

## **From Family Rental Houses to Low-rent Houses** **——the research on urban village renewal based on renting**

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**Abstract:** Urban villages are the particular outcome of the China urbanization and now they become the obstructions for the urban development. Many studies have been made concerning the problems in the village and propose some village renewal patterns. However most of them were in a dilemma due to the huge corresponding compensation and villagers' unwillingness. In this article, after in-depth reviewing the specific phenomenon of renting in the village and taking account of the puzzle of Low-rent housing constructions in today's China, we propose the Low-rent housing oriented village renewal pattern as the effective way to advance the urban renewal and national Low-rent housing program. Moreover, we argue the viability and dynamic mechanism of this urban renewal pattern, as result we suggest take the "Admittance", "Cooperation" and "Centralization" as the key points for the implementation of our idea.

**Keywords:** Urban Village, Renewal, Low-rent housing, China.

The term "urban village" has the different meaning in English as it does in Chinese. In developed countries, it usually refers to a well-planned development at the edge of an urban area. But in China, Urban villages (Chinese: 城中村; pinyin: Chéng Zhōng Cūn; literally: "village in city") are commonly inhabited by the poor and transient, and as such they are associated with squalor, overcrowding and social problems and are considered by some as no better than Chinese slums. Today they are a major headache for urban planners across China, especially in big metropolises.

### **I. "urban village" and house renting**

"Urban village" is the history outcome of China's rapid urbanization. Since the 1990s, China's cities, especially large and medium-sized costal cities had come into accelerated development phase. The Rapid urbanization has brought extensive urban construction and land expansion, a large number of farmland and villages surrounding cities were forced into the urban area. Meanwhile, in order to avoid huge economic and social costs for resettlement of villagers, City Government has

adopted the circuitous development policy as “To get the rural farmlands, to neglect the villagers” —Farmlands formerly cultivated by the villagers were compulsorily purchased and turned into urban land by the government whereas the villages themselves were reserved. Soon after their purchase, the villages tend to be surrounded by rising skyscrapers. Though situated in the midst of the urban area, they are still “rural” and villagers still share a rural household identity in terms of municipal administration. Consequently, the villages become de facto independent kingdoms, outside of urban planning, infrastructure construction, and other forms of administrative regulations and public policy.

### **1.1 Renting in “urban village” and its negative effect**

As in the fissure of urban area, “urban village” have to adapt to the city environment. In a market economy environment, the villagers who lost farmland and traditional agricultural way of life have no choice but a new lifestyle—they make full use of some “advantages” to be landowners built multi-story houses and rent them to the city’s floating population, who are not able to afford an apartment in the better parts of the city. These “advantages” mainly include not only the inherent resources such as the land and location, also the absence of urban constructions supervisory due to China’s urban-rural dual system.

Land is the fundamental element for the villagers to make a living, the village collectively-owned enterprises and individuals make use of lands and location to engage in various rental economy activities, such as collective land leasing and family housing rent. The income of villagers mainly consists of two parts, one is the distribute dividends of the village collective economy enterprises regularly, the other is their family houses rent; the former is disconcerting since the collective enterprises managers are usually village leaders lack the enough capacity and experience to operate the enterprise, only the latter is the security income. In order to strive for a more stable rental income, the villagers chose to enlarge their own houses building area for rent to maximize their own interests. And because the village construction is out of the urban constructions supervisory and village constructions system have self-defectiveness, the building actions become disorderly with less restraint, the building density and plot ratio in the village are very high, municipal facilities and public input can not be guaranteed, living conditions started to deteriorate and health conditions are not optimistic. Meanwhile along with

supply capacity of rental houses enhanced and the "low-quality, low-cost" strategies input, mass floating people have come into the "urban villages". Population composition becomes complex that various social problems come into being. This short-sighted development pattern has brought about their own social, economic, environment depredated and also has negative externalities — "urban village" have a very different building landscape from the city. The disorderly physical environment becomes the breeding grounds for social problems such as crime, drug addiction, alcoholism, and prostitution. Some consider urban villages to be a form of slum with Chinese characteristics. "Urban village" has been deemed as "city cancer".

