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The Redevelopment Model of Xidian Village, Beijing

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Photo by M.R. Hasan



In 2011, an urban village called Xidian in Beijing experimented with a nationally unique model of village-led urban village redevelopment, called “New Village Construction.” It redeveloped shanty bungalows into modern urban housing at the village’s own cost, while maintaining the villagers’ rural identities and collectively owned rural land during the redevelopment. Xidian village presented an approach different from the typical model that urbanizes both land and population while financing the redevelopment through state-led land sales.

Finished within two years, the village showed many promising outcomes, including increasing village wealth, improved living conditions of the villagers, and an upgraded village landscape since its completion in 2013. Despite continuous recognition by Beijing’s local governments and nationwide news coverage, many challenges still remain to prevent the model from being economically sustainable and socially inclusive. This paper thus discusses four concerns for the future replication of Xidian’s redevelopment model and proposes two recommendations.

INFORMALITY DEFINED IN A CHINESE CONTEXT

Unlike in many other countries, where urbanization is mainly defined by population-related metrics (Haub 2009), China’s urbanization, namely the dualistic urban-rural structure, is closely tied to two components—land and population. On one hand, China’s current land regime creates a dichotomy between urban land owned by the state and rural land collectively owned by local villages (Li et al. 2010, 12). On the other hand, the migration of population is regulated by *hukou*, China’s household registration system that differentiates urban-rural identities and decides varying access to social welfare by localities. These two underlying legal frameworks complicate the formalization process of informal settlements in China. In particular, the former directly leads to local governments’ overdependence on “land finance,” the government-led growth model that predominantly generates public revenue through rural land expropriation and land sales (Buckingham and Chan 2018, 584). Meanwhile, as of 2013, the latter caused a floating population of approximately 270 million with mismatched locality registrations to be excluded from fairly enjoying social welfare (Acoca et al. 2014, 11).

Mostly found in first- and second-tier cities, urban villages (*cheng zhong cun*) are a principal component of informal settlements in China. Such clusters of substandard housing units were usually built on collectively owned rural land, remaining after local governments’ land expropriation and left outside of local governments’ jurisdiction (World Bank 2014, Ren 2017). Despite the absence of proper utilities, legal title, and tenure security, these housing units would often be rented out by local villagers at low prices to migrant workers who did not have access to public housing in large cities per *hukou* regulations (Chan 2009, 197). Across Chinese cities, urban villages took shape differently regarding scale, density, infrastructure, and sources of informality. However, a common ground shared by many local governments and scholars was that urban villages, often poor, shabby, and crime-ridden, were a hotbed of social ills during urban-rural integration (Wu et al. 2013, Feng 2010). Such perceptions resulted in urban village eradication and clearance led by local governments and large developers, a default solution to urban villages throughout history. However, a few cities, including Beijing and Shenzhen, started to recognize the value of urban villages and have experimented with policies of regeneration in recent years (Meng and Lin 2018).

GRASSROOTS GOVERNANCE STRUCTURE IN CHINA

To better understand Xidian’s urban village regeneration model and disentangle institutional barriers to formalizing urban villages, it is important to discuss the grassroots governance structure in China first. China exercises grassroots-level autonomy in both urban and rural areas through grassroots autonomous organizations. On state-owned urban land, local communities form resident committees (*ju wei hui*) to resolve community affairs, while on collectively owned rural land, village committees (*cun wei hui*) are formed similarly. Both resident committees and village committees are not government branches, but act as an extension of the

lowest level of Chinese governments, namely street offices (*jie dao ban*) and township governments (*xiang*) to assist daily work.

There are two characteristics of village committees that differ from resident committees that are key to formalizing urban villages. First, village committees, on behalf of all villagers in the collective, own the rural land, a key production factor. Although villagers own the land per se, only the village committee has the discretion to decide the use, be it land leasing to private investors or saving the land for agricultural use. Second, compared to resident committees with financial support from the upper levels of government, village committees are more financially robust and independent through their ownership and operation of the township and village enterprises (TVEs) (Zou 2003). There are at least three non-exclusive ways for villagers to enjoy the benefits of their collectives' TVEs: through favoring employment in TVEs, sharing dividends of TVEs, and enjoying public services from better financed village committees. Such structures are fundamental in Xidian's success in achieving long-term self-sufficiency after the formalization process (Personal Interview 2016).

