

Value Trends under the Transition in Urban Renewal

The Case Study of Shenzhen

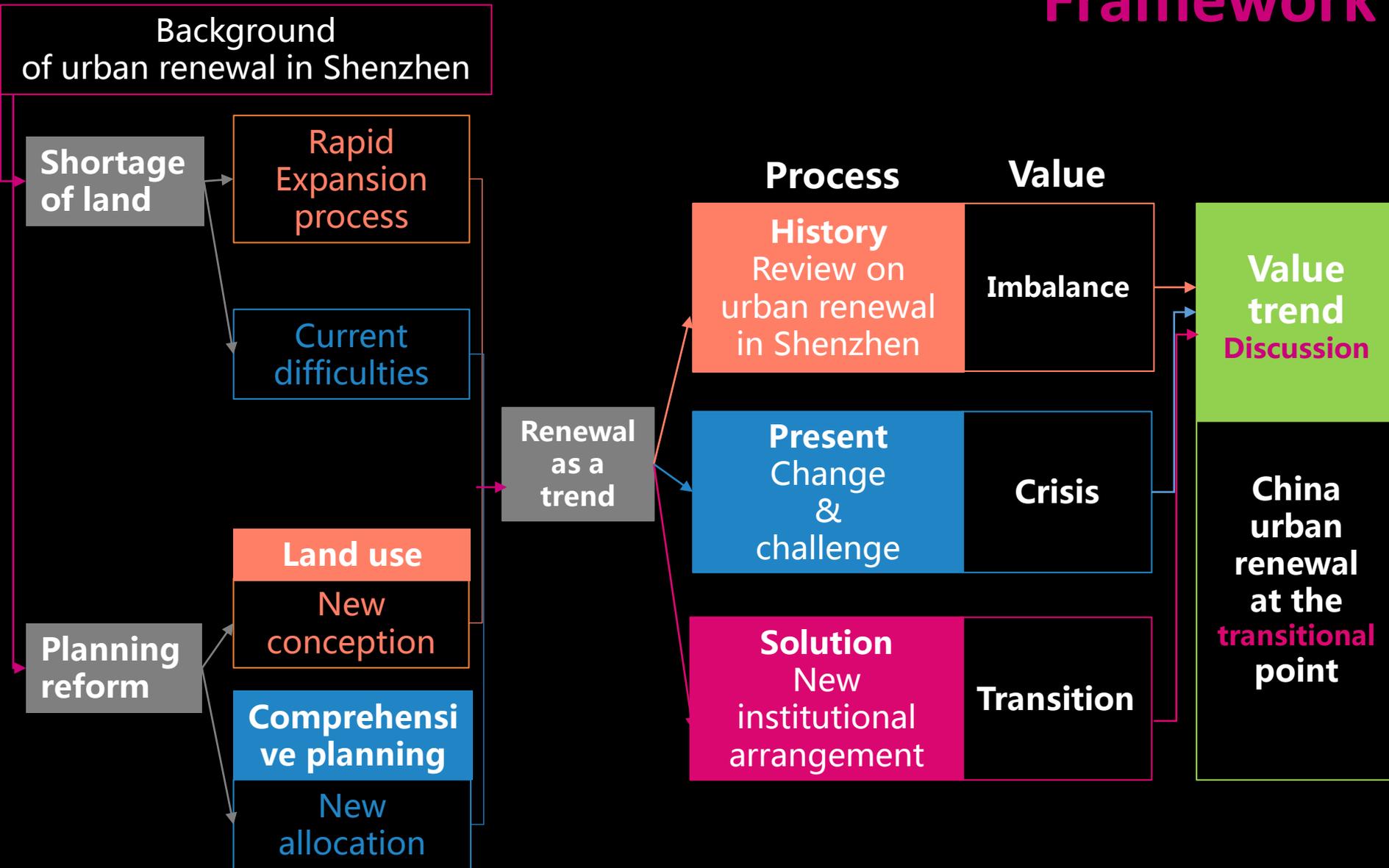
2015.06.22 

TANG JINGXIAN
TSINGHUA UNIVERSITY

True Smart & Green Urban Planning and Governance

Conference: 8th Conference of the International Forum on Urbanism (IFoU)

Framework



01

**Urban
Renewal
Background**

02

**History &
Challenges
& Changes**

03

**Theory &
Solutions**

04

**Value
orientation
Discussion**

1

Urban Renewal Background

True Smart & Green Urban Planning and Governance

Conference: 8th Conference of the International Forum on Urbanism (IFoU)

