

Chapter 6

Urban Villages, Their Redevelopment and Implications for Inequality and Integration



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Abstract Urban villages are a unique product of China's rapid urban expansion. They provide a new way of life sustained by property rental income for local villagers. More importantly, urban villages provide cheap accommodation for millions of rural migrant workers in most large cities. Recently, with the increasing demand for land by commercial developers and public projects, urban villages have become the targets for redevelopment. This chapter uses a case study village in Beijing as an example to assess the social and economic impacts of urban village redevelopment on both the original local inhabitants and migrants in rented accommodation. The case study village went through a very long and complicated redevelopment process from 2004 to 2017 involving different stages of demolition and relocation. It provided a rare opportunity to evaluate the effects on the local population, both pre- and post-redevelopment. The study involved several field visits, observation and interviews with village residents. It shows that urban village redevelopment offered no positive benefits for migrant workers who often lost their homes to demolition. For local villagers, redevelopment and relocation into new flats may improve their living conditions. However, most suffer from the loss of long-term economic and income generation opportunities. Moreover, the new property rights for the replacement flats confer no additional rights of citizenship for the relocated villagers who remain 'second-class citizens' within Chinese cities.

Keywords Urbanisation · Urban villages · Land · Village redevelopment · Migrants

6.1 Introduction

Urbanisation, industrialisation and globalisation have rapidly transformed China from a traditional agricultural-based society into a global economic powerhouse over a period of just 30 years. China's urban population grew from 20% in 1980

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to 60.6% in 2019 (State Statistical Bureau 2020). However, the country's rapid economic development and urban growth remain unbalanced across different regions and social groups. China boasts some of the most impressive modern urban landscape globally, and some Chinese cities are among the most expensive places to live. Simultaneously, social divisions, income inequality, environmental pollution, traffic congestion and ecological degradation all pose serious problems to urban residents and policymakers. Many of these problems and challenges are clearly manifested in the so-called urban villages (城中村).

In pre-Communist China, major coastal cities developed under Western influence and took on very different forms to traditional inland cities and towns (Murphey 1980). This colonial versus Chinese division was replaced by urban/rural divergence supported by the *hukou* (residence registration) during the early years of the Communist period from 1949 to 1976. Towns and cities housed the non-agricultural population and functioned as bases for industrial development and administration, while people living in villages remained peasant food producers. China's rapid entry into the global economic system since the 1980s has created new social and spatial divisions (Wang and Murie 1999; Wang et al. 2009). Traditional rural villages alongside the fast-growing suburban areas of major cities were either partially urbanised or entirely overrun by rapid urban sprawl. These villages have been physically absorbed into towns or cities, but they retain many traditional characteristics in the composition of their buildings and populations. This distinctive phenomenon within Chinese urbanisation has changed the simple dichotomy between the rural and the urban, to create a third category of residential space: the 'urban village.' Their populations comprise large numbers of rural migrants (the 'floating population'). Modern business and commercial districts, occupied by 'official' residents and linked closely with the global economic system, form a sharp contrast with informal and poor residential areas represented by urban villages.

The most publicised early urban village in the 1990s was probably Zhejiangcun (浙江村) in Beijing. Located in the south of the city, the Zhejiangcun district comprised 24 administrative villages with around 100,000 migrant workers in 1995 (Liu and Liang 1997). Since 2000, almost all villages located within commuting distances from a city have been turned into urban villages in the prosperous Pearl River Delta and Yangtze River Delta regions. Traditional family houses have either been extended or demolished and replaced with narrow high-rise buildings to provide rental accommodation to migrant workers. Shenzhen and Dongguan near to Hong Kong, where the migrant population outnumbers local residents many times, are two extreme cases. When the Shenzhen Special Economic Zone (SEZ) was set up in 1980, the government initially took a piecemeal approach to land acquisition from local villages for development. As urban development intensified and more land was taken out of agricultural production, all traditional villages became urban villages in some form.

Traditional Chinese villages were all integrated holistically with agriculture. The layout of the village settlement was also simple. Each family often occupied a small courtyard, which contained one or several simple one- or two-storey houses built of bricks and timber. The courtyards were normally arranged in rows with streets

running between them. Larger and richer families occupied more buildings and more yards. As cities grew and the demand for rental housing increased, unplanned and unauthorised building activities multiplied out of control in many suburban villages. New houses were constructed with modern materials such as steel and concrete. In Shenzhen for example, 80% of post-1990 buildings constructed in urban villages by individual families were between 6 and 9 storeys high. Another 5% were over 10 storeys, and some even reached 20 storeys (Shenzhen City Urban Village Redevelopment Planning Working Group 2004). In order to maximise floor space, only very narrow gaps were left between buildings. This practice resulted in extremely high density and the so-called 'kissing buildings.' It was said that people in different buildings could kiss each other through their windows. A Shenzhen government report showed that urban villages in 2004 occupied a total land area of 9,204 hectares. There were altogether 307,000 privately owned dwellings, of which 44% were constructed after 1999. The average size of construction floor space per building was 343 square metres (Shenzhen City Urban Village Redevelopment Planning Working Group 2004). In Futian District alone, there were 15 urban villages; together, they occupied 390 hectares of land and housed 572,100 migrants and 19,300 local villagers (China Academy of Urban Planning and Design, Shenzhen Branch 2004).

