

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

***THE URBAN POLITICS OF HOUSING
RENEWAL IN TRANSITIONAL SHANGHAI:
REASSESSING THE CHINESE PRO-GROWTH COALITION
PERSPECTIVE***

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Thesis submitted to the Department of Social Policy of the
London School of Economics for the degree of Doctor of Philosophy, London
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DECLARATION

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ABSTRACT

From the 1990s, market-oriented housing renewal took off at extraordinary pace across Chinese cities, modernising the built environment and displacing millions of residents in the process. One prevailing view is that this has been driven by a “growth coalition” of local government and private businesses with the goal of maximising economic potentials through the intensification of land-use.

This thesis examines the evolving policies and practices of urban housing renewal in Shanghai since 1990. It questions whether the above perspective adequately captures the underlying socio-political dynamics at work. Through a comprehensive review of housing policies, interviews and analyses of contrasting case studies, it demonstrates that housing renewal had entailed a more diverse set of policies and mechanisms than commonly depicted. Beyond private-funded redevelopment and displacement, local governments have promoted some socially-oriented schemes, as well as recently supporting the piecemeal gentrification of neighbourhoods.

This research shows that it is useful to move beyond a monolithic conception of the Chinese growth coalition. The local government plays an increasingly dualistic role in housing renewal. Beyond its core concern to facilitate economic growth and ‘global city’ building through comprehensive redevelopment, it has evolved socially-oriented housing policies, enlarged market regulation, and made concessions to disadvantaged groups in the interest of maintaining social harmony. Property developers were not a homogenous profit-seeking group in Shanghai’s urban growth-coalition. Various quasi-governmental enterprises played a role in delivering socially-oriented projects under bureaucratic command of the local government. Finally, although grass roots actors are politically excluded, their cumulative actions including neighbourhood rehabilitation and protests can sometimes influence policies and urban planning decisions.

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LIST OF ABBREVIATIONS

CCP	Chinese Communist Party
CPPCC	Chinese People's Political Consultative Conference
FDI	Foreign Direct Investment
HLAB	Housing and Land Administration Bureau
JPHG	JingAn Property Holdings Group
NEI	National Economic Institute of the Shanghai Academy of Social Sciences
NFKL	New Fukangli – one of the key case studies of this thesis
NPC	National People's Congress
NRUR	New Round of Urban Renewal
OHAFR	Old Housing Amenity Fulfilment Renewal
SMG	Shanghai Municipal Government
SOE	State-owned Enterprise
SSB	Shanghai Statistical Bureau
TPQ	Taipingqiao – one of the key case studies of this thesis
TRAMSC	Taikang Road Art Street Management Committee
TT	Taikang Road Tianzifang - one of the key case studies of this thesis

1 Introduction

1.1 China's urban growth coalition

More than 30 years ago, Harvey Molotch (1976) introduced the concept of the 'growth machine', arguing that urban development is not driven by the laws of supply and demand, but by a coalition of land-based elites who collectively influence urban planning and politics in their quest to expand the local economy and accumulate wealth. A large body of literature has since highlighted the pervasive influence of 'growth coalitions' – enduring alliances of local government and private sector elites – whether in the promotion of downtown redevelopment, in local policy-making, and more broadly in the shaping of urban fortunes (Logan and Molotch, 1987; Stone, 1989; Fainstein et al, 1986; Mollenkopf and Strom, 2007). Internationally, scholars have documented local variations in the composition of growth coalitions, their concrete agendas, the degree of opposition they faced, and the relative significance of national level institutions in affecting their actions (e.g. Jonas and Wilson, 1999; Bassett, 1996; Davies, 2001; Kulcsar and Domokos, 2005).

This thesis directs our attention to China. In recent years, the emergence of growth-coalitions driving China's urban development has become a focal point of research (Zhu, 1999; Zhang, 2002; Fu, 2002; He and Wu, 2005; Zhang and Fang, 2004; Yang and Chang, 2007). Market oriented urban renewal proliferated across Chinese cities since around 1990, focusing upon the reconstruction of old residential neighbourhoods. By this time, housing marketisation, land reform and political decentralisation paved the way for private-funded redevelopment as a favoured strategy to solve long-standing problems of the city, including deficient infrastructures and poor quality housing.

Large-scale reconstruction of cities since then has apparently led to substantial land-use transformations and gentrification of the city. Older neighbourhoods characterised by poor quality housing have been reconstructed as modern high-rise apartments and commercial facilities. More often than not, state-facilitated relocation of original residents made way for these new upmarket developments. A class transformation of the city was thus under-way, with redevelopment as a force of instantaneous 'state-sponsored gentrification' (He, 2007; Wu and He, 2007).

Figure 1.1: Aerial view of Shanghai in 2008



The physical impact of this sustained wave of urban renewal is epitomised by cities such as Shanghai – one of the world's fast growing cities at the forefront of China's market oriented development. Here, the total amount of housing space more than quadrupled between 1990 and 2005, as some 300 million m² of new housing was built. Between 1992 and 2004, the city has demolished more than 42 million m² of old housing and in the process relocated more than 960,000 families – approximately one-sixth of the registered local population (SSB, 2005). From having a handful of high-rise buildings in the 1980s, Shanghai has redefined itself as one of the 'tallest' cities in the world with more than 2,000 new buildings of 20 or more stories now redefining the urban landscape (SSB, 2006).

What distinguished the recent dynamics of urban housing renewal from earlier periods in China appeared to be its extraordinary scale and pace, its clear economically-driven agenda, a more locally-determined rather than centrally-planned nature, and crucially a new relationship between the local state and private enterprise which seemed to reflect a pattern found in certain advanced capitalist economies. Scholars have sought to develop sophisticated explanations for these powerful patterns of change. An influential view is that local 'growth coalitions'

comprising local governments, real estate developers, construction companies, and financial institutions in an informal alliance were formed and became key drivers of urban redevelopment. In the context of growing urban economies, a more liberalised real estate market and a pro-growth political orientation, they have been brought together by a shared interest to engineer urban growth and to maximise returns through the intensification of land-use (Zhang, 2002; Zhu, 1999; He and Wu, 2005; Wu et al, 2007).

Figure 1.2: Defining growth coalitions

In the U.S	In China
Logan and Molotch (1987) argued that a growth coalition (or 'growth machine') comprising property speculators, development professionals, financiers and the local government are the key drivers of development in cities. United by the vision of growth and their quest to maximise exchange values through intensifying land-use, this informal coalition can shape local agendas, mobilise resources and implement their visions, even if this becomes an exclusive force and conflicts with the interests of some members of the local community.	"The socialist growth coalition in Shanghai in the transitional era [is] a regime characterised by a strong local government followed by cooperative non-public sectors with excluded community organisations" (Zhang, 2002: 475). Pursuing common interests in local economic expansion and wealth accumulation, coalitions between local government, construction companies, and financial institutions have been formed to facilitate inner-city redevelopment (He and Wu, 2005: 18).

The emergence of such a coalition has been contextualised in the institutional changes in China's market transition and the political decentralisation processes which gave rise to more autonomous growth-seeking local governments. Scholars argued that the authoritarian local governments proactively facilitated market-oriented urban renewal, assembling land, providing favourable supply-side policies and enforcing the relocation of residents to realise projects conducive to physical modernisation and economic growth. Meanwhile, urban citizens have been excluded from relevant decision making processes, and have been subject to considerable displacement pressures (He, 2007; He and Wu, 2005). This perspective - which may be termed the **"Chinese growth coalition" perspective**, has become a prevailing explanation of the politics of housing renewal in post-reform China. Figure 1.2 summarises its basic characterisation, comparing it to one influential description of growth-coalitions in the U.S (Logan and Molotch, 1987).

Although this perspective has been widely accepted, it is still based on a limited number of studies. Furthermore, while redevelopment and relocation have been the core focus of most recent research (e.g. Zhang and Fang, 2003, 2004; Shin, 2007; Wu et al, 2007), relatively little is known about the evolving policies and practices concerning housing rehabilitation, historic conservation, or community retention, and how different approaches work together as part of China's endeavours to address housing problems.

To provide a more holistic understanding of housing renewal in post-reform China, to assess the validity of the Chinese growth-coalition perspective, and to consider how it might otherwise be enhanced, this thesis examines the evolving policies and practices of urban housing renewal in Shanghai since 1990. Adopting a broad approach, it explores the nature of urban housing problems in Shanghai, the governing agendas underlying housing renewal, the kinds of policies, interventions and organisational forms mobilised in the process, and impacts these had on targeted neighbourhoods and communities. Particular attention is paid to the relationships between local government, private sector actors, local communities and other institutions. Although redevelopment and displacement have been embraced by urban administrators in China, rehabilitation, community retention and historic conservation are also investigated as evolving political concerns.

1.2 Motivations for the research

This research emerged from my fascination as an outsider looking at the phenomenon of urban renewal in China. One of the most challenging problems faced by “post-socialist” countries is how to deal with pervasive problems of housing decay, shortage and the requirements for urban modernisation. Russia, Poland, Hungary, Vietnam and China all have staggering housing shortages and urgent needs to modernise their cities (Renaud, 1991). As a young architect trained in New Zealand and the UK, but who originated from Taiwan, I first visited mainland China in the winter of 2002 working on several small-scale renovation projects. During this time the city had well recovered from the Asian Financial Crisis (1997-8), and urban redevelopment appeared to be racing ahead at full steam. I witnessed the remarkable rebuilding of numerous run-down residential neighbourhoods and was intrigued by the processes and implications at stake.

Figure 1.3: New developments replacing dilapidated housing in Shanghai



I was perplexed by the questions that have no doubt preoccupied many others: the quality of life in dilapidated dwellings slated for (or neglected by) demolition, the merits and limits of relocation as a process of socio-spatial reorganisation, and the unusual distribution of power and resources in China that underpinned the ruthless efficiency and of such a model of urban transformation. My first visit to Shanghai brought me to the lavishly restored historic environment of the renowned “Xintiandi” development – already by then a trendy destination with its eclectic collection of upscale restaurants, bars, cafes and boutiques. This icon of commercially-oriented historic appropriation also triggered my interest in the emerging practices of historic conservation in a city that is generally thought of as having little concern for history. In sum, these experiences fuelled a general interest to understand the drivers and mechanisms of housing renewal in China.

Aside from personal curiosity, the research also resonates with broader policy concerns. There is strong concern about improving the living conditions of the poor living in substandard housing worldwide. According to the goal of “appropriate housing for all” set out at HABITAT II, the living conditions for the 100 million people living in slums worldwide should be significantly improved by 2020. How different countries approach this challenging task and to what extent they are successful in their efforts are thus important issues for researchers and policy-makers to monitor.

In China, housing renewal has become a leading edge of urban restructuring, and it has radically changed the lives of millions of urban citizens. Like numerous other developing countries, China's housing has been well-known as overcrowded, poorly equipped and in poor physical condition. Related to its long history of development, cities often possessed a large ageing residential stock. Under the socialist regime, official and unofficial intensification has led to extremely high population densities, in spite of the buildings being predominantly low-rise (Wang, 2004; Leaf, 1995; Lee, 1988).

According to the World Bank (1992), urban household in China at the beginning of the 1990s had on average only 6.84 m² of living space per person, and over 30 per cent of all urban households had less than 4 m² per person. Only 45 per cent of urban households had water taps available for their exclusive use. About 28 per cent of households had no sanitary facilities, and nearly 30 per cent lacked kitchens for their exclusive use. Approximately 232 million m² of China's urban housing stock was deemed beyond repair. It has been an urgent government task to resolve the acute problem of housing quantity and quality, and to provide its citizens with adequate living conditions. Since then, the Chinese government has deepened a series of market-oriented urban housing reforms and promoted rapid growth of the housing industry. Numerically and visibly to most citizens, the quantity and quality of housing in China has since increased by leaps and bounds through a combination of aggressive housing renewal and new building. By the end of 2002, per capita housing space in cities had reached 22.8 square meters (UN Human Settlement Report on China, 2004).

The urgency and extraordinary pace of housing modernisation in China meant that it has become a focal point recent academic research. Housing redevelopment in particular has become a focus (e.g. He and Wu, 2005; Wang, 2004; Zhang and Fang, 2003, 2004; Shin, 2007; Tian and Wong, 2007). Unravelling the changing governance of urban redevelopment, the "growth coalition" as a driving force, and the diverse impacts of redevelopment, these contributions have laid down a valuable body of knowledge. However, as noted by He and Wu (2005: 3) "the scarcity of research on relevant issues [has been] greatly disproportionate to the vastness of urban redevelopment throughout the country". Furthermore, while redevelopment has been the focus of most recent research, very few studies examined housing renewal as a broader set of interventions. Consequently,

relatively little is known about the evolving policies and practices concerning housing rehabilitation and conservation, and how these different approaches work together as part of China's endeavours to address housing problems.

This thesis, then, attempts to address both empirical and analytical shortcomings in the existing literature. While it is undeniable that redevelopment and relocation have become the most conspicuous, and institutionally supported, mechanisms at work, focusing on redevelopment alone overlooks more complex evolutions in the policies, agency and interventions in urban housing. Given that a key slogan for Shanghai's "New Round of Urban Renewal" (2001-2010) is now "demolition, conservation, improvement" (*chai, liu, gai*), it is clear that local government sees them as integral concerns, and a more holistic understanding of the topic must embrace these components.

Thus, there is scope for a more nuanced account of what actually constituted housing renewal over the last two decades. Deviations from the more familiar "redevelopment story" need to be accounted for and analysed, because they may shed additional light on the socio-political forces shaping urban China. A more holistic treatment of housing renewal can provide opportunities for questioning and refining existing analytical assumptions. It may in turn demand urban scholars to strive towards more sophisticated analyses of urban processes. Recently, Jieming Zhu (2009: 556) argued that the existence of growth coalitions is now "almost common sense in China's academic and business communities", and that "...collusion, or coalition, was evident" in much of the land transactions to the private sector urban development. Yet, the Chinese growth coalition perspective it is still based on a limited number of studies and some of its core assertions require closer scrutiny.

For example, the perspective asserts that both local government and property enterprises operate primarily in the interest of boosting local growth and wealth accumulation. This potentially overlooks the evolving "social" role of central and local government in supporting affordable housing construction, mediating social conflict, and ensuring proper resettlement of residents (Wang, 2004, Wu et al, 2007). It also appears to overlook the complex role of state-owned enterprises in fulfilling 'public' purposes, traditionally to the neglect of market rationality or profit-motivation (Koppell, 2007). Thus, whether "growth" should be considered the only driving

political agenda in housing renewal, and whether local enterprises are necessarily profit-seeking actors in the growth coalition requires careful qualification. Given that the growth-coalition perspective has so far been developed through examination of flagship urban redevelopment projects, it is also important to evaluate the accuracy of these claims by examining a broader range of housing renewal scenarios.

Shanghai provides a valuable context from which to examine housing renewal in China for a number of reasons. It is one of the largest cities in China and has a strategic position in national economic development. Many institutional features and urban problems characterising China are manifest in Shanghai, because its development was closely linked to the centrally planned economic system, and it has since then become a fore-runner in market-oriented urban policy (Wu and Ma, 2005; Wu et al, 2007). The city was characterised by a significant older housing stock dating to the early 20th century, and is well-known to have some of the worst housing conditions among Chinese cities (Wu, 1999). According to the 1985 national housing survey, the average per capita housing space in 1985 was only 6.3 m² per person - or around 25 m² for a family of four. Almost 900,000 families – about 50% of the total households in the city – experienced problems directly related to the problem of shortage of space.

Since the early 1990s, large-scale redevelopment and relocation of communities has been taking place at a rapid pace in the wake of land and housing marketisation, and several in-depth studies have confirmed the important role of the public-private growth coalition in driving redevelopment (Zhang, 2002; He and Wu, 2005). Economic growth is a major political concern and provides a basis for collaboration amongst public and private elites. Empirical research has also highlighted that strong tensions associated with relocation exist in Shanghai (Wu, 2004; He and Wu, 2007; Wu et al, 2007). Although Shanghai is a unique city in terms of its specific economic position and local history of development, it exhibits many of the salient features of market-oriented urban development in post-reform China.

Within Shanghai, a particular housing form provides a focus for the study. 'Lilong' housing was the most common housing form in downtown Shanghai for most of the 20th century, and has been one of the most conspicuous targets of housing renewal. It is a form of low-rise, terraced housing type that evolved in the context of colonialism between the 1860s and 1949. Its spatial concept and construction was a unique fusion of traditional Southeast Chinese dwellings, and the western terraced

Figure 1.4: Low-rise 'lilong' housing in downtown Shanghai



house. The national housing survey in 1985 indicated that about 4.2 million residents – over half the urban population - lived in lilong housing (ECSREH, 1998). The lilong is also symptomatic of some common housing problems in China – including deficient sanitation facilities, ageing, physical decay, and more recently the concentration of more disadvantaged groups in society (Wu and He, 2007; Fan, 2003). Most had been transferred into state ownership and have since been allocated to individual households by local housing bureaus as public housing. Although other housing types in Shanghai will also be examined in this thesis, the lilong is the most significant part of the city's on-going housing renewal efforts. From 1990 to 2005, approximately 18 million m², or around 120,000 units have been demolished as part of urban redevelopment, and the Shanghai Municipal Government plans to demolish a further 4 million m² by 2010. At the same time, its aesthetic character and local architectural significance meant that it has drawn important debates about local heritage and prompted selective efforts at conservation and rehabilitation. The lilong thus provides a useful lens from which to examine different kinds of interventions in the built environment occurring in urban China.

1.3 Research aims and questions

Housing renewal represents one leading edge of urban change in China, and is a subject attracting considerable public as well as academic attention. This thesis aims to uncover the policy and practice of housing renewal in Shanghai since 1990 - a period corresponding to the enactment of comprehensive market-oriented housing reforms. It aims to determine if the prevailing Chinese growth-coalition perspective provides an adequate basis for understanding the underlying socio-political dynamics, and to consider how the analytical approach might be enhanced. These translate into two sets of research questions:

Question A: How has Shanghai responded to the task of housing renewal – including redevelopment, historic conservation and rehabilitation - since 1990?

Question B: Does the Chinese growth coalition perspective adequately capture the social and political dynamics of housing renewal in post-1990 Shanghai? If not, how should it be modified?

To answer these overarching questions, the research examines the following issues:

For question A:

- *What urban housing problems did the local government seek to address?*
- *What economic and social context conditioned housing renewal in Shanghai?*
- *What were the local government's agendas in housing renewal?*
- *What key strategies did the local government adopt to achieve intended goals?*
- *How has housing renewal been organised and delivered i.e. what public and non-public institutions were actively involved and how did they work together in various processes?*
- *What kind of impacts did the interventions have for the city?*

For question B:

- *Was housing renewal driven by a growth coalition of public and private sector elites?*
- *Aside from facilitating economic growth and capital accumulation, did local government also act with a concern for social equity and the welfare of the poor?*

- *Were property developers involved in housing renewal homogenous in terms of their role and interests, or were there distinctions among them that significantly varied renewal outcomes?*
- *To what extent can grass-root actors challenge the growth coalition and have an impact upon urban policies?*

A number of terms require clarification here:

- In this thesis, the terms "local government" is used interchangeably with the term "local state".
- "Housing renewal" is used as an umbrella term for any interventions in the housing stock to improve its quality, which can encompass physical measures such as redevelopment, rehabilitation, renovation. In China, housing renewal is often, although not always, accompanied by planned relocation of original residents.
- "Redevelopment" involves the demolition of existing buildings and the subsequent construction of new buildings, usually at higher standards and densities than the original.
- "Rehabilitation" and "renovation" are terms denoting the upgrading of existing buildings without resorting to demolition, and can involve a range of physical measures ranging from adding missing facilities, to adjusting internal layouts, to extensions in keeping with the original structure.

1.4 Hypotheses:

This section lists several working hypotheses for the research:

Question A: How has Shanghai responded to the task of housing renewal – including redevelopment, historic conservation and rehabilitation - since 1990?

Hypothesis A: Housing renewal has involved a wider set of interventions than commonly acknowledged. I expect to find that it has been facilitated largely by the promotion of private-funded redevelopment involving substantial public subsidies, local state led land assembly, and the forced relocation of lower-income residents. At the same time, housing rehabilitation has also been accomplished through public-sponsored programmes targeting the better quality older stock involving subsequent privatisation to sitting tenants. The task of historic conservation has not

been neglected. It has been addressed through the progressive development of a historic conservation planning framework and by integrating heritage conservation selectively into market-oriented real estate development.

Question B: Does the Chinese growth coalition perspective adequately capture the social and political dynamics of housing renewal in post-1990 Shanghai? If not, how should it be modified?

I hypothesise that although the Chinese growth coalition captures some essential aspects of housing renewal, it is inadequate in a number of ways:

Hypothesis B1: The local state plays a more complex role in housing renewal than depicted by the Chinese growth-coalition perspective. Rather than merely facilitating the conditions for local growth and wealth accumulation to the neglect of social responsibility, the local state has a concern for balancing social interests and maintaining social order. This demands it to develop measures to address the needs of disadvantaged groups, albeit within the constraints set by market-oriented development and the general pro-growth political orientation.

Hypothesis B2: The local state to private-sector relationship in Shanghai is more heterogeneous than depicted in the Chinese growth-coalition perspective. Rather a monolithic coalition centred on profit-maximisation and urban growth there are tangible differences between 'private' and 'state-owned' property enterprises and their relationships with the local government. While private enterprises are autonomous market actors in pursuit of profit, some state-owned enterprises operate under a combination of profit-seeking agendas and bureaucratic influence. This can differentiate their roles and impacts in housing renewal.

Hypothesis B3: Despite the power of the growth-coalition, grass-roots resistance can cumulatively prompt minor adjustments to housing renewal policies and project outcomes. This means that a more flexible and dynamic conceptualisation of the politics of housing renewal is more appropriate – one that acknowledges that contrasting visions for the city and social conflicts can prompt changes to the urban growth-coalition's strategies.

1.5 The evolution of urban housing policy in China

A brief review of how housing policy in China has evolved is useful here to help illuminate how the problem of urban housing emerged, how it was dealt with before the present period, and to give a sense of the more recent context framing housing renewal in Shanghai. In understanding the present-day conditions in China, scholars have emphasised the need to look simultaneously at the socialist system that prevailed prior to economic liberalisation and its transformations under more recent processes of market reform. This has been conceptualised as the post-socialist transition perspective (see Andrutz et al, 1996; Sykora, 1999; Salier-Fliege, 1999), now an important basis of urban and housing studies regarding China (e.g. Wang, 2004; Wu and Ma, 2005). The concept is derived from the experiences of formerly socialist states in eastern and central Europe. The perspective sees urban restructuring being influenced by state-initiated market-reforms, which lead towards a complex series of institutional, social, economic and cultural change.

As discussed by Wang (2004), the most simple and commonly used view of transition is the shift 'from socialism towards capitalism', or from 'plan to market'. However, it is well known that such a transition involves more than economic changes, and it does not necessarily lead to any ideal notion of a market system or capitalist economy. The transition perspective thus also emphasises 'path-dependence' - the idea that where one comes from matters and therefore various legacies of the socialist past tend to continue to shape and influence future conditions (Kovacs, 1999; Salier-Fliege, 1999).

1.5.1 *Housing under socialist policies (1949-1988)*

Certain aspects of housing conditions in Socialist China are well known. In socialist regimes, almost all aspects of social, political and economic life was centrally planned by the state. Cities were regarded as focal points for industrialisation and the development of the egalitarian, classless society. Under the centrally planned economy urban land and housing were largely transferred into state ownership. All land was owned by the state and the Communist Party of China managed the allocation of resources in the name of the state. It was administratively allocated free of charge to work units when their projects were approved by the state. Housing became a welfare-good rather than a commodity. Private house-building for speculation was banned, and private rental was gradually eliminated. The purpose

of housing was to provide workers with a place of residence, and to facilitate production. Housing was to be allocated by the state and state owned institutions/enterprises, based on various eligibility criteria rather than socio-economic status. Rent and housing maintenance of the converted stock came under regulation of government policy (Wang, 1992, 1995).

The public housing sector could be divided into 'municipal-owned housing' and 'work-unit housing'. Municipal housing was owned and directly managed by city housing bureaus. Work unit housing refers to housing constructed and managed by "work units" – generally state-owned enterprises (SOEs) and institutions. Housing was allocated based on various administrative criteria. The process was tied to employment, with work units playing a key role as providers for their own workers. Nevertheless municipal housing bureaus owned substantial housing stock and provided for those work units which did not have resources to provide housing, or those parts of the population which did not belong to state work units (Wang 1995; Wu, 1996; Zhao and Bourassa, 2003).

Major housing problems encountered in this context included under-investment in housing construction and maintenance, and the associated problems of housing shortages and physical housing degradation. Low rent was one of the key features of public housing provision under socialism. The centrally commanded economy operated under the principle of low cash wages from which the state has already removed the purchasing power for housing, transportation, health services and education. Instead, these services were provided either free or heavily subsidised as welfare goods. However, due to the low rent policy, rising costs, and a growing housing stock, housing management became unsustainable and physical deterioration, especially of the older stock, became widespread (Wang 1995, Wang and Murie, 1996; Lee, 1988).

Under the socialist system the construction of new urban housing was planned in relation to social need and was mainly supplied by the state, or by state owned enterprises and institution. Work units, who produced housing, did so through direct financial allocation from the state, instigated through central and local economic planning. However housing was viewed as an unproductive welfare good, therefore under the economic principle of 'production first', and 'consumption' a distant second, the Chinese state consistently under-invested in housing. This led to chronic

housing shortages, and the problems of over-crowding plagued many cities (Wang, 1995; Lee, 1988). During the Cultural Revolution (1966~1976) building construction dropped to an all time low, housing maintenance experienced great disorganisation, and much maintenance work was deferred (Wang, 1995). By this time, older residential areas generally shared the characteristics high population density, and poor housing quality. A vast number of previously single family houses came to be subdivided for multiple-family occupancy, or had to accommodate tremendous family expansion over a period of decades (Wu and He, 2005; Leaf, 1995).

Cities also devoted only limited resources to urban renewal. In practice urban development was not the focus of national development until 1978 when China adopted economic reforms. Most new construction took place in suburban rings on the outskirts of the city in the form of work unit compounds. During this time the investment capital had to mainly come from the financial budget of the government. Because of the general deficiency in capital for urban construction, urban renewal on the whole constrained to small-scaled initiatives. It was concerned mainly with replacing the worst quality housing stock, often structurally precarious buildings. The purpose of housing renewal was principally to replace poorer quality housing with improved housing, and wherever possible work units and the government were responsible for ensuring the on-site resettlement of residents whereby residents were settled back into rebuilt housing on original sites. Essentially, urban renewal had a welfare role and local governments and state work units were the key providers (He, 2004; Wu and He, 2005).

These physical problems of cities were however not associated with pronounced social problems. Socially egalitarian policies had reduced overall levels of social disparity and spatial segregation (White and Parish, 1984; Liu and Wu, 2006). Because there was limited residential mobility under the centrally planned system, community compositions often remained stable and neighbours were able to develop substantial social networks over time. Whyte and Parish (1984) found that Chinese cities - with minimal residential mobility, minimal differentiation in income or consumption, little opportunity for reward for individual striving and the frequent joining of work and residence - personal relations include much more mutual knowledge, involvement, and concern than reported for cities in most other societies (ibid: 354).

1.5.2 Economic Transformations in China

The third Plenum of the 11th central committee of the Chinese Communist Party (CCP) which took place in December 1978 marked a key milestone in the history of the People's Republic of China. This occasion officially proclaimed the market-orientated reform and open-door policy which has since dramatically transformed the Chinese economy and society. In the subsequent "reform era", the hard-line socialist ideology about class struggle and national industrialisation was not longer presented as a workable guiding principal for national growth. The 'new order' that was instigated under Deng Xiaoping placed a greater emphasis upon the goals of enhanced economic efficiency, rapid economic growth, and an increasing role for markets in the circulation of goods, services, capital and wage labour (Cannon, 1995, cited in Olds, 1997:110).

Since then the central government has introduced various reform policies to gradually liberalise the highly centralised planned economic system. Yet this was a 'pragmatic' and more 'gradualist' manner compared to the Eastern European experience. The goal was to move towards a "Chinese-style socialist market economic system" in which there will remain significant public ownership. Importantly, liberalisation of the economy was not accompanied by the shift towards political democracy. Thus China remains officially a socialist-state. Arguably, the state apparatus has been successful in its ability to maintain its grip over the united country, and to suppress attempts to destabilise its reform policies (Wang, 2004; Wu et al, 2007).

Notwithstanding this distinction, market reforms have had profound consequences for the organisation of the economy and society in cities. This included the introduction of private sector ownership and production, and of market mechanisms. In both cities and countryside, non-state economics such as village and town enterprises, joint ventures, private businesses were allowed to proliferate, and grew rapidly (World Bank, 1997). Various markets such as those for capital, labour, farm products, manufactured goods and raw materials have been forming since economic reforms started. There has been a profound expansion of the private sector alongside declining share of the public sector. With the Open Door policy, China's economy was opened to the outside world. There has been gradual integration into the international economy, with globalisation driving the spread of

western cultural forms and lifestyles (Wu, 2003). Industrial restructuring and dynamic take-off of the previously under-developed service sector further underpinned sustained rapid economic growth (Han, 2000; Wu and Li, 2006b).

1.5.3 Housing in the post-reform era (1988~ present)

Within this context, land and housing reforms became important catalysts for the new wave of urban renewal in Chinese cities after 1990 (He and Wu, 2005). Housing reform was a central component of economic reforms, and became a national issue after Deng Xiaoping's April 1980 landmark speech regarding the future of urban housing policy to central government leaders. The housing reform in China was gradual and evolutionary, beginning with various experiments in a few cities (Wang and Miroe, 1996). A key milestone for nation-wide implementation was the issuing of the "Plan for a Gradual Housing System Reform in Cities and Towns" in February 1988 (State Council, 1988).

Since then, successive central and local government policies were published to guide the housing reform process. Privatisation of public housing was one of the most important aspects, and involved the massive sale of better quality public housing sitting tenants at cost-price or subsidised prices. Beyond these the state promoted a commercialised housing provision system by non-state actors. Work units, and later, commercial real estate development companies were allowed to develop "commodity housing" (*shangping fang*) that could be put into the market for sale and profit (Wang and Murie, 1996; Ying and Zhang, 2007; Wu, 1996).

Land reforms were also initiated to create the foundations of a more efficient land market. While the state remained the owner of land, land reforms stipulated that the 'use rights' of land could from then be sold, assigned and transferred to developers through the mechanism of "land leasing". Local governments were made managers urban land and the land-leasing process in cities. These changes laid the foundation for private enterprises to acquire land from local government by paying certain land leasing charges (Wu et al, 2007). Following these, housing – previously a welfare service in a planned economy - gradually became a consumable commodity circulating in a housing market, leading to increasing housing choice and residential mobility (Wang and Murie, 1996; Huang, 2003). The revalorisation of housing and the setting up of the land-market meant that property development became possible

and prevailed across the country. Since 1998, a more or less market-based housing system had been established in China (Li, 2007).

Another critical development in policy during this time was the shift from a policy of community retention towards an acceptance of off-site relocation. In June 1991, the State Council of China issued an important regulation on urban housing demolition and relocation. While relocation policies would continue to evolve over the next two decades, the key implication is that it legitimised the off-site relocation of sitting occupants for the enactment of urban renewal, and released the enormous speculative potential of redevelopment, freeing up land for more lucrative uses. Thus, the relocation of existing residents became a central feature of urban (re)development in Chinese cities.

This brief overview does omit significant details and more recent developments, but it serves to contextualise some fundamental trends crucial for the present study. In sum, urban renewal in post-1990s China occurred alongside economic, land and housing reforms which instilled market mechanisms in to the development process. It also underlined a profound shift in the relative roles of the state and market in urban building provision. Property developers increasingly became prominent actors investing in and carrying out real estate production, with the government becoming a market-facilitator (Wu et al, 2007). Simultaneously, there has been a shift from community retention towards off-site relocation of residents. With these serving by way of background, the next section outlines the key themes of the study.

1.6 Themes of the study

1.6.1 *Socio-economic transformations*

In this thesis, housing renewal is examined within the context of a profound socio-economic restructuring. According to David Ley (1980: 240) "an understanding of the emerging urban landscape requires a prior grasp of wide-ranging processes of change in society itself". It is widely agreed that urban regeneration, the nature of housing markets and the formation of specific local governing arrangements need to be contextualised within deeper changes in the economy and society (DiGaetano and Strom, 2003; Smith and Williams, 1986; Grigsby et al 1987). Notably, the concept of "post-industrial city" describes how certain industrialised cities have been

transformed in the shift from manufacturing-based towards service-producing society. These changes are said to underpin increasing demands for commercial land use, the re-orientation of urban space for consumption, and the refashioning of the city centre for a segment of the new middle class. Restructuring tends to fragment or divide society in a variety of ways. It has led to increasing social and economic disparities, symbolised by the simultaneous concentration of an executive-professional-managerial class and increasingly deprived and marginalised class in the same places (Ley, 1996, Sassen, 1991; Soja, 2000).

In many Chinese cities as a direct result of market reform and industrial restructuring, a widening of the socio-economic re-stratification of urban society can be observed (Li and Wu, 2006). Another major change in the social profile of Chinese cities has been the intensification of rural-urban migration. Under Mao, the system of residential registration and strict central planning meant that the Chinese social structure has seen a division between rural and urban population for many years. The reforms loosened previous institutional constraints regarding population movement and gave the rural population greater freedom and incentive to migrate into the city. Urban societies became more unequal, with rising affluence yet emerging problems of poverty (Wang, 2000, 2004). The distribution of interests and outcomes of housing renewal need to be examined in light of these deepening cleavages.

1.6.2 Local state as mediator and entrepreneur

Nevertheless, socio-economic processes do not in themselves drive housing renewal. This thesis pays attention to the complex role of the local government in creating policies and partnering with different actors to deliver housing renewal. Fulong Wu (2007:15) recently argued that post-reform China has been moving towards a very 'advanced' stage of capitalist development. Alongside a series of institutional reforms, local governments have gained greater fiscal autonomy and the capacity to retain a greater share of locally-generated revenues. It has become important managers of urban land, and has been entrusted with more discretionary powers of urban planning. Thus, the local government came to assume a key role in creating conditions for local economic development (Wu et al, 2007).

The concept of "entrepreneurial" urban governance (Harvey, 1989) which originates

from advanced capitalist economies has been adopted to conceptualise the local state as a driving actor within China's urban growth coalition (Wu, 2007; He and Wu, 2005; Wu et al, 2007). A familiar idea here is that local governments have become more autonomous and directly engaged in economic development, whilst shifting away from its traditional role of service and welfare provision (Harvey, 1989). Entrepreneurial local governments seek to enhance a city's structural competitiveness and actively organise and promote the city as a site for capturing mobile capital, often through an array of partnerships with the private sector (Hall and Hubbard, 1998; Jessop, 1996). Whether or not this characterisation of the local state encapsulates Shanghai's experience over the last two decades will be scrutinised, through a review of Shanghai's evolving housing policies and case studies of a range of housing renewal projects.

1.6.3 *The growth coalition in cities*

The dynamics of co-operation between the local government and private sector is said to influence the orientation, scope and content of urban development (Stone 1993: 15-16). Logan and Molotch (1987: 13) emphasised in particular the role of land-based interests and argue that property speculators, development professionals, financiers and the local government are the key drivers of urban (re)development. United by the collective quest to maximise exchange values through intensifying land-use, this informal coalition can shape local agendas, mobilise resources and implement their visions, even if this excludes or comes into conflict with some members of local community.

This study outlines the existence and operations of the real-estate based growth coalition in Shanghai. It highlights pervasive formal as well as informal links and synergies between the public and private actors in housing renewal, which has sustained effective partnerships in project implementation. To advance this reading however, it emphasises that the key real estate actors in the city are not a homogenous group and can exhibit contrasting behaviours. The composition of actors within the overall coalition and their inter-relations reflect ambiguities in the process of post-socialist privatisation, which accounts for the variety of housing renewal processes and outcomes that can be found in Shanghai over the last two decades.

1.6.4 The conditions of old neighbourhoods

Given the background of social divisions and diverging requirements for housing, this study is also about the paradox between old, run-down housing as a liability for cities, and as an indispensable resource for the poor. It provides a view of the living conditions of dilapidated housing both from official housing data and from the perspective of residents. The politics of housing renewal can be analysed in terms of a duality between 'exchange value' and the 'use' value of urban land and properties, claimed by competing interests (Logan and Molotch, 1987). While the interests of the growth coalition are in maximising and extracting exchange value from places, for urban residents it is the physical, social and sentimental "use value" of places that residents seek to defend. These values derive firstly from neighbourhoods as a focal point meeting one's everyday survival needs. Neighbourhoods are also a potential source of a network of people who provide life-sustaining support, services or products. Emotional sentiment and practical, material purposes or needs tend to be closely intertwined in people's experience of buildings and locations (Logan and Molotch: Chapter 4).

In the context of market reform, deteriorated old housing in Shanghai increasingly concentrated disadvantaged groups such as the poor, the unemployed, the elderly and rural migrants. These areas have become newly emergent 'neighbourhoods of poverty' in the urban landscape (Liu and Wu, 2006; Wang, 2004). Although various forms of deprivation constitute tangible 'problems' prompting government action, the study also pays attention to residents' complex ties to their homes and neighbourhoods, how public and private interventions affect these ties, and the effect of housing renewal on original residents' opportunities and everyday use demands.

One of the most important aspects of local state intervention in recent years has been its power of eminent domain to enforce relocation of existing uses and users. The relative exclusion of local communities from these decisions is common knowledge in China. Yet, the reading of neighbourhood politics is complicated. Residents themselves aspire towards social and economic wellbeing and support renewal processes that compromise existing use value relations when they are well-placed to benefit from the intensification of use. Local governments have the resources to mediate these interests to co-opt the peaceful co-operation of

residents in the development process. How this works in the city rebuilding process is a crucial part of China's recent growth politics.

1.6.5 Counter-dynamics to the growth-coalition

Sources of opposition to growth-coalitions are an important theme in urban studies, though until recently still poorly understood in China. In liberal democracies, the local state is subject to pressures from a variety of sources within local society, including capital and labour, political grass-roots groups and the voting public, all of who place competing demands on the local state (Logan et al, 1997; Fainstein, 1987; Mollenkopf, 1983). Therefore local resistance to the negative impacts of the growth machine may emerge to demand concessions from the local government. In the west, numerous governments have been pressured to discontinue or modify their respective urban renewal programmes amid widespread urban protest and neighbourhood discontent regarding the destabilising effects on communities and toll on historical characters of places (Teaford, 2000; Gibson and Langstaff, 1982).

Given that China lacks a political framework for popular pressure to officially operate, this thesis highlights the prevailing view that communities are an excluded voice in urban politics and that growth-coalitions have so far encountered little resistance. On the other hand, counter dynamics to the prevailing forces of top-down planning have emerged. Grassroots resistance against demolition and an emerging market for the private acquisition and upgrading of historic housing both complicate the commonly held, but simplistic reading of urban change being 'controlled' by economic and political elites. These demand a more dynamic conception of urban politics than commonly adopted.

1.7 Structure of the thesis

Following this introductory chapter, which sets out the research problem and themes of the thesis, Chapter 2 provides a literature review and analytical framework. The Chinese growth coalition perspective is used as an analytical starting point for the study. The chapter explains its intellectual roots in western political theories, situates it against other theoretical approaches, and critically evaluates its key claims.

Chapter 3 explains the methodology of the study. This research was based on a

mixed-methods approach, embedded within a broader analysis of the socio-economic, political and housing context in Shanghai. Interviews with local officials, property developers, planning professionals and local residents were primary sources of data. This was supported by three in-depth case studies of contrasting housing renewal projects, and a variety of secondary sources and personal observations.

Chapter 4 examines Shanghai's shifting urban context and provides an overview of the policy and practice of housing renewal in this city. It contextualises Shanghai's housing problems in a historical perspective and provides an overview of the government's responses towards housing renewal amidst complex institutional, economic and social changes in the post-reform era. It also presents the key measureable impacts of housing renewal over the last two decades.

Chapters 5 to 7 examine the processes of housing renewal in three inner-city neighbourhoods in Shanghai: Taipingqiao area, Fukangli and Taikang Road. They examine the pre-renewal conditions, the policy measures at work, the role and inter-relations of different actors in the renewal process, and the impact of their interventions. The areas are typical of old neighbourhoods targeted for renewal in China. They occupy convenient locations in downtown Shanghai, comprised predominantly of municipal public housing, and were all characterised by the most common historic housing type in Shanghai: the shikumen lilong. Physical decay, over-crowding and deficient amenities were common features, yet assets such as social networks, accessibility and affordability constituted their lingering use value. The case studies were chosen specifically to reflect upon a range of housing renewal scenarios in post-reform Shanghai. They were underlined by somewhat different agendas, they ranged from small-scale to large-scale interventions, involved different developers, exhibited different physical outcomes (from rehabilitation to redevelopment), and were associated with different degrees of resident relocation (displacement).

Chapter 5 analyses one of the largest housing redevelopment projects in Shanghai's history - the redevelopment of Taipingqiao area. Here, a run-down residential neighbourhood was transformed into a new mixed-use district comprising commercial office buildings, luxury housing and elite consumption and recreational facilities. Its process demonstrates some of the key features of how China's urban

redevelopment operates since the early 1990s. The findings support the prevailing claim that urban redevelopment was dominated by a coalition of pro-business local government and powerful real estate actors for the purpose of promoting economic growth and capital accumulation. Involving displacement as a central strategy, the growth coalition has politically and spatially excluded large segments of local communities.

Chapter 6 examines New Fukangli - a residential redevelopment project that achieved a certain balance between community retention and market-oriented renewal. It sheds light on how in some instances the growth coalition acts to include the interests of local residents, and of the important role of the local government as a mediator between private wealth accumulation and residents' interests. The study suggests the need to adopt a more nuanced reading of the local government as an actor, and to recognise the role of different real estate developers in urban renewal.

Although demolition has been the predominant mode of urban renewal since the 1990s, selective revitalisation of historic buildings and neighbourhoods became a more apparent complementary concern of the local government by the early 2000s. Chapter 7 examines the rehabilitation of Taikang Road Tianzifang neighbourhood – one of the most renowned cases of 'bottom-up' housing conservation in China. The findings highlight the emerging role of some grass-roots actors in driving neighbourhood upgrading and gentrification, whose combined efforts can influence planning decisions and trigger a neighbourhood conservation movement. The study sheds light on the possibility of 'counter-dynamics' to top-down planning and redevelopment, and considers its social consequences.

Chapter 8 offers a comprehensive overview and analysis of the empirical material discussed in chapters 4 to 7. Cross-cutting the contrasting case studies helps provide a more holistic understanding of the policy decisions, agency dynamics, and outcomes of housing renewal in post-reform Shanghai. A number of key themes are drawn out: the urban context and the conditions of old neighbourhoods, the role of local government, the collaborative relations between public sector and private sector elites, the political exclusion of residents versus their ability to derive selective distribution of benefits, and the possibility and implications of resistance to the growth-coalition.

Chapter 9 concludes the thesis. It argues the policy and practice of housing renewal in post-1990 Shanghai has been more multi-faceted than acknowledged. Despite capturing some essential institutional features, the Chinese growth coalition perspective does not adequately capture the diversity of socio-political arrangements underlying different aspects of housing renewal. A less monolithic perspective of the growth coalition and the local state as an actor is suggested as a way forward. Finally, this chapter identifies issues for future research and discusses several policy options regarding the on-going task of housing renewal in China.

2 Analysing Housing Renewal in China: A Literature Review

2.1 Introduction

As stated by Unger and Chan (1995: 29), observers of China are faced with the challenge of understanding a system in profound transition, and it is difficult to analytically frame what is occurring at the present. Yet, over the last decade or so, substantial progress has been made in making sense of urban China. Consequently, our understanding has been substantially improved. This chapter provides a review of literature to contextualise and guide the present research. Its primary aim is to situate and outline the Chinese growth coalition perspective, its intellectual claims, and to provide a critical evaluation of its usefulness for understanding housing renewal in post-1990 Shanghai.

The chapter begins by outlining what is involved in urban housing renewal, and some well-established insights from the policy and practices of industrialised nations. Major socio-economic drivers that are seen to underpin contemporary urban renewal/ revitalisation are then reviewed in section three. Section four reviews a range of theoretical perspectives regarding how institutions and politics mediate urban development. The Chinese growth coalition perspective, which derives from some of these insights, is examined in detail in section five. Limitations of this perspective and its core assumptions are drawn out. The final section provides a summary which serves as a framework for this research.

2.2 What is housing renewal?

2.2.1 *The purpose of urban and housing renewal*

Urban renewal is a multi-faceted phenomenon, and is not uniform in approach or policy (Nelissen, 1982; Gibson and Langstaff, 1982). In many parts of the world systematic efforts have been made to upgrade parts of the urban fabric, ranging from individual buildings, to whole neighbourhoods, to entire districts. The process takes place in a particular constellation of conditions determined by the institutional, economic, social, cultural and geographical context (Couch et al., 2003).

Nevertheless, there are some recurring features in the ways in which similar problems are dealt with in different countries. Urban renewal is generally an activity directed at specific urban areas which do not function well in some respect. They may be characterised by physical degradation, devaluation, marginalisation, exclusion or population abandonment. For much of the immediate post-war period, housing renewal efforts were concentrated in older neighbourhoods in city centres.

Urban renewal is an activity that is often organised by public authorities within a policy and administrative framework. In this framework government agencies are charged with the task of directing and taking decisions regarding this process in pursuit of general or group interests. However, the processes and objectives can rarely be realised without the contribution of other actors, such as from the private sector, communities or civil society. The co-ordination and interdependence between the actors is a central aspect of processes of urban renewal (Fainstein et al, 1986; Mollenkopf, 1983; Nellissen, 1982).

The goals of urban renewal can be diverse. There is usually a physical focus concerning improvement of the housing stock and the urban environment, and efforts at upgrading the urban infrastructure. Historic conservation is now also an accepted part of urban planning and urban regeneration in most developed countries - a reflection of the widespread interest in aspects of the past, and how it is viewed, used and changed (Larkham, 1996). It is a broader concept than "preservation", concerned with maintaining a balance between development and protection, between "continuity" and "change". There is as much concern for restrictive protection as there is for appropriate adaptation, re-use and upgrading (Litchfield 1988; Tiesdell et al, 1996).

Deepened understanding regarding the multi-dimensional causes of urban decay has led to greater attention to the underlying problems of poverty and social deprivation. Alongside physical interventions, there may be a series of measures designed to enhance the socio-economic characteristics of the population or area, to enhance the social cohesion of the neighbourhood, and efforts to empower local communities and businesses (Gibson and Langstaff, 1982; Lupton, 2003). In addition, renewal programmes are sometimes influenced by other objectives which are less clearly officially explicated, such as attracting the return of the well-to-do to the core areas; improvement of the tax base in order to increase local revenues;

and the stimulation of large construction corporations to promote real estate investment (Nellissen, 1982; Fainstein et al, 1986).

2.2.2 Slum clearance/ redevelopment

The current stage of urban renewal in China echoes the approach that was common-place from the 1940s up to the 1970s, where clearance and reconstruction were the mainstays of urban renewal. Historic conservation was until then still limited to a concern for historical monuments, and buildings of special importance, such as castles, palaces, churches, museums and other significant public buildings (Larkham, 1996; Steinberg, 1996). Thus it is instructive to review well-established insights from this period of interventions.

In the U.S and many other western European countries urban renewal at the time usually entailed a systematic demolition of old, poorly maintained districts regarded as slums. Physical degradation, poor amenities and over-crowded living conditions were seen as major problems in terms of public health, and a reflection of market failures in fulfilling housing need. Governments justified and secured land and housing for redevelopment on the basis of them falling below certain defined standards of quality. They provided a source of subsidised, cleared land for private development to take place, and in addition a range of other substantial supports in the form of tax concessions, relaxation of regulations, and public investments in infrastructure (Teaford, 2000; Fainstein et al, 1986). The stripped sites were rebuilt in accordance with functionalist views of modern urban planning, often involving relocation of existing residents into suburban public housing estates. Existing affordable units were often never replaced, and housing for higher-income groups, office buildings, shopping centres, and other public facilities often became key outputs (Gibson and Langstaff, 1982; Keating and Krumholtz, 1999).

Long-standing debates about this form of redevelopment concerns the equity of its outcomes and a range of potential negative effects associated with forced relocation of residents (e.g. Hartman, 1964; Gans, 1962; Wilmott and Young, 1957). There has been some evidence that positive relocation outcomes can be achieved if adequate level of compensation and re-housings support are provided. Residents may be pleased to leave behind environments characterised by physical decay, dysfunctional relationships or lack of safety. They may gain better housing

opportunities, move to higher quality neighbourhoods with less social or economic problems, and find better job prospects (Popkin and Cunningham, 2002; Smith et al, 2002; Boston, 2005).

Nevertheless these outcomes often failed to materialise, and relocation had substantial negative impacts especially for the poor and minorities. Urban renewal demolished large number of affordable units that were never replaced and numerous households ended up in other poor quality housing (Hartman, 1964, 1971). It decanted many more residents to peripheral areas that were more disconnected and under-developed than the original neighbourhoods. This has resulted in decreased access to services and employment (Keating and Krumholtz, 1999; Baker, 2008).

The loss of a home had other long-lasting psychological impacts (Fried, 1963), because the home is in particular a place of great significance with which people can develop strong emotional relations (Proshansky et al, 1983; Tuan, 1975). Relocation also led to the destruction of existing social relations. A key insight was that existing networks of familiar people, friends and neighbours play an important role in the residents mutual support for one another - be it child-minding, transport, or through fostering a 'friendly' environment in which to live. Households relied on these sources of 'social capital' to deal with the stresses of life in deprived housing and neighbourhoods (Gans, 1962; Wilmott and Young, 1957; Clampet-Lundquist, 2004). Indeed, the isolation of relocated communities sometimes meant that they again became the locus of physical decay, social and economic problems (Keating and Krumholtz, 1999; Power, 1999).

2.2.3 Rehabilitation and gentrification

By the 1970s most industrialised nations shifted to a policy of rehabilitation, in view of the high financial and social costs of demolition and rebuilding. Growing distaste with redevelopment also led to heightened concern to enlarge the conservation of older neighbourhoods. Various programmes have since been initiated to improve housing and stabilise neighbourhoods. Measures to encourage and accelerate private sector investment for rehabilitating the existing housing stock included the provision of improvement grants for private house owners and improvement subsidies for public housing authorities (Balchin et al, 2002). Alongside these, many

countries also developed more 'holistic' policy programmes aiming to address the perceived social roots and symptoms of housing decline including poverty and social deprivation (Carley, 1990; Lupton, 2003). These became by nature characterised by a more selective, area-based improvement projects, often involving investment in community and economic regeneration (Power, 1993; Keating and Krumholtz, 1999).

Many authors acknowledge that historic conservation as well as heritage has played an increasingly important role in the regeneration of cities (Pendlebury, 2001; Pearce, 1994). Heritage is recognised as one determinant of the individual character of places, and therefore a real source of differentiation. The marketing of the local built cultural heritage as a part of local distinctiveness and aesthetic qualities has thus become an important strategy for local development (Pearce 1994). The conserved, enhanced or recreated events, personalities, associations and surviving structures are also resources supporting the existence of a large heritage industry (Hewison, 1987).

In the developed countries, the practice of conservation has since the 1960s extended into area-based strategies dealing with groups of buildings, townscapes and the spaces between buildings rather than only on individual monuments and buildings. Usually the management of a historic conservation area will require the formulation and implementation of some form of plan mechanism and legislative framework as a basis for development control and to guide future development. Constraints are established in the ways in which the fabric should be treated during its remaining life cycle, to maintain a context that supports the composite value of historic buildings and areas. In addition to these, plan implementation may be augmented by other positive and active measures for physical enhancement and restoration (Larkham, 1996; Tiesdall et al, 1996).

However, policies supporting historic conservation and rehabilitation have been linked to gentrification – traditionally defined as "the rehabilitation of working-class and derelict housing and the consequent transformation of an area into a middle-class neighbourhood" (Smith and Williams 1986: 1). This complex process typically involves physical improvement of the housing stock, housing tenure changes from renting to owning, price rises and the displacement or replacement of the working-class population by the new middle class (Hamnett, 1991). Once an unexpected

and quaint process occurring in a few cities, it has now become a prominent facet of urban regeneration internationally (Atkinson and Bridge, 2005).

Many governments to some extent support gentrification as a desirable revitalisation process. Commentators such as Neil Smith (2002: 2) has pointed out that there has since been a “generalisation of gentrification” in the urban landscape and in policy discourse, accepting it as the solution to regenerating declining inner city neighbourhoods. However, its social consequences have been controversial given the plight of low-income groups displaced from the gentrifying areas or marginalised amidst apparent revitalisation.

Displacement occurs when “any household is forced to move from its residence by conditions which affect the dwelling or its immediate surroundings, and which: 1. are beyond the household’s reasonable ability to control or prevent; 2. occur despite the household’s having met all previously imposed conditions of occupancy; and 3. make continued occupancy by that household impossible, hazardous, or unaffordable (Grier and Grier, 1978: 8, cited in Atkinson, 2001). It tends to take place when affluent groups create inflated prices that push out original, poorer residents over time (Marcuse, 1986), or when landlords seek to secure vacant possession (Atkinson, 2001). Affordable housing is lost and neighbourhoods become off-limits to the poorer segments of society. Private renters are usually the most vulnerable in the process due to their lack of tenure stability (Newman and Wyly, 2006). In extreme cases, market-led gentrification in the U.S has been found to produce overt resentment, racial and class conflict (Legates and Hartman, 1986: 196).

Since the 1980s, definitions of gentrification have been broadened beyond the initial, more specific, to include redevelopment. Leading gentrification researchers have argued that all forms of housing renewal involving displacement, ‘class transformation’ towards higher socio-economic status, and concurrent processes such as restructuring of urban land use towards commerce and consumption denotes gentrification. These phenomena broadly reflect a profound economic, social and spatial restructuring process affecting cities (Ley, 1996; Smith and Williams, 1986; Hackworth, 2001).

2.3 Socio-economic drivers:

While the last section provided a brief overview of what is entailed in housing renewal, the following sections outlines key perspectives regarding its driving forces. According to David Ley (1980: 240) "an understanding of the emerging urban landscape requires a prior grasp of wide-ranging processes of change in society itself". There is now widespread agreement that any analysis of urban or housing renewal should be placed in the relevant socio-economic context. It is understood that macro-factors such as population and the structure of the economy and society have an impact on the demand for real estate, household preferences, and also the social-disparities that underlie patterns of segregation (Glennester et al 1999; Lupton 2003; Grigsby et al 1987). Market position and economic health also to some extent constrain the policy options available to national and urban governments (Kantor et al., 1997).

Considerable literature focusing on the uneven patterns of urban revitalisation cities since the 1970s has pointed out that they took place in the context of profound economic restructuring in the global system. Notably, the concept of "post-industrial city" describes how certain industrialised cities have been transformed in the shift from manufacturing-based towards service-producing society. Within the late capitalist development there has been a long-term shift from manufacturing towards services, involving the decline of manufacturing industry and the rise of office work. Restructuring has lead to large scale unemployment due to the decline or exodus of traditional manufacturing jobs from established industrial centres (Lupton, 2003; Wilson, 1996). Meanwhile, in cities that have been successful in the economic transition, economic development could be harnessed as capital investment shifted to new sectors of the economy such as consumer services, real estate, information technologies, business and finance (Ley, 1996; Sassen, 1991).

This post-industrial transition is said to underpin increasing demands for commercial land use, the re-orientation of urban space for consumption, and the refashioning of the city centre for a segment of the new middle class. Changes in the structure of the economy drove changes in the spatial structure and the built environment. For example, the shift from manufacturing towards services expanded demand for centralised downtown commercial and office spaces and constituted important forces influencing the fortunes of cities (Macuse, 1986; Smith and Williams, 1986; Sassen, 1991; Ley, 1996). Post-industrial transition also brought about marked

changes in the occupational class structure and household income structure cities. It has led to increasing social and economic disparities, underpinned by growth of managerial, professional and technical personnel, as well as simultaneous concentrations of low- or unskilled service workers (Ley 1996, Sassen, 1991; Soja, 2000). These processes have had important implications for property markets. As the proportion of high-paid workers expand, and city-centre property markets become more internationalised, those with weaker purchasing power eventually give way to commercial developments and higher income housing. These trajectories are said to in turn underpin the refashioning of the city centre as a site for business, consumption and middle-class living - the gentrification of numerous industrialised cities (Ley, 1996; Marcuse; 1986; Smith and Williams, 1986).

2.4 Theories of urban politics

While the socio-economic context provides general drivers and/or constraints for urban development, institutions and political factors are also crucial mediating factors. Central and local government agencies, property development and community sectors for example all constitute actors who make decisions, interact, and carry forth specific interventions in the built environment. Thus, socio-economic and institutional factors are usually considered in tandem when analysing urban renewal (e.g Feagin, 1984; Fainstein et al, 1986; Savitch, 1988).

There are various theoretical perspectives with which to make sense of political and institutional dynamics shaping cities. Different perspectives make different assumptions and forward different claims. For the purposes of this study, this section reviews several influential perspectives – namely the liberal, pluralist, state-centred and Marxist perspectives. It also reviews several more recent theories of urban governance including the entrepreneurial city, urban regime, and the urban growth machine theories. Table 2.1 overleaf summarises these perspectives and makes clear their distinctions. This more general overview will provide a basis for a critical examination of the Chinese growth coalition perspective, which will be the subject in the subsequent sections.

Table 2.1: Key theoretical perspectives of urban development

Key claims of the perspective	
Liberal perspective (e.g. Peterson, 1981)	Underlines a faith in free-markets. Society is viewed as made up of individuals, and seen to have a common interest in growth. As competitors in the market economy, local states are compelled to make policies that enhance the economic position of the city as a whole. Both markets and government intervention are assumed to be 'neutral' institutions. The economic growth pursued by governments benefits all residents.
Statist perspective (e.g. Gurr and King, 1987)	In direct contrast to the free-market perspective, urban changes are assumed to be state-led, in accordance with its ideologies. The state plays a progressive role in society and yields strong power to plan and direct urban development. By social consensus or coercion, the private sector will follow and fit into the master-planning frameworks that are prepared by the state in implementation.
Pluralist perspective (e.g. Dahl, 1961)	This perspective rejects the view that any one group in society monopolises power and dominates urban politics. Under the liberal democratic system, the state is seen to be responsive to varied popular interests. Relatively numerous and legitimate interests could organise, gain entry to the political system, have their concerns heard, and can impact upon policy outcomes.
Structuralist perspective (e.g. Fainstein et al, 1986; Castells, 1977)	Rejects the assumption of a neutrally operating market as well as a neutral political system. Urban development is seen to be socially and spatially unequal under capitalism, engendering class conflict. The aim of state intervention is to ensure the reproduction of the economy and society by managing these tensions. It tends to favour the capitalist class due to the necessity of maintaining capital accumulation. At the same time the state possesses some autonomy to develop institutions and programmes to ameliorate class conflict and to address the demands of the subordinate working class.
Instrumentalist perspective (e.g. Gordon, 1976)	Also emphasises the uneven and socially conflictive nature of capitalist system that constrain local politics. State policies are integral to the functionality of capital accumulation. The state has limited autonomy from the capitalist class, who yield crucial productive resources. Through its policies the state always acts to maintain and extend the interests of the dominant class.
Urban regime (Stone, 1989, 1993)	Local politicians are capable of making a range of policy choices, but structural constraints of capitalism and democracy mean that they need to form alliances with powerful non-state actors to achieve their goals. Local policies are thus influenced by the composition of the local governing regime – informal coalitions of public and non-private elites who work together to make urban key decisions and implement policies. Elite local businesses are most likely to become long-term partners of the local government and to play a prominent role in shaping a pro-business rather than socially progressive urban agenda.
Urban growth machine (Logan and Molotch, 1987; Molotch, 1976)	The search for financial gain from intensifying land uses (and creating 'exchange value) by elite businesses and institutions drives urban development. Urban 'growth machines' - informal coalitions comprising predominantly of property owners, development professionals and financiers - form around a shared commitment to growth – and can shape local government policies. However their actions may conflict with those residents wishing to protect the 'use value' of places, who may organise themselves to counter the growth-coalition in the form of neighbourhood and environmental groups.
Entrepreneurial City (e.g. Harvey, 1989; Hall and Hubbard, 1998)	In the context of globalisation and heightened inter-urban competition, urban governments have become more autonomous and directly engaged in economic development, whilst shifting away from its traditional role of service and welfare provision. The city government acts like an 'entrepreneur', taking risks and forming partnerships with the private sector to enhance a city's structural competitiveness as a site for capturing mobile capital and skilled labour.

Source: author's review

2.4.1 *Liberal perspective*

Liberal or neoliberal ideas stress the value of market autonomy, embracing the policies of privatisation and the reduction of state regulation of markets. It conceptualises a clear distinction of boundaries between state and market, seeing them in ideal-type terms as characterised by distinct logics (Francis, 2001). In this view, society is made up of individuals, and individual choice and rationality operate as an effective basis for the allocation of resources and decisions regarding public affairs. Both markets and government intervention are assumed to be 'neutral' institutions (Leitner, 1990). Peterson (1981) argues that as competitors in the market economy, local states are compelled to make policies that enhance the economic position of the city as a whole. Since cities compete for investment and tax-paying residents, they generally show little concern for redistribution, because of a need to retain those who contribute most to the local revenue base. He argues that all individuals share an interest in growth and that growth benefits all residents.

2.4.2 *Pluralist perspective*

While the liberal perspective assumes that cities develop under a market-oriented growth rationale, it downplays the significance of political processes and decision making. Exemplified by the work of Dahl (1961), the pluralist perspective posits instead that in the democratic system, the state is responsive to varied popular interests. It rejects the view that any one group in society monopolises power and dominates urban politics. Rather, relatively numerous and legitimate interests can organise themselves, gain entry to the political system, have their concerns heard, and can impact upon policy outcomes.

2.4.3 *Statist perspectives*

In contrast to the free-market and pluralist perspectives, the statist perspective assumes that urban changes are state-led. One traditional view, the redistributive state, assumes that the state plays progressive role in society and that it yields strong powers to plan and direct urban development (Gurr and King, 1987; Fainstein and Campbell, 1996). According to Savitch (1988: 7), an autonomous state can "exercise great discretion in what is built, how it is built, and who are the likely beneficiaries". It is capable of rational and efficient planning rather than acting

as an instrument for sustaining capitalist interests.

Another variant of state-centred theory is the developmental state (Johnson, 1982, 1999). The concept derives from the Japanese state, which used financial instruments and made strategic alliances with big conglomerate business to foster growth and to catch up with industrialised nations. According to Johnson (1982: 317-9), the developmental nation state performs the task of protecting or nurturing vulnerable domestic industries and puts aside short-term market profitability to pursue long-term optimisation of industrial structures. Rather than trying to command the economy, developmental states use 'market conforming methods of state intervention', flexible 'administrative guidance' and long-range planning to stimulate economic growth. This view of the state has been applicable in particular to various other East Asian countries including South Korea, Taiwan and Singapore (Johnson, 1999).

2.4.4 Marxist perspectives

Marxist political economy offers yet another contrasting perspective. This is a voluminous body of work and does involve considerable variety. Nevertheless the common point of departure is that they reject the assumptions of a neutrally operating market or a neutral political system. Instead, they highlight the socially uneven nature of economic and urban development. A key assertion is that the capitalist mode of production engenders class conflicts because it is an exploitative process allowing the accumulation of capital by a capitalist class at the expense of the working class.

In this view, state policies are integral to the functionality of capital accumulation. The state plays two indispensable roles – one to provide the general conditions necessary for production (such as a legal system, a monetary system and a healthy labour force), and the second to maintain social order by the creation of institutions to maintain legitimacy and contain social conflict (Pickvance, 1995). The term "accumulation function" and "legitimation function" were introduced by O'Conner (1973) to refer to these distinct, but linked, sets of actions carried out by the state. Because in a capitalist system the private sector effectively controls production of most goods and services, the state is placed in a position of having to facilitate accumulation in order to advance the material development of the city and the urban

economy. This systemic bias tends to favour the interests of the dominant groups. In this view, “The state is no longer seen to choose freely between policy alternatives on the basis of rational judgment; it chooses policies in the light of the major constraints on its action” (Gilbert and Ward, 1985: 3).

Beyond these basic claims about the state however, there Marxist scholars have been divided in their conceptions of urban politics. One influential variant, the “instrumentalist” perspective see the state as an instrument used in the general interests of the dominant (elite) class of capitalists. The state is considered a unified entity across different levels, and has limited autonomy from the dominant class. Through its policies the state always acts to ensure that the interests of the dominant class is maintained and extended. These tendencies are so strong that political factors such as party politics cannot change its basic shape (Pickvance, 1995). For example, Gordon (1976) attributed the state a minimal role in the sense that state policies tend to merely reproduce the structure of the ‘corporate city’.

By contrast, the “structuralist” perspective asserts that the state maintains a certain degree of autonomy from the dominant class in order to create social order and to reconcile national and local class interests. A key writer of this perspective is Castells (1977). In this view, the capitalist class is favoured but does not necessarily dominate the state apparatus. The state can theoretically establish public priorities, enlist resources to realise its own objectives, and to curtail private profit. It can act against the clearly defined interest of the dominant groups and address the demands of the working class, albeit under constant pressure from various interest groups. As such, state institutions become an important object of study due to their role in reconciling conflicting pressures in society (Pickvance, 1995).

Marxian interpretations have had considerable influence in the analyses of post-war urban renewal by drawing attention to and attempting to explain its uneven social consequences. For example, Susan Fainstein and her colleagues (1986: 252) argued that the objective of the state in urban renewal has been “to facilitate accumulation... to implement programmes which produce new investment in the built environment capable of generating private profit and of expanding the market value of real estate”. But they also accepted that pressure group activism, social movements, and social conflict can affect or indirectly alter the behaviour and policies of the state (ibid: 257).

The deterministic nature of Marxist assertions has nevertheless been criticised. Despite its claim that states face similar pressures under capitalism which inevitably lead to similar outcomes, urban scholars pointed out that state responses to housing, planning and servicing vary markedly both geographically and temporally. For example, policy formulation, implementation and the rules that govern public administration will differ between “bureaucratic authoritarian” and “populist” governments (Gilbert and Ward, 1985). Marxist perspectives thus fail to account for variations in policies and practices across nations, cities, or over time (see Mollenkopf and Strom, 2007; DiGaetano and Strom, 2003). A more contextually sensitive approach developed since acknowledges that there are different kinds of capitalism and political arrangements which treat their populations and built environments differently. These are conditioned by political, social and cultural conditions, rather than only economic forces (Savitch, 1988: 7).

Furthermore, many urban scholars asserted that urban politics and urban governance also matter. National politics and structural forces of the economy form an overarching set of conditions and constraints, but cities themselves make certain policy choices - such as between community preservation or downtown office development, or the choice between job creation and environmental quality (Savitch, 1988; Stone and Sanders, 1989). Urban political systems can be understood in terms of who the main actors are and how power is combined between them. Major actors in cities include politicians, technocrats, and different interest groups among the private and non-profit sectors. Savitch (1988: 266) argues that how these interests are put together in a city “explains a good deal about the politics of each city - and ultimately the choices that are available”.

2.4.5 *Urban regime theory*

Over the last three decades, significant trend in state restructuring has occurred. In many places this has meant the transfer of administrative authority and that the locus of authority and responsibility for urban development sits at the local level of government (DiGaetano and Strom, 2003; Mayer, 1994). Theories of urban governance have thus come to shape much of the thinking about cities, asserting the insight that urban actors can make decisions regarding specific policy options (Stone, 1989; Mollenkopf and Strom, 2007; Savitch, 1988). Urban governance

broadly refers to the process through which local authorities, in concert with private interests, seek to enhance collective goals. It concerns the coordination and fusion of public and private resources, which have become a widely adopted strategy for local authorities throughout Western Europe (Pierre, 1999).

An influential theory of urban governance in liberal democracies is urban regime theory. The key writer here of note is Clarence Stone (1989, 1993). Shifting away from the structuralist perspective as a starting point, he argues that local politicians are capable of making a range of policy choices, but the constraints of capitalism and liberal democracy mean that they tend to form alliances with powerful non-state actors to achieve their goals. In this view - which may be characterised as neo-pluralist, or even elitist - power is unevenly distributed in the hands of a few privileged groups in cities.

Stone adopts a 'social production' conception of urban political power, whereby the governing process is about combining the ability to achieve governing goals ('power to'). He claims that in a liberal democracy the local state alone is inadequate for effective administration, because power is divided between the government actors who control public authority, business elites who determine capital investment decisions, and the voting public. Elected officials must simultaneously consider the interests of public sector bureaucracy, electoral constituencies, and the holders of private capital in order to win elections and hold office. To be effective at governing therefore, governments must "blend their capacities with" those of various non-governmental actors through negotiation and coalition (Stone, 1993: 6). He claims that this is done by forming "urban regimes" – informal coalitions of public and non-private urban elites who work together to make key governing decisions and implement policies. In sum, cities are governed by urban regimes, and local policies are influenced by the composition and ideologies of the regime (Stone, 1989: 4).

Who gets institutionalised into the urban governing process depends on the specific political and economic context, the goals and ideologies of local officials and what resources it needs to win elections (Stone, 2005). For example, progressive elected officials may ally with community activists to build a social reform agenda. However, regime theory still leans towards a structuralist view of the state. It asserts that mayors and city governments tend to forge ongoing alliances with major private asset holders (elite businesses), and to forward a pro-growth rather than socially equitable agenda. This is because they control significant productive resources

such as capital, and the media, and can 'buy off' opposition (Stone, 1989).

Regime theory emphasises how human agency is a force in cities, paying primary attention to the strategies, schemes and needs of regimes at the local level. This however means that it overlooks the ways in which urban politics and policies are linked to, and in turn influenced by the national or international context. Furthermore, this theory was developed in the U.S, where business interests are well represented in government and local government official are thus particularly receptive to the needs of business and for property development (see Harding, 1995; Stoker, 1995). Thus, it is important to bear in mind that its "strong business, weak state" assumptions should not be uncritically applied to other contexts (DiGaetano and Klemanski, 1999).

2.4.6 *The Entrepreneurial City*

While regime theory neglects extra-local forces, the 'entrepreneurial city' thesis picks up here by linking pro-growth urban governance to globalisation and the shifting regimes of accumulation from fordism towards post-fordism. A key contributor to this theory David Harvey (1989) argues that there has been a general shift in urban governance from managerialism to what he calls "entrepreneurialism" in late capitalism response to more intense global inter-urban competition. The key claims is that the traditional 'managerial role' of local governments - concerned with the provision of welfare, services and consumption - has shifted towards a more pro-business stance to foster and encourage local economic growth. The public sector has even become an active 'entrepreneur', taking over characteristics once distinctive to the private sector such as risk-taking, inventiveness, and profit-motivation.

Hall and Hubbard (1998) since characterise urban entrepreneurialism by two basic characteristics: a political prioritisation of local economic development rather than social redistribution, and an associated institutional shift from urban government to urban governance. In this interpretation, the aim of entrepreneurial cities is to enhance comparative advantages of the city relative to other cities. This generally means adopting policies which allow the city to gain higher standings within the international or regional urban hierarchy, and to or retain footloose investment capital, residents, skilled labour force, and visitors. Place promotion and urban re-

imaging through large scale real estate development are often important themes of entrepreneurial cities. From an international perspective, the 1980s and 1990s has been widely seen as an era of urban entrepreneurialism (Hubbard & Hall 1996; 1998; Short & Kim 1999; Jessop, 1998; Ward, 2003).

Key authors note that many entrepreneurial projects are risky and speculative, and by nature may lead to social conflict or the neglect of social issues in urban development (Harvey, 1989). Nevertheless to Jessop and Sum (2000), 'advanced' entrepreneurialism involves specific place-based strategies to enhance competitive advantages. The local government takes the role of a place-promoter, based on a clear development strategy, a strategic discourse, and its actions are justified by long-term place-based interest.

A second crucial aspect of entrepreneurial governance is the embrace of 'partnerships' or 'coalitions' with the private sector (Harvey, 1989; Hall and Hubbard, 1998; Jessop, 1998). This institutional form may come to assume a leading role for rebuilding inner city areas where problems of declining industry, decaying infrastructure and poverty concentration are prevalent. Public sector subsidies are often used to encourage development, especially in areas of high risk (Healey et al., 1992: 218, Hall and Hubbard, 1998). Thus, while urban regime theory focused on the dependency of the local state on private sector resources to govern cities, the entrepreneurial city theory highlights pressures on local governments to 'compete for growth' in a global context. These may be complementary views, with emphasis on drivers at different spatial scales. Cities throughout the world are now facing the pressure of globalisation. The response, however, varies, being dependent upon the national and local configurations of politics or regimes (Harvey, 1989).

2.4.7 *The Urban Growth Machine*

Resembling the entrepreneurial city and urban regime theories, but with particular emphasis on the city as a site of struggle around real estate, is the influential 'urban growth machine' theory. The key concepts were first set out in Harvey Molotch's (1976) seminal paper, and later refined with John Logan (Logan and Molotch, 1987). The authors drew insights from the Marxist perspective but they also incorporated insights from human ecology and community studies.

Growth-machine theory posits an elitist view of urban politics. It argues that the search for financial gain from intensifying land use constitutes the driving force of urban change and urban politics. In other words, the 'rentier class' – those directly involved in the exchange of places as commodities – are regarded as key players. A key concept is that the urban 'growth machine' – an informal coalition comprising local politicians, property developers, property owners, development professionals and financiers - emerge around a shared commitment to economic growth and dominates local development. The essential goal of his coalition, the growth machine, is to maximise the overall value of land and keeping human activities at the sites of their property interests. They not only attempt to foresee future locational trends, but they actively attempt to shape the patterns through which others will seek value from place. Their principal effect is thus typically to bend the policy priority towards developmental, rather than redistributive goals (Logan and Molotch, 1987; Logan et al, 1997).

