government halted the project for more than 6 months because the district government did not feel ready for the project when funding issue was not solved before the district government started the second round public hearing—signing the compensation and relocation contract. The working staff from the district government input all the information of the residents into the computer system. Then the compensation and relocation contract was generated automatically from the computer into an e-file. If the household information was input wrong in the computer/software, the

working staff had to complete a written report to the district government and they would consider changing or correcting the information.

According to the district official, the Hongkou District had met the quota in April of 2014 for the amount they need to demolish in a year. Therefore the district government did not need to push those projects if they did not feel ready.

“Some projects reached 85% but you might never reach 95% or 100% because some of the conflicts the residents suffered at home. We cannot wait many years for them to move, so we have to do a good preparation beforehand or finally sue the residents to the court if necessary” (Interview with Project Manager 2)

During the six months between the first and second round public hearing, the district government held 7-day informal meetings for every resident in the community regarding the relocation policy in October 2014. The meetings provided opportunities for the residents to talk to all the project managers about resettlement issue. Besides that, the district official and agencies worked to solve the resettlement housing shortage. There was frequent contact and negotiation between the municipal level and the district level on resettlement issues.

“We are making a new plan to solve the increased resettlement housing prices. The resettlement housing in the same location rose from 9,000 to 12,000 per square meter in the past few months. This price has very little advantage over the market price which might be 13,000 per unit area. The new plan has to be approved by the district government and municipal government and it takes time” (Interview with Official 10)

### *The Dilemma of Lining Up*

The second round public hearing started in mid-December. Residents waited outside of the housing requisition center 4 days before the first day of pre-signing the compensation and relocation contract because they wanted to select the resettlement housing earlier than other residents. For this project, they did not draw a ballot but tried

another way--those who signed the contract first could choose the resettlement housing first. It was deep winter in Shanghai in late December, many senior residents lined up outside for several days. When the journalists reported this, some of the residents mentioned the project manager asked them to line up here. The district official organized the resident representative and sent out public notice on WeChat<sup>21</sup> that they did not ask residents to line up. When it turned to be two lines starting from the south and the north, those resident representatives held a meeting with the district officials and they made a decision that they would recognize the line from the south side which lined up first. Those residents who started the line four days before got the chances to pre-sign the relocation and compensation contract first.

For the Hongkou case, the staff used WeChat, which explained or refuted a rumor through sending official information to the cell phones of each household. However, even though the resident might initiate the waiting line outside of the housing requisition center, it was driven by the interest of resettlement housing (Table 7.4) as the regulation set the “game rule” that pushed the residents, especially the vulnerable groups to suffer in the old winter.

### ***The Impact of Resettlement Housing***

Resettlement housing affected the decision-making for low-income and vulnerable groups. Around 300 people gathered in line in front of the relocation office on Dec 12, 2014. On Monday (December 15) another line was formed from the other side of the community. Finally the officials decided the line on December 12 was confirmed. Some residents commented, “people really cared about the resettlement housing and would like to get some better apartments, therefore they would line up in front of the

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<sup>21</sup> WeChat: a free messaging & calling app to connect with people across countries

relocation office even before the official dates to sign the contract” (Interview with Resident 7).

Table 7.4: Location and Price of Resettlement Housing in Block 158-161

Resettlement Housing (Neighborhood Names and Districts)	Housing Price (Yuan RMB/ m <sup>2</sup> )	Housing Due Date
Lianqi Jiacheng in Jiading District	8,500	December 31, 2016
Huaxin in Qingpu District	7,500	October 31, 2016
Luhui in Minhang District	9,000	March 31, 2018
Xincheng Yizhan in Qingpu District	8,000	March 30, 2017
Gongkang in Baoshan District	9,500	May 31, 2015
Songze Huacheng in Qingpu	8,000	November 30, 2016
Rainbow City in the Hongkou District	20,000	2015-2016

Source: Hongkou Housing Requisition Center 2014

Before the official start of the second round public hearing, 706 out of 1,329 households picked up the numbers for selecting relocation apartments 10 days before the official date of December 27 to sign the contract with the district government. Residents who signed before January 6 would get the bonus compensation for moving out early.