In other cities, the scale of urban village development was not as large. Nevertheless, in the inland city of Xi'an, for example, among the 624 administrative villages located inside the six urban districts and four development zones, 286 were officially classified as urban villages in 2010. These urban villages housed 370,000 rural residents. The inner-city areas contained 72 urban villages. These villages had 25,000 households and 89,800 people, most of them rural *hukou* holders. Xi'an also includes three suburban districts and counties, where another 40 villages with a combined population of 90,000 were classified as urban villages (Xi'an Municipal Urban Village Redevelopment Office, 2010). All these population figures only include the original village inhabitants. If migrants were included, the total population would be at least several times larger.

There is an increasing volume of literature on urban villages in China (Yeh 2005; Lin 2006). Papers produced outside the country are more concerned about the rights of local residents and migrants, working class living conditions, poverty and the politics of land and property rights, etc. (Fan 1996, 2001; Ma and Xiang 1998; Knight and Song 1999; Solinger 1999; Wang 2004 and 2019). Researchers often link China's migrant experiences to the international experience and some compare Chinese urban villages with slums in other developing countries (Wang et al. 2009). Inside China, urban villages have been a controversial issue for many years. Mainstream academic and policy researchers have focused on the negative aspects of unplanned and overcrowded developments, crime and poor safety records, serious health, environmental and sanitary problems. To them, urban villages are the 'tumours' of cities and must be redeveloped. These arguments are often based mainly on the city's overall economic, infrastructural and environmental considerations. Urban village redevelopment rarely considers the interests and needs of a large number of migrant residents.

More recently, particularly since the implementation of its 12th Five Year Plan (2010–2015), the Chinese government has begun to address these serious urban inequality problems through an integrative and transformative strategy—effectively introducing a new style of urbanisation. The strategy aims to integrate economic, political, social, cultural and ecological development. Transformative development policies shifted from urban and rural division toward urban-rural integration and equality; from economic and industrial development toward social development; from environmental degradation toward environmental improvement. These policies have important socio-economic, political, physical, and environmental implications for cities, and especially urban villages. To build a harmonious urban society, residents living in urban villages must be integrated into the local urban communities. Long-term migrants must also receive the same citizenship rights as others to enable them to settle in the city and access the social and economic rights they are entitled to. Urban inequality, segregation and integration have also become hot research topics. However, such policy changes and newer research emphases have not changed the overall direction of planning policy, which still inclines toward the elimination and redevelopment of urban villages, especially in districts with high land values. Policies focus mainly on physical changes rather than social and economic upgrading of the poor communities living in the urban villages.

This chapter will focus on the urban village redevelopment processes and its implications for inequality and integration. I shall do this by looking closely at the changes of a case study of urban villages—SC Village, located in the northwest suburbs of Beijing. SC Village is interesting because it has been undergoing redevelopment since 2000. Unlike the redevelopment of other villages that are normally completed in a couple of years, the relocation and redevelopment process in SC Village happened sporadically for over 15 years. The authorities only achieved complete demolition and relocation in 2017. The prolonged process highlights many issues and problems associated with the urban village redevelopment programme. I will discuss the background context, the long and messy process of redevelopment, the gains and losses of the original villagers and other stakeholders involved, and the impacts on migrants who rented accommodation there. I will question the extent to which urban village redevelopment leads to social integration and as well as the reduction of inequality. The findings are based on continuous monitoring and observation of the redevelopment process over a number of years. I visited the original village and replaced housing estates between 2009 and 2018 and conducted interviews with residents before and after relocation.

6.2 Urban Village and Land Ownership

Access to land is a central issue because it is a crucial asset for food production and a key factor for shelter and community development. How issues related to rights of access are addressed in development projects and programmes has a direct impact on the livelihood and security of people not only in rural areas, but in urban and peri-urban settings as well.

Failure to address the land tenure interests of all stakeholders in land development or land reform can cause problems and inequalities. These problems can unintentionally fall on the most vulnerable and disadvantaged members of society. (FAO 2002, p.1)

This statement from the Food and Agricultural Organisation's tenure studies provides a guiding principle for dealing with land issues in fast urbanising regions. It also offers a good theoretical perspective for discussion and analysis about land development in China. Before we look at our case study for urban village redevelopment, it is important to have some understanding of the Chinese rural and urban land management system.

Chinese land reforms in the 1950s created two different types of land ownership for urban and rural areas. In urban areas (including the officially defined suburban areas), land was nationalised and municipal governments became the legal owner of land on behalf of the state. In rural regions, inherited and unequal private family land holdings were firstly redistributed across the villages to give poor families their share. After several collectivisation movements in the 1950s, rural land ownership was centralised to the village level. Land owned by individual families was pooled for farming and all villagers became members of collective teams. Before the Communist era, individual families occupied residential land. After the reforms, collective team members worked together on the main agricultural land with a small proportion divided between families as private plots. From 1978, agricultural land was redistributed to individual families under the so-called 'responsibility system' in order to stimulate farming activities and increase grain production. Farmers were promised the right to hold onto the land for at least 15 years, later extended to 30 years, for production. Land ownership remained collective and individual families could not sell or change the land to other uses (Wu 1999; Cartier 2001; Zhu 2004 and 2005; Ho and Lin 2003, 2004; Ding 2003, 2004; Deng and Huang 2004; Yeh 2005).

