

## Exploration on land economic problems of 'villages in the city'

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**Abstract:** land economic problems of 'villages in the city' affect harmonious development of urban and rural areas seriously. It is essential to plan land use of 'villages in the city' effectively and change the problem that land utilization rate is low to protect farmers' benefits and promote harmonious development of the society. For this, this thesis explores land use of 'villages in the city' in the aspects of policy and planning and makes the government reach a consensus with farmers in the aspect of urban village renovation.

Development and expansion of cities are main external force that drives formation of 'villages in the city', especially rapid expansion of cities in areas with rapid urbanization in recent years. The situation that urban land acquisition 'eats meat but does not gnaw a bone' and urbanization replacing villages and villagers with the policy 'rural residents become urban ones' have caused 'evil consequence of fake urbanization', which is a direct cause for formation of 'villages in the city'.

Transformation of 'villages in the city' is a problem that must be solved in acceleration of urban-rural integrated construction. As land value grows, a number of residents carry out construction randomly for more benefits, which makes land for transportation insufficient seriously and land resources of 'villages in the city' fail to be used reasonably. 'Villages in the city' hold superior geographic positions. Compared with cities, their land price is lower. Thus, there are many real estates in 'villages in the city'. However, because of facility improvement and land planning of 'villages in the city', their assets reduces when land value rises, which has some influence on land and real estates in normal order.

### I. Land problems of 'villages in the city'

'Villages in the city' are a product which was born when China advances urban-rural integration. Land economic problems of 'villages in the city' have disputes with cities, the government and their villagers. Because of different urban-rural land system, the wording 'villages in the city' appears. Therefore, we should start with land problems if we want to investigate 'villages in the city'.

#### 1. Land property right system

In China, land system is divided into urban land system and rural land system. Consequently, there is state-owned land right and collective and right accordingly. Based on land property right system of China, land system of 'villages in the city' is featured by:

(1) Changes in subjects of land property right and land system. Land owners at 'villages in the city' may enjoy the right to use land, the right to occupy land and the right to obtain earnings etc. Villagers or others may contract or lease land by legal approaches and have land use right, occupying right and the right to obtain earnings for some time. The said changes in land system are stated as follows. For instance, in the process in which 'villages in Guangzhou' is formed, Guangzhou chooses to expand the city and accelerates urban-rural integrated construction by the idea that villages are developed in the process of its gradual development. For construction after land acquisition, both the government and enterprises will only focus on projects but pay little attention to villages for reasons like economical cost and social cost. Although villagers' land is expropriated, local villagers still live at their original domiciles and some foundation land that can

be used to build houses is kept as well. Thus, when developers develop villages in the city, original villages become an islet. From another point of view, although villagers do not have cultivated land, the place where they live still exists. Consequently, the land left for farmers to build houses will be used by urban construction with farmers' cultivated land acquisition. Urban land has state-owned land system right, while land at 'villages in the city' is still collectively-owned land because of rural land system. Changes in land system of 'villages in the city' will change rural land system into urban land system once and let villagers enjoy state-owned land right. This is a reformation measure proposed by Guangzhou City when it advances urban-rural integrated construction. At the same time, it issued *Several Opinions on Restructuring Work of 'Villages in the City'* in 2012. In the issued regulation, it clearly proposes several opinions on transformation of 'villages in the city'. According to the country's policy and regulation, Guangzhou City changes rural land of 139 'villages in the city' into urban land when it advances construction of urbanization and both land right and nature enjoyed by villagers do not change. After changes in land system, land registration and construction land procedures should be conducted for local villagers' land should be in accordance with historical land use. If the land changes its use, i.e., construct land, some funds should be paid complementarily according to related regulations and laws of the country. Up to now, land system of 'villages in the city' has changed into urban land system. Since land has its fixed position, villagers' right to use and occupy land does not change obviously even if land system of 'villages in the city' has changed. The right to use land and the right to occupy land are two important features of land right. Besides, villagers' building property right on land is still owned by them, which hinders transformation of 'villages in the city'.