### ***Residents’ Views on Compensation Package***

One resident pointed out the role of compensation package at a public hearing with the head of the district housing authorities. In total, 22 resident representatives, 6 project managers and 5 district officials attended the 3-hour information meeting.

“The total economic production is huge in China today; therefore the compensation standard should be first, high enough to match the economic development and higher compared to other projects. Second, limit the total apartment numbers each household could purchase. The housing resource is limited in China according to the population base. Third, take care of the senior residents. The senior contributed lots to the society, and we should pay more attention to them. Furthermore, we residents

felt like the district planned to spend the least money to drive people out of the central district. Four generations of my family stayed and are staying in this area. We felt like the government used strong attitude and forced the whole project” (Interview with Resident 7 and Observation 2014).

Some residents compared the Hongkou project with the Yangpu One,

“The project in the Yangpu District was full of caring. The residents are weak sides in the project. We would like more attention from different levels of the government. For example, a single person over 30 years should get some subsidy on housing. We do not have many demands. We just need a place to stay that is convenient to go out. The 3-month temporary subsidy could be extended to 6 months. We are not satisfied with the subsidies, including the interior decoration fee which is too low...”

Many residents considered themselves as weak side of the project because they were affected by the relocation. Some of the residents might write to the district government, and even the municipal government, although the letters would transfer to the local district level if they deal with local issues that the district government usually takes the responsibility. The residents are long-time recipients under a socialist welfare system. And now the municipal and district governments adopt a western democratic system to allow residents to participate in inner-city redevelopment, however, when the state-led participation only serves as a technical approach of the planning strategies of the government, the participatory practices fails to address the issues of power and representativeness (Winkler 2011).

It was not clear what percentage of the residents could get the bonus compensation for the disadvantaged (Tuodi Baozhang). Not like the Pingliang project in Yangpu which posted the information before the two-round hearing, the information for the 158-161 project would post around 6 months after the end of the second-round hearing when most of the residents would relocate to other locations (Interview with Project Manager 2).

### *Empowered or not?*

Some residents asked for participation in the redevelopment plan, which was composed by the Yangpu District and the developer. However, the planning law in Shanghai limited residents' participation in proposing a redevelopment plan and allows residents to comment on the plan. After several information public hearings, three items in the compensation and relocation plan at Block 158-161 changed (Revisions, December 12, 2014).

- 1) Increase the resettlement housing resources from the districts of Baoshan, Qingpu and Minhang (original Jiading, Hongkou and Qingpu).
- 2) Increase housing subsidies of 80,000-130,000Yuan per property title for the households who only purchase one resettlement apartment in the suburban area (Figure 3).
- 3) Increase housing subsidies of 1,000-2,300 Yuan per square meter for the households who purchase resettlement apartment in the suburban area.

Item One provided residents with more housing choices and Item Two and Three provided more compensation to the relocated residents. Besides that, the district government organized a resident supervisory review panel consisting over 10 members who were from different levels of organizations and those representative were selected by a majority of the residents in the community. One resident mentioned he was not sure whether the policy would favor the resident representative sitting on the panel, but this was some types of mechanism that other districts did not share or follow (Interview with Resident 7). The resident supervisory review panel (steering committee) worked through the whole process of housing requisition and pressured on district government on rewriting the compensation plan.

The bonus compensation (incentive) encouraged residents to persuade neighbors to move out earlier if they happen to be grouped together for incentive compensation: “This is sometimes not fair and we do not want to walk into the issues of each family



because they have their difficulty in making the decisions” (Interview with Resident 7). The district government usually included households that were easy to persuade to move into the same group. When all the households in a group signed the contract with the district government, the whole group received extra incentive compensation ranging from a few thousand to ten thousand Yuan.

### ***Communication Mechanism***

Using Weibo (Chinese Twitter) and QQ (Chinese MSN) to set up on-line forums for the relocated residents, the district government and the street office tried to prevent someone spreading wrong information. The official channel informed residents of the process of the projects and all kinds of regulations through on-line communication tools or sending information door to door. The Hongkou District had the best communication mechanism in Shanghai in terms of the official website on housing requisition which posted policies and processes, and organized on-line forum for residents. The district government set up on-line forum for each housing requisition project and the employees from the district level served as the administrator for the forum.