Under this system of dual land ownership, there was a policy provision for municipal governments to take over collectively owned land for development. In the 1980s, when the land was taken over by municipal governments or other new users, mainly from the public sector under the socialist planned economy, they had to pay compensation to farmers. Simultaneously, new users and municipal governments had to arrange jobs for working-age farmers affected by the land transfer. As urban-based employment provided an alternative and more secure way of life to peasant farmers, the process did not cause much concern. Farmers also welcomed the practice because it provided them an opportunity to have a new life in cities or towns. As the urbanisation process intensified and the planned economic system was replaced by a market system from the early 1990s, municipal authorities and new land users, no longer all from the public sector, struggled to find suitable jobs for all those farmers affected. As a result, compensation changed from job assignments to alternatives such as cash payments and housing resettlement. Large-scale urban development coupled with the change of land transfer process created a serious problem of landless farmers and urban villages around all Chinese cities and towns.

The way that Chinese suburban villages are redeveloped is determined by the unique urban and rural land ownerships and the channels through which rural land

is transferred into urban ownership. The definition of land ownership and the mechanism for a state monopoly of land development through compulsory purchase and taking over land may appear clearly defined. In practice, the process, especially compensation arrangements, is really problematic because collective land ownership is a very ambiguous concept, as this case study shows. Government land management officials, academics, and even some farmers believe that in socialist China, the village collective ownership of land is only another form of public ownership, and farmers use of land was granted by the government. When the state requires the land, the farmers have no other options apart from relocation or some form of compensation.

6.3 Urban Village Redevelopment: The Case of SC Village

SC Village is one of the six traditional settlements (natural villages) under the administration of SC Village Committee, itself part of the Haidian Zhen (Town or Township before 2011) in Beijing's Haidian District. SC Village has a long history. During the Qing Dynasty, the village was an important agricultural, commercial and handicraft centre beside the Imperial Palace (圆明园). It benefited from the station of Imperial Guards from the 8th Military Division (八旗). Commercial activities in the village declined when the Imperial Palace was destroyed by European invasion at the turn of the twentieth century. SC Village remained predominately an agricultural area until 1949. Immediately after the Communist government land reforms, plots were redistributed to individual farmers. Between 1952 and 1958, various rural collectives were formed. In 1958, SC Village and several other villages in the area formed the Haidian People's Commune, which was replaced by the Haidian Township in 1984. Farmland owned by the village was redistributed and contracted to individual families under the 'responsibility system' for farming. Throughout all these periods, village residential land was under the control of individual families.

From the middle of the 1980s and especially the 1990s, farm land owned by the village was taken over piece by piece by the Beijing Municipal Government or large public institutions for urban development. Villagers gradually switched from farming to other activities, such as seeking jobs in the city or setting up family businesses. Accommodation and room renting to migrant workers also became a major source of family income when urban sprawl reached the area. While most families had come out of poverty and became prosperous, they remained poor in SC Village like many other suburban villages. This was due to diversification of economic activities and the physical and environmental conditions in the village (SC Village Committee 2004). Houses in the traditional style were not well maintained. A lack of planning control encouraged new buildings and extensions inside the family courtyards to provide more rooms for either family expansion or for rent.

Most agricultural activities had ceased by 2000 and cultivated land was taken over by the municipal government and other public institutions. Rents from migrant workers became a major source of income. In 2010, on average, each family could

earn about 5000 yuan a month from rent (interview with residents); but many villagers had to sacrifice their privacy and share their homes and facilities with lodgers. The village lacked some modern infrastructure, especially properly paved roads, sewage and drainage systems and private flush toilets. The large-scale increase in the migrant population made the living environment worse day by day. Foul-smelling sewage flowed openly along the sides of littered streets. Communal latrines and individual toilets in various traditional forms were dotted around the village with little by way of the planned structure. Various types of shops and services could be found along the main streets, including restaurants, food stalls, daily utility shops, barbers, electronic and car repairs, furniture, construction and DIY materials, distribution markets, waste collection and recycling, small and cheap hostels, etc.

SC Village began to plan for redevelopment in 1997. The scheme involved the relocation of villagers to new nearby high-rise housing estates to free the land for part of the city's planned green belt. In 2000, SC Village Redevelopment Plan was approved as part of the Beijing Green Belt and suburban village renewal scheme. The Haidian Township Government established the Beijing Wangseng Real Estate Development Company Ltd to carry out the redevelopment in the same year. The new relocation housing was on a new nearby housing estate - WSY Residential Estate, about 500 metre away on a piece of remaining farmland owned by the village. Original villagers (homeowners, excluding migrants) were to relocate to this new housing estate. Construction work started in the autumn of 2000 and most buildings in the new estate were completed by 2004.

The completion of the new housing estate was intended to bring this traditional village into the normal life of the capital city and integrate the villagers with the local urban community. The physical changes were, however, not completed, nor were they matched by social developments. During visits each year from 2008 to 2015, it became apparent the old SC village was still there; only about half of the traditional houses were demolished before 2008. As relocation and compensation deals were negotiated between the residents and the developer on a family-by-family basis, some families accepted the relocation terms and moved to new flats in the WSY Estate. Their old houses were pulled down. Families who did not accept the relocation terms stayed. Demolition was selective and spread out across the village, so the remaining residents lived among the ruins of their neighbours' demolished houses and blocked roads and streets (Fig. 6.1).

6.3.1 Life in the Half-Demolished Village

The remaining families could not reach a satisfactory relocation and compensation agreement with the village authority and development company because they felt that:

- The decision-making process lacked transparency and they were not properly consulted.



Fig. 6.1 Traditional houses and street in SC Village, partially demolished in March 2008

- There was confusion over the organisation and responsibilities of the redevelopment process.
- There was confusion over the relocation and compensation policies and practice.
- There were unclear legal bases for the relocation.

