

# A conceptual framework on modes of governance for the regeneration of Chinese 'villages in the city'

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## Abstract

China's rapid urbanisation has created a special form of urban built environment known as 'village in the city' (ViC). Various governance approaches have been applied to redevelop ViCs, which are prevalent in big cities. However, owing to the specific conditions of ViCs and the diverse contexts of urban development within and across cities, those approaches remain largely case-specific and are hampered by a lack of guiding principles. This article presents a framework on modes of governance to understand the choice of and the differences between modes of governance as well as their positive and negative consequences for the regeneration of ViCs. Case studies of various types of ViC regeneration practices in Guangzhou and Shenzhen are used to illustrate the framework's application. The article concludes that new modes of governance that are interactive, inclusive and collaborative are called for to achieve the sustainable regeneration of ViCs.

## Keywords

community, modes of governance, planning, regeneration practices, villages in the city

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## Introduction

A 'village in the city' (*chengzhongcun* or 'urban village') is a specific form of urban development in Chinese cities. Owing to rapid urbanisation in China, villages in the vicinity of cities have been swallowed by urban developments. City governments

usually requisition farmland while leaving the residential areas of those villages

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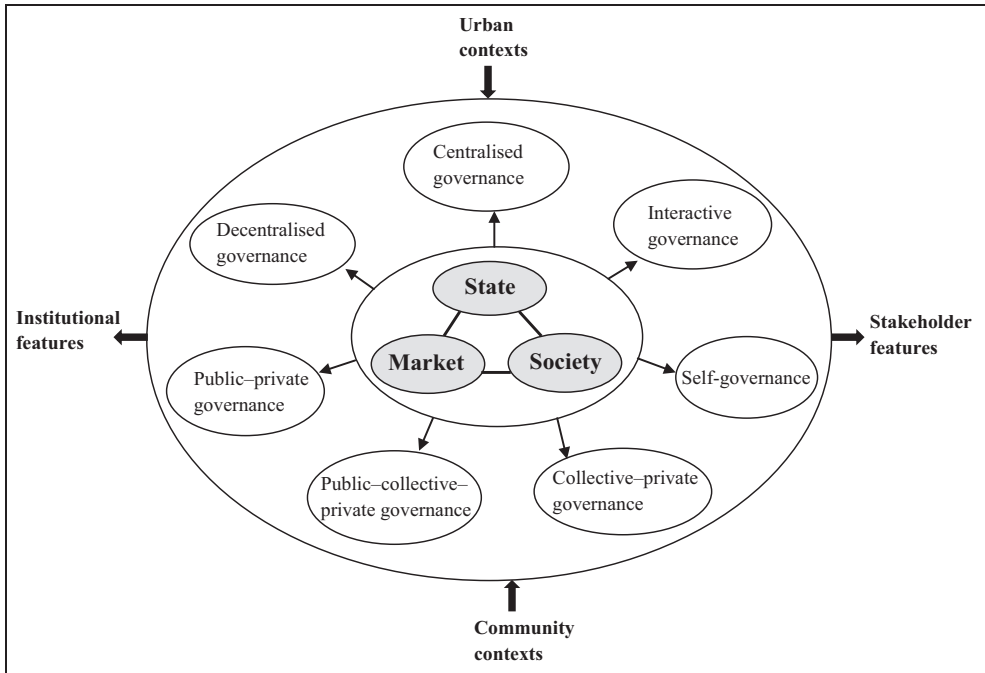
undisturbed, as redeveloping them would require the payment of a much larger amount of compensation. Villagers retain property rights over their houses and their housing plots. They can benefit from the ownership of these properties, but cannot sell them. Deprived of their traditional agricultural resources, villagers often illegally adapt their housing to accommodate rural migrants, who are institutionally and economically excluded from the formal housing system. Such villages thus become villages in the city (ViCs), which are characterised by dual urban–rural structures. Owing to a lack of effective regulations, they share many features with slums in other developing contexts, such as overcrowding and high density. Therefore, governments and the media have a negative image of ViCs. Some scholars (e.g. He et al., 2010) also recognise that there are housing differences between villagers and rural migrants, resulting in social inequality. However, the positive role of ViCs in the urbanisation process has recently been acknowledged. The spatial layouts of ViCs facilitate the survival strategies of migrants in terms of housing, employment and education (Lin et al., 2011, 2014). ViCs are considered communities of interest for villagers, who develop a bottom-up anti-poverty strategy by building and renting rooms to migrants (Liu et al., 2010). They also play a significant role in accommodating industrial developments in cities (Hao et al., 2012, 2013; Lai et al., 2014).