### ***Housing Requisition On-line Forum***

I joined in the on-line forum for the Block 158-161 project; however, I participated in the dialogue in the forum. I asked about a piece of TV news on housing requisition on Block 158-161, but got no response for that question. Residents cared more about the compensation information. Through a content analysis, I counted the key words in an on-line forum for Block 158-161 project. And the dialogue started from November 17, 2014 to April 27, 2015 including over 100,000 words (Table 7.5). The purpose of this on-line forum is to persuade the residents to sign the contract early as well as clarify the

rumors. Between November and December, a lot of dialogue is about “signing the contract” and residents watched the percentage of the contract every day. Residents signed the contract with the representative from the district government who sat in housing requisition working team. Compensation and money plays a big role in the dialogue of signing the contract. Residents cared about resettlement housing as well because it was related closely to the economic compensation. The role of the developer is “erased” from the dialogue among the residents, and people understand it is the district government who sponsors the project. Residents do not care who offers the money, whether it is municipal government, the district government, the bank or the developer because they only sign the contract and receive the compensation. Even though there were district administrators participating in the on-line forum, I only saw one join in the dialogue in the forum. The purpose of the forum is to understand what the concerns of the relocated residents are. The residents do not need to please the government staff; therefore they can talk about anything they want. I read some interesting conversation between the district administrator and all the residents who did not trust him at the beginning and criticized him as well as the information he posted. However, the residents seldom talked about rights and participation issues, yet talked about the government behavior on that platform.

At the beginning of the second-round public hearing, residents were concerned more about signing the contracts with the district government and watched the updated percentage of contract signing every day. The bargaining or negotiation happened between the residents and the housing requisition working staff. The residents talked

about the working staff quite a lot, around 250 times in the on-line forum within the five-month period when I collected this data.

Table 7.5: Key Words in the Dialogue among the Residents and District Administrator

Key Words	Times
Sign the contract	287
Housing requisition working staff (Dongqian Zu)	246
Money or compensation	240+76
Resident	108
Policy	102
Source of resettlement housing (Fangyuan)	74
Government	69
Place	61
Information	60
Demolition	57
Select resettlement housing (Xuanfang)	35
Deliver(y) of the resettlement housing (Jiaofang)	32
News	25
Interest	24
The Street Office	14
Petition to up-level government (Shangfang)	11
Legitimate	7
Developer	5
Coordinate	3
Participate/participation	2
Rights	1

Source: Created by author with data from QQ (A Chinese chatting tool)

#### **7.4 Comparison between Yangpu and Hongkou**

The differences between the citizen participation schemes in Yangpu and Block 158-161 are summarized in Table 7.6 (Figure 7.1). The Pingliang project was one of the representative projects in the industrial Yangpu District, and it involved conflicts between the developer, residents and district government. The Block 158-161 case showcases a well-organized campaign for the government to mobilize residents to participate in the decision-making process. Both the district governments made the process open to the residents; grouped people together for a whole compensation package; and provided more compensation incentive to those who worked with them. The Pingliang project did not open a channel for the residents to speak in a public venue and did not form a resident supervisory review panel for the community leaders to speak for the residents. Although the residents in Block 158-161 participated in several public meeting organized by the district and established a resident supervisory review panel, residents' decision-makings on housing requisition were constrained by the compensation incentive offered by the district. The resident representatives sitting on a resident supervisory review panel partnered with the district government, and they assisted the decision-makings of district government by summarizing the opinions of community residents, yet it might not represent the interest of the residents.

The compensation information for the disadvantaged households (Tuodi baozhang) in Block 158-161 posted six months later after the second-round public hearing closed. Most of the residents moved out of the community within three months of the second-round according to the setting of the financial incentive mechanism.

Community residents could not monitor who would finally get the bonus compensation for the issue of housing difficulty.

