



Urban village redevelopment in Beijing: The state-dominated formalization of informal housing



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ARTICLE INFO

Keywords:

Urban village
Informality
Redevelopment
Gentrification
Citizens

ABSTRACT

To the modernist and image building Chinese state, urban villages are unique but a transitional phenomenon of urbanization where peri-urban peasants have built substandard informal houses for low-income earners. Since the late 2000s, the Beijing government began forced redevelopment of urban villages at prime and strategically located sites. Potential of high value returns has enabled the municipal government to offer relatively high compensation rates, creating hence a new multimillion “propertied” class. While new estates have edged out low-income tenants, they have created “gentrified” resettlement communities with predominantly middle- to high-income high-tech tenants or owner-occupiers. Supported by site surveys, this paper examines this state-dominated property formalization and regularization process, and the ways in which informalities have been replaced by a sharp value uplift shared between local governments and local peasants. It is also noted that such replacement has created a new frontier of social inequalities where dislocated low-wage tenants have been eliminated and have to source affordable residence in more remote places. Policy implication of this paper is about how best to resettle them as equal citizens of the city.

1. Introduction

For decades, Chinese metropolitan cities have witnessed the sprawl and persistence of informal habitats to house low-income earners. The informal habitats take quite varied forms, including urban villages for the “Ant Tribes”, underground accommodations for “Rat Tribes”, and the “capsule apartments” dispersed widely in the old municipal and work-unit housing areas and newly created residential compounds (Huang & Yi, 2015; Ma, 2015; Wu, Zhang, & Webster, 2013). Despite varied forms of illegality between informal habitats, migrants' housing acquisition is predominantly dependent on illegitimate lease deals whereby local landlords are their “patrons” and migrant entrepreneurs as their agents. Urban villages are representative of these informal habitats in the contemporary Chinese metropolises, taking the form of one- or multiple-storied self-built houses within urban or around peri-urban areas, without official approval in both land use and built form (Wu et al., 2013).

Urban villages in China's large metropolises are an informal habitat built and run by local peasants who have lost their farmland after expropriation and they use their house plots (*zhajidi*) to construct high-density houses to lease out to low-income migrant workers. A number of studies by for example He, Liu, Webster, and Wu (2009), Zhao and

Webster (2011) and Lai, Chan, and Choy (2017) on urban villages in Guangzhou, Shenzhen, Xiamen and Xi'an respectively have revealed that they each have their unique governance and approach in regenerating daily activities and their response to pressure from public authorities is largely case-specific, and highly policy-dependent. Generally speaking, local peasants see their self-built informal rental housing as a “morally justifiable” means to make up for the low compensation as the bulk of potential enhanced land value is taken away by the municipal government (Liu, Wong, & Liu, 2012). As such, as long as land is pending redevelopment, they would continue to operate their business. When redevelopment happens, they will be absorbed from rural residency status to enjoy urban residency of the formally urbanized municipality. Such an urbanization process provides them with the proper channel as their “right to the city”.

Many studies have investigated and elaborated on the undersupply and underservicing of affordable housing for the migrants in China's large metropolises (Wu, 2002; Wu & Logan, 2016). But few have examined how the patron-client relationship between local landlords and low-income tenants has dissolved in the face of overwhelming state-dominated formalization of informal housing — the latter has remained a threat to the Chinese state's strong ambition in building cities ultimately without slums (Wong, 2015). In this paper, it is thus argued that

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cheap and informal housing built by farmers in urban villages to accommodate migrant workers is tolerated transitionally to support a relatively high GDP growth with low-cost migrant entrepreneurship and labour (Zhang, 2001). When a higher developmental stage is reached, municipal governments will inevitably proceed to formalize and regularize such informality in pursuit of modernist city images and higher property returns. From the perspective of Lefebvrian production of space, elimination of informal urban villages to make room for a higher level of economic progress/growth represents an analogy of a renewed form of social dominance, and a new means of economic power and control (Lefebvre, 1991: 26).

Unlike the spontaneous squatting behaviour in Latin America and South Asia which is largely free from state control, informal urbanization of urban villages in the Chinese cities is characterized by the state's artificial control of admission of rural migrants whose rural residency (*hukou*) basically forbids them from permanent and automatic settling down in the cities where they work (Fan, 2007; Zhang, 2001). With few democratic rights, migrant workers have little means of expressing their demand for urban residency rights and in this particular context, formalization and regularization of informal housing is a top-down hierarchical process. In Beijing, this has already started by dismantling migrant clusters, resettling under-productive sectors, and edging out selectively semi-skilled and unskilled migrant workforce. In the North Haidian's Zhongguancun High-Tech Park, some urban village areas have been replaced with "gentrified" resettlement sites with predominantly middle- to high-income high-tech tenants or owner-occupiers. These formalized sites stand at the forefront of Beijing's territorial reconfiguration, adding a high profile to the capital city as one of the leading global cities where residents have increasingly participated as capable consumers or property stakeholders (Liu, 2015).