### **1.2 The limitations of existing studies on the "urban villages"**

Nowadays, the "urban villages" have become the obstruction to the city development. They have the negative effects on the urban society stability and implementation of urban centralized planning. Therefore, the "urban village" has aroused extensive attention from all sectors of society. The existing Chinese studies concentrated in two areas, one is to describe and analyze the socio-economic phenomenon of the villages and propose the countermeasures(Tian Li;1998; Jing Dong,1999;Li Peilin,2002); the other research on the village renewal activities is to discuss the renewal patterns and explore its dynamic mechanism. Most of studies one-sided emphasized on the negative impact of the urban villages, criticized the urban village for its selfish development, lack to describe its positive impacts. Correspondingly the village renewal studies on the patterns, techniques and methods are aim to wipe off the problems of the urban villagers but not to think about to promote the positive function of the urban village.

In point of fact, "urban Villages" not only have negative impact on cities, they still play a positive role. Especially China experiencing the high-speed development stage never before, urban development is so fast and massive floating populations appear in cities. "Urban Villages" is actually a "buffer", allowing the immigrants to have a temporary respite; they are also a "regulator" of the city, attracting and accommodating a large number of low-income groups. To a certain extent, they help relieve the intensification of social conflict in cities. Therefore, the village renewal is not only issues-oriented; goals-oriented is another choice especially to promote the "Rental service ". The renewal action could be more comprehensive

and more objective, not limited to the transformation of the physical environment, but to preserve and upgrade the social service function.

## **2 the plight of Low-rent housing in today's China**

As has been noted, China urbanization has entered into an accelerated development stage, a large number of agricultural population come into cities. The rapid urban population growth has also brought a great demand for urban housing. With the market economy development, China's housing supplies change from the traditional "Welfare-Oriented Public Housing Distribution" to "Housing Markets". This has brought the prosperity of the real estate market, as well brings a considerable number of urban residents to join the group who need to buy houses. Along with some speculation in the real estate market, China's housing has entered a "high price time". A considerable number of people were excluded from the housing market; housing has become an important event to national plans and civilian lives. Government as a market economy macro-manager has the responsibility to meet the housing demands of the low-income class, should take some measures of income redistribution, such as the social welfare and social security policies, to safeguard social equity and stability.

Based on the nowadays habitation problems, Chinese government taken an active response at a national Macro-control level. Since 1998, the low-rent housing program has been formally put on the national agenda. However, Large-scale promotion and construction of low-rent houses did not come true, low-rent program sounds more like an empty word. Why did the policy can not be full implemented? The reason is the lack of adequate available houses, which mainly consists of the "existing houses" and "incremental houses". The "existing houses", as the name suggests is the remained old houses, originated from the ancillary residential of the bankrupt enterprises or deserted houses for some history reasons in the downtown. However, the number of the "existing houses" is too small to meet the demands so that it's only a minority of the Low-rent houses. The "incremental houses" are new-building houses by city government that is the effective way to make up for the shortage. This type of houses development also fell into dilemma since the Real Estate Developers were not about to take over such less profit work and government also did not take an active participation because of the discouraged funds shortfall. In order to cut down the development costs, such new-building

houses are often located in the city fringe. While those renters mostly work in the downtown, the pendulum traffic has increased the invisible cost of living and limits the access to get a job. On the contrary, in the centre city where can provide the bulk of the employment opportunities, the low-income workers is hard to get the government Low-rental houses there. This situation has lead to a conflict between location supply and demand. Thus, the key for Low-rent housing policy implemented is to reduce the government expenditure and to provide rental houses in an appropriate location, to cut down the day-to-day economic costs for the renters and really make them bring into the social welfare of Low-rent housing.

### **3 Analysis for Low-rent housing oriented village renewal**

The socio-economic problems in urban villages have virtually affected the current urban development; village renewal has been put on the government agenda. But the huge amount of the compensation and rebuilding costs make government in a tight place to continue renewal action. At the same time, though Low-rental housing is welcome by the public, the policy implementation is not easy. With the urban population rapid increasing, the Low-rent houses will service more and wide targeted population. This will undoubtedly put government in a trouble to build more Low-rent houses to meet the demands. After integrally thinking about the puzzle of urban renewal and Low-rental housing, we considered that they have a certain supply and demand relation; we can use this relation to solve the existing problems to achieve a "win-win" situation, and to afford an outlet to save socio-economic cost for the whole society.