Table 7.6: Comparison of Two Housing Requisition Projects in Yangpu and Hongkou

Project	Pingliang	158-161
Land transfer mode	The investor owned the use right of land long before the housing requisition project restarted in 2014.	This piece of land is owned by the district government and waiting for auction (land reserve purpose)
Funding source	The Yangpu District government, China Development Bank, and the investor	The Hongkou District government, and municipal government
Public hearing meetings	None	Hundreds
Ways to decide the order of selecting resettlement housing	Ballot	Line up
The compensation information for disadvantaged households	Post before the second round public hearing	Post after the second round hearing
Decision-making mechanism	No resident panel	Resident supervisory review panel, the residents and the district government
Project result	Reached 85% approval line in 29 days	Reached 85% approval line in 13 days

Source: Created by author with data from the Yangpu and Hongkou District

Figure 7.1: Locations of Pingliang Project in Yangpu and Block 158-161 in Hongkou (Black Stars)



Source: <http://lemonjoe.blog.163.com/> (edited from a regional map)

## 7.5 Conclusions

The more “participatory” approaches to housing requisition opened participation channels for the residents allowing them to participate more actively in the relocation and requisition process. Although Block 158-161 had resident representatives on a supervisory review panel with the district government, finished the second round hearing faster than Pingliang, which had no resident supervision, the resident supervisory panel in Block 158-161 did not necessarily represent the interests of residents. It showed that the more the district government contributed to the preparation of a housing requisition project, the more comfortable the residents felt more like to relocate and leave the old apartment. The preparation could be measured as having more financial support, more resettlement housing sites and more public hearings for residents’ comments.

Nevertheless, in both cases those who were not registered in the neighborhood had no voting rights or compensation. They are either immigrants from other cities or apartment renters leasing from registered residents. These people had to look for residences on their own without any financial assistance. The housing requisition regulation or policy did not cover this group of people. The excluded actors cannot make or gain a voice in the decision-making process of housing requisition for urban redevelopment.

Residents with property stakes received compensation from the housing requisition projects. The transparency of the policy made it more a neighborhood-based process of compensation negotiation with the district government hosting public hearings for the residents. Before the 2011 regulations, the negotiation was an informal process carried out on a one-to-one basis between residents and district government. The district government employed strategies such as adding compensation for residents who moved out earlier, which affected the decision-makings of residents especially who had other properties in the city. This strategy made the participation process more efficient. The district government also provided more compensation to disadvantaged groups including seniors, the disabled and veterans. This showed a social welfare approach to compensate the disadvantaged through housing requisition projects rather than through a social welfare channel. The Chinese government still considered housing a social welfare issue when it transferred towards a neoliberal path of urban development.

The factors influencing residents' participation in urban renewal can be understood in Hirschman's (1970) Exit-Voice-Loyalty model. Hirschman (1970) argues that there are two ways by which people may address the declining performance of a



firm, organization, or state. To “exit,” means to abandon it. Hirschman (1970: 30) defines “voice” as any attempt at all to change, rather than to escape from, an objectionable state of affairs, whether through individual or collective petition to the management, through appeal to a higher authority with the intention of forcing a change in management, or through various types of actions and protests. Hirschman (1970: 77) defines loyalty as a, “special attachment to an organization.” In Hirschman’s model, loyalty increases the likelihood of pursuing voice by effectively reducing the costs of the action. Due to China’s limited experience with protest and public complaint, and as a legacy of China’s political history, the cost of pursuing the voice option in China is higher than choosing the exit option. Relocated residents take strategies such as mobilizing around the neighbors, sending letters or making visits to the government departments (petitioning), or conducting informal discussions with government officials in the Hongkou case. Relocated residents changed the redevelopment and compensation plans; however there was no open channel for residents to get involved in making the plans. The power relations are still dominated by the district government.