This paper relooks at the socially and politically contested space in China's urban villages which have witnessed the dynamic interplay of the informal rights of land-losing farmers plus their migrant tenants and image-building public authority (Barzel, 1989). Supported by site surveys on selected pre-demolition and post-demolition urban villages in the Haidian District of Beijing, our research aims to shed light on three essential questions that need to be addressed: a) What is the state rationale in redeveloping Beijing's urban villages and the outcome of the state-dominated urban village redevelopments?; b) How are the reaped benefits from the redevelopment and formalization processes shared among the stakeholders?; and c) Why have the low-wage migrant tenants remained absolute losers? The paper concludes by prescribing the subsequent implications for the citizenship discourses in transitional China and elsewhere. In addressing the state rationale, we first investigate why an image-building and strong state is determined to eliminate housing "informality" which is a dualistic feature inherent in the Chinese urban economy today.

2. Informal housing development: a literature review and China's dualistic urban space economy

Akin to urban villages (*chengzhongcun*) in transitional China, informal housing development without planning or construction permits coexists ubiquitously with formal urbanization in the global south in culturally and institutionally diverse forms, known as *favelas*, *loteamentos* and *cortiços* in Brazil, *Jhuggi Jhonpri* in India, *kampung* in Indonesia and Malaysia (Bunnell, 2002; de Soto, 1989; Kundu, 2004; Tian, 2008; UN-Habitat, 2010; Wu et al., 2013; Zhu & Simarmata, 2015). In the empirical studies of these authors, "informality" is primarily argued as a contestation by low-wage migrants to explore alternative access to the city, urban services, limited to more satisfactory property rights and opportunities for an upward social mobility (Ananya, 2005). Formalization indeed takes a variety of forms in the global south. While Hernando de Soto (2000) in his book, *The Mystery of Capital*, with specific reference to Peru, might have claimed that formalization and legalization of property are a boon to the urban poor,

other researchers studying informality in Columbia, Kenya, Brazil, Indian and south China have shown their worry over the danger of widening social inequalities resulting from formalization and disadvantages brought against tenants who are victimized by rental rises. In the absence of an effective legal system, the door to opportunism and collusion might even be opened up for the wealthy and well informed to reap more benefits (see de Souza, 2001; Gilbert, 2002; Kundu, 2004; Meinzen-Dick & Mwangi, 2009; Sjaastad & Cousins, 2008).

For lack of regulated and standardized rulings, fates of the peasantry vary from place to place across China in the redevelopment of informality. Studies of China's urban village redevelopment have inevitably portrayed contrasted views and consequences involving a series of reshuffling of the web of landed interests between local peasants and fragmented governance regime, ranging from city, county/township to administrative and natural villages (He et al., 2009; Lai et al., 2017; Zhao, 2017; Zhao & Webster, 2011). Case study of He et al. (2009), for example, shows impoverishment of farmers trapped by the relentless urban expansion program. Conversely, Tian and Zhu's (2013) focus was on how Shunde peasants used their collective land rights to undertake a formal rural industrialization via land share-holding cooperative system to their advantage. They saw such move of the peasantry as innovative and a bottom-up institutional reform in response to the top-down urban transformation strategy.

As a whole, what differentiates in essence between China and the global south lies with electoral politics enjoyed by the vast majority of global south nations which plays a strong role in shaping governance decision on informality including the form of security of tenure. Without electoral politics, China's formalization of informality has chosen to rule by "consensus" and has moved increasingly towards a civil society with strong consideration for national growth and municipal finance, entrepreneurial governance and "city imaging" effect (Minnery et al., 2013; Ren, 2017; Shatkin, 2016; Wong & Liu, 2017).

In this paper, redevelopment of Beijing's urban villages through gentrification to promote entrepreneurial governance is used as a means to gear up land value through state-dominated formalization to its "highest and best land uses", as reflected in Smith's (1996) rent gap theory where conflicts, speculations and dislocations are inevitable in a land (re)monetization process. This Beijing case study shows that urban villagers, as rightful landlords, have turned out to be winners in financial returns via redevelopment.

2.1. Institutional interpretation of building "informality"

To any rigidly institutionalized regime, "informality" and grassroots activism symbolize an antithetical force to the planning and policy making authority. Though dynamic, "informal urbanization" challenges the prescribed set of regulations and the rubric of "public interests". Under the growth-driven reformist China, there is a sharp paradigm shift in the planning regime towards a more liberal "developmental urbanism" which provides greater flexibility in favour of grandiose "city imaging" projects. For instance, when Beijing's Chang An Avenue was rebuilt in the late 1980s to be a prime commercial site of international standing, the iconic Oriental Plaza transgressed the height control regulations set by the then Capital Construction Committee. The height violation was approved even before the height control regulations were amended (Broudehoux, 2004).

Housing "informality" is a common phenomenon in large cities of developing countries following large-scale rural-to-urban migration due largely to migrant workers' unaffordability or technical inaccessibility to decent formal housing. Literally interpreted, the "informality" of settlements refers to illegal housing developments or land occupations that are without formal consent of landowners or approval by public authorities in land use planning or building standards (Roy, 2005). Urban planning and building standards set by public authorities are subjected to varied interpretations over different periods of time.

Under the present modernism-driven norms in China, most of the

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