Essentially, they were either not satisfied with the amount of cash compensation offered to them and/or with the new flat they might receive if moved. The remaining residents believed that powerful and rich families could bribe either the demolition company who carried out both the physical clearance and handled compensation on behalf of the developer, or the village leaders, who had control over the developer and the demolition company, for better deals. As a result, relatively poor families and larger families with small properties and therefore entitled to less compensation, had been left behind. Early movers were often given various incentives and had the right to select houses on the new estate, whereas those left behind had to choose from poorly located flats on undesirable floor levels or locations, for example elderly people may have to move to flats located on the 5th or 6th (top) floors. There were no lifts in these buildings.

Some complaints, such as the actions of corrupt officials, were verified by some of the ongoing building activities inside the partially demolished village. A one-story house was built in 2008, even after the demolition process had already begun. The new house also took over part of the old village street. The remaining residents cited this as an example of power abuse and corruption. 'If they can build it, they will also have a way to claim compensation,' said one local resident during the 2008 visit.



Fig. 6.2 A new house built inside the half-demolished village

There was no more evidence of demolitions between 2008 and 2015, but more new buildings were constructed over the demolished area. Some of the new buildings seen in 2010 were much bigger than traditional houses. They were up to three storeys in height with 10 to 15 rooms on each floor (Fig. 6.2). One new three-storey dormitory-style building had 10 rented rooms on each floor. The common corridors shared by tenants were well maintained. Rent for these rooms (about 12 square metres each) ranged from 550 to 650 yuan per month in 2010. The total rent for the whole building could be over 18,000 yuan per month. ‘The landlord did not live here. His family had a house somewhere else’, according to the caretaker of the building. Two new buildings next door were also three storeys in height, but were built together at the same time. They offered similar rooms for rent. ‘These buildings belong to two landlords, they are relatives,’ tenants reported. When villagers in both old and new areas were asked who built these new rental houses, they all indicated that it was village leaders. ‘Who else can do that?’ When asked whether they built on their original courtyard, the villagers replied, ‘No, they built on land freed by others.’ Did they build these houses for more compensation in the future? ‘Not necessarily, they just take advantage of the free land at the time. They know that the final clear up is not going to happen soon, by the time it has to be demolished, they will earn enough money,’ local residents said.

There appears to be no pressure for them to move for several years as for the remaining residents. As SC Village was planned as part of the green belt for the city, no commercial developer was there to push forward the relocation and demolition process. Suppose this land was planned for other uses such as commercial housing.

In that case, the relocation process could be much faster and possibly even violent as commercial developers could not afford to wait so long. During the 2008 visit, a large bulldozer was parked at the entrance of the village, waiting to push more houses down. It had disappeared by 2010.

Collectively owned properties, as well as residential buildings, were also rented out to migrant workers. A row of enterprise workshops owned by the village was turned into a rental accommodation. Because of the poor quality and facilities, rent was 200 yuan per month in 2008, cheaper than the properly built dormitories. The old village committee office quarter was also rented out to migrant workers. However, the rental income from these collectively owned properties did not necessarily end up in the communal village fund. Some of these properties were ‘contracted out’ to individuals many years ago. Their contracts have not yet run out, although the use has changed from township industries or businesses to rented accommodation.

There were about 2000 original residents in the village before the relocation, and around half of them moved into the new estate. Local residents estimated that more than 30,000 people were living in this half-demolished village in 2010. The total population had definitely increased substantially by 2013. Most tenants were migrant workers from rural areas or other cities. Sanitary conditions in the village declined. The streets were very muddy and malodorous, with rubbish dumps scattered here and there, often on top of debris from demolished houses. More shops, restaurants, barbers, snooker halls and other amenities emerged to serve the increased population. A small supermarket also opened in the village in 2010. Despite the declining environmental quality of life, the economic activities in this half-demolished village were much more vibrant and dynamic in 2013 than in 2008 (Fig. 6.3).

6.3.2 Life in the New Housing Estate

The new housing estate, WSY Xiaogu, consists of around 20 mainly six-story tenement buildings without lifts (Fig. 6.4). It was also visited several times since 2008. Most buildings were occupied during that time, manifested by the amount of clothes hanging at balconies, steel barbed-wire windows, and air conditioning units fixed on the external walls. Only a small proportion of buildings remained empty, still waiting for those who had yet to move in. The number of empty flats was definitely not enough to accommodate those left behind in the old village. Some residents claimed that powerful families had bought two or more flats, and some were sold to people who were not residents of the original village. Trees and gardens between buildings were more established and more cars were found parked beside the buildings in 2013.

Those who had moved early were relatively happier when interviewed in 2008 because of the significant change in the general living environment and modern facilities that came with the move. However, the positive mood appears to have declined over time. ‘There were a lot of attractions for us to give up our old house and move into a new flat in this estate, but I personally would prefer to stay in my original home. My old house brought us steady rental income and the money looked



Fig. 6.3 Typical street of old SC Village in 2010: increasing economic activities and population, but declining living environment



Fig. 6.4 Replacement flats in WSY (left) and new Village Committee office (right)

after my whole family. In the new housing estate, we have no extra space to rent and we have to pay for everything. We have to earn money somewhere else to look after this flat. I know the living environment in our old village was poor, but we could have improved the environment rather than destroy it’ (Interview with a resident in 2010).

Another resident also said, ‘I miss our life as farmers very much. It was a pity to see our fertile cropland and houses being turned into open space. Our land had served us for generations. I don’t know what lies ahead for us and our children.’