The composition of the growth machine roughly describes a business elite that collectively wields control over substantial material and intellectual resources. To secure the preconditions of growth the coalition can organise collectively to influence government and policy, because the public sector controls crucial regulatory and fiscal resources available to influence growth. Pathways of influence include alliances with planning administrators or city planning officials, dominance of media outlets in promoting their growth projects, and financial strength.

The authors argue that the interest of the growth machine is largely supported by local governments because governments are "primarily concerned with increasing growth" (ibid: 53). Local governments are seen to have strong material interests in expanding local real estate revenues and from business sponsorship. Thus, it routinely bolsters exchange value gains for powerful land-based interests. "In zoning, planning, environmental protection, and more broadly, national urban policies, the overall thrust of urban programs has been to bolster development and rents, and rarely to enhance use values" (ibid: 14).

Also central to this theory is the view of land and properties as possessing both "use value" and "exchange value", and cities as sites of struggle over these different values. The politics of growth is analysed in terms of a duality between 'exchange value' and the 'use value' of urban land and properties, claimed by competing

interests. 'Exchange value' broadly includes the value of outright purchases as well as payments that home buyers or tenants make to landlords, realtors, mortgage lenders, real estate lawyers and so forth (ibid: 23). 'Use value' in contrast are rooted in the neighbourhood as lived places rather than commodities. The stakes involved in people's relationship to place and its use value can be very high, relating to a range of material, spiritual, social and psychological connections to buildings and locations. For example, one's home is a particular place which provides access to school, friends, work place and shops, as well as individual identity and emotional satisfaction (ibid: 18-9).

Citizens and residents do not necessarily contest speculative behaviour of the growth-coalition. Some commercially oriented place-interventions create both exchange value and use value for residents – such as the provision of new or better shops and facilities. Home-owners are for example also interested in the exchange value of their assets, and may thereby support rising values (ibid: 123). Nevertheless, a potential conflict exists between efforts to maximise the profit-potential of places and the everyday 'use value' of places (ibid: 2).

But citizens are not passive actors in this theory. They may be willing to resort to all sorts of mechanisms to fight for their right to keep their place-relations and connections secure and stable. They may organise, protest, and seek political regulation to this end (ibid: 18-9). Thus, emerging 'counter-coalitions' may form around distributional and environmental concerns, and may eventually become a sufficiently potent force to slow down or prevent the activities of the growth machine. This can bring together residential interests in the form of neighbourhood associations, environmental groups and other civic organisations to protect or enhance use values, often in the face of threats from development proposals.

The growth coalition may adapt as it attempts to manage the concerns of more powerful sources of opposition, but it has the resources to circumvent opposition and to remain durable despite local opposition or even government regulation. Financial and political resources, residential stability, social homogeneity, and already existing organisational structures are critical in having an ability to oppose the growth coalition. Thus, affluent areas are more likely than others to have organisation that achieve unity and become effective. Poor neighbourhoods in contrast have the least capacity to create and sustain them effectively (ibid:135-7).

Extending insights from Marxist perspectives, yet more clearly acknowledging human agency, urban regime and urban growth coalition theories have both been widely adopted as frameworks to analyse the governance of urban regeneration/redevelopment (e.g. DiGaetano and Klemanski, 1999; Davies, 2001; Jonas and Wilson, 1999; Gotham, 2000). The urban regime theory anticipates a range of possible urban governance arrangements, but stresses the prominence of stable alliances between elite businesses and local politicians. The growth machine emphasises a more narrow conception of an elitist, real-estate led urban development which tends to be socially exclusive.

What is useful in the growth-machine theory is that it shifts our attention to the influential role of rentier groups acting in conjunction with favourable government policies. It also shifts our attention to the tensions between communities – particularly poor neighbourhoods – and those seeking to extract exchange value of properties. In other words, it provides a link between urban politics and daily urban experience and shows how their activities intertwine in the urban development process (Jonas and Wilson, 1999). However, its conception of elite power over local government and its view of real estate as a driving force of urban politics do not necessarily carry elsewhere, (Harding, 1995).

Both of these latter theories of urban governance have been criticised as too 'localist', in that they fail to provide explicit references to how extra-local factors will affect the nature of regime formation. They have also been described as 'ethnocentric'. Both were generalised from the U.S, whose governmental system is specific in terms of the high level autonomy of land use decision controlled by urban authorities, a high reliance on taxes from local businesses and residents, and where business interests are well represented in government. Local government officials are thus particularly receptive to the needs of business and for property development (see Harding, 1995; Stoker, 1995). Thus, it is important to bear in mind that their "strong business, weak state" assumptions should not be uncritically adopted.

2.4.8 *The need for context-awareness*

This section has briefly reviewed a range of contrasting theoretical perspectives for

analysing urban development – liberal, pluralist, statist, Marxist, entrepreneurial city, urban regime and the growth machine. Apart from the developmental state theory the others have been developed from insights from western, liberal democratic societies. What the review suggests is that reality is a complex condition and any one theoretical approach does not necessarily encapsulate the whole story. The Marxist perspective for example has been influential in highlighting the socially uneven and even conflictive nature of urban development, but downplays the role of politics. The urban growth machine thesis for example extends deterministic Marxist insights by stressing human agency, especially of elites, but arguably downplays the role of the state. Arguably, different perspectives have different degrees of applicability to different settings, and some situations might require the adoption of more sophisticated, hybrid perspectives.

Many urban scholars now do take such an approach, in order to achieve analyses that are contextually specific (Kantor et al., 1997; DiGaetano and Strom, 2003; DiGaetano and Klemanski, 1999). They acknowledge that before applying abstract theories to specific contexts, they need to be placed within a broader framework that recognises the national political-economic context, specific central-local relations and the extent of local government autonomy relative to the private sector (DiGaetano & Klemanski 1999: 24). Only by paying attention to these parameters can local governance be sensitively assessed.

2.5 China's urban growth coalition

The above review of key theoretical perspectives provides a rich background of concepts for urban analysis. Yet, most of them are based on discussions in western, liberal democracies. This section in turn considers the relevance of different analytical perspectives to post-reform China. In recent years, scholars have made considerable progress in this field. Asides from reviewing some key ideas, this section shall focus on the growth coalition perspective which has become a prevailing approach in considering urban (re)development there.

2.5.1 State power and marketisation

The statist perspective has always been particularly relevant for pre-reform urban development in China. Given its centrally planned economic system, the state was

influential in almost all aspects of economic, social and political life during that time (Fu, 2002). Interesting, a review of the recent literature on urban development in China suggests that a state-centred, rather than free-market or pluralist perspectives, might still be valid in the post-reform context.

When analysing housing and urban development in China, scholars emphasise the process of political-economic transition under way since 1978. Since then, China has undergone a so-called 'gradualist', although actually radical, transition from a highly centralised planned economic system towards 'a Chinese-style socialist market economic system' (Wang, 2004). Some profound transformations have indeed occurred. There has been significant liberalisation of the economy, including the rapid growth of private sector ownership and production, of market mechanisms, and globalisation (Han, 2000; Wu, 2000). Housing and properties have been re-valued as economic commodities. Since then private property development begun to emerge and market forces were said to at least partially replace the state in influencing housing and land development (Wu, 1996; Wang and Murie, 1996; Yeh & Wu 1997). Considerable work in recent years suggest that state policies were important drivers of market transition, industrial restructuring, rural-urban migration, and 'globalisation' , which are key processes associated with socio-economic and spatial restructuring in China (Li and Wu, 2006b; Wang, 2004; Wu and Ma, 2005).

Most scholars emphasise that China's reform was 'two-tracked'. Firstly, political reform towards a western-style democracy was not a part of the national reform agenda. There has been maintenance of centralised political control in the hands of the Communist Party, while liberalisation and market mechanisms were pushed forth in the economic sphere. In contrast to a free-market system, there remained significant public ownership and authority (Wang, 2004). In other words, China has been shifting towards a decentralised economy with a mixture of market mechanisms and planning controls (Zhu, 1999). Neither has the state been replaced by the expanding market, nor has there been a simple shift of power from the public towards the private sector actors (Wu et al, 2007; Zhang, 2002).

All these meant that although market forces were apparently operating and shaping China's development, free-market assumptions of urban development would not be appropriate. For example, Han (2000: 2091) argues that "The state, including both central and municipal levels, has played a key role in determining the economic and

spatial revitalisation of Shanghai.” In this state-centred view, market forces would not have come into play without government’s initiatives on reform and support for a liberalised environment. The ownership of large enterprises by the state also remains strong. The state can strongly influence “the timing, the pace and the economic and spatial configuration” of cities through its policies, though the market was becoming an indispensable part in central and local state decision-making (ibid: 2091).

Nevertheless, state power should not be seen to be absolute as in earlier eras. There is also a need to shift away from the conception of an all-determining state, and to shift our attention to the more complex interplay that can occur between the state and market. For example, Le-Ying Zhang (2003: 1549) argues that it is inadequate to see urban economic development as driven by an ‘omnipotent state’ and a passive market. In her view the market has been much more than a ‘tool’ in the state’s decision-making. The public sector can influence the flow of resources by “articulating a broad vision, mobilising political support, attracting inward investment and providing the necessary infrastructure.” However “ultimately it is the market which decides the final shape of things” (ibid: 1569). The market has actually become “a growing force that the state had increasing difficulties trying to control” (ibid: 1549).

While this latter view begins to point importance of the market (and by implication market actors), other works focusing on urban development and redevelopment suggest that it is still deficient. This is because still neglects the considerable role that local governments have come to possess in the post-reform era, and to the changing nature of urban governance. Increasingly, urban development cannot be understood without looking at the local state and its relationship with various market actors at the local level. Indeed, Fulong Wu suggests that the entrepreneurial governance has become a crucial analytical tool (Wu et al, 2007; Wu, 2003).

2.5.2 *Entrepreneurial governance*

As mentioned, the context of central-local relations critical for understanding urban governance and how policies are carried out in cities (DiGaetano and Strom, 2003). One major aspect of national reforms in China has been a decentralisation of power towards urban level (municipal) governments. Traditionally, the Chinese state held

decisive power in shaping urban patterns through centralised planning, while the local government had little autonomy in determining urban development. Local governments functioned as agents of the central government, rather than necessarily their perceptions of local interest (Fu, 2002). However, since the 1980s, by gradually devolving financial and land-use authority to localities, the central government has gradually transformed itself to assume the role of a regulator, while strengthening the role of local governments in developing their own jurisdictions. Since then, Walder (1995) found that the local government came to behave more like a firm, because strong incentives were now there to develop its own business activities so as to increase local revenue sources.

Local states have gained greater fiscal and administrative autonomy, more reliance on locally generated revenues for funding, as well as becoming responsible for urban planning and managing urban land. A relatively decentralised urban planning system developed, whereby urban development initiatives were now conceived, approved and carried out at the municipal or even urban district levels. These changes greatly enhanced local government capacity as well as pro-activeness in promoting local development. Meanwhile the central government has significantly reduced its direct involvement in local redevelopment projects (Wu et al, 2007; He and Wu, 2005; Zhu, 1999).

Thus, traditional statist theories, or the developmental state perspective do not capture the locally-rooted nature of decision making. Wu and his colleagues (2007: 13) recently argue that the Chinese state has moved away from an egalitarian 'resource distributor' (the redistributive state) towards a developmental state, and finally to a more entrepreneurial type of local urban governance. In the context of rising inter-city competition and market expansion, boosting local economic growth and raising local revenue have become the core concerns of the local governments. Specifically, this means that the local state behaves as a "market player" and can "use market instruments to achieve explicit or implicit political agendas", for urban (re)development and economic growth, with limited concern for public accountability (Wu et al., 2007, 196).

2.5.3 The growth coalition

Yet, the local state could not act alone to achieve its objectives. Recognising all of the above institutional changes, Tingwei Zhang (2002) has applied the urban regime perspective to China highlight the emerging co-operative relationship between public and private sectors in urban development. He argues that although the public sector is still a very strongest stakeholder, and dominates all aspects of *political* decision making, the trends of a shrinking state and a growing marketplace has brought a changing economic relationship between the state and non-public actors. With increasing value of private enterprises, including the real estate sector, the municipal government is now increasingly compelled to see them as partners to achieve its urban development agendas. Simply put, the economic incentive for the local state to facilitate or enter into coalitions with the private sector has strengthened.

Corresponding to this view, there is now emerging consensus that the recent phase of rapid urban restructuring was driven not only by entrepreneurial local states, but by a 'Chinese-style' growth coalition in the context of rapid economic restructuring and market-transition (He and Wu, 2005; Zhu, 1999; Zhang, 2002). This has earlier been termed the "Chinese growth coalition perspective". This argument draws elements from the urban growth machine, urban regime as well as entrepreneurial city theories, and has been modified somewhat to reflect the specific political and economic context of post-reform China. Although different authors come from slightly different angles, the core claim of the growth-coalition perspective is rather consistent.

Table 2.2 overleaf provides a summary of the "Chinese growth coalition" perspective, as expressed by some of the key authors. It asserts that China's urban development "has been fuelled by emerging local elites taking advantage of *de facto* devolution to pursue growth during explosive urbanisation in a transitioning economy." (Zhang and Fang, 2004: 295). Pursuing common interests in local economic expansion and wealth accumulation, growth coalitions between local government, property developers, construction companies, and financial institutions have been formed to facilitate new construction as well as inner-city redevelopment (He and Wu, 2005; Zhu, 1999). As a result, the city has been turned into an engine for the growth coalition "to maximise exchange value at the expense of local communities' use

value" (Zhang and Fang, 2004: 294).

Table 2.2: The Chinese growth coalition perspective

Dimension	Key claims in relation to housing renewal
Who drives urban renewal, for what?	Urban development has been fuelled by emerging local elites taking advantage of the de facto devolution to pursue growth during explosive urbanisation in a transitioning economy. Pursuing common interests in local economic expansion and wealth accumulation, growth coalitions between local government, construction companies, and financial institutions have been formed to facilitate inner-city redevelopment. As a result, the inner city has been turned into an engine for the growth coalition to maximise exchange value at the expense of local communities' use value.
The entrepreneurial local state	The municipal government is an essential player in urban development possessing political and land resources, and controlling financial leverages. It acts as the mediator and supervisor of the redevelopment process (He and Wu, 2005: 1, 16). The local government "opens up opportunities for property development and provides various types of support to accelerate the redevelopment process" (He, 2007). "Two considerations motivate a municipal government in facilitating urban growth: exhibiting achievements to the central government and promoting economic development to serve interest groups and the constituency" (Zhang, 2002: 493, see also He and Wu, 2005, Zhu, 1999).
Socio-economic driving forces	Urban renewal has been underpinned by profound economic changes in the wake of market reforms. China has been shifting towards a decentralised economy with a mixture of market mechanisms and planning controls (Zhu, 1999). Its cities have experienced rapid urbanisation accompanied by economic growth. Large cities, such as Shanghai and Beijing, are in particular generators of economic growth and have attracted more investment from both international corporations and domestic investors (Zhang, 2002). With industrial restructuring, office buildings, demand for commercial and recreational facilities has dramatically increased. At the same time, the housing privatisation, the globalised property market, together with the emergence of urban affluence stimulated demands for upmarket residential complexes (He and Wu, 2005: 6).
Counter-dynamics to the growth-coalition	Due to the lack of democratic mechanisms and the persistence of state power in China's gradualist reforms, "Neighbourhoods are still excluded from the growth coalitions constituted by local government and the private sector. They do not have a share in the decision-making and implementation processes, nor do they even know how and when the redevelopment projects operate" (He and Wu, 2005: 16). "Driven by profit seeking ... thriving urban neighbourhoods are displaced by high-value property development, and suffer from uneven redevelopment" (ibid: 1)

Source: author's literature review

Within the coalition, the municipal government is an essential player possessing political and land resources, and controlling financial leverages. It acts as the “facilitator” and “supervisor” of the redevelopment process (He and Wu, 2005: 16). The coalition is however exclusive. Due to the lack of democratic mechanisms and the persistence of state power in China’s gradualist reforms, “Neighbourhoods are still excluded from the growth coalitions constituted by local government and the private sector. They do not have a share in the decision-making and implementation processes, nor do they even know how and when the redevelopment projects operate” (He and Wu, 2005: 16). This has become the prevailing perspective for analysing urban and housing renewal in post-reform China. It is a perspective which is attuned to the country’s specific political-economic context, and to the socially unequal nature of urban change.

This perspective does situate its analysis within a broader socio-economic context. Market transition, industrial restructuring, rural-urban migration, and globalisation are key processes associated with socio-economic and spatial restructuring in urban China (Li and Wu, 2006b; Wang, 2004; Wu and Ma, 2005). Key writers (e.g. He and Wu, 2005; Zhang, 2002) do acknowledge that these provided a fertile environment for land and property development and therefore for the growth-coalition (see table 2.2).

The existence and operations of the growth coalition has been borne out by a number of detailed empirical studies. Zhang and Fang (2004) highlighted the close relations between the government and growing number of state-owned enterprises (SOEs) and spin-off government enterprises who work together in monopolistic fashion to pursue urban restructuring and the intensification of land use. Shengjing He and Fulong Wu (2005) highlighted the partnership between extra-local property development actors and the local government. The co-operative relationship between local state and capital has been expedient for both sides, as they have shared interests in promoting growth and the intensification of land use. A general insight is that the local government “opens up opportunities for property development and provides various types of support to accelerate the redevelopment process” (He and Wu, 2007). Beyond these core actors the planning and design professions also play an auxiliary role in the development process (Ren, 2008; He and Wu, 2005).

These studies emphasised that residents were politically excluded in urban (re)development. Forced displacement of existing residents has been the key operational mechanisms underlying urban redevelopment. Therefore "Driven by profit seeking... thriving urban neighbourhoods are displaced by high-value property development, and suffer from uneven redevelopment" (He and Wu, 2005: 1). Due to the lack of electoral power to leverage government officials, community groups in China did not have the mechanisms to influence decisions or to gain entry into the coalition (Zhang 2002; He and Wu, 2005). At the same time, "local officials [did] not need to care about or be responsible to the residents, as [officials] are appointed by upper level governments rather than elected" (Zhang and Fang, 2004: 294). An extreme interpretation was that, "Economic growth for the benefit of the local elites... has become the real underlying motivation of political alliances between local governments and enterprises" (Zhang and Fang, 2004: 294).

Key contributors cited various economic and political reasons that fostered the emergence and dominance of the growth coalition. Zhu (1999) argued that the local government has an interest to nurture the performance of local enterprises – many of them state-owned, in order to engineer urban growth. This was achieved often by offering local property enterprises ample subsidised land. Because the performance of local officials are evaluated in relation to their achievements in local economic development, being able to carry out large-scale, high-profile redevelopment schemes constituted an important way for local officials to demonstrate their political achievements and to further their own careers. Entering into partnership with private capital enabled local officials and the state apparatus to achieve these material objectives (Zhang, 2002; He and Wu, 2005).

Although the core claims of this perspective resemble the original urban growth machine or urban regime theory in some ways, it also recognises some novel, context-specific features. These include the background of market transition, the persistence of public authority, and the limits of community power. He and Wu (2005) highlighted that growth-coalitions in China do not resemble the pattern of strong private sector influence over local priorities or policies, as claimed in the original growth-machine theory. In a sense, the role of the private sector has remained more restricted to the implementation of specific development projects. Unlike in liberal democracies, the Chinese political system remains highly centralised. Its officials are not publically elected but are assigned through a complex process controlled by

the Communist Party. The state apparatus thus retained control over political decision-making and still controlled significant productive resources such as finances, land and housing (Zhang, 2002). Fulong Wu (2007) even asserts that the Chinese local state support for the private sector can vary from time to time, depending on its own political interests.

2.6 Limitations of the literature

The above review demonstrates that the Chinese growth coalition perspective is sophisticated. It is empirically grounded, context-specific and multi-faceted, combining insights from a variety of schools of thought. By way of clarification, it acknowledges and highlights several inter-related dimensions:

1. The context of market-oriented reforms and subsequent socio-economic restructuring.
2. A weakened but persistent legacy of authoritarian state power.
3. The emergence of more autonomous, entrepreneurial local governments in pursuit of local economic growth.
4. The formation of informal coalitions with the growing private sector in the realm of urban (re)development.
5. The exclusion of non-elite citizens and residents in the decision making process.

Yet, although it apparently sheds considerable light on the driving forces and social implications of urban and housing renewal, some aspects of it demands more scrutiny. In this section, I identify several key areas requiring further clarification – which also sketch out a direction for this research. These include the characterisation of the local state, the issue of grassroots power, and the composition of the growth coalition.

2.6.1 *The local state*

One possible limitation of the Chinese growth coalition perspective is in its narrow conceptualisation of the local state. The perspective highlights economic growth as the key motivation of local governance, even to the neglect of social responsibility. For example, in one of the more extreme interpretations, Zhang and Fang (2004:

293) argued that “the distinction between the public and private is often ambiguous, if not totally unclear”. In the pursuit of urban renewal, it has “turned a blind eye to the resulting negative social and environmental impacts”. A more nuanced conception is provided by He and Wu (2005: 15) who demonstrated that in the pursuit of property-led redevelopment the local government has made some decisions intended to ensure more “sustainable” development. This includes measures to ameliorate social conflict and to ensure environmental quality, at the expense of private profit. Nevertheless, like other writers in the growth-coalition perspective, they do not imply that the local state acts for social or welfare concerns *per se*.

But do these claims adequately capture the role of the local state? The situation may be more complex. As pointed out by Hall and Hubbard (1998) it can be misleading to characterise entrepreneurial local governments as having abandoned the “traditional” role of redistribution and public service provision. Given that entrepreneurialism tends to be filtered through local institutional traditions, the Chinese local state may carry forth agendas and practices inherited from the former, more egalitarian system. Beyond this, Wang (2004) suggests that increasingly economic growth and social stability have become two simultaneous governing interests of the central government. It has evolved policies to support the poor and reformed the housing system to widen housing choice and quality of life. How these concerns are reflected at the local level, in housing renewal, is still poorly understood. A plausible view is that in response to these higher level political interests, local states have some concern for balancing social interests, within the constraints of market-oriented development. This might lead it to devise at least some policies and programmes that address the needs of disadvantaged groups.

In sum, there remains room for more careful assessment of how local states intervene in housing renewal, and with what purposes. Beyond facilitating economic growth, it would be critical to consider whether the local government also acts to address the welfare interest of local citizens, including the poor. If this is the case, it would challenge the simple characterisation of pro-growth governance currently taken for granted. It would also demand greater analytical attention to how ‘socially-oriented’ projects in urban China are conceived and implemented.

2.6.2 Grassroots counter-dynamics

Related to the above point, there also remains a lack of clarity regarding grass-roots power and its impact on policies. Internationally, much attention has been paid to the forms of 'counter-coalition' that have formed around distributional and/or environmental concerns who have attempted to slow down, change or even prevent the activities of the growth machine. To some degree, they have been successful (Fainstein, 1987; Mollenkopf, 1983; Logan and Molotch, 1987). In China, many authors have paid attention to the tensions between residents and the growth coalition, but one prevailing view is that residents have had too limited power and resources to oppose top-down decisions and plans (He and Wu, 2005; Zhang, 2002).

However, this view has also been challenged in light of more recent changes in policy. A few authors (Wu et al, 2007; Wang, 2004) demonstrated that governments have sought to set in place better and more transparent compensation measures in relocation, in response to signs of citizen discontent, resistance and unrest. Residents have utilised tactics such as squatting and protests to protect and assert their interests in the relocation process. Picking up on the same point, Ren (2008) recently debated the 'weak community perspective' adopted by other authors. He argued that the growth coalition has in fact been "under constant challenges from community residents" (ibid: 41). In his view, grass-roots resistance does matter and that they have "significantly changed the pace of urban development [projects], and forced the state to change to change its response to resettlement issues" (ibid: 40).

This debate points to the heart of the analysis of community power versus the state and the growth-coalition, but it is not yet settled. Both sides of the argument require further qualification. More careful research is needed to determine whether residents can through their efforts 'challenge' the growth coalition, what recent changes in relocation policy actually meant, and to what extent grass-roots resistance can have a real impact upon urban policy.

2.6.3 Differentiating local actors and processes

Another possible limitation of the Chinese growth coalition perspective is in its assumption of an undifferentiated growth coalition. In the prevailing accounts, real

estate actors have been characterised as a homogenous group with shared commitment to wealth accumulation, land use intensification, and whose actions inevitably result in the production of amenities for higher-income groups and displacement of the poor. Again, these analytical abstractions may be useful only to a degree. Scholars need to anticipate how more sophisticated patterns emerge.

There may be different kinds of property enterprises and intermediaries underlying interventions in the built environment which lead to distinct renewal outcomes. Yet, little is known about this issue, because little attention has been paid to comparative analyses of housing renewal projects, and to categorising the real estate actors involved. To address this issue, there needs to be more careful scrutiny of who the developers were and how their roles have been similar or different, though a methodology that considers a wider range of different development scenarios.

The local state-capital relationship in China may also be more heterogeneous than so far acknowledged. One possible dimension of differentiation might be between state-owned enterprises (SOEs) and private or joint-venture firms. SOEs have historically been a vital instrument for provision of social services and an instrument of state policy. For example, the companies often provide the entire range of social services to their employees including housing, education, health care, and pensions (Steinfeld, 1998). Alongside the economic reforms, the reform of state-owned enterprises was intended to liberate the companies from bureaucratic control that hindered their efficient management. Thus, SOEs generally now face higher expectation for financial autonomy and performance. In the real estate sector, a plethora of state-owned property development enterprises have apparently thrived across Chinese cities, playing a significant role in profit-oriented operations rather than social functions. Often they were supported by the favourable, almost protectionist policies of the government, making windfall profits (Zhang and Fang, 2004; Zhu, 1999).

However wealth accumulation may not constitute the sole driving motivation underlying 'public-private' implementation of projects in China. Scholars such as Koppell (2007: 261) argued that "it is questionable whether or not policymakers are truly willing to surrender SOEs as state instruments." He asserts that many SOEs play a dual role under bureaucratic influence, some of which are clearly against the financial interests of the enterprises: "On the one hand, the SOE is charged with

performing like a profit-seeking company, maximizing revenue and reducing costs. On the other hand, the company has policy responsibilities" (ibid: 264).

As Duckett (1996, 2001) identified, many property development enterprises were formed out of and retain close administrative links to local government bureaux or offices. Channels of public-sector influence, and the competing roles expected of these quasi-governmental enterprises means that some of these companies may have operated to achieve certain public agendas rather than merely in the interest of 'growth' and profiteering. In this sense, the growth-coalition perspective may be deficient, because wealth accumulation may not constitute the sole driving motivation underlying 'public-private' implementation of projects. This possibility needs to be properly investigated in the realm of housing renewal. In other words, more analytical attention needs to be paid to the role of state-owned, especially quasi-governmental enterprises, and whether their activities actually entailed a range of socially-oriented endeavours. This might demand a modification of the currently monolithic characterisation of China's growth coalitions.

In emphasising powerful elites as driving actors, the growth-coalition literature has also neglected the role of individuals in housing rehabilitation. Internationally, individual action by 'organic entrepreneurs' to upgrade run-down neighbourhoods has been a significant part of housing regeneration and gentrification. It is widely agreed that rehabilitation and redevelopment need to be seen as part of a broader view of urban restructuring (Ley, 1996; Smith and Williams, 1986).

This suggests that perhaps the grass-roots should also be considered relevant actors in urban change. In China the formation of the property market, the rise of private ownership, and rising affluence has theoretically led to increasing capacity for individuals to affect their own housing and neighbourhood predicaments. Thus, housing renewal may also take place in more decentralised forms, perhaps by certain more privileged segments of the middle class. Whether these processes have an impact on cities, how they relate to urban planning decisions, and their potential impacts on neighbourhoods still requires more careful research.

In sum, it may be possible to move beyond a monolithic conception of an undifferentiated growth-coalition, and is important to reconsider the role of grass-roots actors in housing renewal. Greater specificity regarding the different actors

participating in the urban growth agenda and more attention to the ways in which they relate to the agendas of the local government might offer a way forward.

2.7 Conclusion

This literature review suggests that rather than using a single perspective, a hybrid, contextually sensitive approach is required to understand urban housing renewal in post-1990s China. It has explained the intellectual origins and key claims of the “Chinese growth coalition” perspective, which has become prevalent in recent analyses of urban China. This perspective is empirically grounded, context-specific and multi-faceted, combining insights from a variety of schools of thought. It provides a crucial reference for this study.

The political-economic context is a crucial overarching determinant of a city's approach to housing renewal. Chinese cities are undergoing a process of post-socialist transition. Economic liberalisation and marketisation has taken place, signalling the shift away from a command economy. However, the Chinese state continues to wield considerable productive resources and there has not been a shift towards political democracy. It is also important to recognise the highly devolved inter-governmental organisation in the wake of institutional reforms. Power devolution towards lower levels of urban government, the emergence of growth-seeking urban governance, and the formation partnerships with private capital are crucial dimensions urban development in the post-reform era. Entrepreneurial urban governance can be a useful concept to understand the local government as a proactive actor in driving urban (re)development.

Beyond this, the literature suggests that urban development is has come to be organised through a coalition of powerful public and private interests, notably real-estate interests. Maintaining the conditions for economic growth and capital accumulation has become a key role of the local state. This has engendered a bias for private capital and the maximisation of exchange values in the process of urban development, at the expense of use values of residents. Unlike in liberal democracies, communities in Chinese cities have limited capacity to influence state policy because of the absence of democratic representative mechanisms and under-development of civil society.

Although this perspective provides a useful basis, some important areas requiring further scrutiny were pointed out. These include its characterisation of the local state, the issue of grassroots power, and the composition of the growth coalition. More research is needed to understand the role of the local state in housing renewal, such as whether a social welfare orientation co-exists and intertwines with the more entrepreneurial aspects of its interventions. A structuralist view of the local state might be more appropriate, which presumes that it is biased towards facilitating capital accumulation and economic growth, whilst also attempting to maintain social order and legitimacy.

The growth coalition also needs to be examined as a differentiated, rather than monolithic entity. There may be differences among property actors that underpin distinct outcomes in housing renewal. More complex interests than 'growth' may underpin the activities of different property enterprises and their involvement in housing renewal. As urban interests become more diverse, counter-dynamics to dominant coalition strategies may emerge to challenge the one-sided drive towards physical modernisation and forced relocation. Within the politics of citizen resistance which has now emerged, the extent to which grassroots actors can attain concessions from the state or impact upon urban renewal policy is yet to be fully considered. Clarifying all these can help develop a more nuanced understanding of housing renewal.

More broadly, the present research shall link the operations and outcomes of urban housing renewal to processes of economic and social restructuring. Critical here are the processes of urbanisation, market transition and of post-industrial transition. All these are crucial as conditions which sustain China's real-estate based coalition, the outputs of the growth coalition, and the inequalities that become manifest through housing renewal. Before progressing onto the empirical sections of this study, the next chapter explains the methodology adopted.

3 Methodology

3.1 Introduction

This chapter explains in detail the methodology of the research, which was a mixed-method approach including interviews, case studies and a range of secondary data. It drew on 21 interviews with local officials, property developers, urban planners and academics, two pilot case studies, three in-depth case studies documenting a range of housing renewal processes, and included 35 interviews with residents of dilapidated housing. Section two discusses the researcher's personal background and reflects upon how this had both limited and helped my fieldwork in Shanghai. Section three outlines the methods used to understand the national and urban context for housing renewal. Section four outlines the merits of the case study approach adopted to analyse housing renewal, and the criteria and processes of case selection. Section five explains how case studies were carried out and later analysed. The final section provides a summary. A great deal of care was applied throughout the research process regarding ethical issues such as personal consent, confidentiality, accurate recording of evidence, and accurate and responsible use of research findings. These are well accepted academic practices, and a note is included in Appendix 3.

3.2 The researcher's personal status

In retrospect, the author's personal status had considerable bearing on my data-collection process and these need to be outlined at the outset. As mentioned in Chapter one, the author is not a native of mainland China, but grew up in Taiwan and was later educated in New Zealand. My family nevertheless had roots in Shanghai. It was both my father's birthplace and where my grandmother had grown up before moving to Taiwan in the late 1940s. Being a non-native and lacking some institutional ties to local authorities was one important barrier I had to confront during the course of the research. How this was eventually addressed, and to what degree, will be discussed in later sections.

Nevertheless, it was also the case that my upbringing in Taiwan gave me invaluable

advantages compared to most foreigners wishing to conduct research in mainland China. Chinese (mandarin) was my native language, I understood much about Chinese history and culture, and it was relatively easy to blend into the local scene. Proficiency in the language meant that I could make use of Chinese literature, to organise various aspects of my fieldwork in Chinese, and to carry out face-to-face interviews and conversations. It naturally extended more broadly into my ability to move around, to observe and experience the city as a resident during my various fieldwork. Being able to pass as an ordinary Chinese resident in different neighbourhoods and to speak to people I came across during the course of my fieldwork was immensely valuable.

The political tensions between Taiwanese and mainland Chinese authorities are well known, and Taiwan "remains a sensitive issue to many people on both sides. This was one aspect of my identity that might have seriously affected my opportunity to obtain data. Fortunately, my status as a Taiwanese researcher in Shanghai did not prove to be a significant problem. The reality was that aside from the political dimension, other dimensions such as business, tourism and academic exchanges between mainland China, Shanghai and Taiwan had become extremely commonplace and accepted by the 1990s. After more than two decades of economic reform and open door policy, China was generally an accommodating place to most of its visitors.

In many ways, the Taiwanese economy has become inextricably linked to the mainland Chinese economy, meaning intensified social interactions and networking between the two places. By the time of my first visits to Shanghai there were reputedly around 300,000 Taiwanese entrepreneurs and employees based in the city or operating across two sides. Taiwan, alongside Hong Kong, was one of the biggest sources of 'foreign investment' to Shanghai's industries and real estate development (Friedmann, 2005), and Taiwanese businesses had long been welcomed to set up operations in the city and to bring in its management or technological know-how. Local universities had established frequent academic exchanges with academics and institutions from Taiwan – eager to learn from one-another. Many public officials from China, including mid-level bureaucrats had made formal visits to Taiwan and understand its plans and policies better than outsiders might expect. My being in Shanghai was therefore not generally seen as significantly out of the ordinary.

All these helped my ability to operate as a researcher and my stay in Shanghai immensely. Although access to decision makers was always difficult and required significant organisational efforts, in the public realm I was able to organise my activities relatively easily. The officials, professionals, academics and even many residents I eventually spoke generally behaved in an accommodating, even interested manner. Without these personal and contextual factors in place, my research could not have proceeded very far, or if at all. With all these as a background, the specifics of the research methodology can be explained next.

3.3 Understanding the national and urban context

This thesis focused on two key questions:

- *Question A: How has Shanghai responded to the task of housing renewal – including redevelopment, historic conservation and rehabilitation - since 1990?*
- *Question B: Does the “Chinese growth coalition” perspective adequately capture the social and political dynamics of housing renewal in post-1990 Shanghai? If not, how can it be modified?*

Three inter-related components of investigation were carried out to provide answers to these questions:

- A literature review to summarise and critically evaluate the Chinese growth coalition perspective.
- Research regarding the broader national and urban contexts and how they link to Shanghai's housing renewal programmes and processes.
- Specific case studies examining the relations and processes of different modes of housing renewal in areas of the city.

The first component was detailed in Chapter 2 and formed a basis for comparisons against findings from the second and third, empirical parts, of the research. Specific sources of data are outlined below:

3.3.1 Social and Economic context

To situate housing renewal within broader socio-economic circumstances the author took considerable time to carry out background research. A broad review of literature helped identify the key social and economic trends in urban China since its economic reforms in 1978. Shanghai's urban development was also examined from a historical perspective. In addition, a number of statistical sources were used to examine the social and economic changes in Shanghai, especially over the last three decades.

One major source was the "Statistical Yearbook of Shanghai", published annually by the Shanghai Statistical Bureau (SSB). Issues from 1992 could be found in the Shanghai City Library, and the years from 2001~2009 were accessed online through the official SSB website. Another was China's 5th National Population Census of 2000, and the "China 1% Population Survey" of 2005 - both organised by the State Council of China and the State Statistical Bureau. These were accessed through the "China Data Online Database" provided by The University of Michigan's China Data Centre.¹

The following issues were examined using the longitudinal data collected:

- Urban population trends, including rural-urban migration.
- Economic growth and industrial restructuring – including the composition of the economy, paying particular attention to the growth of the service sectors and the upgrading of the manufacturing industries.
- Changing employment composition – including the distribution of employment in different economic sectors, changes in the occupational class structure, and unemployment.
- Earnings and income distribution in the city.
- Performance of the real estate industry: including the trends in investment, construction, demolition, and housing sales.

To augment these insights the author also personally contacted and interviewed a senior official within the Development Research Centre of the Shanghai Municipal Government, to better understand the city's economic development strategy.

¹ Access was linked online through the London School of Economics library website.

3.3.2 The housing context

A variety of secondary sources were used to build up a preliminary picture of the housing context in China and Shanghai, including academic publications, government websites and official statistics. First hand insights also came from living in Shanghai for much of my fieldwork visits between 2006 and 2008. While general descriptions of the housing system and housing problems in the pre-reform era were abundant in the literature, there was only a limited amount of quantitative data describing living conditions before 1990. Nevertheless, one useful source found was “Shanghai Real Estate History” (ECSREH, 1999) - an official publication documenting the history of housing development in Shanghai from the 19th century up to 1995. It provided the results of the National Housing Survey of 1982 and 1985 – which shed light on overall housing conditions prior to the onset of comprehensive housing reforms in the late 1980s.

The 1982 survey provided information such as per capita housing space in the city and by different housing types in the city. The 1985 survey included data on the housing stock such as age, tenure distribution, construction type, per capita housing space, possession of amenities, and state of repair/degradation. These sources provided an overview of the local housing problems the government and urban citizens faced by 1990. More up to date longitudinal data on the housing stock, housing tenure distribution, per capita living spaces, rates of real estate investment and construction were obtained from the Statistical yearbook of Shanghai. Additional detailed insights about the local housing conditions were gained from interviews and case studies of specific areas. These will be explained in the ensuing sections.

3.3.3 The state and housing renewal

A broad approach was adopted to understand government strategies for housing renewal, how they were organised and implemented. The process began by consulting the existing literature and various government websites. From these the author established the nature of formal political institutions in China, the roles and powers of the local government, and the key administrative institutions for enacting urban and housing (re)development were then identified. The political agendas of central and local governments in urban development and in the evolution of housing policy were also examined.

Next, the author collected information regarding key urban planning and housing renewal initiatives enacted in Shanghai of relevance for the study period. Attention was paid to the evolving goals of housing renewal, what the government attempted or carried out in the realm of redevelopment, rehabilitation or historic conservation, why it intervened in such ways, and the roles of different agencies involved. Useful overviews were provided in the official publication "Shanghai Construction" (EBSC, 1991, 1996, 2001) – a history of major urban construction programmes in the city, and a more up to date review by Minqian Xu (2004, chapter 4) – an officer in the Luwan District Construction and Management Committee. Information also came from a variety of other sources including academic literature, local newspapers, and policy documents (accessed on-line from the websites of relevant government bureaus).

The author also carried out an online search to identify the top-ranked 25 property developers operating in Shanghai and reviewed their company information. This provided some information regarding their corporate characteristics, the kinds of projects they engaged in, and the backgrounds of their company leaders. These constituted preliminary insights into the real estate industry and their roles in city-building.

To better understand the interface between the plans, policies and the practice of housing renewal, more information was needed regarding the detailed processes, organisation and inter-relations of actors involved in housing renewal, including the government, property enterprises, and communities. This was gained by interviewing various local experts, property developers and government officials in related agencies. In total, 21 interviews with government officials (6), urban planners (5), local academics (4), and large and small real estate companies (6) were carried out as part of this research. A full list of interviews and the general interview schedules can be found in Appendices 1 and 2.

Informants include officials in a district urban planning bureau, district housing bureaux, members of the government-designated Expert Committee for the Preservation of Historical Areas and Heritage Architecture, senior academics/ urban planners based at the Tongji University College of Architecture and Urban Planning (TJCAUP) and its Institute of Urban Planning and Design, managers of several

state-owned property development/management enterprises, and a number of small private property developers.

Access to some of these people was extremely challenging, and the limited number of informants in each category reflected the constraints experienced. Due to the centralised political system, many aspects of decision making and policy implementation in China are closed off to the public. It was suggested to me that access to public officials required the mobilisation of formal institutional channels or informal personal contacts, yet the author had no apparent useful links at the outset. In practice early contacts were made with academics and urban planners at the Tongji University College of Architecture and Urban Planning - one of the leading centres for urban planning studies in China with extensive ties with the local authorities. Speaking to these contacts provided much useful information regarding the housing and urban planning context, and some of the informants were extremely helpful in pointing out other relevant contacts. This was a time-consuming process, and even with proper recommendations it was not always possible to secure opportunities for interviews.

Key issues dealt with in the interviews included²:

- Nature of housing problems in Shanghai;
- Conditions and population dynamics in dilapidated housing;
- The urban planning system;
- Official strategies and procedures for housing redevelopment;
- Official strategies and procedures for housing rehabilitation;
- Official strategies and tools for historic conservation;
- Property developers in operation in the real estate industry;
- Known impacts and problems of housing renewal;
- How relocation/ compensations worked in practice and their impacts;
- How social tensions in housing renewal were being dealt with;
- Discussion of notable case studies.

Fortunately, the interviewed conducted were generally open and accommodating discussions in which the informants demonstrated intimate knowledge of the subject matters. All the interviews were carried out personally by the researcher, in

² See Appendix 1 for interview schedules.

Mandarin. They were semi-structured and lasted from one hour up to four hours. Questions varied depending on the role and expertise of the informants. Most were recorded and written up soon after the interview. Conditions of confidentiality and anonymity were respected throughout. Some additional methodological considerations that arose are discussed in section 3.5.3.

3.3.4 The impacts of housing renewal

To understand the impacts of housing renewal on the built environment and social infrastructure over time, both quantitative and qualitative data were important. Many qualitative insights were gained from the above interviews. In addition to these the researcher drew on descriptive statistics from the Statistical Yearbook of Shanghai to examine the changing built form and functions of the inner city districts between 1985 and 2005 – in which most housing renewal took place.

Available data on housing demolitions demonstrated the progress of physical redevelopment over time. I then examined the changing composition of the built environment: specifically the quantity of different housing types, the quantity of office space, retail space, and other public facilities such as healthcare and educational spaces in the inner city. The growth in numbers of high-rise buildings in the city was used to provide a sense of the shift from low-rise urban form to a higher-density form. These shed light not only on the changes in the overall housing composition, but also on the changing land-use (economic) functions. Meanwhile, data on the rate of resident relocation and changing population densities in the urban districts provided two important indicators on the social impacts of urban renewal.

Overall, this stage of the research, drawing on a range of secondary sources and first-hand interviews, allowed the author to familiarise himself with the city, the range of approaches underlying housing renewal, the institutional framework, and the agencies that appeared to be involved in the planning and interventions in the built environment. The data also provided insights into the broader social, economic and physical changes in the city.

3.4 The case study approach

3.4.1 *Rationale*

Although the above research components provided substantial insights, many crucial aspects of the research could not be discerned via these sources alone. Living conditions of dilapidated neighbourhoods targeted for intervention and the implications of housing renewal can only be fully appreciated from the perspective of residents and various other actors 'on the ground'. The nature of inter-agency dynamics underlying the 'growth-coalition' also needed to be examined through concrete evidence rooted in specific housing renewal projects. Thus, a case study approach was decided upon.

The strengths of the case study in exploring complex urban phenomena are well known (Yin, 2003). Its usefulness lies in its ability to utilise a full variety of evidence – including documents, census data, artefacts, interviews and observations - to give a researcher a holistic and meaningful view of real-life events in their context, and the possibility exploring inter-connected causal mechanisms. Thus, it has been widely adopted in studies of urban politics and regeneration/redevelopment processes. Some studies focused on the level of the city as an overall entity (e.g. Fainstein et al, 1986; Stone, 1989). Others focused on interventions and processes in specific areas within cities (e.g. Fainstein, 1994; Gilbert and Ward, 1985; Savitch, 1988). Recently, case studies of specific redevelopment projects in Chinese cities have been utilised as a way to shed light on the process and agency dynamics of urban redevelopment in its transitional context (Wu and He, 2005; He, 2007; Yang and Chang, 2007).

One of the clear limitations of case studies is that they cannot be used as a basis for drawing scientific statistical generalisations. However Yin (2003: 38) explained that insights from case studies can help build 'analytical generalisations' - explanatory insights that can then be compared to other empirical studies. It has also been argued that by providing thick, context-sensitive descriptions of case studies, case studies communicate transferrable insights because readers may be able to discern the applicability of their findings to contexts which may be similar but not identical (Lincoln and Guba 1985; Bloomberg and Volpe 2008: 87).

Given that housing renewal can be complex interventions that evolve in time and

across different parts of the city, it was decided that a holistic understanding of it required an analysis of multiple case studies. A single case study may permit a more focused, deeper enquiry, but it may at the same time it may miss a sense of the whole or what the city is really like. By studying a few cases, a more nuanced view may be possible (Savitch, 1988). The evidence from multiple case studies is often considered more compelling, because it allows the researcher to discern more general tendencies as well as forcing him/her to account for variations, which can be helpful in moving the analysis away from monolithic assumptions. In such a way the use of multiple case studies is also suitable for refining a theoretical framework.

According to Yin (1994: 14; 2003) a robust analytical framework anticipates the conditions under which specific cases in the selection may produce either similar or dissimilar results, and this framework can be developed by making comparisons with the actual findings. Many notable studies of housing or urban regeneration use multiple case studies to understand commonalities as well as variations in conditions and dynamics in different places (e.g. Gilbert and Ward, 1985; Power, 1999; Fainstein et al, 1986).

The conceptual framework for this study (see chapter 2) anticipates housing renewal being driven by a powerful local state-led growth coalition for the purposes of enhancing exchange value of land, modernising the built environment and driving economic growth. It anticipates that the growth coalition may be largely unchallenged in its strategy, but variations in specific outcomes may occur depending on the specific interests of the local government for different areas, the constellation of actors involved, under changing economic circumstances, or in theory if well organised local resistance to existing renewal plans takes shape, forcing changes or concessions in the growth coalition's strategy.

3.4.2 Selection of case studies

Field visit to Shanghai from August 2006 to October 2007 allowed the researcher to become more familiar with the city, to speak to various local experts mentioned, and to consider possible case study areas. Several criteria were deemed important in the selection of case studies at the outset:

- The kind of housing and neighbourhoods involved should represent or be typical of the government's targets for renewal action;

- The cases should be of physical and/or political significance in the city;
- The cases should permit the researcher to examine different approaches to housing renewal in post-1990 Shanghai;
- They should allow the researcher to examine a range of institutional arrangements underlying housing renewal – but in particular the partnership of property developers with local authorities;
- The case should be far enough progressed to allow in-depth evaluation of the process and the outcomes;
- However, it was not possible to consider income levels of specific neighbourhoods as a criterion for selection, because of the lack of spatially disaggregated income data in China.

There was no systematic record of housing renewal projects available to the public to facilitate sampling. Thus, in conversation with local experts and through a review of secondary sources the researcher personally built up a profile of 14 potential housing renewal schemes as a basis for selection. (A full list and summary is attached in Appendix 4). This sample of projects encompassed a comprehensive range of interventions ranging from large scale redevelopment schemes (7 in total) to small scaled rehabilitation/ historic conservation projects (7 in total), all initiated in the 1990s or 2000s and at varying stages of completion. They involved different housing types – including one case of slum housing, nine cases involving Shanghai's most common dilapidated 'lilong' housing, two cases involving better quality detached colonial villas, and one mixed area. Seven were areas or buildings with designated conservation status, and seven were without any conservation status. They reflected a range of institutional arrangements. Three were housing bureau-led initiatives. Nine were procured through some combined effort of local authorities and property developers, and two were private-led schemes. From these the researcher was able to refine the case selection criteria further. The detailed considerations are as follows:

Firstly, the decision was made to target one particular type of historic housing that has been a consistent focus of Shanghai's housing renewal efforts from the 1980s till the present day – the indigenous shikumen lilong house. This would provide a basis of comparing different kinds of renewal interventions. Although this form of formal housing was not the only target for renewal, the shikumen lilong was the most prevalent form of old housing in Shanghai, it remained the priority of urban

renewal from the 1980s into the 2000s, it reflects China's legacy of high public sector ownership, and has since the 1990s also been the target of selective rehabilitation historic conservation. Because most of these dwellings were built between 1910~1930, this also provided a clear guide to the age of neighbourhoods to be selected.

Secondly, the cases should have physical and/or political significance. Following the approach of Savitch (1988) in his study of post-industrial urban development in London, New York and Paris, cases should represent "critical incidents" – events that involve a significant political effort to get something built, demolished, remade or rebuilt (ibid: 24). Critical incidents are not trivial or routine. They may affect significant changes in the built environment, shape an area of strategic importance, or be a key public policy initiative. It may involve the potential for conflict by its very impact on people and places, even if they do not necessarily engender overt conflict in the end. Studying these critical cases of urban development sheds light on the ways in which the system of government and other interest groups perform, and the impacts of their cumulative decisions and actions.

A third consideration in selecting case studies was that they should represent a range of development scenarios, for example different policy initiatives or different types of physical and/or social interventions. The selection of case studies thus embodied deliberate inclusion of discernibly different interventions and outcomes of housing renewal, in order both to draw out broader tendencies and extend understanding of how local differences occur.

Fourthly, because this study seeks to build upon existing insights regarding the "coalition" relationship amongst property actors and the local government, it was decided that at least two cases should entail this institutional form in project inception and implementation. The decision was also made to include cases involving "elite enterprises" – large property developers that have had significant impact on the city and a long working relationship with the local authorities in the realm of urban redevelopment.

Fifthly, because housing renewal can be a long-term process, one other criterion was that the process should have progressed to an extent such that some preliminary assessment of its impacts could be made. Ultimately, the availability of

secondary sources was also an important consideration. The researcher needed to feel at the outset that there would be sufficient range of information regarding the area, the project and its impacts to facilitate detailed analysis.

Finally, three case studies were chosen for this research:

- Redevelopment of the Taipingqiao area (abbreviated as TPQ): a case of large-scale restructuring involving significant resident displacement.
- Redevelopment of the Fukangli Neighbourhood (abbreviated as NFKL): a case of housing redevelopment involving community retention.
- Conservation and rehabilitation of the Taikang Road Tianzifang neighbourhood (abbreviated as TT): a case of piecemeal, market-led rehabilitation.

The locations of these case studies are shown on figure 3.1.

Figure 3.1 Locations of case studies in Shanghai

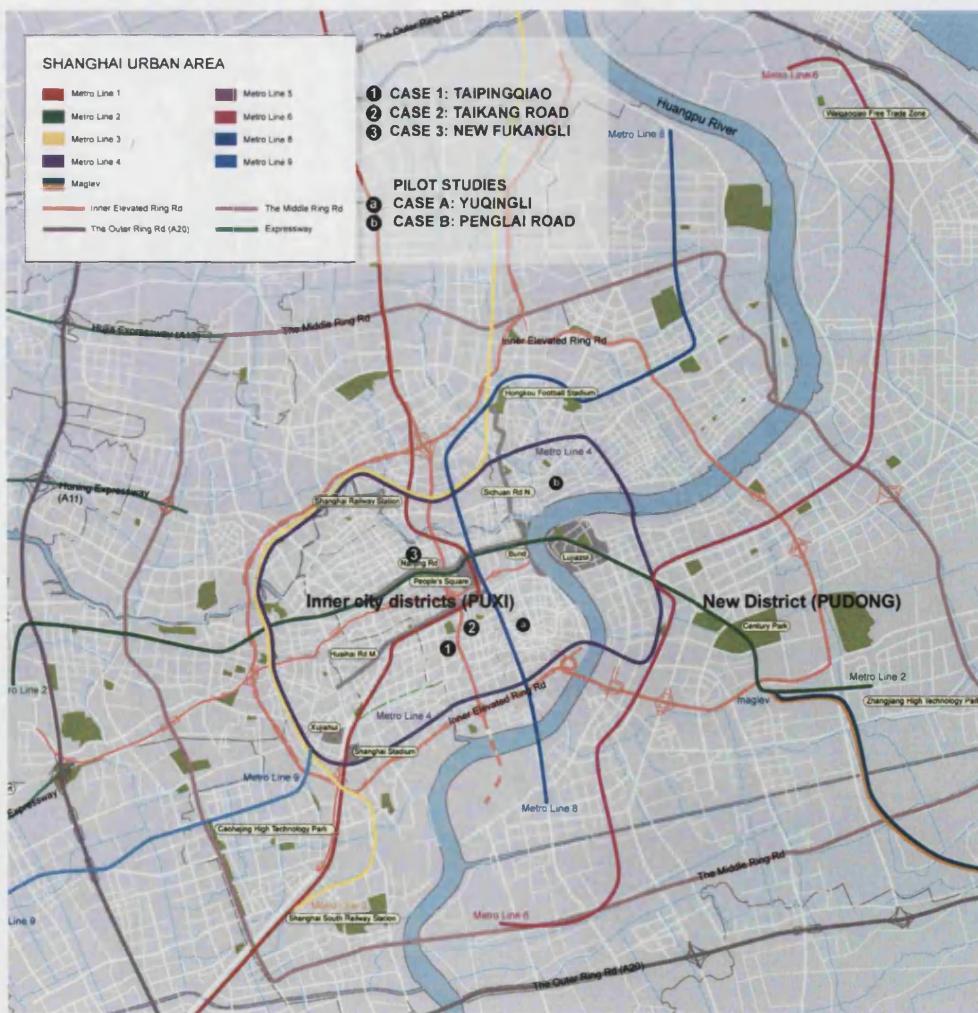


Table 3.1: Summary of case studies

	Taipingqiao area redevelopment (TPQ)	New Fukangli redevelopment (NFKL)	Taikang Road Tianzifang Rehabilitation (TT)
Location	Inner city, Luwan district. Well connected and well serviced area with high property values	Inner city, JingAn district. Well connected and well serviced area with high property values	Inner city, Luwan district. Well connected and well serviced area with high property values
Original building type and age	Dilapidated 1920s shikumen lilong and new-style lilong housing	Dilapidated 1920-1930s shikumen and new style lilong housing	Dilapidated shikumen lilong housing and various industrial buildings from 1920-30s
Original tenure(s)	Municipal rental housing and informal private renting	Municipal rental housing and informal private renting	Municipal housing rental and informal private renting
Time-frame of renewal	1996~ ongoing	1997~2001	1998~on-going
Physical interventions	Comprehensive redevelopment, with selective historic conservation	Redevelopment of existing housing after demolition	Conservation & Improve existing housing and industrial buildings
Scale of project	52 hectares, affecting approximately 70,000 households	3.9 hectares, affecting approximately 1600 households	Approximately 7 hectares, 300 dwellings upgraded from 2004-2009
Physical/functional outcomes	Transformation from municipal housing towards commercial offices, retail and entertainment facilities, luxury private housing	Transformation from municipal housing towards to a modern residential complex for private ownership	Transformation from municipal housing towards commercial, retail and cultural destination
Key social impacts	Forced displacement of original households and occupants, and replacement by high income groups and international businesses	Partial community retention, partial relocation and replacement by new house-buyers	Partial community retention, partial voluntary relocation by residents to profit from rising property values
Relevant policy initiative	New Round of Urban Renewal, from 2001	Old Housing Amenity Fulfilment Renewal, from 1995-2001	Not a policy driven initiative
Key institutions	Local authorities and large Hong Kong property developer	District housing bureau and large local state-owned property developer	Market-led investment by small businesses and cultural-creative firms with indirect local official support

Source: author's fieldwork

Table 3.1 summarises the key parameters of the cases. All of them were located in the inner city – which concentrated the older dilapidated housing stock and has been the target of urban renewal since 1990. All of the neighbourhoods were

characterised at the outset by shikumen lilong housing dating between 1910 and 1930s, which exhibited common problems of physical decay, crowding and poor amenities. All of them reflected China's legacy of public-housing provision and were predominantly municipal public housing. They represented a range of interventions. The two redevelopment schemes were enacted via a partnership between the local authorities and large real estate enterprises – one case involving a local state-owned enterprise, and another a private Hong Kong developer. The rehabilitation scheme was more decentralised and was a 'bottom-up initiative' involving local residents and individual businesses.

Case study one: the Taipingqiao (TPQ) redevelopment scheme is one of the largest redevelopment schemes in the whole of Shanghai. Initiated in 1996 (and still on-going) it entails the transformation of a strategic area of the city next to Shanghai's premiere commercial centres - Huaihai Road. It covers an area of 52-hectares, and has a planned total construction floor area of over 1.3 million m² including retail/entertainment facilities, commercial office buildings and luxury apartments. It can be considered a 'critical issue' because of its scale, its locational significance, the scope of its impact on the existing environment, and because it represents a part of the major municipal urban renewal policy since 2001 (The New Round of Urban Renewal). Although it has already been the subject of several extensive studies (He and Wu, 2005; Yang and Chang, 2007; Yang, 2008), these had focused on one early part of the overall redevelopment project (Xintiandi). They did not offer first-hand data on pre-renewal neighbourhood conditions and had only limited data regarding later phases of the on-going redevelopment process. This study provides a more comprehensive investigation by examining the conditions of 'pre-renewal' housing in the neighbourhood as well as considering various subsequent phases of redevelopment using more up to date data.

The two other case studies are significantly smaller in scale. Case study two: redevelopment of Fukangli (NFKL) took place between 1997 and 2001 as part of a different policy of 'Old Housing Amenity Fulfilment Renewal'. It affected a community of approximately 1,600 households on a site of 39,000 m². The scheme symbolised a step in the evolution a community retention oriented housing renewal approach since the 1990s. Apart from a recent effort by Tian and Wu (2007) this approach has previously been less researched, because most scholars have focused on the more speculatively driven approach typified by case TPQ. The author was interested to

examine through this case how the local authorities organised the planning and delivery this model of renewal, and whether it sheds additional light on the nature of decision making regarding housing renewal in Shanghai.

Housing rehabilitation has not been the subject of in-depth research in China, because it remains a relatively rare phenomenon. However, as argued in the literature review, given that it exists it should be incorporated as part of a broader approach to examining housing renewal. The third case study is the conservation and rehabilitation of Taikang Road 'Tianzifang' (T.T) neighbourhood. This involved the piecemeal 'gentrification' of a run-down neighbourhood and its transformation of function from public housing towards a mixed-use district including artistic, commercial and retail functions. It also involved a rare political struggle to save the neighbourhood from existing demolition plans. At the time of the field research, approximately 300 dwellings had experienced upgrading and functional conversion and the location has become popularised as a cultural-consumption landmark of international renown. The emergence of a market-based rehabilitation dynamic against the background of large-scale redevelopment, and the political decision to promote historic conservation rather than demolition represented a critical incidence. The author was interested in including this case to understand the factors that were involved in the rehabilitation of run-down historic housing in Shanghai as opposed to redevelopment and to shed light on the implications of rehabilitation on the existing community.

3.5 Carrying out the case studies

3.5.1 Pilot studies

Field data for this research was accumulated over four successive visits to Shanghai between August 2006 and October 2008. For each case study the approach was first to gather general information from secondary sources, secondly to interview key actors in government and in other institutions responsible for conceiving and implementing housing renewal, and finally to interview local residents or businesses who have had direct experience of the process. Housing renewal was examined in terms the public policies at work, the roles, interests and inter-relations of the key stake-holders, the decision making and implementation procedures at different stages, and the impact of interventions on neighbourhood

conditions and residents. These were meant to allow the researcher to reconstruct how the interventions were conceived and implemented and how different agents affected changes.

Two pilot studies were carried out in early 2007, to understand the living conditions of dilapidated neighbourhoods and to develop the researcher's interview techniques. Their locations are also marked on figure 3.1. One study was Yuqingli - a neighbourhood of old-style lilong housing dating back to 1910 which has been demarcated for demolition. Eight interviews were carried out with local residents to understand various dimensions of the neighbourhood: housing conditions from a long-term perspective, tenure and rental relationships, social dynamics and local social networks, perceptions of location quality, residential aspirations of residents, and their views regarding how urban renewal impacts the city and residents.

The second pilot study was a small-scale rehabilitation project (Penglai Road 252 lane) implemented between 1991~1994 as an experimental project by the Nanshi District Housing Bureau. This socially oriented scheme involved a small community of 23 lilong dwellings and about 70 households whose homes were converted into 99 autonomous flats. It represented a step in the evolution of Shanghai's approach to old housing rehabilitation and it was valuable to understand how local officials viewed the approach and why it was not later widely replicated. In total 13 residents were interviewed, as well as two housing bureau officials responsible for the scheme. Pilot studies were written up in as full case reports and provided invaluable insights into the conditions and characteristics of run-down neighbourhoods, the kinds of residents who lived in them, some of their perspectives regarding the urban process, and about early approaches to housing rehabilitation. Many of these insights were eventually incorporated into various parts of the thesis.

3.5.2 Secondary sources and observations

Each formal case study began with the collection of secondary documents and visits to the areas, although these were also on-going processes alongside other methods of data collection. Secondary sources included published documents or reports by the responsible institutions, from media articles and journal articles. They provided information about redevelopment plans, chronologies, the key agencies involved, often some idea of company backgrounds, and the key impacts of renewal.

Nevertheless, the extent of detail was varied. In addition, the researcher made personal visits to each area. Spending time observing the neighbourhoods – including any redeveloped parts and any surrounding non-upgraded parts - provided many insights about the physical, environmental and social conditions of each place. My observations were recorded by notes and photographs during each visit. A sense of the local housing market was also established by visiting estate agencies in each area.

Published information was relatively abundant for the large-scale redevelopment project of TPQ. This notably came from both the Shanghai and Hong Kong media and several international academic journal papers which had provided institutional analysis of the early years of the redevelopment process (He and Wu, 2005; Yang and Chang, 2007). Several media interviews with the director and CEO of the developer regarding their strategy, company background and relations with local officials proved particularly useful. The developer provided the researcher with information regarding the overall redevelopment plan, and detailed information about the progress of redevelopment, the marketing and sale of constructed space and their profit implications were found through the developer's company reports for the years 2006 to 2008.

More limited information existed regarding the rehabilitation of Taikang Road Tianzifang. Most existed in the form of local media articles from 2005~2009 regarding the rehabilitation process, the key actors thought to have facilitated the process, and some of the key urban planning decisions regarding the area being undertaken by the city authorities.

Secondary sources regarding the New Fukangli case primarily came from the respective websites of the property developer and architectural design consultant. These provided basic outlines of the redevelopment plan, policies, the agents involved, resident resettlement and physical outcomes. They also provided substantial insights about the backgrounds of the property developer and the political and business credentials of its company director. Socio-economic data for the redeveloped community was found in two neighbourhood-level surveys targeting New Fukangli. These allowed me to describe the socio-economic impacts of the redevelopment process. The first was by Li and Wu (2004, 2006) conducted in 2002 in conjunction with the Shanghai Academy of Social Sciences. A more recent one

was by University of College London researcher Richard Wang (unpublished manuscript, 2009) over July-August 2007, under official approval by the local Street Office and disseminated by the local Resident's Committee. This more recent survey was used to understand the most recent socio-economic composition NFKL, almost ten years after redevelopment. Out of a total of around 1,200 households in the estate, 164 households were randomly sampled. 89 valid, completed questionnaires were returned, representing about 7% of the community. Respondents were the heads of households.

It was difficult to understand the socio-economic profiles and their changes the two other case studies (TPQ and TT). China's census data does not provide information about specific neighbourhoods or small areas. Alternatively, conducting primary surveys would have required substantial administrative support from government bureaus, street-offices or other local institutions. The researcher did not have the channels to organise these. Instead, the changing social composition was deduced from interviews with local residents as well as from local real-estate prices. Indeed, the main focus of the study was to address qualitative questions regarding the urban politics of housing renewal.

3.5.3 Interviewing decision makers

The second aspect of data collection was to interview government officials and private sector stakeholders responsible for project conception and implementation. Interviews formed an important source of primary data, to fill in gaps in the documentary sources, to corroborate the evidence, and to gain more insights into the relationships and processes involved in each case. Some major benefits of interviews include its potential to elicit rich descriptions, and the ability to capture a person's perspective of events and experiences (Creswell 1994; Marshall and Rossman, 2006; Denzin and Lincoln, 2003). Interview schedules were specific for each case and are shown in Appendix 1. In general, they focused on the following issues:

- Pre-renewal conditions of the relevant neighbourhood.
- The policies, objectives and renewal strategies adopted.
- How the process was organised, including who was involved, when, the roles and interactions between different agents (particularly the local

government, developer, and local residents), and the influence of different agents on the outcomes.

- The (on-going) impacts for the targeted area: including physical, social, economic and housing market implications.
- The relocation of any residents, the terms of relocation and any known implications.

The semi-structured interview was adopted because it gave the researcher some control over key issues to be discussed while allowing sufficient sense of informality for respondents to speak freely. As already mentioned, the researcher was aware of significant constraints in accessing key decision makers. This was inevitably a time-consuming and uncertain process. However targeting specific cases and by gradually building up my own network of contacts, I was eventually successful in gaining access to some key stakeholders in each of the case studies.

Using secondary sources as a guide, local authorities and developers were formally contacted by telephone or through personal visits to their offices. The researcher highlighted his U.K student status and emphasised great interest in learning about the relevant case from the views of those directly involved. Often this led to refusals, and sometimes secondary materials would be provided in good faith. Where I was successful I was often referred to relevant departments or to intermediary persons who could refer me to specific persons to contact and to submit a request for interview. Referrals from intermediaries within respective organisations were often more helpful in getting through to the key persons.

For the New Fukangli (NFKL) case, a former official of the JingAn District housing bureau was a key informant. He directed the old housing renewal office co-ordinating the project and was simultaneously a manager within the quasi-governmental property development company who implemented the scheme. In this sense he occupied a critical role from conception to completion. Corroborating insights about this scheme and its surrounding developments were gained from another official within the JingAn district urban planning bureau. He did not have direct involvement in this scheme but had in-depth knowledge of all developments in this district.

For the case of rehabilitation at Taikang Road Tianzifang (T.T), two local officials who played critical roles were interviewed. One was a former director of the Dapuqiao Street Office - the sub-district government office who oversaw for business development and service provision in the area. Another was a manager of the Taikang Road Art Street management Committee (TRAMSC) – which managed and promoted significant changes in the neighbourhood since 1998. Both informants were contacted through personal visits to the offices of the TRAMSC. During these interviews, they also provided the researcher with relevant reports and documents. This includes a report by the National Economics Research Institute of the Shanghai Academy of Social Sciences (2004), a government policy think-tank. Nevertheless, the researcher was unable to access district or municipal-level government officials who played more indirect roles in the urban planning process. This may have limited the depth of understanding regarding the negotiation processes occurring between the sub-district and higher-level authorities.

For the Taipingqiao (TPQ) area redevelopment interviewees included two key architects responsible some important components of the overall redevelopment project.³ Due to their early involvement in the redevelopment scheme and experience of working with the developer and local planning authorities, they were able to provide substantial insights about the personalities and processes involved. They helped verify and also clarify various findings of pre-existing studies. However the principal developer Sui-On Land declined the request for interview, and the author was also unable to interview other responsible government officials. This inevitably limited my first-hand information and meant that I had to rely considerably upon various secondary sources already described, including company and project reports provided by Shui-On Land.

All the interviews described were carried out by the researcher personally, in Mandarin, my native language. The only exception was in the case of one foreign architect who was interviewed in English. The interviews lasted from one to two hours, and most were recorded and written up in full soon after the interview. I was able to organise follow-up conversations with several of them to clarify further queries or to follow up on-going transformations. All the interviews were carried out under the condition of confidentiality. Some of the key agents in these highly publicised schemes are already public knowledge, but in the reporting of the

³ Xintiandi and Lakeville Residential developments (see Chapter five)

evidence the researcher has avoided naming any individuals.

One limitation of the interview as a research method in general pertains to the issue of 'participant reactivity' (Maxwell, 1996, Bloomberg and Volpe 2008: 87). Responses are inevitably influenced by the nature of interviewer-interviewee relations and communicative dynamics. It was expected that respondents would to some degree provide accounts that represented their own interests. This is a well known limitation of much urban research (see Logan et al, 1997). I was nevertheless careful about the ways I might be influencing the respondents, and tried to elicit the most open and candid responses from each interview. Fortunately, I was able to establish a degree of rapport with the respondents and they tended to speak relatively openly and in a responsible fashion. Most saw these case studies as exemplary practices in Shanghai, with positive achievements and contributions to the problem of housing renewal, so they were pleased to share their own experiences.

Each of the dimensions of the case studies was discussed. However it was felt that generally the respondents had only limited understanding of the detailed living conditions of the old neighbourhoods, resorting to common generalisations. Furthermore their discussions of the terms of relocation – such as the locations of relocation estates or the nature of the process were often limited to what they were willing to disclose, possibly downplaying the degree of conflicts. This meant that interviews with affected residents were crucial to gain a holistic perspective of the process.

3.5.4 Interviewing local residents

Interviews with local residents turned out to be extremely valuable in terms of understanding pre- and post-renewal living conditions, community dynamics, and resident's perspectives of the processes. The plan was to interview around 10 residents in each case study area. The interview schedule used can be found in Appendix 1. One aim was to understand community perspectives regarding the pre-renewal neighbourhood conditions, and post-renewal conditions if they returned to the upgraded neighbourhood after the interventions. The other aim was to understand their views and experiences of housing renewal, including following issues:

- How housing renewal began in their area and what it entailed.
- Who was apparently driving the process and what was the role of residents in the community.
- The impacts of interventions on the neighbourhood in terms of physical, social, location and affordability implications.
- Any relocation of residents, how it worked and how these affected different residents.
- Perceived satisfaction or otherwise associated with the terms and processes of change, and the reasons for these opinions
- The discussions explored not only the informant's own experiences but also similar or contrasting experiences/ perspectives of others they could think of.

There were some apparent limitations for sampling at the outset. It was generally not possible to access residents already relocated due to redevelopment, because years after the process their whereabouts and contact details cannot be traced. Thus, in the case of TPQ the interviews included only those residents who still lived in dilapidated housing nearby. In the case NFKL, where some community retention was facilitated, I interviewed these 'returnees' as well as the new settlers who superseded displacees. In the case of TT, I was more fortunately able to interview both residents who still lived in the neighbourhood and those who had recently relocated away voluntarily.

Table 3.2: Number of interviews in the case studies

	Subtotal	TPQ *	NFKL	TT
Interviewed respondents	35	9	10	16
Informal conversations	36	6	9	21
Total	71	15	19	37

Note: * From one surviving Lilong housing community selected within the TPQ case study area

In total, 35 interviews and 36 informal conversations were conducted out across the three case studies. Table 3.2 shows the numbers in each area. Interviews were only loosely structured, intended for the residents to speak freely and openly. The majority lasted no more than 30 minutes, although several lasted up to two hours. Informal conversations with local residents and businesses helped verify the issues generated in the interviews, or point out new issues to be discussed in more detail in subsequent interviews.

The objective in sampling was not to achieve a statistically representative sample, but an information rich-sample that would provide the viewpoints of residents with a range of characteristics such as age, gender, household forms, income status, and living conditions. The intention was to include specifically some disadvantaged households such as the low-income, the unemployed, retired and elderly residents who are widely known to be more vulnerable also in the processes of housing renewal (Wu, 2004; He and Wu, 2007). However this turned out to be extremely difficult to do because there was a lack of household registers to facilitate household selection. The results reflected the shortcomings of a much more informal approach.

In conducting resident interviews in China many researchers take a rather formal approach, engaging the assistance of local resident committees. These committees form an important part of the system of neighbourhood management in China. They comprise government-appointed staff as well as elected members of communities who help manage neighbourhood services. They do not have significant decision making roles in the housing renewal process, but because they tend to have good knowledge of the community they can help elicit resident to participate and help identify households for interview.

However the author felt that as administrative arms of the local government they did not necessarily share the same interests or views as all local residents. Their involvement may bias the selection of respondents, and may have made it more difficult to ensure the anonymity of informants. All these might impact residents' willingness to express their views openly. To prevent these potential biases, I opted not to elicit the help of resident committees. Residents were instead elicited in an informal manner in various public spaces of each community, such as in the network of lanes that characterised the traditional lilong housing. It was relatively easy to access a large number of potential informants in each of the communities because public spaces were well used. Thus, almost all of the interviews were carried out 'on the spot' outside or occasionally insides respondents' homes.

Tables 3.3 and 3.4 (overleaf) summarise the respondents' housing status and general attitudes towards housing demolition. About half the respondents were still living in lilong housing at the time of the interview, and half were formerly residents of lilong housing who had since moved to new residences. Many informants were

long-term residents in the same address with at least two decades of living in the same place. This was advantageous because they had in-depth knowledge of the areas, their communities and the dynamics of change over a long period of time – often not recorded by any secondary sources. About half were public tenants in lilong housing, and the rest were either home-owners through privatisation or renting privately. It is interesting to note that about 60% among those interviewed were critical or opposed to current redevelopment practices, and about 20 % explicitly supported it. Thus, a range of viewpoints was incorporated.

