Sustainability of the Comprehensive Improvement of Urban Villages in Shenzhen

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ABSTRACT

Across the globe, urban villages are common yet heterogeneous urban quarters which have extremely high density and complex functions within large cities and they are a typical phenomenon in many Chinese megacities. They are often ‘alien’ to the urban fabric and have their own personality and ethos like a utopian otherworld that fascinates.

However, after several rounds of illegal construction, urban villages were once defined by the government as "cancerous", and then, against the background of the spread of neo-liberalism in China, the explosion of the rental market brought by rapid development of the industry and the ‘billionaire’ villagers brought by resettlement compensation have been the subject of much debate in society.

In Shenzhen, the role and reputation of urban villages has changed after another round of dramatic property price rises. Indeed, a banner in Sungang village saying ‘*Resolutely resist comprehensive improvement’* appeared in the news, attracting social and media attention. The comprehensive improvement policy is the focus of this research, with its aim of solving the problem of urban villages in a sustainable manner. Its characteristics include:

- The more emollient approach to solve the living environment problem of urban villages;
- The preservation of affordable rental housing for the city competitive; and
- The nature to develop in a more sustainable manner.

This thesis focuses on Shenzhen's comprehensive improvement approach and identifies the three main aspects of its sustainable development: social, economic and community. The paper examines in detail the policies and history of comprehensive improvement and related issues. A series of questionnaires and interviews were conducted with the five stakeholder groups involved in these three aspects. The research reveals that comprehensive improvement is necessary and irreplaceable in the context of the ‘era of (land) capacity’, however, it still needs to be improved in many ways if it is to achieve sustainable and replicable status.

This research therefore provides an important insight into the connotations and positioning of urban villages in Shenzhen, as well as the advantages and disadvantages of the various strategies for the issues facing the urban villages. In addition, the research examines the

problems in the implementation of comprehensive improvement and the post-implementation impacts, as well as the problems and obstacles to sustainable implementation. The social assessment and social impact of the new policies that have been previously underestimated are thus analysed in depth, and recommendations are made to facilitate the implementation of new strategies.

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GLOSSARY

D&R: demolish & rebuild, a popular approach of urban renewal since 2000 in China

CIP: comprehensive improvement, a new urban regeneration strategy, in contrast to demolition and rebuild

Chapter 3:

Era of capability (Cunliang Shidai 存量时代): describe Shenzhen is in the era of lack of construction land (see page 71)

Chapter 7:

UME: Unified Lease and Management Mode of Enterprises, an operation model of CIP (see page 154)

UMG: Unified Lease and Management Mode of Government, an operation model of CIP (see page 154)

UMV: Village self-governance, an operation model of CIP (see page 154)

Chapter 8:

Rent level: An economic indicator, used to measure the level of rent in the area being interviewed (see page 198)

Consumption willingness: Economic indicators used to measure consumer enthusiasm in a region (see page 192)

Consumption desire: see Consumption willingness (see page 203)

Chapter 9:

Living model: In this study, it specifically refers to the living patterns of tenants in urban villages, which are divided into living alone, sharing, and family style (see page 222)

Community attractiveness: The attractiveness of a community, as judged and assessed by asking about the reasons for moving in and the desire to live there (see page 220)

Sense of Community: see community cohesiveness (see page 220)

CHAPTER 1

INTRODUCTION

1 INTRODUCTION

1.1 INTRODUCTION

As the achievements of China's economic development are evident in cities of the 21st century, developed cities in China are facing a new challenge: the shortage of land resources. With the economic development constrained by the shortage of constructable land, the optimisation and reuse of land stock has become a major issue for first-tier cities such as Shenzhen in the next 10 years or even longer. Shenzhen raised the issue of limited land space as early as 2005 and considered the regeneration of urban villages as one of the main solutions to this problem (Guangzhou Daily, 2005). The attempt is to re-functionalise obsolete and under-utilised land according to the new needs of the city through certain policy guidelines and market forces.



Figure 1-1. Shenzhen's position in China

Before the comprehensive improvement strategy was put forward, urban villages in Shenzhen were once considered as urban tumours (Wei, 2016). Demolition and reconstruction were a mainstream strategy, which is considered to solve both the problem of urban villages and the shortage of land resources. However, as a large number of urban villages have been demolished and rebuilt into new residential or commercial areas. Many social problems have followed, such as the reduction of low-cost living space, the rise of housing prices, the

widening gap between the rich and the poor, etc. Therefore, the government launched the comprehensive regulation of the new strategy in 2018, in line with the new policies of the state on the stock land and industrial transformation. Comprehensive improvement is to change the building function and manage mode without demolishing the main part of the building structure. Theoretically, it can alleviate some social contradictions brought by demolition and reconstruction. But the attempt to implement the new policy also encountered many social obstacles, and some social influence. Due to the large volume of urban villages and the long implementation time span of comprehensive renovation policies, a sustainable implementation strategy is necessary.

Although the strategy of comprehensive improvement has received a lot of enthusiasm, including the media and scholars, it is still a work in progress. This thesis will study how to evaluate its sustainability through its performance in several social aspects in the city. In Shenzhen, many urban villages have carried out comprehensive improvement projects, and some of them have carried out in-depth comprehensive improvement, which has caused a certain impact on the community. This thesis is concerned, therefore, how to sustainably solve the problem of urban villages through in-depth comprehensive renovation strategy in China in the background of ‘era of capability’ (see page for explanation) is the research focus of this thesis.

1.2 URBAN VILLAGES ISSUES IN SHENZHEN

There are around 300 urban villages in Shenzhen occupying over 1000 hectares of land and accommodating about 7 million people, including huge number of migrant workers (see chapter 4 and chapter 5 for more detail). Therefore, urban villages have a very important and special status in Shenzhen (see chapter 5), providing a surprising amount of low-cost living space to ensure Shenzhen's core competitiveness as a service-oriented industry city.

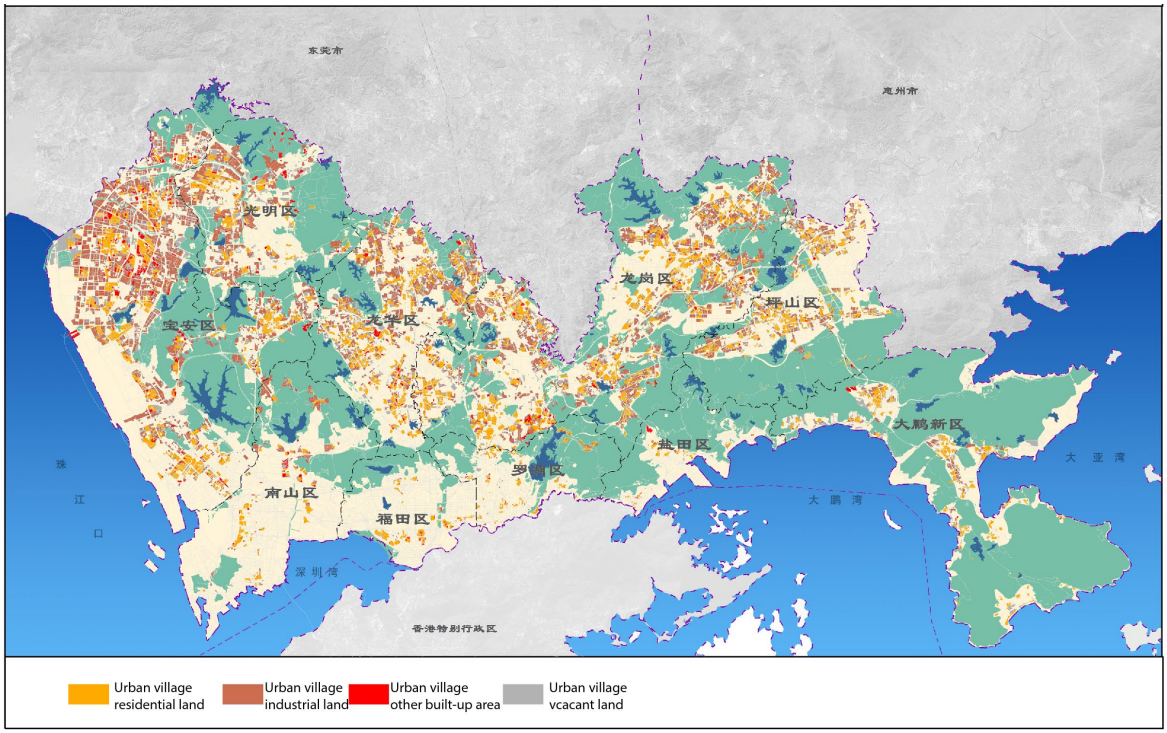


Figure 1-2 Map of spatial distribution of urban villages (Shenzhen Municipal Bureau of Planning and Natural Resources, 2019)

However, the problems of urban villages have long plagued the Shenzhen government. Due to the absence of governmental control and high-level autonomy of village affairs, the 'illegal' construction in the urban villages lacked the basic principles of urban planning alongside other building regulations. Thus, the profit driven construction process caused a spectrum of problems in relation to the physical environment of the urban villages. The original homes were typically traditional Chinese houses of no more than 3 storeys, however, in Shenzhen's urban villages most buildings are now at least 7 storeys tall with some exceeding 20 storeys. The original plot size and layout remains and therefore many of these 'tall' buildings are only a few metres apart leading to little natural light, and security issues. In addition, car parking is often completely lacking leading to further congestion and a lack of open space for residents (Y. Y. P. Wang et al., 2009; Zhu, 2004b).

Besides the terrible physical conditions, there are significant environmental health issues with pollution, waste discharge, and garbage disposal creating problems for residents (Sciences, 2004). Indeed, essential infrastructure such as rainwater and sewage pipes could not easily be integrated into the dense urban villages. High crime rates in the urban village are also often a problem with data suggesting that more than 90% of criminal behaviour is caused by migrants in Shenzhen (Bach, 2010; Yangteng, 2004; B. Zhou, 2004). Moreover, the large

number of small unregulated stores, such as hair salons, food outlets, etc., who often avoid paying taxes can easily lead to a culture of crime. The lack of control of these illegal businesses also exacerbates hygiene and fire hazard issues (Research Group of Shenzhen Academy of Social Sciences, 2004).

Behind the scenes of Shenzhen's rapid rise to become an international city, and 'under the radar' of the local government, the urban villages continued to evolve. The potential impact of these villages and their locations upon the strategic layout and aspirations of Shenzhen has, however, increasingly created obstacles for the city government. The urban villages have therefore now become obstacles to the future urban development of Shenzhen and the local government is increasingly trying find appropriate ways to intervene in these unique places.

