

**New Trend of Urbanization in China:  
Land and Housing Development in Suburban Areas and Small Towns**

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## **Abstract**

China's economic growth and urbanization is an important feature of development in the world in the 21st century. One of the main driving forces for this urbanization process is the increased consumption of land and housing in cities and towns by the emerging middle class. Most urban and housing research so far focused mainly on development in large Chinese cities, especially these located along the coast in the east region. China has many small cities and towns, which accommodate a large proportion of the urban population. Faced with the increasing problem of land shortage and competition in large cities, many developers recently shifted their attention and investment to suburban areas and county towns. This paper, using examples of small and suburban towns located in different regions, to illustrate the emerging trend of land and housing development in China.

Keywords: People's Republic of China, Development, Urban, Globalization, Housing, Land Use, Suburban

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# **New Trend of Urbanization in China: Land and Housing Development in Suburban Areas and Small Towns**

## **1. Introduction**

Urbanization has been an important development issue in China and has attracted a lot of attention from researchers both inside and outside of the country (Gu et al, 2008; Li, 2005; Logan, 2008; Ma and Wu, 2005; Wang, 2004; Wu, 2006 and 2007; Wu et al, 2007). During the pre-reform period, China pursued a policy of industrialization without large scale urban expansion. Population movement between the countryside and cities were controlled strictly. During the initial period of economic reform in the 1980s, the government followed a policy which aimed to control the expansion of large cities and promote the development of middle-sized and smaller cities (Kirkby, 1985; Shen, 1995). With a dramatic shift in development strategy from a socialist planned economy to a market economy during the early 1990s, large cities, especially the provincial capital cities and those located along the coastal regions became the main development centers in the country. Smaller cities and towns on the other hand developed at a slower pace. National and many provincial capital cities have doubled or triple in terms of land use and the number of residents over a short period of 20 years. Recent official statistics indicated that the urbanization level in China has reached 50 percent (NSB, 2011). It was projected that over the next 20 years, the urban population will grow by about 1 percent each year. By the year 2030, China will achieve a similar level of urbanization to that in most developed countries. This market led urban development and large city sprawl has caused many social, economic and environmental problems (Wu and Webster, 2010; Wang 2004). The quick loss of large quantity of good agricultural land, the huge housing price inflation in cities, the poor living conditions among the urban poor and the rural to urban migrants, serious air pollutions and traffic congestions raised many questions about the large city dominated urbanization process (Man, 2011; Wang 2005; Wang et al, 2005).

The national 12<sup>th</sup> Five Year Plan published recently includes some new ideas about future urban development. The term “*cheng shi hua*” (urbanization or population shift to cities) was replaced by the term “*cheng zheng hua*” (population shift to cities and towns). The concept of a balanced urban development including mega cities, large cities, middle sized cities and small towns were again taken as a policy principle. The plan aims to “optimizing urbanization layout and form, strengthening urbanization management, enhancing the urbanization quality and level.” “According to the principle of unified planning, rational layout, perfecting functions ... and foster the coordinated development of large, middle and small cities as well as small towns.” (12<sup>th</sup> Five Year Plan, 2011) These very general policy statements however did not prescribe the exact patterns of future urban development. What types of urban system will emerge in the next couple of decades in China? What kind of urban rural relationship China will create? How will the small cities and towns be developed? The answers to these questions demand careful research and consideration.

Most recent urban and housing research focused on large cities in China. A lot of research attention has been given to the development CBSs, special economic and technological

development zones, high profile luxury commercial estates in large cities and influential projects such as the 2008 Beijing Olympic stadium and 2010 Shanghai Expo. The local based urbanization in the suburban areas of large cities and small towns are very active in recent years but the process was not examined in any detail. Small cities and towns provide the linkage between large cities and the countryside. They play a very important role in the urbanization process. Housing and property development in small cities and towns could have huge aggregated effects on the general living condition and on the sustainability of both the built and natural environment in the whole country. Ignoring the small cities and county towns in urban and housing research will have a detrimental consequence for the general welfare of the people and the country. The new trend of urbanization in smaller settlements requires close examination as they can point to the way ahead for China's urbanization. They will help to solve many of the urban problems such as over population, traffic congestions, and environmental degradations and loss of precious agricultural land.

Industrialization was the initial cause for China's urbanization during the early period of reform. Since the early 1990s, along with the establishment of an urban housing market, property and housing development have gradually become the main driving force for urbanization. This property led development has recently spread from coastal regions to inland areas and from large cities to small towns. Over the last five years, there was a significant increase in the land and housing development activities in smaller settlements. Local government leaders gradually learnt the trick to use land resources to attract investment into their areas and to generate income through property development. This was supported by an increased demand for housing in towns created by a change in the pattern of rural to urban migration. In the past, rural to urban migration involves a simple two-point return journey—traveling from a village to a coastal city for few years and then returning to the village. Recent rural to urban migration has taken a new pattern of a multi-node circulation—starting from a village and travel around in several cities then returning to the home county town. Rural migrants still pay a lot attention to savings and property. Rather than returning to the village and build a house, many younger generation migrants now prefer to buy a flat in the county town in order for their families to have a urban life and for their kids to go to a better school.

This paper discusses the new urbanization trends in different regions using case studies either located in suburban areas of large cities or county towns. It examines the patterns of land and property development in these places and assesses their implications to housing provision and the overall urbanization process. The paper is based on fieldworks in different parts of China and case studies were selected from many towns visited in the past several years. They include suburban towns in Shanghai, Shenzhen, Chongqing and a county town in Shaanxi Province. In each section, I will describe the pattern of land and housing development and discuss the underline causes for such development and their social and economic implications.