When asked about life in the new estate, one resident summarised: ‘There were both advantages and disadvantages in moving here. In general disadvantages were

more than advantages. The main problem is that in the past we could earn rent from our houses, now there is no such income, but we have to spend money every day on everything, including estate management fees. My family of three was given a flat about 90 square metres of floor space. After paying the costs of the new house, we also received about 600,000 yuan (other families could have more—700,000). This sounds a lot of money before you move. If everything is fine after the move, it can run for few years. If someone fell sick, the money could run out very quickly.’ ‘When you have nothing to do everyday, you tend to become sick easily. Many people my age now have diabetes’ (Middle age resident living in the estate).

‘Do you regret moving to here?’ ‘Yes, we should have stayed. Now they [the government] will have to pay a much higher compensation. The families who stayed behind will eventually get a better deal.’ ‘Why did you agree to move in the first place then?’ ‘They want Communist Party members, Communist Youth League members to set examples for others. Families were dealt individually, household by household behind doors. They offered a little more money as incentives each time, and we eventually gave up’ (Local resident).

New houses in the estate were the so-called *xiaochanquan* housing—those with limited property rights (小产权房)—as the land they occupy is still owned collectively by the village rather than the state. These houses cannot be legally traded in the open market. This seems not to have concerned some residents who continue to rent or to sell properties on the estate. Advertisements on walls inside the estate and at the nearby estate agency offices showed that in summer 2010:

- A one-bedroom flat with furniture (56 m²) in WSY could rent for 2000 yuan per month (equivalent to the rent of four rooms in the old village).
- A two-bedroom flat with some furniture (80 m²) could get 2500 yuan per month.

These rents were cheaper than similar flats in commercial housing estates in the area. A similar-sized two-bedroom flat on a neighbouring commercial estate could get around 3,000 yuan per month. A one-bedroom flat (64 m²) at WSY was marketed for 960,000 yuan. The asking price for a two-bedroom flat (88 m²) was 1.05 million yuan. These were one-off payment cash prices. As these properties do not have full property rights, no bank loans can be secured. These sale prices were also much lower than those in the commercial market housing estates. For example, the sale price per square metre of construction floor space in the neighbouring upmarket estate Boya Garden, was more than 50% higher than that in WSY. Not many ordinary residents in WSY could afford to sell or rent their flats, as these houses were their only homes.

The new estate is managed by an estate management company set up by the village committee. The estate management fee was relatively low compared with commercial housing estates (Table 6.1). On average, each family had to pay about 1000 yuan management fee per year. If there were highly paid workers in the family, this should not pose a problem. If there were only lowly paid manual workers, the advertised service sector wage in the area was around 1,500 yuan per month, the family will have to rely on the compensation money they receive. Residents seem to take the estate management issue casually: ‘If we cannot afford the fee, we don’t

Table 6.1 Real estate management charges at the relocation housing estate

Name of charge	Annual rate of charge	Rate of Tax Payable (%)	Charge plus tax*
1. Gardening	0.55 per m ²	5.5	58.03
2. Sewage	0.3 per m ²	5.5	31.65
3. Management fee	2.4 per m ²	5.5	253.2
4. Small repairs	2.36 per m ²	5.5	248.98
5. Maintenance of public facility	1 per m ²	5.5	105.5
6. Building maintenance	5.42 per m ²	5.5	571.81
7. Service charge	12 per flat	5.5	12.66
8. Waste and rubbish collection and disposal	30 per flat	5.5	31.65
9. Public security and neighbourhood watch	60 per flat	5.5	63.3
10. Cleaning and public health	24 per flat	5.5	25.32
11. Other			
Total			1402.10

*Based on a unit of 100 m² of construction floor space

Source BeijingWSY Real Estate Management Company, August 2010

pay it. They [the Village Committee] have a lot of money from renting collectively owned properties and other business' (Resident).

6.3.3 *The Final Clearance*

For a few years around the 2008 Beijing Olympic Games, local authorities across the capital took a rather relaxed approach toward residential resistance to village redevelopment in order to avoid social disorder and confrontations. This was one of the reasons why the redevelopment process dragged for so long in SC Village. The half-demolished village was eventually cleared away in late 2016 and early 2017, more than 15 years from the initial launch of the village redevelopment project. The changing national and municipal political climate facilitated this move. At the national level, there was an emphasis on the improvement of the urban living environment and a campaign for speedy renewal of urban shanty towns. At the municipal level, there were policies to improve the general public images of the city, reduce the population of those on lower incomes, including migrants and removal of polluting industries. The municipal government had a very ambitious plan to reduce the total population in the six urban districts by 15% over five years (3% a year). To achieve this target, many political and economic measures were employed. By 2017, many small informal businesses were shut down, such as small restaurants, shops, fruits

and vegetable stores/stands and markets, through the Comprehensive Urban Management (城市综合整治), and Health, Sanitation and Safety Inspection (卫生治安大检查) schemes. Lower end or informal economic activities such as waste/recycling material sorting and wholesale trade (批发市场) in Beijing were also moved out of the main urban areas and relocated to the surrounding provinces and counties. Most of these activities took place in urban village settings. The city government also turned its back on low-income migrants. The campaign aimed to eliminate informal commercial and employment activities, and premises which provide jobs for unskilled migrant workers. In the past, the informal sector flourished through the so-called *waqiang kaidong* (literally: replace walls with shops and open windows for commercial activities). The new policy aims to mend and repair the walls and close the window shops in residential areas. Any unplanned extensions of buildings used as commercial activities can be demolished.