Various approaches to the regeneration of ViCs have recently been espoused. In many cities, the demolition and redevelopment of ViCs has been widely implemented (Hao et al., 2011; He et al., 2009; Lin et al., 2011; Wu et al., 2013). In such redevelopments, partnerships between the local government, developers and the collective companies of ViCs are usually formed. Nevertheless, social conflicts during the demolition process bring many redevelopment projects to a halt. An

alternative approach in which the upgrading of specific sites and facilities is the key concern is also promoted (Yin et al., 2009). This ‘integrated regeneration’ approach is often initiated and subsidised by local governments, but limited finances are a major obstacle to its wide application. Bottom-up approaches to the regeneration of ViCs are also being applied. For instance, the collective companies informally cooperate with investors in the development of collective industrial land (Liu et al., 2010). Although these bottom-up approaches are flexible in dealing with financial problems, they encounter such bottlenecks as a lack of effective regulation. Therefore, various alternative approaches have been developed by diverse coalitions of stakeholders. These coalitions result in a considerable variety of modes of governance in the regeneration of ViCs. However, a clear framework to differentiate between modes of governance is lacking, and our understanding of why different modes of governance are chosen and of their positive and negative consequences is limited.

‘Governance’ and ‘modes of governance’ are much debated concepts. In a broader sense, governance is the process of interactions and decision-making among the stakeholders involved in a collective issue (Hufty, 2011), while modes of governance indicate different relationships between stakeholders (Driessen et al., 2012). In the current debate, modes of governance are primarily attuned to the Western context, overlooking the specifics of attuning these modes to the Chinese context. This article fills that gap by presenting a conceptual framework on modes of governance in the regeneration of ViCs.

The framework distinguishes various modes of governance and is essential for understanding the variation in governance types of ViC regeneration. It can also facilitate the study of a specific regeneration condition under which a mode of governance is adopted. The present study applied the framework to case studies in Guangzhou and Shenzhen, where ViCs are



**Figure 1.** A conceptual framework on modes of governance for the regeneration of 'villages in the city'.

prevalent and diverse governance approaches have been implemented. A comparison of the outcomes of the case studies revealed the positive and negative consequences of existing modes of governance in the regeneration of ViCs.

### A conceptual framework

This section presents the conceptual framework (Figure 1), then discusses three key stakeholders in the regeneration of ViCs, elaborates on different modes of governance that are based on various relationships between the key stakeholders, and identifies four important dimensions of governance.

#### *Three key stakeholders: State, market and society*

The state and the market are two conventional stakeholders in the redevelopment of

slums and deprived neighbourhoods. The 1930s and 1940s saw massive slum clearance programmes in Western countries (Rodriguez, 2008). The state played a crucial role in this process, replacing slums with standard public housing. In the USA, the alliances between local governments and developers led to the transformation of dilapidated areas into commercial developments (Jacobs, 1961). However, since the late 1960s slum clearance programmes have faced intense criticism and resistance because of their high social and economic costs (Rodriguez, 2008).

More recently, civil society has become a new stakeholder in slum upgrading (UN-HABITAT, 2003). Serving as an intermediate associational realm between the state and individual families, civil society encompasses various associational forms based on kinship, ethnicity, culture and social networks (White, 1994). It is important for

raising the living standards of the poor in slum communities and for furthering processes of democratisation in partnerships with the state (UN-HABITAT, 2003).

However, the concept of civil society is rooted in a liberal tradition that pits society against the state (Chan, 2010). Huang (1993) argues that in the Chinese context, 'the third realm' where state and social groups collide should not be misunderstood as 'civil society'. A ViC's collective company is supervised by members of the Chinese Communist Party and managed by representatives of the villagers, and is therefore an institution of 'the third realm' (Lin et al., 2012). Formal and informal organisations as well as individual households also restructure space in ViCs by engaging in informal economic activities that are based on social networks (Lin et al., 2011; Zhang, 2001). Therefore, 'society' is a more suitable term to indicate the collective companies, formal and informal organisations, experts and individual households involved in the regeneration of ViCs (see also Lin et al., 2012). In China, 'society' (*shehui*) is a generalised term representing a theoretical category that is different from the term 'state' (*guojia*) (He, 2010). 'Society' is more comprehensive than 'civil society' and can be used to indicate the sphere beyond the state and the market in the ViC context.

### Modes of governance

From a Western perspective, Driessen and colleagues (2012) developed a conceptual framework on modes of governance that is based on relations between the state, the market and civil society. They identified five prime modes, namely centralised governance, decentralised governance, public-private governance, interactive governance and self-governance.

- In centralised and decentralised governance, either central or local government

takes the lead and the market and civil society are the recipients of that government's incentives.

- Public-private governance is characterised by the joint actions of partners in public and private sectors.
- In interactive governance, the state, market parties and civil society collaborate on equal terms.
- Self-governance is characterised by far-reaching autonomy that is enjoyed by stakeholders from the market and civil society.

Owing to the complexity of ViCs in China, however, these five modes of governance are inadequate to understand the relationships between stakeholders in the regeneration practices. As mentioned, society is a more suitable term than civil society to indicate the collective company, formal and informal organisations, and households. In light of this distinction, the interplay between the state, the market and society in the regeneration of ViCs can be understood with a framework that includes seven modes of governance, namely the five mentioned above and the two following modes:

- Public-collective-private governance, which refers to partnerships between local governments, collective companies and developers.
- Collective-private governance, which refers to partnerships between collective companies and developers/villagers.