## **2. Commuting Towns**

The first case study looks at the patterns of development in the suburban towns of large cities, using Shanghai as an example. The discussion is based on fieldwork in summer 2010 during which visits were made to the suburban areas of the city. Due to the recent extension of transport

links, especially the underground and light rail systems, the spreading of Shanghai into its hinterland is on the fast track. Anting Township and surrounding areas (also known as the Shanghai International Automobile City) is used here to demonstrate the emerging development pattern.

Shanghai city has a plan to develop into a large international urban complex which includes the central built up area, 11 suburban new towns and about 22 key townships at the third level. During the 10<sup>th</sup> Five Year Period from 2001 to 2005, it had focused on 1 new town and 9 townships. Anting Township is among the 9 key towns for development. Located about 27 kilometers from the city centre at the Northwest suburban, Anting was an early industrial town which hosted many enterprises owned by central ministries and municipal government from the 1950s to the 1970s. During the 1980s and 1990s, the town attracted a large amount investment in modern industries, including car making and manufacturing specialized in automobile parts and mechanical equipments. The success of the Shanghai Dazhong Automobile factory—a joint venture with the German car maker Volkswagen eventually won the name “Shanghai International Automobile City” for the town in 2001. The whole township (including recent merges with two other townships) covers a total land area of 89 square kilometers, of which 68 square kilometers were dedicated to the automobile city, including car manufacturing, sales, exhibition, information and service centers, and a Asian first Formula 1 racing course.

Urbanization in suburban areas around large Chinese cities firstly turned local farming villages into the so-called “urban villages.” Most people in Shanghai don’t think there were “urban villages” in their city. It is indeed difficult to find large scale urban village style development in inner suburban areas of Shanghai. Around the suburban towns there were old areas or villages, mixed with emerging new housing estates. Not far from Anting’s newly built “historical area,” traditional rural houses still remains. They were built along muddy and dirty river banks (waterways). These houses were running down and in poor conditions; there were no modern infrastructure apart from water taps and electricity supply (Figure 1). These types of old areas in Shanghai’s suburb were in quick declining. These villages were the main residence for migrant workers. Shanghai’s new industrialization located mainly in suburban areas, migrant workers therefore live in villages relatively far away from city centre. These villages were also tightly controlled by the local authority. Comparing with other major cities, Shanghai shows the strongest control over village housing development. All remaining villagers were a bit shabby, and the newest buildings were built in the 1980s.

**Figure 1. A Well-Maintained Traditional Villages along Waterways in Suburban Shanghai**



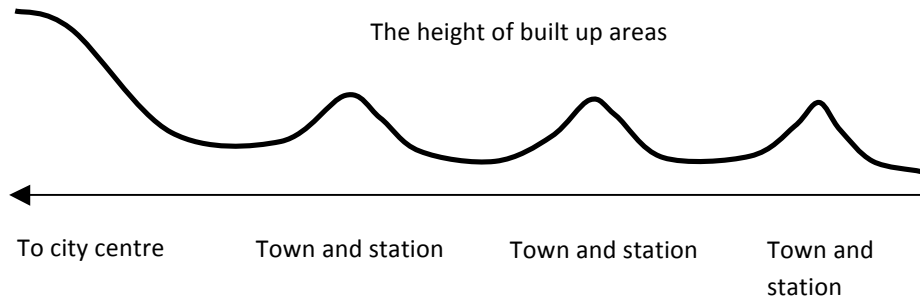
The development in Anting demonstrates some interesting features of urban sprawl in the suburban areas of large cities where large state owned enterprises were the major players. Obviously, industrialization (especially the car manufacturing industry) was the major driving force for development. The establishment of the industrial factories created various job opportunities for both local villagers and migrant workers. These led to the development of formal residential areas initially for the managerial work force and the emergence of rental housing in local villages. These types of early housing development tended to be relatively low quality. With the improvement of industries and the increase in local wages, residential qualities in both new housing estates and villages improved. The agricultural population declined continuously over the years and many villages were redeveloped (some of them into cottage houses). The area was initially dominated by agricultural population and villages, new housing estates created (some by state owned enterprise) were managed following the urban governance system. The number of neighborhood committees increased over the years. Some of these neighborhood committees located inside the original villages. By 2010, agricultural activities had declined to a very low level. Anting Township currently administrates 45 traditional rural villages, 16 neighborhood committee areas, with a total population 219 thousands; 84 thousands were original residents of the area and 135 thousands (62%) migrant workers and their dependents (Jiading District Statistics Bureau, 2010).

In early 2010, just before the Shanghai Expo, the Shanghai Rail System Line 11 came into operation which provides a good link between Anting and the city. The construction of the light rail line between Anting and the main city brought another opportunity for development. Anting is currently the last stop of the light rail Line 11. Started from the inner ring metro line, there



were 14 stops to Anting. The whole journey takes about 45 minutes. The improved transport made commuting between Anting and the city possible. In fact, along the light rail line land around every station was planned and has become a hot place for property development. Building height and density increased substantially toward these stations and then decreased gradually until near to the next station (similar trend of transport node based real estate development were observed along other rail lines to other suburban areas) (Figure 2). This transport and property led development around suburban light railway stations (a dominant characteristic of urban planning and development in Hong Kong) is one of the most striking current features of urbanization in Shanghai. The railway line was opened very recently in 2010; at almost every station, large scale new high-rise housing blocks were under construction. Advertisement displays clearly marketed these properties to people living in the centre areas of Shanghai. In Anting area, ordinary house price was from 18,000 to 20,000 yuan per sqm. For local migrant workers, this was very expensive, but for people in Shanghai city, commuting offers a much cheaper option. (Figure 3)

**Figure 2. Transport and Property Led Suburbanization in Shanghai**



**Figure 3. Property Development at Anting Township**



Note: The centre of the picture shows the construction of housing in traditional style along the canal as tourist attractions. At two sides, new housing estates were constructed recently. At the distance, high-rise tower blocks were built around the Anting Light Rail Station.