Urban villages like SC Village became the target for clearance. In August 2016, SC Village Residential Committee relaunched the relocation project, which involves 1224 yards/houses and 3149 persons across an area of 216,000 m² (Xu 2019).

The main reasons given by the Village Committee for the redevelopment project were:

- Improving the general living environment in the district.
- Beautification of the area.
- Reduction of non-local population.

New relocation flats were built and made available in a nearby new housing estate—Lijingyuan (丽景苑小区). Families and residents with local *hukou* rights were given another chance to sign the relocation agreement with the developer. The relocation and compensation arrangements for traditional house owners include:

- A new flat in the new housing estate with a standard allocation of 50 m² floor space per qualified person for only locally registered *hukou* holders.
- Housing floor space in an existing house could be exchanged for new housing, provided it fits within the 50 m² standard.
- If old housing floor space is large, cash compensation will be given for extra floor area (above 50 m² per person) at 40,000 yuan/ m².
- Only housing floor space with legal and registered entitlement will be exchanged or compensated.

Under this new political climate, it is not surprising to find that most remaining families quickly accept their location terms and move away. By the March 2017 visit, over 95% of the remaining families had signed the compensation agreement, and only a few of the original houses remained standing. Posters with large characters were hung on these houses issuing strong warnings to put pressure on the remaining residents to move. The water supply had been cut and one woman fetched water from a nearby tap which continued to run. The electricity supply remained on. Interviewees said that there was great pressure on them to accept the terms and move. Some of them were still not happy for the same reasons given previously: ‘People with connections and power can negotiate a better deal for their family.’ But all agreed that they had

to move eventually. By late 2017, the whole area was cleared for the city park. The general compensation scheme appears better than that offered during the last round, when only 30 m² replacement houses were allowed. The unit cash compensation for larger houses was also higher, but house prices in the area had at least tripled. No residents expressed regret at not moving during the first round. Although they have lived in poorer conditions for another 10 years, they could now enjoy larger replacement housing floor space (50 rather than 30 m²).

6.3.4 Impacts on Renters and Migrants

The impact of the redevelopment of SC Village on migrant workers was similar to that of other urban village redevelopment schemes across the country, losing their temporary home without relocation arrangement and compensation. The only option was to move away from where they had been living. The notice in large characters placed upon the walls in SC village for migrants is very telling:

.... All accommodation-renter friends, you have been living in SC Village for some time and your intelligence and hard work have made great contributions to the local economic development and environmental protection. We are very grateful!

..... you come from all over the country, but all have high moral and civilised standards, hope you can see the overall picture Understand and support our redevelopment works; find new production and living places as soon as possible to ensure the smooth redevelopment work (SC Village Residential Committee 2019).

No one cares where migrants and other room renters go. In most cases, migrants will try to find a similar type of accommodation nearby for living or business operation, normally in another urban village slightly further away from the city centre. In SC Village's case, the delay in demolition and the revival of the old village gave migrant families many more years stay in this preferable location, with affordable housing and good access to nearby jobs. The development of informal economic activities in the village also provided many of them with employment opportunities; although their living conditions were similar to those in other urban villages, they were very poor in comparison to new and properly planned and built areas. With the more recent round of redevelopment, migrants all face very serious challenges. As large-scale urban village redevelopment clears away many areas similar to SC Village, the housing choices for low-income migrants become fewer and fewer. One of the main overall urban priorities for the municipal government is to reduce the low-income population. This means many migrants who lived in SC Village may have to move to other cities or return to their rural homes in other provinces.

A male migrant lived in SC Village for more than 10 years, running a waste collection and recycling business. He was one of the few left in the village in 2017, cleaning some old aluminium window frames from the ruins when interviewed. His wife only joined him recently. She worked as a cleaner in the area and earned about 2000 yuan per month. They have two grown up children, neither of them living with

their parents. Due to the redevelopment, they have to find a new place to live and work. Informal waste collection and sorting are unwelcome in the city; they may have to give up and return home.

Beijing does not welcome migrants anymore. Many small businesses and shops were shut down. We cannot find reasonable food anymore. In the past, we could get a bowl of noodles for around 10 yuan, not anymore. ... We migrants cannot afford to eat in proper restaurants, the only way now is to buy instant noodles from the supermarket. ... For a large city like Beijing, migrants are necessary, why drive us all away? (Migrant living in the village).

6.3.5 Other Parties in the Redevelopment Process

The redevelopment of urban villages involves a change of land use from agricultural activities to urban uses. The process is complicated and involves many other stakeholders. With the market reform in cities, land values increased substantially in all areas. Land-use changes have become a very contentious economic and political issue. We looked at the impacts of the process on the original village residents and migrant workers. This section will focus on the other main players involved in the project.

The Constitution and central government policies laid down the main guidelines for state land requisition, development and compensation. Local governments produce detailed policies on redevelopment and compensation levels for their area. In Beijing, the Municipal Construction Land Compensation and Relocation Methods list the bodies responsible for land requisition and compensation. At the municipality level, the Land and Resources Management Bureau controls land-related compensation and relocation management. The Labour and Social Security Bureau is responsible for the employment of working-age farmers and arrangement of social security such as pension and health insurance. The Civil Affairs Bureau looks after other, non-working age people affected by the requisition. At District and County level, the corresponding departments take the same responsibilities within their jurisdiction. Other relevant government organisations, including the township government are required to assist and help with the land requisition process. Rural economic organisations and village committees are required to assist the process and perform appropriate works (Beijing Municipal Government 2004). Figure 6.5 shows the main actors in the SC Village redevelopment process. This is also why residents in SC Village felt the whole process was confusing and they did not know exactly where responsibilities lay. They were dealing with the demolition company on the surface, but in reality, there was a thick web of interests and powers in the background.