The renewal project of urban villages in Shenzhen can roughly divided into two stages, the first is the large-scale demolition and reconstruction that began in 2004, and the second is the comprehensive improvement that began in 2018. The 'demolish and rebuild' (D+R) strategy was put forward under the background of both a lack of constructible land and urban village issues (poor living conditions, high crime rates, etc.) (Yangteng, 2004; B. Zhou, 2004). It aimed to unify Shenzhen's urban context and completely eliminate the countryside. However, such a utopian fantasy was not realised, on the contrary it caused many new problems. Consequently, the Shenzhen government issued a new urban village policy in 2018 which introduced the new strategy for the urban villages called 'comprehensive improvement' (CIP), to meet the housing demands of low-income groups in order to maintain the sustainable development of the city.

1.3 COMPREHENSIVE IMPROVEMENT: AN OPPORTUNITY FOR ADAPTIVE RE-USE

The adaptive re-use of old buildings, once a cause supported by environmentalists, has a long history. However, the introduction of comprehensive improvement strategies in China has been driven by industrial restructuring and municipal constraints, which forcing cities to reform the demolition and reconstruction project of urban villages in order to correct the negative social impact brought by them while trying to solve the essential problems of urban villages.

The comprehensive improvement of urban villages is a new direction, which although initially confined to cities with serious urban village problems, such as Guangzhou, Shanghai and Shenzhen. It aims to renovate the function of buildings in urban villages without changing their main structure. In 2018, the new strategy CIP was officially launched and resulted in many new urban phenomena. The Shenzhen government defined the Comprehensive Improvement Projects (CIP) as: “comprehensive improvement projects mainly include improvement of fire protection facilities, infrastructure and public service facilities, street facades, environmental renovation and energy-saving renovation of existing buildings, but do not change the main structure and use function of the buildings” (Shenzhen Municipal Bureau of Planning and Natural Resources, 2019). However, the government document of CIP was not strict regulations but only guidance, thus the outcomes were various and different. The new policy is not perfect, it still creates urban problems while solving urban problems. For example, the developers are holding back on their projects; some villagers are resisting the implementation of it; it is difficult for government to achieve the social housing targets in the regeneration, etc.



Figure 1-3. Protesters in Sungang Village (Shenzhen Sina Real Estate, 2018)

The evaluation of urban regeneration projects can help stakeholders to improve their options for achieving sustainable urban regeneration (Zheng et al., 2014) . The methodology for assessing the sustainability of urban planning policies can be divided into three components in the field of sociology: policy environment, economy, and community. The sustainability of a project's policy usually needs to be judged by a social assessment within the engineering process (CIECC (China International Engineering Consulting Corporation), which will be analysed through stakeholder interviews and a review of policy documents. Economic analysis is the key to understand many of the conflicts, and by understanding the conflicting interests of the various stakeholders. Economic sustainability has different meanings to different stakeholders in urban renewal, it refers to government finance or urban development prospects to government, sustainable investment and profit to developers, and changes in property prices or rents to owner or tenants(Juan et al., 2010; M. M. Li & Brown, 1980). In China, economic considerations are the main drivers of urban regeneration projects(Hin & Xin, 2011); community sustainability analysis is a popular entry point for urban regeneration analysis in recent years. As urban regeneration is a livelihood project, community participation and adaptability are indispensable indicators. Therefore, this thesis will investigate in detail these three aspects of the selected urban villages that have undergone comprehensive improvement approach. However, the confusion of urban regeneration assessment indicators, especially the evaluation index of sustainability, makes it more difficult to assess this novel strategy. This thesis uses a complementary multi-method approach, as described in Chapter 2, to comprehensively assess these three components together as a basis for assessing the sustainability of the new policy.

CHAPTER 2

RESEARCH FRAMEWORK AND METHODOLOGY

2 RESEARCH FRAMEWORK AND METHODOLOGY

This chapter will outline the research questions, objectives, and aim. The chapter is divided into six sections, firstly, the research gap is identified based on the Shenzhen urban village situation that given in last chapter. Next, the aim and objectives of this thesis are given. The third section analyses the appropriate research approach and suitable methodology for this study and provides a brief introduction to the research methods and data collection, as well as a diagrammatic presentation of the structure and flow of the study in the penultimate section. Finally, the structure and organization of the thesis are outlined.

2.1 RESEARCH GAP

There have been many studies of informal housing in the global South, and there are also increasing studies on urban villages in China, especially on the renewal types of demolition and reconstruction. Jiang (2018), for example, examines the dissatisfaction of residents in urban regeneration through the phenomenon of displacement caused by the demolition and redevelopment of urban villages in Shanghai. Wu (2012a) investigates the social and regional problems associated with the process of eliminating the informality of informal housing in China, arguing that demolition and redevelopment cannot address the fundamental need for unregulated living and working spaces. However, the strategy of demolition and redevelopment is, by its very nature, a form of radical gentrification, and it is difficult to observe the contradictions and tension that exist in the concept of gentrification. This lack of empirical research and guidance for the later popular comprehensive regulation policy.

Therefore, there is a lack of academic literature on the topic of comprehensive improvement of urban villages, especially on the urban phenomena brought about by deep comprehensive improvement. Wang (2022), by examining a case of micro-renovation in Guangzhou, points out that this type of deeply comprehensive improvement has generated significant impacts. Wan (2021) discusses the case of Shuiwei Village in Shenzhen in the context of polycentric governance theory, and analyses the governance model of multiple management entities in Shuiwei regeneration. .

There are even fewer studies on the sustainability and community impact of the deep comprehensive improvement. Only a few papers discuss about the influence of

implementation of the new urban village strategy or the sustainability evaluation. For example, Liu (2016a) studied the impact on community cohesion by analysing the case of urban village renewal in Guangzhou. Chan and Lee (2008) identified some indicators for assessing urban sustainability by reviewing the basic concepts of sustainable development. However, it is hard to find any academic articles that combine urban sustainability and comprehensive improvement of urban village to comprehensively assess urban village regeneration with sustainability as the main objective.

Despite the positive feedback and support from the majority of the population related to urban village after implement of comprehensive improvement strategy (see section 7.6 in Chapter 7 and 0 in Chapter 9), most of the recent comprehensive improvement project in Shenzhen initiatives have been shelved or are not being expanded. There seems to be little empirical research to discuss this phenomenon. There are three key issues that must therefore be examined:

1. the satisfaction and demand of tenants as users of deeply renovated flats;

2. the willingness of developers as major investors and responsible party of construction to provide such flats through renovation; and

3. the level of policy and financial support from the government as a policy maker. It is therefore important to examine these three issues in assessing the sustainability of deep comprehensive improvement.

There is more literature and documentation in the policy area, particularly on future planning strategies for urban village (see (Luohu District People's Government Office of Shenzhen, 2018; Shenzhen Municipal Bureau of Planning and Natural Resources, 2019)). Despite these various document resources, there is clearly a gap in the existing research related to the social adaptation of deep urban village transformation and the sustainability of this product strategy in the city. This is particularly true in terms of understanding the key drivers and barriers to implementation, such as the future strategic direction of government policy and why developers are suspending investment in this type of project.

2.2 RESEARCH AIM, OBJECTIVES, AND QUESTIONS

Given the impact and urban phenomenon of the new urban village strategy focussing upon 'comprehensive improvement' (CIP), three research questions are raised to examine the nature and potential of the strategy and to analyse whether it possible for this to become a perfect solution for the urban village issues in Shenzhen. The research questions and the sub-questions are showed as follows:

1. ***How does the urban village in Shenzhen reflect its importance in the development of Shenzhen?***
2. ***What are the causes, processes, and results of the CIP policy?***
   a) *How does Shenzhen's 'comprehensive improvement' policy for urban villages compare to previous policies?*
   b) *How has the change of policy from previous strategies to the policy of 'comprehensive improvement' impacted upon the urban villages?*
3. ***How can the sustainability of the CIP policy be evaluated?***
   a) *Economic sustainability*
   b) *Policy Sustainability*
   c) *Urban sustainability*

Due to the nature of this study, it is most appropriate to organise this thesis using an integrated qualitative and quantitative research approach to analyse each of the several dimensions of sustainability. The key aim of this thesis is to explore the practical performance and potential of comprehensive improvement of urban village in Shenzhen, based on previous studies of urban regeneration and informal housing respectively. The key aim of this thesis is therefore:

- ***To identify and evaluate the necessity and possibility of the sustainable development of the urban villages in Shenzhen under the strategy of deep comprehensive improvement as a means to provide suggestions on sustainable development of urban villages in 'era of capacity'.***

The aim will be examined through the following thesis objectives (see Figure 2-1):

- ***To assess the necessity of the sustainable development of the urban village in Shenzhen***

- ***To evaluate the performance of comprehensive improvement of urban villages in Shenzhen***

- ***To identify the influence of comprehensive improvement policy in social context***

- ***To make suggestions that will improve and optimize the strategy of urban village in order to sustainably renew urban village and to lessen or alleviate the negative impact during the process of urban regeneration.***