Table 3.3: Respondents' housing status and attitudes to housing renewal

	Total	% of total	TPQ	NFKL	TT
Total interviewees	35	100	9	10	16
Currently lives in lilong housing	17	49	9	0	8
Formerly lived in lilong housing	18	51	0	10	8
Tenure					
Renting current home publically	15	43	7	0	8
Owns current home	9	26	0	9	0
Renting current home privately	11	31	2	1	8
Attitudes to housing and renewal					
Supported demolition/ redevelopment	8	22	3	10	2
Satisfied with current home	15	43	6	10	5
Opposed to or critical of redevelopment	20	57	6	0	9
Did not express clearly	5	14	0	0	5

Source: author's fieldwork

Table 3.4: Lengths of residence of respondents

	Subtotal	TPQ	NFKL	TT
Valid responses	19	7	3	9
0~5 years	2	1	1	0
5~ 10 Years	3	1	1	1
11~20 Years	2	0	0	2
21~ 30 Years	5	2	0	3
31~50 Years	1	1	0	0
51 years or more	6	2	1	3
Don't know	16	2	7	7

Source: author's fieldwork

Table 3.5: Demographic and socio-economic traits of interviewees

	Total	%	TPQ	NFKL	TT
Number of informants	35	100.0	9	16	10
Gender					
Male	23	65.7	6	10	7
Female	12	34.3	3	6	3
Age group					
<30	0	0.0	0	0	0
30~39	3	8.6	1	0	2
40~49	2	5.7	0	1	1
50~59	13	37.1	4	5	4
60~69	16	45.7	5	8	3
70~80	2	5.7	0	2	0
80+	1	2.9	0	1	0
Annual Income* (yuan/person)					
Did not respond	23	65.7	4	9	10
- Very low (<10,000)	3	8.6	1	2	0
-Low (10,001~15,000)	1	2.9	1	0	0
-Mid-low (15,001~20,000)	5	14.3	2	3	0
-Middle (20,001~ 30,000)	1	2.9	0	1	0
-Mid-high (30,001~50,000)	2	5.7	1	1	0
-High (>50,001)	0	0.0	0	0	0
Employment status					
Retired	19	54.3	6	10	3
Employed	11	31.4	2	4	5
Laid Off	2	5.7	1	1	0
Retired but doing regular work	2	5.7	0	1	1
Did not respond	1	2.9	0	0	1

Source: author's fieldwork, * Most respondents did not provide income details

Table 3.5 summarises their household demographic and socio-economic characteristics. In terms of gender, there was a bias towards male respondents in each case study, with a total of 23 out of the 35 respondents being male, and 12 being female. Interviewees ranged between the age of 30 and 95. However, overall the sample included mostly older households. Most of the interviewees were middle aged or older retirees, with 13 out of 35 aged between 50~59, and 16 aged between 60~69. This was consistent with more general demographic and socio-economic trends identified in older deprived residential areas in China (Wu and He, 2005b; Li and Wu, 2006). Most respondents did not wish to give income details, thus it was

difficult to determine the socio-economic make-up of the sample. Nevertheless, of those that did there was a range from very low annual household incomes of less than 10,000 yuan to above-middle earnings of more than 30,000-50,000 yuan.

There were several shortcomings with the informal selection process. On the whole, younger residents, the unemployed and rural migrants were less well represented. In terms of the household-registration status, all of the residents had local, urban 'hukou' status. No rural migrants were interviewed, even though both this study and others (e.g. Li and Wu, 2006; Wu and He, 2005b) show that they can be a significant part of the population living in older, deteriorated housing. Rural migrants were generally more recent settlers in the city and these communities, and they did not appear to be very ready to speak about their personal predicaments. Only a few informal conversations and observations of their homes were carried out. To compensate for this shortcoming, the researcher tried to gain insights about them and their lifestyles in the community when interviewing their immediate neighbours. Census data was also consulted to better understand characteristics of the migrant population.

Regarding the issue of relocation, in retrospect this sample included residents who either are yet to experience relocation from old housing, or have experienced on-site resettlement, or have moved away voluntarily in the market. Most residents did have considerable insights into the relocation process due to its pervasive influence on their neighbourhoods, their families or friends over the last two decades. Nevertheless a more balanced viewpoint might have been achieved if the researcher had been able to interview post-relocation households who could reflect better upon their entire relocation experience. In recognition of this gap, the researcher also took care to compare the interview findings to other evidence from the wider literature.

3.5.5 Analysing the case studies

As the data gathering progressed, each case was at first considered independently, within its own context. At first, a general 'narrative' of each case was written up in a chronological order by bringing together the sources of data. The qualitative components generated a large quantity of data which had to be categorised and gradually distilled down. Interview transcripts were sorted by case studies, by the

research questions, and also by the specific interview questions. Summary tables were used to capture the range of responses to key issues. Useful quotations were collated together under relevant headings to get a sense of the overall picture and for later use. To help better organise the information, and in the final reporting, case studies were divided into stages of the renewal process. These were:

1. The pre-renewal area and community conditions.
2. The initiation stage, which concerned who made the decision to intervention in the built environment, their underlying objectives, and how the decision was shaped through the political process.
3. The formation of an organisational structure to carry out housing renewal and the development of a specific plan of action. This stage usually involves key interventions including appointment of developer, land transfer and the negotiation of subsidies and development proposals.
4. The implementation stage, which emphasises who carried out the decisions and how changes in the built environment and community fabric are enacted. This stage usually involves a range of potential interventions from resident resettlement, to the (re)construction, and subsequent sale of built products, but also negotiation or conflict over the plan or decision.
5. The outcomes of renewal, which considers the effect in terms of transformations in the built environment, the land-use, housing tenure, the social composition and the effects on local social relations. Many of these were on-going changes and it was the nature and direction of change that was the focus. While the material dimensions of change were often discernible through documentary evidence and personal observations, the meanings of these changes and the social implications of these changes were only discernible through the words and sentiments of local communities.

Further analysis then paid attention to understanding 'who' runs the process, and 'how' decisions about the built environment and the neighbourhood fabric were brought about. This was structured by themes:

- The socio-economic context of renewal, and how these were reflected in the decisions made and the outcomes of housing renewal.
- The roles and powers of the local authorities, its plans, policies agendas,

and what it does specifically to carry out housing renewal.

- The private sector institutions (for example property developers, and design consultants) involved, who they were, and their relationship with the local authorities in the planning/ design/ implementation process.
- The role and options of local residents relative to other parties in the renewal process, including resident resettlement process.
- Any opposition to top-down decisions and plans, what forms these took and their impacts.

In understanding 'how' processes were determined, attention was paid to the 'instruments' used to realise housing renewal: for example urban planning, subsidies, grants, compensation and concessions provided to households. The author also paid attention to the style and techniques of decision making, for example through a top-down directive, or as a collaborative effort, or involving conflict/ bargaining within a larger set of organisations.

Then, a cross-case analysis was carried out. Although individual case studies could be understood in their own contexts, in the cross-case comparison it was also important to situate all the cases into a broader economic, social and political context – as a way of opening out to a more holistic view of the whole. Accounting for similarities and differences across the case studies was particularly valuable in forcing the author to move away from adopting monolithic analytical assumptions. Yet, the underlying similarities drawn out also shed light on more general tendencies.

The comparison of the case studies was made easier by structuring the material both by phases and by themes. This made it possible to identify similarities and differences at each stage, the factors which seemed to sustain the similarities, and those which distinguished them. Key findings were then compared and contrasted to the existing literature and to the Chinese growth coalition perspective established in the literature review. These became the basis for answering the research questions.

3.6 Summary:

This research adopted a mixed methods approach. The quality of the research was accounted for as much as possible by using multiple sources of data to elicit rich accounts of places, policies, processes and outcomes. Substantial care was given to selecting and analysing information-rich, critical incidence case-studies. One case of large-scale redevelopment and displacement, one case of redevelopment involving community retention, and finally a case of small-scaled housing rehabilitation were used to shed light on a range of housing renewal processes. This research was designed so as to permit the researcher to as much as possible establish a holistic understanding of the varied political agendas, institutions and outcomes associated with housing renewal in Shanghai since 1990.

However, as acknowledged by urban researchers (Stone, 1989; Ley, 1996), it was in practice impossible to unravel all relevant aspects of the topic. The methodology had limitations which reflected the difficulty of gaining access to both high-level decision makers and marginal groups in Shanghai, the difficulty of re-tracing relocation processes in the case studies, the small number of case studies that could feasibly be carried out, and to some extent the deficiency of detailed housing and socio-economic data in China. Yet the author believes that the overall strategy adopted was correct, that the key findings were supported by multiple reliable sources, and that the conclusions should stand up to scrutiny by others in the field.

4 Shanghai in Transition: Contextualising Market-Oriented Housing Renewal

4.1 Introduction

After almost three decades of economic reforms and the consequent relaxation of social controls, Chinese cities have undergone extraordinary transformations. In this period, one of the most critical governing challenges for the state was how to deal with the run-down and over-crowded urban housing stock, to improve the living conditions of its citizens, whilst meeting new demands for industrial, commercial and cultural activities (Wu, 1999). This chapter contextualises housing problems in Shanghai in a historical perspective and provides an overview of the government's responses amidst complex institutional and structural changes in the post-reform era. Section two traces the origin and the nature of Shanghai's urban housing problems up to 1990. Section three, reviews major political, economic, social and housing system changes taking place in the post-reform era. Section four examines Shanghai's evolving policies for housing redevelopment, rehabilitation and conservation since 1990. Section five provides an overview of the most apparent impacts of housing renewal up to 2005.

4.2 Urban housing problems in perspective:

4.2.1 *Shanghai's early 'golden age'*

Shanghai is situated near the centre of China's Eastern coastline, bordering on Jiangsu and Zhejiang provinces. Today, it is one of the most populous cities in the world, with a population of 18.88 million at the end of 2008, of which 5.17 million are migrants. The metropolitan area occupies a total land area of 6,377 square kilometres (SSB, 2009). Since China's economic reforms in 1978, the city has enjoyed sustained economic growth, with particularly rapid development since 1990. The city has come to assume the position of an economic power house of the East Asian region. Its GDP has grown in leaps and bounds, from 2.7 billion yuan in 1978 to 78.7 billion yuan in 1990 and reached 916.4 billion yuan in 2005. Its annual GDP growth rate has been at over 12% since 1992 (SSB, 2006). The annual per capita disposable income in 2008 was 26,675 yuan, making it one of the most prosperous

cities in China (SSB, 2009).

Figure 4.1: Location of Shanghai in China



Table 4.1: Population of Shanghai, 2000-2008

Unit: million people

	2000		2008	
	Population	%	Population	%
Total	16.09	100	18.88	100.0
Local Residents	13.10	81.4	13.71	72.6
Migrants	2.99	18.6	5.17	27.3

Source: SSB (2009)

Built along the Huangpu River in the lower Yangtze delta, Shanghai's development has been linked to its history as China's largest seaport. It entered the stage of modern commercial and industrial development in the second half of the 19th century. The Opium Wars (1839-41), which erupted after the Chinese imposition of trade bans on foreign opium, marked an important turning point in the city's fortunes. At the end of the Opium Wars, western powers succeeded in forcing the Qing government (the last feudal government in China) to sign the Nanjing Treaty in 1842, which granted foreigners with privileges to live and trade in China. Under the Treaty, Shanghai became one of the five treaty ports open to Western Trade and settlement and was divided into a Chinese municipality and two foreign-run districts: the International Settlement and the French Concession (Figure 4.2).

Subsequent growth in foreign trade and the establishment of China's first modern institutions of higher learning soon made Shanghai the financial and cultural centre of the Orient (Wu, 2004). Its population increased to two million in 1915 and reached three million in 1930 (Cheng, 1999). During this so-called 'golden age' its industrial production accounted for half of the total value of production of China. The city concentrated 90 percent of China's banks and over half of China's foreign trade (Felicity and Tang, 2002). It became the seventh largest city in the world in 1936 (Yusuf and Wu, 2002) and was seen as "a meeting ground for people from all countries, a great and a unique city, one of the most remarkable in the world" (Pott, 1928: 1).

Figure 4.2: Map Shanghai, 1935



Source: Hammond (2006)

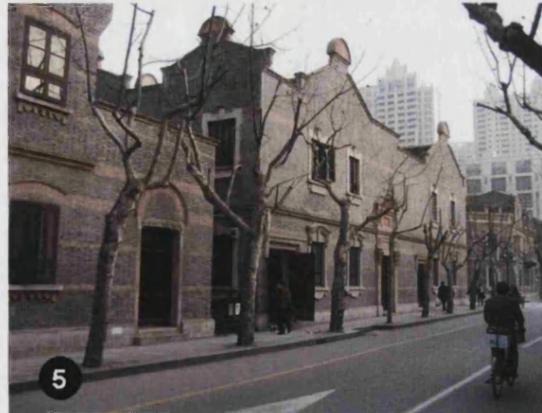
Shanghai's urban housing legacy can be traced largely to this phase of rapid development. Due to its contact with the western world, it inherited a rich western-inspired architectural heritage. Alongside successive waves of population growth and economic prosperity, a modern real estate industry developed in which both Chinese and foreign developers built large quantities of new commercial facilities and housing. By the 1920s, the city boasted the most highly developed urban amenities in Asia outside of Tokyo. The officials who managed the city's International Settlement and French Concession built electricity networks, sewerage lines, and tramways that were the equal of most European cities (Wu, 1999). A variety of western influenced housing forms characterised the built environment of Shanghai by the time of the socialist revolution (1949), and these continued today to be highly visible in the central areas today.

Beneath the glitter of economic success, this was a time where extraordinary wealth existed side by side with extreme poverty (Wu, 2004; Lu, 1999). At the lowest end of the housing hierarchy, peasants from rural areas, refugees and poor industrial workers were concentrated in slums and informal constructions where conditions were the poorest (Lu, 1999). At the opposite end of the spectrum, western style villas and apartments built mainly in the French and International Concessions were the homes to Shanghai's wealthiest households. Detached villas with gardens, built to a variety of international styles comprised 9.5% of the total housing space by 1949. Modern or art-deco styled apartments which often provided a very high standard of modern facilities accounted for 4.3% of the total housing space by 1949 (ECSREH, 1999).

Nevertheless the most prevalent housing type in Shanghai during this time, and for much of the 20th century, was a form of low-rise terraced housing called "lilong" housing. The Chinese term "Li" traditionally means a neighbourhood, or an organisation of multiple households. "Long" means lane or alley (Lu, 1999; Guan, 1996). The design of lilong housing represents a unique fusion of the Chinese and the foreign. While the layout and structure of houses derived from traditional courtyard dwelling of south-eastern China, the larger spatial organisation mimicked European terraced housing to maximise the efficiency land use. Individual housing units were tightly attached to form rows. The rows were usually evenly set out inside the land plot to form a residential complex. Spaces between rows of housing formed

a network of circulation lanes. Up to hundreds of dwellings may exist in a single

Figure 4.3: Prominent older housing types in Shanghai today



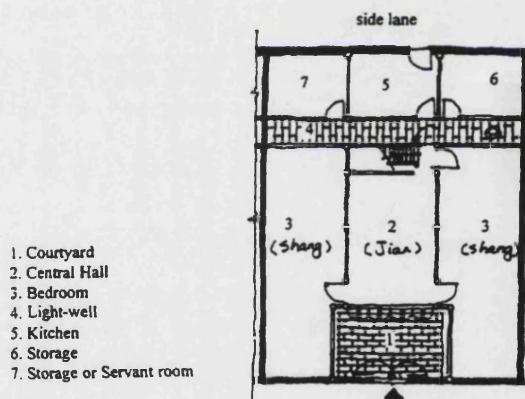
Source: author's fieldwork

Note: "staff housing" is the dominant form of workers' housing built from 1949 to 1980s.

development. Street-side units commonly accommodated laundries, teahouses, groceries stores, and bathhouses – providing everyday necessities (Hammond, 2006). Up to 1949 around 200,000 dwellings were built, accommodating a very diverse 'middle mass' of the urban population, ranging from the relatively well-off middle class families as well as migrant workers of lower socio-economic status (Lu, 1999; Xu, 2004).

The lilong was an evolving housing typology that derived several variants. The oldest of the surviving lilong housing, known as the 'old style shikumen lilong' were developed in the city from around 1880 until 1915 (figure 4.2). Designed for the traditional family, this early housing form was relatively spacious. The basic housing prototype was a two-storied main building that enclosed a central courtyard (Guan, 1996).

Figure 4.4: Typical plan of an early shikumen lilong house

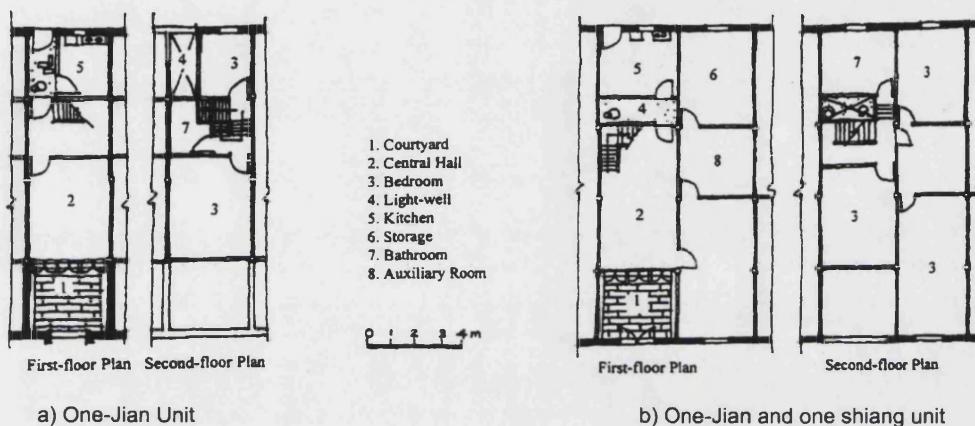


Source: Sheng (1987: 25)

To meet rising demand from a growing number of smaller, lower-income families a more compact and space-efficient form - known simply as "shikumen lilong" - became prevalent from around 1910 (Guan, 1996). Typical dimensions of a unit were about 14m in length by about 4m in width, of two-or three stories. Thus, dwellings typically provided between 100-150 m² of living space. Standards of amenity for lilong housing up to this point were still basic. Indoor WC, bath, electricity, heating and gas connections were not integrated into the house. Residents relied upon bath houses in the city, and used chamber pots which were emptied and collected by waste collectors each morning (Lu, 1999). By 1949, inner

city Shanghai comprised more than 12.4 million m² of shikumen lilong housing (about 100,000 units). These remained the key housing form for the majority of the urban population up to the 1980s, but by the 1990s became the main targets for demolition.

Figure 4.5: Typical plans of shikumen lilong houses



Source: Sheng (1987: 35)

A more modern variant, 'New-style' lilong housing evolved in the 1920s and 30s alongside the growth of a middle class in the foreign concessions. Reflecting their demand for more modern lifestyles and higher standards of living, its interior layouts became more westernised and modern amenities such as toilet, bath, heating, fireplaces and even garaging were incorporated (Guan, 1996). New style lilong housing became the second most-prevalent form of housing after old-style lilong in Shanghai with a total floor area of about 4.7 million m² (around 23,000 units). To this day, new style lilong housing as a sub-type is a valued housing type and most are protected from demolition (refer to Section 4.4.5).

Although the early 20th century was a time of relative prosperity, problems such as exploitative landlords, high rents, and over-crowding plagued the city by the 1930s, against the background of successive population growth and civil unrest. Successive Japanese invasions of coastal China in 1932, and later in 1937 led to explosive population growth in the foreign concessions. Refugees encompassed both the affluent and the poor, and were eventually settled through different means. The poor hastily erected informal housing on vacant plots of land, leading to a sudden growth of slums in the city. Housing conditions also deteriorated with

increasing subdivision and densification of the existing stock (ECSREH, 1999). According to a housing survey in 1937, it was not uncommon for a lilong house, originally intended for a single family, to be occupied by four or five families. There were 5,691 houses being inhabited by four families, 2,338 houses by six families, and 145 houses by nine families. At most a single lilong accommodated 15 different tenants (Concessions Municipal Council 1937, cited in Lu 1999). By 1949, Shanghai had a total residential floor-space of 23.59 million m² and a population of 4.14 million. Table 4.2 shows that 52.7% was shikumen lilong housing, 19.8% new style lilong housing, 9.5% detached villas, 14.3% were apartments, and 13.7% categorised as slums. The per capita living area in Shanghai was very low, at only 3.9 m², demonstrating crowding in large segments of the housing stock (ECSREA: 1999).

Table 4.2: Housing composition in Shanghai, 1949

	Floor area (1,000 m ²)	% of total
Total housing space	23,590	100
Garden villas	2,237	9.5
Shikumen lilong housing	12,430	52.7
New style lilong housing	4,690	19.8
Pre-1949 apartments	1,005	4.3
Slums	3,228	13.7

Source: Xu (2004: 128)

4.2.2 Shanghai under Socialism

Although Shanghai's housing problems can be traced back to the population pressures in the early 20th century, problems were complicated in subsequent decades. After 1949, China came under the control of the Communist Party, which brought a radically different context for urban development and housing. The introduction of state socialism emphasised the principles of egalitarianism and social control. The new government developed a centrally-planned economy whereby industrial production, agricultural production, and the stocking and selling of goods in commercial departments were all controlled by central planning (Fu, 2002; Wang, 1992, 1995).

Under socialist ideology and the leadership of Mao Zedong, Chinese cities were the basis of the state's strategic pursuit for rapid industrialisation and ideological endeavour to transform urban functions from consumption to production. This was a

period of substantial economic transformations as well as population growth. The city's population grew from just over 5 million in 1940 to over 10 million by 1960 (Table 4.3). Shanghai was developed for production over the next four decades, and became a major industrial centre of China (Wu, 2003). Its GDP grew significantly, from 2.3 billion yuan in 1949, to 15.8 billion in 1970 and 31.2 billion yuan in 1980.

In terms of economic development, manufacturing became the backbone of the urban economy dominating the generation of output, employment, and spatial planning (Fu, 2002). However, the city's previous international position and financial function disappeared. The importance of the tertiary sector declined rapidly, from 45.7% in 1949 to as low as 15.4% by 1970, before gradually picking up in later years. With industrialisation, the primary sector also gradually declined in importance, from 7.1% in 1949 to 4.2% in 1980. By this time, the economy was clearly dominated by the secondary industry, with its share of GDP at 75.7 percent.

Table 4.3: Population and GDP in Shanghai, 1949-1985

Year	Population (1,000)	GDP			
		Total (billion yuan)	Primary %	Secondary %	Tertiary %
1949	5,029	2.03	7.1	47.1	45.7
1950	4,927	2.24	7.4	44.9	47.7
1955	6,231	5.36	5.1	54.8	40.2
1960	10,563	15.84	2.7	77.9	19.4
1965	10,938	11.36	5.7	73.0	21.3
1970	10,726	15.67	4.7	77.1	15.4
1975	10,767	20.41	4.0	77.2	18.8
1980	11,465	31.19	3.2	75.7	21.1
1985	12,167	46.68	4.2	69.8	26.1

Source: SSB (2001)

Under socialism, dramatic changes also took place in the ownership, distribution and management of the existing housing stock. A centralised housing system eliminated market mechanisms of production and distribution (Wang, 1995). In 1949, about 98 percent of housing was privately owned, by individuals or private enterprises. Since then, the majority were progressively incorporated into government ownership. Public sector ownership increased to 40 percent in 1955, and reached 76.7 percent by 1978. Private ownership had declined to 23.3% by this point. In general, only units smaller than 150 m² and under self-usage by the occupant's families were exempt from nationalisation. Private renting, which had

been the predominant tenure in the city before, had all but disappeared (Table 4.4). Housing became viewed primarily a social welfare good rather than a capital asset and was mainly supplied by the state, or state owned enterprises and institutions according to social need. Administrative allocation was based on various eligibility criteria rather than socio-economic status (Wang, 1992, 1995). Private house-building for speculation was banned, and private rental was gradually eliminated. The majority of housing built after 1949 were flats using standardised construction techniques, and no more lilong housing was constructed (ECSREH, 1999).

Public sector housing was differentiated into 'municipal-owned housing' and 'work-unit housing'. Municipal housing is housing owned and directly managed by city housing bureaus, and became the largest sector in Shanghai (72.5% in 1978). The majority of housing accordingly came under control of the municipal government. Work-unit housing in contrast refers to housing newly constructed and managed by state owned enterprises and institutions. This was relatively insignificant as an ownership form in Shanghai (4.2% in 1978) until the 1980s, when work units began to play a more significant role in housing construction. Low rent became one of the key features of housing provision under socialism. In 1988, average rent accounted for only 1.94% of the average family wages (Wang and Murie, 1996; ECSREA, 1999).

Table 4.4: Housing ownership patterns in Shanghai, 1949-1978

	Total residential floor area (1,000 m ²)	Municipal Government (1,000 m ²)	%	Work Unit (1,000 m ²)	%	Private (1,000 m ²)	%
1949	23,594	531	2.3	0	0.0	23,063	97.7
1958	32,533	19,051	58.6	2,931	9.0	10,551	32.4
1966	37,622	25,395	67.5	1,881	5.0	10,346	27.5
1978	41,170	29,865	72.5	1,729	4.2	9,576	23.3

Source: Editorial committee of the 'Common history of Shanghai', 2005

During this era, urban residents lived in relatively homogeneous living conditions, and there was no clear segregation according to socio-economic status in urban areas (Chan, 1996; Liu and Wu, 2006). Nevertheless there was a profound distinction between rural and urban areas. After 1950 the Chinese government set up the 'hukou' or household registration system, which is a kind of internal passport

system that strictly controlled rural-urban population movement along with the food supply system employed in the urban areas. The household registration system effectively divided China into two distinct societies, the urban and the rural. Without urban *hukou* status, rural residents could not enter the city, and were excluded from access to urban public housing, local schools, state sector jobs, or welfare programmes or facilities city-wide. This division of urban and rural areas and their residents remains one of the most important features of Chinese society (Wang, 2000, 2004).

A host of urban problems accumulated during this period. Under Mao Zedong much of the national development was focused on the countryside or on industrial development. When major cities did develop most construction took place in suburban rings on the outskirts of the city in the form of workers compounds (He and Wu, 2005; Wu and He, 2005). With industry soaking up most investment capital, little was also left for the maintenance and improvement of the urban environment – including in housing, transport, utilities, and other urban amenities (Wu, 1999). Beyond this, lack of a proper planning framework led to a situation of un-coordinated land use. Factories and houses were located rather randomly and often encircled each other. After a long period of under-investment and unplanned growth, the city came to be characterised by a deteriorated housing stock, high residential density, out-dated infrastructure, incompatible land uses and pollution of various kinds. These pressures were particularly acute in the older inner city (Chan 1996; Wu, 1999).

The housing shortage persisted nationally under the socialist system, because housing was viewed as an unproductive welfare good and relegated to a low position within national development policy. Furthermore the centrally planned system of production could not establish a sustainable cycle of investment. The rate of housing construction was limited and barely kept up with population growth (Wang and Murie, 1996). Table 4.5 overleaf shows that up to 1980 per capita housing space in Shanghai remained less than 5 m². By the late 1970s it became apparent that the welfare housing system posed many barriers for the efficient allocation of housing resources and the efficiency of housing administration (Yin and Zhang, 2007; Zhao and Bourassa, 2003). By 1985, the average housing space per person in Shanghai was only 5.4 m² or in other words a room of around 20 m² for a family of four. More than 200,000 households lived in extremely crowded conditions

of less than 4 m² of space per person. In addition over 565,000 households lived in officially 'inconvenient conditions' – which included situations where multiple families or generations were living in the same room (see Table 4.6).

Table 4.5: Housing production in Shanghai, 1952~1985

Period	No. of years	Total constructed floor area (1,000 m ²)	Per capita space at end of period m ² / person
1952~1960	9	619	3.8
1961~1965	5	212	3.9
1966~1970	5	207	4.4
1971~1975	5	346	4.2
1976~1980	5	918	4.4

Source: Compiled from SSB (2001, 2002)

Housing allocation thus became a major burden of the government. Subdivision and densification of the existing housing stock was a significant method of coping with housing demand, the standards of space allocation were consistently very low. Houses were generally sub-divided by room, or by floor amongst families. A lilong house of about 100 m², commonly accommodated five or six families, and it was not uncommon for more than ten families to be sharing a larger dwelling unit. Under a situation of prevailing shortage the administrative housing allocation also came to be associated with problems of inequality and corruption, which came at odds with the socialist principles of egalitarianism (Zhao and Bourassa, 2003; Wang and Murie, 1996).

Physical deterioration of housing due to under-maintenance was also a general problem (Lee, 1988). With a large public housing stock and limited rental income, maintenance was an increasingly heavy burden for the government. In Shanghai, the annual rate of repaired housing relative to the total housing stock consistently declined, from 5.7% in the early 1950s to around 1 % by the 1970s, to less than 0.6% of the total stock by 1995 (ECSREH, 1999). The national housing survey of 1985 showed that within Shanghai's municipal housing stock, 10.3% was classified as being dilapidated or structurally dangerous, and another 21.5% deemed 'moderately dilapidated'. Most of this would have been older housing inherited from the pre-socialist era. Standards of amenity remained very low. Only 47% of

households had gas connections, 44% of households shared running water with multiple families, 56.5% of households did not have an indoor WC, and only 26.8% of households had access to an indoor bath (Table 4.7).

Table 4.6: Housing conditions in 1985

		Households (1,000)	%
Total		1,800.3	100
Lacking housing		13.6	0.8
Live in 'Inconvenient' conditions		565.5	31.4
Per capita housing space of households	< 2m ²	15.2	0.8
	2~4 m ²	197.5	11.0
	4~6m ²	374.8	20.8
	6~8m ²	372.3	20.7
	8~10m ²	274.6	15.3
	10 or more	565.9	31.4

Source: National housing survey of 1985, in ECSREH (1999)

Table 4.7: Possession of housing amenities in 1985

	Total Housing stock	Municipal owned housing only
Households (1,000)	1,800	1,317
Has indoor WC (%)	23.8	24.3
Shares WC (%)	19.7	24.9
No WC (%)	56.5	50.8
Has indoor bath (%)	26.8	28.5
Has private kitchen (%)	40.0	33.9
Has shared kitchen (%)	30.1	38.6
Has gas connection (%)	47.2	55.7
Shares running water (%)	44.1	55.5

Source: National Housing Survey of 1985, in ECSREH (1999)

The shortage of space and the fragmentation of industrial land use, combined with inefficient transportation services, also imposed severe constraints on industrial performance (Wu, 1999). Municipal governments themselves nevertheless had limited administrative or financial resources to carry out renewal of older housing. Within the centrally-planned economy the local government had little decision making powers and acted as no more as an agent of the central government. Furthermore, about 87% of the local revenues of Shanghai had to be remitted to the central government (Hook, 1998, cited in Wu, 1999). Thus, only the most structurally

dangerous and dilapidated areas could undergo renewal, usually in a small scaled and un-coordinated manner (ESCREH, 1999; Wu and He, 2005).

The implementation of market reform and the Open Door policy since 1978 gradually liberalised China's economy and began to kick-start an economic boom in many Chinese cities. In economic terms, after nearly thirty years of socialist development, industries were inefficient, and labour productivity was generally static or declining (White, 1993). The leaders in the central government intended to develop the economy by accelerating both industrialisation and urbanisation (Li and Wu, 2006b). Coastal regions were allowed to go ahead of other regions to attract foreign investment, import facilities, machines and advanced technologies (Li and Wu, 2006b). Shanghai was nevertheless untouched by the first wave of economic development. As some cities such as Guangzhou were given special preferential policy status to facilitate rapid economic growth, Shanghai was allocated a "rearguard" position in the interest of maintaining stability (Fu, 2002). Although various programmes were launched in the 1980s that had a positive effect on increasing housing construction, including granting work units greater autonomy to utilise their surplus and to become major housing providers (Quan, 2006; Wu, 1996), cities did not develop sufficient capacity to implement comprehensive housing renewal until the 1990s (Xu, 2004).

4.3 “Post-Socialist” Transformations

4.3.1 *Urban government amidst economic reforms*

While the previous section outlined the evolution of housing problems in Shanghai up to the 1980s, this section examines the changing institutional, economic and social context framing the 1990s and beyond. These constituted in aggregate a radically different environment for housing renewal.

It was during Deng Xiaoping's southern tour of China and visit to Shanghai in February 1990 that Chinese leadership expressed the need to speed up the development of Shanghai. At the 14th Party Congress held in October 1992, the city was given an official mission to develop as a "dragon head and three centres" to lead the Yangtze River Basin and China at large into the twenty-first century. The three 'centres' referred to an economic centre, a financial centre and a trading centre (Fu, 2002). Soon afterwards, Shanghai received a package of special

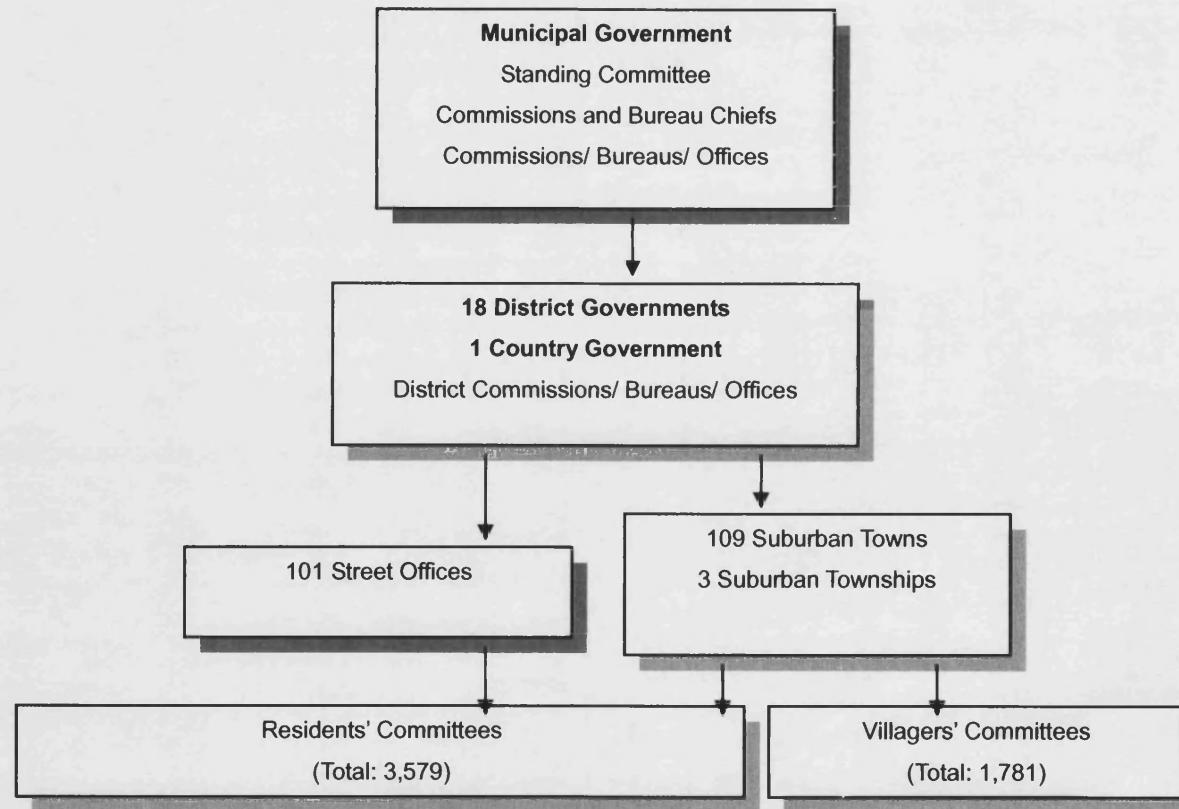
policies from the centre for the development of Pudong – the area to the East of Shanghai's city proper. Based on the model of China's Special Economic Zones, Pudong has a total area of 522 km², larger than the existing central city. It was designed to relieve the spatial pressure on the existing centre of Shanghai and was to become a new centre of industrial and commercial activities. The opening up of Pudong and the intention of developing Shanghai into a world-class urban centre signified to the world at large China's commitment to continue its reform and open door policy. From this point onwards, Shanghai finally became the national focus of economic reform and development (Wu, 1999; Han, 2000).

Around the same time, a series of reforms enacted a significant decentralisation of power towards municipal governments. Under fiscal reforms, a new revenue sharing system was established across provinces in China. From then on, provinces were responsible for balancing their own budgets by adjusting their expenditures to better meet their revenues. Revenue shares were fixed so that provinces could plan ahead and profit from any increases in revenues. They were also given power to arrange the structure and amount of local spending, no longer being restricted by fiscal targets provided by the central ministries (Oi, 1992; Zhu, 1999; Zhang, 1994). The importance of urban planning and economic development has been increasingly recognised since the mid-1980s, and municipal governments were given the prime responsibility for urban planning (Wu et al, 2007).

Figure 4.6 overleaf shows the basic urban government structure in Shanghai. Along with Beijing and Tianjin, Shanghai is one of the three cities directly under central administration (*zhixiashi*). This means that administratively it is equal in rank to a province, and that its municipal bureaux are directly under the central ministries. The city's top leaders are in practice appointed by the central government and its Communist Party organs, whereas in other cities they would be appointed by the provincial government. In its formal and more narrow definition, this government includes the 'government standing committee' (*zhengfu changwuwei*) which comprises the mayor, deputy mayors and secretary, and the 'government plenary committee' (*zhengfu quanti huiyi*) which includes the same people plus the heads of municipal-level bureau and commissions. These two core groups of officials make most of the major decisions affecting the city, which they report to the People's Congress and up to the State Council. Yet, they are also circumscribed by the dictates of the Communist Party, national legislation and State Council's policies.

Figure 4.6: The urban government structure in Shanghai

Source: adapted from SSB (2009)



The municipal government is in turn composed of a plethora of bureaus and commissions, whose chiefs are appointed by the mayor. These carry out their work within the scope of broader decisions made by the standing committee.

The Mayor heads the municipal government and has supreme authority in policy making and the to co-ordinate administrative work in the city. However, the Communist Party remains a key organisation in the city and permeates the governing bodies. The most important Party organisation in the city is the Municipal Party Committee (*shi dangwei*), which has departments which duplicates those within the municipal government and ensures that policy is implemented. Underneath the municipal government are district and county governments. The district/county governments are circumscribed by municipal policies and targets, but have been given a stronger role devoted to urban service administration, law enforcement, as well as local urban planning and construction. The two levels of governments are co-ordinated and reinforce each other, with the municipal government in the steering role (Wu et al, 2007; Wu, 2002).

Below these are additional, lower levels of public administration: the Street office (SO) and residents committees (RC). As sub-district level, the SO operate as the interface between society and government by managing everyday services for communities (Zhang, 2002b). Below the street-office, "resident committees" are administrative units at the local neighbourhood level and a key way of how the government manage life at the grass-roots. They undertake many tasks assigned by the government, such as basic welfare provision, the maintenance of public order and mobilising people (Wu, 2002). These comprise the key elements in the multi-tiered formal governing structure in Shanghai.

4.3.2 *Economic Development*

Since China's economic reforms in 1978, Shanghai has enjoyed sustained economic growth, but once the barriers to locally determined growth were removed in the early 1990s, the pace of transformations increased radically (see table 4.7). Shanghai's GDP increased from 78.2 billion yuan in 1990 to 477 billion yuan in 2000 and 1.37 trillion yuan in 2008 (SSB, 2007). With the official designation of Shanghai as the 'dragon's head' of Chinese cities, newly devolved powers and central government subsidies for the development of Pudong district, the Shanghai municipal government has become a powerful and proactive actor in the pursuit of

economic growth, setting its sights on becoming a global city. In a more entrepreneurial fashion, it has provided providing wide-ranging preferential policies to attract private business and capital investment, setting in place mechanisms to promote competition and marketised operations (Wu et al., 2007).

Table 4.8: Shanghai's GDP and sectoral structure, 1985-2008

Year	Total GDP (Billion yuan)	Contribution to total GDP		
		Primary Industries %	Secondary industries %	Tertiary Industries %
1985	46.7	4.2	69.8	26.0
1990	78.2	4.4	64.7	30.9
1995	249.9	2.4	56.8	40.8
2000	477.1	1.6	46.3	52.1
2005	916.4	1.0	48.6	50.4
2006	1,036.6	0.9	48.5	50.6
2008	1,369.8	0.1	40.1	59.8

Source: SSB (2007, 2009)

A profound process of economic restructuring took place. In 1990 the secondary sector as a whole contributed 64.7% to the total GDP, the tertiary sector 30.9%, and the primary sector only 4.4%. Since then, industries have been upgraded. The municipal authorities paid close attention to the development of high-tech products and six manufacturing subsectors: automobiles, telecommunications, power station equipment, steel, petrochemicals, and home appliances (Han, 2000). Industries with advanced technology, such as in 'telecommunications equipment' and 'integrated circuits and computers' expanded, while traditional industries such as textiles and ordinary machine manufacturing decreased since 1990 (Li and Wu, 2006b). Opening up of the economy has also opened the way towards foreign direct investment (FDI) and foreign trade. Between 1990 and 2000 a total of US\$ 45.42 billion, from 22,270 projects, was invested in Shanghai (SSB, 2002). Since then, the world's largest manufacturing firms, as identified by Fortune, have invested in Shanghai: including GM, Siemens, Nescafe, Unilever, IBM, Hitachi, Sony, Panasonic, HP, Samsung, and Toshiba. Shanghai has accordingly been propelled towards a national, or even global, centre of manufacturing (Li and Wu, 2006b: 256).

From the eighth five-year plan (1991-1995) the local government further set up a principle that the tertiary sector was to receive the greatest emphasis for development, followed by active restructuring of the secondary sector, and the

stabilisation of the primary sector (Han, 2000). By 2008 the secondary sector remained significant, representing 40.1% of the GDP, and the primary sector continued to diminish proportionally, representing only 0.1%. The tertiary sector had in turn become the biggest contributor to the economy, with its share of the GDP rising from 30.9% in 1990 to 52.1% in 2000, and reaching 59.8% in 2008 (see Table 4.8).

Table 4.9 shows that total employment in Shanghai increased by 1.1 million from 1985 to 2006. However, employment in the primary industries declined by 715,000 and employment in the secondary industries declined by 1.18 million. Growth was concentrated in the tertiary sector, which grew by almost 3 million and whose share of the total workforce increased from 26% to 57%.

Table 4.9: Employees by economic sectors Shanghai, 1985~2006

Unit: 1,000 persons

	1,985	1,990	1,999	2,006	Net Change 1978-2006
Primary industries	1,268	873	922	553	-715
Secondary industries	4,454	4,671	3,262	3,276	-1,178
Tertiary industries	2,034	2,334	3,154	5,026	+2,992
Total employment	7,755	7,877	7,338	8,855	+1,100

Source: SSB (2001, 2007)

Within this, the five key service sectors, namely, retail and wholesale, hostelling and catering, financial and insurance, real estate, and information technology, demonstrated strong signs of flourishing. Between 1990 and 2008, the total revenue of the retail sector increased 13-fold, from 33.3 billion yuan to 454 billion yuan (SSB, 2009). The local government also placed strong emphasis on the growth of advanced service sectors, particularly finance, insurance and real estate (the FIRE sectors). A reformed building construction and real estate sector boomed by the 1990s, and its total value grew forty-times from 7.6 billion yuan to 307 billion yuan (SSB, 2009). The discourse of globalisation became increasingly embedded in local politics (Wu 2003b). The objective here was to make Shanghai the financial centre of China and the Far East by attracting more domestic and foreign financial institutions to set up their offices in Shanghai (Han, 2000). Between 1990 and 2008

the value of saving deposits in the city's financial institutions increased forty-fold, from 85 billion yuan to 3.56 trillion yuan. Shanghai has since become an economic powerhouse in the East Asia.

4.3.3 Social transformations

Market reform and economic restructuring also meant profound changes in the urban employment and social structures, leading towards enlarged social disparities (Li and Wu, 2006; Wang, 2004). Shanghai has yet to become a 'post-industrial' service society, but long-standing manufacturing manual working class has shrunk and a large service-based middle class is emerging. Table 4.10 shows that the proportion of workers in manufacturing, transportation and equipment operation roles declined from 47.7% in 1982 to 38.2% in 2000. Meanwhile, the share of clerical staff rose from 3.1% to 11.8%, and commercial service staff increased from 11.5% to 22.5%. There has not been very significant growth in professional or managerial segments of the local labour force - reflecting the fact that Shanghai is still in the early stages of post-industrial transition (Li and Wu, 2006b). The share of professional workers and the labour force experienced modest gains from 10.7% in 1982 to 13.3% in 1990, but declined slightly to 12.8% in 2000. The share of managerial staff increased only slightly from 3.2% in 1982 to 3.4% by 2000 (SSB, 2004b).

Table 4.10: Occupational class structure changes in Shanghai
Unit: percent

	1982	1990	2000
Managers in institutions and enterprises	3.2	3.7	3.4
Professional and technical staff	10.7	13.3	12.8
Clerical staff	3.1	5.8	11.8
Commercial service staff	11.5	15.2	22.5
Agricultural workers	23.7	11.5	11.3
Manufacturing, transportation and machine operators	47.7	50.5	38.2
Others	0.1	0	0

Source: SSB (2004b)

By the end of 2008, the city employed 1.73 million staff in its expanding retail and wholesale sector, 417,000 in the hotel and catering sector, and 598,000 in business services - now an important element in the labour force of global cities. In the

producer services sectors, there were 232,000 staff in the financial and banking industries, and 697,000 in real estate (SSB, 2009).

Under a more marketised environment, various forces began to diversify urban society. One underlying factor was increasing divergence in pay. For example, market competition resulted in rising differentials of income across enterprises depending on their economic performance. Joint ventures and foreign-funded firms came to pay much higher salaries than in the state sector. As seen in Table 4.11, there has also been a widening of the income distribution along with the rise of several high-earning sectors of the economy, such as financial and information services (Wang, 2004; Li and Wu, 2006b).

Table 4.11: Incomes in various economic sectors, 2006

Unit: yuan/ year

Industry	Overall	State-owned enterprises	Collective enterprises	Foreign-Funded enterprises	Others
City average	31,371	40,141	22,959	40,964	23,915
-Primary sector	19,459	22,610	26,644	16,719	16,724
-Secondary sector	29,079	37,128	17,972	36,330	22,646
-Tertiary sector	33,294	41,017	24,278	67,409	24,984
High-paying sectors					
Information services	82,867	73,890	28,929	98,742	89,238
Finance	70,546	89,394	-	134,177	55,438
Power and water production and supply services	51,501	46,133	44,621	90,961	60,293
Mining	56,531	75,392	-	-	15,538
Scientific research and technical services	47,822	43,299	36,534	158,175	68,888

Source: SSB (2007)

The 5th National Population Census recorded a total of 27,700 local managerial workers, including managers of SOEs and private enterprises. Although the number of managerial and professional staff within the local population has increased modestly, globalisation has also created a new social group - foreign employees of foreign companies and joint ventures. Between 2000 and 2008 the total number of foreign residents in Shanghai rose from 60,000 to 148,000, constituted by expatriates who usually occupied middle-to upper managerial positions, and their families. A majority of these originated from Southeast Asia including Japan, Korea, Singapore, as well as further afield from the USA and Europe (SSB, 2009). Being expatriates and enjoying high pay, they have become a growing part of the top of

the urban social hierarchy (Wang and Lau, 2009; Li and Wu, 2006b).

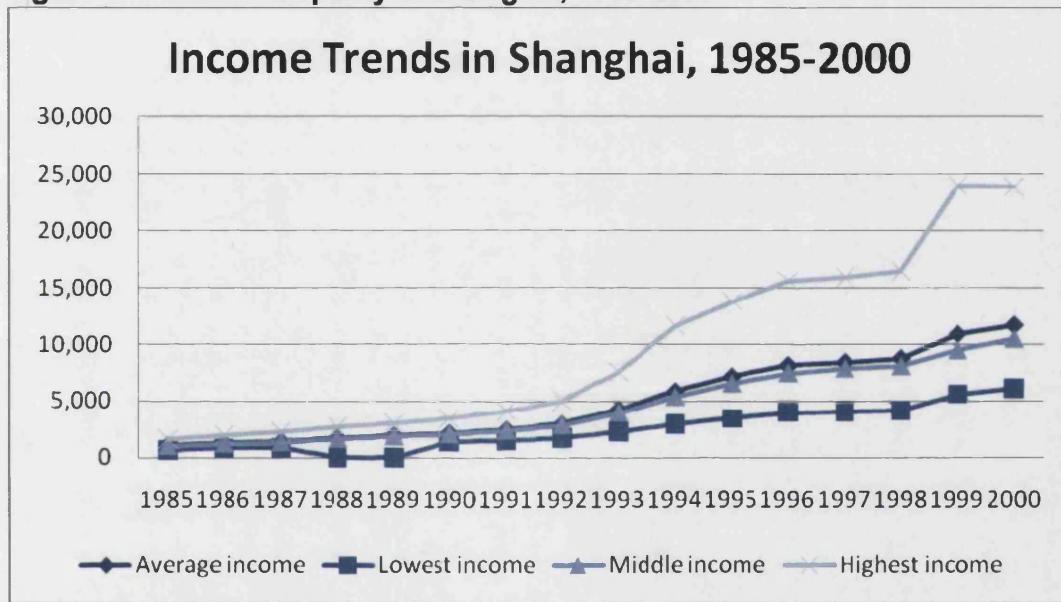
At the opposite end, urban social inequality was exacerbated as redundancies, lay-offs and downsizing further enlarged the group of urban poor (Wang, 2004). Economic restructuring also resulted in a dramatic loss of secondary sector jobs, and more widespread unemployment. With intensified competition and state-led SOE restructuring, numerous inefficient enterprises were closed, merged or privatised (Li and Wu, 2006b). National statistics showed that 8 million workers in China were laid off by 1996 (Wang, 2000). In Shanghai, the unemployment rate increased from 0.2% in 1985 to 4.9% in 2003. In absolute terms the registered unemployed increased from 12,000 to around 300,000 (SSB, 2004). However, this figure excludes even more laid-off workers relieved from their posts (*xiagang*). The local term '*Xiagang*' denotes the situation where a public sector employee has lost a permanent job but still received a monthly benefit or a proportion of his wage from the employer. These laid-off workers were mainly low-skilled and middle-aged workers with poor education (Wang, 2004).

Urban social inequality was also exacerbated alongside intensified rural-urban migration. To put redundant labour force in rural areas into urban labour, the once strictly controlled *hukou* system has been relaxed by the state. From 1984 peasants were permitted to move into cities for work and business without changing their rural status. This has resulted in large numbers of rural migrants flooding into cities (Solinger, 1999). In Shanghai, the size of the migrant population was 1.06 million in 1988, which increased to 5.81 million in 2005 (SSB, 2001, 2006). According to the 2000 census, 73.4% of them were working, and actually composed 39.5% of the city's labour force. Nevertheless they were restricted to jobs undesirable to local residents, in domestic service, sweatshops, restaurants and retail services. The average educational level in the 2000 census, was below 'junior high school', while only 3% of them were educated to college level or equivalent. Most worked in manufacturing (25.8%), construction (19.5%) and services (27.4%), including business services (13.9%), catering (6.6%) and community services (6.7%). Migrants were also excluded from most of the amenities of permanent residents, such as housing welfare, medical facilities, and pensions, and they constitute the low tiers of the urban social hierarchy (Wang, 2000, 2004).

Alongside socio-economic restructuring, income disparity has become more apparent (Figure 4.7). Between 1985 and 2000 income of the top 10 percent ('very

high income group') increased from 1,648 yuan to 23,849 yuan, by 14.5 times. Meanwhile the bottom 10 percent ('lowest-income group') grew from 665 yuan to 6,169 yuan – only 9.2 times. Thus, the ratio between the top and bottom 10 percent increased significantly, from 2.48 to 3.87 (SSB, 2001). Nevertheless, these official statistics only covered registered permanent residents. This means that neither higher income foreign elites nor poorly paid rural migrants were counted. Therefore the actual inequalities are believed to be far greater (Friedmann, 2005; Li and Wu, 2006).

Figure 4.7: Income disparity in Shanghai, 1985-2000



Source: SSB (2001)

4.3.4 Housing and Land Reforms

Aside from economic and social changes, physical developments in the city were also a highly visible component. These need to be examined in the context of national reforms in the land and housing systems. From the 1980s China embarked on a process of market-oriented housing and land reforms. A large amount of literature has discussed the complex policies and processes involved (see e.g. Lee, 2000; Wang and Murie, 1996, 1999; Wang, 2000; Wu, 1996, 1997; Zhang, 2001; Zhao, 2003). An overview of the key aspects is provided here.

After a series of experiments in selected cities, general implementation throughout the country was called for in 1988 (State Council, 1988). In February 1991, the

Shanghai Municipal Government accordingly published the “*Implementation plan for Shanghai City housing reform*” (SMG, 1991), formally initiating housing reforms in the city. Over the following decade, several key central government policies were issued to guide the complex reform process and progressively transformed the previous public-sector dominated welfare housing system towards a market orientated one. Of note were “*A Decision from the State Council on Deepening the Urban Housing Reform*” (State Council, 1994), and “*A Decision from the State Council on Deepening the Urban Housing Reform*” (State Council, 1998).

According to Wang and Murie (1996), in terms of housing circulation the goal of housing reform was to make the transition from a welfare system which rejected the commodity value of housing towards a system where housing was a commodity circulating in a market. On the supply side, housing provision was gradually decentralised towards the work units as well as the private sector and individuals, paving the way for a commercialised housing provision system. Initially work units were allowed to develop commercial housing that can be put into the market for sale and profit. This was then usually sold to their employees at highly discounted prices. To create a more rational market system, the government then put forward regulations whereby real estate companies were set up and became the major producer of commercial housing (Wu, 1996; Quan, 2006).

Public housing was to play a smaller role than the past (Wang, 2000). In terms of housing management the goal was to make the transition from a state-dominated administrative system towards a more marketised and professionalised property management system. Public sector rents would gradually be raised, to ensure a sustainable cycle of housing investment and to encourage home-ownership. A large privatisation programme was implemented, selling off the better quality housing to sitting tenants at subsidised prices. Between 1993 and 2004 more than 1.63 million units in Shanghai had been privatised (Yin & Zhang 2007: 12). The process nevertheless excluded a large stock of dilapidated and under-equipped housing, as only self-sufficient units could be sold. These remained a significant source of housing accommodating the urban poor, and it is notable that rent reforms brought little changes to the overall affordability of public housing.

Corresponding land reforms also radically altered the logic of land use and of urban development. In 1988 the National People’s Congress legalised the leasing of land by the local governments to developers through the paid transfer of a ‘land-use

right'. Thus, although the state would continue to own all urban land, by paying a land leasing premium the right to develop on state-owned land can be acquired via negotiation, public auction, or tender by developers for development (Wu et al, 2007; Zhu, 1999). Following this, a number of regulations were promulgated to formalise the land reforms, later permitting foreign capital to invest in urban land in China. As the land use right was released into the market, the creation of profits carrying out property development became possible across the country. After these institutional changes, commodity housing has been mainly provided and purchased through market mechanisms (Wu and Yeh, 1996). Nationally, investment in commercial housing construction represented 70% of total housing investment by 1996, whereas the government by this time contributed only 0.3% (Quan, 2006).

From 1994, the central government implemented various policies to create a more diverse housing system which made available different forms of housing for different social groups. 'Affordable housing' (*jingji shiyongfang*) intended for middle and lower income families was formally promoted. This would be provided by private developers, but under the principle of profit being no more than 3%. Their construction would be supported by various special central government loans and free land allocations (Wang, 2000; Quan, 2006). However, affordable housing remained a relatively small component of total construction output up to the early 2000s. Between 1995 and 1999, Shanghai built a total of 3.45 million m² of affordable housing - only about 6.7% of the total commodity housing built (SSB, 2000). Furthermore, due to eligibility restrictions and prices, the main beneficiaries were not the poor, but middle income households in the state-sector (Wang, 2000).

In 1999, the central government further developed a policy of 'cheap rental housing' (*lianzu fang*), intended for households whose incomes fulfilled minimum income standards set by local governments. Rent for 'cheap rental housing' was to be heavily subsidised (Wang, 2000). However, to date rental housing policy has been very limited in scope in most Chinese cities, and public housing inherited from the past remained a more significant mode of provision for those urban residents who could not access housing in the market (Zhang, 2007).

Aside from policies aimed at changing the supply side of housing, various state policies also helped support individual's capacity to purchase commoditised housing in the market. The Housing Provident Fund (HPF) system is a housing savings system instigated in 1991 which ensures that both employers and employees make

a monthly contribution (of between 5~10% of their income) to the employees' savings accounts for housing purposes. The system has been adopted in most public sector enterprises, collective-owners enterprises, private enterprises as well as some joint-venture or foreign funded firms throughout the country (Wang, 2000). Since 1991, the HPF has provided over 872,000 loans for households in Shanghai (Yin and Zhang, 2007).

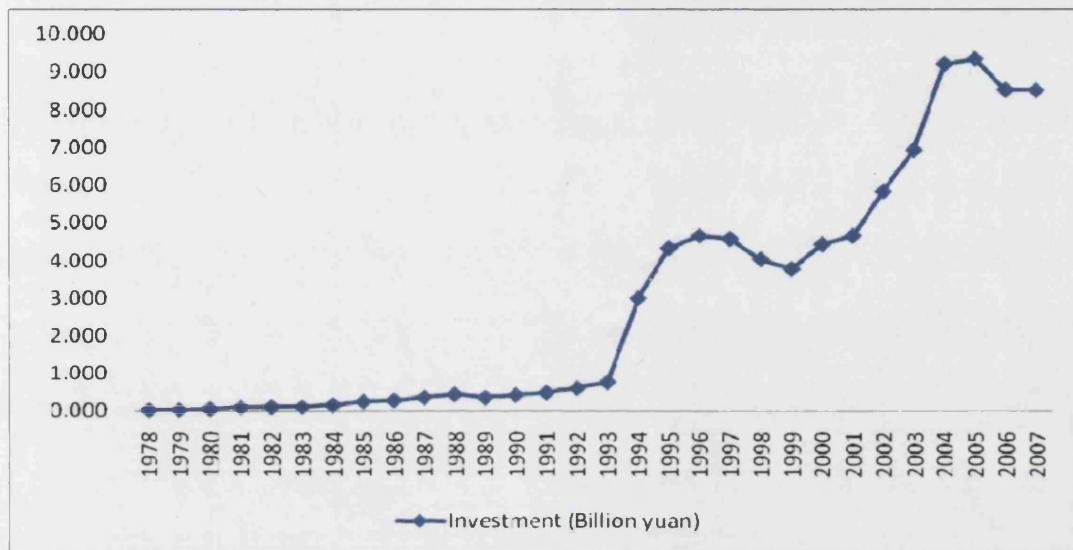
Work units continued to purchase and distribute commodity housing at subsidised prices to their employees during the 1990s. However, this practice was formally terminated by the central government in 1998. A monetary housing subsidy system was developed to replace the material distribution of housing, and mortgage loans from commercial banks were gradually opened up to individuals for purchasing commodity housing. Since then, the housing needs of public-sector employees came to be met predominantly by the housing market, with work units mainly helping their employees through the HPF system (Quan, 2006; Wang, 2000). Since then housing mortgage loans and individual consumption of housing have both increased rapidly (Yin and Zhang, 2007; Quan, 2006).

Shanghai soon led other cities in China as a pioneer in experimenting with market-oriented urban development, and even attracting foreign investment into real estate development. In 1990, there were 103 property development enterprises in Shanghai, but the sector expanded rapidly after Deng Xiaoping's southern tour to the city in 1992. By 1995, a total of 2,635 property development enterprises were registered in Shanghai (Yin and Zhang, 2007). Most of the earliest property developers in China were state-owned enterprises set up by the government for taking up the function of comprehensive urban development and realising urban master plans for the local governments. In many cities there were normally at least one or two very large corporate enterprises acting as the 'backbone' builders under the direction of local governments. Some were quasi-government enterprises set up by local government bureau or central government ministries. Their main missions were to make use of land and property development to provide much needed modern urban infrastructure, to expand housing production, improve housing conditions and improve the physical environment of the city (Tang, 2003).

However as speculative potential of real estate development was unleashed, private developers and various overseas investors also flocked to set up operations. A booming real estate market emerged. As seen in Figure 4.8, total real estate

investment shot up from 0.82 billion yuan in 1990 to 46.62 billion yuan in 1995. The period 1996-1999 saw a brief real estate slump in China in response to the Asian Financial Crisis, causing a significant decline in investment activity. However, the market rebounded by 2000. Since then total investment continued to rise rapidly, reaching a peak of 124.7 billion yuan in 2005.

Figure 4.8: Investment in housing construction in Shanghai, 1978-2007



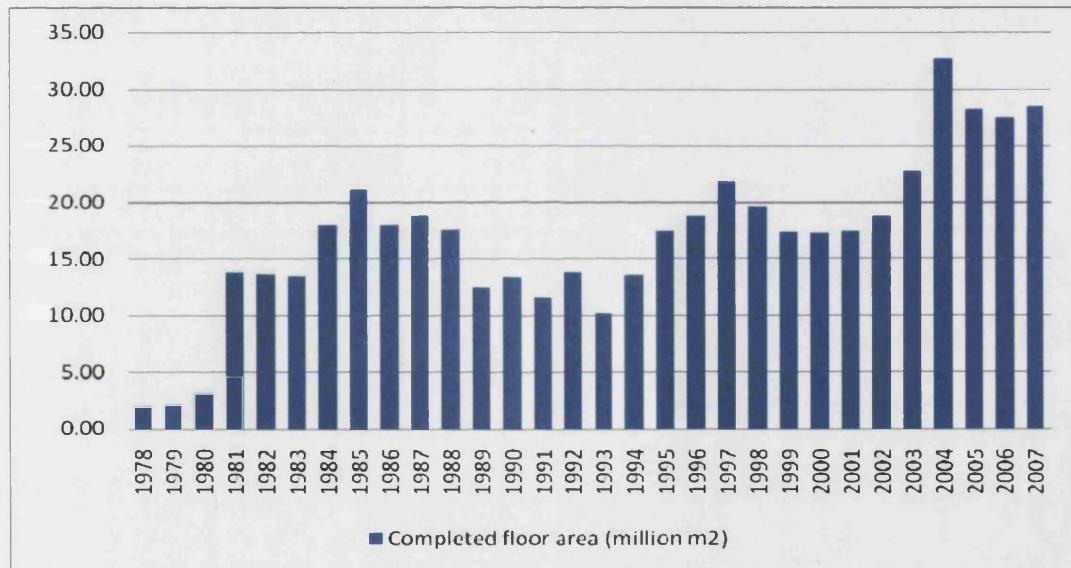
Source: SSB (2008)

The Chinese property development sector has gradually shifted “from an oligopolistic, state monopolized industry to become much more pluralistic and competitive sector” (Tang, 2003: 180). By the end of 2004, there were 5,117 developers operating in Shanghai, with a total registered capital asset of 236 billion yuan. Among these, 162 were foreign-funded firms and 197 were from Hong Kong, Taiwan or Macao (Ying and Zhang, 2007: 73). Aside from local state-owned enterprises, property developers from Hong Kong, Taiwan, Macao emerged as key external players injecting foreign investment into the city. Some were already brand-name developers who sought to diversify their property businesses to the mainland. Many were experienced, capital rich and had good political connections with top-level leaders of cities – including mayors and his deputies. External investors were required to form joint ventures with local enterprises in undertaking development projects in the mainland, but were generally welcomed by local governments for bringing in capital and importing new management skills into the Chinese market. In general, these actors focused on the development of up-market properties for well off buyers. Besides these, numerous mainland Chinese property development

companies emerged which were funded by non-state capital, and were self-financing enterprises. These private developers soon expanded their operations and choices to consumers, although they were generally much smaller in scale, staffing and operations to state-owned development companies (Tang, 2003).

Growth of this industry underpinned a massive building boom. Housing construction was a significant component of this activity. From 1990 to the end of 1999, more than 157 million m² of new housing was built city-wide (Figure 4.9). From 2000 to the end of 2008, another 212 billion m² was added (SSB, 2009). Assuming an average dwelling unit size of 100 m², approximately 2 million new units were built from 1990 to 2008.

Figure 4.9: Housing construction in Shanghai, 1978-2007



Source: SSB (2008)

With deepened marketisation, the sources of finance for new developments were diversified (Yu, 2006). According to the Shanghai Real Estate Industry Association, in recent years self-raised funds from local enterprises accounted for about 30% of total capital investment. Foreign investment constituted approximately 10%. Financial institutions such as commercial banks provided another important source, of around 30%, and finally pre-sale of properties constituted 30% of the finance (Yin and Zhang, 2007: 82).

These changes overall shifted the housing system from one based on public ownership and distribution towards one based on private ownership. Table 4.12

shows Shanghai's housing tenure structure over time. In 1985, public housing accommodated 80.9% of all households, with private ownership representing only 19% and a virtually non-existent private rental sector (ECSREH, 1999). By 2005, 40.4 % of the households had purchased their homes via privatisation, 30.5 % had purchased commodity housing in the housing market, and only 35.5 % were still renting public housing, while (SSB, 2004). These official figures possibly under-report the size of private rental sector (only 1.1 % in 2005) because there has been substantial informal lettings which may have been difficult to accurately document.

Table 4.12: Housing tenure changes, 1985-2005

	1985*	2000**	2005++
Urban population (million households)	1.80	4.76	5.00
Public renting %	80.9	37.1	25.5
Purchased ex-public housing %	0.0	29.6	40.4
Purchased home in market %	0.0	11.6	30.5
Owned original private dwelling %	19.0	--	7.0
Private renting %	0.0	4.3	1.1
Others %	0.2	17.4	0.2
Total %	100.0	100.0	100.0

Source: compiled from the * 1985 housing census, ** 2000 census, and ++ the Statistical Bureau of Shanghai (2006)

Up to 1998, work units still played a significant role in buying and distributing housing to their employees. Thus institutional affiliations, employment seniority and especially government official status all affected people's opportunities to gain housing (Wang, 2000; Huang, 2003; Yu, 2006). However China has since become more similar to market economies, where housing is competed for through the market on the basis of price and ability to pay. For most buyers access to market housing became significantly constrained by earned income and hence by the position of individuals within the paid labour market.

Housing price was consistently high relative to the middle and low income groups. The average commodity housing price was 2,481 yuan/ m² in 1995, rising almost three-fold to 6,698 yuan/ m² in 2005 (SSB, 2006). During this time, the average price of a 70 m² unit was about 10 times the annual disposable income of a three-person middle-income household, and 20 times for the low income household (SSB, 2001, 2006). Large numbers of low-paid or unemployed workers were excluded from purchasing in the housing market. Also particularly disadvantaged were the

migrants flooding into the city. The rural population has been excluded from most of the housing policies, and could not qualify for affordable housing, housing privatisation, or for public housing. Thus, they came to rely on accommodation provided by their employers – such as in factory dormitories, or the flourishing private renting sector. Many were concentrated in cheap peasant housing in the urban peripheries, or renting rooms in dilapidated inner city housing such as the lilong (Wang, 2000; Wu, 2002), which perhaps accounts for the low aggregate status of private renters.

Table 4.13 shows these emerging inequalities. In the 2000 census, public and private renting tenures tended to concentrate people of lower occupational status. 12.6% commodity housing owners were administrators and managers, compared to 4.0% amongst public tenants, and 2.7% among private tenants. 24.7% of commodity housing owners were professional or technical staff, compared to only 13.6% amongst public tenants, and 3.6% amongst private tenants. In contrast, the majority of renters in Shanghai were workers in sales, services or manufacturing (63.8% amongst public tenants, and 86.7% amongst private tenants).

Table 4.13: Occupation status of households' heads by housing tenure, 2000
Unit: percentage

Occupation Categories	All tenures	Private Housing	Privatised public housing	Public renting	Private renting
Total	100.0	100	100	100	100
Administrators and managers	5.7	12.6	7.0	4.0	2.7
Professional/technical staff	14.6	24.7	21.4	13.6	3.6
Clerical & related workers	17.9	22.8	25.4	17.9	4.4
Sales & service workers	23.6	16.3	16.4	28.3	38.6
Production & related Workers	34.8	23.2	29.6	35.5	48.1
Agriculture & related Workers	3.4	0.4	0.3	0.8	2.4

Source: Calculated from the 5th Population Census

4.4 Housing renewal since 1990

4.4.1 Objectives and administrative structure

The last section has showed that Shanghai has been experiencing rapid economic growth since 1990, alongside a substantial decentralisation of administrative and fiscal powers from the centre. Urban economic development became the major mission of the city, and the target was to remake Shanghai as a world city. At the same time, market reform gradually eroded and replaced the old welfare oriented housing system within a real estate market, generating new inequalities. Housing renewal was an important agenda during this period, and this section will review the evolving policies since 1990.

According to the “*Urban Housing Reform Resolution*” of 1991, issued by the central government, each urban government was required to rationalise and support continuous housing investment and construction. The nationally defined aims for the period 1991-1995 were to resolve urban crowding problems, to eliminate dangerous dwellings, and to reform the low-rent and free-distribution system (Wang and Murie, 1996). Shanghai’s overall agenda for housing renewal was set out in a major housing conference held by the Municipal Government in March, 1991. The strategy was initially two-pronged, focusing on the worst quality slums in the city, as well as the immense stock of dilapidated old lilong housing. With respects to the former, the principle was to redevelop these areas and to decentralise the population by relocating existing residents to various districts, which were planned to become satellite towns. In 1992, the Municipal Government announced the urban housing targets for the city until the year 2000, the main objectives of which were (Xu, 2004):

- To demolish 3.65 million m² of slums and structurally precarious dwellings identified by the city-wide housing survey.
- To help resettle households with per capita living space of less than 4 m² per person.
- To increase the city-wide per capita living space, from 6m² to a target of 10 m².
- To ensure that by 2000, 70% of the housing stock would be self-sufficient units equipped with autonomous WC and kitchens.
- With respects to old-style lilong housing, the principle was at the outset to improve residents living conditions progressively through upgrading.

A number of government commissions and bureaux were responsible for co-ordinating and implementing urban housing renewal. The Shanghai Municipal Commission of Construction and Administration oversees their activities and the designation of urban renewal projects. The Shanghai Municipal Housing and Land Administration Bureau ('Housing Bureau' in short) is responsible for the identification and monitoring of dangerous and dilapidated buildings, and to decide upon the level of compensation and overseeing the compensation and relocation of residents in specific redevelopment projects. The Shanghai Municipal Urban Planning Bureau ('Planning Bureau' in short) has an important role to play in setting up planning standards and in planning approvals. There are no administrative requirements regarding obtaining agreement from affected residents before carrying out a renewal project (Law et al, 2009).

To speed up the pace of urban renewal, the municipal government launched a series of devolution policies in April 1992, giving district authorities greater financial incentives to take part. In the case of land leasing, district authorities could approve development projects valued up to U.S\$ 5 million, and could retain 85% of the land-leasing revenues for the purposes of redeveloping dilapidated areas. Thus, district governments came to play a pro-active part (Fu, 2002). They would help identify sites to meet the targets and plans laid down by the municipal authorities. When a project is confirmed at the municipality level, the concerned district government will then set up a management team comprising of members from various related departments and bureaux in the district. This management team will be responsible for monitoring and coordinating the project (Law et al, 2009). Table 4.14 overleaf summarises major housing renewal policies implemented in Shanghai since 1990. These can be categorised in several phases.

Table 4.14: Major housing renewal initiatives in Shanghai, 1990-2010

Time period	Name of renewal plan	Target	Key features	Physical results
1992- 1995	365 slum housing redevelopment phase I	Informal shanty and dangerously dilapidated dwellings	Earliest experiments with land markets and privately funded property-led redevelopment	1.1 million m ² of old housing demolished
	Old housing rehabilitation (pilot projects phase)	Structurally sound/ architecturally distinct lilong housing	On-site resettlement of residents, joint financing from local housing bureaux, work units and residents	A number of completed pilot projects
1996- 2001	365 slum housing redevelopment phase II	To redevelop 3.65 million m ² of informal shanty and dangerously dilapidated dwellings	Substantial concessions to developers offered to speed up process	3.65 million m ² successfully redeveloped by 2001
	Old Housing Amenity Fulfilment Renewal	Rehabilitation or selective reconstruction of lilong housing. No clear quantitative targets city-wide	On-site resettlement of existing residents via discount sale	2 million m ² rehabilitated or redeveloped by 2001
2001-2005	New Round of Urban Renewal: lilong demolition phase I	Redevelopment of 10 million m ² of dilapidated lilong housing	Monetary compensation to displaced residents, Substantial concessions to developers	7 million m ² of lilong housing demolished
	New Round of Urban Renewal: Rehabilitation of older staff housing	Improvement of old post-1949 workers flats	Housing improvement, On-site resettlement option for residents	7,600 buildings upgraded
2006-2010	New Round of Urban Renewal: lilong demolition phase II	4 million m ² of poor quality lilong housing to be demolished	Monetary compensation, Concessions to developers, Site clearance and land reserve by government	1.2 million m ² demolished by 2008

Source: author's analysis

4.4.2 Rehabilitation and on-site resettlement

From the early 1980s to the early 1990s, a small scale rehabilitation approach for lilong housing was evolved through a series of small scale pilot projects. Schemes were welfare orientated, with limited profit potential, and emphasised the retention rather than displacement of the existing residents. This aimed to enhance the living standards of lilong housing by adding basic amenities such as private bath, WC, kitchen and gas fittings, and optimising the internal space layout. The original structure and building facades were retained, and the focus was to re-build the interior space so that each household had an autonomous unit. Unit sizes remained tight, but where possible, extensions and an addition of an extra story helped alleviate congestion, or as surplus space to be sold to make up for the capital investments. The local housing bureaux or their affiliated quasi-governmental companies were responsible for most of the financing and implementation, although work units were required to contribute to the construction costs, and residents also paid a very minor contribution.

At a limited scale, this “community-retention” model was still rolled out alongside the rise of market-oriented demolition. It was set out in the Shanghai Municipal Construction Commission policy *“Temporary regulations for the amenity fulfilment renewal of old housing”* in September 1995. Between 1995 and 2001, a total of approximately 2 million m² of old housing (around 12,000 dwellings units) was renovated under the terms of this policy, involving 57,700 households (SMHLAB, 2002). By the mid-1990s, privatisation to sitting tenants became a key mechanism through which some funding for these schemes could be derived. Resettlement into the upgraded units was based on the condition that the household purchased the rehabilitated unit at a discounted price. Eventually, reconstruction as multi-storey flats rather than rehabilitation also became the norm. Local officials were not satisfied with the results of rehabilitation because it fulfilled only minimal housing standards, and did not do much to lower the high residential densities.