Firstly, the municipal government planned and negotiated the redevelopment project with the district government, the town/township government, and the village committee. The municipal government, in theory, has to make sure there is enough land for development; at the same time, it has to implement central government policies to protect agricultural lands and ensure a sufficient food supply. It also has an obligation to ensure farmers' interests are protected when land is required. In practice, the national food security priorities were not on top of the agenda for municipal

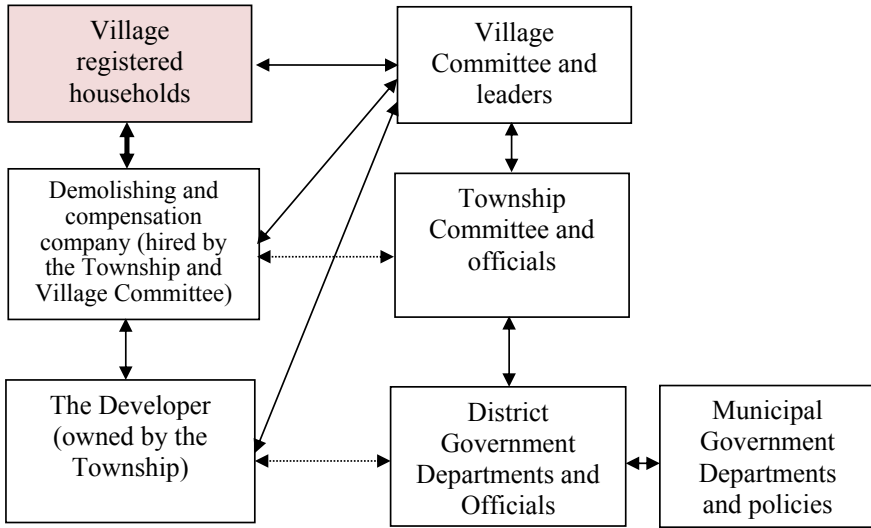


Fig. 6.5 Key stakeholders in village redevelopment and compensation

authorities, especially in the national capital city. Municipal governments are more interested in economic growth and meeting their financial demands. In relation to this particular village relocation project, it seems that the municipal and district government did not play a major role. In fact, the fate of the project was largely determined by the government even before it was started. The municipal government plays a crucial role in determining land uses and land values through its urban planning functions.

The value of a piece of land could be changed substantially by planning policies. While most fresh agricultural land in the surrounding areas has been appropriated and used for very profitable purposes, including commercial housing estates and the high profile Shangdi Information and Technology Industrial Park, the area occupied by SC Village and many other villages was intended to form part of the green belt in the northwest sector of the city. SC Village residents were to move into a high rise and higher-density new housing estates under the plan, and the land freed would be used for planting trees and open spaces. This reduced the market value of the traditional village residential area to nothing. To help with the village redevelopment and relocation, a municipal government fund had to be provided to pay compensation, which was often fixed and limited. This means that the SC Village redevelopment could never produce the millionaires created by other highly profitable redevelopment projects in the city. For SC Village residents, the redevelopment aimed only to improve their living conditions. This planning practice is very common in suburban areas of the city. In another case at the nearby village of Houying (后营), planning simply increased the original building density to enable redevelopment and also to accommodate villagers relocated from the neighbouring

settlement of Liulangzhuang. The land freed by Liulangzhuang village was used for other purposes.

Another important issue for SC Village's redevelopment was also determined by the government. Under normal circumstances, this type of redevelopment would involve a process of land ownership transfer from the village collectives to the municipal government, for both pieces of residential land—the old village and new housing estates. In SC Village, the old village residential land was taken over by the municipal government for the urban green belt and the Village Committee was compensated for helping with the redevelopment. In the case of the new housing estate, there was no change in village collective land ownership. The government only allowed this piece of agricultural land to be used for village relocation and housing development. This means the new housing estate remains a 'rural' community, rather than an urban community, with a 'Village Residential Committee', not an urban 'Neighbourhood Committee'. Those residents who moved into the estate only own part of the property, the so-called 'small rights' property, because the land they occupy is not state owned. For 'small rights' properties, the title for all rural village houses, has a much lower market value in Chinese cities, as discussed above in the section on rent levels and house prices. The government also retains the right to redevelop these types of areas whenever it becomes necessary. This land ownership arrangement considerably differentiates the new housing estate from neighbouring commercial housing estates and the move to the new housing estate became less attractive to many of the original residents of SC Village. Even for these who moved, their integration with the urban community is not complete.

Under the municipal government, district authorities—the Haidian District in SC Village's case—and the town/township government, Haidian Town, both played important roles in the redevelopment process. The implementation of municipal government land use and planning policies were carried through the District government and its relevant departments. The Haidian Town authorities were involved in the organisation of the redevelopment and direct negotiation with the Village Committee. Theoretically speaking, the Village Committee is a self-governing organisation of the rural collective and is made up by representatives from among the residents. In reality, the Village Committee is also the lowest branch of the government system, which follows orders from the Haidian Town authorities. When the government required village land, the Village Committee members had to face the choice between two different responsibilities: to help the government to secure the land for development or protect villagers' interests. It is almost impossible for the Village Committee to stand against the government's wishes by holding back the land. At best, it can bargain for more compensation for both themselves and the village as a whole. In some instances, there was strong resistance from individual village committee members. This explains the reason that residents were often unhappy with their village and township leaders.

