

# Proceedings of the 2022 7th International Conference on Social Sciences and Economic Development (ICSSED 2022)

# Analysis of the Balance of Interests of the Government, Real Estate Developers and Urban Villages in the Context of Urban Renewal in China -- Take Shenzhen and Chongqing Cities as Examples

Take Shenzhen and Chongqing Cities as Examples

Diqiu Bai<sup>1,\*</sup>

## **ABSTRACT**

Since China's reform and opening-up in 1978, the rapid improvement of the national economy has also accelerated urban development. With high welfare and high living standards of large cities attracting many people to move in, rising housing demand has promoted the price of commercial housing, increased land development costs. To solve this problem, the Communist Party of China, in the 19th Fifth Plenary Session of the Communist Party of China, put forward the implementation of urban renewal action. Local governments have responded positively and implemented urban renewal. This paper mainly discusses social identity change caused by the mutual interest influence between the village and the government and the developers in urban renewal mode. By exploring the urban renewal model of the village in the city, studying the renewal type of the village in Shenzhen and Chongqing, comparing the model adopted by the two cities, high-cost demolition and the tripartite interest gap change of the interests of the residents, government and developers of the village through compulsory means, and the impact of the change of the interests of the two ways on the society, the author hopes to neutralize the two measures and find a more balanced way to solve the problem of urban renewal

Keywords: urban-villages, interest balance urbanization, stratum, regeneration

## 1. INTRODUCTION

Shenzhen City The ratio of housing to urban villages is the highest in the country and the most needed for urban renewal. Under the guidance of government policy and the support of enterprises, there are subtle problems in the land ownership and the interests of villagers in Shenzhen City Village. Because of historical reasons, most of the land ownership in Shenzhen City Village is in the collective villagers' hands. For reasons driven by interests, many villagers use their land for illegal transformation, privately expand their buildings to increase the use of the area to obtain greater value.

For the prevention and treatment of illegal construction, take Shenzhen Da Chong Village as an example. With zero growth of illegal construction to strengthen the investigation and punishment of new illegal acts, the government working group sent

specialized personnel to take the village mouth to block building materials before strictly guarding against death and found violations of construction to advise. We advise not to apply for law enforcement demolition of legal procedures, the violation of construction to implement 24-hour monitoring, found a case of investigation and punishment, to a certain extent to stop the regeneration of the phenomenon of illegal construction [1]. But this is also only after introducing the demolition policy approach measures, for the policy before the violation of the building is difficult to judge. If the village in the city for demolition and reconstruction, most of the benefits will flow to developers and villagers, at the expense of tenants and social buyers of the interests, on the above issues, this paper on the standard Chongqing City South Bank District, the ErTang village (old city) transformation model, learn the Chongqing municipal government in

<sup>&</sup>lt;sup>1</sup>Chongqing Technology and Business University, Chongqing, 400000, China

<sup>\*</sup>Corresponding author's e-mail: bdqlw@st.btbu.edu.cn



the implementation of the urban renewal of the different strategies and techniques, analysis of the main participating roles in this model: the government, developers, urban villages (old town) villagers, in the process of urban renewal Changes in interests and identities.

This paper analyses the renewal mode of different first-tier cities in China, compares the gains and losses of various implementation methods, explores the urban village environment, and forms three types of urban village transformation: comprehensive urban renewal, functional change city renewal, demolition, and reconstruction type urban renewal [2].

In these three types of update mode, because the demolition and reconstruction type update mode can maximize the interests of developers and urban village residents in the short term, but also become relatively more active participation of the two sides of a kind of way.

In this mode, the leading party of urban renewal is the government, which buys back land in the village, sells the land to the developer, and sells it to the market after it is built. In this process, the government mainly organizes and coordinates the work. More benefits flow to the residents of the villages and developers in the city. The benefits of the benefits will be converted into land development costs by constructing commercial housing buyers jointly bear.

The purpose of this paper is to understand the process of the emergence of villages in the city, as well as the change of interests between the villages and the government and developers in the pattern of urban renewal, from the early marginal areas of the city to the urban villages currently surrounded by the core areas formed by urban development in this period of interest change.