In conclusion, this chapter examined the complex nature of housing requisition and the extent of residents’ consultation and participation in the Yangpu District and the Hongkou District. Two reasons explained ineffective participation from the residents in housing requisition in Shanghai. First, the participation schemes act as procedures, which provide less meaning than the expectation from the relocated residents. Second, the level of economic compensation plays a more important role, however, the relationship between people and their home and between family members is also important in the housing requisition; the new compensation schemes sometimes neglect the important

aspects of an effective participation mechanism. In the next chapter, I conclude by examining citizen participation rights in housing requisition in Shanghai within the regulatory power and regime.

## **Chapter 8: Conclusions: Towards a Participation Right**

### 8.1 Empirical Results

The 2011 regulations provide a more transparent, open and interactive process for Shanghai residents who are directly affected by housing requisition projects. The new policy offers the opportunity of resident participation, which affects the power dynamics during the housing requisition decision-making process. It is a positive move. However, there are major factors that may make resident participation less meaningful and disempower certain groups of residents or vulnerable groups such as low-income residents, and senior citizens. The compensation package, housing condition and place-attachment can affect the decision-making of residents living in old lilong housing. The existing lilong housing disappeared by one-third between 2009 and 2014, and continues to be demolished.

Those residents willing to move in order to improve their housing condition, face a difficult decision as relocation would destroy their existing social networks and resettlement housing might lack adequate community services. It is noted that each district government has played an essential role on residents' participation and decision-makings because the compensation package and the resettlement locations could greatly affect resident decisions. When the majority of the residents are willing partners of the city in promoting economic development and improving housing conditions, the two-round public hearing process does not guarantee equitable outcomes. The Shanghai municipal government and district governments dominate the development schemes, and there is competition among different districts in pursuing economic developments in globalizing Shanghai.

The state and local government promotes the “public interest” through inner-city redevelopment, resettlement housing and affordable housing construction, which could improve the living environment of some of the affected residents. However, disadvantaged residents are driven out of the inner-city. The floating population or migrants without local household registration status receive no relocation compensation. Given the declining supply of low rent housing in the city center under inner-city redevelopment, many of those who wanted to stay close to their service sector jobs chose to double up with their relatives or friends who migrated from the same province (laoxiang). Large families in small units are no longer compensated by the number of people in the household. As a result, they received less compensation under the new regulations than they would have prior to 2011. Residents’ place attachment or emotional bond to their homes and neighborhoods are broken through the housing requisition project. There is a need in China to carefully examine and identify the multiple “public interests” in order to truly promote equitable outcome of citizen participation in housing requisition.

State-led participation in housing requisition is a tool for the government authorities to use to facilitate economic growth through requisition. It can also be interpreted as a process to strengthen the legitimacy for requisition among relocated residents. The roles of the affected residents as participants did not properly address the power relationship, when the government used the regulatory power to shape the power dynamics between the local government, the affected residents and the developers.

## **8.2 Theoretical Interpretations and Discussion**

It is not a matter of knowing what is the right form of governance but of identifying the mechanisms and processes which enable a more or less significant, more or less structured form of governance to be obtained (Bagnasco and Le Gales 2000). Zhang (2002) argues that motivation and consequences of redeveloping Shanghai reveal the characteristics of a socialist regime featuring successful government intervention, active business cooperation, limited community participation, and uneven distribution of benefits and costs of new developments. Under the new regulations, government intervention remains very strong at the municipal and district levels, while the community participation has several characteristics in housing requisition projects. Some active communities have their own resident supervisory panels where resident representatives play a big role in community activity and communication. Resident representatives could have a strong connection with the district government, but they are not the same group of people who work for the district government such as resident committee or street office. Some other communities just let the resident committee take the lead, which usually handed out the survey forms and informed the residents to the events such as voting for appraisal companies. The excluded actors of the housing requisition projects were those people who were not able to register in the neighborhood such as the floating population or renters.

The effectiveness or power of district governments enables the process of housing requisition to be more efficient. Public officials considered the new regulation, which required residents to vote for the procedures, a significant change because it provided residents with the right to participate. Although non-registered residents were excluded players in the process, residents with property stakes take less time to consider moving

out or just receive the compensation and “sell” the apartment to the district government. Transparency in the policy schemes and compensation standards makes the participation more efficient because “nail households” cannot hold out for more compensation.