### **3. Government Led Suburban Village Redevelopment**

This second case study looks at an example of government led development in suburban areas in inland cities using Chongqing as an example. The discussion focuses on the development of the North New District and is based on fieldwork carried out in the city over a couple of years. The North New District in Chongqing was formed in 2000. It includes 5 sub-districts offices which were based on the original rural townships, and covers 130 square kilometers of land area. The planned population for the district was 1.2 million. The District is planned as one of the main inland economic reform and openness demonstration areas for high-tech industries and research, manufacturing and services. In 2010, the State Council approved the establishment of the Liangjiang (two rivers) New District in Chongqing. This is the third high status national development district in the country, after Pudong New Area in Shanghai and Binhai New Area in Tianjin. The North New District became the core area of this new initiative.

The North New District located between Chongqing's central built up area (at the south) and the airport in the north; it is also bordered by the Jialing Jiang River in the west and the Yangtze River in the east. The area benefited from the unique transport advantages of waterways, airport, railways and road systems. The harbor on the Yangtze River in particular is the largest inland water transport hub. Large scale development and expansions were planned for the district. The municipal government aimed to increase the built up areas in the district to 70 square meters (more than half of the total land areas), with the rest for green spaces, recreation or forestry. The main industrial sectors supported in the New District include car/motorbike manufacturing and research (Changan Automobile), electronic instruments and communications, digital photographic and medicine.

In 2008, the total population in the district was 525.1 thousands, of which 424 thousands were permanent residents (407.5 thousands were non-agricultural residents). This indicates that there were 16.5 thousands local agricultural residents living in the district and about 100 thousands (20%) migrant population. Due to the hilly landscape and rivers, rural settlements were relatively small and scattered around (Figure 4). The municipal government aimed to nationalize all land in the district and to achieve 100 percent urbanization quickly in the District. From 2009, the government pushed hard to take over land from farmers and relocate residents in traditional small villages into new housing estates. In 2009 alone, Yuanyang Subdistrict Office had successfully negotiated with 1229 rural households in 18 villages and secured 5878 mu of land. It has demolished original houses owned by 1117 households (Yuanyang Sub-District Office, 2010) In Lijia Township, the government took over all land from original farmers and agreed compensated mechanism with residents. Between March and November, 1571 houses owned by 3615 households were demolished (Lijia Township, 2009). This policy has important implication to the life and living of original rural residents.

**Figure 4. Typical Rural Settlements and Landscape in the North New District in Chongqing**



**Table 1. Village Relocation Compensation Scheme for Number 4 Team of Yanjin Village in Lijia Township, Chongqing, 2007#  
(unit: yuan)**

Category of compensation	Elements for compensation	Level of compensation	Use of compensation
Buildings, attached structures and crops	According to local regulations (Municipal Government Document No. 67, 2005)	<p>Other buildings(apart from housing): 623,000</p> <p>Crops: 292,020</p> <p>Collective properties: 274,000;</p> <p>Extra adjustments: 710,300</p> <p>Collective Compensation: 88,320.</p> <p>Total: 1,987,640</p> <p>Housing compensation according to the area of construction and government determined cost values</p>	Individual entitlement goes to individual households; collective entitlements to be decided by the collective subject to approval from the township government.
Land	Land compensation fee	For each person (transferred from rural to urban residence): 13,800.	Males over 50 and females over 40, can apply to insurance company (using 23500 yuan of this compensation, 85% of the land compensation) for a saving related

	Relocation compensation fee	<p>For each person (transferred from rural to urban residence): 13,800.</p> <p>Total: 27,600yuan/person.</p> <p>Individual apply and claim.</p>	<p>pension scheme.</p> <p>Orphans under 18, single males over 60 and females over 50 and mentally disabled persons could hand over their compensation to the local Civil Affairs Department. Their future will cared by the government.</p>
Housing	Relocation	<p>Target: village rural hukou holders to be transferred to urban hukou</p> <p>Subsidized purchase of relocation housing: 20 square metres per person*, pay the difference between the evaluated value of old house and the construction cost of the new flat.</p> <p>Or Cash compensation</p>	
	Demolishing and transitional arrangement fee	<p>House demolition fee: 600 yuan per household with less than 4 persons; 800 yuan for larger households.</p> <p>Reward for prompt demolition and removal (within 30 days of received the relocation notice): 600 yuan per person.</p> <p>For housing replacement, 200 yuan per person per month transitional fee (until the new flat is ready to move in) before 2007; increased to 300 yuan from 2007.</p>	

Notes:

- # In 2006, Number 4 Team of Yanjin Village had a total land area 368 mu (each mu = 666.7 square metres), of which 246.26 mu were agricultural land, 33.68 mu residential use and 88.07 mu waste/unused land. The team had 137 local residents.
- \* Housing compensation in Chongqing gives more emphasis to the number of persons in households, rather than the size of the original house to be demolished. From 1995 to 2005, housing entitlement was 15 square metres per person. In 2005, this was increased to 20 square metres; and in 2008 it was increased again to 30 square metres.

Source: North New District Land and Property Management Bureau of Chongqing (2008)

Similar to the trend of urbanisation in other cities, suburban farmers have been urbanised through the land acquisition and compensation process. Rural urbanisation in Chongqing's suburban areas, however, showed some special characteristics. Between 2001 and 2003, Chongqing government carried out land auditing in the suburban areas. This paved the way for large scale land taking over by the government in the following years. Village redevelopment (mainly relocation) was government led. Compensation to farmers consisted of two aspects:

- new housing allocation (according to the number of persons in households), and
- cash compensation for land, building and relocation transitional costs (the compensation scheme is summarized in Table 1).

