Regime Variations and Their Roles in the Redevelopment of Collective-owned Built-up Land: A Case Study of the Pearl River Delta, China

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Abstract. This paper uses urban regime theory to build an analytical framework on game relationship of parties in the redevelopment of collective construction land. Main stakeholders, including local governments, developers, villagers and village collective, have shaped distinguished cooperation relation under the different political, social and economic environment, which can be concluded into three models, such as government-enterprise cooperation-led urban regime, government-community relation-led regime and community-enterprise relation-led regime. Taking the Zhaoqing city, Foshan city and Shenzhen city in the Pearl River Delta region which is one of the most developed regions in China as empirical studies, this paper verifies different urban regime models.

Introduction

Redevelopment of collective construction land in China is a complex process involving multitude of activities conducted by numerous stakeholders with a serious competition for land added value in urbanization [8,19,30,46]. However, dramatic institutional change and governance restructure emerge during China’s rapid economic growth and urbanization, and this changes the redevelopment stakeholders seriously [12,23]. The traditionally top-down land expropriation inherited from greenfield development which limited the rights and interests of village collectives and developers cannot be easily implemented in the redevelopment process of collective construction land [20]. We need to re-conceptualize the redevelopment negotiation mechanism and find a new equilibrium of stakeholders’ power relation.

Most conflicts are stemmed from the inconsistence of interest distribution rules based on the unambiguous definition of property and flexible plot plan [25]. It causes the bargaining between various stakeholders driven by bounded rationality [29,35]. Power relation of them was the deciding factor which influences the interests distribution no matter in a formal or informally approach [7,9]. Urban regime theory is often used to explore the power structures in redevelopment [37,43]. This theory is proposed by Feinstein, developed by Logan, Peterson and other scholars [5,27,36]. They think the production in a city is not the outcome of outer structure or logic, but the outcome of political and economic negotiations, and there must be losers and winners [13,18,27]. And only when the coalition is built up, it can work.

This paper looks into the power relation among main stakeholders under the analytical framework of urban regime. In the process of redevelopment of collective construction land, there are three major stakeholders: local governments hold the right to plan and manage urban space; market participants, namely developers occupy the market capital, and village collectives and villagers own land resources. Generally, two parties’ connection or one party’s power may be the lead strength in a regime. And adjustment of interest distribution would not stop till the equilibrium [44]. The differentiated pattern of rights and interests will inevitably lead to radically different results in society, economy and space. So it becomes the research emphasis of urban planning scholars that how to build a suitable governing system in China under the different political
transformation progress, marketization and society atmosphere [2,17]. Based on this, taking three typical cities in the Pearl River Delta region, Zhaoqing, Foshan and Shenzhen as empirical cases this paper analyzes the differences and causes of the urban regime in the redevelopment of collective construction land in different cities, and tries to understand the logic of spatial production under the specific socio-economic background in China, to provide reference to other cities of how to solve conflicts in redevelopment.

**Theoretical Analysis**

In the early stage, land was nominally worthless, and most things were operated under administrative mechanism [4]. Local governments can acquire rural land at a low price with rare resistance with large benefits. With the development of socialist market economy, market forces and social ideology have changed. And land resource becomes rare and is considered the high-valued commodity. Derive from the inertia of rural land acquisition, local governments tend to adopt a similar approach in the redevelopment of collective construction land as the decided power of the whole process to guarantee their own profits. In this government-led land redevelopment pattern, the government has the absolutely decided power on the distribution of the land value-added income, and developers gain benefits from project development, villagers and village collective gain poor compensation little more than it in rural land acquisition (Fig. 1). Usually, serious resistances emerge when villagers and village collective are unsatisfied [1,10,20,24,41]. The coalition is challenged to be adjusted.

However, the power structure may change to a certain extent, depending on the institutional, economic, and social background. Generally, most discussions have concentrated on the definition of land property rights, compensation for demolition and key factors in redeveloping plot plan, which main conflicts embedded in [3,6,22,34,40,41]. Through a long-time research and field work, this paper concludes three styles in the redevelopment of collective construction land as government-led regime, government-community relation-led regime and community-enterprise relation-led regime, according to the pragmatic attitude main stakeholders have on these three aspects.