(2) Land acquisition. No matter which system a country belongs to, land acquisition is a common phenomenon. There is difference in economic compensation between urban land system and rural land system in the process of land acquisition. Because of expansion of urban construction, collective land becomes state-owned, collective land that farmers had originally is used for urbanization construction and farmers become residents at 'villages in the city'. As a result, a great many of problems appear in the process of compensation for land acquisition. Villagers whose land has been expropriated neither enjoy land right nor exert their decision-making right sufficiently. Most economic resources of 'villages in the city' derive from the land right enjoyed by villagers and land brings huge economic incomes to villagers. As villagers' land is expropriated, land system also changes. However, problems about the situation that villagers enjoy the right to use and occupy land is not solved timely or effectively. When the government manages collective land and state-owned land, there is significant difference, whose determinant is closely related to the collect land benefits enjoyed by villagers. In the process of urban-rural integrated construction, the situation that three interest subjects including the government, the city and villagers fight for economic benefits and land right of 'villages in the city'. Formulating perfect land property right system of 'villages in the city' is a key to solve all land problems. It is more important to give some economic compensation about land to villagers. Therefore, it is significant to know subjects of property right, especially to give economic compensation to villagers during transformation of 'villages in the city'. When 'villages in the city' are transformed, the government should not only consider land system problems but also take economic relationships and conflicts about land, land utilization rate and land revenue into account.

## **2. Land economic problems**

(1) Land economic relationships. In the final analysis various conflicts of 'villages in the city' are caused by land economic relationships. According to current collective land system, each villager could enjoy the right to get distributed land the moment he or she was born. Villagers may obtain land to build houses based on legal actions and no influence on neighbors as long as they pay Village Branch some fees symbolically. Since uniform management and effective planning are lacked, villagers build houses randomly. Obviously, land system of 'villages in the city' still divides land for free under compensation system is carried out for state-owned land. Additionally, land of 'villages in the city' is collective land and the land right owned by farmers does not have clear legal

definition. Besides, because of the geographic position of 'villages in the city', the government, the city and villagers fight for their economic benefits. From the perspective of 'villages in the city' themselves, two kinds of land economy appear at 'villages in the city', i.e., collective economy and individual economy. Farmers may obtain land right for free, which lays economic foundation for them further. At 'villages in the city', villagers may expand their houses and lease spare houses to alien workers or other renting people to obtain economic sources. Cooperation between 'villages in the city' and developers has been a main life style of them up to now. From the perspective of urban development, 'villages in the city' improves land value in the process in which they use some resources for free. Thus, they can obtain higher economic benefits. During urban development, the government does not cognize them sufficiently. 'Villages in the city' will damage urban image, resulting in failure in urban-rural integrated construction. Transformation of 'villages in the city' also need undertake losses of land economic benefits and assets, which is also a reason why transformation of 'villages in the city' is needed.

(2) Land economic benefits. Land economic benefits of 'villages in the city' are established based on rural land property right system. Villages' economic benefits are obtained by compensation for land acquisition, earnings from real estates and village industry, while individuals' economic benefits mainly derive from house for rent, earnings from employment and collective distribution. An important component of natural and economic resources is land. Thus, position of land use becomes more and more important. Market economic value is an expression of land value. People sell some commodities in market to obtain economic benefits. At 'villages in the city', the most direct reflection of economic value is to generate economic benefits by land, which is a fundamental source of villagers' incomes. For belonging of land right, it is worth considering whether land economic benefits is reasonable or not. Land for administrative activities is allocated administratively. Villagers lease lots of unlawful buildings to others to obtain earnings. Land value not only contains economic value but also involves social value and ecological value. Since 'villages in the city' lack uniform planning about land utilization, functions are not distinguished and management is improper, land ecological value and social value of 'villages in the city' are lacked seriously to a large extent.

### **3. Land utilization**

It is urgent to improve land utilization rate of 'villages in the city'. As for formation process of 'villages in the city', the government should solve problems about belonging of land right well in order to solve land utilization problems. The situation that villagers lease houses to others to obtain economic benefits is the most fundamental source of problems.