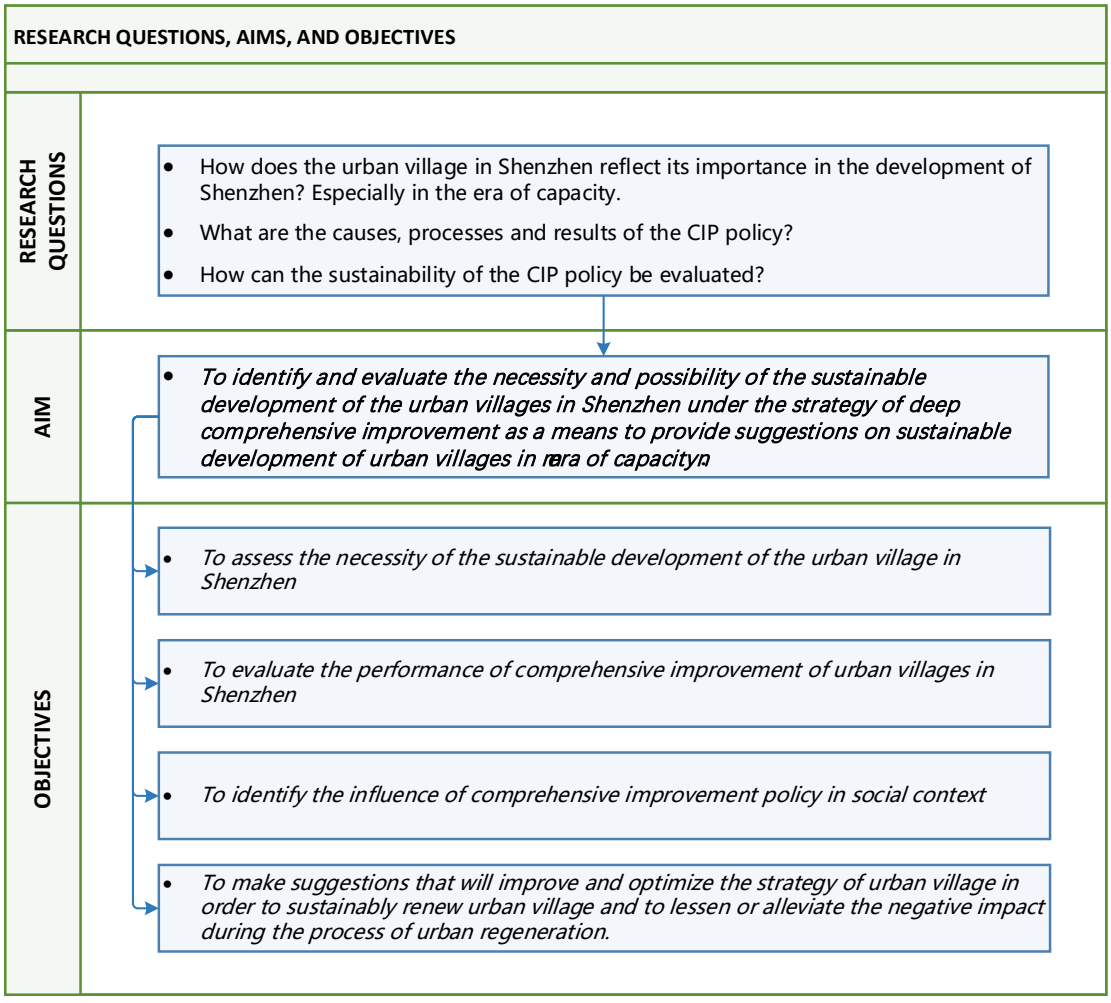


Figure 2-1. The diagram of the Research Aim and Objectives

The empirical examination of these questions involves the transformation of the functions and management mode of the urban space supply and has implications for the regeneration of the space supply not only in Shenzhen but worldwide. The study of policy sustainability requires a detailed and comprehensive analysis of its various aspects, such as environmental, economic etc. In order to obtain a comprehensive and holistic view, it is necessary to collect the views of stakeholders in order to evaluate as much as aspect of the policy implementation process, including government, developers, tenants, designers, etc. Social compatibility and benefit-games in the process and outcome of the policy have a significant impact on the performance of the deep comprehensive improvement in cities.

2.3 RESEARCH APPROACH

The social sciences are the study of human behaviour, through which the human condition can be improved (Frankfort-Nachmias & Nachmias, 2015, p. 8). Like other sciences discipline and aim of other science subject, social science' aim is 'to produce a cumulative body of verifiable knowledge' (Frankfort-Nachmias & Nachmias, 2015, p. 8). It contains two components: theory and empirical research (Frankfort-Nachmias & Nachmias, 2015, p. 38). Karl Popper (2014) was a key proponent of 'theory before research', a school of thought that prioritises theory over empirical research. This type of research starts with the presentation of ideas and theories and then investigates them empirically. Here is the core procedures of 'theory before research'(Reynolds, 2015, pp. 140–144):

1. Construct an explicit theory or model.

2. Select a proposition derived from the theory or model for empirical investigation.

3. Design a research project to test the proposition.

4. If the proposition derived from the theory is rejected by the empirical data, make changes in the theory or the research project and return to stage 2.

5. If the proposition is not rejected, select other propositions for testing or attempt to improve the theory.

Robert Merton (1968, p. 103) argues that theory is derived from research, and that empirical research goes far beyond the passive role of validating and testing theory. The process of research can therefore refine theories, shape them and challenge past assumptions. The core process of research can be divided into the following four stages (Reynolds, 2015, pp. 140–144):

1. Investigate a phenomenon and delineate its attributes.

2. Measure the attributes in a variety of situations.

3. Analyse the resulting data to determine if there are systematic patterns of variation.

4. Once systematic patterns are discovered, construct a theory. The theory may be of any of the types discussed earlier, although a theoretical system is preferred.

Despite the ongoing debate between the two research models, the social sciences have made significant progress based on both strategies. Frankfort-Nachmias and Nachmias (2015, p. 39) argued that the debate between the two models is about the importance of theory in the overall research process, and that it is not necessary to be strict about what strategy one is implementing when conducting research. Similarly, Lune and Berg (Lune & Berg, 2017, p. 25) believe that sociological research nowadays often uses both of these modelling approaches. The whole process of research is spiral rather than linear as shown in the figure 2-2 below:

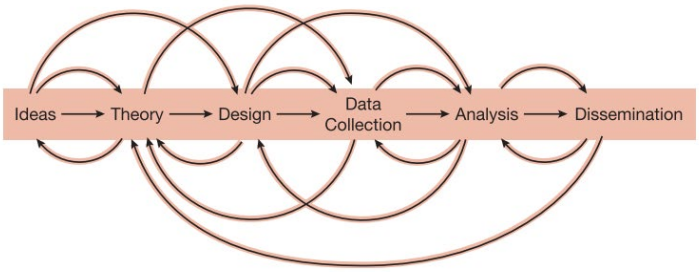


Figure 2-2. The spiralling research approach (Lune & Berg, 2017, p. 26)

De Vaus (2001) also points out that textbook ideal theoretical models are very rare. It is therefore common to start with an idea and refine it during the research study. According to the model provided by Lune and Berg, the process of perfecting the subject throughout the research is a continuous process 'to produce a cumulative body of verifiable knowledge' ‘to produce a cumulative body of verifiable knowledge’ (Frankfort-Nachmias & Nachmias, 2015, p. 8). Thus, each step in the research process will be repeated until the study is actually completed.

The research approach adopted in this thesis does not limit itself to any one ideal research model, but rather refines the hypothesis itself through iterative empirical research, and evaluates the performance of deep comprehensive improvement strategy in the context of each aspect of urban village sustainability.

2.4 RESEARCH DESIGN

2.4.1 Urban Design Sustainability Assessment Methodology

2.4.1.1 The definition of social sustainability

As this study focuses on policy, economic and community sustainability to assess the feasibility of new policies for sustained promotion. These can be categorized as social sustainability, so it is necessary to understand its basic indicators and research methods. Unfortunately, however, there is no unified research framework system for social sustainability. Sustainable development emerged from the synergy between the emerging environmental movement of the 1960s and the 'basic needs' advocates of the 1970s, because assessing the intangible nature of the social aspects of development creates measurement dilemmas. As a result, the literature focusing on social sustainability is limited to the extent that a comprehensive study of the concept is still lacking (J. Seo & Carpent, 2009, p. 16).

Littig and Grießler (2005) argue that the approach to the concept of social sustainability is not based on theory, but on a practical understanding of rationality and current political agendas. There therefore appears to be no consensus on which criteria and perspectives should be used in determining social sustainability, with each author or policy maker arriving at their own definition based on discipline-specific criteria or research perspectives, which makes an agreed definition difficult to achieve (J. Seo & Carpent, 2009, p. 16). Metzner (2000) also criticises these fragmented approaches to social sustainability, arguing that social science and

social policy research have developed a plethora of socially objective strategies and measurement tools, but rarely consider the sustainability perspective. And because the focus on social sustainability has lagged behind, it is widely believed that policymakers have not given equal weight to the different dimensions of sustainable development (e.g., social, economic, environmental and institutional) in their discourse on sustainable development (Drakakis-Smith, 1995).

Through Colantonio's (2015) review, Scholars' attitudes towards the concept of social sustainability are multi-angle and fragmented, they have defined the concept of social sustainability from different perspectives. Sachs considers social sustainability from a human rights perspective, arguing that the fundamental values of equity and democracy are the basis for social sustainability.

Littig and Grie (2005) emphasise the importance of the concept of 'work' in society. The argue that work-mediated social relations are socially sustainable if the related institutional arrangements satisfy the reproductive capabilities of human beings in society, dignity, social justice, etc. Biart (2002) argues that the goal of social sustainability is the long-term stable functioning of society. Polese and Stren (2017) argue that a sustainable society should meet the needs of civilised social development, and they highlight the importance of the physical environment. A sustainable society is an ideal environment that encourages social integration and enhances the quality of life of all classes of the population, facilitating the harmonious coexistence of diverse cultures and communities.

2.4.1.2 Representative indexes of social sustainability

Based on the review above, there is neither a universally accepted definition of social sustainability, nor an accepted indicator. The shift of focus can be observed from those studies listing by time. Table 2-1 shows that traditional research has focused more on themes such as the physical environment, employment, equality, poverty, etc., and some studies has even used the concept of 'ecological footprint' to encompass the sustainable environment and society to infer social sustainability (Wackernagel & Rees, 1998). Different from the 'hard' indicators, more and more researchers use soft and difficult-to-measure concepts instead such as well-being, social inclusion and sense of place(Colantonio, 2015; J. Seo & Carpent, 2009). In this sustainable development-oriented urban regeneration, the concept of community and neighbourhood has become a central focus of analysis (J. Seo & Carpent, 2009)

Traditional	Emerging
• Basic needs, including housing and environmental health • Education and skills • Employment • Equity • Human rights and gender • Poverty • Social justice	• Demographic change (ageing, migration and mobility) • Social mixing and cohesion • Identity, sense of place and culture • Empowerment, participation and access • Health and safety • Social capital • Wellbeing, happiness and quality of life

Table 2-1. Traditional and emerging social sustainability key themes (Colantonio, 2015)

In terms of practice of social sustainability, quote the Vancouver's social development plan, social sustainability is defined as 'For a community to function and be sustainable, the basic needs of its residents must be met. A socially sustainable community must have the ability to maintain and build on its own resources and have the resiliency to prevent and/or address problems in the future.'

There are numbers of community that established their own assessment system (Corbiere-Nicollier et al., 2003; Turcu, 2013a), and many of the indicators have been examined (Bentivegna et al., 2002; Mori & Christodoulou, 2012; Xing et al., 2009). For example, Turcu (2013a) designed an integrative set of indicators try to combine the expert-led and citizen-led models to form a better way to assessing sustainability (see Figure 2-3). He took institutional sustainability, environmental sustainability, social sustainability, economic sustainability as the core of sustainable communities.