In self-governance and collective-private governance, the state might act only as a regulator, or be absent from bottom-up initiatives that are informal or illegal. The collective company plays a crucial role in collective-private governance, while migrant self-organisations and households are the key stakeholders in self-governance. Each mode of governance is usually linked with a

specific type of regeneration approach, but is not limited to that approach.

#### *Four dimensions of governance: Two features and two contexts*

Driessen and colleagues (2012) also distinguish modes of governance according to differences in three dimensions, namely stakeholder features, institutional features and features concerning policy content. Each dimension contains a number of key references.

- Stakeholder features refer to the initiator of actions, stakeholder position and power base, namely authority, legitimacy (formal rules and agreements), leadership and competitiveness (prices).
- Institutional features include the model of representation (corporatist, partnership, etc.), rules of interaction (formal and informal exchange rules, etc.) and mechanisms of social interaction.
- Features concerning policy context are the goals, policy instruments and knowledge that are relevant to particular cases.

These three dimensions are related to the political domain and they lack a spatial dimension, which is essential for governance in the regeneration of ViCs. Spaces are formed by contestation, difference and social negotiation among stakeholders (Smith, 2001). For anyone concerned with transforming governance cultures, learning to read the specific ‘politics of place’ is a critical skill (Healey, 2006). Governance in the regeneration of a ViC is influenced by two significant factors related to space: urban context and the ViC’s specific community context. The development of a ViC is significantly influenced by the urban context (Hao et al., 2012; Lin et al., 2011), while there are complex relationships between governance and space in any specific ViC (Lin and De

Meulder, 2012; Zhang, 2001). Therefore, two spatial dimensions of governance – urban contexts and community contexts – should be explored.

- Urban contexts include several key references: policy, planning, spatial, economic and social dynamics, and financial resources. The term ‘policy’ is used to describe a particular style of governance activity in an urban area. In China, the specific land policy and the resulting ambiguous property rights have a significant impact on governance (He et al., 2009; Po, 2011). Planning, understood in the general sense of the policy analysis tradition, is a style of governance within a policy-driven approach (Healey, 2006). Social, economic and spatial dynamics as well as financial resources influence government arrangements (Chung and Zhou, 2011; Hao et al., 2012).
- Community contexts are the setting and circumstances of a specific community context of a ViC. The references of community contexts are diverse, including spatial conditions, social networks, population composition, and formal and informal economic activities. These references are widely discussed in studies of deprived neighbourhoods (e.g. Kesteloot and Meert, 1999; UN-HABITAT, 2003).

The new conceptual framework therefore includes four dimensions of governance, namely two groups of features (stakeholder features and institutional features) and two groups of contexts (urban contexts and community contexts). Each dimension has a number of key references. The selection of key references for the two groups of features is based on the original framework developed by Driessen and colleagues (2012). The third dimension of the original framework – features

concerning policy content – is adopted as a key reference ('policy') for the newly added spatial dimension 'urban contexts'. In the adapted framework, two features indicate the differences between modes of governance, and two contexts influence the choice of modes of governance. The adapted framework can help us to understand the choices of and the differences between modes of governance in the regeneration of ViCs.

### *Data and methodology*

We chose Guangzhou and Shenzhen as study areas, as these are the two cities where ViCs first emerged and where diverse modes of governance have been adopted in regeneration practices. In these cities, key stakeholders in the regeneration of ViCs come not only from the state and the market, but also from society. There are complex relationships between the stakeholders, resulting in several modes of governance. There are also prominent differences between the two cities. For instance, a number of ViCs in Guangzhou have historic buildings, whereas most ViCs in Shenzhen are dominated by relatively new developments. A comparison of these similarities and differences illustrates various factors that determine the choice of different modes of governance in the regeneration practices.

Most data were collected during several periods of intensive fieldwork in the period 2008–2013 in Guangzhou and Shenzhen, with substantial assistance from local universities and governmental agencies. In each city, we surveyed 15 ViCs through site visits, observations, interviews, documentation, photographs and mapping. The ViCs had either undergone or were undergoing regeneration practices. In order to understand the roles of and relationships between stakeholders, in each city we conducted over 30 face-to-face semi-structured interviews with

decision makers in urban planning bureaus, planners, experts, developers, village leaders, villagers and migrants. Some of the interviewees were key stakeholders in the regeneration practices. The interviews focused on the roles of different stakeholders and the mechanisms of different governance modes in the practices. We also collected policy documents and materials related to ViC redevelopment projects through our collaborators at local planning bureaus and institutions.

In each city, the empirical work was analysed on the basis of four dimensions of governance. The regeneration of ViCs in each city has a similar dimension of governance called 'urban contexts'. This is mainly based on policies, documents and interviews. Through literature review and fieldwork, we then identified three main types of governance approaches in the regeneration of ViCs in each city. In each type of approach, we selected two or three representative ViCs for in-depth investigation with respect to the other three dimensions of governance (institutional features, stakeholder features and community contexts).