Informal uses of space are mostly associated with the poor (Lefebvre 1991). Dating back to 1980s, the public space in Hongzhen Laojie or Luxiang Yuan Road counted much more than that of today. The households having more people usually built a back room or a kitchen by themselves, most of which areas were not approved by the housing department of the district government. The lanes in the communities were very narrow after that. Some places only one person can walk through where it used to fit a big truck. The privacy could be an issue when the windows of two households were too close.

The shift in the compensation formula from counting the number of people in a household to the area and value of the apartment illustrates the shift from a social welfare approach to a market approach. The district government used to try to compensate every registered resident in the apartment to make sure everyone received some cash compensation. Because the cash compensation was not enough to purchase a resettlement apartment, the district government expected residents to pay the rest to get a unit of apartment through housing requisition. The 2011 regulations compensated the households with the market price of the apartment. That is a sign of neoliberal turn of Shanghai, and those households with large families and small housing units complained.

Compared to the negotiations that underpin governing regimes in American cities, the nature of the negotiating process in the Chinese context is different. First, the district government plays a central role in the negotiating process while the city officials usually play a facilitatory role in the U.S. Second, it reveals the characteristics of a socialist

regime featuring strong government intervention, active business cooperation, limited community participation, and uneven distribution of benefits and costs of new developments as the socialist legacy used to rely on bureaucratic system to maintain its effective control on land redevelopment. Third, the roles of the planning and historic preservation professionals are marginalized in shaping the discussion of inner-city redevelopment in Shanghai.

### **8.3 Policy Implications**

The starting point for the local government to conduct housing requisition for urban redevelopment is to maximize the benefits of land and urban space in China (Xu 2008). The subject of the housing requisition is the resident. For a complex housing requisition and residential relocation, the local government should consider some issues before providing better living conditions at the cost of destroying the original life of the residents.

Relocated residents have served as lobbyists, activists and advocates in today's housing requisition projects in Shanghai to pursue their interests. We should note the influence of compensation and political power in making decisions when there is no mechanism to offer equal opportunities for residents' return to the original location. "Who benefits and who suffers" is always an important part of planning analysis (Marcuse 2009: 101). Arnstein (1969: 214) argues that the stronger the role of disadvantaged in implementing policy, the more "redistributional" the outcomes will be. Local government should work out schemes that are particularly benefiting the disadvantaged groups of people in housing requisition for inner-city redevelopment to avoid missing the social mix and the fundamental need of its citizens.

The agency of “informal actors” (residents with no ownership) overstate the climate of equal opportunity which would prevail among people who live outside of state’s reach (Varriale 2014). By the end of 2015, the number of migrants from other parts of China decreased by 147,700 in Shanghai. It was the first time that the numbers of migrants decreased in Shanghai. Housing prices have skyrocketed in Shanghai, making it even harder for migrants to afford. More informal poor housing disappeared under the massive housing requisition, which also explained partly why migrants from rural areas left Shanghai. The municipal government should provide some affordable housing to renters who made contribution to the city but had no registration with the city.

#### **8.4 Summary and Future Directions**

In cities today, a key power is the capacity to mobilize a long-term coalition that is capable of achieving change on the ground (Mossberger and Stoker 2001: 830). The government is in charge of resources such as resettlement housing and bonus compensation. A long-term coalition among government and non-government stakeholders can bring together fragmented resources for the power to accomplish tasks, although policy agendas can be related to the composition of the participants in the coalition.

This dissertation examines the complexities of citizen participation in housing requisition for urban redevelopment in Shanghai. It is especially important in the context of developing countries, where rising inequality, mobility, and low levels of citizen involvement make local solutions more pivotal (Hooper & Ortolano 2012). The dissertation contributes to the existing theories on citizen participation in urban redevelopment, particularly understanding the participation processes through the impact



of changes of regulatory regimes on citizen participation, and factors affecting citizen participation. This dissertation addresses two research gaps by exploring the dynamics of housing requisition participation in the context of neoliberal urban redevelopment in Shanghai. First, it draws conclusions beyond citizen empowerment and power relationship among the stakeholders (government, private sectors and citizens). Second, it provides practical insights and strategies for residents to use to facilitate more effective participation in housing requisition.