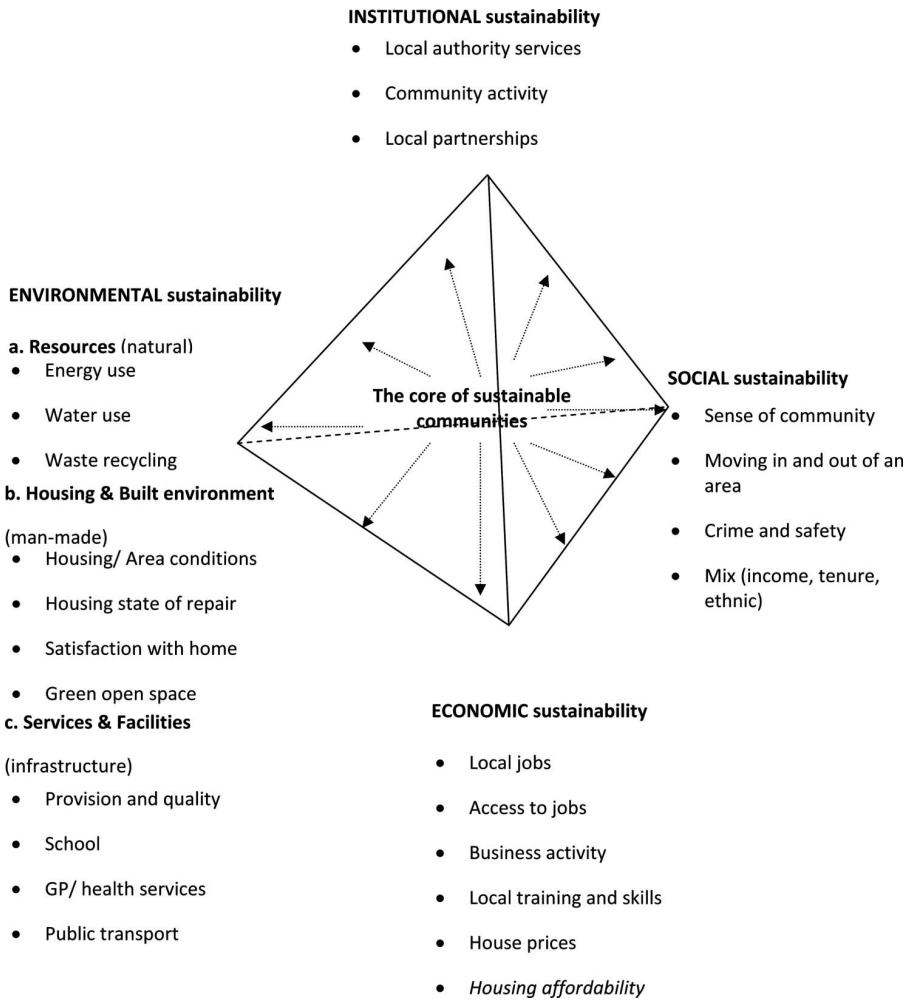


Figure 2-3 A list of urban sustainability indicators (Turcu, 2013a)

2.4.1.3 Determination of research indicators

There are numbers of indicators of urban sustainability that it is impossible to include them all in this study. The choice of indicators for this study is based on two considerations: the context of the urban village in the general environment and the current era, and the characteristics of the comprehensive improvement renewal project. The functions of urban villages in Shenzhen are complex, but in different times they have different position in the city (see Chapter 5). Therefore, issues such as poverty and equity, which are not in line with the general context of today's Shenzhen, which will not be considered in the study, nor will local jobs, access to jobs, local raining and skills be considered due to the aims of the comprehensive improvement policy and the characteristics of urban villages in Shenzhen. Therefore, Taking the facts above, combine with the representativeness and accessibility of

the information, the main factors for this study are **policy economic, , and community** sustainability (see table 2-2).

Specifically speaking, in the evaluation of policy sustainability (refer to institutional sustainability in Figure 2-3), this research focus on:

- Reasons for change of policy
- consideration of collaboration and conflict between different stakeholders
- Policy operational processes and issues therein, for timely feedback
- Reasons why policy implementation is hindered

The reason for studying these indicators is that it is worth examining the reasons behind the change in the policy of comprehensive improvement as a new urban village management policy (compare with policy was demolition and redevelopment strategy, detail see Chapter 7 and Chapter 5). The cooperation and conflicting interests of the multiple stakeholders involved in the integrated approach have contributed to the current influence of the integrated approach and some have hindered the implementation of the project. The specific sub-indicators studied in this thesis and the corresponding access to information are detailed in 7.5.2.

In terms of economic sustainability evaluation, Shenzhen's urban villages are defined in central government documents and local government documents as part of the economic chain of Shenzhen and the Greater Bay Area as a whole. The government's positioning and objective for the urban villages in Shenzhen is not to serve the local community, but as part of a larger economic circle, more concerned with the role of the urban villages in the development of Shenzhen as a whole than with local rents or commercial profitability. Millions of people in Shenzhen live in urban villages, but most of them create value outside of urban villages. Therefore, it is not possible and necessary to discuss issues such as employment in the context of the economic sustainability of this study. This thesis is more concerned with the effects of gentrification and the conflicting interests of the stakeholders involved as a result of comprehensive improvement strategy. (Specific considerations for the economic analysis of urban villages can be found in section 8.3.1 and 8.3.2)

Financial analysis indicators such as employment rates and pre-capita income are not considered in this study. Due to the informal nature of urban villages and the difficulty of

compiling data, this study focuses more on the economic sustainability of residents and developers in the face of new policies and issues such as the impact of rents on satisfaction and the economic considerations of the government and developers in relation comprehensive improvement projects.

As to the community sustainability (similar to social sustainability in Figure 2-3), there is no specific category for the indicator of community in Figure 2-3 or some other references, but in fact there is community related indicators in every research category. Because of the increasing importance of community in China (see 9.1) and Shenzhen Urban Renewal (9.2.2), this study summarises and organises the content of community in the context of comprehensive improvement, and examines the influential indicators separately. As this study focuses on the comparison between the new policy (CIP) and the old policy (D&R), most of the indicators are related to the impact of gentrification, such as the change in living environment before and after regeneration and its satisfaction, sense of community, and community attractiveness (detail see section 9.3). The impact of gentrification and the sustainability of the community under the new policy was assessed in terms of the perception of the community by the residents of the old and new buildings.

Policy sustainability is mainly to understand the performance, prospect, and future plan of the project through interviews with relevant government officials and representatives of developers, and comprehensively discuss the implementation key points and problems of the current CIP policy; Economic sustainability is mainly investigated from two aspects, one is tenants' consumption satisfaction such as rent, the other is developers' evaluation of project economy; Community sustainability mainly surveys the impression and satisfaction of residents and visitors on the reconstructed community, which will be carried out through questionnaires and interviews. Some of these indicators are quantitative indicators obtained through questionnaires, while most of them are qualitative soft indicators, which will be comprehensively analysed and discussed to get the conclusion. The research here is mainly in response to the second objective as shown in the first section. A more detailed research process is described in the next section.

	INDEX	METHODS	QUALITATIVE	QUANTITATIVE

POLICY SUSTAINABILITY	View From Government	Interview	Yes	No
	View From Developer	Interview	Yes	No
	View From Residents	Survey & Interview	Yes	Yes
	…	…		
ECONOMY SUSTAINABILITY	Rent Satisfaction	Survey & Interview	Yes	Yes
	Project Economic Evaluation	Survey & Interview	Yes	Yes
	…	…	…	
COMMUNITY SUSTAINABILITY	Living Satisfaction	Survey & Interview	Yes	Yes
	Community Consciousness	Survey & Interview	Yes	Yes
	Impression of Visitors	Survey & Interview	Yes	Yes
	…	…	…	

Table 2-2. The main factors of this study

2.4.2 Methodology-Case Study

2.4.2.1 Methodology

The last section described the advantages and disadvantages of different sociological research methods and the reasons for the research methods used in this study. This section describes the research design logic and processes. Williams (2007, p. 65) defined that 'The research process is systematic in that defining the objective, managing the data, and communicating the findings occur within established frameworks and in accordance with existing guidelines.

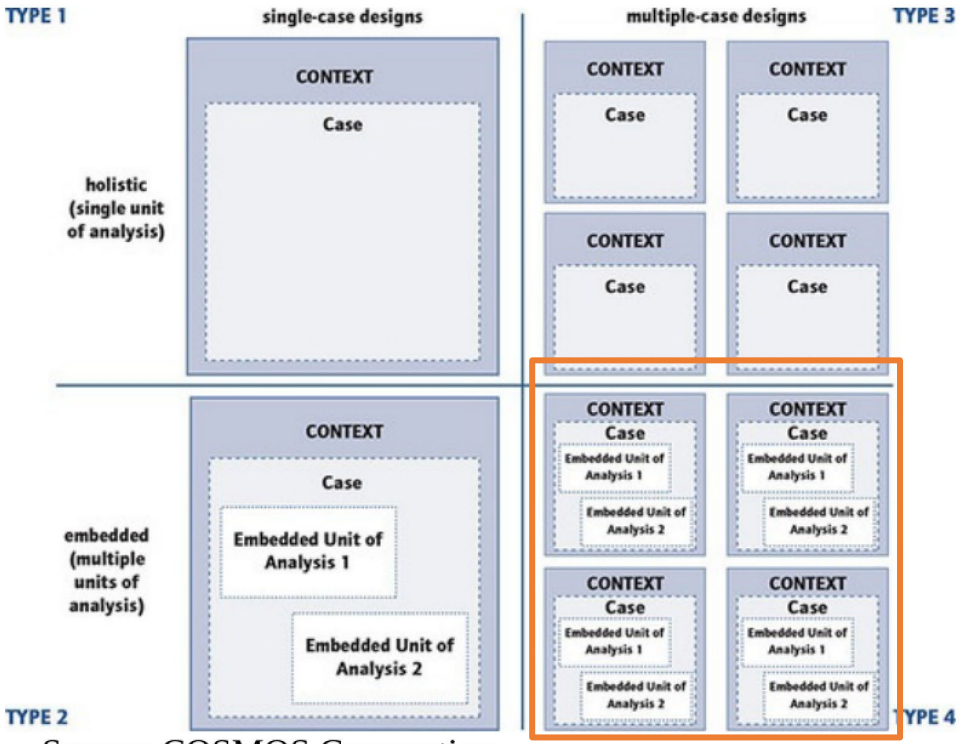
The frameworks and guidelines provide researchers with an indication of what to include in the research, how to perform the research, and what types of inferences are probable based on the data collected.' As the assessment of the sustainability of a policy is an abstract issue, this thesis adopts case study as its main research paradigm. Within the study, it uses qualitative at the macro level and combination qualitative and quantitative at the micro level to achieve as comprehensive and objective an assessment of the issue as possible.