## 2. LITERATURE REVIEW

## 2.1 Stakeholders of the city renewal

The three main stakeholders in the transformation of

urban villages - the city government, the developers, and the villagers of the city villages [3] - are the leaders in urban renewal. To undertake the organization, guidance, coordination, and supervision in the urban renewal. The government mainly pursues social and environmental benefits, taking into account economic benefits. Developers are builders, implementers, and investors in urban renewal, and they are in a relatively active position in urban renewal. And developers mainly pursue economic benefits to take into account environmental and social benefits. The indigenous people in the village in the city are the main objects in the urban renewal. They are in a relatively passive position in urban renewal. The indigenous people in the villages in the city mainly pursue economic and environmental benefits to consider the social benefits

## 2.2 What is a village in the city

The village in the city is the product of urban development under the dual system of urban and rural areas in China [5]. It has been developed into a typical problem assembly place in the evolution of China's urban and rural dual system to the unitary system. At present, the ownership status of "city village" land can be divided into three categories: From the table, the land ownership of the village in the city is generally the collective land ownership and state-owned land ownership, the collective land ownership is subdivided into the township collective, village collective, villager group three forms, these three kinds of ownership is not able to convert each other, and the national land ownership and collective land ownership transformation mode is one-way collective land ownership to the national land ownership through the transfer conversion, the transfer policy is formulated by the government, in the process of collective landowners because of the oneway conversion of land can only choose to accept. The early violation of the rights and interests of villagers in the city frequently occurs. The reason is the choice of land transfer. Its fairness, transparency cannot be guaranteed.



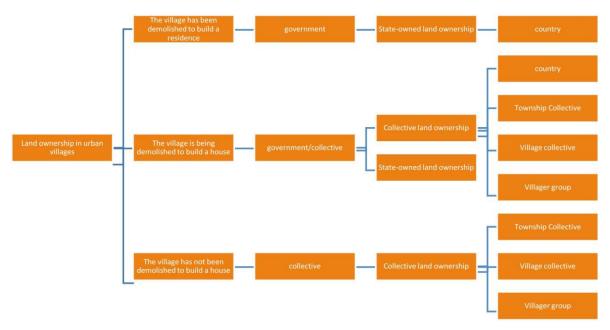


Figure 1. Form of Ownership of land in urban villages

# 2.3 Change of consciousness

In the process of demolition, the government destroyed the structure and order of the village through permeability and compulsory power, induced the villagers to sign up to move away in order to carry out their decision-making, and the villagers faced with the powerful power of the government and the collapse of the village community, and soon abandoned the collective struggle activities to challenge the basic decision-making of the state, and instead fought for their own benefit through individual competition[6].

At the same time, because the collective land owners in the city village for the government expropriation of land transfer of commercial value is not entirely out of the "public interest needs" to produce psychological changes, the village in the city from the early vulnerable groups to start to the government, developers to fight for legitimate interests of the land merchants.

## 3.METHODOLOGY

#### 3.1 Overview

This paper analyses the changes in the interests of the villages in different periods and their impact on urban development through the emergence of the urban renewal object and the background of the times and the government. Secondly, through case studies and data analysis, the government, developers, and the main urban villages in this study on the urban construction cost expenditure and return cost ratio discuss the specific reasons for the rise in land prices. The scientific reports, articles, and manuals are collected from the Web of Science and China Knowledge Network (CNKI).

## 3.2 Precedent

Chongqing's urban renewal aims to improve living conditions and clean up the urban environment, not solve the housing demand problem. In 2009, the Chongqing Municipal Government began implementing a transformation plan for 61 "urban villages" in 22 districts of the main urban area [7]. The Government has completed the renovation through real estate development-oriented residential and housing construction. Through real estate developers, the government will dismantle the original infrastructure, poor living conditions of the city village, residents moved to new housing, while the land properties for replanning, to real estate developers [8]. This kind of demolition housing mainly consists of state-owned government units, enterprises to raise funds to build housing, residents only housing ownership, state-owned construction land use rights for the land to which they belong, owned by the state. The approach adopted is mainly to demolition compensation. The compensation standard is based on the prevailing market price. The Government will carry out land acquisition and demolition in advance in the planned area because of the quality of residence of the land implemented. Surrounding facilities have not been improved. The demolition cost is relatively low. The newly built housing is more attractive to the residents of the old town. For the residents of the old city, although the living environment has been improved to a certain extent, it has always been in the state of expulsion. From the earliest urban edge of the city village to move to the new city edge, they continue to face the surrounding facilities, transportation inconvenience, and other issues, cycle back and forth. It has been passively accepting the compensation conditions of the villagers'