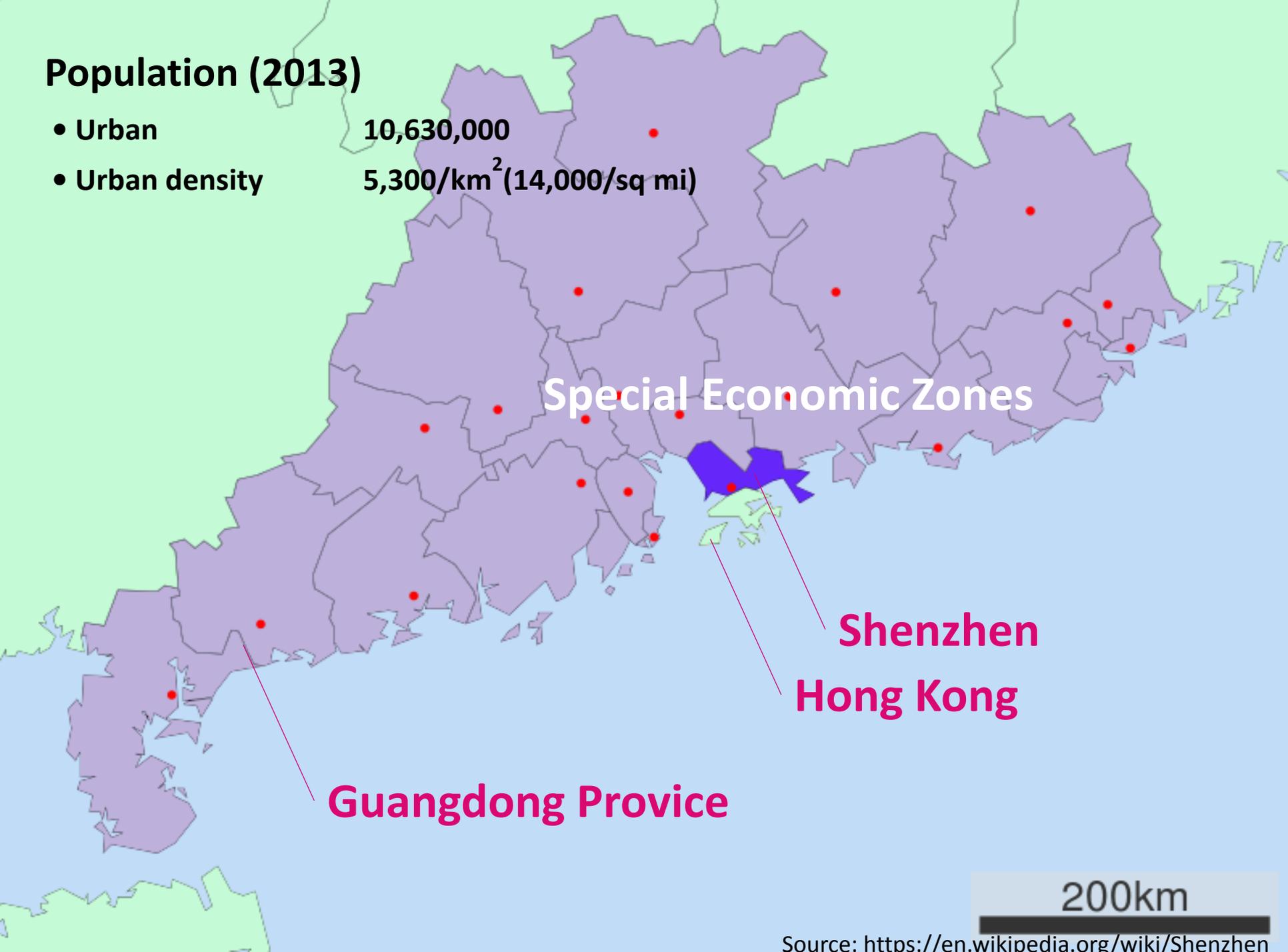
Shenzhen



Population (2013)

- Urban
- Urban density

10,630,000
5,300/km² (14,000/sq mi)



Special Economic Zones

Shenzhen
Hong Kong

Guangdong Province

200km

Shenzhen in 1979





Image: NASA



Google image in 1979 for Shenzhen land use



 Google image in 1999 for Shenzhen land use

Urban Renewal Background

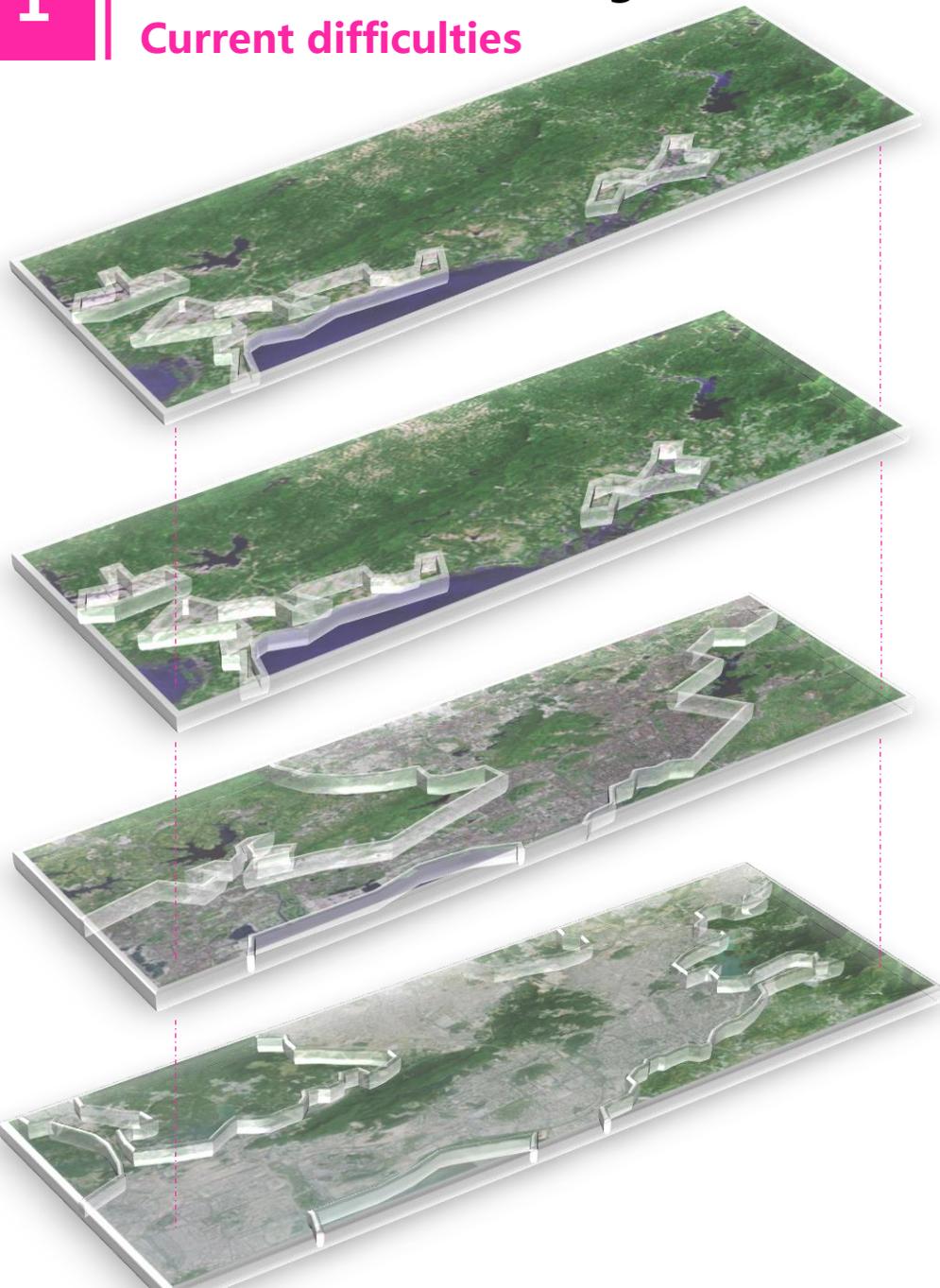
Rapid Expansion Process



 Google image in 2003 for Shenzhen land use



Current difficulties



Four difficulties for The new land use and development planning

- ❑ Shortage of **land and space** for further development;
- ❑ Shortage of **energy and water**;
- ❑ **Population explosion** for economy growth which is beyond the city`s capability;
- ❑ **Environment capability crisis.**

In 2010, land of **750 km²** had been used for construction. According to the planning Index limit, only **150 km²** was left, which will be used up in **10 years** if urban development would still relay on the **explosion and sprawl** of new towns .

Land Use Planning in Shenzhen (2006-2020)

Built-up Renewal : 190 KM²

Four New conception for Land Use

1. From extensive planning to **intensive planning**
Optimize the layout of land
2. Improve land management
3. Improve management objectives
4. Create new mechanism for **land renewal**

Comprehensive planning in Shenzhen (2010-2020)

Upper Limit for construction :140 KM²

Two Changes for Urban Spatial Development:

1. From sprawl to **urban renewal**
2. expand the task of planning from physical one to **comprehensive one concerning about sustainability**

Land Use Planning in Shenzhen (2006-2020)

Built-up Renewal : 190 KM²

Including :
Urban village, old industry land,
old residence:60 km²

Comprehensive planning in Shenzhen (2010-2020)

Upper Limit for construction :140 KM²

Ensure for the needs of :
industrial transformation,
public service facilities, municipal
infrastructure, transportation,
affordable housing.