OVERVIEW OF URBAN VILLAGES IN BEIJING

Urban villages in Beijing first emerged in the 1990s alongside the rapid urban growth that drew thousands of migrant workers to the city. As of 2010, there were approximately 1,700 urban villages in Beijing that housed around 9.2 million registered local residents and over 300,000 migrant workers. These urban villages were spread out over 200 acres of land within Beijing's fifth ring road as of 2013, although they have declined in number near the urban core (Hu 2013, Feng 2010). Many villagers constructed high-density low-rise housing units on land originally designated to serve their personal residential needs, and they have since profited from leasing to migrant tenants at a low price (Liu and Wong, 2017). As a result, most urban villages in Beijing saw rural migrants far outnumber local registered villagers. In some villages the difference was as high as 10:1 (World Bank, Feng 2010).

Since 2010, Beijing initiated a comprehensive redevelopment plan and a series of policy reforms to expedite urban-rural integration. In particular, it targeted fifty urban villages whose previous redevelopment progress was stuck at the bottom among all villages, and aimed to better integrate rural villagers during the urbanization process (Map 1). These villages were granted high flexibility to experiment with policy innovations and meet villagers' demand, while enjoying municipal support, for such things as improved infrastructure, as detailed in Beijing's municipal master plan (Feng 2010). The focus of this paper, Xidian village in Chaoyang district, was among the fifty villages that experimented with innovative approaches to urban village regeneration.

THE REDEVELOPMENT MODEL OF XIDIAN VILLAGE IN BEIJING: "NEW VILLAGE CONSTRUCTION"

Only three miles to the core of Beijing's CBD area, Xidian village sits on a 71 acre collectively owned parcel of rural land. It is located between the east fourth and fifth ring roads, with its four sides bounded by Tonghui river, Jing-Bao railway, and Jing-Qin railway. Before its regeneration, the designated residential land (*zhai ji di*) for villagers was 1.4 million square feet, with three residential clusters of poor living conditions and decaying structures (Map 2, Photo 1). The village was home to 1,012 households and 2,548 registered villagers. It was also estimated to have a floating population of over 9,000 living in the village. Many of the villagers and migrant workers worked in the manufacturing and service sectors near the village (Personal Interview 2016).

Following the municipality's redevelopment plan in 2010, Xidian village for the first time had a formal plan, endorsed by the municipal and district governments (Feng 2010). The redevelopment project finished as planned in 2013. It practiced a unique regeneration model, what the village named, "New Village Construction," distinct from other urban villages in Beijing in three regards. First, it kept intact villagers' rural identities and



the collectively owned rural land, while upgrading the village's landscape from shabby, substandard bungalows to a completely modern urban fabric *in situ*, with features including improved infrastructure and standardized three-floor mixed-use buildings. The typical redevelopment models in Beijing were either upgrading *in situ* or relocating with compensation. Both of these models, however, urbanized the original villagers and transferred ownership of their land to the State (Feng 2010). Second, the redevelopment was led by the local village committee and its TVEs, as opposed to, what was often seen in other nationwide redevelopments, where projects were led by municipal officials or private real estate developers (Buckingham and Chan 2018). Lastly, since almost all villagers moved back to the newly built apartments, Xidian's model avoided the extremely high compensation for relocation that sometimes could even create millionaires among relocated villagers (Cai 2018). Thus the village managed to take on the regeneration projects at significantly lower costs, while enjoying the benefits from leasing the newly added commercial space for collective gains. By employing its TVEs as developers and operators, such gains would also trickle down to villagers through their employment and dividends from the TVEs (Personal Interview, 2016).

In April 2011, Xidian village officially started its upgrading projects of the "New Village Construction," creating more than 500 three-story buildings that resembled Qing Dynasty architecture totaling almost two million square feet (Appendix, Photo 2). These buildings were either residential or combined with commercial uses at the discretion of local villagers. In addition, two high-density high-rise apartments were also built nearby to give residents other relocation options (Photo 3). Since the completion of the redevelopment project in June 2013, all 2,548 villagers in Xidian moved back to the new buildings, among whom over 150 were newly employed for community maintenance and management as a result of the redevelopment. Over 90% of the first-floor commercial space in the mixed-use buildings was leased out to small- and micro-enterprises in the cultural and creative industries per instructions from the village committee (Chaoyang News 2014).