Case studies have received an increasing amount of attention in recent years and are increasingly being studied and used across a range of disciplines (Yin, 2018, p. 76). It is also widely used in the field of research of sociology and urban design, such as 'The Death and Life of Great American Cities' (Jacobs, 1961). Case study has defined as "researcher explores in depth a program, an event, an activity, a process, or one or more individuals" by Creswell (Creswell & Creswell, 2017, p. 15). It is appropriate to use a case study to understand the implementation process and the associated impacts of comprehensive improvement in this research. As the context of research questions are narrowed down to Shenzhen, the researcher believes that the findings of the case study are applicable to most of the cases of comprehensive improvement in Shenzhen, and the specificity of the case makes it possible to over-generalise the findings to the hypothetical groups of similar cases it represents (Bennett, 2010).

Case study approach rely on exhaustive analysis of individual cases rather than comparing cases (De Vaus, 2001, p. 51). Therefore, excessive cases are not needed in this study, but the selected cases still need to be able to cover the whole topic of this study. As such, this thesis uses the multi-case strategy, the evidence from which is often considered more convincing than single case strategy (Herriott & Firestone, 1983), but lacks coverage of the extreme case, the critical case, and the revelatory case (Yin, 2018, p. 91). However, this study uses several cases of CIP to verify the sustainability of the strategy, with each case representing a different direction of implementation of CIP strategy. For these different directions, each case is a single case study, which is unique or representative and revelatory (Yin, 2018, p. 86). Such a research strategy avoids the lack of persuasiveness problem of a single case study and solves the disadvantages of multiple case studies: lack of specificity and lack of revelation.

This study draws on the structure of the multiple-case (embedded) (Type 4 highlight in Figure 2-4) approach in (Yin, 2018) to answer the research questions. The researcher tries to

propose the same research sub-questions for each case, in an attempt to make the findings more logical and easier to summarise. At the same time one or more specific questions are asked for each study's specificity in order to summarise the particular phenomena generated by the new policy CIP in the particular urban village. The same sub-questions in each case lead to conclusions about the generalization of the CIP, which provides a good summary of the causes, processes and general results of the policy implementation. The study on special problems can guide the special performance and special problems of urban villages when they are transformed in different directions, such as whether the transformation direction of Shuiwei talent apartment will be more or less profitable than other urban villages who under CIP. This will provide a relatively objective answer to the comprehensive question of sustainability. The proposed case study plan can be found in the table (2-4) below.



Source: COSMOS Corporation.

(Type 1) single-case (holistic) designs, (Type 2) single-case (embedded) designs,

(Type 3) multiple-case (holistic) designs, and (Type 4) multiple-case (embedded) designs.

Figure 2-4 Basic Types of Designs for Case Studies (Yin, 2018, p. 84)

2.4.2.2 Case study selection

There are two main reasons for selecting a multi-case approach for this study. Firstly, the single case method for an evaluation of a new policy is likely to produce a concentration of specificity, however a multi-case model reduces the possibility of non-objectivity; secondly, due to the diversity of urban villages in Shenzhen, it is difficult to get a complete answer to the issues discussed in this study in a single case. The multi-case model provides a more comprehensive understanding of the processes and outcomes of the CIP policy implementation.

According to Yin (2018, p. 91), a multi-case approach with some similarity of direction is more beneficial when the topic is rich in content. In order to avoid fragmentation of the results of multi-case studies, The study was designed using a multi-case approach embedded in the same set of research questions. Although the results will not fully answer each of the set of research questions due to the specificity of each case (for example, it is not possible to answer the question of the impact of the CIP on cultural industries and tourism in Jingle Village, as this village does not involve these two sectors at present or in the foreseeable future). However, this study believes that their results can be collated to reflect the sustainability of CIP strategies as a whole.

There are several factors that justify the selection of the cases in this study. Firstly, it should be an urban village that has basically completed the current phase of comprehensive improvement and has already produced certain social phenomena; secondly, it should be a typical urban village in its type of retrofit and is representative of its category; thirdly, the data are relatively complete and easy to access, allowing for more comprehensive conclusions to be drawn. Due to the diversity of urban villages in Shenzhen, the researcher also visited a number of urban villages in Shenzhen that had undergone comprehensive improvement, and this initial survey included Shuiwei, Nantou, Jingle, Dakan, Guanlan, etc. Finally, Jingle, Shuiwei and Nantou are chosen as typical urban village types (see section 6 for more detail of screening process).

2.4.3 Research Methods & Date Collection

Research is the process of collecting, analysing, and interpreting data in order to understand a phenomenon (Leedy & Ormrod, 2005)**.** Research methods are plans and procedures that include steps from broad hypotheses to detailed methods of data collection, analysis and

interpretation Creswell (Creswell & Creswell, 2017, p. 3). The research methods and procedures of this study are developed based on its aims and objectives.

The aim of this study is to assess the sustainability of comprehensive improvement through case studies of urban villages that has undergone this new policy. The objectives of this study are consisted of three main points, the first being to assess the necessity of the sustainable development of the urban village in Shenzhen, which relies on a literature review and the collection and analysis of objective data, using qualitative research to complete the research questions included, such as the importance of the urban village in Shenzhen and the advantages and disadvantages of previous urban village strategies. The second is to evaluate the possibility of the sustainable development of the urban village in Shenzhen, which is done through case study approach, with multiple cases and a logical research process embedded in each case to evaluate the performance and impact of each case after the comprehensive improvement. The third point is to identify the social impacts of the urban village in the context of the new strategy, and to complement the theory of gentrification in China, especially in relation to the renewal of informal housing and social housing issues. Details are given in the table below.

<table>
<tr><th colspan="4">OBJECTIVES, DATA, AND RESEARCH METHODS</th></tr>
<tr><th>Objectives</th><th>Sub-question</th><th>Data</th><th>Research methods</th></tr>
<tr><td colspan="4">1. To assess the necessity of the sustainable development of the urban village in Shenzhen</td></tr>
<tr><td colspan="2">To identify the importance of the urban village in Shenzhen and its evolution history.</td><td rowspan="2">• Government work report
• Relevant regulations
• Historical facts</td><td rowspan="2">• Literature review
• Interviews</td></tr>
<tr><td colspan="2">To identify the new feature of the CIP policy.</td></tr>
<tr><td colspan="4">2. To evaluate the performance of comprehensive improvement of urban villages in Shenzhen</td></tr>
<tr><td colspan="2">Policy sustainability</td><td rowspan="3">• Historical facts
• Status evaluation (distribution, physical environment, quality of space)
• Official statistics
• Point of view from professionals (urban planner or political scientist)
• Point of view from stakeholders</td><td rowspan="3">• Case study
  • Questionnaire
  • Observation
  • Interview
  • .....</td></tr>
<tr><td colspan="2">Economy sustainability</td></tr>
<tr><td colspan="2">Community sustainability</td></tr>
<tr><td colspan="4">3. To identify the influence of comprehensive improvement policy in social context</td></tr>
</table>

To identify the influence of CIP policy in social context	• Historical facts • Point of view from relevant group • Point of view from public official • Point of view from professionals (urban planner or political scientist)	• Literature review • Observation • Interview
4. To make suggestions that will improve and optimize the strategy of urban village in order to sustainably renew urban village and to lessen or alleviate the negative impact during the process of urban regeneration.		

Table 2-3. the Date and research methods of this study developed based on objectives

In order to achieve effective case study research, the research process is divided into five parts. As shown in the Figure 2-5, the first stage focuses on the literature review related to the topic, after the initial identification of the research gap, a rough background interview is conducted with some key people. The results of these interviews will be used to revise the research gap and the research plan. Once a more precise direction of the research has been obtained, a purposeful questionnaire and interview outline will be developed. At stage 3, accurate data will be collected as planned. It is important to note that both stage 2 and 3 are part of the case study. Once all the information and data has been collected, it will be sorted and analysed in a logical way in stage 4 and to reach a conclusion at stage 5.

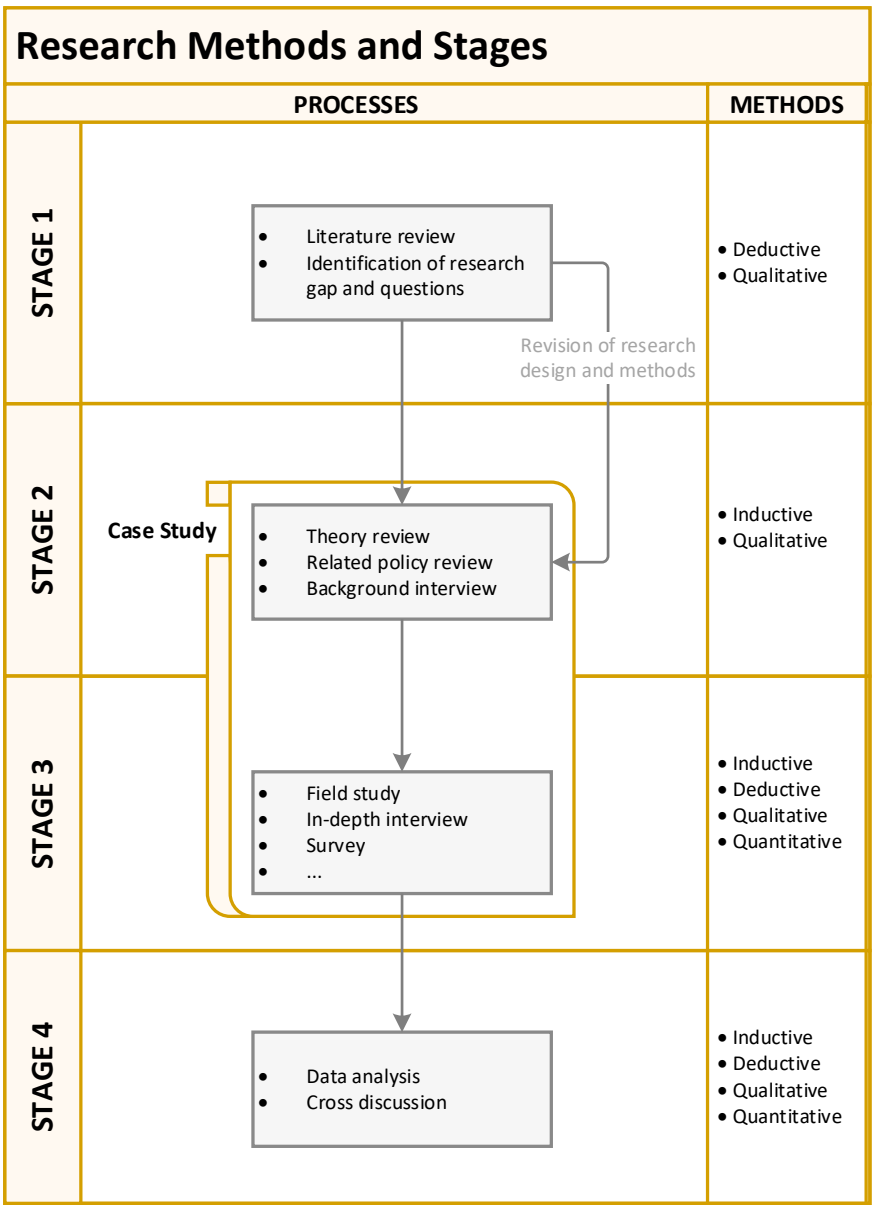


Figure 2-5. Research methods and stages

2.4.3.1 Data collection

The case-based research approach is complex and requires multiple rather than single sources of information. Case analysis as the paradigm of this study can be used in various data collection methods (Lune & Berg, 2017, p. 171) . Data collection for case studies is extensive and comes from a variety of sources, such as questionnaire, interview, observation, analysis document (see Figure 2-6) (2001, p. 10). When doing field studies in case study, the researcher must spend time interacting with the researched person in the field. The report will

include lessons learnt or patterns identification that are relevant to the theory (C. Williams, 2007, p. 68). The data collection methods used in this thesis include a variety of types. These surveys address the characteristics of the urban village itself, from the urban phenomenon on urban villages to the hypothesis of this thesis. The following subsections describe the use, strengths, and limitations of the different sources of evidence used in this study. The various research methods are described in more detail in the chapters of Part 3.