Planning index for land use	added (ha)	percentage	Built – up area (ha)		Total (ha)
			Urban renewal	percentage	
2014	550	31%	1200	400	1750
2013	700	41%	1010	200	1710
2012	800	43%	918	180	1868
2011	1952	85%	340	340	2292
2010	2070	78%	600	600	2670
Total	6072	50%	5976	1120	12198

**New primitive way of
development for
Chinese urbanism**

Urban renewal

2 History & Challenges & Changes

True Smart & Green Urban Planning and Governance

Conference: 8th Conference of the International Forum on Urbanism (IFoU)

First Period	from early 1980s to late 1980s
approach	Rebuild the old buildings by the owner, quite few
Urban development stage	The beginning of development
Targets	Old buildings
Character & value	The initial exploration, blur development direction
problems	Reconstruction is scattered, lack of planning control and guide, ignore the overall appearance of the city

Second Period	1989-2000
approach	Tear-down and clean up, then rebuild
Urban development stage	Expansion period with high speed
Targets	Urban village, old industrial land, Small parcels, old commercial area
Character & value	Government-led and profit-driven period, lack of restraint and the public interest is ignored
problems	Transformation is primitive, neglect to the requirements of the residential environment, break upper planning control index, high density, lack of overall planning, "village in city" problem

Third Period	2000-2009
approach	Large scale of planned renewal
Urban development stage	Improving period
Targets	Expand to all built-up area
Character & value	Government-led, ignorance of market effectiveness Profit orientation with some consideration of public
problems	Problems of complexity, resulting in difficulty in demolition; the neglect of social problems, and ignored the market demand

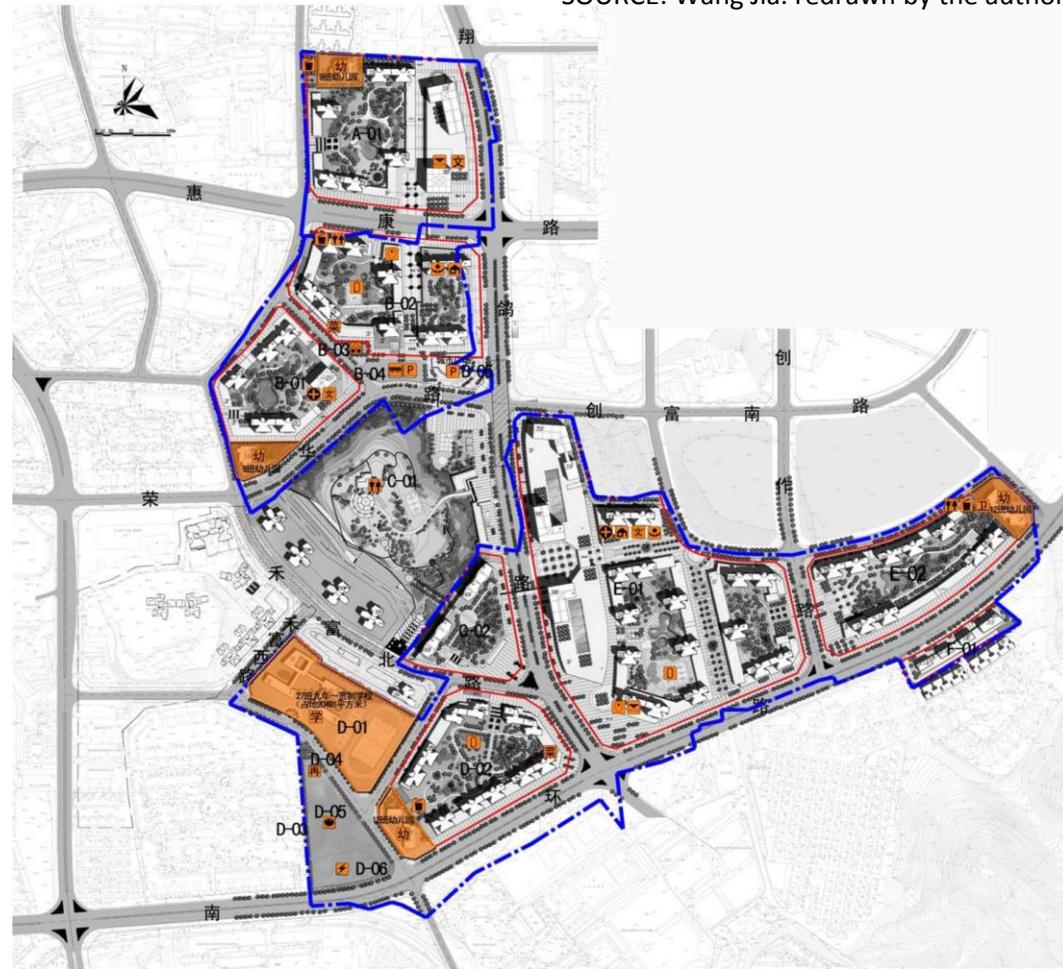
CHALLENGE 1: how to ensure the construction for public interest in renewal projects?

Through the renewal, the developer should pay for the cost of implementation of a large number of public interest to meet the requirements of the project

*The contribution of roads, schools, green -- such as an independent area of facilities;
Housing construction area of security -- the contribution of community service facilities;
-- public parking.*

But the core problem is: lack of effective means to protect the public interest.

SOURCE: Wang Jia. redrawn by the author



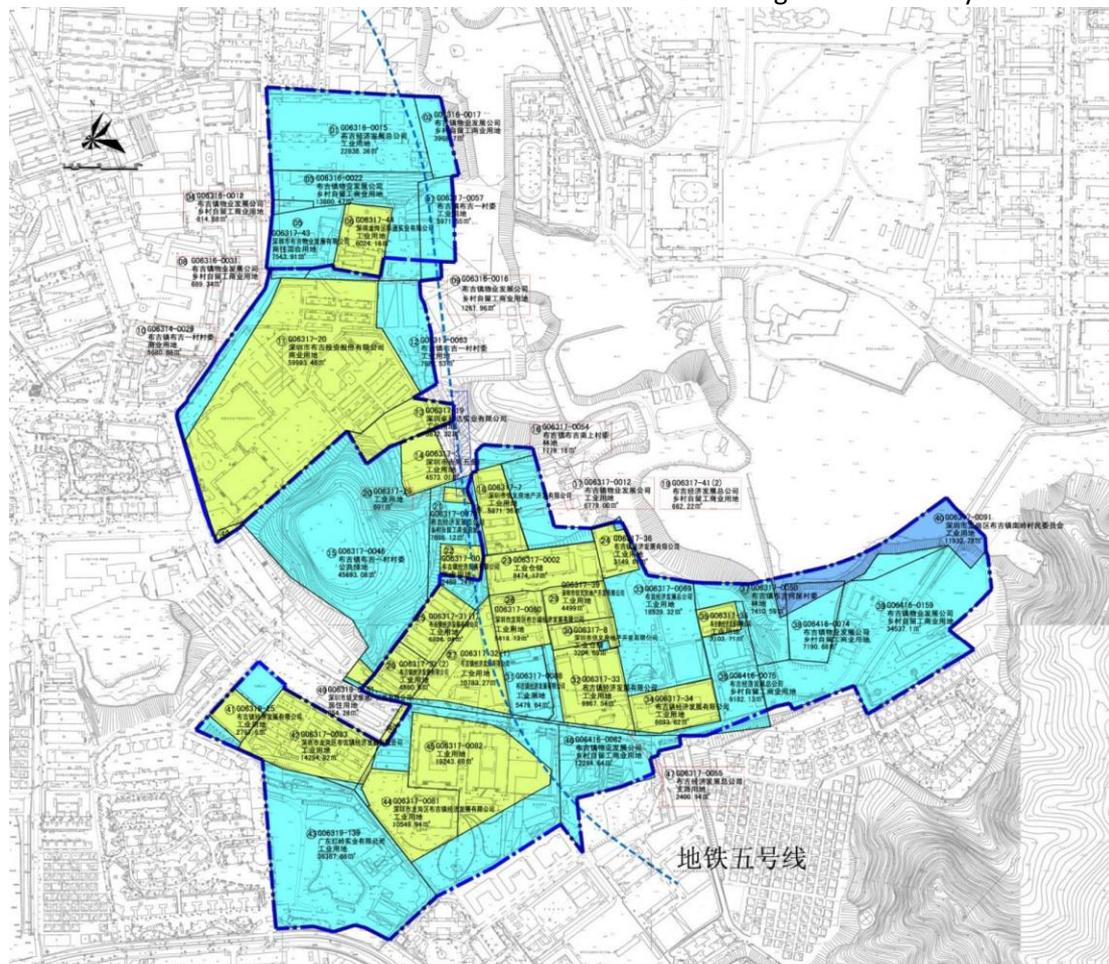
CHALLENGE 2: how to balance the interest of different subjects—original & new coming ones?

