Villages in the City: China’s Dual-track Urbanization and Implications for Urban Planning

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Urbanization: China and the World

The world is majority urban

54%
of the world’s population are urbanites

70%
of population will live in cities by 2050

86%
of future population growth will occur in cities in the Global South

30megacities with population over 10 million

2/3of the megacities are in Global South

China’s fast-forward urbanization

59%
of population lives in cities – 18% in 1978

260 millionChinese have moved from rural areas to cities

1 billionpeople will live in cities by 2030

20Of the world’s 100 largest cities are in China

27,000 km (17,000 mi)high-speed rail – longest in the world
My journey summer 2017

- Extends to 29 of the country’s 33 provincial-level administrative divisions
- Speed: 155-220 mph

9,000 + km (5,600 mi)
How has China managed to achieve the largest and fastest urbanization in the world?
Scholarly Context

• Urbanization in the Global South
  • Economic restructuring and urban governance (Segbers 2007; McCarney and Stren 2003)
  • Citizenship and inequality (Holston 2008; Caldeira 2000)
  • Urban informality (Birch, Chattaraj, and Wachter 2016; Roy and AlSayyad 2004; Holland 2017; Davis 2018)

• Urbanization in China
  • Rural migrant labor and hukou system (Solinger 1999; Wallace 2014; Chan 2012)
  • Land development (Lin 2014; Hsing 2010; Campanella 2008)
  • Urban villages (Tian 2008; Buckingham and Chan 2018; Webster et al 2016)
  • Infrastructure investment and municipal finance (Wu 2010; Tsui 2011; Wong 2013)
Argument

• China’s urbanization is driven by two tracks that are rooted in the country’s unique land regime

  • A state-led track relying on land expropriation and land financing has led to urban expansion and an infrastructure boom

  • An informal track has resulted in the proliferation of urban villages that provide affordable housing and services to migrant workers
China’s Land Regime

• Legal foundations
  • 1982 Constitution
  • 1990 Interim Regulations Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas

• Urban-rural dual land ownership
  • Urban land publicly owned by the state; rural land collectively owned by villagers
  • Non-agricultural economic activities can only take place on urban land
  • The state can expropriate rural land and convert it into urban land; it can also lease urban land to developers
  • Local governments as the main actor and beneficiary in land acquisition and land leasing
The First Track: State-led Urbanization

• Municipal governments actively promote urban expansion and construction of infrastructure through land expropriation and land financing
Size of land expropriation

Source: China Economic Information Network
Increase of urban built-up areas across China (km$^2$)

Source: *China Urban Construction Statistical Yearbook; China County Construction Statistical Yearbook*
Increase of urban built-up areas in major Chinese cities

Source: China Economic Information Network
Share of land transaction fee in local government revenue

Source: China Land and Resources Bulletin
Land financing vehicles

Source: *China Land and Resources Bulletin; Report on China Land Transfer Income and Expenditure*
The Second Track: Informal Urbanization

• Villagers dispossessed of farmland build rental housing on their homestead for migrant workers who are denied access to affordable housing and services in cities due to their lack of local household status (*hukou*)

• Household registration system (*hukou*)
  • Created in 1958 to control rural-to-urban migration
  • Urban household status vs. rural household status
  • Local permanent residency and welfare benefits are strictly based on the location of one’s *hukou*
Urban Villages

- Land collectively owned
- Housing construction not subject to any planning regulation
- Self-reliant, village-based infrastructure and services
- Village collectivity as self-governing body
- Collective properties on “economic development land”
- Village shareholding company
Beijing

346 urban villages
190 square kilometers, 15% of urban built-up areas
City population 21.5 million, 3.4 million lives in urban villages
Shenzhen

340 urban villages
338.4 square kilometers, 37% of urban built-up areas
City population 10.4 million, 5 million + lives in urban villages
“handshaking buildings” and “kissing buildings” in urban villages
Informal housing market

- 88.7% households have toilets
- 77.2% households have kitchens
- Internet connection at a price of 40-50 yuan ($8)/month
Village-owned collective properties
Dafen Village, Shenzhen

The largest mass producer of replicas of oil paintings in the world
Gap between resident population and household population in urbanization rate

Source: *China Population and Employment Statistics Yearbook*
Urban land expansion faster than urban population growth

Source: China Economic Information Network
Problems of the Dual-track Urbanization

• Not sustainable
  • Overreliance on land financing has increased local government debt and financial risk
  • Local governments reduced land supply for housing and caused increase of housing price

• Not inclusive
  • Villagers
  • Migrant workers
Redevelopment of Urban Villages in Guangzhou

GDP of Guangdong = 1.33 trillion (2017) > Mexico, Indonesia
The world’s 6th largest economy by 2035
258 urban villages in metropolitan area; 139 in the city

471.60 square kilometers, 38% of urban built-up areas

City population 14.5 million

5 million rural migrants, 83% of them live in urban villages

Under the support of central authorities, Guangzhou launched “Three Old Redevelopment” in 2009, including 139 urban villages
Process of Redevelopment

Approval
- Municipal Bureau of Urban Renewal

Survey
- District Bureau of Urban Renewal

Selection of developer
- Village shareholding company
- Open bidding; consent of 80% villagers
- Bribery and corruption
- SOEs

Negotiation over compensation
- “One village, one policy”
- Highly contentious
- Clan network
- High profit rate

Redevelopment
- High density
- Free units
- Market-rate housing and commercial facilities
“To own multiple condos is not as good as owning a hotel.”
Outcomes of Redevelopment

• By 2018: 16 urban villages redeveloped or under plan of redevelopment

• Modern and governable space, but “villages” remain in the city
  • Villagers as new “housing class”
  • Village shareholding companies still powerful
  • Change of form

• Displacement of migrants to more remote periurban areas
Implications

• For theory
  • The ambiguous definition of the urban
  • Urbanization is non-linear
  • Stratified cities and differentiated citizenship
  • State and informality

• For policy
  • Integrating urban villages into the city
  • Providing affordable housing to low-income population
  • Improving land management and municipal finance