Yet these constituted only a minor component of the overall urban renewal efforts. The practice of on-site resettlement significantly constrained the profit potential of housing renewal, and therefore attracted only limited capital investment (Dowell, 1994). It was not therefore seen as a sufficient solution to match the ambitions of the local authorities. Instead, market-orientated mechanisms of real estate development combined with off-site relocation were increasingly introduced,

resulting in a model of large-scale, privately funded redevelopment. Indeed, the most obvious change in the practice of housing renewal in the 1990s was the shift towards private-funded redevelopment based on relocation of existing occupants.

4.4.3 Offsite relocation and redevelopment

Recognising that on-site resettlement severely constrained the commercial profitability of redevelopment projects in a market context, the State Council of China issued an important regulation on urban housing demolition and relocation in June 1991, formally promoting a shift towards 'in-kind' compensation as a primary mechanism. From this point onwards sitting residents could be resettled off-site into replacement housing at a different, usually cheaper, location (a practice known as 'in-kind' compensation). Because all land was owned by the state, and the local governments had the legal authority to decide on land transfers for urban development, the government could actively force residents to move out in the name of public interest.

This shift in policy legitimised the large scale off-site relocation of sitting occupants for the enactment of urban renewal, and was fundamental to realising the speculative potential of redevelopment by freeing up land for more lucrative uses. Subsequent to this new regulation, developers built large quantities of low-cost housing in the urban peripheries, or bought second hand housing from the property market for the purposes of settling relocated families. Through the land-leasing process, developers could potentially turn over substantial profits by redeveloping old neighbourhoods into new real estate that can be sold or rented in the market, thereby realising the latent value of land. This provided an impetus for their injection of capital into the built environment, and opened up an enormous source of financing for the government to rebuild dilapidated areas (He and Wu, 2005).

Large scale redevelopment through private initiative quickly became the main driver of housing renewal and preoccupied most of the resources and political attention of the local government. Between 1991 and 1995, a total of 1.16 million m² of old housing was demolished, relocating some 297,000 households (Xu, 2004). Compensation was calculated in relation to household size (number of persons in the household multiplied by the floor area compensation standard). Households could generally choose from housing offered at a variety of locations, with the compensation standards more generous if residents agreed to move to areas

further away from the centre. These were generally more spacious and better quality physically than the ones residents are moved out of. However, the tensions relocation created became one of the most contentious issues in society. The specifics of the relocation process, the nature of resultant tensions, and further evolution of relocation policies will be detailed in subsequent chapters.

Apart from the state-led enforcement of relocation, redevelopment was sustained by other favourable policies for developers. During the 1990s, the local government intervened most forcefully in eliminating what remained of the 3.65 million m² of slums. During the early phase of market-led redevelopment, projects were heavily biased towards the financially lucrative sites. In the pursuit of greater profitability and minimum development risk, property developers focused on the prime locations and those with lower population density. Only a minority actually corresponded to designated slum clearance areas. Other sites with less profit-potential and in particular high population density – which meant higher relocation costs - were often neglected (Xu, 2004).

In order to channel property development towards less profitable slum areas and to achieve its housing renewal targets, the Shanghai Municipal Government instigated set of preferential policies in 1996: "*Notification of various suggestions regarding the speeding up of inner city dangerous, basic and slum dwellings in this city*" (SMG 1996). The policies simplified procedures for approving applications for designated '365' slum areas. They reduced a range of administrative fees associated with redevelopment process and reduced and/or allowed delayed payment of land-leasing fees related to the acquisition of sites. Subject to the approval of the land and housing bureau land-leasing fees for these so-called 365 areas could be reduced by up to 40% for grade-3 locations, by 50% for grade-4 locations, and by 60% for grade-5 locations (Xu, 2004). This practice of subsidised land transactions from the government to enterprises gave tremendous advantages to the private sector, and created the basis for windfall profits (Zhu, 1999).

The policy also permitted local authorities to offer special building density concessions for designated areas. Developers were also relatively free to determine the kinds of real estate they developed, and most new developments targeted the middle and high-income groups in order to achieve higher profits (Xu, 2004).

These policies were extended in 1998. The period 1997-8 saw the first, albeit short-

lived, real estate slump in China. Facing these obstacles, the Municipal Government issued a further policy document in August 1998 – “*Notification concerning the speeding up of the renewal of slums dwellings in the inner districts of this city*”. This offered an even more comprehensive set of preferential policies designed to ensure the speedy completion of the 365 redevelopment programme. Apart from the exemption of various administrative fees, all remaining designated sites were exempt from land-leasing fees. Beyond this, the municipal and district governments jointly offered fiscal subsidies for approved schemes for certain priority clearance sites. This ranged between 300 to 900 yuan for every square metre of dwellings demolished, depending on the location. These highly preferential, and costly, measures ensured that the ambitious clearance goal was formally achieved by November 2000 (Xu, 2004).

4.4.4 Redevelopment in the “New Round of Urban Renewal”

With the completion of the ‘365 slum clearance’ programme, the municipal government initiated an even more ambitious housing renewal programme for the period 2001-2010. The ‘New Round of Urban Renewal’ (NRUR) was announced in February 2001 according to the document “*Temporary methods regarding encouraging resident re-settlement and the initiation of the new round of urban renewal*”. Demolition remained the key focus of the NRUR, targeting by this stage the clearance of dilapidated lilong housing. It was announced that there were still 20.15 million m² of low-quality old dwellings requiring demolition. This included poor quality grade 1 lilong housing (32.3%), very poor quality grade 2 lilong housing (54.2%), and various informally built or basic dwellings (13.6%) distributed across 941 plots of land.

Similar to the earlier redevelopment programme, favourable subsidies focused on removing supply-side constraints for private capital. Land-leasing fees of designated clearance sites could be negotiated or even waived, and various administrative fees were reduced or waived. All of these demonstrated a commitment of the government to encourage the participation of property development enterprises in the reconstruction of older inner city areas. The initiation of the NRUR programme also coincided with the recovery of the real estate market from the Asian Financial Crisis. A context of rebounding property prices helped generate a new sense of optimism and generated impetus for developers to resume their participation in urban renewal. Thus, between 2001 and October 2003, a total of 307 plots of land

were speedily approved and leased out to property developers under the NRUR policy. This covered a total land area of more than 13.48 km² and the planned relocation of some 300,000 households (Xu, 2004).

During this period, the central government shifted the method of relocation towards monetary compensation. With the rapid pace of urban redevelopment, available housing stock for resident resettlement became increasingly scarce, and therefore more expensive to provide. At the same time, officials discovered that residents would frequently try to increase the number of relatives living in the household prior to relocation so as to become eligible for larger replacement units. In order to resolve these problems, a new regulation called for the shift towards providing relocated households with cash compensation rather than housing in-kind, so that they can resettle in housing market themselves (Law et al, 2009; Wu et al, 2007). In October 2001, the Shanghai Municipal Government followed these new principles through the *"Detailed rules for the management of Shanghai urban housing demolition and relocation"* (SMG, 2001). From this point, cash compensation was to be determined in relation to the location, function and size of the demolished buildings, with no consideration of household size (as it had been done in the 1990s). In other words, cash compensation was evaluated as a monetary value for the demolished premises, rather than related to the specific household forms.

These policies only nominally encouraged residents to resettle back into redeveloped housing. According to the policy, existing households were entitled to purchase the redeveloped housing at a discount price.⁴ In reality however, there was no explicit target rate of community retention, nor were there requirements for ensuring the affordability of new developments for existing households. Because existing households generally only had limited purchasing power, and new developments tended to target the affluent groups, most residents had little actual choice but to move away. Generally no more than 10% of the original households returned back to their original neighbourhoods after redevelopment (Xu, 2004). Detailed analysis of relocation in this period will be included in Chapter 5.

⁴ For example, if the household originally lived in a room of 30m² that was demolished, and the newly developed units were 80m², then 30m² would be offered to them at a discount price, but the remaining 50m² would be sold at market price.

4.4.5 Re-engaging with rehabilitation and conservation

The above discussions showed that the combination of economic circumstances and preferential policies for real estate developers helped sustain large-scale housing redevelopment into the 2000s. In a context biased towards economic growth and rapid physical modernisation, historic conservation was a distant concern for local policy-makers.

The 1990s represented only the embryonic stage of historic conservation in China. Shanghai was formally designated as one of the “Renowned Historic and Cultural Cities” by the State Council of China in 1986 - an accolade which comes with the responsibility to develop a local historic conservation plan. However, no national policy in China instructed local government on the actual practice of conservation planning (Zhang, 2003). In 1991, Shanghai itself developed the foundations of a local conservation system, expressed in the *“Shanghai Historic and Cultural City Conservation Plan”*. This involved a building listing system which identified “Outstanding Historic Buildings” (OHB) for individual protection, and an area-based system comprising larger designated ‘Historic Cultural Character Areas’. 11 conservation areas were designated across the inner city of Shanghai, covering a total area of over 2,000 hectares (Zhang, 2003). They were characterised by different types of architectural heritage (Table 4.16). The management of developments in these areas was placed under the responsibility of the Municipal Urban Planning Bureau.

However, these did not lead to effective protection of historic areas. The building listing system proved relatively effective. However with only a few hundred designations across the city, it had a very limited scope. Another main problem was that the *“Shanghai Historic and Cultural City Conservation Plan”* operated at the city master plan level. It defined the boundaries of conservation areas and specified some basic density and height controls. However it did not set out sufficient detail of conditions and regulations for specific conservation areas, there was no legislative basis for enforcing controls, and in practice urban planners found them too vague for discussions over specific development proposals (Zhang, 2003). Thus, under strong pressures for redevelopment from district officials and developers, real estate development projects often sidelined conservation planning concerns. In particular, municipal infrastructure projects such as road expansions and landscaping schemes always took precedent over any conservation concerns.

During the 1990s, the local government was only focused on revitalising a few iconic historic sites with more widely acknowledged historic or tourism value. For example, from 1994 Huangpu district government progressively facilitated the revitalisation of the iconic waterfront stretch known as the bund – characterised by hundreds of neo-classical, romanticist, and eclectic styled buildings built between the 1910s and 1930s. Many of these buildings have now been lavishly restored to create a centre for luxury consumption.

Nevertheless, rehabilitation of older dwellings did progressively become a more important component of urban renewal in the 2000s. The “New Round of Urban Renewal” (2001-2010) for the first time advocated a more sophisticated three-pronged approach under the principle of “demolition, conservation and improvement” (*chai, liu, gai*), targeting different parts of the existing stock. In addition to redevelopment, a significant rehabilitation programme targeting substandard workers’ housing (staff housing) built in the 1950s and 1960s was rolled out. These aimed to resolve problems such as shared use of bathrooms and kitchens as well as leakage and insulations problems.

As an extension of the earlier “amenity fulfilment renewal programme”, comprehensive rehabilitation measures were enacted to upgrade them as self-sufficient flats through a combination of extension, installation of utilities, and modification of internal layouts. Often, it included the addition of one or two stories via a 'flat-roof to pitched roof' conversion approach. Notably, improved dwellings were for the most part sold to sitting tenants and thus supported community retention rather than displacement. These initiatives were first tried out in 1999, and made significant progress into the 2000s. Up to 2006, some 8,730 buildings were upgraded, with a total floor area of more than 17 million m². (Law et al, 2009). Rehabilitation gradually became comparable in scale to redevelopment. Table 4.15 overleaf shows that in 2005 and 2006 alone, 116 rehabilitation projects of this kind were rolled out across Shanghai, benefiting some 160,000 households. (Further examination of amenity-fulfilment renewal is documented in Chapter 6).

Table 4.15: Housing rehabilitation projects in 2005-6

Districts	2005			2006		
	Number of Projects	Total floor area (1,000 m ²)	Households	Number of Projects	Total floor area (1,000 m ²)	Households
City total	60	3,798	65,152	56	5,865	94,886
Huangpu	2	48	377	3	627	3,587
Luwan	3	188	3,775	1	144	2,699
JingAn	3	119	1,921	1	10	224
Xuhui	7	466	8,637	6	627	10,341
Changning	6	376	6,472	4	381	6,135
Hongkou	1	54	1,032	4	278	5,031
Yangpu	2	81	1,661	3	235	4,960
Zhabei	4	222	4,424	3	469	8,037
Baoshan	1	84	1,673	3	349	5,772
Minhang	8	638	9,751	6	863	11,868
Putuo	2	95	1,904	3	136	2,876
Pudong	0	0	0	3	245	4,205
Songjiang	1	89	976	1	145	1,944
Jinshang	3	205	2,917	2	267	4,171
Jiading	3	240	4,087	3	304	4,490
Fengxian	4	234	3,036	4	419	6,410
Qingpu	6	336	5,977	3	385	5,251
Nanhui	3	178	2,936	1	249	3,305
Chongming	1	145	2,955	2	178	3,580

Source: Shanghai Municipal Land and Housing Administration Bureau (2005, 2006)⁵

Since 2002 there were also signs of increasing leadership recognition and support for historic conservation. Throughout the 1990s, historic conservation lacked a legislative basis, which made it difficult to enforce protection of buildings. To address this problem, the municipal government issued a pioneering set of local legislations: “*Shanghai city conservation regulations for historic conservation areas and outstanding historic buildings*”, which came into effect from January 2003. At the Urban Conservation Conference in August 2003, the Mayor of Shanghai made a speech urging that the city must adopt the most stringent measures to manage urban heritage and conservation areas, according to the principles of comprehensive planning, integrated protection, proactive utilisation, and law-abiding management.

⁵http://www.shfg.gov.cn:82/gate/big5/www.shfg.gov.cn/fgdoc/gzcp/200910/t20091023_329636.htm, Retrieved 23 October 2009

In September 2003, the municipal government announced a revised and expanded set of conservation area designations (see Table 4.16). This includes 12 areas with a total coverage of almost 27 km² – about one tenth of Shanghai's nine inner city districts. Within these were about 12 million m² of residential buildings with protected status – which represented about 8% of all inner city housing (SSB, 2006). The protected stock comprised 1.5 million m² of garden villas (about 6,000 units), 3.4 million m² of new-style lilong housing (about 15,000 units), 1.2 million m² of historic apartments (about 10,000 units), and also 6.2 million m² of old-style lilong housing (about 40,000 units). By this time, the number of listed Outstanding Historic Buildings was increased to 630, encompassing over 2,000 buildings.

Table 4.16: Historic conservation areas in Shanghai, 1991-2004

Conservation Areas, 1991	Area (Hm ²)	Conservation Areas, 2004	Area (Hm ²)	Main heritage types protected
Total (N=11)	2,094	Total (N=12)	2,696	
Bund	99	Bund	101	Commercial buildings
People's square	87	People's square	107	Public square and commercial buildings
Nanjing East Road	91			
Historic City Core	199	Historic City Core	199	Traditional buildings, ancient relics and lilong housing
Hengshan Road	430	Hengshan-Fuxing Road (Merged)	775	Lilong housing and garden villas
Sinan Road	81			
Maoming Road	53			
Hongqiao	521	Hongqiao	481	Garden villas
Shanyin Road	113	Shanyin Road	129	Lilong housing and garden villas
Jiangwan	368	Jiangwan	458	Public buildings and 1930s urban plan
Longhua	52	Longhua	45	Historic temple and revolutionary memorial
		Tilan Bridge	29	Lilong housing
		Nanjing West Road	115	Commercial buildings and lilong neighbourhoods
		Yuyuan Road	223	Garden villas
		Xinhua Road	34	Garden villas

Source: Zhang (2004)

In September 2004, the “*Notice from the Shanghai Municipal Government regarding the further strengthening of the protection of historic cultural conservation areas and outstanding historic buildings*” (SMG, 2004) highlighted the rationale for stepping up historic conservation in the development of Shanghai as a great modern metropolis:

The existing historical architectures of Shanghai are... important embodiments of the precious cultural heritage of our nation, fully expressing the vibrant characteristics of Shanghai as a Renowned National Historic and Cultural City. To protect and utilise Shanghai’s urban conservation areas and outstanding historic architectures is an indispensable component of Shanghai’s development into a modern international metropolis.

The municipal government also made moves to enhance the capacity for integral area management through the preparation of much more detailed, statutory Historic Conservation Area Plans. According to the Shanghai Municipal Government’s (2005, November) “*Notice concerning affirming in principle the planning of ten historic conservation areas such as the Bund*”⁶, the overall mission of these conservation plans was to “ensure integrated protection of the cultural heritage and historic cultural character of the conservation area, to guide the harmonious development of conservation and renewal, to provide regulatory planning controls that are suited to the particular conservation area.”

These detailed plans, completed towards the end of 2005, clarified the ‘aesthetic character’ in each area, the principles of protection, and defined clear, enforceable regulatory controls concerning building heights, set-backs, separations, volume (density), colour, traffic, landscaping, and requirements for car parking, public services and facilities. The new system incorporates a five-tier categorisation of buildings in each conservation area, each corresponding to a different level of protection. This was expected to provide a more robust and practical framework for reconciling conservation and development (see Table 4.17 overleaf). An experts committee for historic conservation was set up to oversee and approve of any developments relating to listed buildings in relation to the regulations.

⁶ http://www.shqj.gov.cn/ghsp/ghsp/shj/200605/20060522_181656.htm. Retrieved 12 December 2009

Table 4.17: Multi-tiered building conservation requirements

Building category	Description	Key regulations
Protected Building (bauhu jianzhu)	Includes all nationally listed cultural heritage buildings and municipal-listed Outstanding Historic Buildings. These have particular historical, cultural or architectural value.	These cannot be demolished and should be repaired and reused in accordance with the conservation plans and legislation.
Conserved Building (baoliu jianzhu)	These are buildings with considerable levels of historical, cultural or architectural value, but not sufficient to mandate Protected Buildings status.	These cannot be demolished. Building facades, structures, and plan-layouts, buildings heights and key internal architectural features of these buildings cannot be altered.
Normal historic buildings (grade A)	Pre-1949 buildings possessing some historical, cultural or architectural value and of integral to the character of the area, but not sufficient to warrant conserved building status	They should not be demolished in whole, but should be repaired and rehabilitated.
Normal historic buildings (grade B)	Pre-1949 buildings having average historic character	Can undergo extension, alterations or reconstruction, but these must be in keeping with the character of the conservation area
Buildings requiring demolition	These include basic shacks, informal extensions, and dangerously dilapidated dwellings which do not fit with the character of the area.	These ought to be demolished and rebuilt in accordance with the planning guidelines.
Other buildings:	These are buildings which do not fit in any of the formal categories	Can undergo extension, alterations, rebuilding, but in keeping with the character of the conservation area.

Source: Shanghai Municipal Government (2005)

While these were significant breakthroughs, local heritage experts and authorities point out that there remain significant uncertainties in the overall approach. Although buildings and areas are now statutorily protected, and future developments have a clear basis for regulation, there has so far been very limited private sector interest in rehabilitation or restoration.

Authorities in Shanghai consider that most of the historic buildings will need to over time undergo market-driven renovation or adaptive-reuse. Most residents are too poor to do this, so property developers are envisioned to play a key part. Like redevelopment, local authorities consider resident relocation to free up the buildings for private investment can be a part of the process. However, the costs of relocation, and strict density constraints associated with historic buildings are so far prohibitive. Most of the planning strategies developed so far are regulative tools to enhance development control, whereas there remains a lack of measures for market

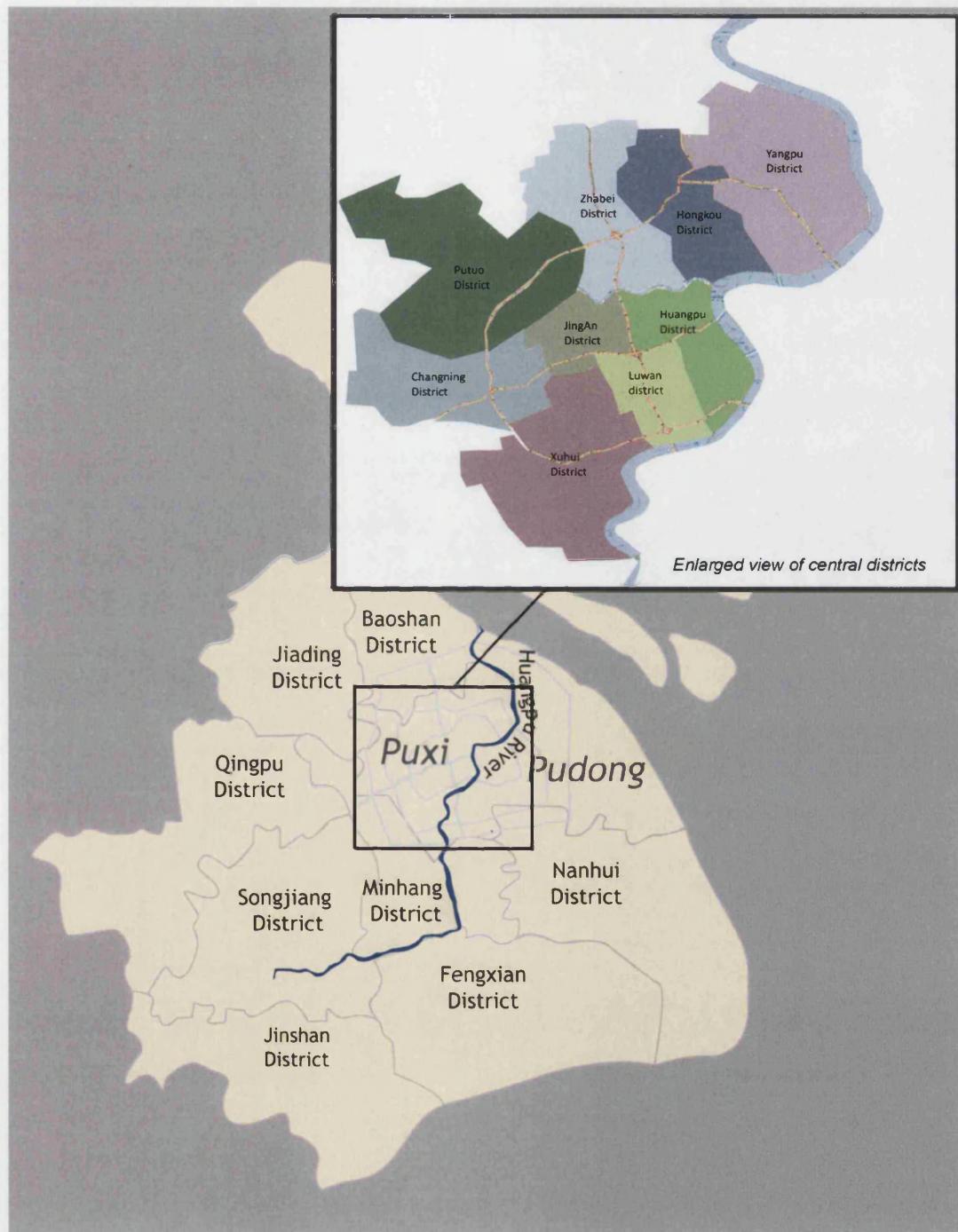
stimulation (i.e. building incentives for private investment). Thus, major questions remain regarding who can finance the renewal of protected heritage. To reverse physical decay and to ensure the long term viability of historic conservation, more financial subsidies and needs to be made available to support the private sector.

Furthermore, conservation was still highly selective. It concentrated on protecting various forms of high-profile public and institutional buildings, or more privileged housing types such as detached villas and new-style lilong housing. Old-style lilong housing was mostly graded “normal historic buildings”. Demolition is generally permitted, with only the requirement that new developments emulated its lane-based morphology. In sum, large-scale redevelopment, with substantial subsidies, was a consistent and key driver of housing renewal since 1990. Historic conservation was nevertheless by 2005 beginning to stand on its feet as a serious urban planning concern. What has so far been achieved is a system to ensure “protection” of heritage in conservation areas, but the prospects for on-going “renewal” remains so far unclear. Meanwhile, the most prominent aspect of housing rehabilitation after 2000 was the government’s continuation of housing amenity fulfilment renewal targeting the modernisation of substandard staff housing. This became a major alternative dynamic alongside on-going redevelopment.

4.5 The impact of market-oriented housing renewal

After outlining the key policies underlying housing renewal, this section provides an overview of its measurable impacts on the city. It examines transformations in the inner-city where urban renewal was concentrated, and also demonstrates the profound decentralisation effect of relocation since 1990. Figure 10 overleaf is a map of various districts in Shanghai. The ‘inner-city’ is here taken to comprise nine urban districts: the four most central districts of Huangpu (which merged with the former Nanshi district), Luwan, Xuhui, and JingAn, and the five districts immediately surrounding them: Hongkou, Changning, Putuo, Zhabei, and Yangpu. In 2000 these nine had a total geographical area of 289 km² and a population of 6.28 million (SSB, 2001). Due to the concentric development of the city, older housing was concentrated these areas. The inner city districts are surrounded in turn by various suburban districts, which in 2000 covered a total land area of 3,635 km² - more than 12 times that of the inner city.

Figure 4.10: Map of urban districts in Shanghai



Source: author's illustration

4.5.1 Production and consumption of up-market housing

Examining the inner city, one of the most direct outcomes of urban renewal since 1990 was a rapid increase in total residential space and the modernisation of the housing stock through redevelopment. Table 4.18 and Table 4.19 show a dramatic transformation of the housing stock. In 1985, the housing stock comprised various forms of lilong housing (49.7% of the stock), post-1949 staff housing (40.3%), shanty (6.2%), detached villas (1.9%) and pre-1949 apartments (1.6%). “Staff housing” is a broad category which included multi-storey flats built during the socialist era, and also came to encompass new form of modern apartments. Between 1985 and 2005, about 16.3 million m² of lilong housing and 3.5 million m² of slums were demolished, representing 93% of the existing slums and 54% of all existing lilong housing stock (SSB, 1993, 2006).

Table 4.18: Housing composition in the inner city, 1985-2005

Unit: 1,000 m² floor area

Housing type	1985	2005	Change	% change
All types	60,460	157,970	97,510	161.3
Villas	1,120	2,160	1,040	92.9
Apartment	946	4,380	3,434	363.0
Staff	24,376	136,570	112,194	460.3
Lilong	30,026	13,690	-16,336	-54.4
Shanty	3,749	260	-3,489	-93.1

Note: Districts included are Huangpu (including Nanshi), Luwan, Xuhui, Changning, JingAn,

Putuo, Zhabei, Hongkou and Yangpu

Source: SSB (1986, 2006)

Table 4.19: Housing composition in the inner city (percentages), 1985-2005

Unit: Percent of total

	1985	2005
Subtotal	100	100
Villas	1.9	1.4
Apartment	1.6	2.8
Staff	40.3	86.5
Lilong	49.7	8.7
Shanty	6.2	0.2

Source: SSB (1986, 2006)

Old and dilapidated housing has visibly been replaced by vast quantities of modern residential forms including detached villas and apartments (staff housing). The total

residential floor space in the inner city increased 160% during this time, from 60.4 million m² to 158.0 million m². Assuming an average unit size of 85 m², the newly added stock equated to roughly 1.15 million units. 'Staff housing' was one major outcome of housing renewal, with a total of 112.2 million m² completed over the two decades. At the same time, luxurious forms of detached housing increased by about 1.0 million m² (SSB, 2006). By 2005, staff housing accounted for 86.5% of the total housing stock in the inner city, while lilong housing accounted for only 8.7%. Beyond redevelopment, rehabilitation programmes also upgraded almost 17 million m² of the older staff housing by 2006.

Housing renewal was accompanied by a process of tenure restructuring, as mostly public housing were demolished and subsequently replaced by private developments. More and more citizens had moved into home ownership since 1990, in part by purchasing new housing in the inner city, and in part as a result of being given replacement housing or cash compensation. Due to rising incomes, demolitions and a pent up demand for better housing, there was a tremendous upsurge of housing consumption in the market. Total commodity housing sales in Shanghai increased from 5.56 million m² in 1994 (about 55,000 units), to 54.56 million m² (about 550,000 units) in 2004 (SSB, 2005). By 2006, the share of public renting had accordingly declined to 23.8%, whereas different categories of owner occupation reached a total of 74.1% (SSB, 2007).

New housing produced in the inner city tended to be owner-occupied units geared towards higher-income groups rather than the poor. The source of demand for these developments can be attributed to the affluent groups including expatriates as well as the local entrepreneurs, professionals, managers and officials. As existing residents were displaced, higher income social groups tended to replace them in the new up-market housing developments, leading towards a 'class transformation' of the city, or state-sponsored gentrification' (He, 2007). A clear price gradient in space was established, highest towards the centre of the city and falling progressively towards the urban periphery. In 2006 for example, average presale price for new housing was around 18,000 yuan/m² in the inner ring road areas, dropping to around 11,000 yuan/m² between the inner and middle ring roads. These compared to around 6,000 yuan/m² in the outer ring locations and around 4,000 yuan/m² beyond that.⁷ In the competitive housing market the opportunity of gaining

⁷<http://61.129.65.8:82/gate/big5/finance.eastday.com/eastday/finance/node77285/node77305/node>

ownership - especially in the inner city - remained largely out of reach of the urban poor.

4.5.2 Commercial spaces and new urban infrastructures

Redevelopment also involved a profound functional restructuring of land uses and the addition of new infrastructures. Roads, bridges, airports, rail links and public mass transit systems were deemed essential for sustaining economic development. Total investment to this end increased from 10.98 billion yuan in 1990 to 198.4 billion yuan in 2005 (SSB, 2006). Key infrastructure projects completed in the 1990s included three bridges and two tunnels across the Huangpu River, an inner ring-road, a system of elevated north-south and east-west throughways, and two new subway lines. By 2020, the city aimed to have built 11 underground lines with a total of 325 kilometres of subway and 136 kilometres of light rail (Wu, 1999).

Inner city land was also being restructured to reflect the market logic of higher value use, into a site for services and consumption. Industrial land uses experienced significant decline. As industries were relocated towards more peripheral areas, the total built space of factories and industrial plants decreased by about 17% from 1990 to 2005 (SSB, 1996, 2006). At the same time, growth of office-based employment and service sectors sustained a massive supply of new commercial buildings and facilities in central locations.

The inner city has always been the centre of commercial activity in Shanghai, and this legacy has been reinforced. Table 4.20 overleaf charts the growth of retail floor space in inner city districts. Between 1985~2005, the amount of retail space in the inner-city relative to its population increased 370%, from about 450 m² per 1,000 residents, to more than 2,100 m². In the late 1980s, Huangpu district was the commercial heart of the city and the only urban district offering more than 1,000 m² of retail space per 1,000 local residents. By 2005, six of the nine inner city districts had exceeded 2,000 m² per 1,000 residents.

Table 4.20: Retail space expansion in inner city districts, 1985-2005Unit: m²/1000 residents in district

District	1985	2005	% change
Overall (N=9)	454	2,141	371
Huangpu	1,190	2,785	134
Luwan	367	3,107	747
Xuhui	289	1,098	280
Changning	386	1,520	294
JingAn	356	2,784	682
Putuo	390	2,392	513
Zhabei	417	2,997	619
Hongkou	344	1,889	449
Yangpu	350	703	101

Source: calculated from SSB (1986, 2006)

Table 4.21: Changes in building space in inner city districtsUnit: 1,000 m² of floor space

	1995	2000	2005	Change 1995-2005	% Change 1995-2005
Housing	153,910	120,830	157,970	4,060	+3
Offices	6,910	15,850	21,607	14,697	+213
Retail space	4,020	6,740	11,826	7,806	+194
Hotels	2,600	3,080	3,804	1,204	+46
Cinema/Theatre	300	290	287	-13	-4
Schools	9,250	9,830	10,907	1,657	+18
Hospitals	1,950	2,560	3,158	1,208	+62
Factories	36,370	31,380	30,200	-6,170	-17

Source: Compiled from SSB, 1996, 2000, 2006

Table 4.21 shows the changing built space composition in the inner city. From 1995 to 2005 a total of 14.7 million m² of commercial offices (the equivalent of almost 70 Empire State Buildings in the U.S) was added. In addition to these were 7.8 million m² of new retail space and 1.2 million m² of hotels. These effectively doubled the existing commercial infrastructure. There was also a significant expansion of various public facilities alongside redevelopment. The total floor space of schools in the inner city increased by 1.7 million m², or about 18%. Meanwhile hospital spaces increased by 1.2 million m², or 62% (SSB, 1996, 2006). Attractive urban amenities are known to be important for sustaining a city-centre based housing market (Ley,

1986). The enhanced housing stock, urban amenities and infrastructures that accompanied this phase of urban renewal were apparent place-related advantages compared to suburban areas. These helped sustain the popularity of the inner city as a locale for the relatively wealthy to live and work.

As a result of new building, the traditional low-rise form of the city has shifted towards a taller, tower-based form. Table 4.23 shows that between 1995 and 2005 about 5,000 buildings of eight-stories or higher were built in the inner city. High-rise buildings exceeding 30 stories increased from 46 to 539. By this time, Shanghai is well recognised as one of the 'tallest' cities in the world.

Table 4.22: Buildings of 8 stories or more, 1995-2005

Unit: buildings

Urban districts	1995	2005	Change 1995-2005
Huangpu	99	394	243
Nanshi *	52		
Luwan	56	297	241
Xuhui	252	916	664
Changning	152	662	510
JingAn	75	410	335
Putuo	129	1,073	944
Zhabei	104	421	317
Hongkou	181	591	410
Yangpu	124	1,359	1,235
Inner districts total	1,224	6,123	4,899
Shanghai total	1,484	10,045	8,561

Note: * Nanshi district merged into Huangpu district in 2000

Source: Compiled from SSB, 1996, 2006

4.5.3 Population decentralisation

Redevelopment and relocation underpinned a profound spatial redistribution of the population. It was usually accompanied by the forced relocation of existing residents and other occupants. Table 4.23 overleaf demonstrates the progress of demolition and relocation in the whole city from 1992 to 2006. It shows that 1.11 million families were relocated between 1992 and 2006 as a result – totalling more than 3 million residents. On average about 74,000 families were relocated every year, although relocation rates exceeded more than 90,000 households during 1994 and 2002. Given that there were officially 5.0 million registered households in 2006, a

remarkable one in five households have been relocated (SSB, 2006).

Accordingly, there has been a strong decentralisation trend from the inner-most urban districts towards the middle zone urban districts and to suburban districts beyond. Although the inner city (or '*puxi*') continued to be a thriving populated environment, residential densities rapidly decreased as crowded residences made way for business, services and more spacious modern dwellings. At the same time the suburban areas had become key arenas of growth, in no small part due to large numbers of people being relocated away or priced out from the restructured and ever-more expensive inner city.

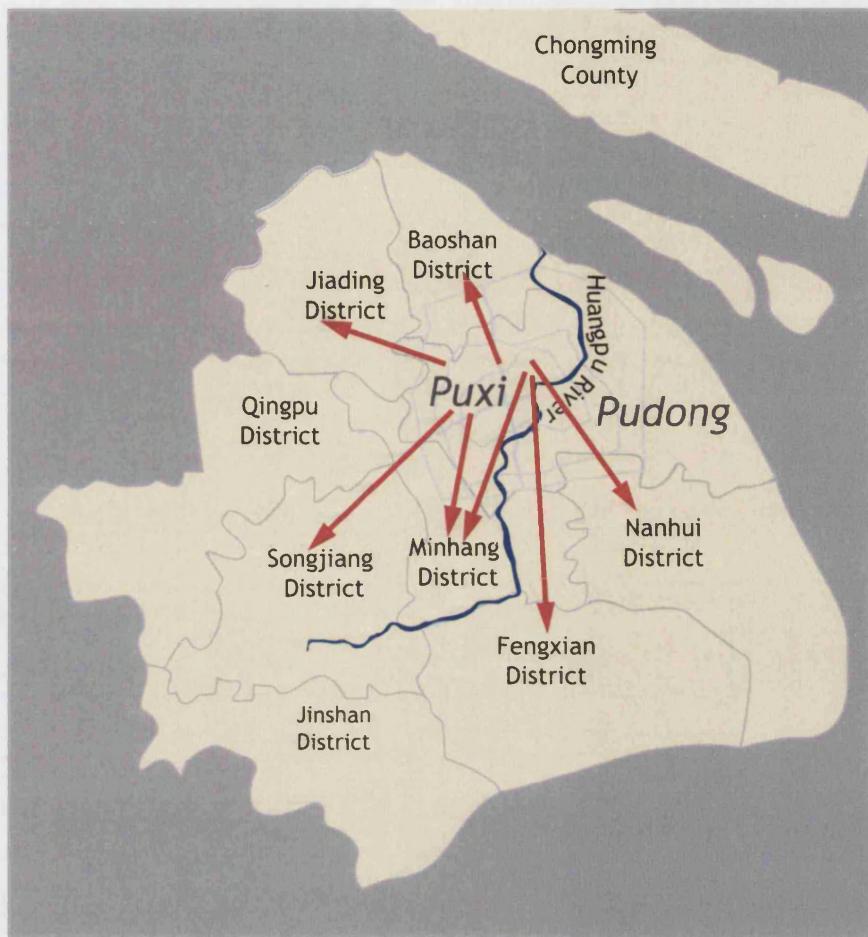
Table 4.23: Housing demolition and resident relocations, 1992-2006

Year	Households relocated	Demolished residential buildings (1,000 m ²)
1992	38,240	n.a
1993	86,582	n.a
1994	92,784	n.a
1995	73,695	2,539
1996	86,481	2,589
1997	77,388	3,632
1998	75,157	3,439
1999	73,709	2,482
2000	68,293	2,884
2001	71,909	3,867
2002	98,714	4,850
2003	79,077	4,755
2004	41,552	2,325
2005	74,483	8,519
2006	76,874	8,484
Total	1,114,938	50,362

Source: SSB (2007); n.a = data was not available

Table 4.24 overleaf shows the key relocation catchment areas for different inner city districts since 2000. Most of these areas were thought of as potential 'new towns' situated between 30 km and 40 km from the centre of Shanghai (Pan, 2006). For example, relocation housing for Huangpu and Luwan were principally situated in Pudong, Minhang and Nanhui districts, beyond the outer ring road. Figure 4.11 shows accordingly the key directions of relocation from the inner city.

Figure 4.11: Key directions of relocation in Shanghai



Source: author's analysis

Table 4.24: Key relocation catchment areas in Shanghai

Demolition district	Areas in which relocation housing is offered
Huangpu and Luwan	<ul style="list-style-type: none"> ➢ Pudong district, areas beyond the outer-ring road ➢ Minhang district, around Pujiang area ➢ Nanhui district, areas such as Zhoupu ➢ Fengxian district
JingAn, Xuhui, Changning	<ul style="list-style-type: none"> ➢ Songjiang district ➢ Minhang district, around the Puxi area
Putuo	<ul style="list-style-type: none"> ➢ Jiading district, areas such as Jiangqiao
Hongkou, Yangpu, Zhabei	<ul style="list-style-type: none"> ➢ Baoshan district, areas beyond the outer-ring road such as Gucun

Source: Huang (2006: 214)

Table 4.25 shows the population changes in the inner city alongside restructuring. From 1992-2000 the four inner-most districts experienced a dramatic population decline totalling 1.17 million.⁸ Accordingly, their average population density decreased from 67,681 persons per km² to 43,044 persons per km² (SSB, 2004b). Over the same period, the 'middle-ring' zones of the city experienced apparent population growth. Districts such as Changning, Putuo, Xuhui, Minhang and Yangpu each gained between 100,000~300,000. This was partly the result of relocation from the inner-most areas as well as considerable new residential construction in these areas.

Table 4.25: Population in inner urban districts, 1992-2005

Unit: 1,000 persons

Districts	Land area* (km ²)	1992	2000	2005	Change 1992-2000	Change 2000-2005
Huangpu (and Nanshi)	12	1,505	575	509	-931	-66
Luwan	8	429	329	271	-100	-58
Xuhui	55	750	1,065	986	314	-79
Changning	38	596	702	672	107	-30
JingAn	8	442	305	257	-136	-49
Putuo	55	805	1,052	1,106	247	54
Zhabei	29	674	799	758	125	-41
Hongkou	23	839	861	783	21	-78
Yangpu	61	1,097	1,244	1,203	147	-41
Total	289	7,136	6,930	6,161	-205	-770

Notes: * Area as of year 2000.

Source: SSB (1993, 2001, 2006)

Population growth was even more dramatic in the seven suburban districts. Table 4.26 (overleaf) shows that between 1985 and 2000 their total population grew from 3.84 million to 7.41 million, driven in part by deepening urbanisation. Of note, Pudong, Minhang, Baoshan and Jiading districts - which have been major relocation catchment areas for inner city redevelopment - gained on average about one million residents. With deepening urban renewal into the 2000s, the decentralisation trend continued. From 2000-2005 there was more significant reduction of population in all

⁸ Although part of this was also due to changing administrative boundaries, with Pudong district gaining some of the population.

the inner urban districts and continued growth of the sprawling suburban districts. Total population in the inner city districts declined by more than 770,000 - from 6.93 million to 6.16 million. Meanwhile the population in the seven suburban districts had increased by a further 2.11 million.

Table 4.26: Population in suburban districts, 1985-2005

Unit: 1,000 persons

Districts	Land area* (km2)	1985	2000	2005	Change 1985-2000	Change 2000-2005
Pudong**	523	1,339	2,402	2,792	1,063	390
Minhang	372	117	1,217	1,305	1,100	88
Baoshan***	415	499	1,228	1,305	729	77
Jiading	459	504	753	1,708	249	955
Jinshan	586	460	580	943	121	362
Songjiang	605	483	641	592	159	-49
Qingpu	676	440	596	886	156	290
Total	3,635	3,843	7,418	9,531	3,575	2,113

Notes: * Area as of year 2000. ** Data for year 1990 was used *** Data for year 1987 used due to lack of 1985 figures. Source: SSB (2001, 2006) and various urban district yearbooks ⁹

4.6 Conclusion:

In sum, against the backdrop of market transition, administrative decentralisation and economic restructuring urban renewal took off at a rapid pace from the early 1990s. Inner city Shanghai - once dominated by vast quantities of ageing low-rise housing – has been refashioned by modern high-rise residential and commercial developments, some rehabilitation, new infrastructures and public facilities. More than one million households have been relocated in the redevelopment process, largely towards the expanding suburbs, as the inner city was restructured for more privileged social groups. Although Shanghai is yet to become 'post-industrial' in terms of its economic base and extent of labour force professionalisation, redeveloped inner city neighbourhoods increasingly resembled a gentrified post-industrial milieu, designed for the living, working and consumption demands of a moneyed middle class in ascendancy. This was also a physical landscape characterised by modernity and diminishing historical character.

⁹ <http://www.shtong.gov.cn/node2/node4/node2250/index.html>, Retrieved 30 November 2009.

This chapter demonstrates a key message: that urban housing renewal in post-1990 Shanghai was underpinned by combination of national institutional reforms, local policies as well as socio-economic transformations. Several key issues have been discussed. The origin and nature of housing problems in Shanghai, the range of housing renewal initiatives enacted since 1990, setting these in the context of housing reforms and socio-economic change, and an overview of the most apparent impacts of urban renewal in the inner city. The findings concur with some of the key assertions of the Chinese growth coalition perspective, but also suggest that the role of the local government has been more complex than commonly assumed.

The analysis was set in a historical perspective, highlighting the long legacy of housing problems in the city. Shanghai flourished as a treaty port city from the middle of the 19th century. In this era it built up a rich legacy of cosmopolitan residential architecture, but by the 1940s population pressures, migration and the disturbances of war led already to widespread housing shortages and the proliferation of slums. Under the Communist Party leadership since 1949, Shanghai was then transformed into the leading industrial centre of China. However, continued population growth, under-investment in housing and the built environment and absence of comprehensive planning under the socialist system meant that the city endured a severe housing shortage and a degraded urban environment. By the 1980s, millions of residents lived in over-crowded and run-down dwellings, and the city subsisted on infrastructure inherited from the early 20th century. Land-uses were mixed and incompatible, residential densities were extremely high, yet the government had insufficient resources to carry out comprehensive upgrading.

As recognised by the Chinese growth coalition perspective, a set of institutional transformations were important in setting in place the mechanisms and necessary local powers for large-scale urban renewal. The central government gave Shanghai the official mission to become the economic driver of the Yangtze River Delta Region, and in turn an international economic centre. This meant that economic growth became a local political priority. Beyond this, fiscal and administrative reforms readjusted central-local relations creating a more empowered local government in terms of urban policy-making, land use and planning.

Other major changes underlying the practice of housing renewal included the shift from public to private financing, the shift towards paid-transfer of land-use rights to developers, and the shift from community retention to a policy of resident relocation.

National housing and land reforms gradually established a housing market and set in place the important role of developers in a commercialised real estate. Land reforms made urban land a valuable resource and allowed property developers to lease urban land for development by paying a premium to the local government. No longer committed to the re-housing of original residents in-place, the institutionalisation of off-site relocation in 1991 allowed the government to free up valuable inner city land for higher value use and provided a strong financial rationale for private sector financing to flow into urban redevelopment. Thus, the prospect of speculative redevelopment of disinvested urban areas was released.

Apart from these institutional changes, profound economic transformations influenced both the profitability of up-market real estate investment and the nature of the urban landscape that emerged. The real estate market boomed in the context of rapid, more or less sustained economic growth and restructuring. Shanghai has experienced the beginnings of a post-industrial transition. The traditionally dominant manufacturing sector has upgraded towards high-tech industries and products. Meanwhile, growing tertiary sectors including finance, insurance, real estate, business services, retail, and catering grew rapidly to represent about 60% of the city's GDP by 2008. Expansion of the service economy, under both global and domestic investment, generated a surge of demand for new commercial facilities including offices, hotels and retail centres in central locations.

With market reform, urbanisation and industrial restructuring, the occupational structure and income distribution in Shanghai has undergone significant changes. This included the growth of office-based, professional/managerial work, an upward shift in income, and greater inequality. Emerging affluence amongst more privileged social groups locally, and the influx of a foreign elite class created demand for new and better housing, and spaces for leisure and consumption. As existing lower-income residents could be relocated or were priced out, new uses and a more privileged class came to occupy the 'revitalised' inner city.

Economic forces did not in themselves dictate the process of urban renewal. The analysis showed that local government assumed a critical mediating role through its administration of land parcels and a series of local policies for urban renewal. However, the role of the local government appears to be more complex than that suggested by the growth coalition perspective. A number of evolving initiatives made up Shanghai's overall approach to housing renewal since 1990. Socially-oriented

programmes formed a consistent part of the overall renewal strategy. Throughout the 1990s, Housing Amenity Fulfilment Renewal was a programme which focused on rehabilitation and selective reconstruction of lilong housing to improve the living conditions of residents. Its central concern was community retention, based on privatisation to sitting tenants. A combination of favourable public subsidies and discounted sale of units to original residents formed the basic principles of their operation. Since 2001, improvement of large numbers of post-1949 socialist built flats also became a significant public commitment. These initiatives were broadly speaking welfare oriented, and their operational mechanisms will be considered more closely in Chapter 6.

On the other hand, the most significant mechanisms for housing renewal since 1990 were based on redevelopment and relocation. These are well recognised within the growth-coalition literature. In the 1990s, a core focus was on the clearance of 3.65 million m² of slums and dangerous dwellings, and subsequently almost 20 million m² of old housing has been targeted for clearance in the New Round of Urban Renewal from 2001 to 2010. In the 1990s, residents were offered compensation in the form of replacement housing. After 2001, monetary compensation became the predominant form, with which residents were expected to find their own resettlement housing in the market. By enforcing a policy of off-site relocation, the government overall helped release valuable inner city land for higher value uses. To channel private investment into designated clearance sites, the municipal government offered a range of positive incentives for local as well as foreign developers. These included measures to reduce development costs, land acquisition costs, and to relax bureaucracy and planning controls.

Historic conservation was a marginal concern at first, but became an important political issue by the mid-2000s. Increasingly, effective planning and reinvigoration of the historic heritage stock is seen as crucial for building Shanghai's identity as a "cultural" modern city. The municipal government has led efforts to develop a local historic conservation system to reconcile heightened tensions between heritage protection and development, and this is increasingly tied into a broader agenda of building a positive city-imagery. Nevertheless, although recent strategies have enlarged designations, established legislations and detailed conservation plans to provide a basis for development control, it is still unclear how and who will finance the renewal of protected buildings in the future.

This chapter has outlined the context and institutional factors shaping housing renewal in post-1990 Shanghai. Detailed consideration 'how' different projects are implemented during this time will be the subject of subsequent chapters. These will in turn shed light on the complex socio-political dynamics at work. A key claim of the growth-coalition perspective is that alongside market reform, a new institutional arrangement of public-private collaboration was established to design and implement specific projects. This, and the tensions that emerged in the housing renewal process, will be examined in the next chapter through a large housing redevelopment project.

5 The Redevelopment of Taipingqiao Area: A Case of Large-Scale Displacement

5.1 Introduction

This chapter presents a case study of the Taipingqiao area redevelopment project in the downtown Luwan district. As one of the largest on-going urban redevelopment projects in Shanghai, it reflects some of the key institutional features of China's post-socialist transition, and provides some insights into how redevelopment has operated since 1990. Firstly, the chapter shall introduce the area context of Taipingqiao and describe the living conditions and social dynamics that characterised the run-down housing targeted for redevelopment. It then examines the process of redevelopment in a roughly chronological order, investigating the redevelopment plan, relevant policies, the roles and interaction of the different actors in the process, the implications of resident relocation, the nature of property development in the area, and the impacts of these processes on the neighbourhood. The case study, which covers a 12 year period, shows that redevelopment was dominated by a coalition of pro-business local government and powerful real estate actors for the purpose of promoting economic growth and capital accumulation. On the back of supportive public policies and private entrepreneurial initiative the city has turned into a post-socialist growth machine, restructuring places and extracting values through the intensification of land use. Involving displacement as a central strategy, the growth coalition has politically and spatially excluded large segments of local communities and neglected the residual use value of run-down central neighbourhoods.

5.2 A dilapidated central neighbourhood

5.2.1 *History and Location*

Taipingqiao (literally 'Peace Bridge) is centrally located on the North-Eastern part of Luwan district. Its northern and eastern borders run adjacent to Shanghai's premiere commercial centre, Huaihai Road. The area is well-served by public transport, and is well connected to major arterial routes including the North-South elevated expressway, the East-West axis Yan-An Road and Xujiahui Road.

Figure 5.1: Lilong Housing against background of high-rise developments



According to the Taipingqiao plan of 1997, the area covers a site of 52 hectares, with 23 urban blocks. Its population was approximately 70,000 (20,000 households) and there were more than 800 enterprises operating in the area. Luwan district had one of the highest population densities in Shanghai up to the early 1990s. Apart from a very small proportion of new style lilong housing and post-1949 staff housing, the vast majority of the housing stock was old-style (shikumen) lilong housing. The area was formed in the early 1900s as part of the former French Concessions. By the 1930s it has become a vibrant commercial and residential quarter. In total, there were approximately one million m² of lilong housing distributed along 193 lanes, 97 of which were constructed between 1914 and 1930 (Xu, 2004).

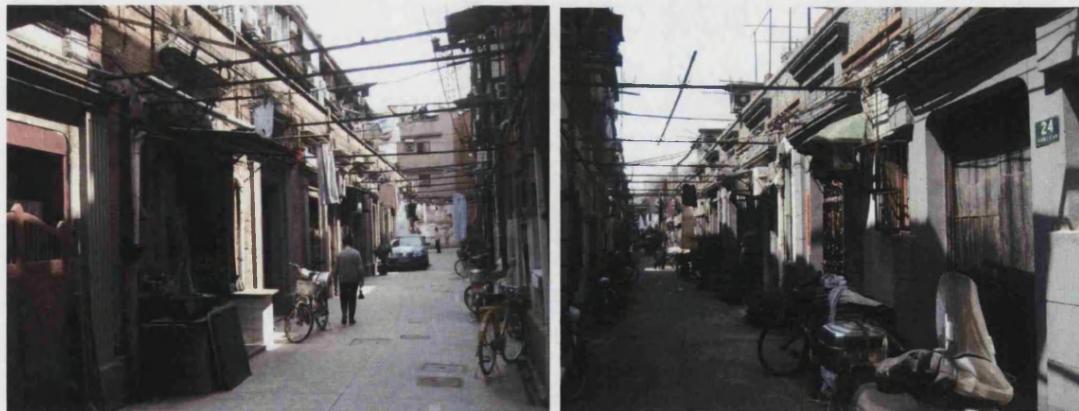
Most of the dwellings had been appropriated by the state since 1950 as public housing, and up to the early 1990s accommodated a mix of higher-income and low-income residents. In 1993, 87.8% of the dwellings in Luwan district were public housing (LDH, 1998). Living conditions were officially deemed to be very poor after half a century of limited urban investment. Since 1992 the Taipingqiao area had been regarded a priority area needing renewal, because it had concentrated nearly

a quarter of the old dilapidated lilong dwellings in the entire district, and because of its prime location. Taipingqiao area formed a potential southern extension to the established district commercial centre on Huaihai road, which was a major focus for the district's economic development. The district governments had made some efforts to attract developers for the task, however owing to the high population density of the area and potentially high resettlement costs, few developers were at the time interested to engaging in this area's redevelopment.

5.2.2 *Living conditions in dilapidated dwellings*

To provide an indication of the pre-renewal living conditions, this section describes one 'surviving' cluster of lilong-housing in the area which by 2008 has not yet experienced either rehabilitation or redevelopment. "Xichengli" (XCL) comprised more than 400 lilong dwellings built between 1925 and 1927 and accommodated approximately 1,200 households. The majority of the dwellings here were shikumen lilong, distinguished by their characteristic ornamental 'stone gates', compact floor plans of about 14m in depth by 4m in width, and the lack of indoor bathroom or sanitation facilities. To the northern end of the community were several rows of new-style lilong - the more modernised variant with indoor WC and bath.

Figure 5.2: Views of lanes and shikumen lilong housing at Xichengli



Most of these dwellings were owned and managed by local housing bureau as public housing. Despite a series of rent reforms since 1991, public rents remained very cheap even for the low income groups. Residents generally paid between 20~40 yuan rent per month, which represented a very small share of their living budgets, and less than three per cent of the incomes of those in bottom 20% of the income distribution (see table 5.3). Many residents attest to the dimension of affordability:

The rent is fine, it is very cheap! This place of mine costs... about 40 yuan. Now in terms of our income... the rent compared to the income is very cheap.

Resident (X22), male, age 60s

Table 5.1: Housing conditions of interviewees in Xichengli

Respondent ID	Housing space (m ²)	Family Size (persons)	Has indoor WC	Has indoor shower	Has private kitchen	Satisfied with house
XCL 4	10	2	-	-	-	-
XCL 6	40	2	Yes	Yes	-	Yes
XCL 7	20	3	-	-	-	-
XCL 10	20	2	Yes	Yes	-	-
XCL 11	70	4	Yes	Yes	Yes	Yes
XCL 12	35	3	Yes	Yes	-	Yes
XCL 14	32	2	-	-	-	Yes
XCL 17	40	3	-	-	-	Partly
XCL 22 [*]	20	4	-	-	-	-
(N=9)	Median = 32 m ²	Mean = 2.78	4	4	1	5

Source: author's interviews

Residents also regarded their location very convenient. There was ample public transport within the inner city. The commercial environment was well established, with an abundance of shops and services to serve their everyday needs. They were walking distance from the local grocery market and there were many affordable stores lining the streets. The nearby Fuxing Park provided an important recreational area where many community activities were organised, including dance, exercise and singing groups. Children could go to primary and secondary schools locally. The elderly had easy access to two hospitals as well as an area healthcare centre. Many were attached to these features of the neighbourhood.

However, the physical living conditions were basic or poor. Over-crowding has long-been a feature of everyday living. A two-story lilong house of approximately 100 m² often accommodated between two to five families. Occasionally, families of two or three people occupied an entire floor of the lilong of 50 m², which was considered relatively comfortable. Nevertheless, normally families seldom had more than 30 m²

or space to themselves, with many crammed into the smallest room of 10~12 m².

Because of the crowded living conditions, residents of lilong housing had relatively little privacy to speak of – either *within* their own households or *amongst* other households sharing the same house. Within the household, members of family - up to three generations, had to carry out all their living activities within a single room. A common expression was that in the lilong 'eating, drinking, excreting, and sleeping' all took place in one room, and it was a common aspiration for the residents to have a room to themselves. Sound-proofing across rooms and floors was generally poor, and noise can become nuisances that lead to tensions amongst neighbours.

Figure 5.3: Chamber pots used in lilong housing



All the households here had electricity and gas connections although in Shanghai many communities still relied on the use of cylinder gas for their cooking needs. These utilities were added in recent years as part of urban infrastructural improvements in the city. However, the deficiency of sanitation facilities was a key liveability problem for many residents. Shikumen lilong were built at the outset without indoor bath or WC. Residents relied on chamber pots which had to be carried outside and disposed throughout the day at an outdoor communal waste station. These outdoor waste stations included a waste disposal unit and a few urinal spaces for men. Commonly, residents washed themselves in various discrete places of the house with a bucket or basin, using hot water heated in the kitchen. In

the summer children and men would wash themselves in the outside lanes with cold water hosed from the tap. To take a full bath residents had to go to a bath-house for a small fee of around 5~10 yuan, but which was often thought to be relatively inconvenient, especially in winter.

There's no sanitation. You have to go to the public bath house to bath! When the weather is hot it is alright... wash down with some cold water, it is still alright. When the weather is good the 'scenery' here is good – everyone's washing down outside. Where can you go?!

Resident (X4), male, aged 60s

Alongside the subdivision of the lilong house, another aspect of daily life was the shared use of the kitchen and shared utility bills. In the typical internal layout of lilong housing, the kitchen was a space of about 10 m² located at the back of the ground floor, leading out to the back lane. Due to multiple-occupation they have become shared spaces used by as many as six families in same house. Typically one or two shared taps and sinks have been installed, and represent the only sources of water in the house. Thus the kitchen also functions as an essential space for washing and grooming needs. Possible tensions regarding the use of limited space and resources required substantial mutual compromise. To ease demand on the use of the tap, many additional sinks and work counters for cooking and cleaning have generally been built outside against the back lanes. Much washing and cooking preparation activity is thus extended out here. Sometimes the kitchens had also been converted as a living space for one family. In these cases, or where there was insufficient space to share in the formal kitchen, it was also common for some households to appropriate spaces such as corridors, corners, and staircase landings to set up small gas stoves for cooking.

These houses are too old... and kitchens are not autonomous. Some may not even have kitchens – they built a sink outside, and build another (counter) outside. Now it is called 'illegal building' – however there's no choice here, you simply have to build them.

Resident (X12) Male, aged 60s

Beyond maximising the use of any available space such as the stairwells, landings, corridors, and the kitchen, almost all the dwellings had undergone some informal alterations or extensions by the residents themselves. Ground floor living spaces were often extended out by building over all, or part of, the front courtyard. By incorporating an entire courtyard, almost 10 m² of space can be gained, which could become a bedroom or dining space. By incorporating half of the courtyard, a storage space, or a space for a toilet or shower can be created. Taking advantage of

Figure 5.4: Shared kitchen in lilong housing, doubling as bicycle storage



lilong housing's relatively high ceilings (generally 3.8~4.0m on the ground floor, and around 3.2~3.5 m on upper floor), a mezzanine floor was commonly built over part of the living spaces, adding 7~10 m². This could be used as a storage space or bedroom for different members of family. Quite commonly parents and elderly members of family would live on the ground floor space, and children lived on the mezzanine space. The roof terrace (*shaitai*) – originally an outdoor space for hanging laundry and for recreation – was often built over to provide another small room of around 10 m². This may be occupied by one family, or shared amongst different families in the house as a storage, or space for the washing machine. Nevertheless with housing space already constrained, most residents could not find any space to allow the addition of much needed sanitation facilities.

Physical decay was an obvious symptom of decades of under-investment. Ageing walls, staircases, windows, doors and fittings was often accompanied by problems such as leaking, dampness and poor insulation. There have been no comprehensive modernisation efforts over a period of at least fifty years. Residents generally considered repair works either 'patchy', cosmetic, or ineffective in relation to the scale and extent of the problems. Alongside housing commercialisation the government had aimed to reform the over-burdened municipal housing administration system by transferring housing maintenance functions to commercial

Figure 5.5: Ageing fabric of the dwellings



housing management and repair companies, and increasing public sector rents. However, management services for these dilapidated housing have remained largely unchanged because public sector rents still did not yet reflect the actual costs of housing upkeep.

Correspondingly, management companies resorted to marginal upkeep and patchwork maintenance. The aim was to balance the budget while avoiding major technical and safety problems in the stock. Minor repairs such as repairing leaks, broken fittings, and other problems associated with the public spaces and facilities have been carried out free of charge. Major housing repairs – which the state once suggested ought to occur once every fifteen years for old housing were never carried out. In practice, the scope of works for shikumen housing generally included checks for structural safety once or twice-a-year, cleaning the roof and drainage system every four or five years; satisfying requirements for fire safety; and some repainting every three years (Interview with director of a state owned housing management company, September 2007).

There was varied evidence of residential satisfaction in each community studied. On the one hand some residents expressed great frustration and dissatisfaction with their housing conditions. This was in particular the feeling of those who have the

least housing space with no sanitation facilities. Some expressed the sense of being 'trapped' in the substandard housing. Without personal capacity to move elsewhere, some of these look towards urban redevelopment and relocation as an only opportunity to improve their housing conditions.

The two of us have not even 11 m². Not even 11 m² for two people. Eating, drinking, excreting all takes place in there. Sometimes we lie to ourselves - 'forget about it, it is much better than... those [migrants] from the outside who have no housing'. We can only think like this. In reality it is 'quite tough'. It is really, really quite tough.

Resident (X18) female, aged 60s

[The houses] ought to be demolished! If they are not demolished the people here, how do these people live, right? There are no damn sanitary facilities, right? Bathing, and going to the toilet are all problems.

Resident (X4), male, aged 60s

On the other hand, others expressed being relatively satisfied with their homes. Many had lived in the same housing for long periods of time. Despite the difficult conditions, many residents had known no other alternatives and were accustomed to their homes. A sense of familiarity and the development of living habits (*xiguan*) were important factors behind residential satisfaction. In particular the elderly and long-term residents felt that they have developed significant attachment to their homes and felt it would be awkward for them to leave and live elsewhere. Furthermore, those with relatively more housing space or having (self-installed or existing) sanitation facilities may in contrast be relatively satisfied with their homes. For them, their dwellings are quite decent compared the new housing types.

A person has his living habits, living a place. There is a very significant habit. If we were relocated, we elderly people would not be used to the new environment we move to. If they are not accustomed to it, then it is easy to fall sick.

Resident (X14) male, age 60s

Old dwellings are very good. My house is really good... We have everything – we have a bathroom and so forth, it's very comfortable. The advantage of old houses is its height.... I like this house of mine.

Resident (X6), female, age 60s

Figure 5.6: Interior view of a self-renovated ground floor unit



5.2.3 Social conditions in dilapidated dwellings

The social context of these dwellings was complex. Residents spoke about the problem of social decline at the same time as they acknowledged the existence of enduring neighbourhood ties. Mutual help and support was one feature of life among some long-term residents. It was explained that social relations in the community had historically been good and had been accumulated through decades of relatively stable residency patterns over the last five decades. Although crowding and multiple-occupancy created problems of 'getting along', multiple-occupation also meant more opportunities for socialisation amongst neighbours.

Many residents had lived in the same homes for many decades and had grown up or grown old together as neighbours. For many, minor disputes had been negotiated over time, and a degree of mutual tolerance had been achieved. Frequent interaction, mutual help and support has become an accumulated feature of life for long term residents, who often contrasted this supportive environment with the lack of it in newer forms of housing. Small favours included helping one another pick up items of grocery when going to the market, or collecting laundry from the clotheslines when the weather took a turn. Neighbours could be counted to keep an eye on each other's homes when they were out or away for longer periods of time,

and offered support in caring for children – such as picking them up from the school occasionally. Neighbours also sometimes offered important support for the care of the elderly. To many of these residents, one hardly felt lonely living in lilong housing.

Amongst the residents, there are interactions. There are opportunities for interaction... The population is dense. There is plenty of human vibrancy. It is not like some houses that are large, it is very lonely there. Living alone here in these places one would not be lonely... This is our special character.

Resident (X13), male, age 30s

The relationships with the neighbours are all really good... All very harmonious... mutually help one another. It is very close, not like in new housing [where] all the doors are closed shut – who cares about anyone, right?

Resident (X8), female, age 60s

Various forms of social interactions were common amongst longer-term residents. Many within the community engaged in various forms of informal as well as formal activities. Neighbourhood gossip, to the distaste of some, was nevertheless an engaging and common past-time for many residents. Card and chess games were often informally set up amongst groups of people in the lanes, or in people's homes. It was also common for some residents to set their homes up as "Qipai-shi" where members of community could get together and play the popular game of *Majiang* for a small fee.

Formally-organised community activities were also organised by the resident committees in each neighbourhood such as newspaper groups, cooking groups, and some organised morning exercise routines in the lanes. There was a small community library operated by retired volunteers within the community, where local residents could borrow donated books and magazines for free. In total a group of about 70 volunteers – mostly retired workers – took part in actively maintaining the local environment and managing some of the community services. Volunteering within the community was for some an important way to remain engaged after retirement.

Every Friday afternoon... the elderly people if they are happy to, come and read some newspapers together... Sometimes, if one feels like doing some cooking and whatever, we have a cooking class in our lanes ... The activities are quite diverse. [So] one wouldn't be lonely... everyone brags a little, exchanges some everyday gossip. This is quite good.

Resident (X22), male, early 60s

Nevertheless, just as residents spoke of the quality of social ties, they highlighted

this was a fading phenomena. Alongside rising residential mobility, residents also increasingly encountered new problems associated with population change. Housing marketisation and the expansion of housing alternatives reinforced a process of social change involving the voluntary out-migration of better-off households and the subsequent influx of rural-migrant workers or local relocated households as private tenants. Due to the poor living conditions, there was substantial desire for residents to move and to improve their living standards. With the emergence of more housing choice in the market, many families and individuals that had the capacity to move onto home ownership had done so.

It was the affluent families and financially independent youth that dominated the outward migration. As a result of these movements, residents identified their communities to be comprised mainly of the elderly, the low-income and the unemployed. Many of those who remain would like to leave for better housing conditions, but have no means of affording housing in the market. Unemployment was perceived to be relatively common amongst the 40-50 year olds. In the context of industrial restructuring, many older workers experienced lay-offs and faced difficulties re-integrating into the job market. They had little capacity to buy houses in the housing market, and had little choice but to remain renting dilapidated housing.

The Shanghaiese people still living here are poor people. Honestly. The affluent people don't live here. [They've] rented it out long ago.

Resident (X15), Female, age 40s

Vacant units have been rented or sold on within the housing market. Although these dwellings were public-owned, in the post-reform era they were no longer as strictly controlled via allocation by the housing bureau. Previously, public tenants were not permitted to sublet or induce any change of use to the allocated unit without the consent of the housing bureau. Nevertheless some residents did so informally. By the late 1990s, tenants had been extended the right to sell or sublet their tenancy rights ('use rights') in the housing market. The right to sublet (*zhuanzu*) the whole or part of their units to secondary tenants in the housing market was defined within the new legislation controlling rental housing in the city "Legislation for Housing Rental in Shanghai City" (SMG 1999, section 5, clause 31). Technically de facto tenants could not seek to profit from the rental of public housing (section 5, clause 36). However the policy allows tenants to determine the price, setting no clear regulation

on rents. Thus, original tenants could keep their subsidised units but make a profit by renting them out at market price.

Those with the criteria have all moved out. There are many households here who've moved away... rented out their place here, and deal with it later when it is going to be demolished. Those who rent (here) are all those from outside provinces working here... Generally it is all migrants.

Resident (X3), female, aged 60s

New tenants were mostly migrant workers from rural areas. Many were young people working in low paid service jobs such as waiters and cleaners in surrounding restaurants, cafes, bars and hotels. There were also many middle aged and older migrants engaged in small businesses such as shops or who are informally selling food and produce in local markets. They tended to work long hours, and returned home late at night. For migrant workers, lilong housing still constituted a relatively more affordable form of privately rented housing close to inner city work opportunities. Often however, due to their low income, or due to exploitation by employers who provide them housing via the market (which is not regulated), it was common to find numerous rural migrants or an entire extended family crowded into one small rented room. These processes can be understood as part of wider patterns of residential differentiation in post-reform China. Institutionally, or socio-economically advantaged residents have had superior means to move out of deteriorated public housing, while others have remained constrained to live in low-cost rental dwellings towards the low end of the housing stock (Huang 2003, 2005; Wang 2000; Li and Wu 2006).

With these social changes, emerging problems cited by residents include the social integration of rural migrants with the local population, the decline of accumulated social networks, and the concentration of the poor. Firstly, population change had meant the loss of many long-term neighbours and therefore diminishing social ties. There were fewer familiar people to interact with as before. Secondly there was the sense that the community had become more divided, with little interaction between original and newer settlers such as rural migrants. Original residents often did not identify with the new migrant settlers while migrants often kept to themselves as outsiders in the community. There was much apparent apathy or even latent hostility towards migrants, and little initiative on both sides for friendly interaction. Some local residents complained about their lower hygienic standards related to their improper maintenance of spaces.

There are arguments. There are arguments too. Yes, migrants, all migrants. There are lot of them living together in one house. Isn't that annoying? It was annoying enough beforehand. Now that [they've] come over it is so annoying. They are all migrants.

Resident (X3), female, age 50s

Therefore, residents spoke about the problem of social decline at the same time as they acknowledged the existence of enduring neighbourhood ties. Perception of safety was not problematic in Xichengli, although in some areas of Shanghai social change was also associated with increasing problems. This has included rising incidence of theft, gambling, the breakout of disputes, fighting, all of which contributed to a sense of instability (fieldwork in 2007~8).

Table 5.2: Social dynamics reported in Xichengli

Community dynamics	
Positive aspects of social environment	Familiar with many immediate neighbours
	Frequently see and interact with neighbours
	There is mutual help and exchange
	Participate in social activities in the neighbourhood
	Residents participate in voluntary work in the neighbourhood
	Feel reluctant to move away due to attachment to existing social relations
	Feels that neighbourhood relations are better in old housing compared to new housing
Negative aspects of social environment	Have lost many established neighbours
	There are tensions and disputes with neighbours
	No interaction between migrants and locals
	Feels population mix is inappropriate or 'chaotic'
	Neighbourhood has become widely more crime-ridden and unsafe

Source: author's interviews

In sum, the analysis of this neighbourhood demonstrated that the physical problems of crowding, deficient amenities and physical decay inherited from history were predominant liveability problems of lilong housing the post-reform era. The social environment has been associated with downward filtering, the concentration of the poor and rural-migrants, and declining community cohesion. Communities in lilong housing have become increasingly socially heterogeneous, comprising both local residents and rural residents who have different needs, different property rights status, and who perhaps reside in lilong housing for different reasons. However,

affordability and the convenient inner-city location have been two apparent advantages of lilong housing, and the basis of substantial place-attachment sentiments. Without personal capacity to move to better housing, many residents remained constrained to living in run-down housing. There were also heterogeneous perceptions of residential satisfaction. While some desperately sought to move out and looked forward to demolition, others were content with their conditions.

5.3 Early Operations of the Growth Coalition

5.3.1 *Planning for redevelopment*

In May 1996, the Luwan district government and Hong-Kong based Shui On Group signed a cooperative agreement for the redevelopment of Taipingqiao area. The redevelopment of the entire 52-hectare site was expected to be accomplished within 10~15 years, during which time an estimated 25 billion (about US\$ 3 billion) will be invested mainly by the Shui On Group. Rather than a single land-transaction, it was planned that every year two to three blocks will be leased out and redeveloped based on negotiated land prices. The leasehold term would be 50 years, commencing from the date when each individual leasing contact is signed (He and Wu, 2005).

Shui-On Group was established in Hong Kong in 1971. The chairman of the group is well known to be closely networked with top government officials in Shanghai. He entered the mainland market in 1985 and teamed up with the Communist Youth League in Shanghai to help finance and build City-Hotel, a 300-room hotel development. This early stage of operation built a platform for his connection to many mid-level bureaucrats, many of whom later rose to high-ranking positions. Notably, the first chairman of the hotel joint venture was Han Zheng, who became the governor of Luwan district in the late 1990s and in 2003 the Mayor of Shanghai. These early relationships solidified the company's links with the local political elite, and differentiated the company from other foreign-based companies (Ren, 2008; China Daily - Hong Kong Edition, 14 April, 2004).

Although at the time Shui-On was a relatively small property developer, the group has had some success in developing a commercial building Rui-An Plaza nearby on Middle Huaihai Road in the early 1990s. Targeting the needs of multi-national

corporations, the high-rise office development was successful in attracting several large corporate tenants including IBM, Bayer and McKinsey (Shanghai Foreign Economic Relation & Trade Commission, 2005). Thus, although the group was not one of the larger real estate companies in Shanghai or Hong Kong, it had a certain degree of local connections and track record in delivering projects in Shanghai.

In the property transaction deal, the land-leasing costs, removal costs and other details were negotiated by the district government's senior leadership team (head and deputy heads of the district, as well as heads of various bureaus) with Shui On Group. The team made key decisions in the district concerning construction, such as leasing land and the appointment of developer (Yang and Chang, 2007). The actual prices for the land development right remains unknown, yet it is believed that the district governments may have provided favourable terms for the developer given Shui On Group's commitment to a very large investment arrangement at an uncertain economic climate. This period 1996-1999 coincided with the deepening of the Asian financial crisis, during which many development projects were postponed or eventually abandoned. While foreign investors withdrew from the market in droves, Shui-On Group - did the unexpected by deciding to transfer all of its Hong Kong operations to Shanghai and to take on the redevelopment of Taipingqiao area.