Renewal unit involves a number of land, property with different interests.

From the individual point of view, all hope to share more space increment, and take less public interest ,it's hard to achieve fairness and efficiency in the absence of rules.

But there is no normative regulations and mechanism.

SOURCE: Wang Jia. redrawn by the author



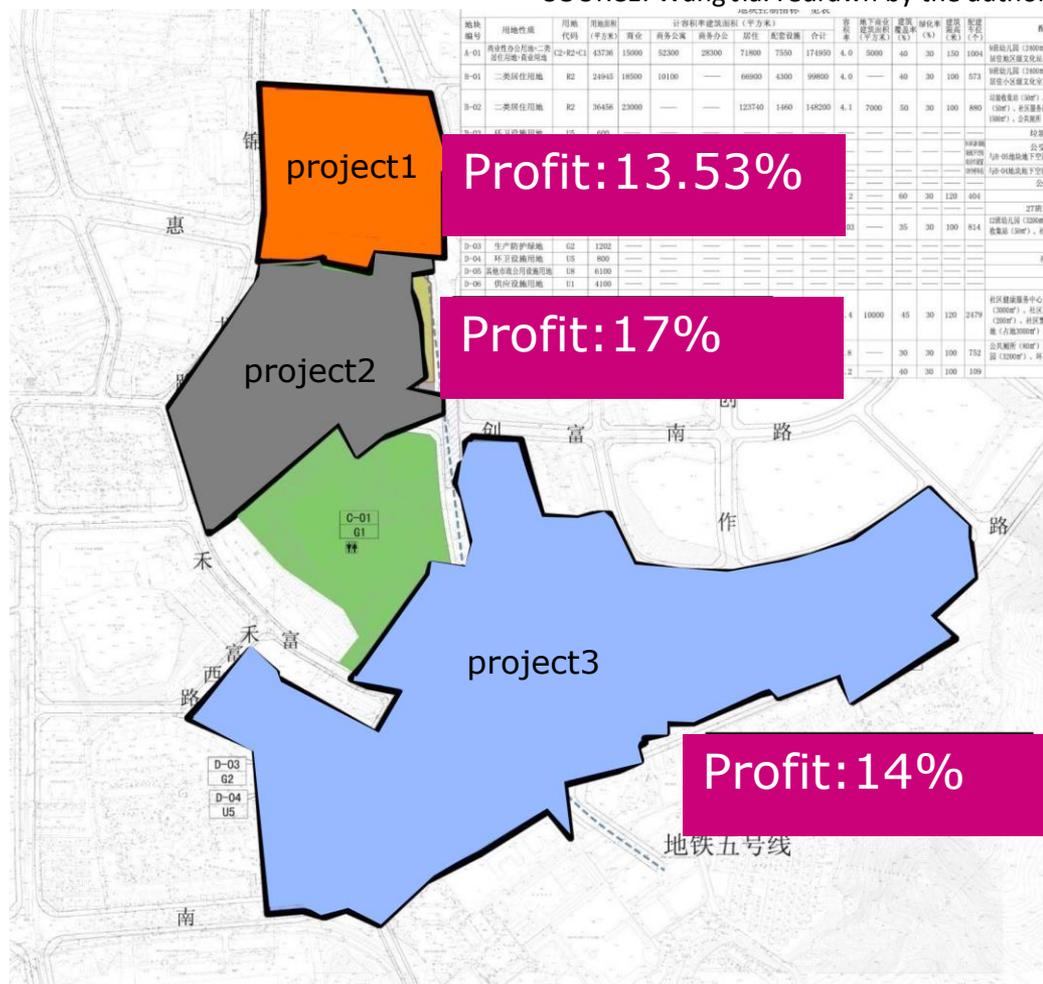
CHALLENGE 3: how to simplify the procedure to reduce costs?

Only when the renewal makes more than 14% profit can the project balance the costs and achieve economic feasibility

And the cost of planning or management is also a large amount of cost.

Problems: lack of effective cost evaluation method of the project feasibility

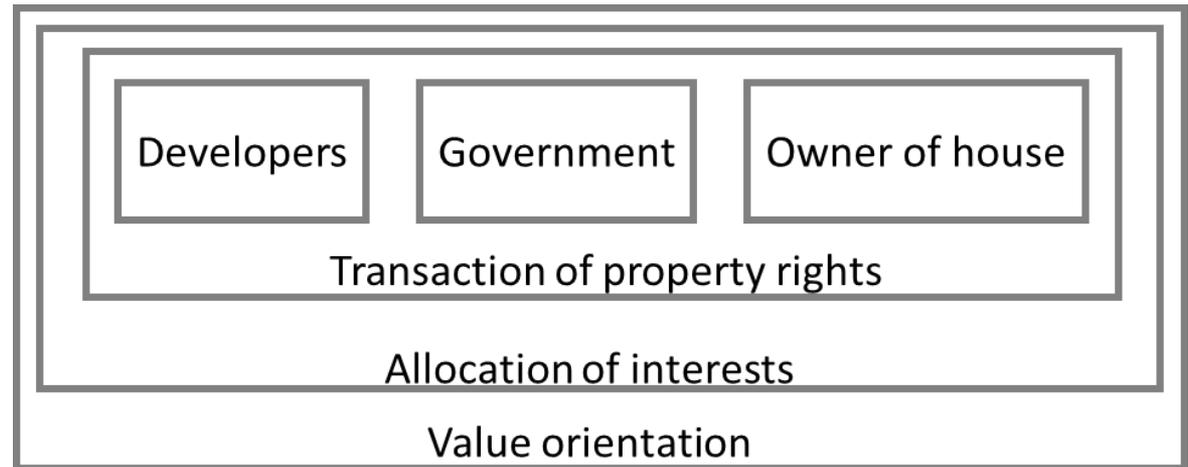
SOURCE: Wang Jia. redrawn by the author



CHALLENGE 4: what role does the government or planning authority play in the transition ?