Rather than organising and carrying out the redevelopment directly, it is common practice for township government and village committees to hire demolition and development companies to implement the schemes. Ostensibly, this seems to follow the principle of an open market economy. It also avoids direct confrontations between

the township/village officials and individual residents, which sometimes creates irregular opportunities that are difficult to check. Suppose the developer was a general commercial company for a piece of commercially valuable land. In that case, the township government and the village committee may work together on behalf of the residents for a better compensation scheme. In the SC Village case, the fixed amount of compensation came from the municipal government. This put the township government, the village committee, and the residents into very different negotiation positions. The developer was set up and owned by the township government with support from the Village Committee. This leaves individual families to struggle with the machinery of the whole development process, including their Village Committee, the demolition company, and the town government. It is not surprising that some poor and less powerful families were left behind.

6.4 Conclusion

Urbanisation is the process of converting rural residents into urban citizens, and citizenisation is therefore the essence of urbanisation.

(Pan and Wei 2013, p.3)

China's urbanisation level has increased exponentially over the last three decades. About one-third of the urban population are migrants, some 240 million in 2013, and suburban landless farmers. These groups of people have often been segregated from the established urban residents, and their inequality is enormous. The integration of rural migrants and landless farmers in Chinese cities is a process known as citizenisation. To achieve the desired overall level of urbanisation, China needs to convert 390 million rural residents into urban citizens by 2030. Wei and colleagues at the China Academy of Social Sciences identified several areas of change that are essential indicators of a successful citizenisation process for individuals or families (Wei and Pan 2016). These include:

- A change of social status from agricultural *hukou* registered at the migrant's original village to local urban residence *hukou*.
- Being granted full political rights: as migrant workers, rural residents do not have the right to stand for election in cities.
- Being given access to social and public services: migrants do not have a right for many social and public services such as health, education, employment, social security and housing welfare.
- A change in economic situation and life style: most rural to urban migrant workers are engaged in low level and low paid and insecure jobs. Their income is relatively low and their personal and family economic situation is often poor.
- Development of cultural and other social capitals: it is often assumed that rural residents and migrant workers possess backward cultural habits and customs

which are not suitable for urban life. The lack of proper education and training opportunities made their situation worse.

- Finally, being accepted by the urban society where they live.

Measured against these criteria, SC Village's redevelopment shows a very mixed picture. Firstly, it contributed little or nothing toward the integration of rural migrants who lived in the village. The final redevelopment ended their association with the village and loss of their rental and temporary homes in the area. The delayed demolition of the original village benefited the migrants most, as they (over 100,000 of them) gained a few peaceful and undisturbed years, though living under poor conditions. In relation to inequality, the redevelopment scheme increased rather than decreased the gaps between the migrants and other urban residents, both economically and politically. In terms of migrant integration and citizenisation, migrants have to find a new place in the city and start all over again.

For the original villagers, the landless farmers, there are obvious improvements in their general living environment. The modern flats in the new housing estates provide essential amenities and facilities such as water, electricity, gas, sewage and drainage. There are no more dangerous buildings, muddy roads, or shared unhygienic toilets. Many families no longer share their houses with lodgers and enjoy some privacy. On the other hand, they have lost many economic opportunities. Traditional village houses had economic functions alongside the living spaces. There is no way that the new replacement flats can be extended to create more rooms for renting. Family members had to find secure jobs in the city to earn a good income. Many of them did not succeed and rely on the compensation payments, which could last for some years if there were no major costs such as medical bills or other emergencies. All these changes are related to the loss of control of the housing land they had for generations. Balancing the gains and losses, some residents felt the relocation was not a good move. Redevelopment is not the preferred choice for many villagers.

The redevelopment process may have a very limited effect on levels of inequality among the village residents. Families with larger residential plots and larger houses had more bargaining power and would receive both more compensation and relocation housing floor space. Large families with a smaller residential plot and smaller traditional houses would receive less compensation and smaller flats. A superficial comparison between urban villagers and other urban residents could conclude that the redevelopment process enables villagers to capitalise rural collective land ownership and exchange it for new and modern flats, bringing their lifestyle into line with the rest of the population. In reality, the loss of land resources could affect the economic life and community support network for this and future generations. Urban village redevelopment actually created a special category of residents, one that differs from other urban communities in property management and ownership. The only difference is that the whole village now occupies less land and people continue living in a self-managed high-rise settlement.

The unique situation in SC Village and the long period of confrontation between the developer, the officials and residents, provide a useful case study for understanding the problems associated with urban village relocation and redevelopment.

Superficially, the problematic redevelopment process resulted from poor management and the corruption of local and village officials. A closer analysis highlights deeply-rooted problems within the Chinese land ownership system. The initial design of the project by the government resulted in unfair treatment of the villagers. Even if there was no local corruption, the new relocated housing estates would still have become second-class communities in the modern city. In this sense, if we must identify a loser, it would be the village as a whole, not just those who were left behind for years and only moved recently. In addition to the specific issues around land ownership system, there is a larger theme that comes through in many of the examples described in this case study, and that is the need for policymakers to think through more carefully the unintended consequences of reforms, and to respond more sympathetically and proactively to the concerns of those affected.

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