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**Appendix A: Preliminary Interview Guidelines (refer to Appendix in the text)**

Note: All interviews will be conducted in Chinese.

Informants	Issues and Purposes	Interview Guidelines
Government officials	Verification of participation processes	<ul style="list-style-type: none"> <li>• How does the <i>2011 Regulation</i> differ from previous regulations in influencing the participation from the community residents?</li> <li>• Please tell me if you think the 2011 regulations are important and why?</li> <li>• What are the main criteria used for selecting a possible housing requisition case?</li> <li>• How do you define public interest?</li> <li>• What are the changing roles of local government in shaping the housing requisition and relocation process?</li> <li>• In your opinion, what are the factors affect the decision-makings of the residents?</li> <li>• What are your perspectives on the process of the housing requisition projects? Any improvement?</li> <li>• Which kinds of residents will be influenced most in their daily life under the housing requisition project?</li> <li>• Do these participatory approaches to urban renewal address conflicts amongst local stakeholders? Why or why not?</li> <li>• Do these participatory approaches significantly influence transparency and respond to the needs and interests of the excluded or disadvantaged groups? Why or why not?</li> </ul>
Government officials, business leaders, newspaper staff, consultants, by-standers, academia	What the informants think about the level of participation.	<ul style="list-style-type: none"> <li>• What factors do you think led supporters of the project to feel like they could possibly enact the proposal?</li> <li>• Do you anticipate lawsuits in this relocation and renewal project? Why or why not?</li> <li>• What role did the comments from the residents play in the decision making process? Please provide specific examples of changes made to the housing requisition project as a result of comments received?</li> </ul>

		<ul style="list-style-type: none"> <li>• What lessons about public participation from previous projects did you bring to this case?</li> <li>• What challenges about public participation do you have in this case?</li> </ul>
Residents	Perceptions on relocation	<ul style="list-style-type: none"> <li>• What comes first to your mind when you are informed of the housing requisition project in your neighborhood?</li> <li>• Are you planning to sign the housing requisition and compensation contract? If yes, “Why”. If no, “why not?”</li> <li>• How do you make the decision to move out of the apartment?</li> <li>• Does the provision of resettlement housing influence your decision to move? If yes, “Why”. If no, “why not?”</li> <li>• How does the compensation scheme affect your decision to move?</li> <li>• How will your life after relocation expect to be different?</li> </ul>
Residents	Empowerment	<ul style="list-style-type: none"> <li>• Did you attend the public hearing before the voting procedure? If yes, “Why”. If no, “why not?”</li> <li>• How many times have you attended the public hearings?</li> <li>• Do you feel you are empowered in the public hearing? If yes, “Why”. If no, “why not?”</li> <li>• Do you feel you are empowered in the voting procedure? If yes, “Why”. If no, “why not?”</li> </ul>
Residents	Participation	<ul style="list-style-type: none"> <li>• Have you communicated with neighborhood committee members about this housing requisition project? Why or why not?</li> <li>• Have you tried to get information on your own about the housing requisition project? Why or why not?</li> <li>• Have you discussed with your neighbors about the housing requisition project? Why or why not?</li> <li>• Have you consulted with the local authorities about the housing requisition project? Why or why not?</li> </ul>