Leading by the government, land use planning and the renewal process aim at the ultimate blueprints, which deviates from the balance of interests between the demand on the basis of property right system and market economy. And the value crisis from bottom-up public is ignored.

Value crisis at the turning corner of urban turning point

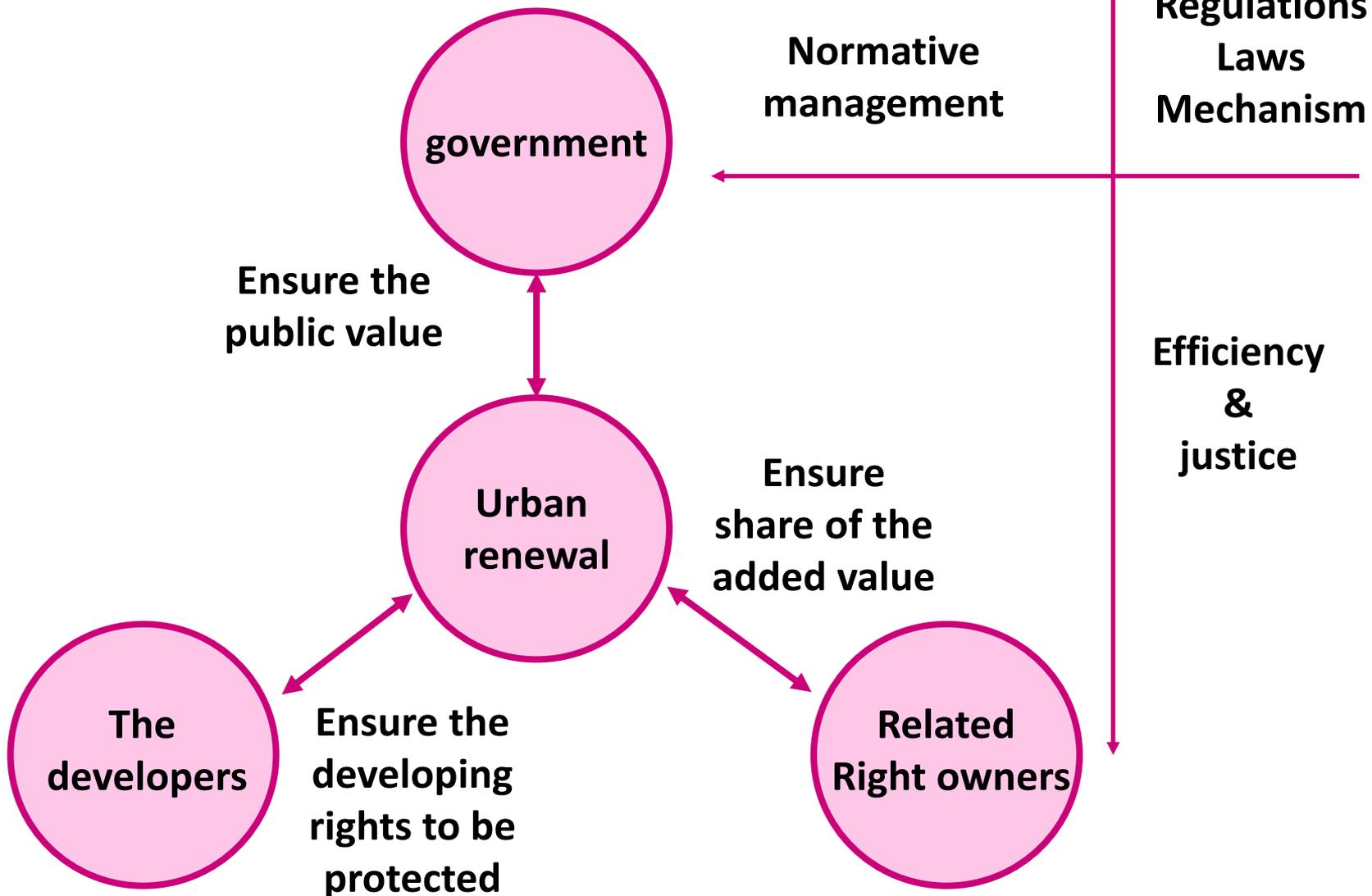


Relationships involved in urban renewal

**New challenge for
Chinese urbanism
CHANGE AT THE
TRANSITIONAL POINT**

Urban renewal

Interests • trade off • value

CHANGE AT THE TRANSIT POINT

3

Theory & Solutions

True Smart & Green Urban Planning and Governance

Conference: 8th Conference of the International Forum on Urbanism (IFoU)

Fourth Period	2009-2014
approach	Many approaches for bottom- up or top- down , with a normative institutional construction
Urban development stage	The maturely developed city
Targets	all built-up area
Character & Value	Shared responsibility by stakeholders and authority, a new era with effective operation by market

why does the new institutional arrangement can be seen as effective and justice?

What`s the value orientation behind?

Key policy for new institutional arrangements

Measures for the implementation of renewal in Shenzhen.2009.

Implementing Procedures for Shenzhen Urban Renewal.2012.

Application of Shenzhen renewal units guidelines (Trial). 2010.

Interim provisions for remaining Land Disposal. 2013.

Interim provisions of affordable housing collocated with urban renewal project in Shenzhen. 2010.

Shenzhen innovative industrial space management (Trial). 2013.

Suggestion on accelerating the development of industry accessory residence by the Government.2013.

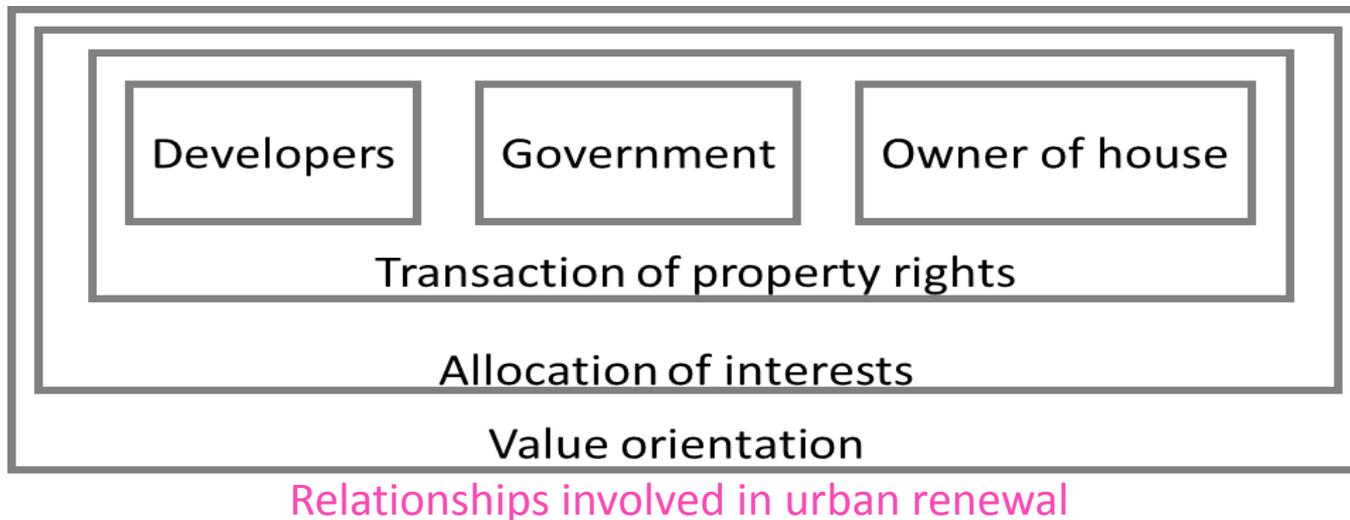
THEORY&METHODS

1. Institutional arrangement is one kind of contract

by which we could establish regulations for resolving conflicts, identifying rights borders, clarifying rules for redevelopment, to achieve effective urban renewal.