After signing the agreement of cooperation, Shui-On moved quickly to produce a master plan for the Taipingqiao area, engaging the renowned U.S architectural and planning design office Skidmore, Owens and Merill (SOM) as the principal design consultant. The master plan envisioned Taipingqiao to be redeveloped as a modern mixed-use district that served as an extension to the existing commercial centre on Huaihai Road. The final plan entailed a total of 1.6 million m² of new developments, with an overall gross Floor Area Ratio (FAR) of 3.12. Key parts of the plan included:

- a) **Luxury housing developments:** The southern side of Taipingqiao, with a site of approximately 21 hectares, was dedicated to new residential development totalling approximately 550,000 m² of floor space and a planned capacity of around 14,000 residents. Building density will be considerably increased, from the existing floor area ratio of 1.8 to 4.0~6.0.

- b) **Taipingqiao Park:** A 4.4 hectare area at the centre of the overall development will be recreated as a park and an artificial lake. This was

intended to enhance the environmental appeal of the overall development and to help raise its commercial value

- c) **A corporate headquarters zone:** to the north of the site, adjacent to the Taipingqiao Park, will become Corporate Avenue. Upon completion, this six-hectare zone will provide eight 'grade-A' office buildings including high-end luxury retail stores. It would function as an extension to the commercial area along Huaihai Road and was designed to include a prestigious retail shopping corridor along the lakefront.
- d) **A cultural heritage preservation zone** covering 3.5 hectares was located to the West of the site, with a limited planned FAR of between 1.3~2.5. The inclusion of this area takes into account the existence of the historically important and listed national monument building which housed the First Congress of the Chinese Communist Party. The Shanghai municipality required the first CCP Congress Hall location to be strictly preserved, and the surroundings given a height limitation of 12m. However, apart from the congress hall itself, there were no requirements to physically conserve the surrounding buildings. These two lots were intended for restaurants and retail functions.
- e) **Commercial, retail and entertainment zones:** two five-star hotels plus retail facilities were planned for the north-western corner of the area, and a complex of retail, cinema and theatre facilities were planned on the eastern edge of the area.

The plan was submitted for approval by the municipal urban planning bureau and efficiently approved in June 1997. It received great support from the local government, because it corresponded well to the commercial development objectives of the district government in creating an international business centre based on advanced service industries and multinational companies. According to the Foreign Economic Relations Commission of Luwan District (2007), the stated goals of economic development for the district were focused on the development of modern service industry, leisure service industries, modern retail industries and real estate development. With municipal planning approval, the detailed plan which was essentially developed by the developer became the official planning guideline for future developments in the area.

Figure 5.7: Concept model of the Taipingqiao master-plan



Figure 5.8: The Taipingqiao redevelopment plan



Source: Adapted from plans provided by Shui-On Group

Notably, no provisions were made to re-house any of the existing residents on-site. All of the existing site occupants (some 70,000 people and 800 enterprises) would eventually be relocated in the process to make way for new developments. This would be carried out in accordance to the housing demolition and relocation policies of the time, which stipulated off-site in-kind compensation as a main mechanism (details of relocation are discussed in sections 5.3.3). The municipal government would also support viability of Taipingqiao area by building two underground metro stations to serve each of the South-East, and South-West corners of the site (see figure 5.8) which began construction in 2006. This meant that the area would be accessible via three different underground metro lines.

5.3.2 *Developing Xintiandi and Taipingqiao Park*

The business strategy of Shui-On was to influence the spatial character and value of entire neighbourhoods in a way that generates monopolistic rents. According to an interview with its vice-chairman their operations centre on the principle of acquiring large plots of land so as to gain control over the integral planning, development, promotion and sale of real estate in an area over long periods of time. A large site will be developed and sold in phases, with proceeds from each phase of sales feeding into subsequent phases of development. Creating an attractive environment, using ample landscaping features and public space, providing a cultural focal point, such as selective historic conservation, and providing a mix of amenities including schools, entertainment and shopping, have been part of the planning strategies utilised by the developer to enhance the popularity and value of its developments.

We don't just grab a piece of land. We're there for the long haul and look at things from a long-term investment angle... We seek to acquire the whole chunk of land where the development will be so that we can control the environment"

(China Daily - Hong Kong Edition, 14 April, 2004).

As the principle investor, Shui-On had relatively high autonomy in deciding the pace of implementation. Given the context of an economic downturn, it decided to avoid the risk of undertaking residential or commercial office development immediately. Instead, the strategy was to firstly develop the smaller historic conservation zone around the First Congress site and the major landscaped park Taipingqiao which would hopefully add value to the future phases of development. Land use rights for

the 3.5 hectare historic conservation zone were negotiated for the site in 1996, with design and site clearance following in 1997-8. This was eventually developed into "Xintiandi" (literally "New Heaven and Earth"), a now renowned retail and entertainment centre. Although this was in reality a small component of the overall development, it became the flagship project and a major icon of the city.

Opened in two phases between 2001 and 2002, the complex comprised a mix of upscale, retail shops and boutiques, coffee shops, restaurants, sidewalk cafes, art galleries, a museum and entertainment, cultural and recreational facilities. "Yesterday meets tomorrow" became the marketing slogan of "Xintiandi". The northern part which featured mostly restored Shikumen lilong houses, consisted primarily of specialist food and beverage, entertainment and retail. The facades of approximately 100 old shikumen buildings were selectively conserved at great cost, while the interior structures and spaces were modernised to meet the need of urban life in the 21st century (see figure 5.9). A central piazza running from north to south features landscaped open spaces, outdoor cafes and functions as a space for performances. The southern part of the Xintiandi site consisted of more restaurants, a mall, cinemas and a boutique hotel (88 Xintiandi). To realise this vision, all of the 1,950 households who previously lived on this site were swiftly relocated to suburban districts in merely six months.

The project was developed as a joint venture between Shui-On Group and Shanghai Fuxing Construction Company - a company affiliated with the district government. The arrangement was that Shui-On held the majority shares, with the latter having a stake of only 1-3%. Shanghai Fuxing Construction was a state-owned property development company established by Luwan district government in 1997. Since inception, it has been given responsibility for cooperation with external parties, coordination, communication and resident relocation in many urban development schemes. Its participation was the result of a request from the district government to Shui On Group, so as to give the district government greater ability to monitor the development process. For Shui On Group, the partnership with a local SOE was also indispensable for helping them coordinate with various public departments and navigating through relevant regulations (Wu and He, 2005; Yang and Chang, 2007). During this time, the municipal government did not provide generous subsidies for the redevelopment of lilong housing. Between 1996 and 2000, the priority of the city was the elimination of even poorer quality slums (see chapter 4), and most of the favourable policies were directed towards the

redevelopment of these sites. As a result, Shui-On Group was responsible for organising all of the financing. It invested 800 million yuan, with the rest of the money borrowed from four different banks.

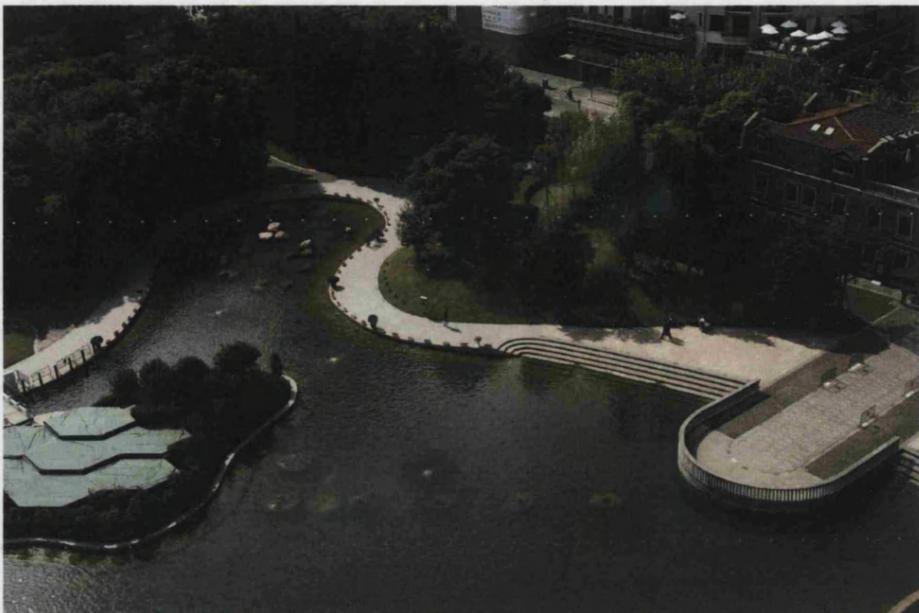
Figure 5.9: Renovated shikumen lilong as a site of consumption at Xintiandi



The architects employed for the project included Wood and Zapata Inc., a Boston-based architectural firm specialising in the adaptive reuse of old buildings, and the Singapore office of Nikken Sekkei International Ltd. The Urban Planning, Design and Research Institute of Shanghai Tongji University served as the local architectural consultant who provided research and technical support. In this area, "The Site of the First Session of the National's People's Congress" was an important historic building which has been previously designated a protected area under the Law on the Protection of Cultural Relics of the People's Republic of China. Initially, Shui-On's concept was to conserve only the listed First Congress buildings and rebuilt everything else as modern restaurants. Nevertheless, the architects Wood and Zapata proposed and eventually convinced the developer to adopt a strategy of adaptive re-use, saving and restoring most of the local architecture for contemporary use. The strategy was then shifted to selectively restoring the shikumen lilong housing, creating a distinctive atmosphere and turning the area into a high-end, fashionable and cultural district attractive to local and international consumers.

Alongside the first phase of Xintiandi development, Shui-On and the local government also undertook the development of the 4.4 hectare Taipingqiao Park on the nearby site, which was deemed a crucial part of the strategy to enhance the environmental quality and appeal of the neighbourhood (figure 5.10). The municipal government played a supportive role here by providing approximately half of the

Figure 5.10: Taipingqiao Park and lake



costs for the park because it was sympathetic with the launch of a major city-beautification programme in which the government planned to build more green spaces throughout the city (realised largely through demolishing existing buildings). Some 3,800 households and 156 work units who had originally occupied this site were relocated to make way for the creation of the attractive landscape and a 10,000 m² man-made lake. Under the co-ordination of the Luwan district government, all of these occupants were relocated within merely 43 days, making it the fastest record of resident relocation in Shanghai's history.

Shui-On Group was strategic in insisting that the first phase of Xintiandi and Taipingqiao Park be completed before July 1, 2001 – the 80th anniversary of the Chinese Communist Party. On opening, it was offered as a “present” to the municipality, and later functioned as a reception site for the APEC meetings in October 2001. During these significant occasions, Xintiandi received visits by national and international leaders including Jiang Zemin and the Russian president Putin. With the southern part of Xintiandi completed and opened to the public on August 2002, and a wave of media attention in China and overseas reporting a rare “success story” of historic conservation in China, Xintiandi became one of the new icons of Shanghai’s transformation. It quickly gained great popularity amongst the city’s more affluent white collar consumers, expats and international tourists, and as

a showpiece of local architecture and a trendy fusion of international dining, fashion, entertainment, and cultural events. Xintiandi became an enclave of the relatively privileged, whilst pricing out lower income groups. According to the poor residents in surrounding lilong housing:

Xintiandi now we call the “foreigner’s playground”. Those like us we can go in for browsing. However it is not possible to consume, right? ...Our retirement wages are not very high.

Local resident, (X12), male, aged 60s

5.3.3 Relocating the residents

Before examining subsequent phases of development, this section scrutinises the terms and process of resident relocation underlying projects such as Xintiandi and Taipingqiao Park. Full-scale relocation of existing occupants was a crucial element of the redevelopment process, and a basis by which the speculative potential of land development could be realised. By providing alternative housing at cheaper locations elsewhere, inner city land could be revalorised and freed up for higher value land uses. The relocation process was carried out by specialist relocation companies affiliated to the district government. The property developer was responsible for providing the overall finances for resident re-housing, in line with the policies and recommendations provided by the district government. However it did not have direct contact with the local residents. The relocation company, under the monitoring and informal support of the district government, conducted all the frontline work.

According to the relevant laws for housing demolition and relocation at the time¹⁰, “in-kind compensation” was the main approach for public tenants, although private property owners were also entitled to the alternative option of cash compensation. In-kind compensation meant giving relocated households replacement housing at a different location, provided by the real estate developer. Reputedly, 670 million yuan was expended to facilitate the relocation of the 1950 households from the Xintiandi site (Shanghai Foreign Economic Relation & Trade Commission, 2005). Nevertheless this total also included various administrative fees and payment for the services of the relocation companies.

¹⁰ Regulations on the Management of Demolition of Urban Housing (State Council of China, 1991)

According to research by Chang and Yang (2007: 29), residents of the Xintiandi plot and the Taipingqiao Park plot were eventually moved to new housing estates in Pudong and Minhang - two large suburban districts in Shanghai. Full ownership rights were given to the relocated households. The size of the dwelling given to households was calculated in relation to household size – i.e. the number of persons in the household multiplied by a floor area compensation standard. Generally, a one-person or two-person household was entitled to a one-bedroom dwelling, a three-person household is entitled a two-bedroom dwelling, and so on. Households with more than six persons at the time of relocation may have the option of having two separate dwellings (such as one three-bedroom dwelling plus a one-bedroom dwelling). Reputedly such a compensation standard was relatively favourable, because the district government saw the project as a political priority and wished to ensure that it would proceed smoothly. At the time a household of three previously living in approximately 20 square metres of space was entitled to a new flat of 70 square metres in these new locations. If the household opted for monetary compensation, they could receive approximately 130,000 yuan in compensation. However, actual prices were subject to negotiation between the relocation-company and individual households in consideration of their circumstances.

Compensation in one sense offers an important, if not once in a lifetime opportunity, to move into home ownership and to improve their physical living conditions. Roughly speaking, residents could move from dilapidated housing into more spacious new apartments, with the conveniences of modern facilities and better privacy. From the viewpoint of the government, relocation was a necessary and pragmatic way of helping large numbers of urban citizens living in poor housing conditions to raise their overall standards of living. With relocation, they can acquire a house and become home-owners for the first time in their lives. Interviews with residents of lilong housing in the surrounding area revealed these perceptions:

Relocation is pretty good. There are benefits for us all. There are benefits for us average citizens. It can improve the living conditions. For sure it is improving the living conditions, right?

Local Resident (X13), male, age 30s

Of course I wish (to be relocated). Wish that if they can carry out demolition then it would be possible to improve the living conditions. Resolved the problems of the environment, right? Like us older people we just like to have a good environment.

Local resident (Y6), male, age 60s

However, relocation also involved significant inequalities and injustices. Firstly, compensation policy only applied to those in possession of either ownership or public tenancy rights, and excludes private tenants who may be privately renting the premises. These tenants – including a vast number of rural migrants – will be displaced while their landlords are compensated. Little is known about the fate of any private tenants evicted during the process. Thus, the disadvantage of rural migrants and their lack of housing rights in the city translates into their disadvantage in the redevelopment process, and they must seek alternative shelter in the private market with no financial assistance.

Beyond this, the replacement housing did not necessarily meet the location preferences and needs of existing residents, and the process neglected the social cost of a move from a long-term place of residence. There was widespread concern that the replacement housing are generally situated areas with poorly developed services such as shops, post-offices, schools and healthcare facilitates. Residents may need to wait for many years before these become more mature. Disruptions to children's schooling and lack of good healthcare facilities for older members of family were important concerns.

What benefits are there for the average citizens? There are no benefits... They haven't given you any good policies. In one go they usher you to the countryside. When you go to the countryside the medical care is no good. Studying...children's education is no good either. The entire environment is no good, right?

Resident (X7), male, age 50s

The citizens are the ones that suffer! ... When they are [relocated] out, after moving out the traffic is not convenient, and there are a lot of elderly people, there are no hospitals; and there are a lot of children, and no schools! ... If you go to those places the hospitals are damn it very, very far ... [After relocation] my father now lives in... Pudong's Dongle Xincun. In the third grade hospital – even an injection takes three quarters of an hour.... There are community clinics – but they don't open at night... Their standards are too low.

Resident (X4), male, age 60s

As indicated in section 5.1, the inner city neighbourhood provided a convenient place to live in for many residents. Comprehensive urban renewal in the last two decades has in many ways reinforced the desirability of the inner city, by enhancing transport infrastructures, modernising the built environment, and supporting the expansion of services. In addition the inner city offered ample opportunities for

business and employment both formally and informally. The 'locational-fit' with a range of utilitarian needs, as well as accumulated social ties and sense of familiarity among the longer-term residents contributes to a strong sense of place-attachment.

In fact, the elderly people have gotten used to living in these old houses. Also with respects to the neighbours and so forth, one has quite good understanding. [One] would not want to move.

Local resident (X12), male, age 60s

Old housing has the advantages of old housing I guess. There is more sense of human affection (renqing wei). In [new housing] if everyone had autonomous units – then the security door separates off all the human relationships.

Local resident (X16), male, age 30s

The burden of transport and commuting were also commonly cited concerns. Even in areas where public transport may be relatively well developed, the significance of longer commuting times to get to the city, and the added issue of transport costs was seen as an undesirable burden on everyday life – particularly for low income families. The underground metro system can provide a faster way of travel, but is considered too expensive to use on a frequent basis. The bus system and riding bicycles are the main affordable forms of transport for lower-income families, but with these it can take upwards of two hours to get from the suburban areas to the city centre. For some working households, getting to work may become a significant problem, and reputedly some residents relocated from Xintiandi eventually had to quit their original jobs and find employment closer to their new homes (He, 2004).

Many older residents who inevitably had greater physical mobility constraints also felt that they would be effectively excluded from visiting the city simply due to the burden of commuting. By 2006, alongside the continued expansion of the city, relocation housing was offered in newly developed neighbourhoods in areas such as Pudong district, Minhang district, Baoshan District and Nanhui district. All of them tended to be outside of the outer ring road of Shanghai, and residents may need to commute for one hour or more to get to the city centre.

Who wants to go so far away? Sitting on a car back and forth would be several hours, right?! Even if in the future the underground connections are running, it is still going to cost money... For example from here to Xinzhuhan say – Xinzhuhan is considered close even! It is about three to six yuan return

already, don't you agree? This money you have to calculate... We won't go! [We] don't want it.

Local resident (X6), female, age 50s

Once one moved over to the suburbs, even though the [public] transport has caught up - there are metros, and so forth. However the elderly people, they can't possibly go in and out, not like the young people, they can take a metro, be crammed in a bus... [For] the young ones, it would also be complicated going to work if one moves over there, right, because there's another thing of costs. Even though the transport is convenient, and the metro is provided and so on, however the metro costs are very high.

Local resident (X12), male, age 60s

To many local residents, the Xintiandi site has been transformed from a space previously accommodating a plethora of low-income residents and 'average citizens' (*laobaixing*) to become a playground for the city's middle class, local elites, tourists and expatriates. However, residents had little power to resist relocation. The relocation companies held the legal right to enact forced relocation if households did not cooperate and move out after a certain period of time. Residents may also be arrested if they come into conflict with the relocation officers. Thus, some see it as an unjust process pushed forth with brute authority that violates the interests of the powerless.

There's no choice if it is going to be relocated... Even if you don't want to go...you have no choice but to go! No matter how much grievances the average citizens have, there's nothing you can do.

Local resident (X12), male, age 60s

If you want to make a scene, then they take you away. You say the Chinese have laws, what laws are there? That there are human rights, are there human rights? Do citizens have human rights? These can't be spoken about, you know...? The problem is that the People's Government of China is intrinsically like this, how can you talk about it?

Local resident (X7), male, age 50s

5.4 Taipingqiao in the “New Round of Urban Renewal”

5.4.1 *Luxury housing and corporate office buildings*

Over the following years, successive phases of property development completely transformed the image, functions, social profile and property value of the Taipingqiao area. After 2000, the real estate market in Shanghai has recovered from the depths of the Asian Financial Crisis and experienced strong signs of buoyancy. Property investments and sales were to once again soar for many years in the context of Shanghai’s continued double-digit economic growth and continuing influx of foreign investors.

Since 2001, the municipal government also shifted its attention towards the large-scale demolition of dilapidated lilong housing as the New Round of Urban Renewal. With this new political emphasis, favourable policies were provided to developers engaged in the demolition of sites with more than 70% composition of lilong housing, including the right to discounted land leasing prices, and exemptions of various administrative fees. Subsequently, redevelopment of the plots at Taipingqiao took place under these policies. According to Xu (2004), an officer in Luwan district government, these exemptions may reduce development costs by around 1,000 yuan per m². This could mean a total subsidy valuing hundreds of million yuan being available to Shui-On over the next ten years of the policy.

From this point onwards, Shui-On progressively launched its up-market residential and commercial real estate projects. According to the vice-chairman at Shui-On, the financing strategy was essentially to put up the land leasing and relocation costs up front, while construction costs were borrowed from banks (China Daily - Hong Kong Edition, 14 April, 2004). The first of the residential properties to be developed was “Lakeville”. This development comprised one detached villa, six townhouses and 277 residential units in a variety of multi-rise residential buildings ranging from eight stories to 23 stories (see figure 5.11). It was located to the southeast of Xintiandi and was positioned to look over the manicured scenery of Taipingqiao Park and its artificial lake, and thus boasts an attractive environment.

Figure 5.11; Lakeville residential complex



From the inception, Lakeville's was intended to be marketed for middle or upper income classes. Its apartments ranged in size from 105 up to 500 square meters. A range of luxurious facilities were included including 24-hour security, communal gym, sauna, indoor pool, and a golf practice range. The development was initially planned to be priced at around 12,000/ m². This was based on the expectations of a 20% profit margin, with average construction and related costs at approximately 10,000 yuan/ m². However, by the time of its completion in 2003, Xintiandi had become a national success story and popular destination for the city's affluent class, fuelling the property price of the entire Taipingqiao area. Lakeville became one of the most talked-about pieces of real estate in the property market of Shanghai, and units were eventually put on sale at 20,000 yuan/ m² or more. This gave the developer windfall profits of approximately 100%. Given that the total saleable area was 48,000 m², Shui-On Land derived gross profits in the region of 480 million yuan. The new residents of Lakeville were some of the wealthiest households from within China as well as further abroad, including many investors from Hong Kong and Taiwan.

As well as targeting the demands of high-income households, commercial developments at Taipingqiao targeted the growing segment of corporate enterprises seeking high-quality office space in central Shanghai. Shui-On completed the first phase of the Corporate Avenue around March 2004, totalling about 80,000 m² of commercial floor space (figure 5.12). Situated alongside the Taipingqiao lake, this development consisted of two lakefront commercial office towers and a retail

Figure 5.12: Corporate Avenue commercial development



podium. The complex was owned and leased-out by Shui-On Land as rental property. By 2006 it had achieved an occupancy rate of 97%, and successfully attracted many multinational corporate tenants including Sony, PriceWaterhouseCoopers, Amway, Oracle, Federal Insurance, and Citibank. Since then, Xintiandi and the Corporate Avenue have become significant sources of revenue for Shui-On Land. In 2008, the net income from these two developments was 516 million yuan, up from 412 million in 2007 (Shui-On Land, 2009).

Around this time, the central government was reacting to the problems of an overheating property market, while the municipal government attempted to impose more stringent urban planning controls to rein in the problem of over-dense developments in the inner city. In November 2003 the local government demanded that all property development in the inner city (apart from those already in construction) must not exceed an FAR (floor area ratio) of 4.0. After passing this requirement, a series of negotiations ensued to adjust the buildable volume of remaining projects in Taipingqiao area. The total buildable volume was significantly reduced from about 1.60 million to 1.26 million square meters. Although this density regulation represented a significant intervention, it did not significantly challenge the nature of the plan or the profitability of the subsequent redevelopment.

Corporate Avenue actually well matched with the interests of the Luwan district government, which has made great efforts to promote commercial expansion and to attract foreign businesses. The Luwan District Foreign Economic Relations Committee (LFERC, 2007) stated that: “[Corporate Avenue] creates an ideal office environment for transnational companies”, acting as “the southward extension of the central business area on the east stretch of Huaihai Middle Road. The CBD [area] has gathered a large number of transnational companies, and the mature business circle is good for the enterprises to establish business partners and to achieve great ambitions...”¹¹

Over the subsequent years, Shui-On Group continued to expand as a successful real estate business. In 2004, the group underwent company restructuring and reformed under the incorporated entity Shui-On Land, with the purpose of grouping all its various subsidiaries into one flagship entity. Owing to its success at Taipingqiao in Shanghai, it has become a well established and trusted name in property development throughout China, and many local governments had invited them to invest in their cities.

The group had expanded their operations to cities such as Hangzhou and Chongqing, and was valued at US\$ 1 billion. Its principal bankers included major Chinese and foreign brands: the Agricultural Bank of China Limited, China Construction Bank Corporation, Deutsche Bank AG, Hang Seng Bank Limited, The Hong Kong and Shanghai Banking Corporation Limited (HSBC), Industrial and Commercial Bank of China Limited and Standard Chartered Bank Limited. Shui-On Land has since adopted a strategy of accelerating growth by attracting various strategic business partners, with eight outside investors pumping US\$ 350 million into its operations for its shares. The Company was listed on the Hong Kong Stock Exchange on 4 October 2006, with the international bank HSBC becoming a strategic partner with a US\$100 million investment (Shui-On Land, 2007; Weekend Standard Hong Kong, 17-18 April, 2004). The director of Shui-On has by this time become an elite figure both in Shanghai and in Hong Kong. The following lists some of his key positions and honours, demonstrating that he has been drawn into various key political institutions:

¹¹ http://wjw.luwan.sh.cn/webfronten/view_0.aspx?cid=57&id=1&navindex=0, Last accessed 10 March 2009.

- Member of The Tenth National Committee of the Chinese People's Political Consultative Conference. The “CPPCC” is a political advisory body in the People's Republic of China, which holds a yearly meeting at the same time as the national People's Congress making important national level political decisions. Its role is analogous to an advisory legislative upper house.
- He became the President of the Shanghai-Hong Kong Council for the Promotion and Development of Yangtze (since 2003). This is a non-government organisation established in 1998 which blends the political strength and connections of the Shanghai Municipal government with some of Hong Kong's leading business executives and investors in China to advance the development of the Yangtze Region. Its members include some of the most prominent and leading business persons in Shanghai and Hong Kong.¹²
- He was named Honorary Life President of the Business and Professionals Federation of Hong Kong,
- He was also the Vice Chairman of the Chamber of International Commerce in Shanghai - a non-governmental, non-profit organisation aimed to promote international business activities. It is composed of representatives from relevant enterprises, public institutions and economic associations.¹³
- He was the Non-executive Director of Hang Seng Bank Limited

Though many studies acknowledged the crucial role of public-sector support for private profit (e.g. He and Wu, 2005; Zhu, 1999), it is rarely acknowledge that certain private sector actors are becoming economic and political elites of great influence in their own right. Other executive directors of Shui-On Land also held important posts in public or private spheres between Hong Kong and Shanghai. For example, the vice-chairman and CEO (since 2004) was Deputy to The Tenth National People's Congress (NPC) of China - the highest state body and only legislative house in the People's Republic of China.¹⁴ He was also board member of Hong Kong's Airport Authority, and Vice President of the Shanghai-Hong Kong Council for the Promotion and Development of Yangtze (Shui-On Land, 2007).

¹² <http://www.shuionland.com/sol/tabid/278/Default.aspx>, Last accessed 24 August, 2009

¹³ <http://www.coicsh.com/ccpit/en/aboutus3.asp>, Last accessed 24 August, 2009

¹⁴ <http://www.npc.gov.cn/englishnpc/news/>, Last accessed 24 August, 2009

Figure 5.13: Lakeville Regency overlooking Taipingqiao Lake



Shui-On Land subsequently launched the second phase of residential development, known as the "Lakeville Regency" in partnership of another investor who held a 30% equity stake (figure 5.13). Sitting adjacent to the first phase the Lakeville, "Regency" was a much larger development comprising 645 residential units in 17 low to high-rise apartment buildings. In Shui-On Land's (2009) own words, the purpose of was now "targeting high net worth individuals and corporate customers in the Chinese Mainland". Apartment units ranged from two to five bedrooms, with floor areas ranging from 93 m² to very spacious units of 660 m².

Comprehensive community facilities for the development included a clubhouse, a multipurpose gymnasium, spa, sauna, an indoor golf simulator, indoor swimming pool, snooker room, and indoor tennis courts. Construction completed by 2006, and again, Shui-On Land experienced better than expected sales given the strong property market. The average construction and associated costs were approximately 10,750/ m², but the average selling price achieved was approximately 50,000/ m² (Shui-On Land, 2007).

Apart from the very high property prices, these residences were also associated with high management fees, which often exceed the incomes of many lower income families. At 8.5 yuan/m² per month, management costs in the Lakeville Regency

could total 800 yuan for the smaller units to over 5,000 yuan for the largest apartments. Thus, redevelopment has brought about a remarkable disparity in housing quality and the status of residents, given that residents in lilong housing would have paid between 15~40 yuan/month for rent. Remaining residents living in surrounding dilapidated housing often commented on the increasing disparity between the 'haves' and the 'have-nots':

The surroundings have all been demolished... Like these [new] houses, they are all 50,000~60,000 per m². The average citizens cannot afford them. It is all, the foreigners, the foreign Chinese... from Taiwan, from Hong Kong, those that are wealthy. The average citizens can't afford them.

Local resident X12, Male, age 60s

5.4.2 Relocation after 2001: the limits of monetary compensation

This section considers the continuing problems of relocation in the context of the New Round of Urban Renewal. Relocation policy changed significantly during this time. In June 2001 the State Council of China issued the revised policy "Regulations on the Management of Demolition of Urban Housing" which made additional provisions to establish market oriented principles for compensation. Notably, relocation has shifted towards monetary rather than in-kind compensation. In Shanghai, this was reflected within the local government document "Detailed Implementing Regulations on the Management of Demolition of Urban Housing" (SMG, 2001).

Although the law required the developer provide a certain amount of housing stock for resettlement, it emphasised monetary compensation. Residents were expected to resettle themselves in the housing market, by renting or purchasing a home. The new law was launched in part to avoid inhabitants inflating the number of persons in a particular household after the announcement of demolition plans, thereby fraudulently increasing removal costs. The standard of compensation to a household was to be calculated with respect to the market value of the existing housing times the size of space demolished, rather than the number of persons in the household.

Monetary compensation is a complex issue and is difficult to generalise. It has differed over time with the changing real estate prices. It differs from project to project depending on the market value of the location concerned as well as the

intentions of the local authorities and developers. Actual compensation is usually determined in negotiation between the district government and developer. According to Shui-On Land, the government determined a lump sum value required for the compensation of residents in accordance with the market values at the time, and the developer made relevant payment in accordance with these requirements. However if the developer wished to ensure more speedy and efficient relocation it may agree to offer significantly higher standards.

Residents were not given a say over what forms of re-housing are appropriate, or what level of financial compensation is sufficient. Shui-On did not engage in any dialogue with the local community or with the relocation process directly. "For the whole process, Shui-On is only responsible for back-up financing. The frontline work is all done by the government" (Weekend Standard HK, 17-8 April, 2004). A lump sum fee was handed over to relocation companies, who dealt with local residents on a one-to-one basis.

Relocation work for the Lakeville Regency was enacted in accordance with the new law regarding monetary compensation, and removed approximately 2,000 households. Compensation was calculated in relation to the market price of 4,009 yuan/ m^2 of demolished space, based on the formula, "living area \times 1.54 \times 4,009 yuan." In other words, residents previously living in a home of 20 m^2 were entitled to 123,477 yuan (Yang and Chang, 2007).

The new mode of compensation entailed certain injustices. Firstly because policy gave no consideration to household size, large families living in very crowded conditions did not necessarily get paid sufficiently to resolve their housing needs (Wu, 2004). Secondly, the standard of compensation was roughly identical to the amount paid out to residents of the Xintiandi site years earlier, but by this time the housing price in Shanghai had escalated substantially, and residents faced considerably more constraints in finding resettlement housing in the market. In other words, the adjustment of monetary compensation during this time was greatly disproportionate with the climbing property price (He, 2004).

With no direct access to the government or developers, residents could only attempt to bargain for higher compensation with the relocation company. The key strategy is to squat and refuse to move, even if demolition has begun around them, until better compensation is given. This was aptly outlined by local residents:

You have to stand your ground. Calculating according to your 'hukou', you [must] not walk off without 300,000 [yuan per person]. Continue to stay at home, who cares about them. The key is that...the key depends on whether you can 'stand your ground'... Like I've told my wife already, if the People's government comes to do relocation, don't even take heed of them. Don't go without getting 1.5 million, 1.8 million. Don't go.

Local Resident (X15), Male, age 50s

This practice of bargaining has become prevalent and has had a degree of effectiveness, but it also contributed to inequalities and a lack of transparency. 'Compliant' households who left quietly and did not bargain with the relocation company got the first and 'worst' compensation offer, while households who "held their ground" until the very end may have gotten substantially more. Thus, often the old and frail were disadvantaged. In the bargaining process however, residents often had to withstand considerable harassment, sometimes physical abuse in order to force residents to leave.

As a result, conflicts of residential relocation became more and more intensified across the city. In 2002, there were reputedly 285 petitions including 172 collective petitions relating to demolition in the city (He and Biddulph, 2006). Inequitable compensation relative to rising property prices was one principal reason, but there were also a range of other reasons, including oppressive tactics adopted by relocation companies to enforce relocation, and instances where rightful compensation have been obscured. Demolition companies were profit-seeking enterprises who sometimes sought to limit the actual amount paid out to residents and to maximise their own profits. They held the upper hand in one-to-one dealings with households because residents did not have access to proper information about entitlements. This was also perceived by many residents facing relocation:

How can relocation be transparent...? In fact the relocation units – their incomes are [linked to] how much the residents take, linked to these. Any surplus belongs to them, don't you know...? There are no standards!

Resident (X4), male, age 60s

Beyond this, the practices of relocation companies were not properly regulated. Often their staff resorted to harassment and even violence to enforce the speedy compliance of residents. Residents referred to instances where individuals have

been beaten because they attempted to stand up to the relocation companies. Water, gas and electricity supplies could be cut off, and remaining residents may have to live in the rubble as demolition begins around them. Without a transparent operation mode, considerable misunderstandings and hostility between relocated residents and demolition companies emerged (He, 2004; He and Biddulph, 2006). Furthermore, residents' capacity to bargain have ultimately been limited, because the government usually sets a deadline for relocation after which 'forced relocation' was allowed.

Apparently, monetary compensation has had different implications for households with different socio-economic situations. Compensation policies reinforces socio-spatial differentiation – in other words, the 'sorting' of people according to socio-economic status to different areas (He and Wu, 2007). Thus, options and outcomes could vary significantly depending on individual families' own savings, incomes and capacity to take out a mortgage, as well as their housing aspirations and preferences. For better-off households with some savings, or with the capacity to acquire a mortgage, they may be able to double up these sources of financing and they may have few problems in resettling.

However, among those relocated to build the Lakeville Regency, about 70% were working class people and more than 30% were unemployed workers (Yang and Chang, 2007). Poor residents inevitably faced greater compromises between affordability, neighbourhood quality, and accessibility given the competitiveness of the housing market. Their re-housing options have often been restricted to the more peripheral locations where they may suffer from poor accessibility and services. There was a common perception that standards of compensation have not been sufficient to ensure a satisfactory relocation outcome.

If you have money then it doesn't matter. If you had money then...they give you a little for the relocation – and [with] the money you have yourself you...purchase (a house). But if you can't afford to purchase then you'd just have to go to the suburbs. What can you do right? Normal elderly workers like us, how much money can we have?

Resident (X1), female, aged 60s

How can people buy houses with such standards? ... Basically it is completely impossible to be within the inner ring. In the middle ring, the outer ring – it is too far.

Resident (X4), male, age 60s

One way of protecting themselves from the problems of displacement and/or to save the compensation for other personal uses has been to move back into dilapidated lilong housing elsewhere. Rather than moving to a new house in the suburbs, many older households chose to rent, or purchase the use right of older housing such as the lilong after relocation. This highlights the persistent role of the lilong within the housing market to accommodate those with little purchasing power. However, with on-going redevelopment and large demand from tens and thousands of relocated households every year, relocated residents and other urban poor have had diminishing choices of housing in the inner city and faced the prospect of future demolition.

5.4.3 Policy and area developments since 2005

Nationally, discontent arising from housing demolition was recognised as a major problem that affected many urban construction programs and threatened social stability. These were intensified by isolated incidents of protests and even suicides in some cities. In an effort to appease conflicts, the central government has since 2003 advocated better regulation of relocation practices as a key aspect of creating a “Harmonious Society” – the key principle of development under President Hu Jintao and Premiere Wen Jiabao (Ren, 2008). As relocation became more politicised and a threat to social order, the Shanghai municipal government passed the “Notice on strengthening management tasks of the demolition of urban housing” in March 2005, with the purpose of slowing down the pace of redevelopment, regulating relocation practices, enhancing its transparency, and ensuring a better co-ordination between demolition and new affordable housing supply.

In this set of interventions, commercial real estate redevelopment was to be strictly limited. Apart from those for which planning approval has already been given (like in Taipingqiao area), additional demolition was to be in principle limited only to major municipal projects such as for infrastructure. District and county governments were required to work together to promote coordinated development of suitable housing stock that would suit and assist the proper relocation of families. If new construction projects do not provide for at least 70% of the population to be relocated, the demolition permit may not be approved.

A new ‘sunshine policy’ was implemented to enhance the transparency and openness of demolition practices and to safeguard the legitimate rights and

interests of residents. The standard of compensation eligible for each household was to be published for each community facing demolition, so as to properly inform residents and to prevent serious inequalities between different households. Strict standards of conduct and legal sanctions were introduced to ban conducts that may harm citizens, such as violent behaviour and cutting off water, electricity and gas supplies while people still lived in their properties. In addition, special attention must be given to the relocation of families in difficult circumstances.

Some residents concede that since then, relocation practices and standards of compensation have been improved. By late 2006, monetary compensation in Taipingqiao redevelopment was around 20,000 yuan/ square metre of space, or alternatively 200,000 yuan per person (or 600,000 yuan for a family of three). For comparison, this compensation standard was about 8.5 times the average annual per capita income in Shanghai.¹⁵ Actual calculations also by this time take into consideration the household composition and their housing needs. Beyond the entitled compensation, the government may provide additional financial aid to families (between 30,000~60,000 yuan) experiencing particular hardships, such as sickness, unemployment, or old age. Other positive incentives for households to move may involve job offerings, the choice of replacement apartments elsewhere, or better retirement pension and medical insurance for the elderly. These specific terms are negotiated according to each family's circumstances and vary case by case (Ren, 2008).

Yet despite official efforts to bring about increasing compensation standards, residents still faced difficult compromises in the transition from lilong housing into the housing market. Residents report that displaced households were still constrained to resettling in the "middle-ring", or "outer ring" parts of the city. There was a clear price gradient for housing price in space, highest towards the centre of the city (about 18,000 yuan/ m²) and falling lower progressively towards the urban periphery (about 4,000 yuan/m² beyond the outer ring). A 600,000 yuan compensation for a three-person family could afford them a small 60~70 m² unit between the middle and outer ring regions, and between 90~100 m² of space around the outer ring region. It was difficult to find smaller, affordable units within the high-cost inner city. Thus, a move towards the suburbs was still the most likely impact.

¹⁵ Which was 23,623 yuan per capita in 2007 (SSB, 2008)

This standard is too low... With 500,000 or 600,000 yuan – for a family of three, what house can you buy? It is now not possible to buy a house in Shanghai.... (So) There was a lot of arguing and fussing...

Resident (X17), male, age 60s

For some, an alternative ideal solution was for the government to help rehabilitate their homes - first and foremost through measures such as the installation of sanitation facilities.

Install some showers... flushing toilets... and so on. Spend some money! That is 'repair the old in keeping with the old'. That is it looks old to the eye, but inside the facilities and so forth can be exchanged with some good ones... The residents here... all are wishing for this - that it can be modified a bit.

Resident (X22), male, age 60s

Changes in relocation policies also made little impact on the already determined path of transforming Taipingqiao area into an affluent commercial and residential area, devoid of affordable housing or low-income residents. Construction of the third-phase of residential units - "Casa Lakeville" - commenced during the third quarter of 2006. Comprising 82,000 m² of new residential units and 14,000 m² of retail properties, the development was launched for sale in early June 2008. Demand for these properties remained strong. 126 units were sold within the first six months, generating net revenues of 1.96 billion yuan. The average selling price achieved was a remarkable 85,300/m², almost 56% more than that achieved by Lakeville Regency in 2007 (Sui-On Land, 2009). A local resident nearby remarked:

Demolishing continuously...Now [we] are renting housing...There's bound to be one day when there are no more of these rental houses left. Then you'd have no choice but to go to the suburbs...

Local resident (X11), female, age 40s

By this time Taipingqiao area was one of the most sought after places in Shanghai to live, work and play by the wealthy citizens. The Luwan District proudly advertises its achievements in transforming the district and its role as a magnet for business and investment.

...We have formed the [basis of a] central business area with complete infrastructure, advanced commercial offices, [a] beautiful environment and quality residential [areas]. With improving business functions, [the district] will play a more and more important role in attracting investment...¹⁶

Shui-On's contribution as a long-term partner in transforming the fortunes of Luwan district has been profound. This favourable relationship was to be sustained in the foreseeable future. Follow-up phases of the Corporate Avenue ensued from the first-half of 2008. Retail and entertainment outlets, including movie cinemas and a Broadway-style theatre, have been planned. The remaining residential land lots were expected to be completed in stages from 2009 to 2012. To create a high-profile international community, a private international school and a local school will be constructed. Shui-On's expanding operations in other parts of China were also successful. It was simultaneously involved in eight projects in prime locations across six cities (Shanghai, Hangzhou, Chongqing, Wuhan, Foshan and Dalian), with a gross floor area of 13.2 million m². A similar institutional model of public-private collaboration in the reconstruction of cities had facilitated tremendous opportunities in private wealth creation. It achieved net profits of 2.46 billion yuan in 2007, and 2.48 billion yuan in 2008 (Shui-On Land, 2008, 2009).

Figure 5.14: Redeveloped environment of Taipingqiao area in 2007



¹⁶ http://wjw.luwan.sh.cn/webfronten/view_0.aspx?cid=57&id=1&navindex=0, Last accessed 10 March 2009

5.5 Conclusion:

This chapter examined the planning, organisation and outcomes of redevelopment at Taipingqiao over a decade-long period. It demonstrates that redevelopment was planned and enacted by a project-based, enduring partnership between the local government and property developer. In the process one of the most run-down neighbourhoods in the downtown area with a significant portion of lower income residents was transformed into a globally-oriented mix of luxury apartments, corporate offices, retail, and entertainment facilities. Original residents have been politically excluded, and forcefully displaced towards cheaper suburban locations. This represents a classic case whereby the manipulation of place for 'exchange value' by powerful place-entrepreneurs conflicted with the contested use value of place.

The case highlights some features of the post-socialist urban politics in Shanghai. The district government and property developer were key actors in the redevelopment process, and they operated within an evolving, yet on the whole supportive institutional environment provided by the state and municipal governments. Market-oriented redevelopment based on the off-site relocation of residents became feasible since the 1990s because of major reform policies and housing demolition policies enacted by the central government. In Shanghai, the municipal government was influential in establishing local priorities for urban renewal via a combination of redevelopment programmes and local policies regarding relocation. Urban redevelopment was a major governing concern in turning Shanghai from a disinvested industrial centre into a global city. Physical rebuilding was needed not only to modernise the built environment and to enhance standards of living, but also to help build a service-based economy, to increase the local tax base, to create positive city imagery and to attract private investment. These ambitions and policies helped shape the targets and mechanisms for urban district governments in urban renewal.

Nevertheless, the municipal government was a relatively indirect actor in specific urban redevelopment projects. Its key responsibilities were comprehensive city planning, enacting macro-level regulations and policies to guide urban development, and implementing civic infrastructure projects. With administrative decentralisation the district government was a relatively empowered tier of administration. It negotiated land-leasing deals with property developers, channelled available

subsidies to redevelopment schemes, and supported the resident relocation process to make way for private investment. Throughout the process, it was keen to demonstrate to private investors its achievements in remaking urban districts as modern, business-friendly environments.

Property developers have played an indispensable role as partners of the government in urban redevelopment. Although the two sides have some different agendas, they have been united by the vision of promoting urban growth through property-led redevelopment. The relation has been a collaborative one based on a pooling of resources. While the local government provided subsidies, favourable land-use transfers and support to assemble and clear sites, developers were responsible for sourcing financing and carrying out the redevelopment of run-down areas. The land-leasing mechanism transfers the right of land development to the developers, who then enjoyed considerable scope to control the spatial qualities and property values of a location. In the context of economic and social restructuring, new properties were built to profit from the demands of the growing segment of corporate businesses, the middle-class and wealthy households from within China as well as abroad. Local governments have largely supported the process of capital accumulation and to date have exerted only limited constraints in the development process such as regarding overall density requirements, and historic conservation.

Developers as a group were not place-bound, and could set up operations in multiple cities within the booming mainland market in search of favourable sites and circumstances. Powerful private sector actors often had positive social connections with local officials, which provided a foundation of mutual trust and gave them advantages in securing large deals and land in advantageous locations. Although in the context of political centralisation they should not be seen as driving urban policies, they have increasingly become elites in society, well represented by various business organisations, and even within government bodies such as the local and national People's Congress. The operations of developers have been directly supported by a range of other domestic and foreign institutions including banks, professional design consultants, and other property investors, all of whom were part of the urban "growth machine" who had direct interest in promoting redevelopment and maximising the exchange value of place.

Excluded from direct participation in urban planning and relocation decisions have

been the “local community” in each redevelopment project. Due to the lack of democratic mechanisms or a framework for political representation, residents had no say in the reshaping of their neighbourhood by more powerful actors. Problems such as physical decay, over-crowding and deficient facilities inherited from history continue to be profound liveability problems in communities targeted for demolition. In the context of market reform, these places experienced significant population change, migrant influx, and the decline of social networks. The better-off have moved away to be succeeded by new lower-income tenants. Thus, many residents were those who had limited purchasing power in the housing market, including public tenants and private renters.

Their relationship with the “growth coalition” was complex. On the one hand, state policies guaranteed some forms of compensation and re-housing for owners and public tenants in the redevelopment process. Thus, some residents supported and look forward to relocation as a way to move away from substandard housing and to enhance their living condition. On the other hand, redevelopment often conflicted with the demands of local residents affected by redevelopment. Dilapidated housing can have significant use value for its residents. For many, their affordability, central locations, sense of familiarity, and social networks often contribute to a sense of place-attachment. Beyond this, physical living conditions varied to some degree, and some are satisfied with their homes.

There has been a lack of detailed quantitative data regarding relocation outcomes. However, qualitative evidence suggests that there can be profound costs as well as benefits. Private tenants and rural migrants had no entitlement to compensation and must find alternative accommodation themselves. While owners and public tenants were generally assured of a move to better quality dwellings, their displacement towards suburban areas have been associated with a range of problems such as deficient local services, costly transportation, exclusion from inner city employment opportunities, and the disruption of social and psychological ties to people's original places of residence. Lack of right to stay in favourable locations in the city, insufficient compensation relative to housing price, lack of clear standards, and oppressive relocation tactics have all fuelled profound conflicts between residents and the growth coalition relentlessly pushing forth demolition.

Residents have resorted to bargaining with relocation companies, refusing to leave, or protests and petitions to local authorities to assert their voices. The government

has had to co-opt the support and co-operation of residents in relocation by modifying its policies. In the interest of maintaining social stability, and sustaining the long-term agenda of urban growth, the central and local governments both made various moves to promote fairer compensation and more transparent relocation since 2003. However, these “concessions” were apparently intended to appease local discontent while sustaining the established model of urban redevelopment. There have been no significant moves to empower the residents within the urban (re)development process, or a shift towards protecting the social, psychological and everyday use value of place for existing residents.

This chapter has shed light on the uneven politics of redevelopment in Shanghai, demonstrating the dominance of a growth coalition promoting large-scale rebuilding, and its conflict with communities living in run-down neighbourhoods. However, cities are complex entities whose processes can rarely be neatly encapsulated in a single model. As described in chapter 4, Shanghai has pursued several approaches and strands of policies towards the immense task of urban housing renewal. The next chapter shall attempt to refine these findings by examining an apparently contrasting case which emphasised community retention as one of the core objectives.

6 Redevelopment of Fukangli: A Case of Community Retention

6.1 Introduction

Alongside the rise of market-oriented housing redevelopment, Shanghai has also developed an alternative, apparently more socially-oriented policy for housing renewal under the title “Old Housing Amenity Fulfilment Renewal” (OHAFR). To gain a more comprehensive understanding how such a policy was pursued and its impact on older neighbourhoods, this chapter examines the redevelopment of Fukangli neighbourhood, one of the largest initiatives implemented. The chapter firstly outlines the initial conditions at Fukangli and the key policy agendas underlying subsequent processes of change. It then examines the nature of the public-private partnership established for project delivery and the decisions and negotiations that underpinned the actual redevelopment strategy. Thirdly, it examines the processes of resident resettlement and the outcomes of housing renewal in terms of housing transformations, tenure change and the community composition. The final sections discuss the limits to the pursuit of social objectives in housing renewal.

The case study reinforces the view that urban redevelopment was orchestrated by a growth coalition comprising the local government and powerful private sector enterprises as the main actors and decision makers. However, it shows that in some instances the growth coalition appeared to have acted to include the interest of local residents. The local government functioned as a mediator between private wealth accumulation and social interest, and its ability to deliver socially oriented housing renewal was closely related to its continued bureaucratic influence over various quasi-governmental real estate enterprises.

6.2 Initiation

6.2.1 *Initial conditions and project agendas*

Fukangli occupies a very convenient location in the inner city JingAn district. It is minutes by underground from People’s Square in central Shanghai, or from the city’s main Train Station, while one of the city’s most major commercial centres,

Nanjing West road, is within walking distance to the south. Prior to comprehensive renewal in 1998, it was a sizable residential complex of around 400 shikumen lilong and new-style lilong housing. The complex occupied a site of 3.8 hectares, with a total floor area of around 48,000 m². This accommodated a population of around 1,500 households, or 4,300 residents (Tian and Wong, 2007). With architecture dating back to 1927, the community had suffered many of the problems typical to old-style lilong housing. Houses had been subdivided for multiple-occupation, sometimes up to four or five families, there was a legacy of physical decay due to the lack of property maintenance, most households did not have indoor sanitary facilities, kitchens were generally shared by multiple families and lacked gas connections. Nevertheless average housing space per family at the time was 35 m², which was above the usual standards of lilong housing.

Figure 6.1: Fukangli interior conditions, before renewal



Source: New Fukangli public exhibit

A number of demographic and socio-economic features of the sub-district Fukangli belonged to are discernible according to the 2000 population census (see Table 6.1). Fukangli was located in the sub-district of 'Shimen Er Road', which had about 62,000 residents in 2000. In terms of age structure there was an over-representation of the elderly population – with 18% of the population in the sub-district aged 65 or over. (This compared to a city-wide figure of 11%). The socio-economic composition was relatively mixed. Looking at the occupational distribution, about one third of the population was engaged in commercial service jobs and

about one quarter was engaged in manufacturing, transportation, and machinery operation. Professional and technical staff accounted for about one-fifth of the population, while less than 6% were managing level staff in state institutions or enterprises. However, there was a high degree of unemployment, with about 19% of the working-age population out of work. By residents and officials own accounts in the author's interviews, most residents within Fukangli were relatively speaking 'average' or 'above average' in terms of socio-economic status.

Table 6.1: Employment structure in Shimen-Er Road sub-district, 2000

Job type	% share of working population
Professional and technical staff	19.5
Manufacturing, transportation, or manual operators	24.1
Commercial services	33.6
managing level staff in state institutions or enterprises	5.6
Unemployment rate	18.8

Source: 5th population census, cited in Li (2003)

In 1998 the JingAn district designated the Fukangli for renewal, with the objectives of enhancing the neighbourhood's comprehensive living amenity, maintaining the character of lilong housing and realising community retention. The terms of renewal followed the municipal housing bureau policy of Old housing Amenity Fulfilment Renewal - 'OHAFR'. This policy emphasized the rehabilitation of lilong housing and targeted structurally sound dwellings with a lack of basic amenities and which have not been planned for demolition. In 1997 the Shanghai Municipal Government stipulated that 8 million m² of old housing could be targeted for upgrading in the short term (EBSREH, 1999).

This policy derived from a series of experimental housing rehabilitation projects in the 1980s and early 1990s (refer to Chapter 4, section 4.1). These small-scaled projects aimed to enhance the living standards of structurally sound, or architecturally distinct, lilong housing. The original structure and building facades were retained, and the focus was to re-build and modernise the interior space so that each household had an autonomous flat with a private kitchen, bathroom, and utility connections. Unit sizes typically remained small and tight, but where possible, extensions and an addition of an extra story helped alleviate congestion, or as surplus space to be sold to help finance the rehabilitation. Figure 6.2 shows a modestly rehabilitated lilong community, modified from two to three-stories in 1991-4.

Figure 6.2: External view of rehabilitated lilong housing



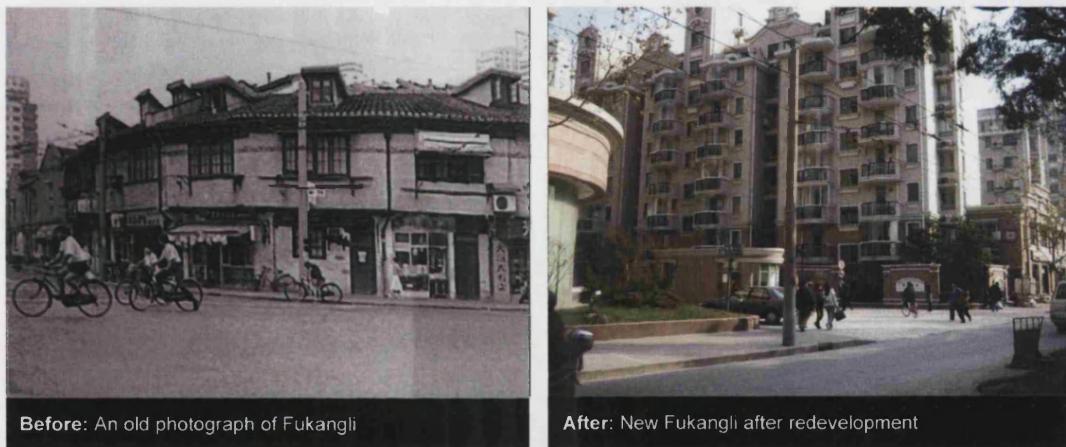
Initially, local housing bureau and work units were responsible for most of the financing of these schemes, with residents only required to pay nominal contributions. However, by the mid-1990s, privatisation to sitting tenants was introduced as a key mechanism. Upgraded units would be sold to eligible sitting tenants to help finance the interventions. Redevelopment as multi-storey flats also gradually became the norm rather than rehabilitation. Local officials were not satisfied with the results of modest rehabilitation, because it achieved only the most basic housing standards, and did not do much to achieve the municipal-government's goal of lowering residential densities. It was deemed that redevelopment could more effectively modernise the built environment, alleviate congestion, and to generate surplus units to sell for profit.¹⁷

The renewal of Fukangli took place in the wake of these changes. Detailed guidelines for OHAFR were by this time set out in the documents *"Implementation Recommendations to Speed-up Housing Amenity Fulfilment"* and its technical guidelines in *"Temporary regulations for Shanghai's old housing amenity fulfilment renewal"* (SHLAB, 1997). Similar to the earlier schemes, the stated objectives of these policies were to allow residents to move back into the upgraded housing by

¹⁷ The pictured project and these insights were from the author's pilot case study.

offering them the chance to purchase full property rights at a discounted price. Housing space per household was to be increased to more than 40 m² and direct lighting and ventilation must be available for every bedroom. The policies also sought to promote better quality residential planning and architectural design – with more emphasis on quality of public spaces, increasing landscaping and the integration of communal facilities or services, and at the same time raising the standards of housing to be achieved. Furthermore they called for the integrated upgrading or renewal of entire urban blocks. This emphasised the government's desire to speed up the process of old housing renewal by facilitating larger schemes and to shift towards a 'neighbourhood scale' of renewal. Figure 6.3 shows that Fukangli was eventually comprehensively redeveloped.

Figure 6.3 New Fukangli before and after renewal



Source: New Fukangli public exhibit (left), author (right)

6.2.2 The quasi-governmental enterprise

The operational principle underlying the renewal of New Fukangli was "Government support, enterprise participation, market operations, and paid on-site resettlement" (Shimen-Er Road Street Office, 2005). According to the government ordinances a number of agencies were fundamental to the implementation of the project. The municipal government and the municipal housing bureau provided the overarching guidelines, policy and administrative support for the process. A commercial property development enterprise was to implement the scheme, but the district housing bureau would act as the facilitators. The latter was responsible for the planning and project approval processes as well as to commission commercial developers to

carry out in the process. The executive arm of the district housing bureau was the designated Old Housing Renewal Office.

Because the scheme coincided with the Asian Financial Crisis around 1997-1998, Shanghai was amidst a property slump and the local housing bureau was unable to attract investment interest from private developers. Instead, it commissioned a state-owned, quasi-governmental development company Jingan Property Holdings Group (JPHG). Under the directive of the local housing bureau, JPHG then established JingAn Property Stockholding Co. Ltd as the subordinate company to carry out the task of renewing Fukangli. State-owned enterprises were the dominant force in the property development sector in China up to the mid-1990s. JPHG was formed from a branch of the JingAn District's Land and Housing Administration Bureau in 1996 as what is known as a "third sector enterprise" (*sanchan qiye*). In the 1980s and 1990s, many local government bureau in China set up property development and commercial property management companies as their subsidiary operating branches, either to take advantage of the profit opportunities of market reform and to augment bureaux finances or to streamline the public sector (Duckett, 1996).

There was often no clear line between the local bureaux and these state-owned enterprises. Officials and company managers often shifted between key posts. For example, the director of the Old Housing Renewal Office was simultaneously a manager within JPHG. Furthermore, according to the JingAn District Commission of Construction and Management, the director of JPHG was a political elite as well as business elite in Shanghai. He was a distinguished member of the Communist Party, has ten-times been named a "Major Contributor to Shanghai's Construction", and was a representative in Shanghai's 12th People's Congress.¹⁸ The congress plays a role in monitoring the enforcement of laws and regulations regarding local development, and can influence local legislation and policies by drafting reports and providing feedback directly to the relevant government officials.¹⁹

A combination of favourable government support and unique market circumstances

¹⁸http://jianwei.jingan.gov.cn/jajwinfoplat/platformData/infoplat/pub/jajw_102/docs/200412/d_3449.html, Last accessed 2 September 2009

¹⁹ Before the reform, most of the PC members were previous government bureau chiefs, government officials and party secretaries. However, in recent years, the numbers of local entrepreneurs and academic experts have also been increasing.

sustained the rapid expansion of these developers in the 1990s, often giving them extremely lucrative returns. Close ties with government confers such enterprises with a favourable position because to nurture their own subsidiary companies and to realise its urban development plans. For example local authorities often agreed to speed up land allocation or to transfer land use rights at extremely discounted rates. This often allowed them to build up impressive land banks (Tang, 2003). With strong backing from the local government, JPHG grew to be the top 10 property developers in Shanghai by 2003. The activities of the group now spans across five different sectors from real estate development, to real estate management, to real estate brokering, interior decorating, and tourism. Its total asset valued over 7 billion yuan. By 2008 it had land holdings totalling 3,500 acres in Shanghai as well as neighbouring cities such as Suzhou, and Wuxi.²⁰

Nevertheless these developers could be distinguished from fully fledged private enterprises in terms of their administrative structure and decision making. Although they have been restructured to function like other private or joint-venture companies in the market, in reality they were often initially regarded as 'administrative work units managed in the form of enterprises' (*shiyi danwei qiyi guanli*). Many were still accountable to different degrees to their former superior government departments (or ministries), and had to shoulder certain administrative functions. Because in these quasi-governmental companies a director's career to some extent depended on his relationship with officials in government, the investment decisions were often not made solely on the basis of the economic interest of the company. Fulfilment of bureaucratically defined 'production targets' rather than profit levels was sometimes the primary criterion for staff performance appraisals. They acted in some ways as the executive arms of the public sector, and acquired projects either through direct government appointments as well as by competitive tenders (Tang, 2003).

For example, the JPHG acted as an instrument of the government to carry out its policies and plans, and together with the local authorities orchestrated many renewal schemes in the district. This included many slum clearance and housing rehabilitation schemes - some with significant profit potential, others less so. It also inherited the public housing management tasks of the government bureau. In this sense, these quasi-governmental enterprises sometimes acted in a non-profit capacity in the economic system, realising some socially oriented initiatives for the

²⁰ <http://www.jazy.cn/doc/jj2.htm>. Last accessed 20 November 2009.

government.

6.2.3 *The design process*

The Fukangli renewal scheme was the largest project of old housing amenity fulfilment renewal in the city at the time. It thus enjoyed substantial political attention, and also the direct support and monitoring of the deputy mayor. The district old housing renewal office and JPHG became the key actors responsible for developing the precise renewal strategy. Working closely with local government and its administrative bodies, the district housing renewal office and JPHG successfully negotiated various fiscal subsidies and favourable planning concessions to make the project more financially feasible. The scheme was exempted from land use charges, infrastructural provision costs, as well as other administrative costs in the construction process. In addition to these, the developer was granted a low-interest loan of 100 million yuan (one-fifth of total project investment) from the housing provident fund of the local housing bureau. This became a key component of the developer's initial investment into the project.

Shanghai Institute of Architectural Design and Research (co., ltd) was engaged as the architectural consultant (SIADR) for the project. Again, this appointment reflected a strong institutional connection between the government and powerful state-owned enterprises in urban redevelopment projects. SIADR was a large-scale, state-owned architectural design and research corporation with a long history of working for the municipal government. Formerly known as the Shanghai Municipal Institute of Civil Architectural Design, it has been directly commissioned for a string of high-profiled landmark projects by the Shanghai Municipal Government, including the Shanghai Stadium, Shanghai Library, Shanghai Museum, and Shanghai Pudong International Financial Building.²¹ On the other hand, residents had no involvement or say in the design of their neighbourhood, and were not informed of these decisions until they were notified to be relocated so that construction could take place.

According to the formal terms of the OHAFR policy, a rehabilitation approach keeping the original structure and fabric was meant to be the focus. However, in reality the district housing office and property developer had substantial leeway in

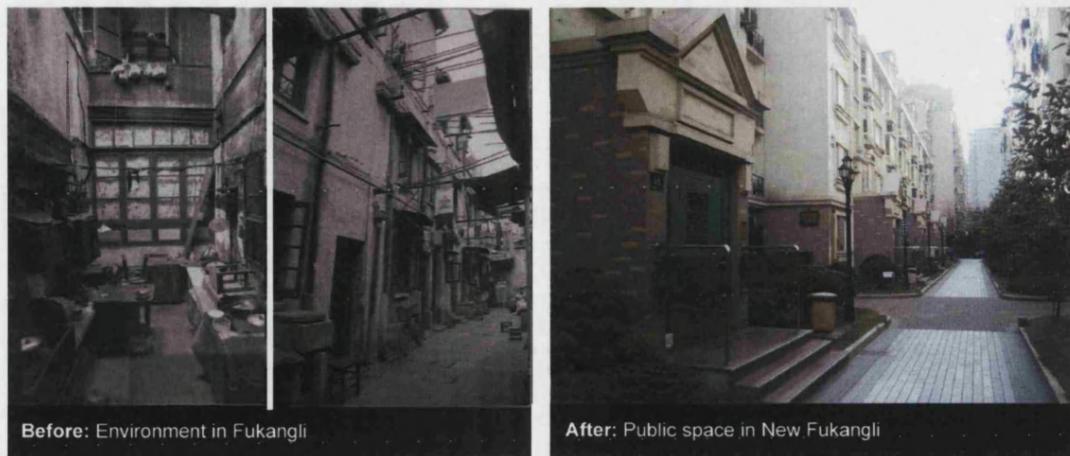
²¹ www.siadrcn.com. Last accessed 1 November 2009.

determining the actual development strategy. Fukangli was not part of a designated conservation area, and was not perceived to have particular historical significance. They argued that former rehabilitation projects in the city did not achieve the kinds of results the government aspired to, that conservation of the old housing was at odds with the wider objectives of increasing housing space and environmental quality, and proposed a comprehensive redevelopment scheme to replace the existing stock with a modernised residential complex. It was also clear that demolition and rebuilding at higher densities would enhance the financial feasibility of the overall scheme, because this could generate more surplus housing that could be sold in the market to cross-subsidise discounted units that would be sold to existing residents.

In the end, comprehensive redevelopment of the site at higher density was swiftly granted. The developer was allowed to demolish all of the original housing, and the original floor area density (FAR) of the site of 1.3 was raised to a value of 2.8 – allowing developer to more than double the original amount of floor area on the site. The eventually executed design was a modern residential complex comprising a range of multi-rise and high-rise apartments. The development had a total floor space of 108,000 m², and 1,176 dwelling units. The complex included 16 eight-storey flats, 6 five-storey terraced flats, and two high-rise apartments of 22 and 28 stories.

Taking into account the policy emphasis on the ‘integrated planning’ of residential areas, the developer placed considerable emphasis on creating a residential environment with abundant public spaces, landscaping and communal facilities. While in traditional lilong housing the public spaces were the narrow lanes, New Fukangli boasted a system of open plazas, landscaped gardens, and sheltered recreational spaces totalling 8,000 m². Landscaped gardens separated rows of housing, while covered plazas created at the ground floor level can be used as all-weather recreational and circulation spaces (see figures 6.4). These were equipped with seating and exercise equipment. A range of communal facilities were provided, including a medical centre, kindergarten, computer classrooms, grocery shops, convenience store, hair salon as well as a recreation centre. There was a basement level dedicated to car-parking, and in total about 50 shops along street-fronts.

Figure 6.4: Living environment of Fukangli before and after renewal



Source: New Fukangli exhibit (left), author (right)

All of the housing units were designed as much as possible in accordance with up to date planning regulations for space and amenity. Each flat had indoor bathroom(s), an autonomous kitchen, and emphasised natural lighting and ventilation in the toilet and kitchen spaces. To better justify and make up for the demolition of existing housing, the developer, architect and the district urban planning bureau sought to incorporate some of the characteristics of lilong housing into the final design, even though the scale and layout no longer resembled lilong housing in any way. The design principles were described by the architects as *"respecting history, emphasising cultural continuity, maximising limited space, designing for the average citizen, and creating a high quality, ecological environment"* (SIADR, 2001). Most of these intentions were reflected in the cosmetic features of the building elevations, and in the row-like placement of new multi-rise apartments on site.

Because original residents were to have a priority right to purchase the finished flats, economical concerns were integral to the architectural design so as to ensure better affordability. A variety of small, one- and two-bedroom apartments that varied from 50 m² to around 85 m² were included in the design. In negotiation with the municipal urban planning bureau, some regulations that applied to the construction of new residential buildings – such as minimum room dimensions – were slightly relaxed in order to facilitate the provision of more compact and economical housing units. Beyond these, more luxurious residential units were also provided intended for sale to the more affluent buyers in the market, ranging from larger apartments to a small number of terraced housing located at the centre of the complex offering four-

bedroom duplexes of around 400 m². Thus, the dwelling unit design was relatively diverse and reflected the intention to cater for the needs of a range of households, from those of modest means to relatively affluent ones.

Overall, public policy emphasising community retention clearly influenced the design strategy of the property developer JPHG, who paid considerable attention to varying the dwelling types and to affordability. However, it was also clear that the developer had considerable say in determining the development strategy. It effectively negotiated for demolition when the original policy had intended for modest rehabilitation. At the same time, the local government was keen to promote high quality modern residential developments, seeing little value for the existing vintage stock. It supported a much more 'scaled-up' redevelopment proposal via the relaxation of planning regulation, density allowances, and provided subsidies to smooth the renewal process.

Figure 6.5: Street-view of redeveloped New Fukangli



6.3 Resident resettlement

6.3.1 *Mixed-mechanisms*

The resulting residential complex – ‘New Fukangli’ (NFKL) was constructed in two phases, with a total investment of around 500 million yuan. Implemented from 1998, the construction was completed towards the end of 2001. Project financing came from three different sources: self-raised funds from the developer, a low-interest loan from the municipal government, and contributions from residents who purchased part of the new flats.

Resident resettlement occurred in two phases, starting in September 1998, at which point residents were free to choose from two different forms of resettlement. The main part of the scheme was on-site resettlement – which was an important source of financing for the project. For those families who wished to resettle back into New Fukangli they were offered to purchase the new units at highly discounted prices. For those who could not afford, or preferred to move elsewhere, cash compensation, or allocation of replacement housing were the alternatives. In total 52 percent of the initial 1,500 families moved back into redeveloped flats, while the rest were relocated on the basis of monetary compensation or allocation of replacement housing. After allocating about 800 housing units to returnee families, just over 400 units were left to be sold at market price to new buyers in the market. These were marketed at about 7000 yuan/m² – which meant that a 100 m² unit cost around 20 times the average annual disposable income (35,154 yuan) of a three person household in 2000 (SSB, 2001).

6.3.2 *On-site resettlement*

For those who intended to resettle back into NFKL, they were offered to choose their own desired housing units off plan, and were required to pay for the housing at the time of relocation. This was effectively a privatisation process. Full property rights were subsequently transferred from the housing bureau to those who opted for on-site resettlement. The housing price was highly discounted for returning households. On average, returnees paid 120,000 yuan for an average sized flat of just over 70 m². This equated to an average price of around 1,700 yuan/ m², which was only 34 percent of the market price at the time of 5,000 yuan/m². Families purchased different apartments depending on individual circumstances and financial

capacity. The majority could only afford the smaller one-bedroom or two-bedroom flats at between 50~80 m². On the other hand some bought larger three or four-bedroom units, and some even purchased more than one unit.

The exact housing price was calculated in a complicated manner with six different price components (Table 6.2), and was dependent on the size of the original house occupied, the size of the flat the family chose to purchase, and the number of years the head of household had in state-employment. Furthermore, there was a 20 percent discount for one-off payment of the total cost – which many residents took advantage of. For example, a household with 30 m² original inhabited floor area, and 20 years in state employment, buying a 70 m² flat needed to pay 186,200 yuan. For a one-off payment he would be entitled to a discount of 20%, reducing the sum to 148,860 yuan

Table 6.2: Housing price formula for on-site resettlement in NFKL

Price mechanism	Housing price component	Calculation logic
Discounted price components	A	Original occupied floor area x 1.35, charged at 1200 yuan/ m ²
	B	The above price (A) discounted at a rate of RMB 15 x (number of years in state employment)
	C	8 m ² of additional floor area charged at 1,200 yuan/ m ²
	D	10 m ² of additional floor area charged at 'half market price' of 2400 yuan/ m ²
Market price component	E	Any additional floor area beyond the above charged at market price of 5,000 yuan/ m ²
Incentive discount	F	20% discount off total cost for one-off payment within one week
	Total	(A –B + C + D + E) – F

Source: interviews with the developer and residents, 2007

Although the privatisation process was heavily subsidised, the process of housing allocation was highly bureaucratic and opaque. Residents were shown the floor-plans of available housing types as a basis for selection, but had no other information about the design and quality of the housing or the overall master-plan. They then had to pay for the total cost of their housing, and then arrange for their

own interim accommodation while construction was taking place. This turned out to be about 2.5 years. After New Fukangli was built the developer was responsible for allocating the available houses and determining where and in which building each family would eventually be settled. Essentially, residents had to pay for the housing renewal with little idea of what they were buying until they moved in.

Originally (we) didn't expect it to be so good... At the time of allocating houses one didn't know which unit of which building it one was going to be either. It was never mentioned ... [You knew] which floor you were on, and which flat number. That was it. ... [It was] not transparent... It was not like the commodity housing now – you can go and have a look first... They didn't even let you see the model.

Resident (F20), female, age 60s

Despite the considerable uncertainties, many of the residents were enthusiastic to move back. 'On-site' resettlement was attractive for a number of reasons. Residents felt considerable sentiments for the area they had lived in for a long time, they preferred the convenience of its central location to the choices of suburban living, and some did think that the cost of resettlement on-site was relatively favourable.

[Moving back was] quite good...because we have gotten...used to living here. I was born here... and (have) lived here for over 60 years, so there were sentiments, and didn't want to move to other places. So I moved back...

Resident (F20), female, age 60s

6.3.3 Off-site relocation

Although on-site resettlement was the most preferred option, some residents could not afford on-site resettlement. Households needed on average 120,000 yuan to purchase their housing, but this represented about 6 times the mean annual disposable income of a family with two earners (SSB, 2000). Most residents would have needed to get a loan in order to make the payments. Apparently, socio-economic status and the original housing conditions both influenced the capacity to purchase the redeveloped housing. Basically poorer families and families with less housing space to begin with were more disadvantaged, and found it more difficult to move back. Families with less space to begin with needed to pay a greater share of the cost at full market price. Thus, the privatisation process tended to reinforce some pre-existing housing inequalities.

We of course wished to come back. To come back [however]...the average citizen paid too big a price. Yes...the wages at the time...the cost was too great. The price was not reasonable... [If there were] major discounts then everyone would have come back!

Returnee resident (F10), male, aged 60s

At the time I [purchased it] it was almost 95,000 yuan for a flat approximately. But for you to be able to pay this fee, it was also not an easy feat, because at the time the wages were lower... It was very rare for the average person to [do so] without borrowing any money. Normally there were inevitably some loans or whatever.

Returnee resident (F9), female, aged 50s

Relocation housing was offered in various suburban districts including Xinzhuang, Jiading and Pudong, near the middle ring road. At the time these were peripheral areas of the city. Housing was allocated in relation to household size - at a standard of about 24 m² per person. In other words, a family of three could receive a two-bedroom flat of around 72 m². In some cases they were also supplemented with a cash compensation of around 20,000~30,000 yuan - which was two or three times the mean annual per capita disposable income (SSB 2007). The author was unable to interview relocated residents, but a number of returnee residents expressed that relocation would have at least ensured them physical dwelling improvements, at no cost. On the other hand, many felt that relocation housing occupied undesirable locations, in terms of accessibility and services.