## **Empirical work in Guangzhou**

### *Urban contexts*

Guangzhou was founded over 2100 years ago and has many historic areas, including ViCs. In the 1980s, it was designated one of China's 14 open coastal cities. It revitalised its former role as a commercial centre, which stimulated the expansion of tertiary activities (Xu and Yeh, 2003). The tertiary sector underwent significant growth: its contribution to GDP increased from 37.39% in 1986 to 69.3% in 2012 (Guangzhou Statistical Bureau, 2006, 2013). Economic development has been associated with Guangzhou's territorial expansions, through which land stocks have expanded substantially and a number of rural counties have been designated as

urban districts. Between 1985 and 2012, the total area of Guangzhou increased from 1443 km<sup>2</sup> to 7434 km<sup>2</sup> (Guangzhou Statistical Bureau, 2006, 2013). In 2010, the city was home to 12.7 million people, including about 4.8 million migrant workers (Guangzhou Statistical Bureau, 2010). During the rapid urbanisation process, 138 ViCs were formed in the city's original eight districts. These ViCs are home to the majority of Guangzhou's rural migrants.

In order to facilitate land requisition, Guangzhou introduced the Reserved Land Policy. According to this policy, 8–12% of requisitioned farmland was to be reserved for collective industrial developments. The reserved land is de jure owned by the villagers, but de facto managed by the collective companies, which are elected by the villagers and theoretically represent their interests. The companies organise village meetings and negotiate with developers and the local government. Nevertheless, the ambiguity of collective ownership has provided opportunities for rent-seeking, unfair practices and corruption (He et al., 2009). Without an effective supervision mechanism, village cadres can 'sell' the reserved land to developers without the villagers' agreement, leading to serious conflicts between villagers and collective companies.

The large amount of land stocks and the subsequent low development cost suggest that Guangzhou is not under pressure to redevelop ViCs in order to procure urban construction land (Chung and Zhou, 2011). This is illustrated by Guangzhou's piecemeal policies for the redevelopment of ViCs; unlike Shenzhen, Guangzhou does not have a comprehensive planning and redevelopment framework. Since 2002, Guangzhou has enacted two important policies for the redevelopment of ViCs, namely 'one village, one policy' and the requirement that a ViC redevelopment plan should be endorsed by at least 80% of the villagers (Chung and

Zhou, 2011). These two policies provided scope for flexibility, allowing ViCs to negotiate with local governments. However, financial constraints slowed the pace of redevelopment, as it was not until 2007 that the involvement of developers was allowed (Chung and Zhou, 2011).

Since 2009, the redevelopment of ViCs has been embedded in a redevelopment strategy called the 'Three Olds' redevelopment (*san jiu gaizao*). Demolition of several centrally located ViCs has begun, resulting in an avalanche of petitions from villagers. It has also been widely criticised for its negative impact on migrants (e.g. Lin et al., 2011). Because Guangzhou is a historic city, some of its ViCs typically accommodate historic buildings and sites. These ViCs have been regenerated in an integrated mode, embedded within political programmes such as the environmental restoration of old urban areas project in the run-up to the 2010 Asian Games. In order to avert social unrest during the demolition process, Guangzhou development strategies have shifted from the 'Three Olds' to 'Integrated Regeneration' and 'Beautiful Villages', which mainly target the regeneration of 1142 villages/ViCs in the suburbs of Guangzhou (interviews with officials at Guangzhou Municipal Planning Bureau, March 2013).

### *Governance approaches in the regeneration of ViCs*

*Public–collective–private governance: demolition and redevelopment of centrally located ViCs.* Public–collective–private governance has been adopted for the demolition and redevelopment of several ViCs (e.g. the villages of Yangji, Xian, Linhe and Liede) in or near Guangzhou's new central business district.

- The initiators are local governments, developers or collective companies.

- The power base is competitiveness (prices) and legitimacy (agreements on relations and procedures).
- The stakeholder position is characterised by a degree of autonomy of stakeholders within predetermined boundaries.
- Institutional features are partnerships (between local governments, developers and collective companies), negotiation, and formal and informal rules.
- The specific community contexts of these ViCs are their central location and high land value. Their redevelopment can lead to an increase in land value, which can compensate for the cost of replacement and reconstruction.

Local governments usually claim that a lack of financial resources makes them incapable of investing in the reconstruction of ViCs, and they propose that developers and collective companies can self-finance the redevelopment projects. In some cases, the local government is the initiator. For instance, in the redevelopment of Liede village, the local government played a crucial role in project formulation, land auction, housing demolition and villager resettlement. In other cases, the local government became a ‘guide’ (making favourable policies and approving the project) rather than a ‘leader’, while developers and collective companies were the initiators. For instance, the collective company made agreements with a developer in the redevelopment of Linhe village, and a developer played a crucial role in the demolition and reconstruction of Pazhou village.