2. Property rights.

In urban and peri-urban areas the value of a piece of land lies in the rights attached to it. (Renard V., 2007) The demarcation of interests relies on property rights identification. Clear property relation will prevent disputes, interest conflicts, and remove the gray space (the remaining property, etc.).



THEORY&METHODS

3. The transaction costs.

The implement of urban renewal partly depends on the amount of transaction costs. Reducing the transaction costs will increase the possibility for redevelopment, while otherwise, will decrease. Transaction costs is related to property rights transfer and control, in a world that transaction costs is zero, there is no institution and organization. (Coase R, 1998) but in the real world, this ideal situation does not exist, so the initial arrangement, namely the allocation of resources, will lead to different results.

Stage	Possible costs
In the transaction progress	Trade or not
	Numbers of participating subjects
	Conflict of interest involved
	Various information of possibility
	Property identification
To achieve consensus	Government`s regulation
	Reach an agreement or not
	Numbers of participating subjects
	Conflict of interest involved
	Consensus structure: fixed or flexible

Costs in the transaction of land

4. Principal – agent. It means to prevent the public sector to become the "economic man", otherwise the defenders of public interest will deform. While a positive approach to economic externalities can lead to some public-private goods that the pure market cannot supply (Alexander E.R.A, 2001)

Efficiency-oriented: institutional tools for renewal----

1 Clarity of property rights

land rights survey before urban renewal, including:
 land information certification
 building information verification
 maps of ownership distribution
 map for building attributes

And **the legality of land & building rights should be confirmed**

if it's not clear, the departments will deal with illegal land or building **by compensation or punishment**, disposal the unclear land right according to the files.

Application for urban renewal and the information certification form 

SOURCE: <http://www.szpl.gov.cn/>

申报城市更新单元名称: _____		申报单位 (人): _____					
项 目		地块编号 (应与提交图纸中地块编号一致)					
		()	()	()	()	()	()
01	宗地号或用地方 案号						
02	用地面积 (m ²)						
03	土地利用功能 (现状)						
04	土地权属性质 ¹						
05	用地权属单位						
07	建筑物竣工时间						
08	建筑面积 (m ²)						
09	有房产证的建筑 面积 (m ²)						
10	权利人数量						
11	同意申报权利人 数量占比 (%)						
12	同意申报权利人 占有建筑物面积占 比 (%)						

Efficiency-oriented: institutional tools for renewal----

Analysis:

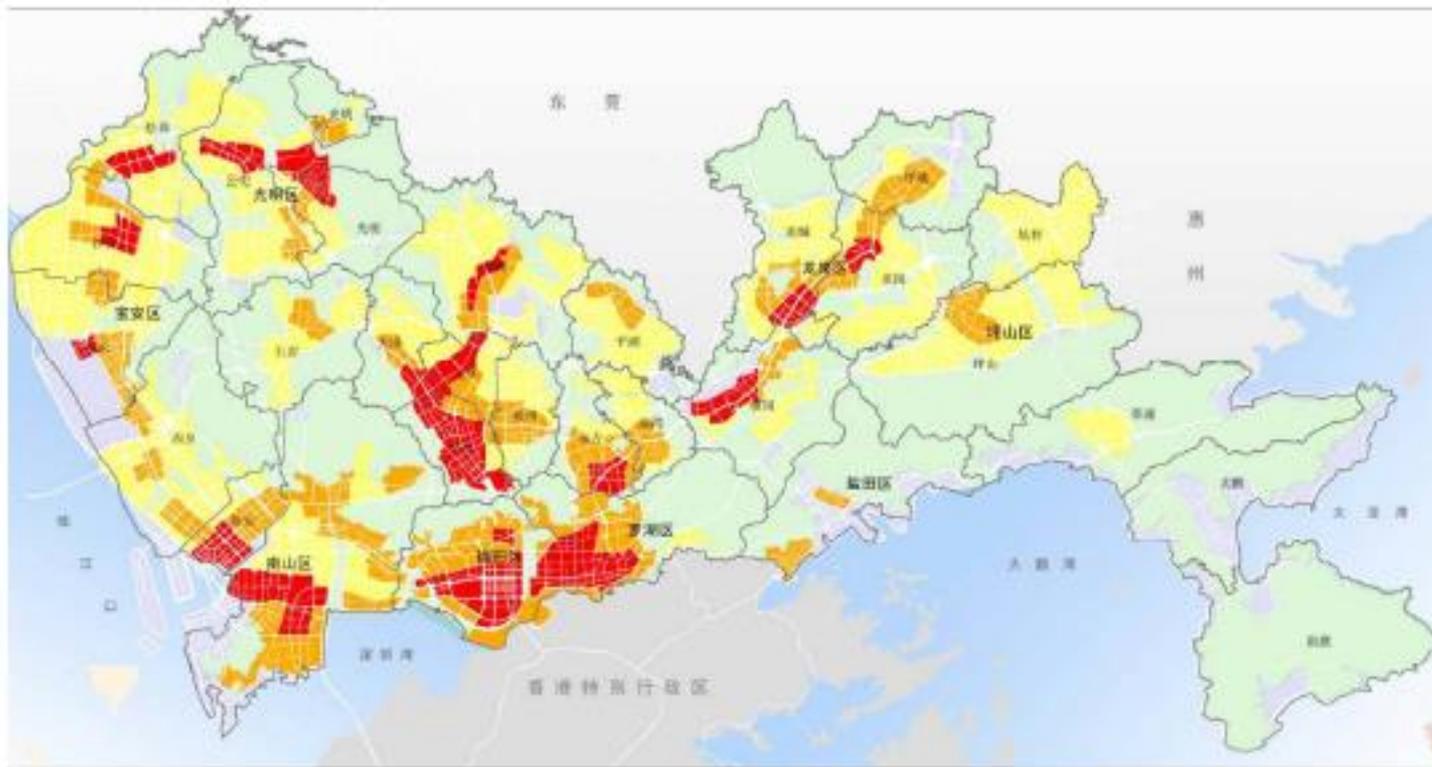
Property right is the core element for coordination of interests.

With clearly definition of initial ownerships and property right from the very beginning, and added-value proportion, Shenzhen government safeguards rational allocation ratio of each subject involved, and balances between stakeholders' benefits, which ensures a justice process and avoids costs of loophole by institutional reason.

The rigor of this process reflects a shift of governance towards more attention to public rights, equitable public policy, importance of legalization and normalization.