EVALUATING XIDIAN'S MODEL

Xidian's "New Village Construction" presents a promising model to serve the goal of facilitating urban-rural integration and improve the living conditions of local villagers, as stated by the municipal government as early as 2010 (Feng 2010). In particular, the introduction of the village's first official plan contributed to more efficient land use and reasonable zoning of the village's land asset. The endorsement and authorization of the village plan by local governments also expedited the process of coordinating work across different government departments, usually a long-overdue task for village committees to undertake. Moreover, the better planned collectively owned land in Xidian propelled the growth of local TVEs. It created job opportunities for local villagers and additional revenue sources for village committee to keep public services in order, including parking, cleaning, security, and streetscaping. Moreover, many Xidian villagers and their families been settled in the village for generations and have already established strong social ties locally. An *in situ* upgrading and a return rate of 100% helped to achieve high community attachment among Xidian villagers even after redevelopment.

After such success, the Xidian village "New Village Construction" was soon used as a model for another village nearby. It was not only recognized by the district government due to continuous media exposure, but also received high appreciation from the municipal government. In 2018, Xidian village was recognized by the municipal government as one of the two villages to be permanently preserved in Beijing and titled one of Beijing's very first "beautiful villages" (Beijing Daily 2019).

Despite such promising outcomes, at least four drawbacks and challenges remain before Xidian's redevelopment model can be promoted any further. First, the local governments in Beijing, including those at the municipal and district level, lack incentives to see other villages replicate Xidian's example. Recalling local governments' overdependence on "land finance" discussed earlier, due to Xidian's emphasis on keeping its land rural, there was no transfer of ownership from the village collective to the state, thus creating no price

premium. As a result, local governments not only received no land sale revenue from such redevelopment but also needed to bear costs such as upgrading infrastructure, improving public transit, and providing public services. Even with the consideration of the new businesses attracted to Xidian after the redevelopment, from the perspective of local governments, these businesses in the cultural and creative industries would only compensate for a very slim portion of the lost government revenue, based on the current tax structure in China (Yang 2012).

Second, keeping villagers' rural identities and the collectively owned rural land could cause many issues in the long run. Although Xidian village has been totally transformed and features urban landscapes and lifestyles, holding the rural identity restricts villagers from enjoying the same social benefits as other urban residents, with regard to education, healthcare, and employment. What is worse, the offspring of current villagers can qualify for inheriting these collectively owned housing units from their parents, but only if they remain villagers in Xidian (The Law of Land Administration of the People's Republic of China). These two choices, both to the detriment of local villagers, may cause discontent in the future and lead to more disputes from villagers who argue for the same benefits as those villagers who have received compensation and an urban identity in other redevelopments.

Furthermore, the Xidian redevelopment left villagers with very conditional homeownership, preventing villagers from enjoying the full benefits of urban housing. Despite the urban looks of the newly built homes, Xidian's housing units were built on collectively owned rural land, and thus are neither legally tradable or rentable in the market, nor can they be used as collateral. Such limitation highly restricts what De Soto describes as the positive effects of "formalized entitlements on poverty, vulnerability, and wealth creation" (De Soto 2000). The formalization of Xidian village failed to formalize villagers' individual property rights as in other typical redevelopment models.

Lastly, per the guidance from the municipal government, Xidian's redevelopment model only targeted villagers and addressed their vulnerability in informal settlements. Yet there were few housing units built for migrant workers during Xidian's "New Village Construction." The nearly 9,000 migrants originally dwelling in Xidian village were thus left unattended. Through gentrification, most of these migrant workers were priced out and pushed to other urban villages further from the city core.

RECOMMENDATIONS

Undoubtedly, Xidian village experimented with a unique village-led redevelopment model that managed to increase overall village wealth, improve the living conditions of all villagers, and upgrade the village's urban landscape within only two years. The high return rate of villagers also proved their confidence in the village committee and the "New Village Construction." Meanwhile, although Xidian's redevelopment project was completed in 2013, its example is still the focus of many local political leaders and the national news today, and it is perceived as a promising model to guide urban village renewal in Beijing and beyond. In 2016, it was copied by the nearby Shuinanzhuang village, which was completed in 2018, and many other urban villages are also looking to replicate its successes (Beijing Daily 2018).

