



Land ownership and the likelihood of land development at the urban fringe: The case of Shenzhen, China



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ABSTRACT

Land development results from a combination of many natural and social drivers. In China, the system of dual land ownership, in which lands are owned either by the state or by a collective, is a unique factor that affects land development, especially during the urbanization process as collective-owned rural land at the urban fringe is rapidly developed for urban uses. This land development process often follows two tracks: 1) Through land expropriation, the government becomes the owner of the land and performs primary land development. 2) Villagers maintain their ownership of the land collectively and convert their undeveloped land into built-up land by themselves rather than having their land expropriated by the government. For collective-owned rural land, the change of land ownership could have important implications for its development process and outcomes. This paper explores the potential relationships between land ownership change and land development at the urban fringe in China. We construct a logistic regression model to determine whether or not land ownership change (i.e., collective-to-state ownership conversion) is correlated with land development. We focus on Shenzhen, China because it has experienced extremely rapid urbanization, and its dual land structure is very notable. We find that in Shenzhen, lands that retained collective ownership are more likely to be developed than those transferred to state ownership, and we offer possible explanations for this finding. Our research will help planners and practitioners better understand the causes, driving forces, and processes of land development in China and contribute to the broader discussion of sustainable urbanization.

1. Introduction

China has experienced accelerated urbanization since the economic reform of 1978. The speed and scale of China's urbanization are unprecedented in Western experience. The population of permanent residents in cities and towns increased from 170 million to 730 million, and the urbanization rate increased from 17.9% to 56.1% between 1978 and 2015. Urbanization in China is a multifaceted phenomenon involving many processes including the rapid urbanization of population, industries, and, very importantly, land.

Land development, defined as the change of land forms from their natural state to a built-up condition, is a major part of China's rapid urbanization. Every year from 1996 to 2012, 4827 km² of new built-up lands were added on average, which is equivalent to the size of Boston's urbanized area (the fifth-largest urban area in the United States in 2010) (China Land and Resources Statistical Yearbook 2013).

In China, land development is driven by multiple natural forces and socio-economic drivers operating at different scales. Several nationwide

studies have identified population urbanization, industrialization, globalization, economic growth, and economic transition as major driving forces behind urban land development (Chen, Chang, Karacsonyi, & Zhang, 2014; Deng, Huang, Rozelle, & Uchida, 2010; Huang, Wei, He, & Li, 2015; Jiang, Deng, & Seto, 2012). At the local scale, studies at the parcel level have indicated that land development is primarily determined by the land's biophysical, socioeconomic, neighborhood and locational characteristics (Ding, 2001; Liu, Yue, & Fan, 2011). In particular, the dual land ownership system is a unique factor that contributes to the rapid expansion of built-up land during the urbanization process in China (Lai, Peng, Li, & Lin, 2014; Liu & Liang, 2015; Ye, LeGates, & Qin, 2013).

Two types of land ownership coexist in China's land administration system – state ownership and collective ownership. The Chinese Land Administration Law (2004) stipulates that urban land is owned by the state, while rural land is owned by collectives. By law, urban lands include all lands that are either developed or preserved for urban uses; urban lands are governed by state or local governments. Rural lands

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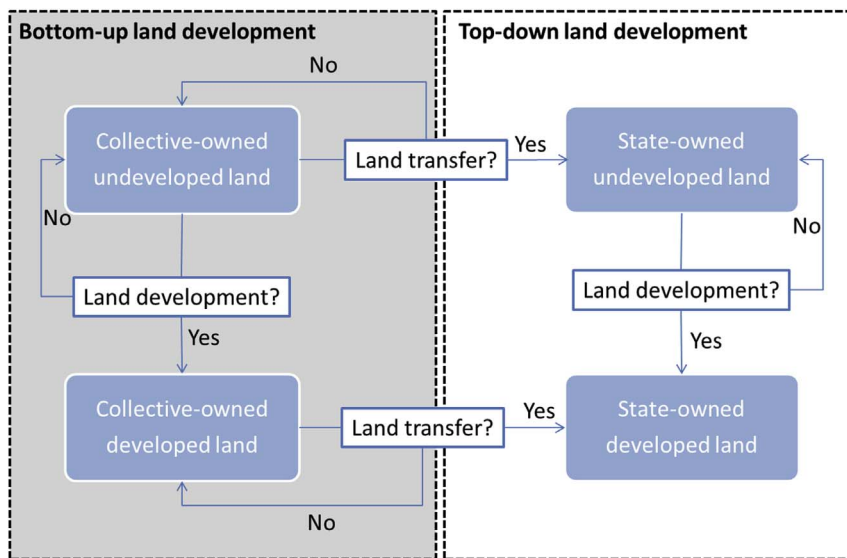


Fig. 1. Conceptual framework: Two tracks of land development in China.

include all lands used for non-urban purposes such as farming and farmers' residences; they are owned and managed by rural collectives. Although rural collectives own all rural lands, they have very limited property rights to change land use or to sell or lease properties for non-rural purposes. The 2004 law allows governments to expropriate collective land for the public interest. It also requires rural land to become state-owned land before it can be converted to urban uses.