Efficiency-oriented:**2 Turn land added-value into package of public goods**

The Measures sets a mechanism of bundling public facilities together with renewal. The renewal process brings added-value to the land and space. When the right property is transferred from the owner to the developers, the developers should pay for the added part to compensate for the external loss of the overall urban interests.



Districts for different affordable housing index

Efficiency-oriented:**Analysis:**

This process is actually to counteract the externality of added value caused by redevelopment.

In the past, most of the profits benefit the government and developing agents. The Measures in Shenzhen takes a big step forward. Through assessment and reallocation of renewal profits, the interests are divided into three parts. That is, one part for the government in the form of reserved land for further sustainable development. One part of the profits is directly invested into public housing construction by a way of bundling projects for public facilities described above and one part for the people who bear the loss as compensation.

Thus, the advantage of market is expanded to public goods production, which contributes to social justice. Nevertheless, the quality and location of affordable housing still needs further supervision to ensure the efficiency.

Justice-oriented: reflection of public value----

1 Survey of willingness

The guideline for declaration also requires for **a pre-stage survey of renewal willingness of the owners.**

Project needs to meet basic standards in order to be implemented.

For example, if it involves in only **a single parcel of renewal unit** or village in inner city, there should be more than **2/3** percentage of the total owner amount or the total construction area, if it involves in **many parcels**, the percentage should be increased to **4/5**. If it is a **residential community**, the percentage for admission reaches to **90%**.

Survey of renewal willingness form

地块编号	序号	产权名称 (房号) ¹	业主名称	产权证类型	是否同意申报更新	建筑面积	证明材料 ²	备注	
					是/否				
分类汇总		权利人总量 (人)	同意申报的权利人	数量 (人)	比例 (%)	总建筑面积 (m ²)	同意申报权利人占有的建筑物	面积 (m ²)	比例 (%)
分类汇总		权利人总量 (人)	同意申报的权利人	数量 (人)	比例 (%)	总建筑面积 (m ²)	同意申报权利人占有的建筑物	面积 (m ²)	比例 (%)
(此表可续)									
填表说明:									
1. “产权名称(房号)”栏应填写申报拆迁范围内的所有建筑物、构筑物的产权名称(房号)。									
2. “证明材料”栏应参照以下分类,填写A、B、C、D项:									
[A]: 经公证的授权委托书;					[B]: 《城市更新单元(旧居住区)计划申报委托书》;				
[C]: 产权单位改造委托书(法人签章);					[D]: 依法签订的委托改造或合作改造协议。				

Justice-oriented: reflection of public value----

If one looks back the urban renewal in the past, although the mechanism of public participation is always advocated by planners, it finally turns to be a slogan or concept with no impact.

There has been no regulation before taking it seriously in normative provision form.

We see the prototype of bottom-up collection methods of the public voices in Shenzhen's measures which reflect the pluralistic value. This provision minimizes the initial transaction costs, and makes it easy to reach a consensus for a smooth progress.

Justice-oriented: reflection of public value----

2 Arrangement of the agents for public facilities and infrastructure

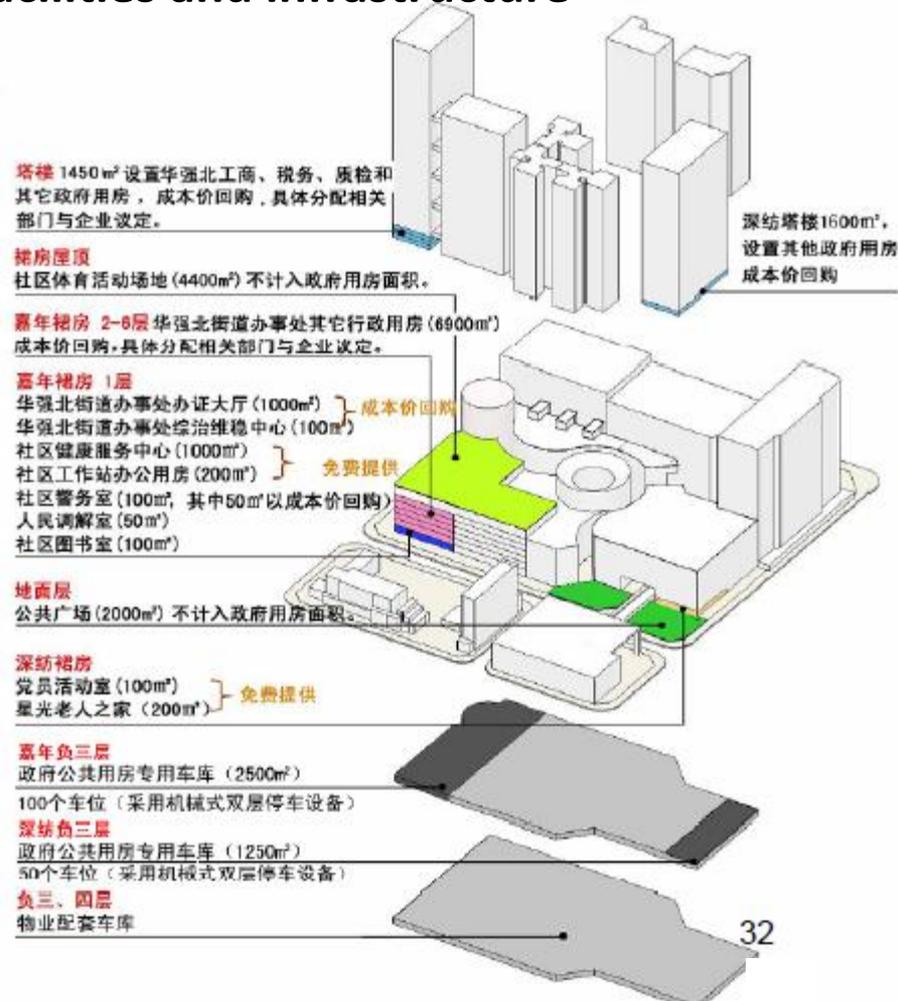
The regulation **clarifies an arrangement of infrastructure and public facilities construction within the renewal program**

including :

scale, proportion, division of responsibility, mode of construction and pricing standards to ensure its implementation.

For small parcels, there are specific regulations for infrastructure, public facilities, affordable housing, rights and responsibilities.