Our fieldwork revealed that the demolition and redevelopment of several centrally located ViCs in Guangzhou had faced many challenges. The redevelopment of Xian village is a good example. In 1990, the village was located on the urban fringe and had 2240 inhabitants. The majority of the farmland had then been requisitioned for urban development. The collective company

acquired a considerable amount of reserved land and cooperated with developers in commercial development, resulting in an increase in collective properties. In 2009, the local government initiated Xian village’s redevelopment project and was responsible for site clearance. In 2011, a partnership between the collective company and a real estate company was created to redevelop the village. However, the demolition of Xian village resulted in many conflicts between villagers, the collective company, the real estate company and the local government. When we visited the village in 2013, many villagers were still refusing to move out. They accused the collective company of corruption and opacity in managing collective properties. The leader of the collective company had fled abroad with a large sum of money obtained by corrupt means. The villagers did not trust the company and were worried that their interests would not be protected after redevelopment. Similarly, in Yangji village, the demolition process was started in 2010 but was still incomplete in 2013. Our interviews with villagers revealed that there were both governance and compensation issues. They stated that the decision-making process was not transparent and the project had not been approved by all villagers.

In summary, the lack of involvement of villagers in the planning process, the corruption of the collective companies and the lack of a proper compensation scheme had led to the failure to demolish ViCs within the mode of public–collective–private governance.

*Decentralised governance: integrated regeneration.* The integrated regeneration approach within the mode of decentralised governance has been applied in the regeneration of several ViCs (e.g. the villages of Huangpu, Pantang and Xiaozhou).

- The initiators are local governments, which promote and subsidise the projects.



- The position of other stakeholders is mainly determined by local governments. Local experts and elites also play an important role in historic conservation.
- The power base is authority and legitimacy.
- Institutional features are local governments deciding upon collaborations, formal exchange rule and corporatist.
- These ViCs usually have historic buildings and sites. Compared with centrally located ViCs, they have fewer migrants, a lower floor area ratio (FAR) and less collective industrial land. The development of collective industrial land might be subject to some constraints (e.g. marginal location, or the protection of ecological zones and historic buildings). These community contexts make it possible to upgrade.

Integrated regeneration projects can be part of a political programme at a specific time. For example, the integrated regeneration of Huangpu village was a subproject of the environmental restoration of old urban areas project in the run-up to the 2010 Asian Games. The local government was the initiator and main investor. It consigned the project to a research and design team at a local university. The team carried out a survey and formulated the regeneration project, which was approved and authorised by the local government.

Huangpu village once had a port that played a critical role in Guangzhou's foreign trade. The village had many ancestral temples, traditional commercial streets and historic buildings. Because Huangpu is located on the urban periphery, its development has been relatively slow. In 2011, the village had approximately 6000 villagers and 4000 rural migrants, most of whom worked on small pieces of collective industrial land and in the surrounding areas. The slow economic growth and low number of migrants did not

lead to a dramatic change in the original spatial structures of the village. Owing to the village's architectural legacies and rich culture, the project aimed at upgrading rather than demolishing it, although a few buildings were demolished and replaced by open spaces and green areas. It was observed during the fieldwork in March 2013 that this project had greatly improved the environment of the village by providing these open spaces, constructing public facilities and renovating historic buildings.

The interviews with the chief planner, Dr Feng, revealed that there had been few conflicts during the planning process, as only a few low-rise houses were to be demolished (March 2013). The collective company and most of the villagers were willing to cooperate with the local government and the design team during the regeneration process. The interviews also showed that local experts and academics (e.g. Dr Feng and other scholars from local universities) played an important role in formulating the project, persuading the local government to adopt the project and mediating with other stakeholders. Nevertheless, the mode of decentralised governance is mainly led and subsidised by local governments with formal exchange rules, meaning there is little room for other stakeholders who could provide formal or informal support. Owing to the limited budget of local governments, this mode of governance has been applied in the regeneration of a few ViCs.

*Self-governance: housing upgrading and public facility provision for rural migrants.* There are various bottom-up approaches to the regeneration of ViCs in Guangzhou. Here, we focus on two recent approaches within the mode of self-governance.

- The initiators are the informal sector or civil organisations.

- The power base is autonomy and leadership.
- The stakeholder position is characterised by the informal sector and civil organisations determining the involvement of other stakeholders.
- Institutional features are bottom-up, informal rule, partnership (between the informal sector, civil organisations and households) and negotiation.
- The specific community contexts are informal economic activities, social networks and cheap rents. The ViCs might be located on the urban periphery and have a high housing vacancy rate.

Informal property management companies play an important role in the upgrading of housing in ViCs (e.g. Tangxia village and Chepo village on the edge of Tianhe district). The companies are established by groups of kin migrants, who co-finance the projects and share investment risks. They are informally operated and are not registered by local governments. They favour ViCs on the urban periphery. Owing to poor-quality housing and a lack of financial resources, villagers usually fail to rent out all their rooms. The companies foresee that the rents will increase in the long run, so they make informal contracts with villagers, rent a cluster of village houses and upgrade them. A manager interviewed in 2013 stated that this approach had been widely adopted in the previous few years. His company had 200 employees and managed 10,000 houses in several ViCs on the urban periphery. He had once tried to cooperate with local governments in upgrading projects; however, it had been hard to reach agreements due to the informal character of the company, ambiguous property rights and limited financial resources. His business was expanding and he was worried that local governments might treat it as a threat to social stability. He had shifted his

focus to the 'business' aspects of the approach rather than cooperation.