Table 6.3 compares the location characteristics of Xinzhuang, Jiading and Pudong districts with Jingan district - where New Fukangli was located. Given data limitations, it shows differences at the urban district level, rather than comparing specific neighbourhoods. It compares the availability and density of distribution of retail facilities, offices, schools and hospitals in each district in the year 2000. As the four districts differed significantly in geographical size and population size, the analysis considers quantity of services in relation to population and to geographical area.

In terms of retail space, JingAn district was particularly well developed, offering almost 67,000 m² every square Kilometre, or more than 1,600 m² to every 1,000 residents in the district. The suburban areas were deficient by comparison, with less than 2,000 m² of retail space per square Kilometre. Pudong and Minhang districts provided less than 400 m² of retail space per 1,000 residents. This was less than

one quarter of that available in JingAn district (calculated from SSB, 2001).

Table 6.3: Services in JinAn district vs. relocation destinations

	JingAn	Pudong	Minhang	Jiading
Location	Inner city	Suburb	Middle Ring Suburb	Outer suburb
Geographical Area (km ²)	7.62	522.75	371.68	458.8
Area ratio to JingAn district	1	68.6	48.8	60.2
Population (1,000 persons)	358	1651.4	654	486.4
Secondary Schools				
Number in district	19	100	47	31
Schools/ km ²	2.49	0.19	0.13	0.07
Population / Schools (1,000 persons)	18.8	16.5	13.9	15.7
Full-time teachers per school	85.4	65.4	58.5	53.4
Primary Schools				
Number in district	19	136	63	35
Schools/ km ²	2.49	0.26	0.17	0.08
Full-time teachers	1,191	6,396	2,254	1,632
Full-time teachers per school	62.7	47.0	35.8	46.6
Commercial facilities (1,000 m ²)				
Total retail space	510	250	720	580
Retails space / km ²	66.93	0.48	1.94	1.26
Retail space/ 1,000 persons	1,620	309	382	1,480
Total office space	2000	3520	470	920
Office space/ km ²	262.47	6.73	1.26	2.01
Office space/ 1,000 persons	5,587	2,132	719	1,891
Healthcare services				
Number of hospitals in district	16	46	26	21
Hospitals/ km ²	2.94	0.07	0.07	0.05
Hospital beds per 1,000 persons	11.2	3.4	5.8	4.2

Source: Calculated from SSB (2001)

In terms of secondary and primary schools, the suburban districts had significantly lower densities of provision as well as relatively fewer teaching staff. For example, JingAn district offered on average one secondary school every 0.2 of a square Kilometre, compared to approximately one to every 5 square Kilometres in Pudong, every 8 square Kilometres in Minhang and one every 15 square Kilometre in Jiading. In other words, while schools would have been walking distances away in JingAn district, access to schools would likely have been be far more demanding for the relocatees. Schools in JingAn districts also offered significantly more full time

teachers per than any of the three suburban districts, which indicates that they were better resourced than the suburban schools.

In terms of healthcare services, the suburbs were also associated with relatively lower levels of availability. Jingan district was well served by hospitals, with on average one hospital in every 0.34 square Kilometre. In contrast, there was one hospital to every 14 square Kilometres in Pudong and Minhang districts, and one to almost 20 square Kilometres in Jiading district. All these suggest that relocated residents would have experienced significantly lower levels of service provision than they had been accustomed to in JingAn district.

As an alternative to housing compensation, monetary compensation was offered by the developer, at the rate of around 150,000 yuan per family. Most residents were thought to have purchased a home rather than rented with this money. Table 6.4 compares the compensation of 150,000 yuan to 2006 rental prices for one and two bedroom flats in the city, in various locations. (Note that the actual time of relocation was around 2001 and that rental prices for 2006 had risen significantly). According to the data from the internet real estate site sofun.com, the average price for a two-bedroom flat in Shanghai was around 2,200 yuan per month, at which rate the compensation would have lasted a mere 5.6 years. Even if the household compromised by moving to cheaper suburban locations like Minhang district, the compensation would not cover more than 8 years for an average one-bedroom flat. Clearly, given the rapidly inflating market rents, private renting as an option could quickly exhaust a household's compensation. It would not be sustainable if a family did not have sufficient regular income to cover the housing costs themselves.

In relation to housing prices, the compensation also offered households relatively limited purchasing options. Poor families in particular would have had to compromise either in terms of location or in terms of housing quality. At the time, city-wide average housing price was 3,326 yuan/m² (SSB, 2001). This meant that the compensation was only sufficient to purchase an average 50 m² unit. Thus, most relocates had to resettle towards the cheaper suburban neighbourhoods. In general only families with personal savings or the capacity to take out a mortgage will be able to afford decent quality housing in central neighbourhoods with cash compensation.

Table 6.4: Comparison of compensation with rental price in 2006

	Monthly rent (yuan)	Number of years of rental 600,000 yuan compensation equates to
1 bedroom flat, JingAn district	2,557	4.9
2 bedroom flat, City average price	2,227	5.6
1 bedroom flat, City average price	1,884	6.6
2 bedroom flat, Minhang district	1,776	7.0
1 bedroom flat, Minhang district	1,547	8.0

Prices from sofun.com for month of December 2006

6.4 Outcomes of housing renewal:

6.4.1 Housing improvements

With the majority of housing units New Fukangli sold to sitting tenants at subsidised price, the scheme overall did not make any profit. Thus despite the inevitable costs of displacement to the resettled families, this was deemed officially as an exercise balancing social interests and the desire for physical modernisation. Interviews with returnee households revealed relatively high satisfaction with the outcomes. Redevelopment had improved their standards of living significantly - including enlarged housing space, the addition of modern amenities, more public spaces and communal facilities. The average household space increased from 35 m² before renewal, to 70 m² after renewal. All of the flats provided modern facilities including independent kitchen, indoor W.C, bathroom and air conditioning. The outdoor environmental quality and public spaces were also thought to have greatly improved. A system of open plazas, landscaped gardens, and sheltered recreational spaces created a safe and attractive public realm for a variety of recreational and social activities to take place. Many residents used them regularly, as a site for conversations, chess games, daily exercises and for children to play in. These were the most apparent results housing redevelopment for the returnee residents.

The feeling is quite good (here). Whether the environment, the security – it is all quite good ... You see the landscaping here and so forth, there's a very intricate feeling.

Resident (F20), female, aged 60s

The renewal improved our lives, our living conditions. Originally the shikumen housing didn't have such good criteria. There was no independent bathroom. Furthermore the kitchen...and the entire environment of the residential complex, was different. It has improved a lot. Originally there wasn't so much landscaping (either). It is really a lot better...

Resident (F17), male, age 60s

When asked about the issue of historic conservation, some returnees felt that shikumen lilong housing did have distinct architectural value, and others did not. Frequently, demolition was thought to be justified given the possibility of greatly enhancing housing quality. Given the choice between quality of environment and historic conservation, residents apparently emphasised the former over the latter.

Shikumen housing has a kind of Chinese character. And these housing now.... well isn't time moving forwards? Architecture is also continuously moving forward. So the new replacing the old, this is completely in accordance with these changes - moving forward. Some people are nostalgic of course. Nostalgia is good... [but] old concepts cannot [override] new concepts.

Resident (F5), male, age 60s

Favourable opinions of the housing environment were largely echoed by the newly settled residents, who purchased their homes here at market price. Some of these were high income households, while others were only able to afford the dwelling by trading up from their former homes purchased through the favourable privatisation of public housing. Their socio-economic characteristics are examined in section 8.4.3. All of the newly settled residents interviewed expressed satisfaction with living in NFKL. The housing price they paid was deemed to be reasonable. They were attracted by its very convenient, central location. Walking distance from the Nanjing West Road commercial centre, the community was well situated for access to work, to schools and was well supported by transport, shopping and other services. They were also attracted by the environmental design – with its abundance of public spaces.

Oh, the living environment is now pretty good! Yes the landscaping is quite good. It's pretty comfortable! There are many exercise facilities...the cleaning is also done well. The property management is...quite well done. It's quite good!

Resident (F1), male, age 50s

It is very convenient [here]. The location is central, plus the transport is convenient. The surrounding environment and the supporting facilities are all very good.

Resident (F19), male, aged 30s

Figure 6.6: Public environment in New Fukangli



6.4.2 Property gains

Beyond enjoying great improvements in their housing conditions, the shift from public renting to home-ownership also had profound implications for the returnees. After they moved back into NFKL, they were property owners and enjoyed the benefits of soaring property values alongside a strong property market. This more than made up for what they paid for the flats in the first place. Because the central location, and in particular its proximity to the commercial centre on Nanjing West Road, there was strong demand for housing in this neighbourhood from a range of well-off local and foreign workers. The housing price at NFKL rose from about 5,000 yuan/m² in 1998, to around 7,000/m² in 2000 and 18,000/m² in 2006. The price of a 100 m² flat in 2000 was around 14 times the annual disposable income of a middle income household, and by 2007 it had reached about 36 times (see table 6.5). According to some residents, this meant that many households could sell or rent off

their homes to reap significant capital gains.

Now to think of it, it was quite a good deal, because this place has risen in value... So then there's nothing you can [complain about]... After moving back, many people have let out [their] house here... For sure they are expensive. Like, a better, fully decorated [unit], would be over 3,000 yuan... There are also foreigners who come and rent houses, yes, business-owners who come here to rent houses. Normally the people here - those with good criteria, or whose kid has grown up a bit - if they had the capacity to, they'd buy a house outside, and rent out this place.

Resident (F9), female, age 50

While residents were no doubt pleased with the wealth implications, another perspective to view this phenomenon is that the long-term affordability of this development was not a concern of the government. In the absence of measures to regulate or maintain the housing price, good quality privatised dwellings in central locations increasingly become unaffordable to middle or lower income groups. Thus, a corresponding implication of housing renewal was the depletion of affordable housing and public housing from valuable inner city locations.

Table 6.5: Housing price in New Fukangli, 2000 ~ 2007

	2000 Sale price	2007 Sale price	2007 Rental price
Approximate unit price (yuan/ m ²)	7,000	18,000	60/month
Price for 100 m ² flat (yuan)	700,000	1.8 million	72,000 /year
Shanghai's average capita income (yuan/ year)	10,529	16,774	16,774
Ratio of housing price /mean household income*	14	36	1.4

Note: * household income assumed for a family of three

Sources: House prices from local estate agencies and local residents, Income data from SSB, 2001, 2008

6.4.3 A mixed community

To scrutinise the implications of housing renewal on the socio-economic composition, the following compares the characteristics of returnee residents - those who achieved on-site resettlement and 'newcomers' who subsequently purchased their way into New Fukangli. One expectation was that since privatisation the community would have become an exclusive place to live for the relatively affluent.

However, a household survey of New Fukangli in 2007 (Wang, 2009) revealed that the resultant community was still socially mixed. It showed that overall the newly settled households were of significantly higher socio-economic status than the returnees, and that even after many years the policy of on-site resettlement had retained a significant portion of residents that were of low socio-economic status in NFKL.

The age profile of the entire community was high (Table 6.6), with overall 37% of the household heads being aged 61 and above, and a significant 43% aged between 46~60. Corresponding to this, retirement rates were also high: 61% among the returnees and 51% among the newcomer households.

Table 6.6: Age of heads of households in New Fukangli, 2007

Unit: Percent

Age group	Returnee households	Newcomer households	Whole community
Below 25	0.0	2.4	1.4
26-45	14.3	21.6	18.4
46-60	57.2	33.5	43.1
61 and above	28.7	43.0	37.1
Mean	57	55	56

Note: Data based on a household survey of NFKL in 2007 with the assistance of the local resident committee. Source: Wang (2009).

In terms of household income, returnee residents were heavily represented in the lower-income categories, while most newly settled households were of above-average incomes (see Table 6.7). For comparison, Shanghai's mean income for a family of three in 2007 was 5,062 yuan/month (SSB, 2008). In contrast, a significant proportion of the returnees (12.8%) reported very low household income of less than 1,600 yuan/month. 41% had low incomes of between 1,600~2,999 yuan/month. Only 2.6% had above-mean incomes of 6,000~14,999 yuan/month. Newcomer households were in comparison significantly better off. 46% of them were earning above average incomes of more than 6,000 yuan/month, within which 11% earned high incomes of 15,000~29,999 yuan/month.

Table 6.7: Socio-economic composition of New Fukangli, 2007

Unit: Percentage

	Returnee households	Newcomer households
Employment status (of household head)		
Employed	24.4	42.6
Retired	61.0	51.1
Laid-off/unemployed	9.8	2.1
Others	4.9	4.3
Position at work (of household head)		
Principal or senior director	33.3	35.0
Middle level management	0.0	0.0
Administrative & technical staff	0.0	40.0
General/basic staff	66.7	25.0
Monthly household income		
< 1,600 yuan	12.8	6.5
1,600-2,999 yuan	41.0	26.1
3,000-5,999 yuan	43.6	30.4
6,000-14,999 yuan	2.6	26.1
15,000-29,999 yuan	0.0	10.9
> 30,000 yuan	0.0	0.0
Education status (of household head)		
Primary school and below	9.8	0.0
Junior high school	7.3	6.4
High school	56.1	29.8
Technical college	19.5	31.9
University (under-graduate)	4.9	14.9
University (post-graduate)	2.4	17.0

Source: Wang, R. (2009).

Differences were also apparent in the occupational status of the residents. A high proportion of the returnee households were unemployed (10%), compared to the newcomers (2%). The majority of the newly settled residents were managerial staff (35%) or administrative/technical workers (40%). One quarter was basic staff. In comparison, one third of the returnees were also classed as managerial staff, but as many as two thirds were basic staff in various state owned or private enterprises. These results demonstrate that although property commodification led to

gentrification by introducing newcomers of relatively high socio-economic status, favourable policies for original residents moderated the extent of change, and NFKL was still relatively socially mixed almost ten years after completion.

What were the social relations like in the resultant community? Some of the residents interviewed cited a strong sense of community as one of the stand-out features of NFKL. Many praised its sense of 'human vibrancy' (*renqi*), which they thought was usually missing in new housing developments. The sense of human vibrancy was felt mostly in terms of visible people presence. The quality of outdoor public space was clearly conducive for fostering such an atmosphere, and in providing a platform for socialisation to take place. Beyond this, some thought that on-site resettlement was beneficial because it maintained some pre-existing ties and mutual knowledge. Thus, if one got to know one person, it was easy to get to know the others.

The key is that the neighbours are pretty good. [In other] newly [developed] housing the environment or planning aren't inferior to this place, however there's no human vibrancy... Over here I guess that the reason that it has human vibrancy... is that there are many resettled households. After they came back, they already had familiar relationships among them, and so for those from the outside it became very easy to mingle with them, because when you got to know one person you got to know everyone. [Normally] in the commodity properties when you go in nobody knows anyone.

New resident (F19), male, age 30s

On the other hand, many returnee families expressed a different view. They noted a significant decline in the quality of community relations as a result of redevelopment. Off-site relocation of almost half of the original residents had altered the existing social structure, and those that returned were not necessarily those initially known to one another. Many neighbourhood connections had inevitably been lost. The perceived decline in sense of community was also the result of moving into a different form of housing. Residents explained that different housing types engendered different 'cultures' of living. Lilong housing fostered greater frequency of interaction with immediate neighbours because it was unavoidable under multiple-family occupancy. In the new flats, residents found themselves living more autonomous lives. Neighbourly interactions declined as a result.

The thing is...the interactions between people, there is less and less of

that...unlike before... Now everyone just closes their doors... so it seems that these relationships are, I feel, fading. It has dissipated.

Returnee Resident (F7), male, age 30s

In shikumen housing...there was more contact with the neighbours. Now in this place everyone shuts their doors. In fact there's not much contact between neighbours. (In) shikumen housing, its advantage is that the neighbourly relations are better. Right? The quality, the quality of the culture is different. So we say in Shanghai that shikumen have the culture of shikumen – the basic culture is different.

Returnee Resident (F17), male, age 60s

However, it is important to bear in mind that on the whole the returnee residents expressed that this was a project that genuinely benefited the 'average citizens' (*laobaixing*).

If the government really wanted to do something for the average citizens, then this approach would be completely feasible! ... If the government really wanted to think about [housing renewal] from this perspective, then there wouldn't be any problems with the renewal of old areas.

Resident (F4), male, age 50s

6.4.4 The role of quasi-governmental developers

Supporting community retention through subsidised sale to sitting tenants was a feature of the Housing Amenity Fulfilment programme in the 1990s, of which NFKL is one well-known example. Pleased with its overall outcomes, the local government designated NFKL as a 'Showcase Community of Inner City Old Districts Renewal'. It is now frequently used as a demonstration project for many political delegations from abroad. However, due to its limited profit-potential, this approach to the renewal of lilong housing was not sustained into the New Round of Urban Renewal.

Instead, the approach was adapted towards the rehabilitation of large quantities of substandard staff housing – mostly industrial-built workers' flats dating to the 1950s and 1960s (see Chapter 4, section 4.4). Older but essentially structurally sound flats with shared kitchen and toilets were rehabilitated as self-contained units and then sold to sitting tenants at a discounted price. More than one thousand buildings were upgraded each year since 2000 (Law et al, 2009: 134). Local housing bureaux and quasi-governmental enterprises were still instrumental in delivering these projects.

The scale of these schemes has grown substantially, and in 2006 alone a total of 56 projects were initiated across the city. This covered a total floor area of 5.87 million m² and affected about 95,000 households.²²

The process and outcomes of projects like New Fukangli thus had much to do with the nature of quasi-governmental property enterprises such JPHG. To some extent acting as executive arms of the local housing bureaus for various policies and programmes, many undertook a mixture of commercial, profit-oriented as well as more socially-oriented functions including public housing management and affordable housing provision. Collaborations between these institutions constituted an important part of how local governments were able to test out, develop and implement programmes that were not necessarily profitable from a market-perspective.

JPHG was certainly not a unique example of such enterprises in Shanghai. Another example would be Yongye Group - formed in 1994 from the Luwan district government.²³ It has since become one of the 'backbone' real estate development enterprises in the city. On the one hand, most of its work focused commercial properties and middle-or high end residential development, often through joint ventures with large foreign property investors. Yet other operations of the group included the management of public housing in Luwan district, and the construction of low-income housing. These were essential to help the government to extend housing opportunities for lower-income groups, and to ensure sufficient re-housing options in the market for the tens of thousands of relocated households each year. Another example would be Nanfang Group, which was formed out of the former district housing bureau of Nanshi district in 1996, with a registered capital of 1.5 billion yuan.²⁴ Apart from carrying out real estate development, it took over the former responsibilities of the local housing bureau in managing all 3.28 million m² of public housing in Huangpu district. All these functions were deemed to important in addressing the deficiencies of the market. A manager of this enterprise aptly summarised the nature and role of these companies:

Like this enterprise of ours, we are also not very emphatic of profits (xiaoyi),

²² http://www.shfq.gov.cn:82/gate/big5/www.shfq.gov.cn/fqdoc/gzcp/200910/t20091023_329636.html.

Retrieved 1 December 2009.

²³ See <http://www.yongye.com.cn/>. Last accessed 1 November 2009

²⁴ See <http://www.nf-window.com/>. Last accessed 1 November 2009

rather we emphasise completing the missions given by the government... I am speaking very honestly. My work is about completing the missions given to me by the government.

The government will not support us economically... It also wouldn't give us very significant economic pressure - to pursue so much... so much production value or however much profit.... However every year it gives us so goals, for example the renewal of certain places, construction works in certain areas, servicing the citizens and so forth. So some of the benefits we get from property development [would be spent] to do some things for the average citizens... because we are not yet private enterprises.

This is also a kind of making up for the market economy perhaps. Making up for the [deficiencies] of the market economy...

Local authorities nevertheless had a complex relationship with these enterprises. While it could to some degree direct them to fulfil public agendas, it was also cautious about creating excessive burdens on their financial performance. Quasi-governmental property enterprises were often a significant direct contributor to government revenues or to the incomes of local officials (Duckett, 1998; Tang, 2003). Thus the government had an interest to ensure their strong financial performance, by offering them favourable policies and by not giving them excessive loss-making responsibilities. These considerations meant that there were always significant constraints to their 'social role', and why schemes such as NFKL has been pursued in a more circumscribed manner, in areas and projects that would not pose significant financial losses.

6.5 Conclusion

This chapter has scrutinised the policy and practice of Old Housing Amenity Fulfilment Renewal. This programme, which proliferated from the early 1990s, was premised on supporting community retention, offering existing households the right to 'paid onsite resettlement'. The case study provided several important insights. One is that housing renewal in post-1990 Shanghai was sometimes socially-oriented. To some extent the government devised and implemented schemes which aimed to improve resident's living conditions while minimising the cost of displacement. As seen in NFKL, these schemes had limited or even no profit potential for its developers, and relied on substantial public support. Local government's continued influence over investment decisions of various quasi-governmental enterprises, and its discretion over the use of land and fiscal resources to shape urban development were critical ingredients underlying more socially-oriented outcomes in housing renewal. This finding challenges the often

taken for granted view of the local government as paying no attention to balancing social and economic concerns, or that it uses housing renewal merely as a tool for promoting growth (Ren, 2008; Zhang and Fang, 2004; Zhang, 2002).

The case study nevertheless still confirmed the view that housing renewal in post-reform Shanghai was dominated by coalition of local government and property developers. While the local government was an important coordinator and facilitator of housing renewal through its policies and its control of land, property developers were critical partners in the design and implementation of housing renewal. The two sides were closely inter-linked, and the collaborative relationship was enduring, especially since many developers were formed out of local housing bureaux. Past or present local officials often occupied key positions within powerful state-owned enterprises. Local communities were always entirely excluded from decision making. Although in occasionally some of them were intended beneficiaries of favourable policies, decisions were made for them from above and they received very little information regarding what would occur in their neighbourhoods.

In explaining how socially-oriented housing renewal was carried out, the findings here challenge the prevailing interpretation of quasi-governmental enterprises being essentially commercially oriented actors in the growth coalition (Zhang and Fang, 2004; Zhu, 1999). Quasi-governmental enterprises also sometimes played an important role complementing the market under bureaucratic command of the local government. Due to lingering administrative ties to the public sector, some of them were responsible for policies and projects with little or no profit-potential, but which address wider public objectives. This includes socially-oriented housing renewal, affordable housing construction, and public housing management. Conversely, the local government provided them with generous administrative as well as fiscal support. Together, this form of partnership wielded both political and financial power to orchestrate and execute large scale urban redevelopment, often to 'commercial' ends, but sometimes to social ends. This is an important, often neglected dimension in the rebuilding of neighbourhoods in post-reform China. It is an important part of how local governments could depart from purely business interest in urban development.

Amenity-fulfilment renewal constituted a model of 'community retention' that helped urban residents improve their housing conditions and achieve home-ownership in-place. As seen in NFKL, it produced some affordable housing for sitting tenants,

some market-rate housing, and therefore fostered a degree of social mix in targeted neighbourhoods. This often meant moderated or 'low-level' gentrification rather than full-scale displacement. Yet this approach can still be associated with some social costs. An overarching emphasis on privatisation, physical modernisation and market-oriented property development limited the degree to which the interests of low-income households could be properly safeguarded. In NFKL, although original residents were offered the right to on-site resettlement, almost half were relocated, making way for higher-income housing to cross-subsidise the development. Poor families and those with too little housing space to begin with often had little choice but to accept relocation. For them, compensation was sufficient to significantly improve their physical living conditions. However the replacement housing available to them occupied suburban locations that did not necessarily fit their preferences or needs.

So far, two contrasting case studies have demonstrated how the local government, in conjunction with different property developers, carried out speculative and more socially-oriented housing renewal projects. Both cases had illustrated a strong concern for physical modernisation, privatisation, and the dominance of a pattern of public-private collaboration. The next chapter examines a contrasting case, of how official interest in growth combined with societal interest in heritage to drive the market-led rehabilitation of a long-neglected neighbourhood.

7 Rehabilitation of Taikang Road Tianzifang: A case of Piecemeal Gentrification

7.1 Introduction

Although demolition has been the predominant mode of intervention in the built environment since 1990, selective conservation of historic buildings and neighbourhoods became an explicit political concern of the local government by the 2000s. This chapter examines the rehabilitation of Taikang Road Tianzifang neighbourhood – one of the most renowned examples of ‘bottom-up’ housing conservation in China. It examines over a ten-year period how an area with little recognised conservation value came to be rehabilitated as a ‘creative industry cluster’ and tourism hotspot, dispelling government plans for demolition. It highlights the emerging role of some grass-roots actors in driving neighbourhood upgrading and gentrification, whose combined efforts can influence planning decisions and trigger a neighbourhood conservation movement. The findings sheds light on the possibility of ‘counter-dynamics’ to top-down planning and redevelopment in Shanghai, but also raises questions regarding its social implications.

7.2 From run-down neighbourhood to commercial ‘art-street’

7.2.1 Area context

Prior to its revitalisation, Taikang Road was a quiet and unspectacular street situated in an old area known as Dapuqiao, in the inner city district of Luwan. The area is conveniently located, within 20 minutes walk to Shanghai’s main commercial centre on Huaihai road. There are two universities, more than 20 high-schools, middle schools and elementary schools in the vicinities, offers a vibrant range of shops and services, and Ruijin Hospital – one of the city’s best, is within a short walking distance.

Physically however, the Dapuqiao area was one of the grittier parts of the central city. One part of the area was characterised by shikumen, new style lilong and detached villas dating back between the 1910s and 1930s. The rest of the area was historically characterised by large quantities of informal housing and slums. Up to

1949 almost half of the area's residents were poor workers living in these slums. Industrial and residential developments were also intertwined throughout much of the area's development. From the 1930s various small food, textile and equipment factories were built as insertions into the residential fabric, resulting in a constellation of 'lane factories'- small-scale factories located in the residential lanes. By 1949 there were some 30 industrial enterprises operating on Taikang road alone, engaged in the production of a wide rage of products, including tobacco, fragrances, watches and plastics.

Into the 1980s and 1990s, Luwan district embarked on comprehensive urban development programme, and the Dapuqiao area was gradually transformed into a modern commercial and residential area. From the 1980s, larger, environmentally polluting industries were relocated towards new industrial districts in the city outskirts. In the climate of industrial re-organisation and increasing competition, many remaining industrial enterprises became redundant. Many premises were left vacant, and others were rented out to various small traders and small businesses. From 1992, with the reform of the land and housing markets, a new phase of urban redevelopment ensued, focusing on slum clearance. Through the land leasing mechanism and the attraction of private capital for property development, over 100,000 m² of designated slums were redeveloped. By 2004, the area boasted 26 new commercial office buildings totalling almost half a million m² of floor space, and 24 modern residential apartment clusters totalling over one million m². Several municipal projects were also carried out in Dapuqiao area, with the expansion of major arterial road Xujiahui Road from 1993, the construction of Luwan District Sports Centre from 1994, and the creation of new landscaped parks (Dapuqiao Street Office website, 2005).

In the midst of this restructuring a substantial stock of old-style lilong housing nevertheless remained untouched (see figures 7.1, 7.2). Most of these were municipal housing, managed by the local housing bureau. Residents still paid very low rents, at around one yuan/ m² per month in 2007. These often amounted to no more than two percent of household incomes. Public housing provided a stable and affordable environment for the residents, but physical conditions were relatively poor. After over 60 years of disinvestment, physical deterioration was apparent. Many households suffered from problems of damp and leaking.

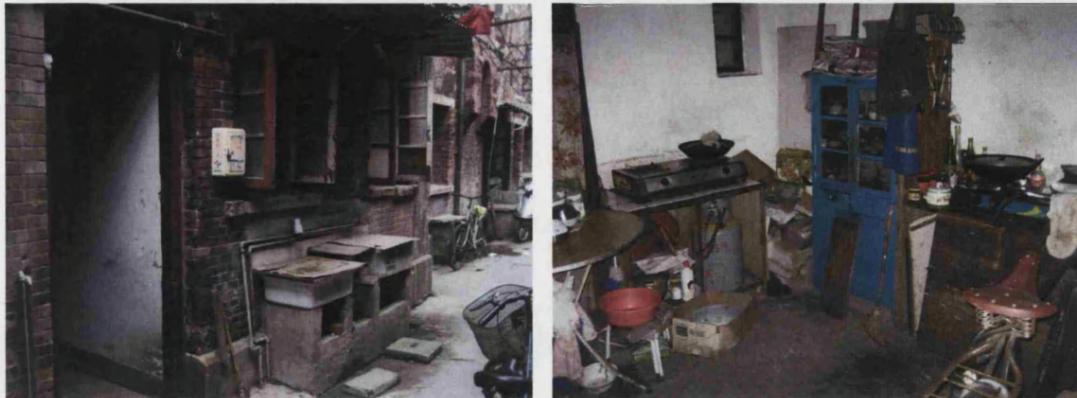
Figure 7.1: Old lilong housing around Taikang Road



Figure 7.2: The aged physical environment



Figure 7.3: A typical back lane and kitchen within



Lacking modernisation, most dwellings did not have internal sanitation facilities such as W.C and baths. Residents used chamber pots which had to be carried outside and emptied out throughout the day at a communal waste station. Residents mostly lived in crowded conditions. Almost every dwelling here was occupied by multiple families. A three-story lilong (approx. 150 m²) often accommodated up to six families. The majority had only one room of between 10 m² to 25 m², and seldom more. Not all houses had gas connections, and many relied gas cylinders for their daily cooking needs.

Alongside the deepening of housing reforms, this community has also experienced substantial social change. This entailed the out-migration of many better off families, working-age youth, and subsequent influx of rural migrants. With the emergence of more housing choice in the market, families and individuals that had the capacity to acquire better housing tended to do so. Interviewed residents estimated that in some of the lanes about one quarter of the original residents had moved away since 1999. As a result of these movements, residents identified this as a community comprising mainly of retired pensioners, low income workers or business owners, and the unemployed.

After opening up and reforms, a lot of the younger lads – those that started businesses by themselves out there – after they made it they went out and bought houses... Over ten or so years, here about over 25 percent have all moved out.

Resident (T15), male, age 80s

Figure 7.4: migrants selling produce in the lanes



Alongside outmigration of the better-off, there was also influx of numerous rural migrants and some relocated households from other parts of the city. New tenants were mostly migrant workers from rural areas. Many worked as service staff in the flourishing hotels, shops and restaurants in the inner city. Others were small traders, selling food and produce around the nearby market (figure 7.4). They tended to work long hours, returned home late at night. Many lived regular, quiet lives and their influx did not cause major social disturbances. However, migrants had different 'culture' and living habits than the local residents, which became a potential source of friction. There was much apathy and little incentive for friendly interaction. Discontent arose relating to the use of various public or shared spaces and to their lower levels of cleanliness.

Many remaining households expressed the desire to leave and to live somewhere better, but they had no means of affording a move.

Those that live here the majority are elderly - elderly people! Furthermore, I tell you, the majority of those that live here are those that...at the moment, can't afford to buy houses. Those that can afford other places have gone! These can't afford houses, so they 'have to' live here! They 'have to' live here!

Resident (T03), female, age 60

Some looked forward to redevelopment a way of improving their housing conditions.

For the residents it is quite simple...The only way out would (be to) wait for the government redevelopment, for relocation... Otherwise there aren't any options.

Resident (TL2), male, age 60s

Figure 7.5: Neighbours gathered around a card game outside



On the other there were those who had little inclinations to leave. Some felt attached to their homes for a variety of reasons. The location at Dapuqiao was conveniently located for access to work, to shopping, to schools and hospitals, and many were concerned that government relocation would mean displacement to very distant locations.

If you want the government [to relocate you] then it would be very far. Then going to the hospital would be inconvenient. In the city centre there are large hospitals, in the suburbs the hospitals are not convenient...The government can't solve [our problem]. The solution is being far away...

Local resident (T21), female, age 60s

Residents also valued the familiarity of the environment. Many had lived in the same house for several decades. Despite the difficult conditions, residents were used to it, and many felt sentimental attachment to their homes. Community relations amongst the longer term residents were relatively positive. The community was a lively place filled with neighbourly exchanges including casual conversations, card games, and sharing of meal together. After decades of living together or growing up in the same community, long-term residents knew their neighbours well and there was plentiful interaction and mutual support:

As soon as you opened the door you'd see neighbours... As soon as you opened the door it was all very familiar – 'Hello uncle Huang!', 'Hello auntie Zhang!' It was quite harmonious... This was a very good thing, you know?

Resident (TL7), male, age 60s

There are people around as soon as you come out... Open your door, go visit here and there... This was its characteristic. [If you] didn't see someone for two days – 'Eh! What's happened to him, gotten sick or something? Oh! Went to the daughter's house I see' – you knew immediately...

Resident (TL4), male, age 60s

7.2.2 Forming a post-industrial Art-Street

In 1998, within the wider context of Dapuqiao area's changing functions into a middle-class residential and commercial area, the Dapuqiao Street Office (the sub-district) developed a proposal to revitalise the various industrial premises in Taikang Road for new uses. As the sub-district levels of administration, Street Offices are responsible to manage a wide range of services for local communities. Its responsibilities range from sanitation, maintenance of public spaces, community security, traffic control, to family planning, employment and labour force administration (Zhang, 2002b: 312-3). Street offices have also come to play a significant role in local business development. They are often actively involved in setting up stores and shops in neighbourhoods, developing these into a wide range of commercial and industrial businesses, and even entering into joint ventures in small scaled real estate development (Wu, 2002; Friedmann, 2005).

The then director of the Dapuqiao Street Office was a leading advocate for revitalising Taikang Road. Borrowing ideas from his visits to areas such as Soho in New York, and commercial streets in Osaka, Japan, the specific idea emerged to utilise the old industrial buildings to create an art and commerce orientated 'character street'. The concept was to acquire a collection of factories and warehouses and to convert them into a breeding ground art galleries, artist studios, craft workshops, boutiques as well as ancillary spaces such as cafes, bars, and teahouses. The goal was to create a cosmopolitan environment for artists, as well as a showcase for cultural production and consumption.

With approval from the Luwan district government, the street office became responsible for the initiative, setting up the Taikang Road Art Street Management Committee as an executive body in 1999. Long term lease agreements with various enterprises owning the industrial premises were negotiated. Because these enterprises had mostly ceased their productive activities, they were keen to vacate the premises and to gain a stable rental income from the government. In this way the art-street management committee acquired the right to manage and sublet the premises for non-industrial uses. The aged and slightly dilapidated outward appearances of the industrial buildings were mostly conserved, but their internal spaces were cleared for conversion to studio and working spaces for creative firms and artists (figure 7.5). Tenants would be completely free to modify, design and re-appropriate the spaces into useable and individualised spaces.

Figure 7.6: Interior of one converted warehouse



The art street management was quick to find tenants for the acquired industrial buildings. The first tenant to settle in was the Chinese artist Chen Yifei - a friend of the management committee director. In August 1999, Chen took over a 700 m² warehouse and converted it into a studio for oil painting, sculpture, ceramics, and photography. Chen was by this time one of the most prominent contemporary artists from Shanghai. He rose to prominence in China's art world in the 1960s and 70s for a series of oil paintings depicting historical events, moved to and worked in New York in the 1980s and established an international reputation. Chen returned to Shanghai in the 1990s to eventually setting up a successful business empire, which included Shanghai Tatler magazine, the Layefe and Layefe fashion brands. He then

became a powerful advocate and figure-head for the continued development of Taikang Road as a hub for the visual arts. Other tenants soon followed. In May 2000, Shunjii Cultural Arts Center, an art gallery, settled into two adjacent warehouses. Prominent architectural and landscape photographer Derek Erh acquired and settled into two adjacent warehouses in 2001, converting it into an art centre, including an exhibition and event space, cafe, bookshop and studio. The personal renown of Chen and Erh lent a certain 'celebrity aura' for the industrial spaces at Taikang Road, and attracted numerous followers to the previously neglected street.

Figure 7.7: Converted industrial buildings at Taikang Road



In 2001, the lane and its collection of industrial conversions was officially rebranded "Tianzifang"—after an ancient Chinese painter. Largely through word of mouth in the cultural circle, and active promotion by the art-street committee, Tianzifang soon tapped into strong demand from a range of artists and creative enterprises, both foreign and local. After renovations by artists and designers, these industrial buildings soon came to be considered highly fashionable places for work, exhibition and cultural events. Taikang Road became a budding cultural hub with an increasingly international tenant profile as foreign creative enterprises that were well attuned to the notion of industrial warehouse conversions flocked to set up base here. By 2004, approximately 18,000 m² of industrial buildings have been converted into artist's workshops, design offices, art galleries, exhibition spaces and showrooms (figure 7.5). Tenants included more than 160 artists, creative design firms or individuals from 18 different countries including China, Australia, America, France, Denmark, England, Canada, Singapore and Japan.

7.2.3 Revitalising lilong housing

As Taikang Road revitalised, it acquired emerging popular interest from visitors and other businesses. From October 2004 onwards, the conversion of lilong housing around the revitalised industrial spaces began to take place. An increasing flow of businesses wanted to situate their boutiques, art galleries, design offices and cafes in the up-coming lanes. They individually rented lilong housing from the local residents and gradually revitalised the residential lanes into a collection of upscale shops, cafes and art galleries, mostly orientated for tourists and affluent consumers. Between October 2004 and December 2006, the first 50 conversions had occurred, and by September 2008, over 300. Lilong housing became the target of market-led commercial gentrification (figure 7.8).

The early 'pioneers' that settled into the lanes were small art galleries, independent craft-based boutiques, or fashion and accessory shops. Many of the operators had backgrounds in the cultural industries, and had education, professional or business experience in art, fashion, and design. They were drawn to the area due to Taikang Road's emerging reputation as an 'art street' and appreciated its unique cultural atmosphere. They began settling into the lilong housing the industrial buildings in the neighbourhood had become fully occupied, and realised the option of renting a space in lilong housing. Aside from the general cultural milieu, many appreciated the aesthetic character of lilong housing. There was a consensus that the architecture of lilong housing was central to the identity of these lanes, and that it was important to preserve the 'authentic' character of the lilong housing whilst bringing new commercial use.

It is all 'old colours and old scents' here you see... so people can on the one hand look at the architecture and so forth, and on the other hand [they] can browse the shops – [it is] a different atmosphere! Like the big malls have the atmosphere of the big malls...

Owner of Chinese fashion store

[This house was] run down and dilapidated... However... you know, I quite like that kind of feeling... every house [had] those old timber doors ...The [feeling] was really especially, especially good! And then so I thought 'I'm going to set up here.

Owner of fashion and accessories shop

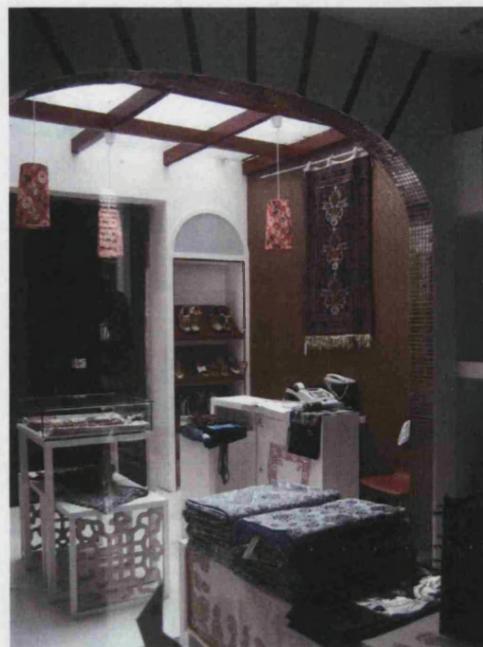
Figure 7.8: Lilong housing after conversion



The physical and environmental changes they brought were apparent, offering an eclectic mix of art, craft, fashion, and other designer products from across the world, including China, Japan, Korea, Thailand, India, and New Zealand. The defining features of shikumen housing such as the aged brick walls, the heavy black-painted timber gates, and the internal wooden doors and shutters have remained. Nevertheless the interiors were redesigned and redecorated to match the highly individualised and expressive content of the businesses. Some opted for sleek modern interiors that contrasted with the exterior fabric. Some retained and emphasised the traditional and Chinese character. Others emphasised alternative regional characteristics. It all contributed to a new cosmopolitan identity (figure 7.9).

The process of rehabilitation was also selective from the outset. Businesses targeted mainly the ground-floor spaces which were more conducive as commercial premises and possessed aesthetic frontages. In contrast, there was relatively little interest in the upper floor premises where many families also lived. Thus, what emerged was an unusual mixed-use scenario where commercial spaces took the ground floor while upper floor spaces continued to be inhabited by original residents who did not have the same opportunities for rental. Visitors to the area could wander the intimate lanes, experience the historic architecture, and browse designer items and artworks, while simultaneously getting a sense of the local way of life.

Figure 7.9: Interior of a renovated fashion store



Adaptive reuse of the historic residential spaces provided an unusual environment, and came to attract growing numbers of visitors and tourists from abroad (figure 7.10). An article in the New York Times Asia called the transforming 248 lane "a high-fashion lane in Shanghai", "where the restoration of old buildings has created a chic shopping district" (The New York Times, 2007, March 4). By 2008, as many as 6,000 visitors walk Taikang Road's converted lanes in a single weekend (China Daily, 18 February, 2008). Visitors could browse from a variety of Chinese artworks on display as well as unusual items like Japanese kimonos, German-designed jewellery, soft furnishings made from Tibetan fabric, or designer candles and perfumes imported from France. There were Chinese tea-houses, a Japanese teahouse and restaurant, while more recently a number of western-style cafes and patisseries opened up. At the same time, the shikumen lilong was said to possess an air of 'authenticity' in that the original characteristics of the housing was still clearly recognisable. The area now has an online review by the international tourism guide Lonely Planet:

This warren of shikumen architecture offers tranquil doses of genuine charm. A community of art galleries, studios, pocket-sized WI-FI cafés, petite shops and boutiques - the perfect antidote to Shanghai's oversized malls and intimidating skyscrapers.²⁵

²⁵ <http://www.lonelyplanet.com/china/shanghai/sights/369197>. Last accessed 28 September 2009

Figure 7.10: Visitors browsing shops in converted lane



This was all an informal process enacted by individuals. Local residents were key agents of change, as actual 'suppliers' of housing space for business conversion. Their participation was based on the desire to capitalise on the value of their properties as informal landlords, and the opportunities that this gave them to enhance their living conditions. In 2004, a retired local resident was the first to capitalise opportunities of informal rental. Witnessing the transformation of nearby industrial buildings into highly sought after properties, he had the idea to convert his 33 m² home into shop to augment his low retirement incomes of 600 yuan/month. On completion of some modest renovation, a visiting fashion designer made a surprisingly lucrative offer to rent and use the space for a showroom. Previously, the house may have only been worth 800~1000 yuan/ month as rental housing in the market. However, with the cultural appeal of Taikang Road then emerging, rent was agreed at the price of 3,500 yuan per month. The resident thus agreed to move out of the space to capitalise on the opportunity. With the new income he sub-let a vacant room from a neighbour for 1,000 yuan/month, and was able to gain a 2,500 yuan monthly surplus income. (Official attitudes to these speculative activities in public housing will be discussed in later sections.)

Figure 7.11: Lettings notice board used by residents at Taikang Road



Table 7.1: Sample of rental contracts signed in June-August 2006

	Size of space let (m ²)	Monthly rent (yuan)	Rent/ m ² / day	Duration (Years)
1	62.5	8,000	4.3	3
2	35	5,000	4.8	5
3	12.3 (+ mezzanine 8.8)	3,000, + 12% yearly after 6th year	4.7	8
4	6.1	1,500, + 12% yearly after 6th year	8.2	8
5	7.73	1,800, + 10% yearly after 4th year	7.8	8
6	13 (+ mezzanine 7.5)	3,300, + 5% yearly after 4th year	5.4	8
7	33	5,600	5.7	3
8	30	4,500	5	2
9	25	3,500 first year, 4000 second year, 4500 thereafter	4.7~6.0	5
10	50.2	6,000	4.0	2
11	34	6,000	5.9	3
12	21.4	4,300	6.7	3
13	36	6,000	5.6	3
14	32.7	5,500	5.6	3

Note: n.a. means the information was not available; Source: author's fieldwork

After the first conversion, other businesses and residents followed suit. One by one, businesses approached households in the lanes for spaces to rent and convert. Subsequently, prices continued to increase. Table 7.1 demonstrates a sample of 14 rental agreements signed between June and August 2006. It can be seen from this incomplete sample that the spaces being rented were relatively small, ranging from 6 ~ 62.5 m². Typically, the duration of the lease agreements ranged from two to eight years. Total monthly rents varied from 1,500 yuan for a 6 m² space, to 8,000 yuan for the largest space of 62.5 m². Rental rates achieved varied between 4.3 up to 8.5 yuan/ m²/ day, which was in fact significantly higher than normal commercial properties in the inner city.

Upon signing the lease, residents could also expect to be paid earnest money plus the first months of rent, which could total more than 30,000 yuan. This was a very considerable income. In sum, by mid- 2006, rents for a 25~30 m² space had reached around 4,000~5,000 yuan per month (about US\$ 500), and by late 2007 as much as 8,000 yuan per month. The Street Office and art-street management committee was at first not involved with the issue of housing renewal, but saw these developments as a positive continuation of their efforts in forging a cultural and commerce oriented cluster.

Table 7.2: Rental housing price in Shanghai, 2006

Housing type and location	Monthly rent (yuan)
2 bedroom flat, City average price	2,227
1 bedroom flat, City average price	1,884
2 bedroom flat, Minhang district	1,776
1 bedroom flat, JingAn district	2,557
2 bedroom flat, Luwan district	2,806

Source: Real estate website sofun.com, for the month of December 2006

Commercial lettings facilitated a process of voluntary relocation for those that previously had little housing choice. By subletting their public housing at Taikang Road to businesses, residents could move into better housing in the private rental market, where they had considerable choices in terms of housing type, size as well as location. Table 7.2 demonstrates the average private rental prices for one and two-bedroom flats in different parts of the city in 2006. Average rental price for a self-sufficient two-bedroom flat overall was 2,227 yuan, which was well within the

commercial rents at Taikang Road. A two-bedroom unit in Luwan district, where Taikang Road was located, was a little more than 2,800 yuan/month. This meant that residents could also choose to resettle relatively nearby.

Due to the lucrative outcomes, many local residents became keen to let out whatever space they had. Most were very small living spaces of 25 or 30 m² – just enough for a very small boutique or showroom. Residents demonstrated considerable organisational capacity to take advantage of the emerging commercial opportunities as market demand for their homes became apparent. A few newly turned 'landlords' organised themselves to form an informal 'shikumen landlord committee' that then helped facilitate the letting process. They set up an office which became a point of contact and bridging service between local residents and prospective tenants. Local residents with intent to let could post details at the office, which would help introduce them to prospective tenants. Nevertheless, the contract negotiation process was always conducted one-to-one between the relevant household and the prospective tenants.

7.3 Negotiating the neighbourhood rehabilitation vision

Although the rehabilitation of lilong housing was enacted as a decentralised process, changes in the neighbourhood could not have occurred without the consent of local officials and ultimately the local government. Negotiations amongst local officials regarding the future of the area were eventually crucial in determining its future. This section thus turns to the role of various tiers of the local government and the politics which underpinned the continued development of Taikang Road Tianzifang.

7.3.1 The support of the sub-district

Formally, although residents of public housing had the right to sublet their properties for residential use, use conversion and speculation was illegal. Thus in reality, the 'bottom-up' process of revitalisation was able to proceed because local authorities from the start turned a blind-eye to its illegality.

To be honest... this cannot be separated from the support of the government. Without the support of the government, without the support of the leaders, there was no way you could have opened up [these shops].

Resident (TL1), male, age 60s

Officials within the Dapuqiao Street Office and Taikang Road Management committee were from the start highly supportive, not only because this process enabled the expansion of the commercial milieu of Taikang Road, but because they also perceived the model of development to benefit local residents:

[There are] no arguments or conflicts, [this is] 'harmonious society', equalising the rich and poor.... So this is a positive cycle... in fact citizens got employment, old housing is conserved, the original residents' lives are improved - there are benefits on multiple dimensions...

Manager of the art street management committee

You've developed the 'social co-operation' of contemporary societies – 'public participation' – a kind of concept of contemporary societies, right? This is a kind of path of 'harmonious development' that every country ought to pursue.

Former administrative head of the Dapuqiao Street office

These administrators saw the future of Taikang Road as becoming a unique mixed-use district combining renovated historic buildings, art-galleries, studio workshops and commercial activities, and saw their interests aligned with local residents. In fact they began to assist the housing rehabilitation process by encouraging local residents and putting forth some investment for the environmental improvements to the lanes – including new paving, street furniture and lighting – aimed to turn it into a more visitor friendly environment. None of the renovation works were required to go through formal planning application procedures and none of the businesses had approved operating business licenses. The absence of government regulation created a relatively favourable climate for business investment. Incoming businesses enjoyed the benefits of an unofficial tax break and the freedom to rent and renovate public housing at will.

7.3.2 The district's demolition plan

However, there was no easy consensus over time. At the higher level the Luwan district government eventually advocated a competing vision for the area, which ultimately led to a battle for conservation. Luwan district saw its priorities in urban regeneration in terms of promoting real estate development. Under plans for the period 2001~2010, it planned to remake Dapuqiao sub-district into a commercial centre and a modern residential area. The focus was three pronged – including the expansion of business services, recreational services, and modern residential

developments. Property-led redevelopment through the extraction of land value was cited as one of the main strategies for achieving these objectives. The explicit target was to redevelop a total of 700,000 m² of the existing building stock, and to accelerate the development of modern commercial facilities - including large scale shopping malls, mixed use commercial facilities, as well as modern residential buildings.

In March of 2004, the District Government accordingly announced plans to redevelop the area including Taikang Road. Proceedings for land leasing to a Taiwanese property developer were initiated, and notice of impending demolition was posted. Taikang Road Art Street, it seemed, would be redeveloped into a luxury residential complex comprising four high-rise apartments. According to municipal transport planning, a new metro station was to be built over the next few years across the road, and would form a major transport node accompanied by new commercial development. All of the occupants in the area were informed of impending relocation. Clearly, this meant a clash of vision, in which conservation was pitted against real estate development.

The concepts were not unified. At the time in Luwan district those of leadership positions ...of the decision making level...their main concept was to do real estate, [and they thought] doing this has no value!

Former administrative head of the Dapuqiao Street Office

The demolition notice had different repercussions. Some of the local residents were anxious for relocation to take place. Others were concerned about losing their city-centre homes. Ultimately however the stakeholders understood that the municipal and district governments will be the decision makers who have the authority to determine the future of the area.

But in the end, the government...this is the government's affair... What it is exactly in the end, we have no power. What we say don't count you see, to speak frankly.

Local resident (TL5), male, age 50s

7.3.3 A neighbourhood conservation movement

Faced with the prospect of demolition, the artists, designers and businesses, and the Art Street Management Committee were proactive in organising themselves to voice dissent. At first, 17 expatriate studio owners in the street wrote a letter to the Municipal Urban Planning Bureau, calling on the officials to save the art street. “Beginning in 2000, we started to gather on this street to create art”, the letter said. “If it is demolished, there will never be another road like this. Shanghai will lose a piece of its history” (Shanghai Daily, 2004, 31 March). However, these small businesses had little effective influence on decisions of the local government.

Also threatened by the redevelopment plans were the Street Office officials and the Art Street Management Committee who instigated the vision of Taikang Road as an art cluster and hoped to ensure its survival. In order to protect their own vision, they were intent to mobilise their own institutional resources to negotiate with the district government and to persuade it to change its plans. One of the first allies they sought was the National Economics Institute (NEI) of the Shanghai Academy of Social Sciences. The academy is China’s second largest institution for the humanities and social sciences. It is administered and mostly funded by the Municipal Government of Shanghai, and functions as a leading think-tank for government. Due to its close links with government, its leading scholars occupy influential positions.

The NEI was commissioned to produce a report highlighting the cultural as well as economic value of Taikang Road and to make a case for its conservation. The director of the National Economics Institute was a renowned local academic, a member of the tenth National People’s Congress and the deputy director of the eleventh Shanghai People’s Congress Standing Committee. He has been an influential consultant for the Shanghai Municipal Government. Thus it was calculated that his political status might help lend weight to the conservation campaign.

With the help of the NEI, it was decided that Tiansifang would be marketed as a ‘creative industry cluster’ – a concept drawn from recent economic policies from the UK and Australia, denoting a geographical concentration of individuals and enterprises centred on the creative sectors of the economy. Previously unknown to Chinese policy, the concepts of ‘creative industries’ and ‘creative industry cluster’

became the central rhetoric underlying the conservation campaign. This NEI report - *"Proactive nurturing and support for the development of the Cultural Industries, and increasing Shanghai's composite urban competitiveness: the case of Taikang Road Creative Industry Cluster"* (NEI, 2004) became an landmark document which not only highlighted the economic and cultural significance of an industrial cluster like Taikang Road, but set out the development of the creative industries as a critical economic development strategy for the city.

Borrowing from a range of literature and policy documents from advanced Western nations, the report introduced and defined the foreign concept of Creative Industries as an important and growing economic sector of the advanced nations in the knowledge-intensive world economy:

Entering the knowledge economy, the rapid growth of the creative industries has become a pronounced trend in the industrial development of advanced countries and regions. Furthermore, with increasing globalisation, the creative industries, which have the cultural industries as the core, has become an important indicator of a city's level of composite competitiveness.

It then overviewed the embryonic status of the creative industries in Shanghai (notably in the cultural industries), and emphasised the development of the creative industries as being congruent and beneficial to the city's economic agendas. Then, the study presented Taikang Road as *"The largest and most influential site of the development of Creative Industries in Shanghai"*. It was described as a unique landmark of Shanghai's cosmopolitan culture, and as a valuable tourism and recreational destination. The cultural value of the built environment at Taikang Road was also emphasised, argued to be conducive to the continued development of the creative sectors as well as leisure and tourism functions.

In fact Taikang Road Art Street has become renowned throughout Shanghai as a... fashionable and leisure tourism location which fuses together history and modernity and possesses the cosmopolitan character mingling Chinese and Western cultures (ibid: 11-12).

Taikang Road...possesses both Shanghai's unique Shikumen (lilong) residences, as well has having preserved various contemporary industrial architecture. Thus, whether in terms of architectural character or the living environment it possesses deep layers of history and cultural underpinnings.

Thus, couched on the banner of the 'creative industries', the street office and the NEI developed a discourse regarding the city-wide significance of Taikang Road as

an icon of Shanghai's emerging creative economy and cosmopolitan culture. The local media was also engaged to promote these ideas. A string of articles in local newspapers followed (in Chinese):

- Wenhui News (2005, 4 September) ran the title "Culture facilitates the re-awakening of shikumen: The new experiment of Taikang Road residences in restoring character, and continuing heritage".
- Xinming Evening News (2005, 22 August) highlighted the transformation of Taikang Road buildings as: "A new model in which conserving historic character, enhancing the living environment, developing the creative industries occurring in harmony is born here".
- Laodong Daily (2006, 20 May) ran a feature article describing in sensational terms how "foreign artists are anxiously queuing up" to settle down in the lane houses and industrial premises in Taikang Road.

The art-street management committee also developed a conservation planning proposal for the neighbourhood by eliciting the help a distinguished professor in the College of Architecture and Urban Planning at Tongji University. The plan, entitled "*Planning Proposal for the Conservation and Re-use of Taikang Road Historic Character Area*" identified the 7.2 hectare area around Taikang Road as being an outstanding show-case of Shanghai's early 20th century architecture – encompassing the iconic lane-based fabric of lilong housing, industrial heritage, as well as large numbers of historic villas. The vision for the area was for it to become a mixed-use area comprising residential, creative industries, leisure and commercial functions. The plan was submitted to the People's Congress for consideration, with the recommendation that the entire area be officially designated as Shanghai's 13th historic conservation area.

These ideas were widely disseminated through the media, throughout local academia and to the government. It soon found considerable support from local academics in the economic, urban planning and architectural fields. Critical to this process was the hosting of the "Shanghai Cultural Creative Industries Development Symposium", held on 24 April 2004, at Taikang Road. The event was jointly held by the Taikang Road Art Street Management Committee, the Shanghai Academy of Social Sciences, Shifan University School of Fine Art, Wenhui Newspaper, as well as M50 – another emerging 'creative industry cluster' in Shanghai. Participants to

the symposium included representatives from major newspapers in Shanghai, prominent cultural sector professionals, local academics from economics, architecture and urban planning backgrounds, as well as government officials at district and municipal levels. All in all, there was strong representation amongst the political, intellectual, and cultural elite in the city.

7.3.4 Reaching a consensus on conservation

Through the dissemination of these ideas, and continued discussions within government, increasing awareness of the value of Taikang Road was established. In March 2004, the Deputy Director of the Municipal Urban Planning Bureau announced to the press that the Shanghai Municipal Government will intervene on the issue, although no formal decisions have been made. In September 2004, it announced that the existing art-related premises would be preserved in order to facilitate the formation of a 'cultural street' (Shanghai Daily, 21 September 2004; China Eastday, 27 September 2004).

With substantial press and official attention, many local as well as national public officials visited Taikang Road to witness it as an icon of not only a new culture- plus economic development strategy, but of a model of market-led development process of renewal involving no government capital input and voluntary relocation of residents. A formal visit by the Party Secretary of Shanghai further signalled that the area had gained considerable official recognition.

It is important to note that historic conservation was by this time seen as an important issue by the municipal government. Places such as Taikang Road had obvious value as a tourism hotspot. Since the 1990s, Shanghai has made efforts to develop the city tourism economy featuring the three themes of "city scenery", "city culture", and "city commerce", in which cultural heritage sites played a prominent part (Shanghai Municipal Tourism Administration, 2007).

Another important reason for accepting the conservation cause was that the municipal government was highly receptive to the potentials of the creative industries as a direction for economic development. Following the work of the Shanghai Academy of Social Sciences, the 'Creative Industries' was formally incorporated as a component of Shanghai's 11th five year economic development plan – for the first time in China. The municipal government formally designated

Taikang Road as a 'Creative Industry Cluster', and established a Creative Industries Centre to help promote research and development of more creative industry cluster districts in Shanghai. Industrial building conversion was announced as being central to the future development of creative industries in Shanghai, and in 2004 alone, a total of 18 clusters of creative firms or artist colonies across the city (mostly industrial space conversions) were designated. Ideas were changing. The former administrative head of Dapuqiao street office stated that:

I tell you now... the vast majority [of government officials], have understood it already. Those who opposed it before all think it is correct... Perhaps what the leaders are most impressed by is [that]... this industry type is good, this kind of utilisation of space is good, and that the method of realisation is good.

The Luwan District government announced in April 2008 that it would invest 10 million yuan (US\$ 1.46 million) to upgrade and maintain public facilities in the popular area (Shanghai Municipal Government, 22 August 2008). According to the art street management committee, the number of converted residences is expected to reach more than 700 by 2011 as the process expands west towards the neighbouring Ruijin Road. By then, the total floor area of the stores is expected to reach 75,000 square meters, making it the largest area of converted shikumen lilong housing in Shanghai (China Pictorial, March 4, 2009). Although a formal conservation plan has not yet been approved, preliminary planning work was being carried out by the municipal urban planning bureau to guide its future development.

7.4 Uneven social consequences

The above discussions demonstrated that a bottom-up conservation dynamic, media coverage and negotiations amongst various tiers of the local government made possible a profound change of strategy from demolition to conservation. In Shanghai this has been a rare case of effective opposition to the redevelopment-based growth-strategy. However, the benefits and costs of this conservation movement were actually unevenly distributed. This section analyses the experiences of different residents affected by the processes of change at Taikang Road. Although the process benefited many residents, by supporting commercialisation of the neighbourhood the government has also neglected the interests of others.

7.4.1 Capital gain and voluntary relocation

One segment of the local residents can be identified as winners in the process. By becoming informal landlords, many local residents profited from the revitalisation process. With the inflated rental income residents could easily afford better housing in the private rental market. Many spent in the order of 1,500~2,000 yuan/month to privately rent a small two bedroom flat between of 60~70 m², saving the rest as surplus income. Some chose to settle close to their original neighbourhoods - enjoying access to the same living amenities and in the familiar environment. Others also moved into larger apartments in less central locations such Pudong and Yangpu districts. After the move, these residents enjoyed improvement in the standards of living. Being able to bathe at will, having an indoor toilet and having enough space to accommodate families or visitors were considered major gains for all the residents.

Now [we have] two rooms. Originally it was shikumen housing... there was no ...toilet for example... Originally we were using... the gas cylinder... Now there is gas here. Furthermore ...at least there is a shower... Bathing...has become convenient! Life – in fact for us average citizens, if life can... take a step up, then we feel satisfied...

Former resident (TL4), after moving into a larger flat

In moving from their original homes, they did however make some compromises. Those who moved further out towards the suburbs experienced some inconveniences of longer travelling time to get to shops and services, and lower standard of service – in particular healthcare. Many also found their new living environments in flats and apartments more alienated from neighbours. Improved privacy was a plus, but households kept to themselves and rarely interacted. It was difficult to get to know anyone and the sense of mutual-care amongst old neighbours had all but disappeared.

The people, the people's relations are not as good as in Taikang Road. Taikang road, because it was old housing... there's people as soon as you come out. Neighbours and neighbours deal with each other more... Over here... all [the flats are] closed off from one another. The neighbours just nod a little, say hi. They don't visit, or whatever. This is the place of distinction. In the old house there'd be so-and-so playing chess and so on...it is more...more...everyone's relations were closer.

Former resident (TL4), male, age 60s

All the interviewed landlords were however overall satisfied or very satisfied with their moves. Beyond voluntary opportunity to move into better housing, they enjoyed the benefits of additional income. This helped resolve the economic hardship they may have experienced previously whether due to retirement, unemployment, or low job status. They set aside the remainder of the rent for their living expenses, better diets, for medical care, children's education, or to save towards buying their own house in the future. For some, this economic gain was a life-changing experience.

It is an indescribable feeling it seems... For me, I had 600 yuan a month...how could [I have] continued making a living, right? Couldn't continue living... Like this has improved my life, and also improved the housing problems of other people, these are all very good, for the individual, right?

Former resident (TL6), male, age 60s

After I got the 6,000 yuan [rent] I moved into a high-rise house for a rent of 1500 yuan. A two bedroom [unit], for 1,500 yuan, and there was still 4500 yuan (left). With 4,500 yuan that now covers the expenses in Shanghai, and things are more comfortable.

Former resident (TL5), male, age 50s

Beyond the individual gains they experienced, some residents also highlighted the wider significance of heritage conservation for Shanghai. Resettled residents felt that they were playing a positive part in safeguarding heritage for future generations as well as promoting local culture to visitors. Clearly, the relatively unique process of commercial gentrification facilitated a novel approach to the conservation of shikumen lilong housing, an issue so far neglected by the wider development and urban planning policy. Given the conservation of their original homes and tenancy rights, most still felt strongly attached to their former homes, expressing positive sentiments towards them. Some expect one day to move back into them.

Accruing tangible benefits from the process, these newly turned landlords expressed strong support for the continued commercialisation of Taikang Road Tianzifang. Many argued that the model of development benefits 'everyone' - offering residents a chance for improving their lives, as a rare opportunity to conserve shikumen housing for prosperity, for allowing the area to flourish as a cultural tourism destination, and as a new approach to the development of historic areas:

The key is that everyone wins. The government wins, we also gain, and the person...doing business they of course will need some profits....Everyone receives benefits, so then this thing can be accomplished well, right?

Former resident (TL1), male, age 60s

7.4.2 Displacement of rural migrants

For other remaining residents however, the experience was sometimes different. One of the groups negatively affected by commercial gentrification were rural migrants. Different to the formal public tenants, migrants had no formal tenancy rights and had come to occupy lilong housing through private renting since the 1990s. By the time gentrification started to take off at Taikang Road they represented a significant minority group.

Prior to the rehabilitation process, a room of 25-30 m² in this community could be rented for around 1,000~1,500 yuan/month. However, with rising rents and shifting demand, migrants began to face the pressure of displacement. In order to maximise their rental returns, local residents (i.e. holders of public tenancy rights) increasingly sought to rent their premises to businesses rather than migrants. In such a context, as existing rental agreements run their course, it appeared that they will have little choice but to seek housing in cheaper locations. Although this process was occurring only gradually, their lack of formal property rights meant that migrants had little protection from changes in the market.

7.4.3 Conflict with existing residents

Because rehabilitation did not involve formal tenure restructuring or involuntary relocation procedures, there was no immediate risk of displacement for official public tenants or owners. Existing tenancy rights were preserved and these residents were free to exercise the choice to stay in place. Families with elderly members and for those who felt satisfied with their existing living conditions often decided to remain in place. Key reasons to remain in place included a sense of familiarity and sentimental attachment to where they lived, or a degree of dependence on local shops and hospitals:

What I wish is to stay here... The Ruijing Hospital is very close, and the city's shopping environment is also very good... Living here is quite comfortable. My home is on the second floor, with a balcony, it is quite good. If I am forced

to move, then I'd have no choice but to move. Now that no-one forces to me I'd continue to live here.

Local resident, male, age 80s

However, gentrification was not necessarily beneficial for all of them. These residents continued to live in basic conditions, without sanitation, in over-crowded condition. While some were content with the status quo of their living conditions, others still wished to leave but because they occupied spaces with limited commercial demand, they could not. Some had looked forward to undergoing demolition and relocation when word was released a few years ago, and were disappointed to find today that the area was apparently being conserved with unclear prospects for relocation. Some of these residents felt 'trapped' in substandard housing, with options closing in on them. Others expressed the wish that the government could help address their lack of space, WC, bath, or even gas connections through residential rehabilitation.

Although many admitted that renovation improved the image and cleanliness of their lanes, others felt that their homes were no longer 'peaceful' places to live. The conversion of an established residential area into a commercially orientated destination shifted the utility of these places towards businesses and consumers. Increasing noise from the outdoor cafes and bars, visitor flows, and the noise of incessant renovation work became a part of the daily life. Other conflicts between residents and businesses unfolded.

Businesses soon filled up the lanes with outdoor tables, seating and displays, and so residents lost out on the use of lanes as communal recreational spaces. To some remaining residents, those on the ground floor that, have let out their units at very high prices were 'liberated'; businesses were seen to have benefited from the conversion process, and have little respect or regard for the interests of the existing residents. Those who remain have no apparent prospect of benefiting and must bear the deterioration of their living amenities.

Now that this happened, those that have rented out the housing they've been 'liberated'. The businesses can now profit on this plot of lane, right? And as for the [remaining] residents? There's nothing. What is generated are noise and disturbance.

Resident (T9), male, age 60s

This is not a commercial street! This is a residential area. It's not appropriate...completely inappropriate! It does not fit the requirements of us residents.

Resident (T7), male, age 70s

Thus, commercially-oriented housing rehabilitation had uneven social implications. While government, businesses and a many local residents looked to exploit the built environment for cultural and economic gain, their actions to some extent conflicted with those who were still reliant on the lilong as housing. Nevertheless, with government support for continued commercialisation, local authorities did not respond to their complaints. Remaining residents became a marginal group and their opinions have been systematically excluded from media coverage and official discussions regarding Taikang Road:

Where can the citizens go and voice their complaints? No-one...not a single governmental...official...listens to the opinions of the average citizen... So we don't have any place to say things.

Resident (T7), male, age 70s

Figure 7.12: Visitors crowding the former residential lanes



7.5 Conclusion: Grassroots matter

Grassroots activism and resistance to urban redevelopment are important components of urban politics in liberal democracies - but they have so far been sporadic and remained poorly understood in the Chinese context. This unusual case study showed, over a period of about ten years, how an informal coalition of grassroots actors, local officials, the media and local institutions came to drive a neighbourhood conservation movement, dispelling higher-level plans for redevelopment. These actors were united by the idea that the conservation and rehabilitation (rather than demolition) of Taikang Road Tianzifang was economically, culturally and even socially beneficial for the city. It presented a powerful example of local opposition to redevelopment which successfully demanded changes to official plans.

These findings challenge the monolithic conception of housing renewal being necessarily determined in a top-down fashion by the growth coalition. The processes were more decentralised, more flexible and more informal than commonly depicted. The street-office (sub-district) was a key catalyst in this case. Acting as a proactive entrepreneur within its administrative means, it acquired and managed old industrial properties to attract artists and creative firms, and somewhat unintentionally kicked off the first stage of 'commercial gentrification'. The resulting cultural presence transformed the image of the previously neglected area, and initiated a process of rehabilitation by other artists, designers, and small businesses. Soaring property values, speculative behaviour, and progressive erosion of the neighbourhood's role as low-cost sites of production and housing ensued. Under individual activism, and limited government regulations, the area became a budding commercial and 'creativity industry cluster' characterised by hundreds of creative studios, art galleries, boutiques, restaurants and cafes.

Unlike the case in developed countries, the participation of the grassroots in neighbourhood rehabilitation is not commonplace nor promoted by urban policy in China. In fact, there remains an absence of policies promoting individual housing rehabilitation. Nevertheless, a key implication of this case study is that although grass-roots actors do not play a significant role in the Chinese city, some are becoming more active than others. It demands a view of urban politics which pays attention not only to the decisions of elites, but also to a plethora of lower level

actors and to how local institutions respond and interact with grass roots activities.

The urban realm is increasingly plural. Outside of the core coalition of property development enterprises and local governments a segment of the grass roots sometimes yield sufficient ingenuity and resources to themselves lead the reinvestment processes of neighbourhoods. Notably, these included various middle class entrepreneurs, the creative class and residents in privileged positions. This is rather in line with international experiences of market-led gentrification (Ley, 1996; Zukin, 1982; Hackworth and Smith 2000).

Intriguingly, the case study suggests that even in China their combined activities can comprise a strong force of neighbourhood change, especially when they provoke support from public officials, the media and the wider society. The local government may support their activities where the reinvestment process taking place is seen to be of value for urban growth and for heritage conservation. Thus, although grass-roots power is weak and not institutionally supported a consistent way, it can potentially influence planning and policy decisions or at least trigger significant public debate. This issue has been so far neglected by the growth-coalition perspective, which pays limited attention to the role of non-elite actors.

Yet, all this was still different to political pluralism. The local government was still the key actor which held overwhelming power over land use and planning. Rehabilitation of dilapidated housing remained a contested issue in urban development and involved substantial negotiation amongst different tiers of the local government. In this case sub-district officials had different visions to the district government. To secure its visions, it had to lobby hard for the support of higher level officials from, in conjunction with the local media and politically endowed local institutions such as the Shanghai Academy of Social Sciences. Together, they made a successful case for preserving Taikang Road. Since then, the municipal government made the ultimate decision for conservation. It provided formal recognition and support of 'creative industry clusters', and allowed a process of illegal lettings and use conversions to continue in Tianzifang.

It is important to acknowledge the political background of this decision. For many years, lilong housing had an under-valued and contested role as urban heritage. Its association with dilapidation and crowding made it an unpopular aspect of the past few city officials believed were worth conserving. But into the 2000s, the notion of

heritage conservation has become better integrated into the considerations of the local government. This was clearly linked to the desire to harness the historic built environment for commercial and cultural development, rather than to sustain their use value as affordable places to live. Gentrification of the kind found in Taikang Road was thus expediently aligned with the broader agendas of creating the imagery and functions of a modern world-class city.

The social implications of 'bottom-up' rehabilitation were also examined. In a sense, the process was more socially inclusive of local residents than planned redevelopment. Some local residents played an important and autonomous role as informal landlords, and their support for continued commercialisation was motivated by the desire to advance their economic and living conditions. They gained the opportunity to enhance their financial status, and with this, to move up the housing ladder. Without government involvement in relocation, the decision to relocate, and the price at which relocation is based on, was largely determined by their own interests.

Though seemingly benign, the rehabilitation movement nevertheless still privileged 'growth' over the use value demands of the poor. Rural migrants and those tenants who did not have formal property rights faced displacement alongside rising property prices. Another major limitation was that remaining residents continue to endure substandard housing conditions. Without proper management, there may also be various adverse effects associated functional transformation from residential to commercial use. The case suggests that more privileged grassroots actors and the local government tended to dominate the rehabilitation process. Their goal was to benefit from the value of residential heritage as carriers of new economic activities, somewhat the expense of weaker groups who relied on neighbourhoods as places to live.

So far, the thesis has presented three contrasting case studies of housing renewal to shed light on different aspects of housing renewal in post-1990 Shanghai. The redevelopment of Taipingqiao area (chapter 5), the largest of the three, was speculative and involved massive resident displacement. The New Fukangli project (chapter 6) was a case of residential redevelopment with more limited profit-motivation and partial community retention. Finally, the Taikang Road Tianzifang project entailed a process of piecemeal rehabilitation in which various local residents supported gentrification by renting to incoming businesses. Evidently

housing renewal in a broad sense has entailed a range of different actors, relations and impacts. The next chapter shall provide a comparative analysis of these case studies and a synthesis of the insights derived.

8 Case Comparisons and Discussion

8.1 Introduction

This chapter offers a comprehensive overview and analysis of the material discussed in Chapters four to seven, and puts them in perspective in light of more recent policy developments. In doing so, it shall attempt to arrive at a more holistic understanding of the socio-political dynamics driving housing renewal in post-1990 Shanghai. A number of key themes are drawn out. Section two reviews the structural context and neighbourhood conditions framing the case studies. Section three compares the distinct models of renewal observed. Section four reviews the role of the local government in light of earlier findings. Section five discusses the public-private relations at work and the need to distinguish different actors. Section six examines the social implications of relocation and how government has attempted to address signs of resident discontent. The chapter concludes with an overview, highlighting the need to move away from a monolithic conception of the local state and the nature of the growth-coalition in Shanghai.