The standard of housing allocation increased over the years from 15 square metres per person to 30 square metres. The size of new housing allocated had no relationship to the size of original housing demolished. Obviously this approach (different from many other cities) aimed to provide an alternative living place for farmers rather than to make them rich. Local official also reported that there were strict controls over rural housing constructions in the region. Most rural houses were small in size. This made the compensation process relatively easier. Another reason was that these areas were relatively far away from the built up area of the city (Chongqing's fast expansion into suburban areas started later after it was designated as a provincial level city under the direct control of the central government in 1997). The demand for rental housing by migrants was relatively low or not existed in these villages. Original houses were mainly for self use. This also means that the villagers were relatively poor and had not accumulated any family assets. Their bargain powers in the demolition and compensation process were weak.

Is this type of urbanisation good? Will it create poor communities in the future? Judging from the compensation levels, it might. As for most people, the relocation process means a change of old traditional house to a new flat; much of the cash compensations were directed toward social security contributions. This process was referred to by some local people as "relocation for social welfare payment" (拆迁换社保). In this sense, this development is problematic. Relocation housing was constructed at the central village where the township government seat. These estates were in large scales with several thousand flats. Future expansion of the city and industrial activities may bring these estates close to the main stream urban society. At the time of construction, they were a bit detached from other communities (Figure 5 and 6). As housing compensation was allocated according to the number of the people in the family at the time, and most new flats were quite small. Natural population increase could quickly lead to overcrowding

and poor living condition. Despite these problems, the village clearance and relocation did not meet too much resistance from farmers. Due to the harsh living environment, farmers were generally poor in this region. Some of them had to walk a long distance to the river to fetch drinking water. Income from agricultural activities was very limited. Most traditional houses were in poor quality and lack of maintenance. A new flat in the relocation housing estates offered a better living condition. However, before moving in, most farmers underestimated difficulties of living in the new urban environment. By the time they realised the full losses, it was too late. Even local land administrative staff felt the relocation only solved farmers' housing problem (modern flat with good facilities), but not their work or long term income problem. They also felt that the relocation could not make anyone rich; although immediate poverty among these relocated farmers was not an issue as for the social welfare coverage, the long term sustainability of these communities are questionable.

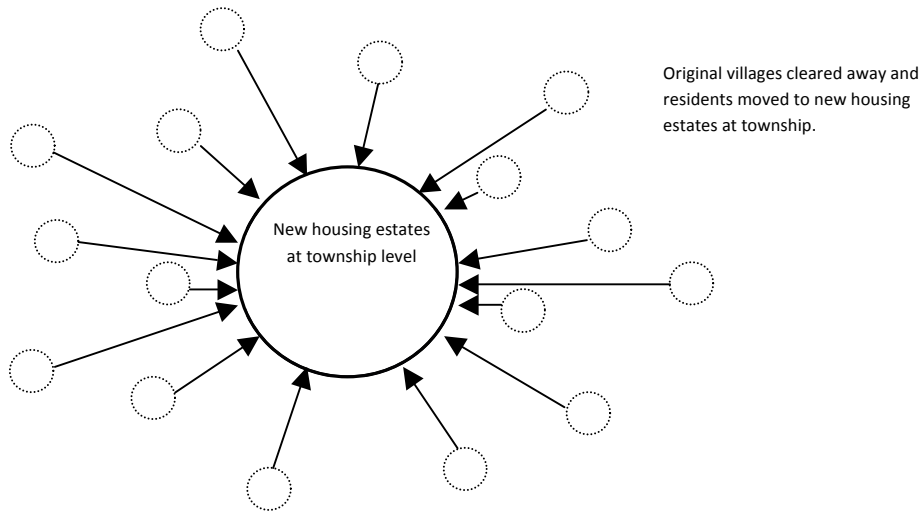
As the village clearance and relocation were carried out, industrial factories and expensive commercial housing estates were built in the land freed. Industrial factories offered some opportunities to the landless farmers. These tend to be in the labor intensive sectors such as clearers or security personnel. Local farmers were not trained properly and they found difficult to secure any better paid jobs. The commercial houses built in the area benefited from the beautiful landscape. The quality was much higher than the relocation houses (Figure 7). Price in these estates in 2009 was between 4000 and 6000 per square meter (roughly equals to the cash compensation for each mu of land the government paid to the villagers). In the last two years, housing price in the city increased dramatically. The compensation money that farmers received for their land and property two years ago, after paying the social security contributions, is only enough to buy a couple square meters of housing in these commercial estates.

**Figure 5. New Housing Estates for Relocated Rural Residents—Hemulu Neighborhood**



Note: Words on the red banner read: “Strictly control the land supply, promoting economizing and intensive land uses.”

**Figure 6. The village clearance development model in Chongqing**



**Figure 7. New Commercial Housing Estates in the Gaoxinyuan of the Northern New District in Chongqing**



#### **4. Village Self-Organized Urbanization**

This section discusses another different mode of suburban development. It looks at the village self-organized redevelopment using Pinghu village in Shenzhen as an example. Shenzhen was a small border town next to Hong Kong. The central government established China's first Special



Economic Zone (SEZ) in Shenzhen in 1980. Since then Shenzhen had been a major destination for migrants in south China, its population increased from less than half a million to over 10 millions in less than 30 years. Industrialization and migration played vital roles in the urbanization process in Shenzhen (Shen et al, 2002). In the 1980s, workshops and factories for processing industries setting up by investments from Hong Kong and other countries quickly attracted a large number of migrants from all over the country to the city. Rural migrants however were not allowed to rent public housing or buy commercial housing (Du and Li, 2010; Fan, 2001; Knight and Song, 1999; Wu, 2004 and 2006; Wang, 2004). Older, smaller and privately owned houses at poor locations became the only choice for poor migrant workers. Local villages located in the urban-rural interface zone or near major development sites became homes to most rural migrants. When the Special Economic Zone was set up, the new government took a piecemeal approach in acquiring land for development from local villages. The new civic centre and other major public buildings were planned on the fresh agricultural land, while the traditional villages were left intact. Road and other infrastructure projects also avoided village houses. When urban development intensified and more land was taken out of agricultural productions, these traditional villages were gradually turned into “urban villages.” This urban village phenomenon can be observed in all major cities in China and the high-rise, high density and privately owned houses in urban villages is a key feature of cities in the Pearl River Delta region.