interests cannot be guaranteed. This kind of government and developers of the cooperation model compressed the city village residents' value of living space and benefits. The biggest difference between Shenzhen and Chongqing is that it faces the problem of housing demand that needs to be solved urgently. Because the past urban construction mainly focuses on "incremental" land to do articles, urban villages such as "stock" land have not been included in the unified layout and development of urban construction. After years of accumulation, illegal construction and urban village

problems have become the whole: the most prominent, complex, and concentrated contradictions and problems in the city's economic and social development [9]. At the same time, Shenzhen by geographical factors, in the premise of meeting urban planning indicators, the actual land area can be built and developed is quite limited, according to Shenzhen City 2019 Urban Construction and Land Use Implementation Plan [10]. It can be seen that Shenzhen's new planned residential land 150 hectares, the new supply of area accounted for one-third, urban renewal accounted for nearly 50%.

Supply route Land use nature		New supply		city renovation	Land preparation	Subtotal	proportion (%)
City total		1200					
Among them: reserved indicators		100					
Subtotal of various types of construction land		794		246	60	1100	100
Live Land use	Commercial residential buildings	56	17	73	21	150	14
	Public housing		39				
Industrial land		131		49	15	195	18
Commercial service land		99		37	24	160	14
Land for livelihood facilities		508		87	-	595	54

Figure 2. Form of Implementation plan construction land supply structure table

However, due to the overall urbanization, in the relevant definition of the government policy document, Shenzhen City Village is defined as: "In the process of urbanization, in accordance with the relevant provisions of the government by the former rural collective economic organizations of the villagers and successor units to retain the use of non-agricultural construction land within the geographical area of the built-up area [11]. The three collective forms do not determine which main. So, that the collective can be either the administrative village as the scope of the collective, can also be the village group, can also be the township (town) category of the collective economic organization, such three-level ownership of the legal form of the subject of ownership easy to lead to the collective land a multi-owner problem [12]. In this context, Shenzhen has carried out a variety of urban renewal and development model exploration. The demolition and reconstruction of Dachong village in Nanshan District of Shenzhen as the representative of the urban renewal model led to its transformation area rent, housing prices rose sharply [13], and the government-led Futian District Shui Wei Village comprehensive rectification model. Although the government's interests and the villagers in the city find a relatively suitable balance point, because of the need for the government to first rent down the village in the city to carry out the transformation. Housing in the middle of the process, will produce a longer vacancy

period, its transformation conditions are more stringent, cannot be widely promoted.

Because of Shenzhen city village's different historical, different ownership situation, the land-use situation is very different. Its renewal and transformation of the implementation process, policy implementation, transformation of the main body, distribution of rights and interests, transformation effect, etc. are very different. So the current renewal and transformation is more "one village, one policy" coupled with the pressure of rising land resources assets to bring the more difficult balance of interests, making the urban village renewal and transformation slowly.

### 4. DISCUSSION

In the model of urban renewal in the category of demolition and reconstruction, the author analyzes the proportion of urban construction expenditure by the interested three parties and compares the construction ratios of the government, real estate developers, and urban village residents in various types of construction projects in the city From the figure 3 to figure 5, it can be seen that in the process of government-led urban construction, the eight contents of urban construction, government investment accounted for 71.25 percent, developers and commercial investment accounted for 28.75 percent. The proportion of urban villages is -100



percent, for the cost of urban construction, the city village does not have any expenditure. Instead, it becomes part of the construction cost. The villagers in the city increase the cost of urban construction and development by remodeling their defense and nail households to maximize their personal interests without any investment in urban construction.