8.2 The context of housing renewal

8.2.1 *Institutional reform and socio-economic restructuring*

As outlined in chapter 4 (Section 4.5), the most apparent effects urban housing renewal in Shanghai since 1990 include a considerable expansion and modernisation of the housing stock, a massive surge in commercial developments replacing former residential or industrial buildings, and new municipal infrastructures. By 2005, almost all the officially designated slums and dangerous dwellings, and about 55% of the existing *lilong* housing stock have been demolished and redeveloped. Rehabilitation progressed slowly in the 1990s, but up to 2005 more than 17 million m² of substandard workers' housing had undergone extensive upgrading, or 'Amenity Fulfilment Renewal'. While rehabilitation schemes often retained most of the residents, redevelopment involved massive displacement of existing lower-income residents towards the expanding suburban zones and their succession by more privileged groups. Between 1992 and 2005 some 1.04 million households were relocated, and total population in the inner city declined from 7.14 million to 6.16 million (SSB, various years).

It was shown that these broad outcomes cannot be understood in isolation from the institutional and socio-economic transformations occurring across China and in Shanghai. Alongside the country's progressive economic liberalisation, housing and land reforms gradually eroded the former welfare oriented housing system and set in place the important role of developers in a commercialised real estate system (Wang and Murie, 1996; Wu et al, 2007; Zhu, 2004). In 1990 the National Congress of the Chinese Communist party approved a 10-year national economic and social development plan which determined to increase the production value of property development to about 10% of the GNP by 2000. The property development industry has since grown tremendously, and real estate became a key growth sector in the economy (Tang, 2003: 180).

Following a period of modest growth after the inception of China's economic reform, Shanghai engaged a period of sustained and very rapid economic development from the 1990s. Business expansion and the shift towards a more global, more service-oriented economy underpinned sustained demand for new, high-quality commercial premises in inner locations. At the same time, rising incomes amongst the better-placed in society sustained strong demand for better homes and for real estate as channels of investment. Local as well as foreign entrepreneurs, professional workers and managers formed an enlarged moneyed middle class who could access higher earnings to consume better quality housing. As real estate became more liberalised, property investors from the mainland, Taiwan, Hong Kong, Macao, and further abroad, competed to take advantage of the emerging markets.

While these changes created opportunities for the privileged segments of society to gain a foothold to real estate and to better housing, the benefits of housing reforms and economic growth were unevenly distributed. At the lower tiers of urban society includes a large population of low-paid workers in low- or semi-skilled manufacturing or service labour, and unemployment rose significantly alongside the painful restructuring industry. Among the low-paid workers are also millions of rural migrants - the "non-official urban poor" (Wang, 2000) who have limited citizen rights in terms of access to public services, housing and employment. These people have been largely excluded the privatisation programme or the housing market. As numerous official urban poor with local *hukou* (household-registration) status remain dependent on a declining public housing stock, rural migrants mostly turn to private renting in dilapidated housing or peripheral informal settlements (Wu, 2002, 2005).

8.2.2 ‘Pre-renewal’ neighbourhood conditions

It is within such a context that the renewal of Taipingqiao, Fukangli and Taikang Road Tianzifang can be understood. Table 8.1 overleaf summarises the observed pre-renewal conditions of the case studies. Although these neighbourhoods experienced very different processes of renewal, the pre-renewal conditions were fairly similar. In each case study, public ownership of housing was predominant. Non-self-sufficient dilapidated housing could not be privatised thus remained mainly in public ownership.

Despite over two decades of housing commercialisation, the public rental system remained deeply rooted in the socialist principles of highly subsidised (and almost negligible) rents. Rental information was lacking in Fukangli, but in both Taikang Road and Taipingqiao area, public rents remained around 20~40 yuan/month/family – a very small component of living costs even for low-income residents. Despite public ownership, informal lettings to private tenants meant that these dwellings were also to a great extent being exchanged in the housing market. Given low quality but central locations, they have become an important housing choice for relocated households who wished to remain in the city centre, or for migrant workers attracted to work opportunities in the central districts.

A long list of physical problems could be identified in each case. Linked to low-rent, lack of proper maintenance had left dwellings in each area visibly deteriorated, suffering from material decay, damp and leakages. Numerous families lived in crowded rooms of no more than 20-30 m². They shared or lacked sanitation facilities, kitchens, taps and gas connections, and had limited privacy. Many residents attested to substantial housing hardships, and the desire for renewal was apparent. On the other hand, generalisations about deprivation do not capture the complex reality of conditions on the ground, or subjective judgments regarding the adequacy of place. Logan and Molotch (1987) argued that the ‘use value’ of place derive from its ability to support the daily routines and that emotional sentiment and practical material purposes are closely intertwined in people’s experience of use values. This perspective helps us to understand the value of dilapidated older neighbourhoods in Shanghai whilst also recognising their accumulated problems.

Table 8.1: Pre-renewal housing conditions reported in case studies

	Taipingqiao area (TPQ)	New Fukangli (NFKL)	Taikang Road (TT)
Location characteristics	Luwan district, well connected and well serviced. Very high property values	JingAn district. Well connected and well serviced. High property values	Luwan district. Well connected and well serviced. High property values
Building type and date of origin	1920s shikumen lilong and new-style lilong	1920-1930s shikumen and new style lilong	1920s shikumen lilong and 1930s industrial buildings (lane factories)
Predominant tenure(s)	Municipal housing and informal private renting	Municipal housing and informal private renting	Municipal housing and informal private renting
Residential satisfaction	Mixed feelings: some satisfied and settled, others dissatisfied with physical aspects	Mixed feelings: some satisfied and settled, others dissatisfied with physical aspects	Mixed feelings: some satisfied and settled, others dissatisfied with physical aspects
Affordability	Very affordable for formal tenants	Very affordable for formal tenants	Very affordable for formal tenants
Housing space	Variable, but commonly crowded. Minimum around 10 m ² for a family	Some crowding, but many were 'decent' (average 35 m ² / household)	Variable but commonly crowded. Minimum around 10 m ² for a family
Kitchens	Shared	Shared	Shared
Sanitation facilities	Most households lacked facilities, some self-installed	Most households lacked facilities, some self-installed	Most households lacked facilities, some self-installed
Gas connections?	Yes	Yes	Some did not have gas connections
Physical deterioration?	Yes	Yes	Yes
Perception of poor hygiene?	Yes	Yes	Yes
Reported social composition	Mainly low-income, elderly and migrants	Generally average or better-off residents	Mainly low-income, elderly and migrants
Trend of social change reported 1990-2000s	Concentration of poor, migrant influx, loss of youth, ageing population	Relatively stable prior to renewal in 1998	Concentration of poor, migrant influx, loss of youth, ageing population
Social networks perceived	Well established among long-term residents, but this was eroding alongside population change	Well established among long-term residents, and relatively stable prior to renewal	Well established among long-term residents, but this was eroding alongside population change
Sense of safety	Basically problem-free	Basically problem-free	Basically problem-free
Time-frame described	2007-8	Before renewal in 1998	Before onset of renewal in 2004

Source: author's analysis

Several 'strengths' in these areas were perceived by many residents – including location, social environment, affordability, familiarity, and to some extent architectural characteristics. These contributed in different ways to residents' sense of satisfaction or attachment to their homes. There were tangible variations in physical housing quality amongst households. Some expressed an explicit appreciation of lilong housing compared to modern forms of housing – due to their architectural character, higher floor-to-ceiling heights, and association with what was perceived to be Shanghai's authentic urban identity. Beyond differences in formal living space, some families have carried out self-extensions and renovations to improve their living environments. Where some space was available, the informally installed kitchens or sanitation facilities always significantly improved individual perceptions of adequacy. Many residents had lived the same place, and in poor conditions for most of their lives. Given lack of choice within the socialist allocation system, and subsequently in the housing market, many residents had made do with what they had. However, many of these features were also being eroded.

In all three cases local residents often regarded the central location as a significant advantage. Inner city districts had always been characterised by good accessibility and abundance of services compared to suburban districts. They offered good quality public services such as hospitals and schools, as well as easy access to formal or informal work opportunities. These attributes meant that although crowded dilapidated housing was no longer the choice of upwardly mobile households, it still performed an important role for those with limited means.

Due to the lack of quantitative data it was difficult to understand the socio-economic characteristics and social dynamics in these areas. Nevertheless the case studies did afford us several key insights. Fukangli was perceived to be relatively speaking average or above-average in socio-economic status before its redevelopment (1998-2001), although the survey data in 2007 reveals that it also accommodated various low-income and unemployed households. Population was thought to be relatively stable up to the 1990s, and no significant migrant presence was reported in the interviews. In contrast, major social changes were reported by residents in the Taipingqiao and Taikang Road studies since the late 1990s, coinciding with the deepening of housing market reforms and rising residential mobility. With widening housing choice in the market, these communities experienced substantial outmigration of youth and of better-off families, and the subsequent influx of migrant workers as new informal tenants. As a result, remaining residents identified the

communities as predominantly made up of the low-income, the unemployed, the elderly, and numerous rural migrants. Indeed studies of older deteriorated neighbourhoods in China all suggest that poor quality housing increasingly concentrates those of low socio-economic status (Wu and He, 2005; Wang, 2004).

All three areas were nevertheless deemed safe places to live. Mutual support within social networks, a culture of social interaction, and the comparative lack of it in modern housing complexes were important themes in each case. For long-term residents, living in old housing was characterised by a stronger sense of neighbourhood bonds because many residents grew up or grew old together in the same place, and because the unusually crowded aspect of living demanded a culture of 'getting on' with neighbours in everyday life. On the other hand, existing communities' social relations were also increasingly undermined. Population change has contributed to a heightened sense of social disconnection, and differences between the local and non-local residents - the urban and rural lifestyles - have created new tensions. In other words, these were dynamic neighbourhoods undergoing changes as part of a broader process of residential re-differentiation (Li and Wu, 2006).

8.3 Contrasting models of housing renewal

8.3.1 *Distinguishing the models*

Despite having relatively similar pre-renewal conditions, Taipingqiao, Fukangli and Taikang Road experienced very different trajectories of renewal. The cases span across large-scale redevelopment involving massive displacement (TPQ), to modest scale redevelopment involving some community retention (NFKL), as well as a more piecemeal process of private rehabilitation involving voluntary relocation and some market-driven displacement (TT).

Overall, three distinct models of housing renewal can be discerned from the preceding chapters. Table 8.2 overleaf summarises their features. The most well known and prevalent model has been private-funded and government-subsidised speculative redevelopment, based (primarily) on off-site relocation of residents. This has commonly been termed the "property-led redevelopment model" and is seen to typify housing renewal in post-reform China (He and Wu, 2005; He, 2007; Shin, 2007). The case of TPQ best represents this model of intervention.

Table 8.2: Models of housing renewal in post-1990 Shanghai

	Property-led Redevelopment	Community Retention model	Bottom-up rehabilitation model
Key driving policies in 1990s	365 slum clearance (1992-2000)	Lilong housing rehabilitation experiments (early 1990s); Housing Amenity Fulfilment Renewal (1995-2001)	No specific housing policies
Key driving policies in 2000s	New Round of Urban Renewal (2001-2010)	Amenity Fulfilment Renewal & Flat-to-pitched roof renewal focusing on staff housing	No specific housing policies
Physical interventions	Usually redevelopment, with occasional selective conservation	Rehabilitation of structurally sound-dwellings where financially feasible, or redevelopment	Piecemeal rehabilitation of the existing stock
Key mode of resettlement	Mainly off-site relocation (monetary compensation or in-kind housing)	Mainly on-site resettlement, sometimes via privatisation to sitting tenants. Some relocation off-site for poorer residents.	No formal relocation mechanism. Mainly voluntary relocation as original residents sell/rent housing and move away. Some market-led displacement.
Key procurers	Property developers in conjunction with local government and bureaux	Usually quasi-governmental developers in conjunction with local government and bureaux	Small investors, businesses and households, with little or no formal public planning or support at the outset
Built outcomes	Usually high-standard residential and commercial developments	Usually mix of affordable housing and some market-rate housing	Existing stock gradually upgraded or converted for commercial use
Social outcomes	Usually lower-income communities are displaced and replaced by higher-income groups and businesses	Partial retention of existing community and moderate influx of higher-income households	Gradual gentrification as existing households replaced by better off households or businesses
Profit margins expected	Usually 30%~50% for high standard properties	Limited profit expectations, can be 10% or lower in practice	Insufficient data
Case study example	Taipingqiao (TPQ)	New Fukangli (NFKL)	Taikang Road Tianzifang (TT)

Source: Author's analysis

Since 1992, property-led redevelopment characterised the "365 slum clearance" programme and underpinned most redevelopment schemes involving lilong housing. It remained a key component of the "New Round of Urban Renewal" (2001-2010), under which almost 20 million m² of old housing was to be demolished. Although new construction has been its main focus, it is important to acknowledge that it also occasionally incorporates historic conservation selectively. Expectations of profit margins in these schemes are very high, commonly cited as varying between 30% and 50% for high-standard properties (Quan, 2006; Haila, 1999). Occasionally, they are even higher. In the Taipingqiao redevelopment project, the Lakeville apartments made closer to 100% profit.

A second model can be termed the "community retention model". More akin to the principles of housing renewal in the pre-reform era, this model emphasises on-site resettlement of sitting tenants instead of relocation, and rehabilitation instead of redevelopment where feasible. The purpose was to turn substandard lilong housing or staff housing into self-sufficient units with independent bathroom, kitchen, and to upgrade their public environment and community facilities. Initiated in the early 1990s, the model progressed at a small scale under the "Old Housing Amenity Fulfilment Renewal" programme from 1995-2001, which upgraded 2.08 million m² of mostly lilong housing (Ji, 2002a). Among the three case studies examined, the case of NFKL best represents this model, though it involved redevelopment rather than rehabilitation and a higher level of relocation (49%). In the New Round of Urban Renewal, the community retention model has expanded rapidly as a complementary strategy to redevelopment, though its focus has shifted away from lilong housing towards the 'flat-to-pitched roof' rehabilitation of 1950s-1960s workers' housing ('staff housing'). More than 17 million m² has undergone renovation by the end of 2005 (Law et al, 2009). In 2006 alone a total of 56 rehabilitation projects with combined floor area of 5.8 million m² were initiated across almost all urban districts.

²⁶ In contrast to the property-led redevelopment model, quite modest profits can be expected from this model - around 10% from some of the early 1990s projects. It uses a combination of government, developer and resident finances, selling off upgraded units to original tenants. Off-site relocation is often a complementary measure, but usually affects no more than 30% of the original households.

²⁶ http://www.shfg.gov.cn:82/gate/big5/www.shfg.gov.cn/fgdoc/gzcjp/200910/t20091023_329636.html

(6.12.2009)

A third, and least common, model of housing renewal was the "bottom-up rehabilitation model". This entails piecemeal housing rehabilitation enacted on the ground by small investors, residents or businesses with limited or no planning interventions from local authorities. It resembles the process of piecemeal gentrification widely experienced in revitalising city centres in the west (Smith and Williams, 1986; Ley, 1996; Atkinson and Bridge, 2005). The case of Taikang Road Tianzifang represents one striking example of this model. Being a bottom-up process, the model does not involve state-facilitated relocation, but takes place on the basis of some voluntary resident relocation as well as market-led displacement - i.e. pricing out of private tenants alongside inflating house-prices. Widespread proliferation of bottom-up rehabilitation has possibly been constrained by various factors: the high-degree of public ownership, fragmented property rights due to multiple occupancy, dominance of state-led demolition programmes, and also in part the low-quality (and thus limited middle-class demand for) of most dilapidated dwellings. There are no formal policies supporting unplanned, bottom-up renovation by individuals, but local authorities may support the process once it has taken off.

8.3.2 Neighbourhood impacts of the models

These models of renewal have contrasting impacts for neighbourhoods and communities, as observed in the three case studies. Table 8.3 overleaf summarises the contrasting impacts of housing renewal in the three case study areas in terms of their physical, social, tenure and affordability transformations. Evidently, the "property-led redevelopment" model is a process of profound physical, tenure, land-use and socio-economic restructuring. Existing housing is generally demolished or selectively restored to provide upmarket residential and/or commercial developments, new municipal infrastructures, and existing tenants are displaced. Housing is usually privatised, and prices generally become exclusive of the poor. It has thus been described as a process of intensive "state-sponsored gentrification" (He, 2007). Relocation is somewhat beneficial for residents in terms of supporting physical housing improvements, but it is also socially conflictive due to factors including the mismatch between compensation and residents' expectations, and people's reluctance to part with their homes and neighbourhoods.

Table 8.3: Trajectories of place-transformation in the three case studies

	Taipingqiao area (TPQ)	New Fukangli (NFKL)	Taikang Road (TT)
Dates	1996~on-going	1998-2001	1998-on-going
Site area (approximate)	52 hectares	4 hectares	7 hectares
Housing policy initiative	New Round of Urban Renewal, from 2001	Old Housing Amenity Fulfilment Renewal, from 1995-2001	None, but linked to economic policy: promotion of creative industries
Physical transformations and purpose	Demolition of existing housing and creating a new mixed-use district that would complement the existing commercial centre on Huaihai Road	Demolition of existing housing and creating a modern residential complex. To enlarge housing space and raise standards of amenity for original residents	Piecemeal improvement of the existing housing and industrial stock for commercial and cultural uses, to help symbolise the creative economy and stimulate tourism
Total construction floor area (m²)	1.66 million, subsequently adjusted to 1.3 million	About 100,000	Renovated area expected to reach 70,000 (by 2010)
Number of dwelling units planned	About 14,000 households	About 1,200 households	Not known
Mode(s) of resident resettlement	Off-site relocation of about 70,000 residents over 15 years	Paid on-site resettlement (52%), plus some off-site relocation (48%)	Voluntary, off-site relocation of residents, plus some market- driven displacement
Tenure transformations	Full privatisation took place after redevelopment	Full privatisation took place after redevelopment	Shift towards informal private renting
Affordability for original residents	New housing costs more than 50,000 yuan/m ² - generally unaffordable for original residents even with compensation	Subsidised units at around 120,000 yuan - affordable for better-off households but not the most disadvantaged residents	Welfare rents of around 1yuan/m ² / month persisted for formal tenants. However private tenants were increasingly pressured as private rental soared above 6,000 yuan for 30m ² space
Population changes	Original residents were displaced, and new premises marketed to very affluent households and large corporations e.g. SONY and Disney	A mix of original, lower- income residents and more affluent home- owners was achieved	As original tenants moved or were displaced they were succeeded by upmarket businesses and visitors

Source: author's analysis

In contrast, the "community retention" model is arguably the more 'socially oriented' of the three. It involves either rehabilitation or redevelopment of the targeted housing, but usually produces considerable affordable housing which most sitting tenants can purchase at considerably discounted prices. Often most of the community is retained, a smaller part is relocated, and some surplus market-rate housing units are sold off to better-off households. Thus, the model facilitates privatisation and engenders low-level or moderate gentrification. As seen in NFKL, the social mix of original and new households may persist many years after completion. Onsite resettlement is generally popular with residents, but it can have affordability problems for poorer households, who still have little choice but to be resettled elsewhere.

The "bottom-up rehabilitation" model in contrast leads to the formation of progressively gentrified historic neighbourhoods. It entails physical rehabilitation, a gradual process of formal or informal privatisation, selective conversion into commercial functions, and the influx of upmarket businesses or well-off households replacing former (usually lower-income) households and tenants. As a piecemeal process however, these neighbourhoods may exist in a transitional state for a long time or retain a mix of socio-economic groups, run-down and upgraded dwellings, and even public and private tenures. As seen in the Taikang Road case, former public-owned neighbourhood can become progressively dominated by private rental relations, yet retain many formal public tenants. In contrast to the property-led redevelopment model, it is also a form of moderate or low-level gentrification.

8.4 Role of the local state

8.4.1 *Shanghai's urban and housing agendas*

Different models of renewal serve somewhat contrasting purposes for the local state, and involve different forms of public intervention. This section reviews the role and agendas of the local state in housing renewal, and makes clear the distinctions among them. Local state behaviour needs to be placed in a wider context. As noted in the literature review, political decentralisation from the centre to localities and the shifting role of the local state from a resource distributor towards a rather autonomous market-actor are among the key institutional changes in China since the 1980s. This has been conceptualised in terms of the emergence of 'entrepreneurial' local states (Wu, 2003; Wu et al, 2007). Fiscal reforms and

administrative decentralisation meant that local governments have gained increasing fiscal autonomy, and more direct responsibility for urban planning, the administration of urban land, and for economic development (Oi, 1992, 1995; Wu et al, 2007). Inter-urban competition for growth has intensified as cities became more reliant on locally generated revenues and the performance of local leaders increasingly came to be judged by their achievements in urban development (Zhang, 2002; Zhu, 1999). As a result of all these changes, local officials have become highly motivated to expand the local economy, while social welfare have arguably become less prominent concerns (Wu, 2007; Walder 1995).

As discussed in Chapter 4, Shanghai's governing goal since 1990 was to become a world city: a major economic, financial, trading and commercial centre. The agenda for housing renewal from the 1990s was imbued with a strong modernisation ideology. Key goals were to relieve the dire housing shortage, to modernise the housing stock and to raise overall standards of living. This would be achieved through a combination of new building, eliminating substandard units, and upgrading some of the better-quality stock. The attitude towards the poorest quality dwellings was to channel private investment to demolish these areas and to decentralise the population by relocating existing residents towards suburban districts.

In the context of housing and land reforms, market-orientated mechanisms were quickly introduced to achieve these goals. The local government was a key facilitator in the process. As emphasised by Fulong Wu (2007: 18), Chinese cities came to be characterised by a "combination of strong state intervention and radical market orientation, in which state intervention is moving away from redistribution to supporting the market by putting in place relevant conditions." Due to the peculiar socialist legacy, local governments in China monopolised the primary land market and retained a high share of ownership of housing. It thus played a crucial role in the housing renewal process by contributing the essential resources of land, land-use regulation, the power of eminent domain and financial subsidies, whilst the private sector provided much of the capital for development. Because capital was a critical resource for growth, local governments became proactive to attract investment and to work with the private sector. They offered preferential taxes and exemptions in their jurisdictions and fostered more efficient and business-friendly governments (Wu, 2007).

8.4.2 Facilitating growth via property-development

As recognised by several authors (e.g. Wu and He, 2005; He, 2007), property-led redevelopment provided a practical and expedient strategy to attract and channel large quantities of capital to redevelop decaying neighbourhoods, to modernise the image of cities, and to rationalise land-uses. Real estate is a significant contributor to the urban economy and thus on its own is sufficient as a justified realm for the public sector to promote. Where land-leasing premiums are not exempted, the local government can derive substantial direct revenues from leasing land-use rights to developers. Subsequently, district governments can also expect to extract taxes from businesses activities attracted to any newly developed commercial premises.

Thus, property-led redevelopment quickly became a dominant urban growth strategy. During the 1990s, the local government spearheaded property-led redevelopment to eliminate 3.65 million m² of designated slum housing. It provided a plethora of positive inducements for developers which included reduced or exempted land-leasing premiums, density concessions and administrative costs. Similar policies were extended into the New Round of Urban Renewal (NRUR) in the period 2001-2010. While the municipal government set the overall agendas, targets and made available relevant subsidies, district governments were given the role of designating specific sites for renewal, attracting private investment, and facilitating specific redevelopment projects. As discussed by He (2007), by assembling land and facilitating relocation, municipal and district authorities in concert helped resolve the problem of fragmented property rights and free up land for development. The practice of subsidised land transactions from the government to enterprises was seen to give tremendous advantages to the private sector, and created the basis for windfall profits (Zhu, 1999).

The redevelopment of Taipingqiao area was an illustrative case which was driven by a clear economic growth agenda: to facilitate the development of Luwan district by expanding an existing commercial centre - Huaihai Road. Accordingly, the old neighbourhood was restructured into a new mixed-use district comprising luxury housing, top quality office developments as well as an upmarket tourism and entertainment centre (Xintiandi). Low-income residents were excluded from the new developments. The district helped seal a deal with Hong-Kong based developer Shui-On Group and facilitate the relocation process of all existing occupants. Under the New Round of Urban Renewal, land transactions did not need to go through

public auctions but could be negotiated at reduced costs. The municipality provided two new underground metro stations to service the site and half of the finances for Taipingqiao Park.

Yet as property-led redevelopment facilitated private capital accumulation, resettlement and compensation of residents was always an integral requirement. This undeniably carried a significant social purpose. The government saw it as a major responsibility to help resettle households living in over-crowded or substandard conditions into larger, self-sufficient flats and apartments. In the 1990s, replacement housing (in-kind compensation) was the predominant mechanism. After 2001, cash compensation became more prevalent to in-kind compensation. While displacement was in numerous ways crude as a 'solution', it was seen by officials as the most feasible way of enhancing the housing standards of large numbers of citizens with limited public investment. To complement this process, large amounts of affordable housing was built on cheaper land in districts such as Pudong, Minhang, Baoshan, Songjiang and Jiading – most of which were envisioned to eventually become new towns situated between 30-40 km² from the city centre (see Chapter 4).

8.4.3 Community-retention and housing renewal

Property-led redevelopment highlights the 'growth-seeking' nature of the authoritarian local state in urban China. Nevertheless varying approaches to growth were pursued. The community-retention model serves a physical modernisation agenda, but is more resident-oriented rather than concerned with revenue-generation. Its main purpose is to improve urban housing standards and arguably to boost political legitimacy by appealing to the communities who receive its preferential terms. The public sector usually allocates the land plot at an exempted or reduced cost to the property developer, and can provide subsidies or low-cost loans. There is little direct revenue generating potential for the local state. Sitting tenants are the intended beneficiaries who are offered the right to purchase renewed units at a discounted price at the time of resettlement, and their contributions are also used help finance the renewal process. Property developers provide the rest of the financing required, and are usually allowed to build a certain amount of market-price units which can be sold to cross-subsidise on-site resettlement and yield a profit.

It is important to note that this model has been a complementary, although less prominent, aspect of Shanghai's housing renewal. It provides evidence of the local government attempting to incorporate some social welfare concerns within the constraints of a more market-oriented and pro-growth policy framework.

8.4.4 *Historic conservation*

Throughout the 1990s historic conservation was a relatively marginal concern in the redevelopment process. Conservation planning was for the most part poorly understood by local officials, planners, and development controls were vaguely established. However, selective conservation was becoming a significant political issue in Shanghai by the 2000s, alongside increasing acceptance of heritage as a valuable asset both for place-making and for capital accumulation purposes. The local government has designated 12 historic conservation areas, more than 600 listed sites, developed a legislative basis for conservation, and taken greater care in the planning of conservation areas. The adaptive re-use of industrial or residential heritage - a relatively common part of post-industrial urban revitalisation in the West - has also become a recognised approach in China. However, there are still no financial instruments or subsidies to promote the restoration or renovation of historic buildings, and the process has largely been relegated to the actors in the market – who often take the lead in initiating conservation.

Both the Taikang Road (TT) and Taipingqiao (TPQ) case studies represent well-known, if still rare examples of privately funded historic conservation in Shanghai. They show that historic conservation may be pursued either as part of property-led redevelopment, or a more decentralised and individual-led process. In Taipingqiao's 'Xintiandi' development, historic housing was conserved as an attractive and nostalgic setting for leisure and consumption. It was an integrated part of a much larger property development strategy. Its popular success helped redefine the image of the entire neighbourhood and consolidate the area's appeal as a locale of high-end consumption, business and living. As illustrated by the case of TT, the bottom-up rehabilitation model is expedient for the local state, because it requires little public resources to achieve historic conservation and housing renewal.

Bottom-up rehabilitation may contravene with existing urban plans and may be an illegal process in some neighbourhoods, as seen in the case of TT. This means that the government may be inclined to choose to proceed with demolition in order to

realise its urban planning objectives. However, the rehabilitation process presented itself as an easy way for the government to capitalise on culture, and to revitalise run-down housing with limited direct investment. Given that no formal relocation procedures are involved, bottom-up renewal also relieves the state of the complex responsibility of mediating the resident resettlement process, which is socially conflictive. This was eventually seen as an attractive alternative then in the eyes of local officials. The government thus provided a relatively relaxed regulatory environment for illegal conversions and business influx to take place. Social objectives were not necessarily part of the initial motivations, although when benefits to some residents became apparent these became a way for local officials to justify the continued transformation of the neighbourhood.

Both case studies also demonstrate that there exists considerable demand for the 'heritage experience' (Hewison, 1987) from a range of local consumers and international visitors, and that restored heritage environments could help foster a unique identity, attract businesses and visitors, and potentially raise the exchange value of a neighbourhood. Rather than being based on a concept of community retention however, it was apparent that historic buildings with recognised aesthetic or cultural value have predominantly been converted for higher-value uses such as retail, dining and tourism, involving considerable displacement.

8.4.5 Market regulation and 'balanced development'

Asides from recognising the developmental role of the state, it is also important to consider its role in growth regulation and in addressing issues relating to social equity. Although the role of the central government was not apparent in the case studies, it is important here to acknowledge its efforts as a macro-regulator, and its bearings on local policies (Zhang, 2002; He and Wu, 2005). After two decades of pursuing a 'growth-first' strategy, the national leaders Hu Jintao and Wen Jiabao increasingly advocated a different approach in the 2000s. As Premier Wen stated in a speech to the Central Party School in early 2003, the new approach to development should mean "economic and social development that are comprehensive, well-coordinated, and sustainable", and that which has the welfare of human beings in mind (cited in Lam, 2006: 42).

A major initiative developed by the CCP leadership by this time was building "a harmonious society". This is meant to feature "socialist democracy, rule by law,

equity, justice, sincerity, amity and vitality." These became key themes in the Fifth Plenary Session of the Central Committee in October 2005, as well as the Eleventh Five-Year Plan (2006-2010). In accordance with these concepts, the leadership have vowed to "adequately mediate among the interest relationships of various sectors, and to correctly handle inner contradictions within the people" (cited in Lam 2006: 251-2).

As identified by Wang (2004:145), maintaining both economic growth and social stability were increasingly the two top priorities of the Communist Party leadership. More effective regulation of the urban development process was deemed necessary to achieve these aims. Officials at different levels were given instructions since 2004 that they must not try to out-do each other with superficial signs of prosperity. Cadres would be assessed not only by producing high levels of GDP or attracting investment, but by various other criteria including generating employment, lowering the wealth divide, ensuring stability, environmental sustainability and promoting effective rule by law (Lam, 2006: 44).

The centre has made efforts to address the widespread housing affordability crisis which particularly affected major cities such as Beijing and Shanghai. Between 2003 and 2007, successive macro-regulations were rolled out to prevent excessive speculative behaviour and overheating of the market. This included policies to restrict loans from state-owned banks for property development, to limit land provision and construction volume in cities (Wu et al, 2007; Yin and Zhang, 2007). Although they did not necessarily have the intended effect at the local level, nor did they radically alter the politics of urban development, they do indicate the interests of the central government to ensure more balanced development in the long term through fiscal and policy interventions.

Important shifts in local housing policies were also occurring by the late 2000s, signalling greater concern for growth control and for expanding the housing choice of lower-income groups. The new principles of urban development advocated well-balanced development, for example between cities and villages, between different regions, and between economic growth and social welfare (Lam, 2006). In October 2006, the Shanghai Municipal Government published the "*Shanghai City Housing Construction Plan (2006-2010)*".²⁷ Reflecting on the imbalances of earlier periods of

²⁷ <http://www.sh.gov.cn/shanghai/node2314/node2319/node12344/userobject26ai8616.html>. Last

development, particular emphasis was made by this time to resolve the practical housing problems and needs of low-income and mid-low income households. A key emphasis was to promote a more balanced housing supply structure, by enlarging the supply of 'ordinary commodity housing' (*putong shangping zhufang*) rather than luxury housing. It has since been regulated that small and medium sized units of not more than 90 m² in floor area must comprise not less than 70% of the overall housing supply (SMG, 2006)

The central government has also continued to reform the overall housing system in order to widen the housing opportunities for low-income groups. In August 2007, the State Council issued the document "*Several Opinions of the State Council on Settling the Housing Problem of Low-income Families in Urban Areas*".²⁸ This emphasised the need for cities and towns to expand low-income rental housing provision so as to help resolve the housing problems of some 7.5 million disadvantaged urban households. It marked a significant milestone in housing policy by recognising the importance of rental housing to complement the previous emphasis on home-ownership. In response to central government mandates, the local government has very recently developed the "*Shanghai City Development Plan for Resolving the Housing Problems of Low Income Households (2008-2012)*", which aimed to further modify the structure of housing supply by enlarging the supply of middle and low-cost, middle and small sized units. The plan for 2009 was to initiate the construction of 4 million m² of affordable housing and 4 million m² of housing for relocation purposes (*peitao shangpingfang*) - which together was to constitute 45% of the new housing supply.

8.4.6 A multi-faced role of the local state

These findings suggest that local state's role in housing renewal since 1990 was evolving, and increasingly multi-faceted. As recognised by most authors, the local state was largely and consistently driven by the agendas of physical modernisation and economic growth. Local officials acted to promote higher living standards and economic growth through redevelopment and even historic conservation (He and Wu, 2005; Zhang, 2002). While local state intervention has been significant and efficient in areas of greatest growth potential, resources and effectiveness have

accessed 15 November 2009

²⁸ http://www.gov.cn/ziliao/flfg/2007-11/27/content_816644.htm, last accessed December 22, 2008

been more limited in the realm of efforts to alleviate the conditions and demands of the poor. Yet, a more nuanced reading acknowledges that within the constraints of its pro-growth orientation and market-oriented policies, the local state has developed some socially-oriented renewal programmes, and emerging measures to ensure better market regulation and greater housing equity. Whereas these were relatively minor components in the 1990s, they have become more significant and visible by the late-2000s. A part of this may be considered rhetoric, and it would be challenging to put these agendas into practice. Nevertheless, these measures signalled a shift from a "growth-first" mode of entrepreneurial governance to a more socially responsible mode of entrepreneurialism, one where issues of equity and social harmony are considered integral aspects of competitiveness. The central government has made some impact in this transformation through its political direction, its reform policies and macro-regulation measures.

8.5 The growth-coalition in Shanghai

8.5.1 *Public-private relations in housing renewal*

This section examines how the local state pursued its objectives by working with the private sector. Hall and Hubbard (1998) characterised urban entrepreneurialism through two basic characteristics: a political prioritisation of pro-growth local economic development rather than social redistribution, and secondly, the embrace of 'partnerships' or 'coalitions' with the private sector. In order to achieve its ambitious and multi-faceted agendas in urban housing renewal, the local state in Shanghai has also had to act in conjunction with a range of private sector actors.

In line with the argument of Logan and Molotch (1987), Chinese scholars have argued that the search for financial gain from intensifying land came to occupy a core part the urban development process in urban China. In this view, a pro-growth political climate and favourable policies have bound local officials, local businesses and incoming foreign capital into an informal urban coalition – particularly in the arena of land and property development. Thus, elite enterprises together with the public sector largely orchestrated urban development, commodifying places and extracting values with limited opposition. Involving displacement as a central mechanism, the growth coalition is seen to have politically and spatially excluded large segments of local communities (He and Wu, 2005; Zhang and Fang, 2004). A

key insight from this study is that while the above view captures general trends, it is useful to move away from a monolithic conception of the growth coalition in order to account for local variations or different models of renewal.

Table 8.4: Public-private relations in the case studies

	Taipingqiao area (TPQ)	New Fukangli (NFKL)	Taikang Road (TT)
Delivery organisation	Private-funding, with public sector support, in multiple phases	Public leadership, private financing and some resident involvement, in two phases	Market-led, by individual investors, in an 'organic' process
Principal developer	Shui-On Land – a private developer from Hong Kong. Publicly listed company by 2004	JingAn Property Holdings Ltd – a state-owned, quasi-governmental property developer	Various small businesses and investors from China and abroad
Other supporting institutions	Banks, architectural firms, local architectural design institute	State-owned architectural design company	Shanghai Academy of Social Sciences (helped support area conservation)
Developer's relationship with local government	Chairman has well-developed social networks with city leaders, and increasing integration into political institutions	Formed out of local housing bureau, and retained administrative links. Often received projects by appointment	No apparent relationship or communications
Developer's role in design or planning	Provided detail development plan for Taipingqiao area, with approval from urban planning bureau	Provided detail design for the project, in negotiation with housing and urban planning bureau	No role in influencing area-planning, but responsible for renovating individual properties
Preferential policies for developer(s)	Negotiated land-transactions, infrastructural provision for the site, and subsidies for Taipingqiao Park	100 million yuan low-interest loan, land leasing fee exemption, building density concessions	No subsidies or preferential policies.
Key regulations and requirements imposed on developer(s)	That heritage listings must be protected; that maximum FAR must not exceed 4.0; that relocated urban households be compensated in accordance with official guidelines	That the development must be aimed towards onsite resettlement of existing households; that maximum FAR does not exceed 2.8; that relocated urban households be compensated in accordance with official guidelines	No official planning regulations were imposed

Source: author's analysis

Table 8.4 (previous page) summarises the public-private agency relationships in the three case studies examined. Although the local government overall acted to channel, attract and 'smooth' the flow of private investment into the built environment by removing various supply-side constraints, there were different actors and institutional relations at work. Large property enterprises were sought as partners in property-led redevelopment, individual gentrifiers were allowed to rehabilitate some historic neighbourhoods, and quasi-governmental enterprises were usually engaged to deliver socially oriented projects in the community-retention model.

8.5.2 Partnering with real estate developers

A close collaborative public-private relation underpins both the property-led redevelopment and the community retention models. This was apparent in the Taipingqiao and New Fukangli projects. While the local state provides the overarching policies, land, and the authority for relocation, property developers were crucial partners in planning, financing and implementation. The property-led redevelopment model is predominantly financed by the private sector, though self-raised capital, loans, and/or even presale. Residents are not expected to input finances, but are compensated for their resettlement.

In contrast, the community retention model utilises a mix of financing from the public sector (usually housing bureaux), property developers as well as residents. However, property developers are still expected to provide much of the financing. They are usually allowed to build a certain amount of market-price units which can be sold to cross-subsidise on-site resettlement and yield a profit. In both models, the renewal process tends to involve a range of other players including professional design consultants, banks, and other property investors, all of whom work as part of the urban growth coalition.

Close working in the planning stages of renewal has been a feature of the public-private relationship in Shanghai. Urban master planning is a key responsibility of the local government alongside its role as managers of urban land. However, detailed planning of specific areas was often carried out between property developers and the local government, with the support of various architectural and planning consultants. For example, detailed plans for the 52-hectare Taipingqiao area was largely prepared by the developer. Negotiations within the public-private partnership

shaped the overall renewal strategy and the spatial form of neighbourhoods.

While the local government increasingly places restrictions on building density, architectural quality, the protection of any listed buildings, and the standards of compensation, many site planning and design decisions were left to developers. Various positive inducements were provided to elicit the investment of property developers, but at the same time, compensation to sitting tenants was always a requirement. In relocation, households had to be compensated in accordance with the prevailing standards set by the government, and in relation to the market-price of properties demolished. In the community-retention model, affordable housing must be made available on-site for original households. In other words, the government extracts various quid pro quos in the public interest while ensuring private sector profitability. In fact the requirement for proper compensation is a formidable part of development costs, and increasingly challenges the profit margins feasible in redevelopment.

Beyond these formal arrangements, both the NFKL and TPQ cases also highlight enduring formal or informal relations between property developers and the local government that seem to underpin successful partnership arrangements. Zhang (2002) has argued that compared to countries such as the U.S the Chinese political system is more autonomous from business influence because local officials are appointed by the Communist Party centrally, and are exempt from processes such as business sponsorship. While this is true, it is also important to remember that China remains a country where '*guanxi*' - personal relationships based on long-term reciprocities are the key to get things done (Friedmann, 2005: 123). Businesses often hold close formal or informal social connections with local officials, which can reinforce a privileged position in negotiating deals, accessing land and forming partnerships with the local government.

It is important to note that most property developers at the outset were state-owned enterprises. They were set up by the government for taking up the function of comprehensive urban development and realising the urban master plans for the local governments. Some were subordinate organisations and quasi-government enterprises set up by local government bureau or central government ministries. Their corporate mission and personnel arrangements were linked to local authorities, though they were increasingly required to be self-financing in their operations. Current or retired officials often occupied key posts between their 'parent' institutions

and these enterprises.

This was evident in the case of New Fukangli, whose principal developer was formed out of the JingAn district housing bureau and has since become one of the top 10 property development enterprises in Shanghai. Its company director was a member of the local People's Congress, which provides opinions and feedback to the municipal government regarding local policy-making. A combination of favourable government support and profitable market circumstances sustained the rapid expansion of these developers, which included cheap land grants, soft-budgetary constraints, and other state subsidies.

Because local officials were interested in attracting capital investment, private enterprises also increasingly built up strong networks with government officials by collaborating over urban development projects. In the Taipingqiao redevelopment project, the principal developer Shui-On Group was well networked with senior local officials including the city Mayor. This social base provided the company with a privileged position to negotiate deals. It was at least in part an important basis by which Shui-On – at the time a small property developer - could acquire the sole development rights to a very large area in a prime location.

Business leaders have been actively incorporated into various formal political institutions as privileged representatives of society. Over time, there was evidence that Shui-On's commercial success as a developer consolidated its position as an elite business. Its top company officials became incorporated into the machinery of government, and were representatives of political institutions including the National Committee of the Chinese People's Political Consultative Conference, and the National People's Congress. They also occupied key positions in various non-governmental interest groups including the Chamber of International Commerce in Shanghai. Although there was insufficient information to understand what issues these actors were able to influence in these positions and how, it should be recognised that elite businesses were becoming well-represented in economic affairs and in the policy-making process both nationally and locally.

The relationship between public and private elites reflects changes in the post-reform society. Ya Ping Wang (2004: 42) has argued that at the top of the social hierarchy in post-reform China is a 'new rich class' which includes senior government and party leaders, managers of state owned-enterprises, as well as

owners and managers of private businesses - capitalists who were now ironically invited to join the Communist Party. Though this remains a small group in proportional terms, their dominance in economic, social and political affairs should be recognised. In the process of urban development, resource-rich businesses have not only been materially supported to make investments, but with political representation which could further their capacity to participate in pro-growth endeavours.

8.5.3 Quasi-governmental enterprises: a dual role

While mutual interest in growth amongst property developers and the local government have been well acknowledged in the recent literature, it would be too simplistic to see it as the only basis for public-private collaboration. As demonstrated by the NFKL case study, quasi-governmental real estate enterprises assume a rather more complex role in urban development and should be distinguished from other private developers. On the one hand, the purpose of their establishment was in part to separate commercial functions from the state and for them to become financially independent enterprises. They are profit-seeking enterprises and have indeed been key actors in speculative redevelopment (Duckett, 1996; Zhang and Fang, 2004).

On the other hand, many operated in accordance with various bureaucratic instructions rather than merely market considerations. They often carried a basis of a dual mission – to carry out normal profit-seeking functions, as well as to satisfy various responsibilities set by their superior public authorities. This meant being assigned various socially-oriented projects with limited or sometimes no profit potential – such as housing rehabilitation or affordable housing construction. Indeed, quasi-governmental enterprises are usually the developers assigned to carry out the community-retention renewal model. There is a lack of detailed data to quantify how many property developers behave in this capacity, and what share of their operations have been socially-oriented endeavours. However, the expanding scale of socially-oriented housing rehabilitation indicates their pervasive and persistent role working with local authorities. This institutional relation is crucial to explaining how local governments can deliver certain policies and plans that are unlikely to be delivered by 'the market'. Thus in NFKL, the local state was able to impose significant restrictions regarding on-site resettlement of residents and to ensure that the developer provided affordable units that for sitting tenants.

The limitation here is that the community-retention is more difficult to sustain financially. It yields limited profit, is sometimes financially risky for developers, and needs to be supported by considerable public subsidies, loans or free land allocation. Thus, the government is cautious and somewhat unwilling to promote it as the dominant approach. This may also be because some quasi-governmental enterprises function as 'cash cows' who offer important incomes for government departments and bureaux (Duckett, 1996), and so local authorities are unwilling to require them to carry out excessive loss-making ventures. Thus socially-oriented renewal has so far been pursued in a more circumscribed extent, in neighbourhoods and projects that would not pose significant financial losses.

8.5.4 Grass-roots actors and housing renewal

While property developers were institutionally advantaged actors to participate in housing renewal, this study also identified the significance of bottom-up rehabilitation. This process echoes the widespread experience of gentrification in western cities (Smith and Williams, 1986; Ley, 1996; Atkinson and Bridge, 2005), though they have only been sporadic in Chinese cities. It is an emerging, and rarely acknowledged phenomenon.

One example examined was the rehabilitation of Taikang Road Tianzifang neighbourhood. Here it was an informal 'conservation coalition' comprising sub-district officials, artists, small businesses, creative firms, and many local residents who led a process of informal piecemeal upgrading. On the ground, various individuals and small businesses were responsible for the renovation of industrial and residential spaces. Although this was to some extent supported by the Street Office, they had little direct interaction with local authorities, and were not supported in the way of preferential policies apart from enjoying a relaxed regulatory environment. Suffice to say, with increasing marketisation, housing renewal was no longer entirely monopolised by the public sector and specialist property enterprises.

One way to view this phenomenon is that so long as the government continues to centralise political power, control urban planning process and retain land ownership, these incidences are likely to be rare and feasible only when they advance the development interests of the state. On the other hand, it is important to bear in mind its deeper significance. Heightened individual autonomy in cities - notably with respects to the moneyed middle class in society - may increasingly come to assert

themselves directly or indirectly in the shaping of Chinese cities.

Though Taikang Road was a rare case involving illegal conversions of public housing, entirely legal processes of gentrification has also taken off in neighbourhoods where private ownership was more prevalent. As pointed out by the international experience, gentrification is most likely to take place in areas with spacious, aesthetic housing stock and good urban amenities (Shaw, 2005; Beauregard, 1986). Various historic neighbourhoods in Shanghai characterised by higher quality historic dwellings – ‘garden villas’ or new-style lilong housing – have since the late 1990s been subject to gentrification by wealthy households. The process could be found in several inner city districts such as Xuhui, JingAn and Changning – corresponding to the former International and French Concessions.

The rarity and architectural value of these properties – increasingly protected by Shanghai’s conservation system - meant that they now occupied the top end of the local housing market. High demand for these dwellings as places to live in or as aesthetic commercial premises considerably pushed up their value as properties and led to commercial conversion and gentrification. Like in Taikang Road, individual investors rather than large property development enterprises have often played a key role in these instances.

They also often involved a proactive role of the local residents as landlords or home-owners providing the housing supply, whether in a formal or informal capacity. As Logan and Molotch (1987) suggested, community groups are sometimes active participants and supporters of land-use intensification and gentrification. When conditions are right, those in the position to gain from the exchange value of their properties may help carry it along. In one sense, market-led rather than state-initiated rehabilitation was more inclusive of local residents than planned redevelopment. Fortunate landlords or home-owners in gentrifying areas may be able to significantly improve their financial status and move up the housing ladder as property prices become inflated.

The Taikang Road case suggested that the combined reinvestment activities of individuals can pose an alternative force of neighbourhood change, when they provoke support from public officials, the media and the wider society. Similar to the experience in other countries (Smith and Williams, 1986; Smith, 2002), ‘spontaneous gentrification’ is often welcomed by local authorities – both in

designated conservation areas as well as in other areas neglected by official redevelopment plans. It was an expedient phenomenon for local governments and understood to be crucial to its interests in preserving architectural heritage. By changing public perceptions of certain neighbourhoods, for example regarding their aesthetic, cultural or economic value, and gaining support from local officials, bottom-up gentrification can potentially influence urban planning decisions.

8.5.5 *Differentiating the growth-coalition*

Looking across the range of public-private relations underlying housing renewal in Shanghai, a key insight is that it is important to move away from a monolithic conception of China's growth coalition. It is clear that the local government acts as an entrepreneur to promote the physical and functional restructuring of the city in partnership with the private sector. Beyond supporting private accumulation, the local state plays an increasing role in market regulation and in addressing overall imbalances in the urban housing supply. The growth-coalition however was also not homogenous. It included different relationships amongst the local state, private and quasi-governmental sectors, which formulate across different places and under different policy agendas. These intricacies require us to look beyond the concept of a coherent growth coalition predicated on maximising growth and wealth accumulation, and to pay attention to the emerging role of grass-roots investors in influencing the fates of some neighbourhoods.

8.6 Local residents and the growth-coalition

8.6.1 *The relocation of residents*

After reviewing the nature of public-private relations in housing renewal, this section scrutinises the implications of forced resident relocation and the complex relationship between residents and the state. David Harvey (1989) long highlighted that entrepreneurial strategies could be a source of urban divisions and instability when they become an excuse for extracting and enhancing of property values, rather than the amelioration of the conditions of the city. In Shanghai, the need to generate profit via property development generated conflict with the use-value of numerous older neighbourhoods. Residents have been excluded from decision making, and have been subject to immense pressures of displacement. Most scholars thus interpreted communities as essentially excluded actors in Chinese

urban redevelopment (He and Wu, 2005; Zhang, 2002; Zhang and Fang, 2004). In one view, “residents [are] virtually shut out of the redevelopment decision-making process” and “local officials [do] not need to care about or be responsible to the residents, as [they are] appointed by upper level governments rather than elected” (Zhang and Fang, 2004: 294).

All three case studies involved the relocation of at least some existing residents, albeit to different degrees and through different mechanisms. In the redevelopment of Taipingqiao area, no provisions were made to re-house any of the 70,000 inhabitants and 800 work units back in the original neighbourhood. Relocation was enacted in line with phases of development corresponding to the investment strategies of the developer. In New Fukangli, the local government supported on-site resettlement. This was largely popular with better off household, and minimised the social disruptions of displacement. Nevertheless the cost implications meant that many poorer households could not afford the option. In contrast, piecemeal rehabilitation as seen in Taikang Road was based on a process of 'voluntary relocation'. Original tenants transferred their housing rights for additional income, as a basis for a move up the housing ladder. These residents were able to act in an autonomous manner in their self-interest, and there was no pressure of planned relocation. Thus, voluntary relocation was relatively popular, for those who were faced with the opportunity. Nevertheless rising prices associated with gentrification inevitably led to some pressures of displacement upon private tenants, including numerous migrants.

In comparison to voluntary relocation and onsite resettlement which were relatively popular with residents, the social cost of involuntary relocation has been visibly more pronounced and politically sensitive. Whether or not involuntary relocation was overall beneficial for the residents was a highly subjective matter. In each case study some interviewees did regard the process as a positive one, because it was a tangible channel for improving urban residents' living conditions. While private tenants were not eligible for compensation officially, residents with ownership or public tenancy rights were entitled to proper resettlement and compensation.

In general residents could expect to resolve problems such as crowding, lack of facilities, or physical decay. They could expect to move into more modern forms of flats or apartments, more spacious units, with better privacy. They would also have the rare opportunity to become home-owners. Thus, a survey of relocated

households in Shanghai in 2001 suggested that more than a quarter of residents displaced from real estate schemes expressed satisfaction (25.8%) or high satisfaction (4.3%) with the outcomes, while about half (52.7%) were overall neutral about the outcomes – perhaps acknowledging a mixture of benefits and costs (Wu, 2004).

Nevertheless, relocation was also often perceived as an oppressive practice that did not take into consideration the real needs and preferences of citizens. The findings in this study reinforce that of other recent studies (Wu, 2004; He and Wu, 2007; Shin, 2007). They demonstrate that relocation could be a process of marginalisation. While it resolves some apparent physical housing problems, it can introduce new dimensions of inequality and disadvantage. Residents had no say in what constitutes 'fair compensation'. This has been determined in a top-down manner between developers and the government. Communities facing redevelopment comprised a mix of urban and rural status, formal and informal tenancy. Migrants were in many ways the most disadvantaged. As informal tenants with no property rights they had no entitlement to compensation and must find alternative accommodation themselves. There has been no formal record of their resettlement outcomes. The power relationship underlying relocation has also been asymmetric, and at times oppressive. The government maintains the right to pursue forced relocation if residents do not move out after a certain amount of time. Relocation staff sometimes resorted to harassment and even violence to enforce the speedy compliance of residents. They sometimes withheld rightful compensation from residents to increase their own profits, because residents were not properly informed of compensation standards.

Their lack of choice to 'stay-put' was evidently problematic. Many families felt relatively satisfied and attached to where they lived, and had little desire for moving. Many were concerned about losing their existing social ties, becoming more socially isolated, and being disconnected from places they have become deeply connected with. Many obstacles existed for residents to attain a satisfactory relocation experience. While owners and public tenants were generally assured of compensation, resettlement housing tended to be located in distant, poorly connected suburban areas, while monetary payment has often been insufficient to allow them to move to a neighbourhood of choice within the city. Thus, residents voiced considerable concerns that relocation would bring about additional living difficulties - such as living in an inconvenient and less accessible location, facing

high commuting costs, and losing access to quality schools and healthcare. Regardless of the objective gains they may derive in relocating, they may face great difficulties adjusting to all of these changes.

Monetised relocation mechanisms, which prevailed across China after 2001, tended also to reinforce socio-spatial differentiation, by sorting the poor out to cheaper urban locations. As discussed by He and Wu (2007) residents' capacity to resettle themselves was significantly contingent on their individual socio-economic status. Affluent families who had already moved out of their dilapidated homes benefited the most by reaping in cash compensation. Poor families were inevitably the most constrained in their re-housing choice. In the short term as some quantities of deteriorated housing still remained circulating in the market, some residents have been able to rent or purchase these dwellings. This allowed some of them to protect themselves from the adverse effects of a move to peripheral locations. However with continuous demolition, affordable older housing is a rapidly depleting resource. However, all the residents interviewed felt that they had too little means to resist. At most, some suggested that they may resort to squatting to slow down redevelopment and to bargain for higher pay-offs.

8.6.2 Grassroots resistance and the state

While the case studies overall demonstrated substantial government authority to enforce resident compliance, there is additional evidence to suggest that the state-community relationship has been more dynamic. Some citizens have taken more aggressive action to voice their discontent, and in response to these, the state has acted with care to grant certain concessions and to appease social conflict.

Lack of right to stay put in their neighbourhoods, insufficient compensation, lack of clear compensation standards, and oppressive relocation tactics have all fuelled profound discontent among residents. Although relevant data is scarce, it has been noted that residents have organised protests, petitions and class-action suits against developers and even local governments (Zhang and Fang, 2004). For example in Shanghai there were a total of 285 petitions with 172 collective petitions regarding relocation in 2002 alone (He and Biddulph, 2006). The U.S Congressional-Executive Commission on China (CECC), which monitors human rights issues, also

records numerous incidents.²⁹ In January 2003 a group of 132 residents upset at being evicted from their homes protested in front of municipal government buildings in Shanghai. In August, 2003, residents of Jingan District residents filed a lawsuit against a property developer Zhou Zhengyi, alleging that the eviction of the residents from their homes had been unlawful.

Citizen resistance was a nation-wide, rather than a local phenomenon. From January to July 1995 alone a total of 3,151 people registered 163 collective complaints about housing redevelopment projects with the Beijing Municipal Government (Wang 1996, 35, cited in Zhang and Fang, 2004). In September 2003, a 45-year-old peasant from Anhui, committed self-immolation in public in Beijing to protest his forced eviction. In November 2003, a group of 40 protesters from Qingdao (Shandong province) sat in front of Zhongnanhai in Beijing to protest their unlawful eviction. In May 2004 a total of 400 residents in Shenzhen protested the demolition of their homes in front of the proposed site and then took a hostage. Many incidents are never publicly reported, and the number of actual incidents is very likely much higher than reflected in media reports. Most protestors are normally detained by the police and their grievances barred (CECC, 2005). Nevertheless, cumulatively, these have come to be regarded by the authorities as a major problem and a crucial nexus for managing social and economic development.

In response to growing tensions the central government has since 2003 set in place efforts to promote higher compensation, more transparent relocation procedures and to ensure more emphasis on affordable housing construction. Especially under the principles of well-balanced development in the Eleventh Five-Year Plan (2006-2010), levels of government have devoted more resources to resolving conflicts and lessening the difficulties of vulnerable groups (*ruoshi tuanti*) in society. Notably this included the willingness to handle and appease complaints and grievances voiced by the masses (Lam, 2006). Chapter 5 showed that relocation policies have been constantly evolving. Since 2005, Shanghai implemented measures to enhance the transparency of compensation, to control the rate of commercial development, to outlaw oppressive relocation tactics, and to ensure an adequate supply of resettlement housing is always available. In other words, relocation was not a story of one-sided top-down determination, but a dynamic arena of conflict resolution. In

²⁹ <http://www.cecc.gov/pages/virtualAcad/rol/forcedevictionchart.php>, Last accessed 14 December 2009

the 11th five-year plan period a key task was to focus on affordable housing construction to keep up with the diverse demands of relocated households. New policies also stressed that relocation housing needed to be better designed and integrated with public transport, in particular the metro system, so as to enhance the convenience of residents' everyday lives (SMG, 2006). These represented some concrete actions taken to diffuse widespread social discontent and to ensure better incorporation of social interests in urban redevelopment.

Reflecting upon these changes, Ren (2008: 41) recently argued that the growth coalition should be seen to be "under constant challenges from community residents". In his view, residents actions such as squatting, petitions and protests can be effective forms of informal resistance that have "significantly changed the pace of urban development [projects], and forced the state to change its response to resettlement issues" (ibid: 40). A different, more accurate view is that indeed resident resistance do matter and can cumulatively and over time influence the policies of the state. However its capacity for influence remains limited. The above changes in policy were not major victories to the grassroots. Instead they were 'small concessions' intended to appease local discontent while sustaining the established model of urban growth.

Power and resources remain concentrated in the growth coalition, and policies remains firmly committed to substantial relocation. The call for greater transparency in relocation did not mean that residents would be given opportunities to converse with local authorities or to influence development plans, only that they would be better assured of their entitlements. The locations of affordable housing to be built for the poor were still far from desirable. *The "Shanghai City Housing Construction Plan for 2006-2010"* (SMG, 2006) identified several key sites for relocation housing: Gucun area in Baoshan district, Jiangqiao area in Jiading district, Caolu area in Pudong district, Kangqiao area in Nanhui district and Pujiang area in Minhang district. All of these were peripheral areas generally more than 30 km from of the city centre. Transport infrastructures and living amenities are yet to be developed.

The weak position of grassroots actors can be understood in relation to underlying economic and political factors. In liberal democracies public elections, political grass-roots groups and the disabling effects of social movements constitute important political forces that can influence state policies and to demand changes from the local government (Fainstein, 1987; Mollenkopf, 1983). Thus, in countries

such as the U.S and the UK, governments have been pressured to significantly alter or discontinue their major demolition programmes, and to promote 'genuine' citizen participation (Teaford 2000; Gibson and Langstaff, 1982). In China however popular representation remained all but absent and civil society has not yet been allowed to claim a significant role in urban renewal (Friedmann, 2005). The division between those wishing for relocation and those who did not, coupled with the lack of resources, lack of democratic representation, and fear of state authority all prevented neighbourhoods from becoming a strong political force in urban change. Although citizen unrest can prompt the state to respond – an important issue in itself - the public sector's command power has not been fundamentally challenged. It could be said that the state has so far been effective in terms of setting in place measures of social control that appeased the majority and avoided mounting opposition.

8.7 Conclusion:

Housing renewal since 1990 has been a complex, multi-faceted process involving a range of actors and evolving institutions. This chapter demonstrates that the widely held conception of a monolithic growth coalition driving housing renewal overlooks the complexities of underlying social relations. To properly account for the socio-political dynamics underlying housing renewal post-reform Chinese cities such as Shanghai, greater attention needs to be given to the evolving, multi-faceted role of the local state, and to its varied inter-relations with society. A number of key findings are summarised here.

In the wake of administrative and fiscal decentralisation, the entrepreneurial local government has been a key actor promoting and regulating processes of housing renewal at urban level. The central government remains important only as a macro-regulator and in its steering of continued institutional reforms. At the local level, rapid economic growth and physical modernisation were key governing concerns. Accordingly, the local state has intervened most effectively and decisively in those areas conducive to economic growth and in producing the types of spaces and facilities serving large businesses and more affluent residents. As claimed by the growth-coalition literature, local officials, local businesses and incoming foreign capital have been bound into an informal coalition. Real estate development and planned relocation was a central set of mechanisms for housing renewal. The local state has been strategic in setting in place conditions to attract and sustain the

participation of the private sector as partners in urban redevelopment. Complex administrative and informal networks between real estate actors and the local government underpinned enduring partnership arrangements across a plethora of projects.

However it is necessary to move beyond a simplistic pro-growth characterisation of the state. The state at various levels acted also to sustain legitimacy in the eyes of less privileged citizens, and it has promoted some complementary housing initiatives aimed to appease inequality and to service lower-income urban citizens. The central government has enacted policies to promote the construction of affordable housing. It has also issued macro-policies to curb housing price inflation, albeit with limited effectiveness. At the local level, the municipal government has gradually expanded housing rehabilitation and redevelopment programmes supporting community retention, and it has in recent years stepped up regulation of the market to enhance housing access for lower-income groups. Apparently, the urban growth coalition was not internally 'homogeneous' or solely dedicated to profit maximisation. Various quasi-governmental enterprises played a crucial role delivering projects with apparent welfare agendas. These enterprises were curiously both profit-seeking and tied to the legitimating public functions of the state. Their operations, partly influenced by public authority, to some extent complemented the deficiencies of 'the market'.

As pointed out by the existing literature, tensions between the pursuit of modernisation and private profit with the use and conservation value of old neighbourhoods were apparent. Dilapidated housing targeted for demolition had some under-appreciated aesthetic, cultural and historical significance. Many were also relatively socially inclusive in terms of their central locations, established social bonds, and affordability for the poor. Large scale demolition incurred substantial cultural well as social costs, as older affordable housing was eliminated and the poor were moved, often involuntarily, towards the urban peripheries.

Adding to these insights, this study showed that 'counter-dynamics' to the redevelopment coalition have emerged, with varying impacts. Grass-root actors such as small businesses and individuals have revitalised some run-down neighbourhoods with perceived aesthetic or location value, sometimes with only limited government intervention. At times, coalitions of local officials, local institutions and the media may converge to mount a conservation movement for

specific neighbourhoods, and challenge redevelopment plans.

The study also highlighted that relocation was not merely a story of one-sided, top-down determination, as claimed in the growth coalition literature. The state-community relationship here has been more dynamic. As citizens have taken more aggressive action to voice their discontent, the state has had to act carefully to grant them certain concessions and to appease social conflict. Accordingly, there has been a shift towards more sophisticated measures to co-opt resident acceptance of redevelopment. Yet, the state has so far been effective in terms appeasing the majority and avoiding mounting opposition, without significantly altering existing models of development, without empowering residents, or indeed without significantly lowering the rate of displacement. These suggest that while grassroots activities do have some influence on urban policies, state authority remains a dominant force in on-going housing renewal. Chapter 9 concludes the research by evaluating the academic and policy implications of these findings.

9 Conclusions

9.1 Introduction

Socialist China was well known for the low quality of its urban housing. Associated with the country's long development history, many older cities inherited significant quantities of traditional housing with outdated amenities. The socialist housing system offered an unfavourable framework for sustaining housing quality. Under the economic principle of 'production first', and 'consumption' a distant second, the Chinese state consistently under-invested in housing provision and maintenance of the urban environment. As a result, by the 1970s Chinese cities were plagued by severe housing shortages, over-crowding, deficient infrastructures, and physical decay (Wang and Murie, 1996; Lee, 1998). However, it was shown that against the backdrop of market transition, administrative decentralisation and economic restructuring, a wave of housing renewal took off at a dizzying pace from the early 1990s.

This thesis intended to address both empirical and analytical shortcoming in the literature. China's urban housing problems and more recent efforts in housing redevelopment has become the subject of a growing body of research (e.g. He and Wu, 2005; Wang, 2004; Zhang and Fang, 2003, 2004; Shin, 2007; Tian and Wong, 2007). However, compared to the scale of operations carried out, the amount of research has been relatively small. Furthermore, while redevelopment has been the focus of most recent research, very few studies have examined housing renewal as a broader set of interventions. Consequently, relatively little is known about the evolving policies and practices concerning housing rehabilitation, historic conservation, or community retention, and how different approaches work together as part of China's endeavours to address housing problems. It was argued that a more holistic understanding of the topic must embrace these different components.

This thesis also raised analytical questions about the socio-political drivers behind housing renewal in post-reform China. In recent years, the "Chinese growth coalition" perspective has become a key approach to analyse the institutional features of urban redevelopment (Zhang and Fang, 2004; Zhang, 2002; Zhu, 1999; Fu, 2002b; He and Wu, 2005). This perspective, which has origins from the "urban

growth machine", "entrepreneurial city", and "urban regime theories" in western literature, asserts that urban redevelopment in post-reform China is driven by a growth coalition of public and private elites. Their quest to maximise economic growth through the intensification of land-use takes place at the cost of large-scale displacement of the poor. The perspective emphasises the primacy of "entrepreneurial" local government as a key driver of the coalition who provided the conditions for market-oriented development, and the political exclusion of "communities" in the urban redevelopment process.

Although this perspective has been widely accepted, it is still based on a limited number of studies. Chapters one and two of this thesis pointed out that some of its core assertions require further scrutiny. For example, the perspective assumes that both local government and property enterprises operate primarily in the interest of boosting local growth and wealth accumulation. This potentially overlooks the evolving "social" role of central and local government. It also appears to overlook the complex role of state-owned enterprises in fulfilling 'public' purposes, traditionally to the neglect of market rationality or profit-motivation. Whether growth should be considered the only government agenda in housing renewal, whether local enterprises are necessarily profit-seeking actors in the growth coalition, and to what extent urban citizens can impact policies are issues requiring further qualification. Given that the growth-coalition perspective has so far been developed through examination of urban redevelopment projects which involved significant displacement of residents, it is also important to evaluate the accuracy of its claims by examining other kinds of housing renewal interventions.

To provide a more holistic understanding of urban housing renewal in post-reform China, to assess the validity of the Chinese growth-coalition perspective, and to consider how it might otherwise be enhanced, this thesis examined two central questions:

- *How has Shanghai responded to the task of housing renewal – including redevelopment, historic conservation and rehabilitation - since 1990?*
- *Does the "Chinese growth coalition" perspective adequately capture the social and political dynamics of housing renewal in post-1990 Shanghai? If not, how can it be modified?*

Accordingly, the preceding chapters have examined the evolving policies and practices of urban housing renewal in Shanghai since 1990, with a particular focus on the renewal of older inner city housing. Adopting a broad approach, this study clarified the nature of urban housing problems in Shanghai, the governing agendas underlying housing renewal, the kinds of policies, interventions and organisational forms mobilised in the process, and the kinds of impacts these had on targeted neighbourhoods and communities.

The study was based on a mix-method approach including interviews, case studies and a range of secondary data. It drew on 21 interviews with local officials, real estate enterprises, urban planners and academics, 2 pilot case studies, 3 in-depth case studies documenting contrasting renewal processes, and included 35 interviews with residents of dilapidated housing. The combination of methodologies and the selection of contrasting, “critical incidence” case studies (Savitch, 1988: 24) enabled the researcher as much as possible to build a holistic view of urban housing renewal and the range of institutions and processes it involved.

This concluding chapter revisits the research questions and summarises the main findings. Section two summarises how Shanghai addressed the problem of housing renewal since 1990. It argues that housing renewal has involved a more complex, more diverse set of measures and organisational forms than commonly acknowledged. Section three draws conclusions about the validity of the Chinese growth coalition perspective. It argues that although the perspective correctly captures some essential features of the socio-political dynamics in urban China, it is overly monolithic in its conceptualisation of the local government, the nature of public-private relations, and the role of grassroots actors. An original, modified perspective deriving from the key findings is provided – one that offers a more nuanced interpretation to the topic. Section four outlines some policy recommendations in light of the key findings, linking these to various issues requiring further research. The closing section considers the future prospects of urban development and redevelopment in China, highlighting the issues that should continue to interest researchers in the coming decades.

9.2 How Shanghai engineered housing renewal

This section summarise how Shanghai has addressed the complex task of urban housing redevelopment, rehabilitation and historic conservation since 1990. In the prevailing accounts of housing renewal, local and international property developers have entered into coalition with local government in the interest of promoting growth, and redevelopment has inevitably meant the displacement of the poor, accompanied by the production of amenities for higher-income groups (e.g. Zhang and Fang, 2004; Zhang, 2002; He and Wu, 2005; He, 2007;). This study shows that these analytical abstractions are useful, but can be extended in several ways. A key insight is that housing renewal entailed not a single, but a range of different approaches, involving different actors and different specific objectives in intervention. The heterogeneity of renewal processes in urban China has been a relatively neglected issue because many scholars have been preoccupied with delineating and explaining the most salient processes. This has been at the expense of providing a more nuanced reading of the city and its transformations.

9.2.1 *Housing problems in Shanghai*

What urban housing problems did the local government seek to address?

Shanghai is not unique in China in terms of the urban housing problems it faced by 1990, although the symptoms were among the most acute. The city flourished as a treaty port from the middle of the 19th century and emerged as the financial centre of the Far-East by the 1920s, inheriting a rich legacy of cosmopolitan-styled residential architecture including villas, apartments, lane-housing (lilong housing), as well as more informally constructed slums. Over-crowding and physical decay already became significant problems by the 1930s. Since 1949, Shanghai was gradually turned into the leading industrial centre of China's centrally planned economy. However, limited capital investment and the absence of comprehensive planning over the subsequent decades meant that the housing shortage and a degraded urban environment became more widespread. By the 1980s, millions of residents lived in over-crowded and run-down dwellings in the inner city, sharing basic sanitation facilities. Residential densities in inner-city Shanghai was amongst the highest in the world (67,700 persons/km²), and the city subsisted on infrastructure inherited from the early 20th century (SSB, 2004b). In 1985 about one-third of all households had less than 6 m² of housing space per capita, 44% shared running

water with multiple families, and about 57% did not have an indoor WC. These were the major problems the local government sought to address through a complex and ambitious set of urban renewal interventions.

These symptoms were most acute in old neighbourhoods in the inner city. Most of the dwellings here originated between the late 19th century and the institution of the People's Republic of China in 1949, although significant numbers of 1950 and 1960s flats ("staff housing") were also in dire need of improvement by 1990. Though much of the historic fabric had some under-recognised value as local architectural heritage, most were classified as dangerous dwellings or slums. 3.65 million m² was designated for demolition in the 1990s, and an additional 20 million m² between 2001-2010. In general, their problems they exhibited had much in common with poor neighbourhoods in other Chinese cities and other developing countries, including over-crowding, physical decay, leaking, poor sound or thermal insulation, deficient sanitation facilities, shared cooking facilities, increasing concentration of the poor and workless, systemic under-maintenance and low institutional capacity for comprehensive neighbourhood upgrading. The dwellings were concentrated in inner city districts - well-connected places with mature urban amenities, where land prices had become very high and thus attractive for real estate development.

In the wake of market reform, poor quality housing began to experience significant social changes – a consequence of heightened urban residential mobility and socio-economic disparity (Huang, 2005; Li and Wu, 2006). Similar to the experience of many European countries (Lee and Murie, 1999; Primus and Dieleman, 2002), home ownership in China has expanded considerably as market-based housing production grew exponentially and access to loans for house purchase have widened, reaching 71% by 2005 (SSB, 2006). Predictably, the better-off population moved away from substandard older housing as more attractive housing alternatives emerged in the housing market, and rural-urban migration brought in migrant workers to succeed them.

Yet against the background of deepening social divisions and diverging requirements for housing, a paradox emerged between old, run-down housing as a liability for urban authorities, and as a resource for the poor. For example, the municipal housing system remained very affordable for low-income urban residents, despite some advances in rental reform. Their central locations were often valued, because residents could easily travel to and from a host of urban services, formal,

formal and informal work opportunities, and reduce transportation time and costs. It is also important to recognise that apparent physical problems of Chinese cities were not historically associated with pronounced social problems such as crime or conflict. Because there was limited residential mobility under the centrally planned system, community composition often remained stable and neighbours were able to develop substantial social networks over time. Thus, run-down neighbourhoods sometimes continued to retain substantial social networks of significance for mutual support and residential satisfaction. The complex mix of problems and assets has been a crucial determinant of social conflict in the housing redevelopment process.

9.2.2 The socio-economic context

What economic and social context conditioned housing renewal in post-1990s Shanghai?

There is considerable agreement internationally that socio-economic conditions influence the broad contours of property demands, household preferences, and also the social-disparities that underlie social exclusion (e.g. Ley, 1996; Lupton 2003; Grigsby et al 1987). These turn can support or constrain the options and parameters of policy-making and implementation at the urban level (DiGaetano and Strom 2003; DiGaetano and Klemanski, 1999). Globally, the long-term shift towards a service-based economy brought new demands for urban land use. It also drove occupational changes involving the increasing concentration of professional, managerial and technical workers, alongside the deepening of social inequalities. These trajectories are said to in turn underpin the refashioning of the city centre as a site for business, consumption and middle-class living - the gentrification of numerous industrialised cities since the 1970s (Sassen, 2000; Ley, 1996; Marcuse; 1986; Smith and Williams, 1986).

Key writers contributing to the analysis of China's urban development recognise that socio-economic restructuring provided a supportive context for large-scale housing redevelopment. Since the economic reforms China has experienced rapid urbanisation and sustained, rapid economic growth as an international manufacturing centre. Large cities, such as Shanghai and Beijing, have become major generators of economic growth and have attracted substantial investment from both international corporations and domestic investors seeking better returns in large cities. A process of industrial restructuring and emerging patterns of social

inequality also conditioned the uneven patterns of urban renewal and the distribution of its benefits and costs observed (e.g. He and Wu, 2005: 6; Zhang, 2002; Wang, 2004).