Urban villages and migrant housing in Shenzhen were two major topics for research over the last few years (Wang et al, 2009 and 2010). Previous studies however focused on the development of urban villages, the housing conditions and infrastructure in these villages, and the struggle between villagers and the government over their redevelopment. Despite many ambitious plans were drawn up to redevelop the urban villages in Shenzhen (and many other cities around), not many urban villages have been removed. This however does not mean that urban villages were static. Many villages have experienced constant changes. Pinghu village discussed here provides a good example of the suburban urbanization driven directly by the original villagers.

Pinghu Village is part of the Pinghu Street Committee about 25 kilometres to the north from the central built up area of Shenzhen. Before 1980s, it was a poor agricultural area with most residents engaged in farming; many young people ran away to Hong Kong. Since the establishment of the Special Economic Zone, Pinghu village experienced dramatic changes. The good location and cheap land became an attraction to industrial investors from Hong Kong. The village built huge areas of industrial workshops on their production land during the 1990s to accept incoming industries. Farming income were gradually replaced by land and property rent. Village residents also used their housing land for more profitable business such as running shops or room renting. The increased family income was then invested in house building. Traditional village houses were replaced by high-rise buildings—the so-called “kissing buildings” or “shake hand buildings.” This housing development process in the village is similar to that happened everywhere in Shenzhen (Figure 8). The population of the village also increased dramatically from about 3000 to over 60,000 due to the arrival of migrant workers.

**Figure 8. Typical Unplanned High-Rise Village Housing in Shenzhen**



Pinghu is interesting here not for the creation of unplanned high-density and high-rise privately owned housing, but for what has happened afterward. Shenzhen has declared full urbanization in the whole area under its administration in 2005. The government had been actively promoting village redevelopment ever since. Pinghu village took a very interesting approach to village redevelopment and housing improvement among its original residents. When a piece of its farm land were acquired by a Hong Kong property developer for a new luxury commercial housing project, village leaders bargained with the municipal government for a neighbouring piece of farm land (collectively owned by the village) to be “taken over” by the government and then returned it to the village for new housing construction as part of village redevelopment plan. This sounds very strange process actually legalized the use of the farmer land owned by the village for housing construction. Traditional village housing was tied up with the families and they were not tradable in the market (this is the so-called small property right housing). The process of “taking over” by the government and “returning” to the village changed the land ownership to the state and the housing constructed on it will have full property rights; owners could sell them in the open market whenever they like. In theory, only when villagers moved into this type of housing they can enjoy the full legal, socio-economic rights enjoyed by official urban residents. The physical environment of the estate and the management will also be the same as other commercially built housing estates in the city.

On this land, the Pinghu Fenghuang New Village was planned along with a commercial project in 2004. Construction began in 2005 and the residential part was finished by 2007. When visited in 2009, the estate was fully occupied though the commercial part of the complex was still under development. House size ranged from 131 square meters of floor space with 3 bedrooms to 320 square metres with 6 bedrooms. Families had to make a payment for the housing at a fixed price of 2000 yuan per square meter of floor space. Families could select their house size according to their affordability (Table 2). All families in the village (exclude migrant) were offered the chance to buy, and most of original village households moved into this estate. No migrant workers were allowed in the new village. Less than ten families were left behind in the old village because they could not find enough money to purchase the new flat. The village leaders also allowed a few non-villagers to purchase a property and live in the estate. These special guests were the industrial factory owners who rented the workshop spaces built by the village. They were given this privilege and honor because of “their special contributions to the village economy over the year.”

Looking at the external appearance, this estate was no difference from other commercially built housing in the city; if not accompanied by the village leader, I could never guess that this is a settlement for relocated villagers (Figure 9). The estate has a fancy arch gate made of stones and surrounded by high fence. The community centre building, located in the central area, was surrounded by water fountains, open space, flower beds, tropical trees, lakes and bridges. Residential flats were from first floor and most ground floors were used as parking spaces. At the back of the estate, there is a hill which was turned into a park. Special access was created for the villagers to exercise and relax there. The estate is managed by a commercial property management company, not by the village resident themselves. Village leader indicated that this was a more efficient and cheaper way to look after the estate, as not many villagers would be interested in the hard work and low pay.

**Table 2. Design Indicators of Pinghu Fenghuang New Village in Shenzhen**

Land and floor space areas	
Total land area	103000 m <sup>2</sup> (155 mu)
Total building floor space area	260,000 m <sup>2</sup> (housing 160,000 m <sup>2</sup> )
Charge to village residents	2000 yuan per m <sup>2</sup>
Total investment	250 million yuan
Community centre building:	One 3 story building, total floor space 2500 m <sup>2</sup>
Commercial building	One 7 story building, total floor space 65000 m <sup>2</sup>
Hotel	One 14 story building, total floor space 30820 m <sup>2</sup>
Housing buildings	17 buildings, 18 story each all with lifts with a total of 816 units.