![Figure 1. Government-led Regime in Collective Construction Land Redevelopment.](image1)

![Figure 2. Government-enterprise Relation-led Regime.](image2)

**Government-enterprise Relation-led Regime**

In order to reduce direct conflicts between villagers and local government in the redevelopment of collective construction land, local governments promote the whole process by means of cooperating with developers, forming government-enterprise relation-led regime (Fig. 2) with villagers and village collective a tertiary position. This kind of redevelopment is similar to land expropriation and is top-down governance behavior essentially. The majority of benefit is shared by government and developers. Most of the cities in China apply such a regime pattern when redeveloping the collective land.
Government-community Relation-led Regime

In some places where the collective economy is developed and the government emphasis its control on market, local governments and village collectives make an alliance firstly, then developers join in the regime. Thus, a new regime called government-community relation-led regime (Fig. 3) forms. In this regime, local governments and village collectives reached a consensus on the range of legal land and buildings, and some illegal land and constructions were acknowledged to be compensated. Then government and developers negotiate on how to develop the land parcel in subsequent procedure.

Community-enterprise Relation-led Regime

There are some village collective economic organizations which are extremely rich and have accumulated plenty of experience in management in the long term of marketization. In the redevelopment of collective construction land, they tend to redevelop by themselves or to coalize developers in market to form a market-based alliance (Fig. 4). This kind of regime is concluded as community-enterprise relation-led regime. The power of village collectives and developers has been strengthened, sharing major redevelopment profits.

In 2008, Guangdong province began to implement redevelopment of old villages, old factories and old towns, namely “Three Old Transformations”. After nearly ten years’ constantly improvement, methods to redevelopment have continued to mature, shaping specific urban regime in different cities suitable for its social, economic and political environment.

In this paper, three famous cities, such as Zhaoqing, Foshan and Shenzhen, are taken as examples to study the characteristics of the redevelopment of collective construction land. Zhaoqing’s case shows how government-enterprise relation-led regime works in redevelopment, Foshan’s case for government-community relation-led regime, and Shenzhen’s case for community-enterprise relation-led regime.

Cases in the Pearl River Delta, China

Zhaoqing City

In 2015, Zhaoqing’s GDP got 197.00 billion, 11th in Guangdong province, accommodating 4.06 million people (Statistics Bureau of Guangdong Province). It is a traditional and less developed city in the PRD region.

In the development of Zhaoqing New District, the government set up a land shares corporation to unify land assets management. Firstly, each village coverts entire land (excluding homesteads) to shares in community land cooperatives. This step signifies capitalization of village land and clear villagers’ ownership in shares. Then, the land cooperatives pack all land shares to Zhaoqing New District Land Stock Co., Ltd. who is the developer of the land, forming “two-level land shareholding”. Thirdly, all stakeholders can get dividend benefit from the redevelopment of these lands by shares. The distribution proportion of community land cooperatives and Zhaoqing new district land corporations is 20:80. And 8% of equity interest in community land cooperatives is
distributed to villagers by shares, and the remaining 12% is converted into collective property and currency to ensure the collective economy. In this process of redeveloping collective construction land, Zhaoqing Municipal Government promotes the project by means of enterprise operation, improves the efficiency and reduces the conflicts on defining property.

**Foshan City**

Foshan city is the 4th largest city in Guangdong province with a population of 7.43 million and GDP of 800.39 billion in 2015 (Statistics Bureau of Guangdong Province). Foshan’s urbanization and industrialization are driven by spontaneous development of industry parks by villagers and village collectives after reform and opening. Foshan government emphasizes on old factories’ redevelopment which accounts 67% in city’s renewal plan (Land Resources and Urban Planning Bureau of Foshan City, 2010).