(1) Causes for formation. 'Villages in the city' are surrounded by functional zones of the city, which are closely related to such functional zones. According to land value of 'villages in the city', it can be found that most incomes of 'villages in the city' derive from urban planning, investment in infrastructure construction and improvement in surrounding environment. This also reflects difference between land value and rural land value of 'villages in the city'. With good geographic positions, 'villages in the city' can get economic benefits by house renting service. Effective supervisory system is lacked under the situation that villagers pursue economic benefits, which causes land utilization problems.

(2) Problems existing in land utilization. Firstly, uniform planning management is lacked. In detail, illegal construction of houses exists at 'villages in the city', which causes small intervals among buildings and poor lighting and ventilation. Besides, no green space is provided for public activities. As 'villages in the city' mix land for housing, commercial land and industrial land together, road system at villages is not perfect. In addition, fire-fighting equipment is insufficient and there are no channels. As a result, huge security threat exists. Secondly, land utilization rate is low. For land utilization rate, villagers' housing lacks uniform planning so that practical economic effects of high-rise buildings have not been achieved. The government may arrange villagers to live in high-rise buildings. In doing so, the other land can be used for other kinds of infrastructure construction. As for land-use structure, 'villages in the city' have an important geographic position.

Thus, they should be planned for commercial development and construction of office buildings. Nevertheless, land utilization rate is reduced indeed. With respect to environment of ‘villages in the city’, there is no uniform management mechanism. Besides, villagers’ quality is commonly low, which results in poor environment of ‘villages in the city’ and low environmental benefit accordingly.

(3) In the process of transformation of ‘villages in the city’, land use should be treated as an entry point. A main purpose of transformation of ‘villages in the city’ is to improve land utilization rate. Changing land use of ‘villages in the city’ has critical effect on changes in overall appearance of the city and can solve many problems appearing at ‘villages in the city’. Land utilization is related to other problems. Of course, solving land problems does not mean all problems are solved. For instance, villagers’ deep-rooted ideology and their employment cannot be eliminated by land use problems. However, during transformation of ‘villages in the city’, treating land use as an entry point is one of the relatively effective methods.

## **II. Enlightenment on transformation of ‘villages in the city’**

### **1. Land system transformation**

There are many problems existing at ‘villages in the city’. In accordance with foregoing analysis, we get following enlightenment in the process of transformation of ‘villages in the city’: the premise on which ‘villages in the city’ are transformed is nationalization of land system. Change fixed real estate properties into the form of current for circulation and endow land with rights like pledge and transfer. Because of urban-rural integrated construction, land is endowed with such rights. Implementation of land system transformation changes traditional system and unitizes urban-rural construction. Based on current land system, it is essential to work hard to find breakthrough of institutional system in order to solve problems about institutional obstacle during urban renewal, deal with benefits of the government and urban villagers well and accelerate progress of transformation of ‘villages in the city’. It is obvious that implementation of land system transformation is an effective method transformation of ‘villages in the city’.

### **2. Land assets management**

Nationalization of land system is system safeguard for transformation of ‘villages in the city’. After land system transformation, transformation of ‘villages in the city’ will face with economic problems. The government need raise lots of funds for land development and such a hug amount of funds also brings heavy burden to the government. In order to solve transformation of ‘villages in the city’, land assets management may be carried out. Additionally, let the government take part in leading land assets management and use land assets as a basis of operation to realize appreciation of land assets by this method.

### **3. Land utilization planning**

During transformation of ‘villages in the city’, land system transformation and land assets management should be implemented in land utilization in the final analysis. After solving problems like lots of funds and standardizing system in urban renewal, it is essential to treat land utilization planning as an important step in transformation of ‘villages in the city’. Land utilization planning contains road system and green public space planning etc.

### **4. Policy and social guarantee**

The government is not dominant power in transformation of ‘villages in the city’. In the process of transformation of ‘villages in the city’, establishing policy will be helpful for stimulating villagers’ enthusiasm for transformation. Therefore, the government should study policy and social guarantee measures related to the process of transformation of ‘villages in the city’ carefully to make transformation of ‘villages in the city’ be carried out successfully.

### **III. Conclusion**

Land economic problems existing at ‘villages in the city’ hinder harmonious development of urban and rural areas. The government should treat land property right system problems, land economic problems and land utilization problems as entry points to carry out transformation so as to accelerate transformation of ‘villages in the city’.

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