Because of the dual nature of China's land ownership system, the conversion of undeveloped rural land (e.g., agricultural land) to built-up land for urban uses often follows two tracks: 1) Through land expropriation, the government becomes the owner of the land. It performs primary land development and can transfer the land. 2) Villagers maintain their collective ownership of the land and convert their undeveloped land (e.g., agricultural land) into built-up land by themselves (Choy, Lai, & Lok, 2013; Hui & Bao, 2013; Shen, 2006; Shen, Feng & Wong, 2006; Yang, Zhang, Meng, & McCarn, 2015).

The first track of land development, also known as "top-down land development," enabled local governments in China to gain a significant amount of revenue from supplying and transferring land (Lin, 2014; Lin & Zhang, 2015; Tian, 2015). However, in this track of land development, villagers usually cannot share the value-added benefits since they receive only government compensation calculated based on the original use of the land (Ding, 2007; Hui, Bao & Zhang, 2013; Qian, 2015). In order to maximize the value-added benefits, the second track, also known as "bottom-up land development," "de-agriculturization," and "rural urbanization," become popular among collectives and villagers (Ma & Fan, 1994; Shen et al., 2006). Although it is generally illegal for farmers to convert their undeveloped land to urban uses (for example, by building rental apartments for urban residents), farmers still prefer bottom-up land development and sometimes fight land expropriation by the government.

Researchers have long recognized two distinct tracks of land development in China. In 1983, Zhang saw the importance of the rural side of China's urbanization and coined the term "bottom-up urbanization" (Zhang, 1983). McGee's, 1991 desakota model attracted growing attention to the emergence of this new, distinctive morphological pattern in China's landscape (McGee, 1991). Ever since, numerous studies have thoroughly discussed the historical causes, problems, and issues of the dual land ownership system and proposed potential reform strategies (Choy et al., 2013; Hui & Bao, 2013; Shen, 2006; Shen et al., 2006; Yang et al., 2015). However, studies that quantitatively examine the intricate relationships between different land ownership types and land development have been lacking. As for the vast land originally owned by collectives in rural areas of China, we

know little about whether its ownership shift (i.e., collective-to-state conversion) affects the likelihood that the land will be developed.

This paper aims to determine empirically whether or not land ownership changes (i.e., collective-to-state ownership conversion) are correlated with the likelihood of land development for rural land originally owned by collectives. Understanding the connections between land ownership change and land development is of great importance for urban land research, urban planning, and land management.

We focus on Shenzhen, China, because it has experienced extremely rapid urbanization. Indeed, the pace of land development in Shenzhen is one of the fastest in China. In addition, the dual land ownership structure in Shenzhen is very notable. In 1992 and 2004, Shenzhen adopted new regulations on rural land management that nominally converted all collective lands into state-owned lands. In reality, however, two tracks of land development coexist to this day. The rural collectives in Shenzhen still owned nearly half of the city's developed lands in 2010, about three-quarters of which were illegal (Land Use Survey of Shenzhen Collective Joint-stock Companies, 2010). The high pressure of urban expansion and the conflict between different types of land ownership make Shenzhen an interesting case to study. As Shenzhen has long been considered a pioneer in economic reform and market-oriented urban development, its experience with the conflicts between dual land ownership and land development will benefit other cities in China and elsewhere that may experience similar growth pressure and conflicts.

The rest of the paper is organized as follows. We explain our conceptual framework in Section 2 and introduce our study area Shenzhen in Section 3. We illustrate our empirical analysis in Section 4. We further discuss and interpret our model results in Section 5, and we present our conclusions in Section 6.

2. Conceptual framework

2.1. Two tracks of land development in rural China

Fig. 1 illustrates the two tracks of land development for collective-owned undeveloped lands in China. Undeveloped collective lands are developed through two tracks – the bottom-up and top-down tracks, represented by the left and right panels of Fig. 1, respectively. The most well-known process is the so-called top-down land development: the government expropriates collective land, improves it by providing basic infrastructure such as roads, water, and sewage systems, and then transfers it to developers or communities for further development.

Supported by the law, local governments in China have become the

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