Foshan takes a lenient approach to define the right of collective construction. In 2011, 97% of collective land in Foshan has been issued property card, making Foshan the city which has least illegal collective construction land in PRD. This paper takes Canton-Foshan smart city project in Dali town as empirical case to illustrate how government allies collective before gaming with the enterprise. Before this project was launched, there were built lots of factory of bottom industry, mainly rented to some polluting plants such as plastic plants and metal recovery plants. Government rented land from villagers, and parcelled together to rent to real estate developers to develop. It was now developed into a large commercial and industrial complex based on e-commerce. The real estate broker pays rent to Dali town government per year, and the villagers can get rent and property shares continuously for years. After 40 years, ownership of the buildings on it and land will belong to the original village collective. In this mode, the ownership of the land does not change, and what villagers and collective lost is 40-year land use right with a stable rent income and dividend payment. So this mode is easily accepted by them with ensured earnings. For developers, they need to pay rent regularly, not required to pay off the added-land value of the land at once. For the government, after redevelopment, industrial upgrade has been achieved and space quality has been improved. A triple win condition arises for villagers and village collectives, governments and developers in this mode.

**Shenzhen City**

Shenzhen city, one of the special economic zones of China, contributes 1750.29 billion GDP, ranking 2nd in Guangdong province, with 10.55 million people most of who are floating people in 2015 (Statistics Bureau of Guangdong Province). Shenzhen is the experimental plot of reform and famous for its rapid urbanization.

Shenzhen’s urban renewal is promoted in a declaration way that developers apply to government department, Urban Planning, Land & Resources Commission of Shenzhen Municipality (Municipality Oceanic Administration of Shenzhen), for a certain area’s redevelopment. In this mode, developers bargain with villagers and village in the boundary of which land and construction to be compensated. And only when two-thirds of owners sign on the redevelopment contract, developers can apply (Shenzhen Municipal People’s Government, 2016). In order to obtain the permission of villagers, developers usually promise excess compensation. It is known that the demolition compensation ratio in Shenzhen has reached 1:1.4. That’s to say, if 1 square meter of villager’s construction no matter it is legal or illegal is dismantled, villagers will get a compensation of which valued 1.4 square meters construction. After reaching a consensus, developers can apply for urban renewal project and prepare the plan of urban renewal unit alone or jointly with village collective. Project can be launched when it is permitted by the specific government department. What Shenzhen government mainly concerns about is whether the plan meets the needs of public services and fits urban development goals, and they can realize this by negotiating with developers. Developers are encouraged to increase the bus terminal stations, substations, fire stations and other facilities, with an award of larger plot ratio. In the government-enterprise relation-led regime, the government decentralizes to the market actors, stimulating villagers and village collective and the market enterprises to participate in the urban renewal with appreciable benefit return.
Conclusion and Policy Implement

Under the triple transition framework of globalization, marketization and decentralization, the political, social and economic conditions in China have changed rapidly [16,39]. The original government-led model of urban spatial governance has been challenged to be multi-agent governance evolved forming different modes of urban regime. In the redevelopment of collective construction land in the Pearl River Delta region, different game modes coexist including government-enterprise relation-led regime, government-community relation-led regime, community-enterprise relation-led regime, according to distinguished power relation among three main participants, government, developer, villagers and village collective. After empirical study on redevelopment of collective construction land in Zhaoqing, Foshan and Shenzhen, regimes are verified. In contrast, the governments in the government-enterprise relation-led regime share the most benefits and the villagers and the village share the least benefit. The government in the community-enterprise relation-led regime share the least benefit compared to governments in other two regimes, the villagers and the village share the most benefit. This paper has showed the evolution of land development from the mode of government dominating land expropriation in primary era to governments’ cooperation with enterprises and communities, and government’s decentralization to the community and enterprises, with a decrease of government intervention gradually.

However, it should be prevented that leading parties’ demands are harmful to other participants or to the long-term development of urban space and social justice. Local governments are required to constantly improve regulations and policy tools and set clear limitation of rights and interests of all stakeholders so as to reduce the resistance and negative consequence of redevelopment. When making other public policies, local governments should consider about characteristics of urban social and economic development and adapt measures suitable to local conditions. However, in these regimes, the public is excluded from the game in who are the contributors of the urban social and economic development as well as undertakers. How should their rights and interests be protected? How can they participate in the urban regime? With the continuous deepening of transformation, urban mode will continue to evolve, what kind of urban government will appear calls for further study.

References