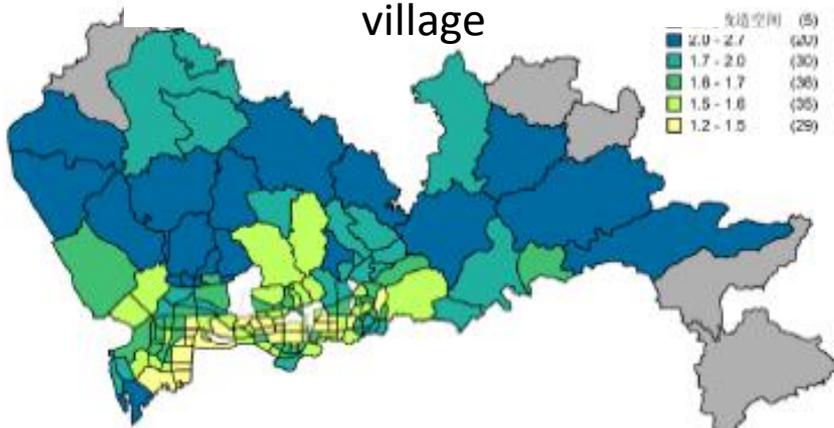
A case of infrastructure and public facilities construction arrangement in renewal project



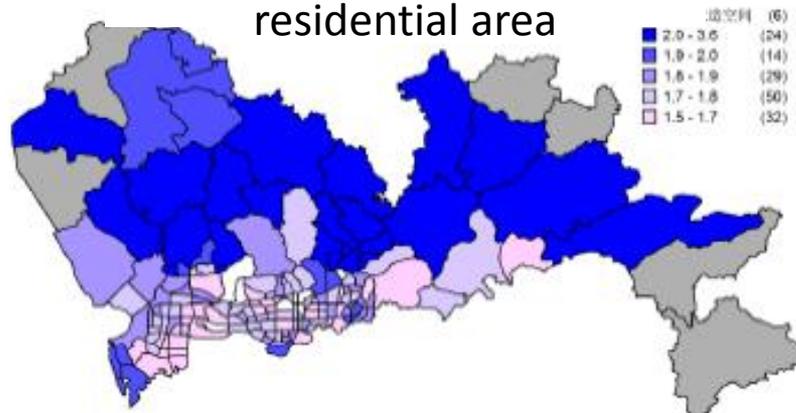
Justice-oriented: reflection of public value----

2 Arrangement of the agents for public facilities and infrastructure

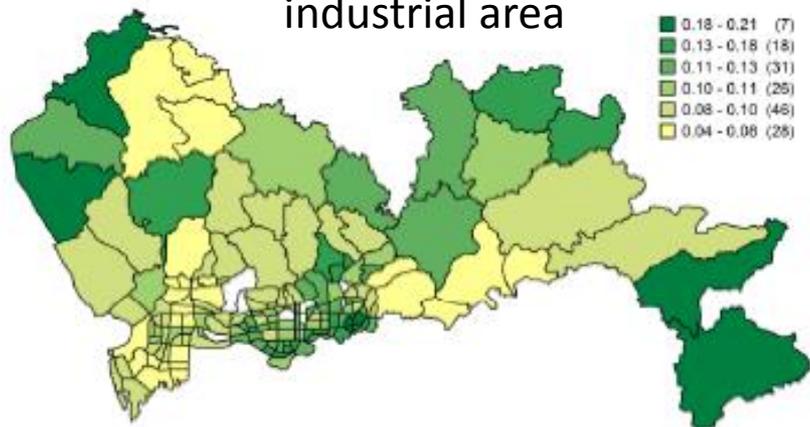
Residence of the urban village



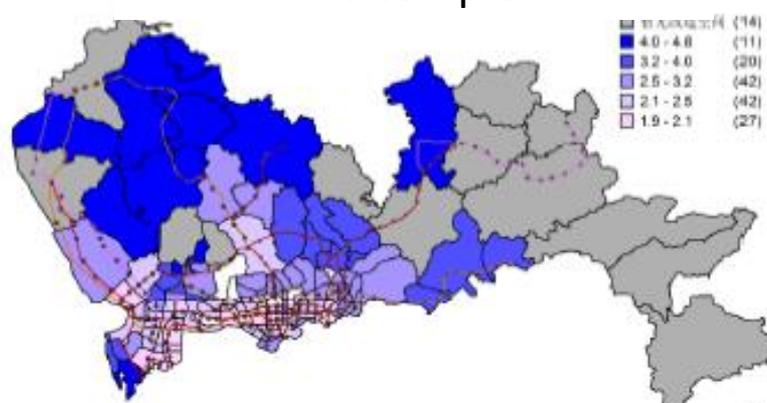
Residence of the old residential area



Residence for industrial area



The complex



Justice-oriented: reflection of public value----

The above provision about the construction subjects is **responsible for public goods and reflects the attention for public governance responsibilities and rights**. The goal is to ensure the supply of urban public goods.

However, since the whole process is top-down arrangement for the “public goods”, it still shows a strong ideological elitism.

4

Value orientation

True Smart & Green Urban Planning and Governance

Conference: 8th Conference of the International Forum on Urbanism (IFoU)



VALUE CHALLENGE FOR PLANNING & PLANNERS

Oriented by different values, such as public value orientation, government benefits orientation, private interest orientation, community interest orientation,

it will result in totally different social structure and resource allocation.

The government is like a game-rule maker, to determine who will get involved in and how to balance interests, and also who will get compensation.

Therefore, within the context of China's social transition, it's vital to explore the value trends for this specific period, which will have a crucial impact on the spatial space, land use, social structure, and economic growth in built-up area.



VALUE CHALLENGE FOR PLANNING & PLANNERS

Through arrangements of property rights, Shenzhen achieves urban redevelopment that **is normalized and efficient.**

By setting the procedures of renewal and bundling construction of public goods, **social justice is included.**

Combination of both leads to a balance point where **the demands of diverse subjects' interest are satisfied.**



VALUE CHALLENGE FOR PLANNING & PLANNERS

Public interest is a hot issue. Academia often define it as the need of multi-subject, as a standard for assessment of public policy effects. Then whose benefits are the public interest? Zhang (2005) mentioned in the "public interest, Problems and Solutions,"

"public interests is a collection of private interests, public and private interests are not, in essence, a completely different concept, there is no clear gap, if safety of residents is recognized as public interest, then the prosperity of local economy should also be treated as. "

Therefore, **public interests is not a banner of utopian.**

In fact, the issue of interest should be discussed directly. Interests is not about one group, instead, it should be a bundle of interests, including several groups in the development progress.



VALUE CHALLENGE FOR PLANNING & PLANNERS

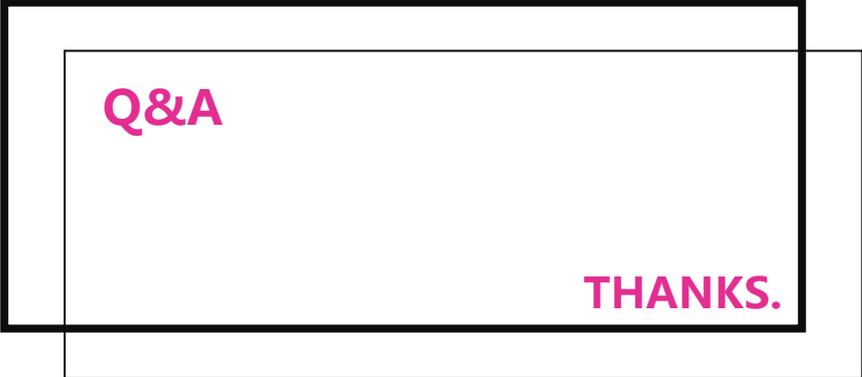
The most important thing is to ensure effective expression of rights and needs of each group.



VALUE CHALLENGE FOR PLANNING & PLANNERS

Researches in urban planning are supposed to be extended gradually, it's vital to **identify the mainstream value which emphasis on public interests, effective markets, and flexible regulation of governance.**

Works are needed for more elaborated governance for further urban renewal and other constructions in urban area.



Q&A

THANKS.