Although Shanghai remains a significant industrial centre, the traditionally dominant manufacturing sector has declined in importance, while growing tertiary sectors including finance, insurance, real estate, business services, retail, and grew rapid to represent about 60% of the city's GDP and the labour-force in 2008. The expansion of key sectors of the service economy under both global and domestic investment created a surge of demand for commercial facilities including new office space, headquarters, hotels, and retail centres, much of it in central locations previously occupied by dilapidated housing or factories. The occupational structure and income distribution in Shanghai has also changed, characterised by an upward shift in income as well as greater inequality. Although the extent of professionalisation of the labour force has been modest compared to global cities (at around 13% of the workforce), there has been a notable growth of entrepreneurs, professional and managerial workers. In addition, almost 150,000 expatriates and employees of foreign funded enterprises now constitute another sizeable segment of the urban moneyed class with strong demand for housing and services (SSB, 2004b, 2009). Rising affluence amongst more privileged social groups sustained demand for new and better housing in the city, alongside spaces for leisure and consumption. Thus, the apparent urban form and social composition of revitalised inner city neighbourhoods increasingly resembled a gentrified post-industrial milieu, designed for the living, working and consumption demands of a new middle class in ascendancy.

Nevertheless, China's reforms and economic transformations simultaneously led to deepened social inequalities. Registered unemployment has risen from 0.2% in 1985 to 4.9% by 2003 (SSB, 2004). At the bottom end of urban society exists a large population of low-paid workers engaged in low- or semi-skilled labour, and growing numbers of the unemployed who were casualties in the painful restructuring of SOEs and industrial enterprises (Wang, 2004). As institutional reforms in the 1980s loosened previous institutional constraints regarding population movement, almost six million rural migrants have moved into Shanghai (SSB, 2006), forming a new class of "non-official urban poor" (Wang, 2000) As these disadvantaged groups disproportionately become residualised in the poor quality housing stock, they became the principle targets of planned redevelopment and relocation. The

conflicting and uneven claims on urban space between the privileged and disadvantaged citizens originate from these socio-economic cleavages.

9.2.3 Underlying agendas of housing renewal

What were the government's agendas in housing renewal?

Shanghai's experience of urban renewal was not simply 'demand-driven'. The country's gradualist, 'two-tracked' reform meant that state has maintained significant ownership and political control in the hands of the Communist Party, while liberalisation and market mechanisms have been developed in the economic sphere (Wang, 2004). It is also well recognised that in the wake of administrative and fiscal decentralisation, local government has become a key actor in urban development. While central government has been a crucial steering force through its reform policies, its role in urban development has been scaled back as a macro-level regulator. The empowered local government was a key driving force in terms of setting urban agendas and targets, regulating the pace of urban renewal, and opening up opportunities for property development (Zhang, 2002; Zhu, 1999; Wu, 2007; He and Wu, 2005).

The primary interests of local government in enacting housing renewal were to carry housing reforms as defined by the state, to modernise the urban environment, to raise urban living standards, and to promote local economic growth. In 1991, Shanghai was officially designated by the central government as the "dragon's head" of the Yangtze River Delta region, and the Shanghai Municipal Government has increasingly since embraced the goal of becoming a global financial, trading and commercial centre. It actively promoted urban restructuring, in which housing renewal was an important component part. Public resources have since then been geared towards restructuring the city and attracting the urban functions that serve this over-arching purpose (Li and Wu, 2006b).

After decades of sustained under-investment in the built environment, modernisation dominated the political agenda, and the clearance of slum areas became a core concern. Like many other developing countries, dilapidated older housing came to be regarded as a major urban 'problem' rather than an important component of housing solutions and of community life. As real estate became one key pillar of the economy and land-leasing a major source of local revenues, there

was strong motivation to promote the real estate sector to drive slum clearance (Wu et al., 2007). China's housing policy since 1990 also carried the idea that households in substandard inner city housing would be better off if they could be moved to less crowded and better serviced housing elsewhere. A major preoccupation was to ease pressures in the over-crowded inner city by decentralising the population towards suburban areas through relocation, and to put inner city land to higher value use. This would not only help relieve over-crowding and modernise the built environment, but also help promote economic development and increase local revenues.

Conservation of locally distinctive yet low quality housing was a marginal concern of the government in the 1990s. Shanghai was formally designated as one of the "Renowned Historic and Cultural Cities" by the State Council in 1986 - an accolade which came with the responsibility to facilitate historic conservation. The "*Shanghai Historic and Cultural City Conservation Plan*" was prepared in 1991, although these early plans did not lead to effective protection of historic areas. They did not set out in sufficient detail the conditions and regulations for specific areas, there was no legislative basis for enforcing development controls, and in practice urban planners found them too vague for discussions over specific development proposals.

Nevertheless, local governing agendas were evolving. During the "New Round of Urban Renewal" (2001-2010), a more sophisticated approach advocating "demolition, rehabilitation and improvement" (*chai, liu, gai*) was gradually rolled out. Since then, while redevelopment remained a driving component, housing rehabilitation and conservation became increasingly prominent complementary concerns. By the 2000s local officials began to understand that heritage represented a vital cultural and economic resource for the city. A clear political agenda for selective heritage conservation has emerged, to help retain the linkages to Shanghai's cosmopolitan past and as a tool for tourism and commercial expansion. It appears that, whether in European cities or Asian cities, a restored and aesthetic historic environment has become a crucial part of local efforts to build a distinctive city imagery, to attract tourist dollars and to support the development of leisure and recreational consumption industries (Bianchini and Parkinson, 1993; Pendlebury, 2000).

9.2.4 The strategies and organisation of housing renewal

What key strategies did the local government adopt to achieve intended goals? Through what organisational forms was housing renewal conceived and implemented?

In response to the varied agendas of the government, one intriguing issue this study demonstrates is that "housing renewal" in increasingly involved a range of interventions in post-1990 Shanghai. It included large-scale redevelopment, selective rehabilitation and heritage conservation, alongside forced relocation, and some community retention. Up to the 1980s, housing renewal in Chinese cities tended to be government-funded, limited to small scale-repair works or selective redevelopment, and premised on the 'on-site resettlement' of residents back to the new housing, often free of charge (Xu, 2004; Wu and He, 2005). Key changes in housing renewal from 1990, alongside market reforms and political decentralisation, included the shift from centrally planned to market mechanisms, from free administrative land provision towards leasing of land-use rights to developers, and the shift from community retention to a policy of resident relocation. While local government dominated policy-making and setting of targets, a new institutional arrangement of 'public-private partnership' was established to finance, design and implement specific housing renewal projects (Wu et al, 2007; He and Wu, 2005). Yet, several models of renewal evolved.

The most well known and prevalent model has been private-funded and government-subsidised speculative redevelopment, based (primarily) on off-site relocation of residents. This has commonly been termed the "property-led redevelopment model" and is seen to typify housing renewal in post-reform China (He and Wu, 2005; He, 2007; Shin, 2007). Since 1992, property-led redevelopment characterised the "365 slum clearance" programme and underpinned most redevelopment schemes involving lilong housing. It remained a key component of the "New Round of Urban Renewal" (2001-2010), under which almost 20 million m² of old housing was to be demolished.

Here, the private sector was an essential partner responsible for organising investment, producing detailed plans and architectural designs and delivering projects. Meanwhile, local government activities used public resources and its authority to remove difficulties with respect to factors such as ownership, resident

relocation, infrastructure and financing. Many favourable supply-side subsidies were provided to maintain the investment momentum of developers and to channel investment towards targeted renewal areas. These included for instance streamlined application processes, reduced administrative charges, relaxed planning controls, subsidised land transfers, direct subsidies or low-interest loans to developers. As a major property owner and manager of urban land, local government also facilitated the relocation of residents away from targeted neighbourhoods and supported the replacement of older housing by high-end commercial and residential developments. In the 1990s, residents were offered compensation in the form of replacement housing. After 2001, monetary compensation became the dominant form through which residents were expected to find their own resettlement housing in the market. With the proceeds from land-leasing revenues, local government also invested heavily in infrastructure provision and landscaping projects. Thus, decaying inner city areas were transformed into tracts of highly valuable land for the real estate industry and commercial users.

While the above features are by now increasingly well recognised, this study highlights that socially-oriented renewal programmes supporting community-retention has been a complementary, and actually growing aspect of housing policy. This “community retention model” was more akin to the principles of housing renewal in the pre-reform era. It promoted on-site resettlement of sitting tenants instead of relocation, and rehabilitation where feasible instead of redevelopment. The purpose was to turn substandard lilong housing or staff housing into self-sufficient units with independent bathroom, kitchen, and to upgrade their public environment and community facilities.

Originating from public-led experiments in small-scale residential rehabilitation, this model evolved slowly in the 1990s as a marginal policy initiative. Since 2001, however, it expanded considerably as the improvement of large numbers of substandard post-1949 staff housing became a significant public commitment. The local government mobilised quasi-governmental enterprises to undertake these less profitable ventures, pooling together financing from local residents, property developers and public resources to achieve more socially balanced development. Discounted sale of units to sitting tenants rather than displacement formed the basic principles of their operation. To ensure overall financial viability, a number of concessions were generally offered to the property developers, such as density bonuses, exemption of land-leasing premiums, direct fiscal loans and the relaxation

of certain building regulations. In other words, public subsidies had also flowed to some extent into socially oriented projects.

Meanwhile, to address emerging concerns for protecting locally distinctive architectural heritage, local government has been active in enhancing its urban historic conservation planning system since 2002. This comprised a system of local building listings, historic conservation areas, and a set of local legislations to enforce conservation planning. The "*Shanghai city conservation regulations for historic conservation areas and outstanding historic buildings*" was rolled out in 2003 to give legislative basis for heritage protection. 12 historic conservation areas totalling 27 km² (about one-tenth of the inner city area) have come under detailed planning protection. In these areas about 12 million m² of villas, historic apartments, new-style lilong and old-style lilong housing were given different levels of protected status – representing about 8% of all inner city housing stock in 2005.

What has so far been achieved is a conservation planning system to ensure "protection" of heritage in conservation areas, but the prospects for on-going "renewal" remains unclear. In contrast to many developed countries, most of the conservation strategies developed so far have been regulative tools to facilitate development control, whereas there remains a lack of measures building incentives for private investment. Thus, major questions remain regarding who can finance the renewal of protected heritage. More recently, historic conservation has occasionally and selectively incorporated into market-based real estate development schemes, where it has a role in fostering a unique identity and raising the cultural appeal of projects, but the trend was towards conversion of residential legacies into up-market, globally oriented spaces of consumption and recreation.

Widespread private-funded rehabilitation has so far been constrained by various factors: high cost implications of relocation, profitability limits of conservation, fragmented property rights due to multiple-occupancy, and also in part the low-quality (and thus limited middle-class demand for) of some older dwellings. Nevertheless, the thesis showed that a "bottom-up rehabilitation" model was emerging. Increasingly, it is regarded by government in some neighbourhoods as an expedient phenomenon beneficial for historic conservation and for avoiding large-scale relocation, which is socially conflictive.

Similar to the experience in various industrialised economies, historic

neighbourhood with recognised aesthetic or location value may be gradually revitalised through individual private initiative without prior government planning or intervention. As is often found in the West (Ley 1996; Zukin, 1982), leading actors can include artists, people in the creative industries, and a variety of small businesses or households who either have a special appreciation for historic properties, or can in some way stand to gain from the transaction of these properties. Marketisation has given greater autonomy to these actors to exchange, acquire and upgrade properties.

Being a bottom-up process, bottom-up rehabilitation does not usually involve state-facilitated relocation, but takes place on the basis of voluntary resident relocation as well as market-led displacement - i.e. pricing out of private tenants alongside inflating house-prices. Local residents may here play an active role in transferring properties, sometimes illegally, to incoming gentries, even profiting from rising property values. Private sector upgrading has been welcomed by local authorities both in conservation areas as well as in areas neglected by official redevelopment plans.

9.2.5 *The impacts of housing renewal*

What impacts did these interventions have for targeted neighbourhoods and residents?

The impacts of housing renewal since 1990 have been highly visible. A modernised, high-rise urban landscape comprising new commercial facilities and up-market residential apartments has been the most observable output of Shanghai's housing renewal endeavours. Nevertheless, a more nuanced reading showed that different models of renewal have had contrasting impacts for neighbourhoods and communities, as observed in the three case studies.

Property-led redevelopment helped channel vast quantities of capital investment to restructure the land-use patterns and the built environment, previously neglected under the socialist regime. From the 1990s, industrial land uses and buildings experienced significant decline alongside the wholesale eradication of poor quality, older style housing. Between 1990 and 2005, more than 50 million m² of old residences were demolished. This included almost all of the existing slums and about 55% of the existing old style lilong housing (SSB, 2006). Total residential

space increased significantly, as old and dilapidated housing have been replaced by vast quantities of modern residential forms including detached villas and apartments. Rehabilitation progressed very slowly in the 1990s, but expanded significantly into the 2000s. By the end of 2005 some 17 million m² of structurally sound older dwellings had undergone some degree of upgrading, benefiting between 60,000 to 90,000 households per year. Most of this involved post-1949 built workers flats. Redevelopment and rehabilitation cumulatively helped ease the housing shortage and the extent of physical deprivation, boosted home-ownership, while also creating a landscape more suited for modern services and consumption.

The "property-led redevelopment" model is a process of profound physical, tenure, land-use and socio-economic restructuring. It commodified land boosted private ownership. Reflecting the logic of "highest and best use", redevelopment sharply reduced the supply of affordable housing in the inner city and the capacity of lower-income groups to access its location benefits. It was accompanied by the forced relocation of existing residents and other building occupants. Overall, some 1.11 million families were relocated between 1992 and 2006 – totalling more than 3 million residents. On average about 74,000 families were relocated every year during this time, as the inner city was restructured for a more affluent class of residents, companies and consumers (SSB, 2000-2007).

With the widespread enactment of relocation, new forms of inequality and injustice have become apparent. Planned relocation was premised on the resettlement or compensation of urban residents, and carried the broad social agenda of enhancing citizens' housing conditions. It guaranteed most urban residents access to better quality replacement housing, but was also often a crude and divisive process. It did not compensate private tenants or rural migrants. Limited attention has been paid to the interests of low-income communities displaced from their neighbourhoods. It did not allow community voices to be heard. It did not provide the kinds of social support and relocation advice that are known to be crucial to ensure a better relocation outcome.

Resettlement housing tended to be located in peripheral locations and did not necessarily offer appropriate levels of services or connections to work and education that residents depended on. Standards of monetary compensation were determined in a top down fashion, and did not necessarily reflect the housing needs of households or reflect rapidly inflating housing prices. Limited transparency of the

compensation mechanisms and discretionary decisions by relocation companies made many citizens unsure and distrustful of the process, fearful that they would lose out. All these findings echo the insights from recent empirical studies (Wu, 2004; He and Wu, 2007; Shin, 2007; He and Biddulph, 2006).

Yet, relocation was not the only outcome accompanying housing renewal. The parallel community-retention model often meant substantial, if not whole-scale community retention. It produced mostly affordable housing, and allowed the maintenance of a certain degree of social mix in some urban areas. For former tenants who could afford to purchase the renewed units, it provided the benefits of remaining in familiar locations, housing modernisation, and assisted home-ownership. On the other hand, onsite resettlement was not always affordable. It was more accessible for those urban residents with better financial capacities, as well as those that were better housed at the outset. This finding corresponds with more general insights about the inequality of privatisation – in that it tends to be the socio-economically better off or institutionally privileged who stand to gain (Wang and Murie, 2000).

Aside from physical redevelopment, the study showed that adaptive-reuse for higher-value uses has begun to facilitate the spectacular renovation or restoration of run-down historic housing – more often than not for well off consumers or businesses. Either as part of larger redevelopment schemes, or through piecemeal gentrification, the value of heritage for capital accumulation and creating a magnet for visitors was increasingly recognised in Shanghai. Yet, existing functions as housing for lower-income groups have generally been eroded in the process.

Emerging incidences of bottom-up market-led rehabilitation have led to the formation of some gentrifying historic neighbourhoods. As a piecemeal process, these neighbourhoods may exist in a transitional state for a long time or retain a mix of socio-economic groups, run-down and upgraded dwellings, and even public and private tenures. However private tenants in particular experienced the risk of displacement and other residents may come into conflict with the changing functions and users of the neighbourhood.

Overall, the above components of the study has provided a more nuanced view of what actually constituted housing renewal in Shanghai since 1990, and the range of impacts these have had for neighbourhoods and communities. The broader purpose

in detailing these intricacies of these processes is to advance our analytical understanding of the socio-political drivers of housing renewal in Shanghai, and in particular to evaluate the accuracy of the Chinese growth coalition perspective.

9.3 Assessing the Chinese growth coalition perspective

Does the Chinese growth coalition perspective adequately capture the socio-political dynamics of housing renewal in post-1990 Shanghai? If not, how can it be modified?

This section summarises key findings from the study which reinforce, challenge and advance various aspects of this now widely accepted perspective. The evidence shows that although this perspective captures some essential institutional features, it is deficient in several ways.

9.3.1 *The growth coalition in Shanghai*

Was housing renewal driven by a growth coalition of public and private sector elites in the quest for to maximise exchange value through land-use intensification?

It is now a widely accepted view that "...in China, the unprecedented central city redevelopment has been fuelled by emerging local elites taking advantage of the de facto devolution to pursue growth during explosive urbanisation in a transitioning economy" (Zhang and Fang, 2004: 295). Adapting western theories of urban governance, the Chinese growth coalition perspective contends that common interests in local economic expansion and wealth accumulation has bound local governments, property developers, construction companies, and financial institutions together into an informal coalition (He and Wu, 2005; Zhu, 1999; Fu, 2002a; Zhang and Fang, 2004). These actors acting in concert over specific projects dominate the urban redevelopment process and a result, the city has been turned into an engine for the growth coalition "to maximise exchange value at the expense of local communities' use value" (Zhang and Fang, 2004: 294).

The evidence suggests that the Chinese growth coalition perspective *has* been valuable in capturing some essential aspects of urban politics and social relations in post-1990s Shanghai. Key writers recognise that socio-economic restructuring drive physical changes, but that all of these are mediated and bolstered by the activities of the growth coalition. The perspective recognises the profound influence of market

reform in setting off speculative behaviour in urban development, but also correctly highlights the persistence of considerable public authority. Despite the embrace of market mechanisms as a basis for housing renewal, the Chinese state remained authoritarian and interventionist. Considerable public-sector interventions were evident in housing renewal processes. These meant that neither a 'free-market' nor 'pluralist negotiation' perspectives of urban change were adequate analytical lenses to capture the transformation of Chinese cities.

The Chinese growth coalition perspective is also correct to recognise the context of administrative decentralisation, and to forefront the role of local government working in closer collaborative relationships with the private sector in urban development as a key dynamic. Fiscal reforms and the empowerment of local governments as more autonomous decision makers in urban planning and local development meant that housing renewal was no longer a centrally-planned process dictated by the central government. Market reform has increased the importance of private business in the economy and in real estate development. In line with Clarence Stone's (1989, 1993) conception, the capacity (and resources) to realise urban development goals came to be increasingly divided between the government actors who controlled public authority and land resources and the private business elites who determine important capital investment decisions. To be effective at achieving their objectives, governments must therefore "blend their capacities with" those of businesses through negotiation and coalition (Stone, 1993; 6).

These meant that the 'statist' perspective of urban change was no longer an adequate depiction of the Chinese context. Instead, urban development in general came to be facilitated by 'entrepreneurial' local governments who facilitated marketised operations to address the political priority of local economic development and to attract investment capital into the locality. It has used various measures to elicit and work with powerful private and quasi-governmental real estate interests to promote urban restructuring and the intensification of land use.

Key private sector actors involved in housing renewal included local as well as international developers. They have been directly and indirectly supported by a range of auxiliary actors including banks, design and planning professionals, the media, and at times local academic institutions who provided planning and policy advice/services to either the government or developers. Together this informal coalition of interest groups wielded political and financial resources to orchestrate

and carry out large-scale urban redevelopment, advancing urban growth, while excluding the participation of local communities and other non-elites.

The study has shown that business links with local officials have been pervasive. Given that the property development sector comprises a large number of enterprises corporatised from former state institutions and government bureaus, the distinction between public and private interests was sometimes blurred. Many state-owned enterprises have retained strong links to the state through the Chinese Communist Party, which has an official presence in most state-owned enterprises and retains significant influence in decisions.

Increasingly, powerful business elites from the private sector have also been actively incorporated into various formal political institutions or non-governmental interest groups, meaning that business interests are well represented in key decision making processes either in policy or detailed planning of renewal areas. These have been important local officials to carry forth ambitious development projects, and for private businesses to gain privileged positions to negotiate deals and access land. Together the informal coalition pooled political and financial resources to orchestrate and carry out large-scale urban development projects, advance urban growth, while excluding the participation of local communities and other non-elites.

In borrowing essential insights from the urban growth machine theory (Logan and Molotch, 1987), the perspective also correctly recognises the socially contentious nature of urban development. In line with Marxist thinking, it rejects the liberal myths that growth benefits everyone and that state interventions in the built environment are politically neutral. Instead, a conflict exists between those attempting to maximise the value of land and properties for wealth accumulation (exchange value) and those who depend on its everyday utility and sentimental value (use value). State interventions have often been biased in favour of the former, often at the expense the latter.

These are the ways in which the prevailing perspective has been particularly useful in comparison to other analytical traditions. However, the perspective is also limited in a number of important respects. These will be discussed in the following sections.

9.3.2 *Role of the local state*

Aside from facilitating economic growth and capital accumulation, did the government also act with a concern for social equity and the welfare of the poor?

One limitation of the Chinese growth coalition perspective is its characterisation of the local government. In the prevailing literature, the local state plays a key role in creating conditions for local growth. The concept of “entrepreneurial” urban governance (Harvey, 1989) which originated from advanced capitalist economies has been used to conceptualise its role. This posits that local governments have become more directly engaged in economic development, whilst shifting away from its traditional role of service and welfare provision. Its behaviour is akin to a risk-taking ‘entrepreneur’, and its primary goal is to enhance a city’s structural competitiveness, by organising and promoting the city as a site for capturing mobile capital investment (see He and Wu, 2005; Wu, 2007; Zhu, 1999). But does this characterisation adequately capture the role of the local government?

This study demonstrated that the role of the local state in Shanghai was more complex. It is important to consider that urban entrepreneurialism is always context-dependent, evolving and can be expressed in many ways. As emphasised by Hall and Hubbard (1998), it can be misleading to assume entrepreneurial cities as simply having abandoned the “traditional” role of redistribution and public service provision. This depends on the local institutional context. Political realities are often more complex, and entrepreneurial local states often tend to play a persistent role in mediate competing demands from different interests in society. As recognised by Wang (2004), economic growth and social stability, are in fact two simultaneous governing interests of the central government in China. This was also critical for understanding the role of the local government.

One side of the findings showed that local government was indeed biased towards the growth. In general it has intervened most effectively and decisively in those areas conducive to economic growth, in attracting capital investment, and in producing the types of spaces businesses and more affluent residents could afford. According to the Marxist perspective, because the private sector controlled crucial productive resources in the market economy, the state is placed in a position of having to facilitate accumulation in order to advance the material development of the city and the urban economy. Local fiscal pressures also conditioned the kinds of policies pursued by the local government. Similar to the U.S (Peterson, 1981; Fainstein et al., 1986), cities in China raise significant revenues locally and are

under pressure to maintain its revenues by attracting and keeping investments (Zhu, 1999). Because land-leasing, real estate investment and upper income residents can better contribute to these revenue streams, local government tends to be predisposed to promoting socially-exclusive property-led redevelopment.

Nevertheless, as social inequality has deepened alongside urban restructuring, the local government has exhibited some concern for balancing social interests, addressing the quality of life of citizens, and maintaining social order. Although its traditional role was diminishing, the local government continued to be the major provider of public housing at heavily subsidised rents to sitting tenants. It is important to bear in mind that this still represented 25% of housing tenure (SSB, 2006). Local government also continued to control some crucial resources including land, planning regulations, finances, and administrative influence over quasi-governmental enterprises to address the needs of less privileged urban residents. Thus some housing policies, such as housing rehabilitation, conferred considerable benefits to a range of sitting tenants. Because redevelopment was socially conflictive, both the central and local governments have attempted to maintain social stability in the redevelopment process by adapting their policies to accommodate the interests of the poor. Since 2003, various concessions were gradually being put in place, including better compensation, more transparent relocation procedures, and greater emphasis on the delivery of affordable housing. Sustained urban redevelopment, given its acutely conflictive nature, could only have taken place on the back of a more sophisticated juggling of competing interests.

Thus, local government played various indispensable roles in urban housing renewal. It provided the general prerequisites for economic growth and maintained an environment for capitalist accumulation. It also acted to maintain social order and to alleviate heightened housing inequality by the creation of institutions to contain social conflict, by the use of authoritative power, and by the introduction of policies containing concessions to more marginalised groups. In performing these functions and addressing its governing interests, local government has maintained a certain degree of autonomy from capitalist interests. Its role was biased toward growth, but it in no way acted as a mere instrument of elite businesses.

Since 2004, under the principles of “scientific development” and “harmonious society” promoted by the national leadership, local government also began to emphasise a concept of “balanced development” – social and economic urban

development that is comprehensive, well-coordinated and sustainable. Arguably, this has signalled the beginning of a shift from a “growth-first” mode of entrepreneurial governance to a more socially responsible mode of entrepreneurialism, one where issues of equity and social harmony are considered integral aspects of competitiveness. Up now, the performance of local officials was often judged in relation to achievements in local economic development. Being able to carry out large-scale, high-profile redevelopment schemes was thus an important priority of local officials to demonstrate their political achievements to national leaders and to further their own careers (Zhang, 2002). Nevertheless, there are signs that this is changing, and a range of other issues including social stability and addressing wealth inequality are also becoming more important issues for local officials (Lam, 2006).

In sum, Shanghai’s entrepreneurial governance is becoming more complex. Beyond understanding the local government as a “market facilitator” and driver of growth, it is now necessary to acknowledging its evolving, multi-faceted role of the local state. This is crucial for explaining the heterogeneous patterns of housing renewal observed in Shanghai.

9.3.3 *Distinguishing coalition dynamics*

Were property developers homogenous in terms of their role and interests, or were there distinctions among them that significantly affected housing renewal outcomes?

This study also extends the prevailing perspective by emphasising that there are different kinds of property enterprises in Shanghai, and that they sometimes play different roles in housing renewal. In applying the urban growth machine theory, researchers often treat businesses and property developers as a relatively undifferentiated interest group, in the sense of having a common agenda of maximising the exchange value of places. This is also the common conception of the growth coalition in China. For example, according to Zhu (1999: 538) “Business elites, whether they are foreign investors or local public enterprises... are motivated to pursue local growth as they have strong stakes in the locality ... [They] are the actors who actively materialise gains from land through property development.”

This study showed that in the context of market transition, the government has maintained various quasi-governmental enterprises as part of the local growth coalition, whose role varied in between purely profit-driven operations and as

instruments of the government to address various public objectives. In the context of market transition, favourable policies and strong economic growth, the property development sector in China has quickly evolved into a competitive arena comprising state-owned enterprises, private enterprises and increasing numbers of foreign-funded or joint-venture firms. It is undeniable that profit-seeking did underpin the general activities of the real estate sector. However, an important differentiation can be made between private enterprises and certain quasi-governmental enterprises in the local growth coalition. These are enterprises initially formed from government bureaux in order to help the government realise its urban plans. While they mostly faced increasing pressures for financial efficiency and market operations, they have come to play a complex role in urban development.

Many of these enterprises respond not only to market conditions or their self interest but also in part to bureaucratic command. Various formal and informal connections to their former parent bureaux kept them tied to the local authorities. Initially being executive arms of the government, they played a key part in realising the 'growth' as well as 'legitimising' purposes of the local state. Since these local businesses were closely associated with the public authorities, the government helped nurture their commercial (and profitable) operations by offering cheap land and subsidies. On the other hand, they have also been held responsible for a plethora of socially-oriented tasks in return. Though the government does not risk placing excessive 'social responsibilities' on these enterprises that may jeopardise their financial performance, it has maintained some capacity to direct them to carry out projects with limited profit potential.

This institutional arrangement is a very important one underlying how the government tests out and then puts local policies and plans into concrete implementation. It also ensures that the government can deliver some projects that would otherwise have been neglected by the market. It is a distinct kind of public-private relation born out of the process of post-socialist market transition which has been largely neglected by scholars, but which also explains why certain schemes have exhibited a less for-profit orientation than most others. The complex relationship between state-owned property enterprises and the local state demands a more nuanced reading of so-called 'entrepreneurial' urban politics. It requires a careful understanding of state policies and China's peculiar path of institutional reforms. Although the local government has become highly entrepreneurial, it has done so whilst maintaining various means of discretion and 'market influence'.

These have allowed the local government to exercise a degree of political autonomy from capitalist interests necessary to ensure sustained (and perhaps more sustainable) growth.

9.3.4 Counter-dynamics to the growth-coalition

To what extent can grass-root actors challenge the growth coalition and have an impact upon urban policies? Organised resistance to growth-coalitions from the grassroots or civil society have been an important part of contemporary studies of urban politics (e.g. Fainstein, 1987; Mollenkopf, 1983; Logan and Molotch, 1987), but its capacity to influence local development policies in China is not well understood. On the one hand, this study shows that although there has been clear conflict of interest over housing renewal and displacement, local residents have had limited power to formulate co-ordinated resistance. Unlike liberal democracies where local government policy is circumscribed by popular pressure, the Chinese government is well known to hold much stronger command over society. Grass roots actors have been shut out of formal urban planning decisions and the local state as the major land and housing manager may easily over-ride their interests.

Furthermore, poor neighbourhoods are typically those with the least capacity to create and sustain effective mobilisations (Logan and Molotch, 1987:135-7). Dilapidated housing has experienced substantial filtering and residualisation, so it was increasingly the lower-income households who faced the threat of demolition. Fear of public authority, lack of political representation, increasing heterogeneity of the local population and declining community bonds all mean that most residents in run-down neighbourhoods lacked the kind of coherency and resources necessary to pose effective challenges to top-down redevelopment plans. These largely echo existing views regarding the weakness of community power in China (He and Wu, 2005; Zhang, 2002; Zhang and Fang, 2004).

Nevertheless, it is useful to move beyond a monolithic conception of 'communities' or of urban citizens as passive actors in urban development. Since the 1990s, conflicts, protests and petitions to government authorities regarding unfair displacement or compensation have become widely reported forms of citizen resistance in numerous cities. Because escalating citizen discontent and resistance is regarded as a major source of social instability, these activities have prompted different levels of government to adjust their policies. Accordingly there has been

greater attention paid towards enhancing transparency of the relocation process, fairer compensation, outlawing oppressive relocation practices, and more broadly stepping up the supply of affordable housing to fulfil the demands of more disadvantaged groups. Although these did not mean fundamental changes to the model of housing renewal or to the political system in which it operates, they meant the arrival of a more sophisticated and more socially equitable framework for redevelopment. They suggest that grass-roots resistance can cumulatively and over time demand tangible concessions.

Other findings also showed that although grass-roots actors did not play a significant role in rebuilding the Chinese city or as a voice, some have become more active than others. In the context of marketisation and rising affluence, instances of unplanned, market-led neighbourhood revitalisation and/or land-use change are emerging. This bottom-up dynamic, sometimes informally constituted, challenges the common reading of urban change being 'controlled' by economic and political elites. Like in most other market economies, society has become more diverse, and some citizens have come to yield sufficient resources in their own right to lead the reinvestment processes of neighbourhoods. Even in China, such a process *can* comprise a force of neighbourhood change and may provoke urban planning debate when they contradict existing plans. When their activities are seen to be of value for urban growth and/or for heritage conservation, their cause may provoke support from public officials, the media and can even trigger a neighbourhood conservation movement. As such, some grass-root actors may indirectly influence public values and urban planning decisions.

Certainly, such forms of grass-roots influence have remained sporadic. It is also difficult to characterise bottom up rehabilitation necessarily as 'oppositional' forces to the growth-coalition – since gentrification tends to be promoted by growth-oriented residents and/or businesses. Nevertheless, at least in some instances they have represented the battlegrounds of those fighting for historic conservation and heritage recognition rather than demolition, and for community decision making rather than government planning. More broadly, it provides indication of the growing diversity of urban society in China and the complex way in which the state has responded to their actions.

These findings do add to our understanding of urban transformations in China. While the existing view of community exclusion in the political sense remains valid,

perhaps a more flexible and dynamic conceptualisation of urban politics is more accurate. Rather than assuming urban transformations to be controlled by the growth coalition, a more nuanced view would acknowledge that contrasting visions for the city exist and action from the grassroots, outside of the core coalition, can also be a force of urban change. This conception is different from political pluralism, but embraces a degree of flexibility in China's urban planning and development.

9.3.5 *Summary:*

In sum, this thesis has provided a new, modified perspective of the politics of urban housing renewal in transitional Shanghai. This provides a more nuanced and more dynamic conception of urban socio-political relations than the original Chinese growth coalition perspective. It is situated within a holistic view of China's political-economic and urban restructuring, it adopts a nuanced view of the entrepreneurial local state as a mediator of complex social interests, it acknowledges internal differentiations of the property development sector in China, and it sees grassroots actors as having a role in affecting urban change. Table 9.1, over the next few pages, summarises the main arguments and shows how they extend the existing perspective.

Table 9.1: Modified perspective of housing renewal in post-1990 Shanghai

	Existing perspective and key claims	Modifications made by this thesis
Who drives urban renewal, for what?	<p>"...in China, the unprecedented central city redevelopment has been fuelled by emerging local elites taking advantage of the de facto devolution to pursue growth during explosive urbanisation in a transitioning economy." (Zhang and Fang, 2004: 295). Pursuing common interests in local economic expansion and wealth accumulation, growth coalitions between local government, construction companies, and financial institutions have been formed to facilitate inner-city redevelopment (He and Wu, 2005: 18). As a result, the inner city has been turned into an engine for the growth coalition "to maximise exchange value at the expense of local communities' use value" (Zhang and Fang, 2004: 294)</p>	<p>Although the existing view is valid, the local state-capital relationship in urban China is more complex than acknowledged. Rather than being driven by a monolithic coalition of interest centred on profit-maximisation and urban growth, there are different kinds of property enterprises with different roles in urban renewal and different relationships to government. In the course of gradual market-transition the government has retained administrative influence over various state-owned quasi-governmental property enterprises, which also carry out non-profit or social projects under public direction.</p>
The role and agendas of the local government in housing renewal	<p>The municipal government is an essential player in urban development possessing political and land resources, and controlling financial leverages. It acts as the mediator and supervisor of the redevelopment process (He and Wu, 2005: 1, 16). "...urban redevelopment programs in China... used government authority and subsidies to make large scale private or quasi-private investment attractive" (Zhang and Fang, 2004: 294). The local government "opens up opportunities for property development and provides various types of support to accelerate the redevelopment process" (He, 2007). "Two considerations motivate a municipal government in facilitating urban growth: exhibiting achievements to the central government and promoting economic development to serve interest groups and the constituency" (Zhang, 2002: 493, see also He and Wu, 2005, Zhu, 1999).</p>	<p>Rather than merely facilitating the conditions for local growth and wealth accumulation, the local government has a more complex role in urban development. It has a concern for balancing social interests and maintaining social order, which require it to address the needs of disadvantaged groups, albeit within the constraints set by market-oriented development and the general pro-growth political orientation. Socially oriented activities undertaken by the local government include the provision of public housing, promoting the construction of affordable housing, giving favourable policies for privatisation to sitting tenants, and adjusting redevelopment programmes and policies to appease citizen discontent.</p>

	Existing perspective and key claims	Modifications made by this thesis
Socio-economic driving forces	<p>Urban renewal has been underpinned by profound economic changes in the wake of market reforms. China has been shifting towards a decentralised economy with a mixture of market mechanisms and planning controls (Zhu, 1999). Its cities have experienced rapid urbanisation accompanied by economic growth (Yeh and Wu, 1996; Wu, 2001; Zhu, 1999; He and Wu, 2005).</p> <p>Large cities, such as Shanghai and Beijing, are in particular generators of economic growth and have attracted more investment from both international corporations and domestic investors that are seeking better returns in large cities (Zhang, 2002: 480). With industrial restructuring, office buildings, commercial and recreational facilities have dramatically increased. At the same time, the progression of housing privatisation, the globalised property market, together with the emergence of urban affluence and local elites, stimulated demands for luxury residential complexes (He and Wu, 2005: 6).</p>	<p>Economic growth and rising affluence was not the whole story the uneven politics of urban renewal. Market reform, rapid economic growth, post-industrial restructuring and deepening social inequality shaped the conditions for real estate speculation and uneven distribution of benefits and costs. These processes simultaneously led to deepened social and housing inequalities, with a large population of unemployed or low-paid urban workers and increasing numbers of rural migrant workers representing the lower classes.</p> <p>The conflicting and uneven claim on urban space between the privileged groups and the disadvantaged groups should be seen to originate from widened socio-economic cleavages. As the poor disproportionately become concentrated in the poor quality housing stock targeted for renewal, they become the principle targets of planned relocation with very limited power or resources to resist top-down decisions.</p>
Counter-dynamics to the growth-coalition	<p>Due to the lack of democratic mechanisms and the persistence of state power, "Neighbourhoods are still excluded from the growth coalitions constituted by local government and the private sector. They do not have a share in the decision-making and implementation processes, nor do they even know how and when the redevelopment projects operate" (He and Wu, 2005: 16). "Driven by profit seeking ... thriving urban neighbourhoods are displaced by high-value property development, and suffer from uneven redevelopment" (ibid: 1)</p>	<p>Due to the centralisation of political power and government control of urban planning there has only been limited counter-dynamics to the growth coalition. Though the existing view of state power and community exclusion is valid, a more flexible and dynamic conceptualisation of the politics of housing renewal is more accurate – one that acknowledges that contrasting visions for the city exist and social action from the grassroots can prompt some changes to the urban growth-coalition's activities.</p> <p>In the context of marketisation, instances of unplanned, market-led neighbourhood revitalisation and/or land-use change are emerging which can challenge or prompt the government to change existing redevelopment plans. Isolated incidences of citizen resistance such as protests and squatting regarding demolition and relocation can prompt the government to adjust its policies and grant concessions for citizens, even though they are not sufficient to cause radical changes in urban policy or the political arrangement.</p>

Source: author's analyses

9.4 Policy implications

Urban renewal is a complex task for which the capacity of government is frequently seen to be inadequate. In the developed world, programmes designed to eliminate or reverse decay have often failed to match the scale and extent of the problems, or have themselves contributed to new forms of social or economic deprivation (Hartman, 1964; Power, 1999; Keating and Krumholtz, 1999). In Chinese cities, the relentless drive of urban governments for modernisation and economic growth too often takes place at the expense of less privileged groups. Demolition and relocation – still predominant dynamics of change – remain a leading edge of social conflict and marginalisation. As housing renewal remains a formidable task for China in the foreseeable future, these are major contradictions that are yet to be resolved. This section discusses some policy options that might make housing renewal more socially equitable in China. Although the ideas respond principally to the experience of Shanghai, and other large Chinese cities, they also have relevance for other cities adopting a combination of strong government intervention and market-oriented policy to address housing renewal.

9.4.1 *A note on political realities*

As noted by Gilbert and Varley (1990) any policy recommendation for housing is linked to a set of political and philosophical issues which tends to be contentious – such as the relative roles to be played by the state and the private sectors, the relative desirability of different forms of tenure, the necessity and desirability of providing for the poor. They (ibid: 182) also remind us that in considering policy, consideration must be given to the ability and willingness of the state apparatus to implement it in the intended manner. There may be little point recommending specific forms of intervention if the state is incapable of implementing the policy. A question mark need to be placed against the belief that state intervention is necessarily humane or efficient.

All these raise important questions regarding political realities. If the state or elite partnerships dominate policy-making and implementation and has undesirable consequences for many, what other forms are desirable and how might they be brought about? For Clarence Stone (1989), who sees businesses as a proactive force, the solution lies in redressing the power imbalances in society and in particular reducing business influence. Politically, we need checks and balances in

the political system to represent different interests and to create more sophisticated policies. We also need good leaders who keep themselves informed about society and who have a concern for social equity and balanced growth. For Gilbert and Ward (1985: 254), if the state does not act in the interest of the poor it may be best to devolve power and resources towards communities themselves rather than to increase state intervention.

China however presents a complex paradox. There is considerable interest amongst those beyond China's borders regarding whether economic reform and the circulation of global ideas will eventually lead to a political transformation towards a more pluralist form. As Friedmann (2005) points out, the prospect for change may not be optimistic. There is no imminent likelihood that those in power will tolerate challenge to its monopoly power, and rapid economic growth will continue in the foreseeable future to be the major governing preoccupation. In a country where *guanxi* (personal relations) remains the key to get things done, we are also unlikely to see a shift away from elite networks.

These are political realities, and any policy discussion needs to be mindful of these facts. On the other hand this study has highlighted that there remains a space for government decision making and for the evolution of policy. The state apparatus can make policy choices that better steers a course mediating competing interests, and it may also tolerate the development of interest representation that do not directly challenge the state. It is therefore hoped that the act of discussing alternative policy options can in some way help alert governments and scholars to think more deeply about the issue of housing renewal and its implications for society.

9.4.2 *Balancing social and economic interests*

A fundamental issue in discussing housing lies in debating its main objectives. The author takes the view that physical, economic and social development needs to be properly balanced. Evidently, a growth-oriented policy framework in Shanghai has placed significant burdens on the poor communities living in poor quality housing while limiting the spatial choice, educational and employment opportunities of poor families affected by redevelopment. It is important for the local government to address social equality and to take more responsibility for welfare provision in the urban development process. Urban poverty and inequalities are apparent and deepening problems alongside economic change, and lie at the roots of housing

inequality. These deep issues clearly need to be tackled in order to enhance the options of the poor within the housing system or at least their capacity to cope with the pressures of survival and access to housing.

Urban administrators should strive towards a more holistic urban agenda that promotes balanced growth and supports different communities in their housing choice and their links to places and opportunities. In the realm of housing policy, I concur with Gilbert and Varley (1990: 181), the goal ought to be widening the range of housing options by ensuring accommodation under different forms of tenure, in different locations and with a range of prices and quality, so that different families can obtain something near the kinds of accommodation they need.

There are some general dilemmas for policy makers in dealing with housing decay. Reliance on the market to provide for the complex needs of society is inadequate and carries significant uncertainties. Creating favourable conditions for real estate development can help accelerate investment into urban renewal, but has problematic consequences such as displacement, affordability, and hasty construction of replacement housing. If housing renewal as an activity is to become less speculative and more welfare oriented, the risk is that it might be slowed down by fiscal constraints. China has made the wholesale transition from the latter towards the former, yet, it is perhaps a more sophisticated middle course through a range of instruments that should be the future direction of change. There is unlikely to be a simple set of solutions to housing that can aptly satisfy increasingly diverse demands of different social groups, especially the poor. Governments face significant economic constraints, and under the pro-market ideology it may be extremely difficult to divert significant resources from highly profitable endeavours to areas which are inherently less profitable. Yet, a few important areas for intervention are outlined below.

9.4.3 *Supporting marginal communities*

One of the most problematic long-term consequences of large-scale urban renewal is the formation of areas of extreme deprivation in the outskirts of city, concentrating marginal people in marginal areas. These have since posed major challenges for communities and policy-makers across Europe and North America (Keating and Krumholtz, 1999; Power, 1999; van Kempen et al, 2005; Lupton, 2003). Accordingly, cities need to pay significant attention to the plight of communities already displaced

to peripheral areas. Various positive measures may be essential over time to prevent the formation of extreme areas of social and economic deprivation in peripheral neighbourhoods. The task of future urban planning is to ensure the proper integration of marginal neighbourhoods by channelling more resources to these areas, linking them into a comprehensive transport network, raising the quality of public services and to ensure that they do eventually function as healthy communities. Policy-makers should attempt to understand better the problems these areas and their residents. Given the limited understanding we still have regarding conditions and life in suburban estates, there is considerable scope for more empirical research to help clarify possible interventions needed.

9.4.4 *Expanding affordable housing assets*

Expanding affordable housing in a variety of tenures, and upgrading dilapidated housing will also be important policy areas for innovation. Since 2007, the State Council has put increased emphasis upon investment in new urban rental housing, to complement existing emphasis on affordable home-ownership. This is an important policy development to help address the housing needs of the poor. Large numbers of the urban and rural poor are excluded from home-ownership, so it is likely that they will continue to rely on renting in the future. Expanding new affordable rental housing may help over time to alleviate pressures of over-crowding in the existing stock and support the mobility options of poorer households. Local governments still need to follow through these initiatives in the coming years, and the impact these initiatives make is also a worthwhile area for future research and monitoring. The objective should however not only be to increase the supply, but to do so in a manner that fosters greater socio-spatial integration (i.e. to avoid polarised development). Attention to curb the strengthening association between location and socio-economic status is desirable. More regulatory and financial instruments are needed to ensure the delivery of affordable housing near transport hubs and higher-cost inner locations, rather than only at the peripheries.

China can perhaps experiment with practices in the U.S and Europe such as 'mixed-income' or 'inclusionary housing' which link the construction of low or middle income housing to market-based developments (Mallach, 1984; Calavita, 2006). These impose requirements for developers to include affordable homes when they build a particular number of new market-rate homes, in particular in higher cost locations. Some price-control period is also necessary to keep the affordable units

from disappearing from the affordable housing pool too quickly (Brown, 2001). Since the requirement to build a larger percentage of low or very-low income housing will inevitably encounter developer resistance, a range of fiscal subsidies, planning controls and tax incentives are needed.

However, the sole emphasis on new construction is perhaps misguided. A more immediate part of a solution to ensure housing choice for the poor is to promote retention and upgrading of the existing low-cost housing assets rather than recklessly demolishing them. China's housing policy has carried an implicit assumption that households in crowded and run-down dwellings will be better off if they are moved to less crowded and better serviced housing elsewhere. However, elsewhere it is better recognised that inner-city slums are important physical and human assets (UN-Habitat, 2003). As some urban scholars in China also now argue (Wang, 2004; Chang and Tipple, 2009) it is important to recognise that old neighbourhoods remain a significant source of public as well as private rental housing in China. Despite apparently poor living conditions and deficient services, their central locations and affordability mean that they have a vital inclusive role to play.

Needless to say, to support retention and upgrading instead of redevelopment requires major changes in political attitudes regarding housing quality, housing provision and urban planning. Sound public finances also need to be made available to sustain what remains a largely state-owned asset. The problem of decaying rental housing is linked to its unprofitability. The remnant of the socialist welfare housing system continues to cripple efforts at improving public-sector housing maintenance. There may be no panacea to induce adequate investment while maintaining affordability for low income groups. However increasing rents towards levels that closer reflects the real costs of housing maintenance and upkeep will provide a more robust basis for raising the quality of the older stock. On the other hand more effective housing allowances may need to be established to help minimise the adverse effects of rent increases for the poorest tenants.

Policies in China tended to favour privatisation of upgraded units once they are self-contained. Indeed one possible method of financing the upgrading process is for tenants to purchase their homes. However this may not be the most effective or inclusive solution, as some poor households may be reluctant to purchase given they already enjoy minimal rents. Furthermore, shifting existing units into the owner-

occupied sector may reduce sources of central accommodation for newcomers (Gilbert and Varley, 1990: 198).

Policy-makers can perhaps use other positive measures to encourage residents to participate in housing rehabilitation. Many rooted residents remain committed to their homes and neighbourhoods. A system of renovation grants for structural improvements, repairs, modernisation of the building fabric, and the installation of missing amenities should be made available to support individual investment in housing at a variety of scales of intervention. A flexible and comprehensive system of grants may help open up possibilities to residents in a range of different housing scenarios and with different degrees of financial capacity. The regeneration of these deprived communities may increasingly require more than physical upgrading. Apart from supporting economic capacities necessary for self-investment, some efforts to bridge social differences and to create opportunities for people to form bonds may be important to sustain the long-term health of poor neighbourhoods.

9.4.5 *Reforming redevelopment processes*

Though a significant part of the older dwellings stock may be rehabilitated, a considerable part may be structurally unsafe and therefore more radical measures such as redevelopment should continue to be a relevant task for urban authorities. It is far from straightforward to resolve the conflict between the interests of individual households and the wider agendas of demolition. The loss of one's home can have a profound impact on individuals and result in considerable anxiety and emotional distress. Yet, there is scope for displacement to be minimised in the first place, and a robust affordable housing framework as described above might help expand housing choice for those displaced.

Central and local governments should further their efforts in promoting more sophisticated approaches to redevelopment that promote community retention and minimise displacement. Existing measures such as the paid onsite resettlement policy should be given greater political emphasis. Yet this also means that more public sector resources should be made available to enhance the attractiveness and financial sustainability of these schemes to developers. Beyond this, mixing tenures, and including a range of unit types and sizes may be one way of ensuring a more inclusive redevelopment.

Large numbers of residents will continue to be relocated if major reforms do not take place. In such a scenario it should become fundamental to the goal of housing renewal to ensure that relocation processes are sensitively managed - meaning that the economic, psychological, social and environmental disruptions caused to households are minimised and that relocation actually makes an important contribution towards improving the quality of life of all residents (Cole and Flint, 2007: 53). Continued grievances regarding the procedures of relocation and compensation suggest that policy-makers should continue to make adjustments.

It is in the interest of the state to improve relocation procedures, to avoid marginalising urban citizens and exacerbating social discontent. Apart from ensuring an attractive affordable housing supply, government should ensure that standards of compensation are fair at the outset, and that people are not disadvantaged by agreeing early to resettlement while other households reap greater discretionary compensation after aggressive bargaining. Authorities need to continue strengthening the standardisation and transparency of housing relocation work. Strict legal sanctions must be imposed regarding oppressive tactics, the use of violence and other behaviours that may cause psychological or physical harm to residents. Absence of these guarantees about demolition and relocation raises levels of uncertainty and reduces the trust and confidence amongst local communities. Beyond protecting the lawful housing rights of those being relocated, support services including housing market information, resettlement advice and social support should also be offered to help residents navigate through the resettlement process. Experience in the West has shown that these can be essential in ensuring that the disruption and anxiety caused by losing one's home and moving into a new property is minimised (see Cole and Flint, 2007; Cunningham, 2004).

9.4.6 *Historic conservation and piecemeal gentrification*

In terms of heritage conservation, cities in developing countries are in some ways gradually following in international footsteps, though there remains considerable progress to be made. In China there is now greater awareness of the fact that two decades of redevelopment has eradicated irreplaceable architectural heritage and the historical character of the city. One particular issue this study observes is that adaptive re-use strategies are becoming more popularised in various privileged locations. Successful adaptive reuse will have its role in supporting broader

conservation agendas. It can restore and maintain the heritage significance of a building or an area and help to ensure its survival. Yet there often remains a large gap between physical and social conservation.

The rise of market-led, commercially oriented historic conservation often based on replacing low-cost residential functions faces the complex issue of how local residents can benefit from the process. It is worth noting that a narrow emphasis on the historical city as 'commodities' to stimulate economic development so may have at times 'superseded attention to the human ecologies that produced and inhabit them' (Sorkin, 1992: xiv). Local governments need to be conscious of how to minimise its social costs and to properly distribute the benefits. It should be seen as part of a more inclusive revitalisation strategy allowing for individual residents to take part and to benefit from. This study suggests that rather than relying on large-scale interventions involving forced relocation, historic conservation can be approached from more piecemeal processes which allow grass-root actors and residents more autonomy of decision making.

Low-level gentrification – involving individual appropriation and renovation of buildings in a neighbourhood - can be in line with the aspirations of residents if they are in control of the process as owners or landlords and can benefit from rising property values or from the positive effects of upgrading. These residents may therefore voluntarily participate to derive financial gains from the process. However the public sector has a role to support the interests of those in the community who are in a more disadvantaged position. It also needs to establish measures to minimise potential tensions between changing functions and the residential demands of existing residents. Supporting the right and capacity of existing residents to improve their dwellings, effective regulation of compatible business activities, and allowing proper channels of communication to be set up amongst different parties are essential to mediating these interests. The public sector should also ensure the resultant loss of affordable units from restoring older properties is adequately replaced within a broader housing strategy.

9.5 Future outlooks for urban China

Chinese cities have experienced remarkable transformation over the last three decades, and they continue to evolve under the complex interactions of state, market and society. This study has merely shed light on a small part of the puzzle,

over a limited, if significant timeframe. Various strands of this thesis can be extended for future research. As mentioned, the government's recent pledge to build affordable housing in suburban areas is another major policy issue deserving continued monitoring. There is scope for a more systematic analysis of the role and activities of quasi-governmental enterprises in urban development. This should help further clarify (and better quantify) their presence in cities, how their operations are distributed between 'profit-centred' and 'social responsibility' projects, and to consider how their links with local government might evolve over time. More recent projects corresponding to the community retention model (such as staff housing rehabilitation) should be carried out to clarify their impacts. Given that conservation planning is still a recent development, case studies of more recent renewal projects in conservation areas can help clarify whether and how tensions between renewal and conservation are being managed.

As emphasised by John Friedmann (2005:125) China's transition is an on-going story, and its outcomes are unpredictable. Looking ahead to the future of Chinese cities, other major questions that one can ask are how far socially and economically "balanced development" might materialise, and what factors might engender these changes. Interestingly, the current global economic downturn has curtailed though not severely challenged nation's prospect for significant growth. China and Asia's 'emerging economies' on the whole are largely leading the global economic recovery. China's industrial production, of note, rose by 11% in the 12 months from July 2008 to July 2009. Home-sales across the country have risen 70%. In major cities such as Shanghai and Hong Kong, house prices have rebounded strongly. On the other hand, significant set-backs to the nation's export industries had incurred, which have led to increased lay-offs (The Economist, 2009, August 15).

At the same time, the recent policy environment signifies some important changes, including efforts to respond to some of the excesses and imbalances of earlier periods of economic development. Affordable housing and social welfare are evolving policy arenas where innovations may yet come to shape the nature of urban development. Growing concern with environmental sustainability amongst national leaders – in no small part linked to the nation's unrivalled thirst for steel, glass and concrete to build their cities – may yet trigger changing attitudes to urban development (The Economist, 2008, 7 June). The eventual resolution of these policy issues, and whether these will make a real difference to the lives of urban citizens and to the politics of the Chinese city, remains open, and should continue to

preoccupy scholars in the coming decades.

On a less optimistic note, what this thesis does suggest is that the pre-conditions for an enduring coalition between elite business and government appear to be firmly established. Short of a major redistribution of political power and economic resources it is unlikely that urban policies will shift significantly away from a bias towards capitalist demands and business interest. Thus, the urban growth-coalition may well continue to be a key institutional arrangement shaping the Chinese city, though greater attention will need to be paid to how its internal dynamics may evolve in tandem with a host of political and economic developments - from the international economic and policy context, to national policies, to the changing ties between state-owned enterprises and governments, and no less to how an increasingly plural society express their demands in cities.

Appendices

Appendix 1: Interview schedules

Note: All of the interviews (except one) were carried out in Chinese. The following provides the English version. Interviews were semi-structured, thus the question schedules were used as a basis for more open discussions.

Section 1: General Issues

Housing problems in Shanghai

- What is/has been the nature of urban housing problems in Shanghai?
- What are the conditions of the old housing stock?
- What factors contributed to these problems?
- How is the older housing stock being managed/ maintained?
- What are the key challenges in maintaining older housing?

Official strategies for housing renewal

- What are the government's agendas for housing renewal?
- What were/are the major policies underlying housing renewal?
- How is housing redevelopment carried out? Who are the key actors or decision makers and what are their roles?
- How do the public and private actors work together in housing renewal? Is there a strong collaborative relationship?
- What kinds of regulations apply in the housing redevelopment process? Have there been changes over time, what are they and why?
- How are residents compensated in the process?
- What are the known implications of resident relocation? Do you think the standards are fair?
- When, and how does the government promote on-site resettlement?
- What are the key problems and challenges in the experience of housing redevelopment? How are these being dealt with?
- How is the government dealing with the housing/re-housing difficulties of the lower income groups?

Housing rehabilitation and historic conservation

- How is government dealing with the issue of protecting urban heritage and historic housing stocks?
- What is the nature of the historic conservation system in Shanghai? How has it evolved?
- What were/are the government's efforts and strategies regarding housing rehabilitation?
- How is/ has housing rehabilitation been carried out? (How are these financed? Who is responsible? What kinds of developers are/ have been involved?)
- What are/have been the results, problems and challenges in your experience?

Section 2: Case-specific interviews

Case of Taipingqiao (TPQ)

1. Inception: how did TPQ project come about?
2. What was its significance for Luwan district?
3. What was the overall redevelopment strategy/vision?
4. What was the nature of the neighbourhood prior to renewal?
5. Who were the key actors? What were their roles and mutual organization?
6. How did you come to be involved, in what capacity?
7. What kind of an enterprise is Shui-On Land? How did it come to lead the project and what distinguished it?
8. How did the government support the project?
9. How was the planning/ design process carried out?
10. What principles and regulations were considered?
11. How was the issue of historic conservation addressed?
12. How were residents resettled? What terms and options were made available?
13. What are the known implications of relocation?
14. How has the project been received? From the developer's perspective?
By the government?
15. What was special about this development model?
16. What is the status of the project now? What are future developments

Case of New Fukangli (NFKL)

1. Inception: how did NFKL come about? What were the project goals and parameters?
2. What was the overall redevelopment strategy? What was its significance for JingAn district?
3. What was the nature of the neighbourhood prior to renewal?
4. Who were the key actors and what were their roles?
5. What kind of an enterprise is JPHG? How did it come to be involved?
6. Why was the redevelopment approach chosen rather than rehabilitation?
7. How was the planning/ design process carried out? Who were the decision makers?
8. How did the government support the project?
9. What principles and regulations were considered?
10. How was the project financed? Who provided the financing?
11. How were residents resettled? What terms and options were made available?
12. What are the known implications of this relocation approach?
13. How were the project outcomes received? From the developer's perspective? By the government?
14. In what ways was NFKL distinct as an approach?
15. Will it be replicated in the future? Why/ why not?
16. How have redevelopment policies and practices changed since NFKL? Why?

Case of Taikang Road (TT)

1. How did TT evolve? What was the background of its development?
2. What was the nature of the neighbourhood prior to renewal?
3. What/ who initiated the processes of revitalization, with what purpose?
4. Who were the key actors and decision makers?
5. What were the principles and strategies in the revitalization of the buildings?
6. What are the underlying urban planning visions for the area?
7. What do you perceive as the value of the model of revitalization at TT?
8. What has been the role and attitudes of district and municipal governments?
9. How did district or municipal governments affect TT?
10. What were the roles of local residents? How were they involved and affected?
11. What lies in the future for TT?

Section three: Case-specific resident interviews

Pre-renewal living conditions

- What are your thoughts about lilong housing?
- What are the living conditions like?
- What are the benefits of living here?
- What are the problems of living here?
- What kinds of people live here?
- How has the population changed in recent years?
- How are the local neighbourhood relations?
- What do you think about the location here (including services and accessibility)?

Housing renewal process and impacts

- What are your thoughts regarding Shanghai's urban renewal in general?
Why?
- Do you think old housing ought to be conserved? Why?
- What are your thoughts about the issue of relocation and what it means for residents? Why?
- How did the renewal of this community take place, in your experience?
- What are your overall opinions of this project?
- What policies and information did the government provide at the time?
- Who do you think were controlling the processes?
- What could residents do in the process? Did you have a role?
- What were the impacts of interventions on the neighbourhood (in terms of physical, social, location and affordability)?
- How did relocation work in this community? What were the standards of compensation and what did these mean for different residents?

Appendix 2: Lists of Interviewees

Table A1: List of interviewees (officials/ developers/ professionals/ academics)

	Respondent's institution(s)	Position/ role	Subjects discussed	Date of interview	Duration
1	Development Research Centre of Shanghai Municipal Government	Senior official	Shanghai municipal government's economic development strategy, and economic development in Shanghai	29/12/2006	1 hour
2	(Formerly) Nanshi District Land and Housing Administration Bureau; (Currently) Nanfang Group Property Management co. ltd.	Former senior official in district housing bureau	Urban housing reforms, official housing renewal strategies, housing rehabilitation projects, official plans for historic conservation, old housing management, the practice of resident relocation in urban renewal	16/01/2007; 7/09/2007	4 hours
3	JingAn Property Holdings Group (Property developer)	Manager, former official in JingAn district housing bureau	Housing redevelopment, resident relocation, New Fukangli project	02/04/2007	1 hour
4	Nanshi District Land and Housing Administration Bureau	Former officer of district housing bureau	Housing rehabilitation in early 1990s Shanghai	19/01/ 2007	1 hour
5	JinAn district Urban Planning and Management Bureau	Head of a division	Shanghai's urban planning system, housing redevelopment procedures, resident relocation policies, affordable housing plans in Shanghai	28/09/2007	1 hour
6	Shanghai Xufang Property Group Co.,Ltd. (property developer)	Mid-level Manager	Real estate development process; recent historic conservation projects in Shanghai	03/08/2006	1 hour
7	Management Committee of Taikang Road Art Street	Head official	Inception and evolution of Taikang Road Tianzifang	24/07/2006	1.5 hours
8	Shanghai City Luwan District Science and Technology Commission; Luwan District Dapuqiao Street Office	Secretary; Former street office official	Inception and evolution of Taikang Road Tianzifang	19/3/2007; 17/4/2007	1.5 hours

Table A1 continued...

	Respondent's institution(s)	Position/ role	Subjects discussed	Date of interview	Duration
9	Faculty of Social Development Studies, Shanghai Academy of Social Sciences	Professor of Sociology	Rural-urban migration and migrants housing access	05/09/2006	1 hour
10	Tongji University Institute of Urban Planning and Design	Deputy Chief Planner	Urban redevelopment and historic conservation planning in Shanghai, resident relocation problems	02/05/2005	2 hours
11	Tongji University Institute of Urban Planning and Design	Vice-director of planning studio	Urbanisation and land policies in China	10/8/ 2008	1 hour
12	Tongji University Institute of Urban Planning and Design; National Research Centre of Historic Cities	Urban planner	The preparation of detailed plans for historic conservation areas in Shanghai	06/1/2006	1 hour
13	Expert Committee for the Preservation of Historical Areas and Heritage Architecture in Shanghai; Tongji University College of Architecture and Urban Planning	Professor of Architecture	Historic conservation planning in Shanghai; -national and local institutional frameworks	28/04/2005; 20/10/2005	1.5 hours
14	Shanghai urban planning commission Tongji University College of Architecture and Urban Planning	Urban Planning Commissioner; Professor of Architecture	Plans and legislations for historic conservation in Shanghai	06/01/2006	30 minutes
15	Expert Committee for the Preservation of Historical Areas and Heritage Architecture in Shanghai; Tongji University College of Architecture and Urban Planning	Professor of Architecture	Urban redevelopment processes, resident relocation problems , conservation planning in Shanghai and exemplary case studies;	30/03/2007	1.5 hours

Table A1 continued...

	Respondent's institution(s)	Position/ role	Subjects discussed	Date of interview	Duration
16	China Institute of Architects Architectural Creation and Theory Academic Committee; Tongji University College of Architecture and Urban Planning	Commissioner; Professor of Architecture	Design and implementation of Taipingqiao redevelopment project	06/04/2006	1 hour
17	Benjamin Wood Architects	Chief Architect	Design and implementation of Taipingqiao redevelopment project, in particular Xintiandi project and Lakeville	29/3/ 2007; 26/4/ 2007	2 Hours
18	Zhoujiaqiao Cultural Development Company	Manager	Adaptive-reuse of industrial buildings, formation of creative industry clusters	05/09/2006	1 hour
19	Tonglefang Development Company	Director of marketing	Revitalising historic buildings as a real estate strategy, the collaboration of public sector and private developers in the process, the formation of creative industry clusters in Shanghai	11/09/2006	3 hours
20	Bund 18 Real Estate Management Ltd.	Director	Revitalisation of listed historic buildings in Huangpu district; the role of foreign investors and architects	06/09/2006	2 Hours
21	Zhuowei 700 (State-owned industrial enterprise)	Senior manager of work unit	Restructuring of manufacturing industries, its impacts on work units; how enterprise respond to fiscal pressures through property development, the commercial office market in Luwan district	07/09/2006	1 hour

Table A2: Respondents in Taipingqiao (TPQ) case study

Total: 9 respondents

ID	Age group	Sex	Persons in family	Family form	Household housing space (m ²)	Possession of kitchen/ bathroom for self-usage?	Tenure of current residence	Employment status	Monthly family income
X4	60s	M	2	Elderly couple	10	No	Public renting	Retired	NA
X6	50s	F	2	Elderly couple	40	WC and shower	Public renting	Retired	2,000-3,000
X7	60s	F	2	Single mother + daughter (working)	50	WC and shower	Public renting	Working	NA
X11	50s	M	4	Parents + two children	70	Shared bathroom	Public renting	Laid off/ Qipai	3,000~4,000
X12	60s	M	2	Man + elderly mother	10	Shared bathroom	Public renting	Retired	3,000
X14	50s	M	2	Elderly couple	30+	NA	Public renting	Working	NA
X17	60s	M	3	Couple + son	30+	NA	Public renting	Retired	NA
X18	50s	M + F *	2	Elderly couple	11	No	Public renting	Retired	1,000
X22	60s	M	4	Elderly couple + young couple	32	No	Public renting	Retired/ voluntary work	10,000

Notes: NA: information was not provided by respondent; * both members of couple interviewed

Table A3: Respondents in New Fukangli (NFKL) case study

Total: 10 respondents

ID	Age group	Sex	Persons in family	Family form	Household housing space (m ²)	Possession of kitchen/bathroom for self-usage?	Tenure of current residence	Employment status	Monthly family income
F5	60s	M	5	Three generations	90	Self-sufficient	Private ownership	Retired	NA
F7	30s	M	3	Couple + son	NA	Self-sufficient	Private ownership	Working	NA
F9	60s	F	4	Couple + elderly + son	2 units	Self-sufficient	Private ownership	NA	NA
F10	50s	M	2	Couple + child (university)	70	Self-sufficient	Private ownership	Working	NA
F11*	50s	M	2	Couple	NA	Self-sufficient	Private ownership	Retired	NA
F12	50s	M	3	Couple + son	NA	Self-sufficient	Private ownership	Retired	NA
F15	50s	M	2	Couple	86	Self-sufficient	Private ownership	Working	NA
F16*	40s	M	3	Couple + middle school child	120	Self-sufficient	Private ownership	Working	NA
F19*	30s	M + F **	3	Couple + son	NA	Self-sufficient	Private ownership	Working	NA
F20	60s	F	4	Elderly couple + young couple	70	Self-sufficient	Private ownership	Working but retired	NA

Note: * = newly settled residents after redevelopment. Other respondents were original returnee residents; ** both members of couple interviewed; NA = information was not provided by respondent

Table A4: Respondents in Taikang Road Tianzifang (TT) case study

ID	Age group	Sex	Persons in family	Family form	Household housing space (m2)	Possession of kitchen/bathroom for self-usage?	Tenure of current residence	Employment status	Monthly family income
T4	50s	F	3	Couple + elderly mother	NA	NA	Public renting	Retired	NA
T7	70s	M	5	Three generations	NA	NA	Public renting	Retired	NA
T9	50s	M	3	Couple + son	10	None	Public renting	Employed	NA
T12	60s	F	2	Single mother + daughter	12	None	Public renting	Retired	NA
T13	70s	M	2	Couple	NA	None	Public renting	Retired	<1,000
T14	60s	F	2	Couple	NA	None	Public renting	Retired	<1,000
T15	83	M	2	Couple	NA	None	Public renting	Retired	NA
T20	60s	F	3	Couple + son	NA	None	Public renting	Retired	NA
TL1	60s	M	3	Elderly + young couple	26	None	Public renting	Retired	4,000+
TL2	60s	M + F	3	Couple + daughter	32	WC, Bathroom, Kitchen	Renting privately	Retired	26,000
TL3	50s	F	3	Couple + son	15	None	Renting privately	Employed	4,000
TL4	67	M	2	Couple	14.5	WC	Renting privately	Retired	6,000
TL5	50s	M	3	Couple + son	50	WC, Bath, Kitchen	Renting privately	Employed	NA
TL6	60s	M	3	Couple + son	26	None	Renting privately	Laid off	4,000
TL7	60s	M	3	Couple + son	NA	NA	Renting privately	Employed	NA
TL8	60	F	3	Couple + son	NA	None	Renting privately	Retired	3,000

Notes: Total 16 respondents. Those identified TL are residents who rented out their homes in the gentrification process

NA = information was not provided by respondent

Appendix 3: A note on ethical issues

This research is political in nature and relies in part upon interviewing many human subjects. A great deal of care regarding ethical issues was applied throughout the research process. This extended to issues such as personal consent, confidentiality, the storage of information, accurate recording of evidence, and accurate and responsible use of research findings.

Personal expression of consent was always the basis for the commencement of an interview. The researcher took care to provide details about his identity, research interests, and the intended subject matter of the interviews. I answered any questions participants had regarding these issues, regarding the usage of the data and the independence of this research from any official initiatives. Clarifying queries also helped built mutual understanding between the researcher and the participants.

The researcher was conscious to ensure that participation in the study did not induce any unacceptable psychological stress, anxiety or cause harm or negative consequences beyond the risks encountered in normal life. No questions posed threat or distress for the respondents. Nevertheless, sensitive issues in the interviews regarded residents own marginal status in housing or economic terms, and the contentious issue of real estate development vs. resident displacement, government authority vs. individual interest. Throughout all of the interviews it was respected that the informants had the right not to answer any questions they did not feel comfortable with, and their right to end the interview at anytime, without giving reasons.

Care was also taken to protect the anonymity of all respondents. Interviews were carried out on a one-to-one basis in the absence of others or gate-keepers. Some of the actors involved in the case studies were already public knowledge. Nevertheless as much as possible I ensured that all the subjects interviewed remained anonymous. Where important details such as addresses, phone-numbers and names were provided, the researcher kept these confidential. These and the interview recording files were never disclosed to a third party. Each respondent was given a separate code name to identify them. Transcripts and recordings of the fieldwork were labelled by these IDs rather than names. The role and positions of

some of the key informants were described in the thesis, but in a broad way so as to prevent identification of specific persons. In light of the above measures, the interests of all respondents were respected in the process of interviews, and in the storage, analysis and reporting of the data.

Appendix 4: Case study sample

Table A 5: List of housing renewal project considered for case study selection

Project Name	Location (District)	Site Area (Hectares)	Original housing type	Redevelopment/conservation	Key agents
Lianwangcheng	Putuo	50	Slum area	Redevelopment	District government & property developer
Shanghai Port International Cruise Terminal*	Hongkou	13	Shikumen lilong, new style lilong (1910~1930s)	Redevelopment	District government & property developer
Yuyuan Tourist Mart (phase 1)	Huangpu	5	Shikumen lilong (1900~1920s)	Redevelopment	District government & district property developer
Taipingqiao **	Luwan	52	Shikumen lilong (1920s)	Redevelopment	District government & HK property developer
Sinan Road Villas	Luwan	5	Colonial garden villas (1940s)	Conservation	District government & district property developer
New Fukangli **	JingAn	4	Shikumen lilong, new style lilong (1920s)	Redevelopment	Housing bureau & district property developer
International Ladoll City	JingAn	4	Shikumen lilong, new style lilong (1920s)	Redevelopment	Local authorities & district property developer
Xinguo Hotel	Changning	7	Colonial garden villas (1920s)	Conservation and new developments	State owned and private hotel groups
Duolun Road	Hongkou	NA	Various residential heritage (1900~1930s)	Conservation and redevelopment proposed	District government & developers
Taikang Tianzifang **	Luwan	3	Shikumen lilong, industrial heritage (1920~30s)	Conservation (piecemeal)	Street office & small businesses
Huaihai Road 1754 Lane	Xuhui	<2	Colonial garden villas (1930s)	Redevelopment	Housing bureau and property developer
Penglai Rd 252 Lane *	Huangpu	<2	Shikumen lilong	Conservation	Housing bureau & work units
44 th Lane	Luwan	<2	Shikumen lilong	Conservation	Housing bureau & work units
ZJZ project	JingAn	<2	Shikumen lilong	Conservation	Housing bureau & Dutch authorities

Note: * Chosen for pilot study; ** Chosen for final case studies

(Continued next page)

Table A5 continued, additional project details

Project Name	Dates	Renewal outcomes	Project floor area (m ²)	Displacement/ retention?	Conservation listing/ area?
Lianwangcheng	1998-2004	Up-market apartments	NA	Displacement (in-kind compensation)	-
Shanghai Port International Cruise Terminal*	2004~ ongoing	Cruise terminal and commercial offices	400,000	Displacement (in-kind and monetary)	-
Yuyuan Tourist Mart (phase 1)	1991-1994	Tourism and retail development	80,000	Displacement (in-kind compensation)	Historic City Core Conservation area
Taipingqiao **	1996 ~ ongoing	Up-market apartments and commercial	1.6 million	Displacement (in-kind and monetary)	Listed building
Sinan Road Villas	2004~ ongoing	50+ Up-market villas	NA	Displacement (in-kind and monetary)	Listed buildings & Hengshan-Fuxing conservation area
New Fukangli **	1997 ~ 2001	Up-market apartments	100,000	Part retention, part displacement	-
International Ladoll City	2001-2004	Up-market apartments	270,000	Part retention, mostly displacement	-
Xinguo Hotel	2002~	5-star hotel complex (190 guest rooms) and 28 villas	NA	NA	Listed buildings & Hengshan-Fuxing conservation area
Duolun Road	1997 ~ ongoing	Leisure and tourism complex	NA	Displacement	Listed buildings & conservation area
Taikang Tianzifang **	1998~ ongoing	Commercial boutiques/ creative offices	70,000	Part community retention	-
Huaihai Road 1754 Lane	1999-2001	Up-market private houses	56,000	Displacement (monetary)	Listed buildings & conservation area
Penglai Rd 252 Lane *	1994	Upgraded public housing, later privatised	4,700	Community retention	Historic City Core Conservation area
44 th Lane	1990-1995	Upgraded public housing, later privatised	29,000	Community retention	-
ZJZ project	1987-1996	Upgraded public housing, later privatised	3,500	Community retention	-

Note: * Chosen for pilot study; ** Chosen for final case studies; NA data unavailable

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