Housing Unit Details					
House types	Total floor space m <sup>2</sup>	Number of bedrooms	Number of public rooms	Number of bathrooms/ toilets	Number of units in scheme
Double up A	335.23	6	4	5	20
Double up B	286.14	6	4	5	16
Double up C	265	5	4	4	15
Standard A	190.94	4	3	3	300
Standard B	163	4	3	3	240
Standard C	131	3	3	2	225

**Figure 9. Pinghu Fenghuang New Village (Photo Taken in March 2009)**



This case represents the third round of village development in Shenzhen (and other areas of Pearl River Delta region). The first round development happened in the 1980s and early 1990s when traditional houses were replaced by two story houses mainly for family own use. The second round involved the construction of the high-rise and high density “shake hand” buildings either on the original court year land or at different locations. These buildings were used for multi-purposes of family homes, shops, and rental accommodation for migrant workers. Pinghu New village shows a further stage in village urbanizations. New housing estates were developed under favorable terms for the villagers’ exclusive use. By moving into this new housing estate, the village leaders believed that they had more or less been fully urbanized. The original village committee was reconfigured into an urban neighborhood committee. The original village residents became official urban residents. There were however, many differences between this

community and other existing urban communities. In normal urban communities, residents tend to be employed by various economic sectors in the city and families live on salaries of main members. In this type of village converted communities, families still live essentially on rent from their properties. Families moved into this new estate did not lose their rental housing in the old village. There were no ownership changes to the high-rise individual family houses in the old village. Each family still collected rent on their high-rise housing used by migrant tenants. Landlords move out actually freed even more space for renting. These urbanized villagers still live on land and properties. As the property rent income and village cash distributions (earning of collectively owned enterprises and properties) were very high, there was no incentive for the villagers to find works in the city. Many of them even not bothered to collect the rent in person; they contracted out the property management and rent collections to special firms.

## **5. Housing and Property Development in County Towns**

Above three case studies show different mode of urban and housing development in the suburban areas of large cities. This section reports some observations about development in county towns in the inland provinces using one county in Shaanxi province as an example. As China has more than 2000 counties, this particular one may not be the best example; it however does reveal some of the common features in land and housing development in many inland county towns I visited over the last few years.

Although large cities and towns along coastal regions have dominated the urbanization process since the early 1990s, county towns located in the inland regions began to show signs of fast expansion in the last five years. Much of the expansion has been real estate related development. In almost every county town, visitors can find a number of new large commercial housing estates under construction. This style of development began to change the work unit based residential organizations in towns. These new housing estates often occupy fresh agricultural land and targeted at two groups of people:

- a. original town residents (most of them are either government officials or other public sector employees such as teachers, police and doctors) who want to improve their living conditions (houses allocated by employers in the past were generally older and smaller with poor facilities, e.g. small rooms and toilet, no gas supply or heating provision);
- b. better off farmers living in villages in the surrounding area and returned migrants who would like to purchase a flat for their family in the town (either to enjoy the urban style life or to have their children educated in a better school in the town).

This trend is related to the emerging pattern of migration in inland regions. In the 1980s and the 1990s, village young used to migrate to the coastal region for work. When they saved some money, they used it to build or extend their house in the village. In the last few years, villagers could find jobs inside the province or even in their own county. Many of them did not travel very far for work. Village house building activities stopped. Richer farmers began to invest a second home in the county town, where no requirement for Hukou changes (movement within the county) and house price was relatively cheap.

Real estate development in county town also reflects other important changes. It represents a further decentralization of the development idea of the government and private finance coalition. County officials began to use their land resources to attract outside investment and to generate revenue and income. This type of urbanization is different from the approaches discussed in the above cases. It does not involve village clearance (Chongqing), village redevelopment (Shanghai) and village duplication (Shenzhen). Villagers were selected by the market process to migrate to the county town. This is in fact an extension of the centralization process of the rich and powerful in China's urbanization. We have seen that powerful and rich people from provincial capital cities invested in housing or properties in national cities such as Beijing, Shanghai or even abroad; powerful and richer officials and entrepreneurs from smaller cities bought second homes in the provincial capitals; and most senior officials' families of the county government live in regional cities (many senior county leaders only travel to office during the weekdays). The villagers housing interests in county town is an extension of this upward movement trend to the very bottom of the Chinese society. This represents a major increase in rural income and inequality and the diversification of rural communities.

The following discussion is based on a county seat town located in the western part of the Guangzhong Plain in Shaanxi Province. Early housing of the 1980s and the 1990s in the town was built by government departments and other public organizations. They normally occupied one small piece of land, with an office building in the front and a housing block at the back, or housing on top of office buildings if the organization was small. In the last 5 years, there were large scale housing and property developments in the town. There were at least four large housing estates (each with more than 1000 units) completed or under construction in 2011. To facilitate these developments a couple of new streets were constructed on fresh agricultural land outside the old town (Figure 10). Along these new streets, large housing estates were under construction (Figure 11). Table 3 provides some details on one of these estates completed in 2010.

**Figure 10. A New Street Paved Out for Housing Expansion in the Town**



**Figure 11. New Housing Estates under Construction in the County Town**



**Table 3. The Details of One Housing Estate under Construction the Town**

Design elements	Standard
Total land area of the estate	49518 m <sup>2</sup> (about 75 mu)
Total construction floor space	173313 m <sup>2</sup>
Floor space for commercial use	13500 m <sup>2</sup>
Floor space for residential use	157713 m <sup>2</sup>
Floor space for nursery	1250 m <sup>2</sup>
Floor space for clubs	850 m <sup>2</sup>
Open space in the estate	36%
Building area to land ratio (Construction density)	0.32
Total construction floor space to land ratio	3.5
Total number of housing units	1272 (about 124 m <sup>2</sup> per unit)
Parking spaces	140 on ground 600 underground
Parking spaces to housing unit ratio	0.58