Another interesting approach in self-governance is one in which an international research and design team cooperates with local civic organisations (i.e. the Migrant Workers Documentation Centre and the Sunflower Organization) in public facility provision for rural migrants in Shigang village (Panyu district). The team proposed a migrant street project, with the aim of creating cultural and social places for migrants. A villager's house was rented to accommodate a newly-established migrant children day-care centre, and some old houses were to be upgraded and used to accommodate a migrant cultural centre. Civic organisations would manage the centres while the team sought financial support. In 2013, we participated in several meetings related to this approach and interviewed the leaders of the civic organisations. We found that the migrant cultural centre was supported by the local government, which was attempting to attract more migrant workers to work in the district. However, limited financial resources meant it was difficult for the day-care centre to become a legal one that is registered by the local government and pays taxes. The mentioned bottom-up approaches thus suggest that the mode of self-governance is burdened with issues ranging from the informal status of projects to limited financial resources, although it is flexible in conducting upgrading actions based on social networks.

## Empirical work in Shenzhen

### *Urban contexts*

Shenzhen is one of China's newest cities. In less than four decades, it has been transformed from an agriculture-based town into a 21st-century metropolis. A series of economic reform measures together with its strategic location adjacent to Hong Kong

has driven the city's astonishing growth. It is a flagship of China's 'open-door cities' in terms of attracting both investments and migrant labour force for industrial development. This experiment (China's first Special Economic Zone) has achieved phenomenal success: in 2013, its GDP increased to over US\$200 billion and its population had swollen to 14 million from only 300,000 in 1978. The rapid urbanisation process has created more than 300 ViCs. These ViCs now house more than half of the city's total population, of whom about 80% are officially recognised as migrants. Since the 1980s, ViCs have been allowed to retain a certain proportion of requisitioned land for collective industrial development. Consequently, a large proportion of the city's industrial developments occurred in ViCs.

In recent years, the government, troubled by unbridled illegal construction and various social and environmental problems associated with ViCs, has become increasingly intolerant of such informal areas. Like in Guangzhou, a prime solution is to transform ViCs into fully urban areas through demolition and redevelopment. As Shenzhen has almost exhausted its supply of developable land, however, the government faces a major hindrance to economic growth and revenue generation. ViCs that occupy a considerable amount of land in central locations are thus viewed as the last 'goldmine'.

The desire to turn Shenzhen into a modern metropolis induced the government to establish a state-led planning framework that managed the redevelopment of ViCs (Chung, 2009). This framework increased the government's leadership in the regeneration of ViCs, but it did not rule out community participation (Chung, 2009). As a key element of the framework, the Master Plan for Urban Village Redevelopment 2005–2010 aimed to redevelop about 10% of all ViCs by 2010 and, ultimately, to achieve a 'city without ViCs' through redevelopment.

However, this top-down planning mechanism faced tremendous resistance and had limited enforcement powers. ViCs responded to this policy in various ways: although most upgraded their built environment incrementally, some enabled redevelopment with the help of external investments while others sought partial or total redevelopment led by the collective companies. Various forms of governance arrangements emerged during this process.

### *Governance approaches in the regeneration of ViCs*

*Public–collective–private governance: demolition–redevelopment of centrally located ViCs.* In Shenzhen, public–collective–private governance also prevails, especially in the redevelopment of centrally located ViCs.

- The stakeholder position, power base and institutional features are similar to those in the cases in Guangzhou.
- A major difference between cases in Shenzhen and Guangzhou is that the demolition–redevelopment in Shenzhen is usually initiated by the government, while in Guangzhou it is initiated by either the developer or the collective company.
- The ViCs are usually located in the city's most central and high-valued areas, such as the financial district (Caiwuwei village), close to the city's political and/or commercial centre (Gangxia village), and near the Hong Kong checkpoint (Yunong village).

The redevelopment of centrally located ViCs often requires financial resources that are beyond the capacity of the government and the collective company. External developers are attracted by potential profits, but they are confronted with uncertainty and the difficulties associated with negotiation and site

clearance. Central to the negotiation is the decision on compensation, which in most cases is offered as a demolition compensation ratio, indicating the amount of floor space to be returned to villagers for each areal unit of houses demolished. The compensation can be extremely high, but the developer has the option to urge the government to issue more favourable policies and planning parameters to enable higher profits. A successful redevelopment requires effective negotiations and cooperation between the developer, the government and the collective company. For instance, the redevelopment of Gangxia village was proposed by the municipal government in 1998 and then launched by the Futian district government around 2002. However, resistance and conflicts brought the project to a halt until 2009, when two external investors (Gemdale and Wuyeshen Group) offered the indigenous villagers higher compensation. Redevelopment agreements were finally signed and demolition began.