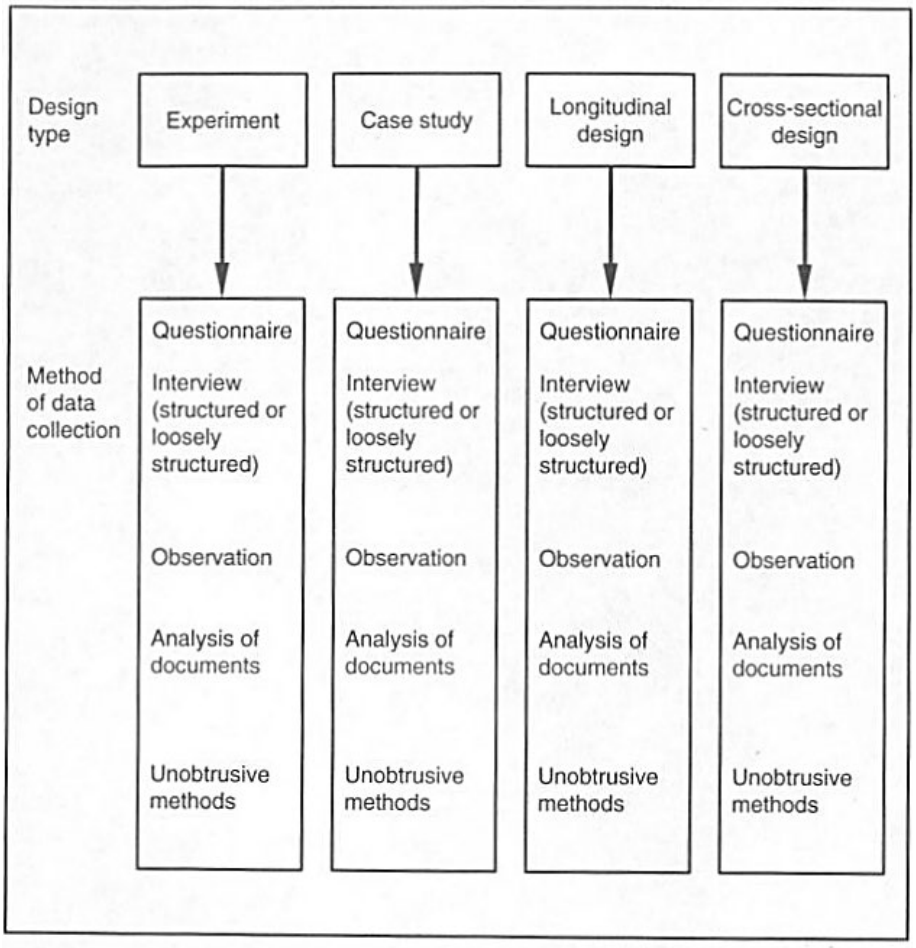


Figure 2-6. Relationship between research design and particular data collection methods (De Vaus, 2001, p. 10)

2.4.3.1.1 Policy documents analysis

Policy documents are one of the most important sources of evidence for this study, including official announcements, relevant legal documents, reports, meeting minutes, and news circulars related to policy implementation. The documents were collected through requests from local governments, searches on official websites, and other Internet sources. The

collection of these documents plays a very important reference and comparison role for the background of the whole study, the establishment of hypotheses and the subsequent comparison of relevant data. For example, the opinions of interviewees on housing price and rent can be compared with the official data of Shenzhen to obtain the relevant social evaluation of the interviewed area. Of course, official documents have their limitations. Although the facts will not be exaggerated, due to its propaganda and political characteristics, researchers will conduct secondary verification of some necessary contents through other research methods to enhance their objectivity and reliability.

2.4.3.1.2 Literature review

As this study involve the macro issues of urban regeneration, gentrification, and informal housing in the global South, the literature review plays an important role in contextualising and framing the study. The extensive collection of relevant literature adds to the reliability of the qualitative analysis.

A cross-sectional comparison of the same or similar types of cases from different regions can guide the methodology and key indicators of the subject of this study, while a longitudinal comparison of different time can provide different references to the emergence, development, and impact of the phenomenon. In addition, a number of studies have been conducted and discussed in the literature on the social and urban performance of urban villages in previous decades. On the one hand, this study tested their research results through literature review and also added changes brought by new policies on the basis of their theory, so that the literature review plays a crucial role in finding the role of the research gap.

2.4.3.1.3 Observation

Berg and Lune (2017) emphasise the importance and necessity of direct observation in case studies. For this study, the direct observation approach provides direct insight into the intuitive perceptions of the CIP policy. This provides an intuitive understanding of the sense of community and the behaviour of people in the community. As one of the aims of the CIP strategy is to deal with the poor physical conditions of urban villages, which have been the subject of much criticism, the direct observation approach is an effective way of drawing conclusions in this regard.

2.4.3.1.4 Interview

Interviews are one of the main methods to understand the cases in this study. The interviews were conducted to understand the following issues:

- The study of urban space involves understanding of people's perception. Interviews can have a deeper understanding of the impact of the project on residents and participants, mainly involving understanding of qualitative issues such as residential feelings and community consciousness.
- Interviews with developers can provide in-depth understanding of the implementation process of comprehensive improvement and related issues.
- Interviews with government officials provide insight into the government's attitude and future policy direction towards urban villages and rural areas.
- Interviews with visitors provide an outsider's view of the urban village after the comprehensive improvement.

The interviews were conducted through semi-structured interviews. The interview is divided into two stages. In the pre-research stage, the data was mainly collected by observation and some brief interview. The result of this stage was used to refine the research questions and hypotheses, which played a key role in the structure of the interview and the questionnaire in the second stage (see Figure 2-5). The themes of the second stage interview will be based on the analytical structure of the pre-research stage to develop more focused questions that can quite extensively answering the research questions.

2.4.3.1.5 Questionnaire Survey

Similar to the interviews, the main purpose of the questionnaire is to understand the performance of the CIP in the urban village. Some of the indicators that need to be quantified will be done through the questionnaire, such as the range of rents and the satisfaction of living in the village. The questionnaire will also be used to collect information on the demographic composition of the urban villages after the rehabilitation process, such as gender, age, and education level of the respondents. This will also be useful for the study of social housing and gentrification.

2.4.3.1.6 Ethical consideration

All the questionnaire forms, interview questions and people's basic information involved in this study have been reported to the relevant departments of the school for review, and sensitive issues such as race and gender are not involved. Before answering the questions, the respondents were informed about the use of their information and the possibility of disclosure. In addition, all interviewees appear in this study under pseudonyms without disclosing any personal information. All interviewees were informed of the use of their information and the possibility of disclosure before they answered the questions. All interviewees are anonymous and pseudonymous and no personal information will be disclosed.

2.5 SAMPLING STRATEGY

2.5.1 On-street questionnaire survey

2.5.1.1 Introduction

An on-street questionnaire was selected as the key research method in this chapter for understanding objective information of the case, including personnel composition, occupation, education background, etc. for a number of reasons:

- It can satisfy a sufficient sample number;
- The operation is simple and convenient, in line with the time and cost control of this study; and
- It can well respond to the research theme of this study.

The on-street questionnaire is a type of convenience sampling within non-probability sampling, and it faces the same problems as convenience sampling(Jia Junping, He Xiaoqun, 2007; Yunfeng, 2013):

- The determination of the sample unit is arbitrary, the sample cannot represent a clearly defined population; and
- Difficulty in avoiding interviewer bias in the selection of respondents.

Although as surveyors tend to select the nearest or most accessible person as the respondent, this can affect the accuracy of the sample resulting in a less representative sample. However,

if a more active and well-structured community sample is selected, and the 'representative area' is well chosen (i.e. the people to be sampled are likely to be present at a particular time and in a particular location), the results and accuracy can be greatly improved, even to the point of near-random sampling

it is possible to select a more active and well-structured community sample. If the 'representative area' is well chosen (i.e. the people to be sampled are likely to be present at a particular time and in a particular location), the effect and accuracy can be greatly enhanced (Yunfeng, 2013).