The total population in the county (including the rural areas under its administration) was less than half million, and the county seat town itself only had about 83,000 registered residents (no statistics available on how many people who lived in the town but did not have the hukou registration in the town). Obviously, the large scale housing development was targeted at a larger market than the normal registered population in the town. There were clear signs of rural village residents moving into the county town. Several years ago, housing construction in the county mainly happened in villages. Large extended families were separated into small nuclei ones. Village expansion was a main feature. The old and running down houses used by the village elderly in the centre were surrounded by new and large houses occupied by the young. Village house building activities gradually died out over the years. This trend reflects the demographic changes in rural areas. Due to the family planning and birth control policy, rural population growth slowed down substantially. In many villages, there were obvious signs of population declining. Many houses built during the 1980s and 1990s were left empty as their owners had migrated to cities and towns. During the 1980s and the 1990s, many families have more than one son. A separate house had to be built for each of them to get married. Not many families now have more than one son. The single son tended to have some education and prefer the life in cities or towns to the hard labor in the field. Better off families began to buy houses in county towns. (Table 4)

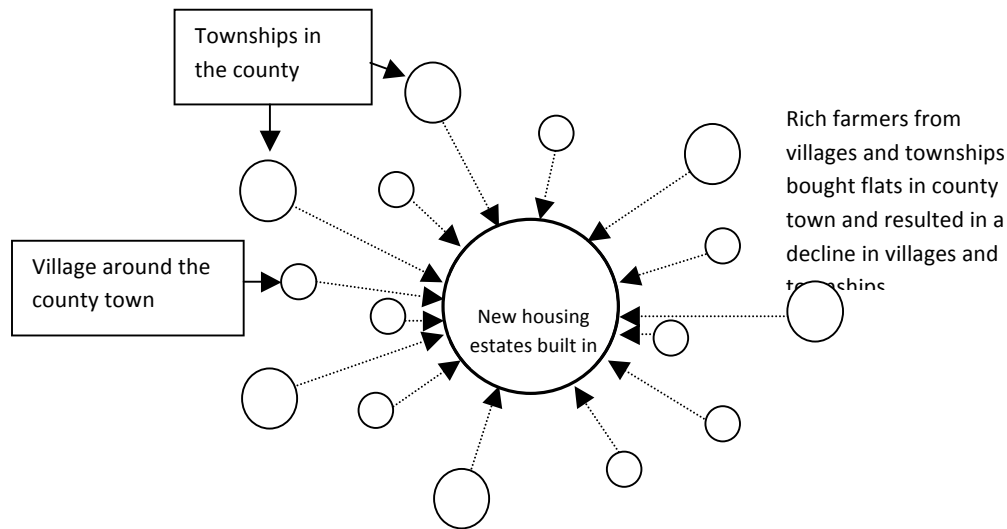
**Table 4. Population Changes in the County**

	2003	2007	2009	% of increase 2003/09	% of increase 2007/09
<hr/> The whole county					
Population	461155	468143	468833	1.7	0.15
Number of households	130442	136640	138040	5.8	1.02
Non-agricultural population	81653	83868	85145	4.3	1.52
Agricultural population	379503	384275	383688	1.1	-0.15
<hr/> The county seat town					
Population	74187	83669	83529	12.6	-0.17
Number of households	23533	26498	27317	16.1	3.09
Non-agricultural population	24784	27967	30705	23.9	9.79
Agricultural population	49403	55702	52824	6.9	-5.17

Sources: a) Qishan County Government, 2004. b) Qishan County Statistics Bureau, 2008, 2010.



**Figure 12. Market Based Selective Urbanization of Villagers into County Town**



There were several other reasons for farmers to buy properties in the county town. Firstly, because of property price inflation in urban areas, there were financial advantages in buying a house (strictly speaking a flat) in town than building a house in the village. With the same amount of money, villagers can choose to buy a flat in county town owing to the relaxed control on residence within the same county. Rural young people began to realize the potential market value of properties in the town, and anticipated property price to increase and bring them some profit in the future. A house in the remote village on the other hand offers no financial benefits or economic opportunities. Secondly, a house in the town provides farmers' children better access to school. Rural schools had been in declining for years due to lack of investment and the reduction of school age population. Better off families sent their children to school in county town. In the past, many families rented a place to stay in the town during school time. The new housing estates increased housing supply and created opportunities for purchasing. For many village residents, it was difficult to buy a new flat. They tended to buy the smaller and older properties freed by the original residents in the town; this enabled original residents to climb up the housing ladder and move into larger and newer flats. Thirdly, the bright light effect of urban life was another attraction for villagers. TV and other media were filled by stories of wonderful life in cities and towns. The huge gaps between the quality of life in urban and rural areas created a push and pull factor for the urbanization at this level. In this town, apart from the shops, restaurants and cinemas, there were three newly constructed squares, which are busily used as dancing places at the evening.

There was no limitation for rural families to buy houses in towns and some small cities, especially if they do not require a bank loan. Recently, mortgage was made available to rural people in the town as well. Their steady earnings including these from agricultural production could be used as evidence for income to secure a bank loan, though most rural families tend to buy outright. In one of the new housing estates, the selling agent reported that about half of flats were sold to rural families. Evidences from two villages indicated that about 10 to 15 percent of villagers had bought properties outside of their village (not necessarily in this town, there are other towns in the county, but the county seat town attracted most of them). In general it was

better off families in villages who bought properties in the county town. These families could include small business or shop owners, families with successful children (either through high education or migrant working experiences). Another group of people who bought houses in the town were government officials who worked in townships under the county's control. Many townships in the county (the seat village for the pre-reform People's Commune) actually declined during the reform period. Most township leaders employed by the county government do not live in the township. Their families stayed in the town all the time.

Housing conditions outside these new housing estates in the town in general was poor. House buildings were not carefully planned and dispersed around. Moving for improvement by the non-agricultural residents is another driving force for the housing market in the town. The old and small houses freed by these families were either rented out to the rural people or sold to them. The new housing in the purposely built estates have better facilities, natural gas, broadband, properly designed kitchen and bath rooms, larger rooms and bay windows/balcony, heating system. A large heating plant was built in the town to supply heating to the new housing estates. Well maintained gardens and open spaces between residential buildings were other attractive features to the potential purchasers. There were also few parking spaces beside the buildings. Real estate management system come with these new estates, they charged fees for maintenance and security.