This mode of governance can also be illustrated by the redevelopment of Caiwuwei village, which is located in Shenzhen's original commercial and financial district. In the 1980s and 1990s, it was home to many of the earliest 'gold miners' who migrated to the country's first Special Economic Zone to seek prosperity. The village has seen its surroundings metamorphose from a small market town and paddy fields into an established financial centre. The government first planned to redevelop the village in the early 1990s, but it only became possible when China Resources Land (one of the largest state-owned enterprises) was invited to implement the first phase of redevelopment. This project turned Caiwuwei's south-eastern part into the MixC Mall, a large, high-end shopping centre that was completed in 2004. The indigenous villagers were relocated and received a record amount of compensation.

In the same year, Kingkey, a local real-estate developer, announced an ambitious plan to build China's tallest skyscraper in one of the remaining parts of the village. Although the project was supported by the local government and the leadership of the collective company, the indigenous villagers fiercely resisted it in the hope of receiving greater compensation. The stalemate lasted for over three years. In order to enable the redevelopment, both the developer and the government were forced to compromise: the developer offered more compensation while the government adjusted the planning parameters to make the project more profitable. When we visited the village in 2011, a British-designed 100-storey tower block had been completed. The relocated villagers were given new apartment units. The rent had tripled, however, making the apartments unaffordable to low-income migrants. The mode of public–collective–private governance is thus gradually driving low-income migrants out of the city centre.

*Collective–private governance: incremental development and upgrading.* The government plays a negligible role in managing the development and social affairs of ViCs on the urban periphery (e.g. Nanling and Henggang villages in Longgang district). Many of these ViCs are semi-autonomous, and bottom-up approaches within the mode of collective–private governance prevail. The collective company usually forms partnerships with the private sector in the development of collective industrial land. It also provides public goods for villagers through a corporatist institutional structure.

- The collective company or the private sector is the initiator.
- The power base is autonomy and leadership.

- The stakeholder position is characterised by the collective company determining the involvement of other stakeholders.
- Institutional features are bottom-up, formal and informal rules, negotiation and partnership (between the collective company and the private sector), and corporatist.
- Specific community contexts are peripheral locations but good accessibility to jobs and services, and a considerable amount of collective industrial land.

Here, we take Nanling village as an example. Starting in the late 1980s, the collective company formed partnerships with external investors in the development of collective industrial land. This partnership created a win-win situation: for the investors, constructions on collective land were considerably cheaper than those on urban land; for the collective company, leasing industrial space was a profitable business that did not require much investment. This resulted in a strong industrial economy, based on toy and electronics manufacturing.

After the economic downturn in 2007, Nanling started to restructure its collective economy. The leadership of the collective company initiated a shift to cultural industries and jewellery processing. Supported by revenues generated by leasing collective properties and by operating businesses, the collective company financed the upgrading of infrastructure and public facilities, in which the role of the state was negligible. In the meantime, small property rights housing estates were erected to make profits. These were illegal properties sold at half the price of the commodity housing standard. Although the village received official endorsement and praise from the government for its successful industrial and economic development, its small property rights housing estates severely violated land use regulations. Consequently, the mode of collective-private governance

promotes the development and upgrading of ViCs, but tends to create illegal properties, exacerbating the problem of incomplete property rights and informality. Although migrants are both labourers and tenants in the ViCs, they are excluded from this mode of governance.

*Collective-private governance: collective redevelopment.* Collective-private governance does not always apply an incremental upgrading strategy in order to improve the built environment and cope with the government's pressure to redevelop. Instead, some ViCs sought opportunities to redevelop their land through the demolition-redevelopment approach and using their own resources.

- The stakeholder position, the power base and institutional features are similar to those of the collective-private governance examined above. However, differences exist owing to the leading role of the collective company.
- The collective redevelopment is initiated by the collective company and supported by the government.
- The power base is characterised by a very strong village leadership.
- Institutional features are subject to a corporatist approach among villagers and the collective company. Indigenous households become shareholders (their landholdings are their investments) and are involved in the decision-making process.
- Specific community contexts such as a stronger collective economy enable sufficient financial supports for the redevelopment project.

Tianxia (Nanshan district) was the first village to successfully implement the collective redevelopment approach. The village shrank significantly due to surrounding urban development. In 2003, the collective company, led

by a proactive leadership, initiated the redevelopment of Tianxia. Site clearance started as soon as the detailed redevelopment plan was approved by the government in 2006. This approach was innovative as it allowed all villagers to profit from the process of formalising their properties. It bypassed the problems related to compensation for demolished houses, because the floor space of the original house was not relevant to the amount of compensation. Instead, every household's share in the project was determined by the size of its housing plot. When the new multifunctional neighbourhood was completed in 2009, each household was assigned apartment units with a total floor space equivalent to seven times the size of the original housing plot. In the future, households will also receive a share of the profit realised by leasing collective properties. After redevelopment, the function, layout and other planning parameters conformed to city plans and building codes, and the new properties and businesses became subject to the formal urban administration. The previous semi-formal village community was thus converted into a formal urban neighbourhood.