Therefore, considering the limitation and purpose of this study, the on-street questionnaire survey will be adopted as part of the research methodology used in this study to conduct an exploratory study and develop some hypotheses on the impact of in-depth comprehensive improvement and cross-check them with other research methods such as interview and literature review to achieve the three main objectives:

- To explore the proportion of population types in the region
- To identify the obstacles that hinder the sustainability of comprehensive improvement
- To understand the reasons behind the obstacles and seek solutions

2.5.1.2 Methodology

The questionnaire was divided into four sections: Basic Information (Section A), Economic Sustainability (Section B), Community Sustainability (Section C), and Policy Sustainability (Section D), in order to obtain a visual representation of the results. The questionnaires have some open-ended questions and would include interviews with random people to obtain more information. The people we interviewed were targeted into three main groups: village tenants (both from renovated and non-renovated areas), villagers, and tourists. Instead of the traditional method of distributing and returning questionnaires, we use a similar method of interviewing the interviewer by asking the interviewee questions, and the interviewer recording the interviewee's answers and the interviewer filling in the questionnaire. The advantages and reasons for this are as follows:

- The opportunity for probing allows for a certain expansion of the survey questions through questioning
- It is possible to increase communication and make the interviewee less wary by chatting

- Eliminates the interviewee's lack of understanding of the questions, the question if self can be further explained
- Have some control over selection of the interviewee
- The location of the questionnaire is the case location, so that the interviewees' perceptions can be better understood
- Higher response rate than telephone or mail questionnaires and interviews

However, compared with other questionnaire forms, choosing this form between questionnaire and semi-structured interview may also face poor anonymity, high cost, and less thoughtful answers (due to the lack of advance notice, there is not enough preparation time). And the structure of the interviewees may be slightly changed due to the influence of the interview time. The questions in the questionnaire will also be slightly adjusted according to the different interviewees. For example, in the basic information part, it is concluded that the interviewees are not tenants, so the interviewees will not ask questions about rent or rent satisfaction; if the interviewee is a tourist, we ask questions about the purpose of the visit. The dates of the field studies were:

	First time	Second time
Jingle	2020.07.04	2020.09.06
Shuiwei	2020.11.15	2020.12.26
Nantou	2020.11.06	2021.09.06

Table 2-4. Time of interviews

It is worth noting that the project of Nantou Ancient City was not finished when the research was started, so the research time of Nantou Ancient City was conducted in the last year of the research. However, by the second half of 2021, although most of the shops and exhibits in the main commercial street of Nantou Ancient Town have opened, the youth apartment brand Boyu' has not been fully opened, resulting in a shortage of interviewees in the renovated flats.

2.5.1.3 Questionnaire design

The content of the questionnaire was developed based on research objectives (see section 2.2 in Chapter 2). The questionnaire was structured into four sections (see pro-forma in Appendix A). The first part explored the identity of the interviewees and the composition of the case population, etc. The second section explored the changes in tenant and visitor spending as a

result of the CIP by looking at rents and spending. The third section examined the impact of the CIP on the community and the city. The fourth section explored the understanding of the CIP by those involved. As such, the aims of each section were as follows (see questionnaire pro-forma in Appendix A):

Section A: personal details

- To identify the interviewees, and what type of group they belong to.
- To identify what kind of flats they live in if they are tenants.

Section B: attitude to rent and consumption in urban village

- To understand the rent situation and satisfaction of tenants in the village (tenants only).
- To understand the consumption situation and satisfaction of visitors in the village (visitors only).

Section C: attitude to urban village living

- Satisfaction with living environment.
- Perception of community cohesiveness within the village.
- Community attractiveness

Section D: attitude to the comprehensive improvement policy

- Consider the impact of the integrated approach at a macro level and identify the positive or positive reasons for it.
- Comments and suggestions for the implementation of the integrated approach from related parties.

In preparing the cross-questionnaire, a clear framework for the interviews was prepared to minimise the influence of subjective factors on the results. The questionnaire was organised in a combination of closed and open-ended formats to obtain as much information as possible while maintaining the interest of the respondents.

Some topics that might be of interest to the respondents were added randomly during the administration of the questionnaire, blurring the abruptness of each section and keeping the whole questionnaire flowing. For example, in sections A and B, a question about the 'reasons for choosing to live here' was added, and several other options such as the rent factor appear, allowing the topic to transition smoothly to the next section. In this way, although the structure of the whole questionnaire survey process was clear, the respondents were not obviously aware of the segmentation of the whole questionnaire.

2.5.1.4 Selecting and briefing interviewers

The risk of bias is always prevalent when conducting interviews, and therefore the attitudes and interviewing style may have an impact on the interviewees. Four interviewers were carefully selected from post-graduate students from Shenzhen University studying urban planning and who were familiar with both the techniques of qualitative research methods and the background of the urban villages in Shenzhen.

The logic of the questionnaire and the interview process were explained in detail to the interviewers, and sufficient time was given to discuss the content of the interview with the interviewers before the interviews to eliminate any potential misunderstanding of the content. When conducting the interview, the behaviour of the interviewer has a great impact on the outcome of the interview, such as how positive the interviewee is and how well the interviewee understands the questions they asked. As such, a consistency of the interviewer's appearance and demeanour is required.

In order to eliminate the defensive mentality of the interviewees, the interviewers were advised to show their student ID cards after the basic greeting and chat, and to introduce themselves to the interviewees, as well as their purpose and the research topic. This allowed potential respondents to be de-escalated as quickly as possible and to be screened in a short period of time.

2.5.1.5 Selecting the respondents

The Convenience Sampling method within Non-Probability Sampling was an appropriate research method for this study. Non-probability sampling does not exclude the subjectivity of the sampler and makes it difficult to draw inferences about the population. However, it is suitable for exploratory studies with a certain sample size and is easy to carry out. The results

can be greatly improved by controlling the specific time and space in which convenience sampling is conducted.

The number of people with different identities in the area is one of the objectives needed for the study. Therefore, there was no pre-set requirement for the number of people with different identities, only a lower limit for the total number of interviews. As the size of the survey was limited by time and funding, with a total of six interviews conducted between July 2020 and September 2021 in three target cases, with the goal of conducting a total of 300 encounters and collecting the related information. Each case was split into two interviews and conducted on weekends between 3.30pm and 7.30pm to reduce bias due to time effects.

This study involved multiple stakeholders and therefore required the interviewer not to subjectively screen respondents, but to interview potential respondents at random within the venue.

Due to the large population in the site and the relatively similar opinions of stakeholders of the same type, this study will not conduct questionnaires and interviews for all of them in consideration of time and financial situation. It is also difficult to predict and calculate the types of interviewees and the proportion of each type in the total number of people. Therefore, four interviewees will conduct interviews separately, and finally summarize the data to avoid the influence of their subconscious preferences. Moreover, interviews will be limited to the area that has undergone in-depth comprehensive improvement. Considering that deep comprehensive remediation and residents of deep comprehensive remediation areas were the focus of this study, it was decided that such bias was acceptable.

2.5.1.6 Conducting the interview

The interviews were not strictly scripted word for word, but the opening greetings and closing acknowledgements were standardised before the interviews were conducted, in order to make the interviewees feel comfortable: *"Hello, I am..., I am a student from the Department of Architecture at Shenzhen University, I am conducting a study on the impact of integrated urban village development for PhD research. The study is on the impact of comprehensive improvement in urban village, I wonder if you have time to answer a few questions, this study will keep your privacy strictly confidential and ensure that the information you provide will only be used for this study."*

This study attempted to avoid a rigid script and encouraged the interviewers to include encouraging words, such as *"What do you think is the cause of this phenomenon?"*, or *"You seem to have a good understanding on this particular subject?"* or *"You seem to have a different opinion on this issue, would you like to say more about it?"*. This facilitated deeper responses and more detailed information.

2.5.1.7 Valid questionnaire rate

The study required a rich sample size and a good response rate to assess the true performance and impact of the deep CIP approach. A total of 86 questionnaires were completed for Jingle Village, 74 for Shuiwei Village, and 84 for Nantou Ancient City. A total of 244 questionnaires were completed in the three villages.

Villages	Times	Number of questionnaires distributed		Number of valid respondents		Response rate
Jingle	1	50	100	39	86	**86%**
	2	50		47		
Shuiwei	1	50	100	35	74	**74%**
	2	50		39		
Nantou	1	50	100	40	84	**84%**
	2	50		44		
Total	1	150	300	114	244	**81.3%**
	2	150		130		

Table 2-5. Valid questionnaire rate

2.6 RESEARCH STRUCTURE AND PROCESS

The theoretical building of this thesis combines two diagrams (see Figure 2-7) that shown by De Vaue (2001). Firstly, several cases are examined, and each case is observed individually, in order to obtain the main theory of the thesis, and to validate the previous findings in the analysis phase. The results of the previous studies will be validated in the analysis phase. Based on the research design presented in the previous section, the theory building of this study can be presented as the diagram in last section in this chapter.

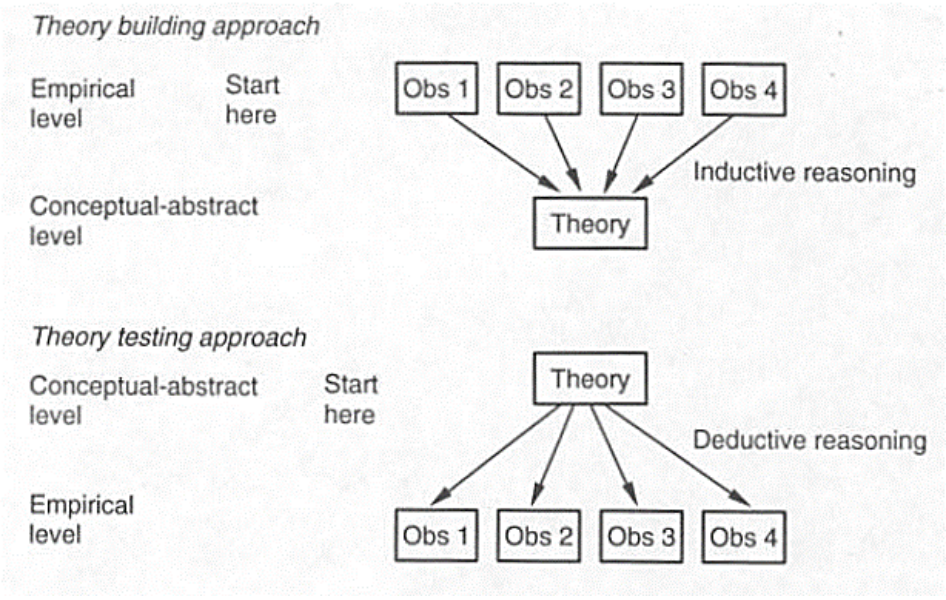


Figure 2-7. Theory building and theory testing approaches to research (De Vaus, 2001, p. 6)

In the theory testing stage, it starts from a core theory (detailed see the Aim and Objectives section in Chapter 1) and uses the theory to guide which aspects should be observed (De Vaus, 2001, p. 6). For the purpose of this study, it mainly involves policy, economy, community sustainability and the importance of urban villages in Shenzhen. These points will test the value of the core theory.

In terms of the logic of research process, Frankfort-Nachmias and Nachmias (2015, p. 21) (see Figure 2-8) and De Vaus (2001, p. 8) (see Figure 2-9) have the similar opinion. They conclude the six or seven steps of the research process which are: problem, hypothesis(propositions), research design, measurement (develop measures), data collection, data analysis, and generalization (implications for propositions). Both of them point it out that the process of research is a process of self-correction. The theory will increase its authenticity and integrity during the process of self-improvement. De Vaue (2001, p. 10) sees theory testing and theory building as part of an ongoing process that requires systematic testing, data collection, and truthfulness of the results of a number of key tests in order to increase the plausibility and credibility of the theory. As such, the research process of this thesis will be refined throughout the iterative testing of hypotheses. The specific individualised research structure will be further described in the next subsections and in the methodological section of each chapter.