Figure 3. Form of government city construction cost expenditure



Figure 4. Form of developer's urban construction cost expenditure

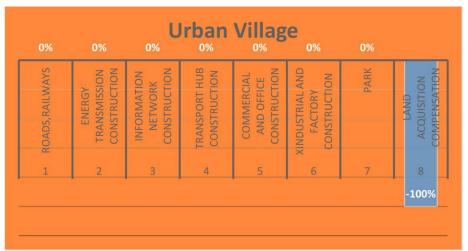


Figure 5. Form of urban village construction cost expenditure

In today's land acquisition and demolition process, the government in order to establish a better image, to achieve the goal of creating a good living environment for the people, in the negotiation process with the



villagers in the city, the government will be the market average or above-average price for land acquisition compensation, high demolition compensation will be transferred to the developer's purchase cost, with a higher commodity housing prices for the market, and finally by the whole society of home buyers bear the costs.

The government is mainly based on the broad masses of the whole social people, to build cities, rather than a small number of vested interests for the people, through the use of land ownership, increase the cost of land development of the whole society, resulting in the real people can not enjoy the benefits of urban renewal.

## 5.CONCLUSION

Urban villages have shifted from early vulnerable residential groups to the current collective land ownership shelters as a boost to rising house prices. The article introduces the reasons for the formation of the village in the early city, the complex reasons for the ownership of real estate rights in the village, and how the village in the city was converted from a vulnerable group to a land merchant who negotiated land acquisition. At the same time, the ratios of government, open businessmen and urban village residents to the three parties of construction expenditure are analyzed in the process of urban construction.

For Chongqing and Shenzhen two different cities with different land ownership to take different urban renewal measures, Shenzhen if we want to solve the local housing demand, housing prices are too high, we must have the courage and determination to take back land from the hands of land merchants. For the urban renewal method adopted by Chongqing, although the demolition compensation increases economic income, the land culture and community culture is a kind of compulsory cleavation, urban renewal needs to improve the living environment and infrastructure quality, the villagers in the city are eager to get the opportunity of reconstruction, not the class division of the two groups of high and low living standards. The government needs to find the right balance between class expulsion and class integration, and continuously promote the organic renewal of cities and promote the sustainable development of urban life cycle.

The author hopes that this article to the government, and the city village residents to provide some help, out in either mode, the demolition process cannot stop the class expulsion of the village groups in the city, so that the process of urban hollowing out more and more accelerated, in the process of expulsion of the city village residents will form a new city village on the edge of the new city, waiting for the next expulsion or negotiation.

#### REFERENCES

- [1] Xu Yiqi. Take Da Chong Village as an example of Shenzhen City Village Transformation Promotion Strategy Research [D]. South China University of Technology ,2012.
- [2] Zhuang Weimin. 2020.Green Solutions: Indexes and Standards. Design Community,No.97
- [3] Ma Kai. Conflict of interest groups in the transformation of urban villages Take the transformation of the village in Jinshui District of Zhengzhou City as an example [D]. Zhengzhou University, 2013.
- [4] Sun Hua, Wei WU, Ning Guan. Balanced analysis of the interests of the stakeholders in the transformation of the village in the city [J]. 2014.
- [5] Wang Yongfeng. Research on urban village transformation in the process of urbanization in China[D]. Liaoning University, 2018.
- [6] Liu Yiran. Out-of-order homes: demolition and competition in a city village [D]. Tsinghua University, 2014.
- [7] Wang Hui. Chongqing City Village Transformation Problem and Countermeasure Research 6 villages in the Second Tong District of the South Bank District for example [D]. Southwest University, 2014.
- [8] Liu Yazhi. Regional urban design research on the renewal of old cities in mountainous cities - take Chongqing as an example [D]. Chongqing University, 2015.
- [9] Huang Zhi. Urban Village Transformation Model and Strategy Study - Take Shenzhen as an example [D]. Wuhan University, 2013.
- [10] Shenzhen Municipal Bureau of planning and natural resources. 2019[7-9] Shenzhen 2019 Urban Construction and Land Use Implementation Plan.
  - http://www.sz.gov.cn/cn/xxgk/zfxxgj/ghjh/csgh/zt/content/post\_1344680.html
- [11] Liu Lei. Study on the independent renewal and transformation of the village of Shenzhen Take Shenzhen as an example [D]. Wuhan University,2014.
- [12] Wang QianXi. The basic structure of collective land ownership and its regional division forms [D]Zhejiang University,2018.
- [13] Duan Ruolan. Shenzhen Da Chong old village renovation compensation will create 10 billion yuan of households. Wuhan Evening News, 2010-1.