#### **3.1 The Probability Analysis for the Houses Supply in the Urban Villages**

As has been stated, discussions on the Village renewal are intensively carried out, while in reality renewal action is hard to start. The cause of this situation is that village renewal action is exactly a multi-stakeholders game; each stakeholder wants to get its desired objectives and interests, which hardly lead to a consensus. Frequently the key factor lies in the villager's initiative that is whether or not they are willing to participate in the renewal actions. Actually, villagers as everyone expect a comfortable living environment, but most urban renewal patterns put off their enthusiasm for some reasons.

The original intention of the village renewal is to solve the problems of the urban villages, such as disorder buildings, high crime rate and shortage of municipal

facilities, in order to improve the living conditions and quality of lives. However current renewal usually adopted the policy as to get the village land and resettle villagers in remote areas in the city, which exactly deprive the original residents of their own land and the location, so that their reliable rent income is vanished. To solve the problem, the government usually takes the measure as to give a lump compensation for the lost of the villagers. But this renewal pattern is not widely recognized; because the amount of compensation cannot guarantee their future living expenses and these unskilled villagers lack other means to make a living except for renting houses. They resist on the urban renewal action for their worries on their future lives. It will be seen from the situation that the villagers would like the better physical environment, but they more care for sharing the continuing rental income to get economic security.

We propose the Low-rent houses oriented village renewal base on the goal to collaborate the economic interest relations. Original residents can enjoy the original rental income and the floating people have the rights to continue enjoying the Low-rent housing. This renewal pattern first satisfied demands of the villagers – to some extent, it inherited the renting in the village. Villagers will still engage in leasing business, which make the villagers easily accept the renewal for the work customs. the Low-rent houses is also the national business which promise the villagers to have a continuing income, which help promote villagers’ willingness and enhanced the “initiative” of the renewal action, so as the villagers would transform their houses into Low-rent houses. Furthermore, "urban villages" have the advantages of the location and "low-cost service" which are the important and necessary resources for Low-rental housing. They can service more low-income population.

This renewal pattern take over the former renting, undoubtedly the village problems really do exist. Except for the rental economic inherited and remained, the villages should improve the economic, social and physical conditions in order to meet the national standards and requirements of the government's Low-rental housing. (Fig

1)

Fig 1

	Urban village (supplies)	Low-rent houses (demands)
Location	Urban built-up area	Urban built-up area
Social function	Offering cheap rent service	Offering standard Low-rent service
Physical environment	Poor quality constructions and environment, deficient municipal facilities	National standard low-cost houses, the complete supporting facilities

Economy	Individual economy and village collective economy	State-owned economy
Society	Complex demographic composition and uncontrolled floating population	Government unified planning and arranging population
Community	Social instability , social exclusion	Social identity and social belonging

### 3.2 Enhancements of the Government Capacity and Social Support

Urban village renewal and low-rent housing constructions are both the Government's bounden duties: the former is to improve the living environment and wipe off the negative effects in cities, intend to secure urban stable development; the latter is to deal with the residential difficulties for the low-income population. Although varied in goals, two tasks directly linked to living conditions of vulnerable groups. The target group has a considerable similarity and overlapping, If adopting the old renewal pattern, the government not only have to continuously undertake the huge economic compensation, also to burden another greater economic pressure because the floating population lost the cheap renting houses leading to increasing demands for Low-rental houses. Transforming private houses into Low-rent houses can make government "kill two birds with one stone" –reforms the villages and build the Low-rent houses at one time–, which can alleviate the city government's financial stress and save the social-economic costs.