Nevertheless, this redevelopment mode requires the collective company to make huge investments. It also requires strong political support from the government, as many actions taken by the collective company are not supported by existing legal frameworks. Although the leadership of the collective company plays a crucial role in managing the project, it is highly vulnerable to corruption, as almost all decisions are made internally. In 2012, the president of the collective company was arrested on bribery and corruption charges related to the selection of contractors for architectural design and construction. Although efficient in initiating and carrying out redevelopment, the mode of collective-private governance in collective development lacks effective

regulations to preclude corruption and the abuse of power. The newly-constructed commodity housing is also not affordable to migrant tenants.

## Discussion and conclusions

The empirical studies show that decentralised governance, public-collective-private governance, collective-private governance and self-governance are widely adopted in the regeneration of ViCs in Guangzhou and Shenzhen, whereas the other modes of governance (centralised governance, public-private governance and interactive governance) are rarely applied. Each mode is distinguished by four dimensions of governance (stakeholder features, institutional features, urban contexts and community contexts), in which two groups of features indicate the differences between modes of governance and two groups of contexts influence the choice of mode of governance.

- Integrated regeneration within the mode of decentralised governance is recognised as an important approach for the redevelopment of ViCs in Guangzhou rather than Shenzhen. This is mainly due to the specific urban contexts and community contexts of ViCs in Guangzhou. The city has a number of ViCs that are well known for their rich cultural value and traditional architectures, and they are safeguarded from large-scale demolition and redevelopment. Their integrated regeneration was usually embedded in particular policy programmes, initiated and subsidised by local governments and supported by other stakeholders. This approach significantly improves the built environment, but its application is limited by financial constraints.
- The public-collective-private governance mode is usually applied in the demolition and redevelopment of

centrally located ViCs in both Guangzhou and Shenzhen. The contents of the four dimensions of governance are quite similar in the two cities. The specific community context (e.g. high land value) is crucial for this approach. Partnerships between local governments, developers and collective companies are usually formed. A slight difference between cases in the two cities is that demolition–redevelopment in Shenzhen is usually initiated by the government, whereas in Guangzhou it is initiated by the government, the developer or the collective company. This is mainly because the redevelopment of ViCs in Shenzhen is usually embedded in top-down comprehensive planning schemes. In this mode of governance, compensation negotiations are always difficult and time-consuming, and social conflicts often make redevelopment a difficult and prolonged mission. The approach also inevitably deprives migrant tenants of their affordable housing.

- The collective–private governance mode is commonly adopted for the regeneration of ViCs, especially those located on the periphery of cities. We detailed this mode of governance with case studies in Shenzhen, where collective industrial land in ViCs accounts for a large proportion of urban industrial development. Owing to a lack of sufficient financial resources and business experience, collective companies usually cooperate with the private sector in the development of collective industrial land. Their close ties with the government are sometimes key to their success. In some cases, collective companies develop their land into commodity housing and business estates without the involvement of external developers. Village households become shareholders in the redevelopment projects and play an important role in the

decision-making process. Nevertheless, bottom-up approaches within the mode of collective–private governance are susceptible to corruption and the abuse of power, because there is no effective regulatory system for collective companies and a strong tendency towards rent-seeking. There are also issues of incomplete property rights. In addition, the profit-driven villagers and investors are not concerned with social issues related to migrant tenants. The migrants are largely excluded from the decision-making process, which makes their position vulnerable.

- Housing upgrading and the provision of public facilities for migrants within the mode of self-governance also emerge on the urban periphery of Guangzhou. These bottom-up approaches are mainly initiated by stakeholders from society. Informal partnerships are established between informal organisations, civil organisations and households. Specific community contexts, such as high housing vacancy rates and cheap rents, are crucial for these approaches. As for housing upgrading, there is flexibility in dealing with financial constraints and consensus building, but this approach leads to increased rents and thus excludes the majority of low-income migrants. The informal sector finds it hard to reach agreements with local governments due to informal characteristics and ambiguous property rights. The provision of public facilities for migrants is also beset with problems related to informal developments and financial constraints. In Shenzhen, such bottom-up approaches are rarely found, which can be explained by its great scarcity of land, intensive collective land development, relatively high rents and lower vacancy rates.

The discussed approaches within the four modes of governance yield both positive and

negative outcomes. The approaches are initiated through a top-down or bottom-up process, and are often subject to unbalanced power relationships between the three key stakeholders (state, market and society). In order to achieve a more sustainable regeneration of ViCs, an integrated approach within an interactive governance mode in which the three key stakeholders collaborate in a more balanced situation would probably guarantee a considerably more just and sustainable result. Such a strategy should consider issues related to the four dimensions of governance: the empowerment of migrants and their self-organisations in the decision-making process, the introduction of effective regulations for dealing with ambiguous property rights, multichannel financing and the upgrading of existing spatial structures.

The conceptual framework on modes of governance for the regeneration of ViCs presented in this paper was developed on the basis of a literature review and case studies in Guangzhou and Shenzhen. Although it furthers our understanding of the choice of different modes of governance and of their positive and negative consequences, future research should contribute to developing new modes of governance that are interactive, inclusive and collaborative for the sustainable regeneration of ViCs.

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