There was a trend that developers moving from large cities to secondary or third tier cities due to increased competition in cities. One developer interviewed used to have projects in Xi'an. He indicated that all new housing estates were built by developers from outside of the county. The developer admitted that the quality of design, style and layout of development in county towns were about 5 years behind in comparison to that in large cities. The developer also believed that urbanization of villages was inevitable, "most villages will be cleaned out in years and more and more people will eventually move into towns." The main attractions for developers to work in the county town were the easy access to land and low land price. About ten years ago, developers could buy land from farmers at 20 to 30 thousands yuan per mu (less than 45 yuan per square metre). Land price increased a bit recently, to around 150 thousands per mu. This was still much cheaper than that in cities. Land price increases were often offset by the increased in house price. A few years ago, price for new house in the town was less than 1000 yuan per square metre; it increased to about 2000 thousands three years ago. In 2011, price for new housing was around 3200 yuan.

## **6. Conclusion**

Four cases of urban development in suburban areas and small town from different regions were discussed in this paper. All of them demonstrate the trend of urbanization in which rural communities have been turned into urban neighborhoods either on the original sites or in different locations. The common features across the four cases include: a change of rural collective land ownership to state ownership to facilitate commercial property and industrial development, a concentration of rural population and traditional settlements from dispersed villages into large housing estates constructed in suburban towns or county towns, a replacement of traditional individual family owned courtyard homes with modern tenement and high-rise

flats, and a change in the life style of rural people from self-sufficient farmers to urban residents (often unemployed, or relying on rent from properties). Beyond these common features, the four case studies revealed some other very important and interesting characteristics of urbanization and housing development in the country. As a large country, Chinese central government policies often only set some general principles and local governments were given flexibilities in developing their own policies. As each of these case studies demonstrated, urbanization could take very different routes in different areas.

The case studies help us to identify some different models of urbanization in China:

- According to driving forces, we can have:
  - Government led urbanization (often with partnership with large public and private companies)
  - Local residents led or controlled urbanization (often rely on their strong control over the land resources)
- According to the speed of urbanization, we can have:
  - Sudden changes and unexpected urbanization which often involves clearance of local villages
  - Gradual changes which allow villagers time and space to adapt into the urban system

Table 4 put these classifications into different combinations and highlighted the advantages and problems of each approach.

**Table 5. Advantages and Problems of Different Approaches to Urbanization in China**

	Government led urbanization	Residents self initiated/controlled urbanization
Unexpected and sudden changes	Most benefits go to municipal government and developers	Rare and unlikely to happen.
	Detrimental to the balanced urban-rural relationship and long term sustainability and prosperity of the country	
Gradual changes and a period of adaptation and assets building	Relatively fair share of benefits between government, developers and residents	Long term benefit for a sustainable development which protects and preserves the unique Chinese urban and rural culture
	The longer the adaptation period, the more beneficial to local residents	

Of the four case studies discussed in this paper, Shanghai’s suburban town Anting can be seen as an example of government led urbanization, in which gradual changes were planned and developed over the years. Collectively owned land was gradually taken over by the government to develop industries. Private and self building activities in villages were controlled strictly, while planned village redevelopment were carried out. Traditional rural settlements were gradually changed and were replaced by urban neighborhoods. As a gradual process, suburban farmers had the opportunity to adapt slowly into the new way of life and build up their own asset using their collectively owned land and other resources. The development in the North New District of Chongqing is another type of government led urbanization. A large number of suburban villages were brought into the development process in a relatively short period. All collectively owned land was taking over at the same time, and villages were cleaned and residents relocated to certain places. Many of the villages were far away from the city’s built up areas and farmers did not have any experiences in urban economic activities. In a very short period, they were required to stop farming and give up their land and houses, and move into high-rise flats in the town.

Pinghu Village from Shenzhen represents a bottom up approach of farmers self organized urbanization. While government led urban development had changed the small border town into an important city in the region, local farmers in Shenzhen did not suffer the dramatic changes experienced by farmers in Chongqing’s North New District. Suburban villages as rural communities were allowed to stay; village households were allowed to build or renew their houses, though most new houses were over the legal limit. After several round of redevelopment,

Pinghu gradually turned the village community into a proper urban neighborhood and most village residents had also accumulated a sizable asset (cash and properties) which will last for a long time. The example of the county town shows another type of urbanization. In the town, real estate development was led by the coalition of local government and private developers. The number of local villages affected directly by the land development on sites was very small. The impacts from this type of urbanization, however, went far beyond the county town itself. New houses attracted a large number of rural residents. The movement of the rural residents was not government led; farmers made their own decision in choosing to buy properties in the town.

These different urbanization modes actually focused on one key issue. They are all about the distribution of benefits from land resources between different players: the original land owners (the farmers), the developers, and the government. They are about how much benefit each of these players share and for how long. Government led gradual development as demonstrated by Anting Township in Shanghai and village resident led redevelopment in Pinghu in Shenzhen seem give more benefits to original residents in the urbanizing areas and tend to create better and sustainable urban communities. The government led and forceful relocation of residents as demonstrated by the Chongqing case gave more emphasis to requirements of the municipal government and developers which may result in problematic urban communities. Real estate and property led urbanization in county towns may create economic opportunities in the town, but result in the decline of rural areas. Out migration has to be balanced by rural development and village upgrading. Urbanization should focus on changing the way of life in very different types of communities and create a balanced society on the limited land resources rather than endless concentration of people toward the top of the hierarchical urban system and maximize the short term benefits by few privileged individuals and groups.

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