To ensure Xidian's "New Village Construction" is a truly economically sustainable and socially inclusive model, I believe two areas need to be improved to address the challenges laid out above before any future replication:

Include migrant workers in the redevelopment plan: Many existing models in Beijing have already recognized the vulnerability of migrant workers in urban village renewals. Even if it is not financially viable to provide all migrants with new housing units, village committees could at least add extra housing units for rental and provide swing housing spaces for the temporary use of migrant workers before they settle down elsewhere. The precedent of Tangjialing village has already proven how the addition of residential rental housing in



redevelopment plans can help mediate disputes and conflicts during demolition and relocation (News China 2018).

Improved policy framework to ensure benefits of different stakeholders in the redevelopment process: The disinclination of local governments to see widespread replication of the Xidian example can be moderated if village committees communicate well with local governments to ensure that new businesses are also attracted for revenue concerns. Moreover, village committees also need to work with local governments to gradually integrate Xidian villagers into the urban social welfare system, or at least provide normalized compensation for any benefit disparities. While a currently wealthy village committee in Xidian is financially robust enough to play a similar role as urban social assistance, there is no guarantee that villagers will receive continuous welfare from the village committee, which consequently paves the way for potential disputes to arise.

Overall, the significance of Xidian village is more than experimenting with a unique model of urban village redevelopment in Beijing. Rather, it presents a grassroots impulse to protect rural land when the approach of urbanizing urban villages predominates nationwide. However, whether the model could become financially sustainable and socially inclusive in the long run still awaits further scholarly discussion.

APPENDIX

MAP 1: LOCATIONS OF 50 URBAN VILLAGES TARGETED BY BEIJING MUNICIPAL GOVERNMENT IN 2010

Source: “北京：50个城中村改造方案本月编制完成。” *Ynet.com, China Daily, 2010.*



(Red dots indicate urban villages within the sixth ring road, and blue dots indicate those on the city outskirts.)

MAP 2: THREE RESIDENTIAL CLUSTERS OF BUNGALOWS IN XIDIAN BEFORE REDEVELOPMENT

Source: *Xidian Village Committee 2016*

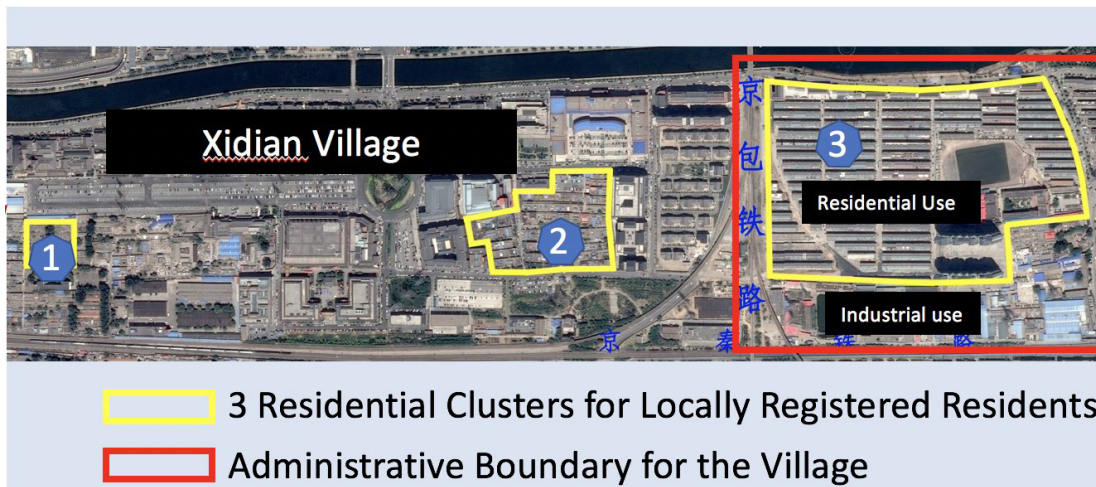


PHOTO 1:

The substandard bungalows of Xidian village before redevelopment



(Xidian village committee, 2009)

PHOTO 2:

The 500 modern mixed-use buildings in Xidian village after redevelopment



(Baidu street view, 2013)

IMAGE 1:

Rendering of the redevelopment plan with a cluster of three-floor buildings and a row of high rises



(Source: Xidian village committee, 2016)

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