		<ul style="list-style-type: none"> <li>• What are your specific interests and concerns?</li> <li>• Can you fully express your concerns? Why or why not?</li> <li>• How other ways you can participate and have a say in the housing requisition project?</li> </ul>
Residents	Compensation	<ul style="list-style-type: none"> <li>• Are you satisfied with your compensation package on relocation? If yes, “Why”. If no, “why not?”</li> <li>• To what extent had the compensation influenced your decision to relocate?</li> <li>• How do you feel about the compensation information being available to the public? Is this better than the prior system?</li> </ul>
Residents	Place-attachment	<ul style="list-style-type: none"> <li>• Are you the first generation of your family who lives here (Years of residence)? If not, why are you still living here under this kind of housing condition?</li> <li>• How do you imagine this area in Shanghai as a globalizing city?</li> <li>• What are your connections with this area? What substitute conditions would you like to have if you leave this place?</li> <li>• What is your (belonging, happiness, pride, or love) in this area which might not be measured by money or material?</li> <li>• Do you feel like the housing condition here can meet your requirement? Why or why not?</li> </ul>
Residents	Mistrust	<ul style="list-style-type: none"> <li>• Have you participated in any other activities, besides official meetings/hearings organized by the city, in response to the siting proposal, including letter-writing campaigns, protests? Why or why not?</li> <li>• In your opinion, what is public interest?</li> <li>• Do you think the project is for the sake of public interest? Why or why not?</li> <li>• What challenges are most pressing in the housing requisition and relocation project?</li> <li>• Do you think if you stay to the last minute, you will get more compensation? Why or why not?</li> </ul>
Resident	Refining of interview	<ul style="list-style-type: none"> <li>• Is there anyone else you think I should</li> </ul>

Committee member; Resident Committee Chair, Street Officer	questions	contact to talk about these issues? <ul style="list-style-type: none"><li>• Recommendations on additional or alternative questions</li><li>• Are there any important issues in terms of housing requisition that we haven't covered?</li></ul>
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Appendix B: Interview List

No.	Interviewee	Sex / Age	Projects	Location	Date
1	Official 1		All projects on the district level	Yangpu	7-Dec-12
2	Official 2		All projects on the district level	Hongkou	20-Dec-12
3	Project Manager 1		Luxiang Yuan Rd 2012-2014	Huangpu	20-Dec-12
4	Official 3		All projects on the district level	Xuhui	26-Dec-12
5	Resident 1	Female / 50-60	Pingliang Block 2,3 in 2014	Yangpu	9-Jun-14
6	Official 4		City Level	Citywide	10-Jun-14
7	Official 5		Block 18, Block 158, 161 in 2014-2015	Hongkou	6-Jul-14
8	Resident 2	Female / 40-50	Block 18 in 2014	Hongkou	14-Jul-14
9	Resident 3	Male / 60-70	Block 7, 2013-2014	Hongkou	20-Jul-14
10	Resident 4	Female / 50-60	Block 7, 2013-2014	Hongkou	23-Jul-14
11	Resident 5	Female / 55	Block 237	Putuo	13-Aug-14
12	Official 6		Luxiang Yuan Rd 2012-2014	Huangpu	22-Aug-14
13	Official 7		Project in 2013	Putuo	25-Aug-14
14	Resident 6	Male / 50-60	Pingliang Block 2,3 in 2014	Yangpu	3-Sep-14
15	Official 8		All projects on the district level	Hongkou	10-Sep-14
16	Lawyer		All projects on the district level	Yangpu	17-Sep-14
17	Project Manager 2		Block 59, Block 18, Block 158, 161	Hongkou	23-Sep-14
18	Official 9		All projects on the district level	Pudong	24-Sep-14
19	Official 10		City Level	Citywide	28-Nov-14
20	Resident 7	Male / 65	Block 158-161 in 2014	Hongkou	17-Dec-14
21	Official 11		City Level	Citywide	23-Dec-14
22	Project Manager 3		Block 237	Putuo	15-May-15

23	Resident 8	Female / 30-40	Block 237	Putuo	15-May-15
24	Resident 9	Male 50-60	Pingliang Block 2,3	Yangpu	16-May-15

## Vita

Zhumin Xu is a native of Shanghai, China. Her research interest ranges from the global city, subsidized housing policy and dispute resolution to participatory urban governance. Xu received her Master of International Planning Studies from Michigan State University (MSU) and a Bachelor's of Arts degree from Fudan University in Chinese Literature with a minor in Journalism. She graduated from Fuxing Middle (High) School where she studied for seven years. She earned Graduate Certificate in Hazard Policy Studies and Certificate in Historic Preservation at The University of New Orleans (UNO). She taught Chinese for the 2011 academic year at The Academy of Chinese Studies in New Orleans.