In addition, only the popular and recognized urban policy can be successfully implemented, some government one-side supporting policies are usually not implemented. Low-rent houses oriented village renewal has the 3 stakeholders, besides the government and villagers; it is the urban low-income group, especially for the floating population. In nearly 10 year, urban floating population have gradually got the recognition and respect of the citizens, received a more and more public's attention; but their daily living situations have not obvious changes, of which the resident conditions is one of the fundamental issue. Low-rental housing oriented village renewal changed the pattern of the past, which regulate and guarantee the housing of the floating population. Furthermore, government can not only achieve its mind of solving urban problems, also gives the floating population a sense of security. So this renewal pattern is the solution to the resettlement and management of the floating population, which would benefit urban the low-income class and get broad support from all sectors of society.

#### **4 Operating points on the Low-rent housing oriented village renewal**

Low-rent housing village oriented village renewal based on the initiative of the villagers, aims to improve the village environments and update the renting to service the society better. We think that realization the of whole process mainly relies on 3 key points “Admittance”, “Cooperation” and “Centralization”

Government regulates the “Admittance”. Low-rent housing oriented village renewal is attractive for the villagers, because they know that they can continue to engage in their own "rental business", and the rental income can also be guaranteed. However, the villagers who are former farmers, strongly affected by traditional "small-scale peasant economy" and "the individual economy", they are used to individual operation and like facing the rental market directly. While the Low-rental housing is national welfare policy, need to be integrated planning and rational arrangement in the city level. Government needs to persuade and educate the villagers to comply with the government’s supervision and management of the rental market. Further more government should regulate the “Admittance” — not all villagers are able to provide their houses as the government's Low-rental housing. The Government should formulate standards of the availability houses which should meet “hardware standards”, such as the building block density, floor area ratio, green space rate and the corresponding public services and municipal facilities arrangements etc. The specific renewal methods can be various, such as remain, rebuild, remedy or decorate, but need to reach the bottom line of standards of the Low-rental housing.

Operating mode emphasizes on “Bilateral Cooperation”. the village committee should be preside Low-rent housing oriented village renewal and start-up funds most come from the villagers self-financing assist with government policy support. The Whole process should avoid the snobbish developers’ investment. It is through self-reliance that the renewal can cut down the development cost and promise the villagers maximum benefit. In this case, the villagers will take an active participate in renewal action and self-financing as their expectation for a good living environment and pursuit of economic interests. Government in the renewal actions committed to ensuring "rented rooms" for the villagers which safeguard their future economic income. As the developers excluded from the urban renewal process, village renewal is actually that the villagers “renovate” their property and legalize their leasing "business”. Meanwhile, the government is also benefit from the

renewal. As the spokesman for the public interest, government has the obligation to improve the urban physical environment and have a duty to input policy and financial support for the village renewal. This renewal pattern will alleviate the supply pressure of social welfare housing: the funds for the new Low-rental housing constructions will pass over to the village renewal and the investment for the Low-rent houses and village renewal has been into one thing, therefore government will enhance the economic strength to advance the process of village renewal.

Management stress on the Centralization——as analyzed previously, the cause of social problems in urban villages is the weak management of the village committee and the vacancy supervisory of urban government. Avoiding reemergence of the social problems, Low-rental housing-oriented village renewal should remove “rental management rights” from “decentralization” to “centralization”, city government should have the power to manage the village community according to relevant urban regulations. That is to say the villages tenants will be brought into the urban unified management, the government will checkup the eligibility of the applicants for the settlement and control the tenants group. And the villagers have the only right to upkeep and repair the physical environment of Low-rental housing and municipal facilities. It is effective way to bring floating population into the urban management system, so as to solve the social problems of the village and city.

## **5 Conclusion**

We propose the Low-rent housing oriented village renewal starts mainly from the standpoint of the urban vulnerable groups —— to defend the interest of the villagers and service more low income group in the city, which can win the social support and alleviates the social contradictions. Meanwhile this renewal pattern will enhance the villagers’ initiative and government’ input to help the implementation of the urban renewal, offering an effective way to solve the puzzle of the government’ Low-rent houses instructions. It’s also valuable for the government to safeguard the social stable development in the background of China Harmonious Society. Of course, this is only a hypothesis of the authors. some aspects still need more in-depth discussions and examinations in actual operation.

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