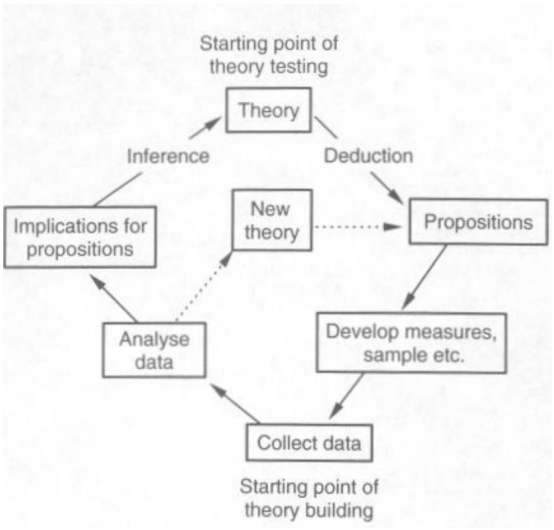


Figure 2-8. The logic of the research process (De Vaus, 2001, p. 8)

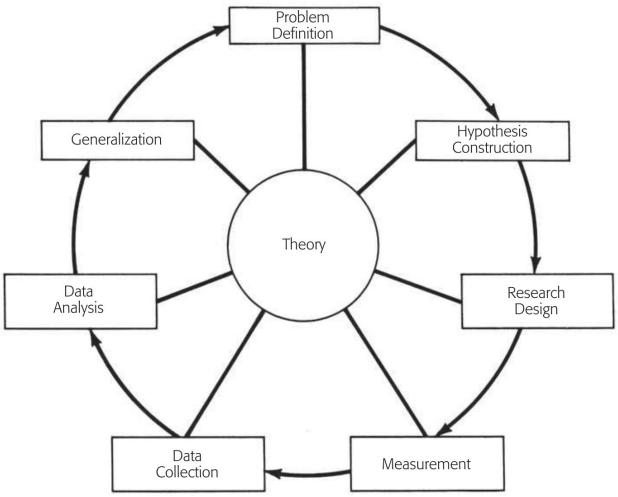


Figure 2-9. The main stages of the research process (Frankfort-Nachmias & Nachmias, 2015, p. 17)

2.7 STRUCTURE AND ORGANISATION OF THE THESIS

This thesis is divided into four progressive and related parts, which provide a multi-dimensional and comprehensive perspective for the overall comprehensive improvement policy (see Figure 2-10). The first part provides the introduction, research background, research methods. The first chapter introduces the brief background of the research topic, research gap, and then extends the research purpose and research problems. The end of the second chapter gives the outline of the whole research. The first part ends with research methods part, including the research methods used in the thesis, their application methods, advantages and disadvantages. It also explains the reasons for choosing them, how to get the answers to the research problems through these methods.

The literature review firstly introduces the theoretical background of urban villages from the perspective of urban design; then it shows the development process of urban village in Shenzhen's history; lastly two different strategies for urban villages are described in detail.

Part 3 mainly consists of several case studies. Each of them represents different types of urban village after CIP. They represent the two modes of 'unified rent and management' by government and enterprise respectively, and show the role of CIP in providing talent

apartment, youth apartment and raising cultural Renaissance, etc. At the same time, problems in the implementation process will also be revealed. The third part makes a vertical comparison of the results of literature review and case study over time and a horizontal comparison of the differences among different villages to discuss and summarize the whole study.

In the last part, the main contribution and limitations of this study are illustrated based on the literature and theory. The suggestions for future research and development for Shenzhen are put forward and even other rapidly developing countries and regions.

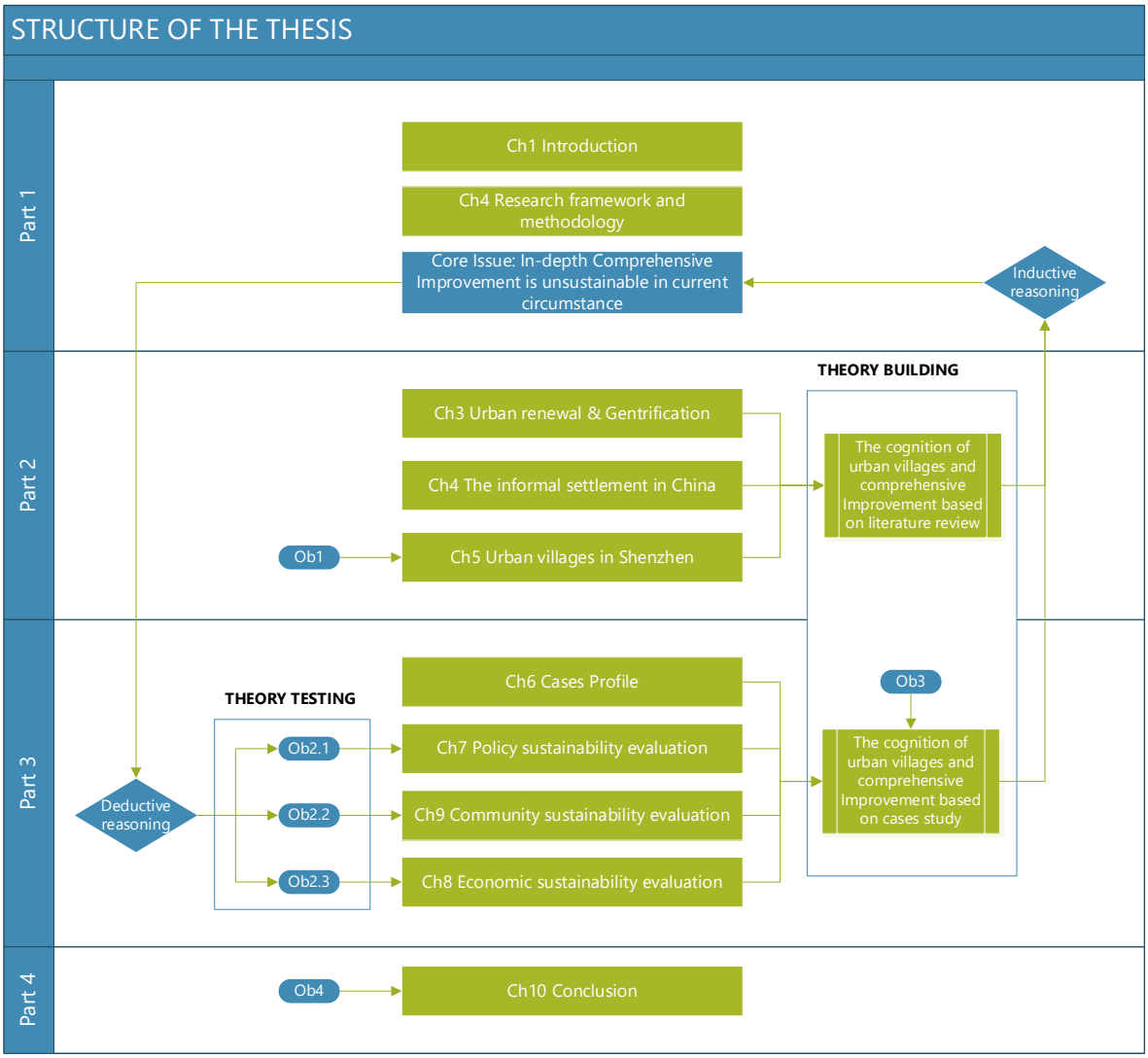


Figure 2-10. Structure of the thesis

2.8 SUMMARY

This chapter logically sorts out the research framework and methodology of this research, and gradually presents the research logic and process of this research through the following steps:

- Research gap
- Review of social science theory
- Research method design
- Methodological identification - case study
- Research process design

This chapter firstly pointed out the research gap, aim and objectives of this study before reviewing the social sciences and the relationship between theory and empirical research and related theories. Among which, the 'theory before research' (Reynolds, 2015, pp. 140–144) approach believes that theory takes precedence over research while Robert Merton Nachmias (2015, p. 39) and others take the opposite view. Frankfort-Nachmias and Nachmias (2015, p. 39), however, argued that the two can be represented in the same model without contradicting each other.

The research in this thesis is conducted using this same research framework as Frankfort-Nachmias and Nachmias stated. Having established the research logic, this section returns to the subject of the thesis research, social sustainability, for which a literature review is presented. While reviewing the history of social sustainability, the importance of soft indicators is highlighted. A preliminary design of the research methods is developed for the soft indicators created in the context of this study (see Table **2**-**2**). In order to test the theoretical hypothesis, a case study methodology was adopted. In the framework of the case study methodology, the multiple-case (embedded) model was chosen to examine three identical aspects of different cases simultaneously: economy sustainability, community sustainability and, policy sustainability.

In terms of the research processes, through a detailed literature review of urban villages in Shenzhen, this study summarised the importance of urban villages in the city and the need to evaluate the performance of new policies, and in doing so, establish a theoretical basis for the study of urban villages and explore the sustainability of new policies.

CHAPTER 3

Urban Renewal & Gentrification

3 URBAN RENEWAL

This chapter starts to review on urban regeneration, informal housing, and urban village in Shenzhen. They formed the background for the study and discuss the importance of comprehensive improvement as an urban regeneration strategy. The macro purpose of comprehensive improvement and other urban village policies is to try to accomplish urban renewal in a better way. Similar to all urban regeneration approaches around the world, they occur when the social context changes or when the architecture or planning of the previous period fails to meet the new needs of the city. This chapter begins with an introduction to urban regeneration in the global context and then narrow down to urban regeneration in China.

The common phenomenon of gentrification in urban regeneration is also reviewed in depth in this chapter in order to better understand the various phenomena and impacts of urban regeneration. Although, it is important to note that although gentrification usually accompanies urban regeneration, it is not necessarily the driver of urban regeneration. While urban regeneration is usually government-led, some gentrification is spontaneous and economically oriented, and this thesis does not discuss the latter, but only focuses on policy-led types of urban regeneration. Finally, a summary of urban regeneration and the gentrification that occurs in the regeneration process will be presented and cross-analysed with the case of urban village renewal in China. By establishing a sound theoretical framework, it leads to a subsequent analysis of the sustainability of comprehensive improvement policies.

3.1 URBAN RENEWAL IN GLOBAL CONTEXT

3.1.1 Urban renewal in global context

Most urban regeneration around the world has followed a similar process. The 18th century UK as an example, the introduction of capital was inevitable accompanied with concepts of labour, displacement, land appreciation and industrial suburbanization (see Figure 3-1) (Couch, 1990, p. 17).

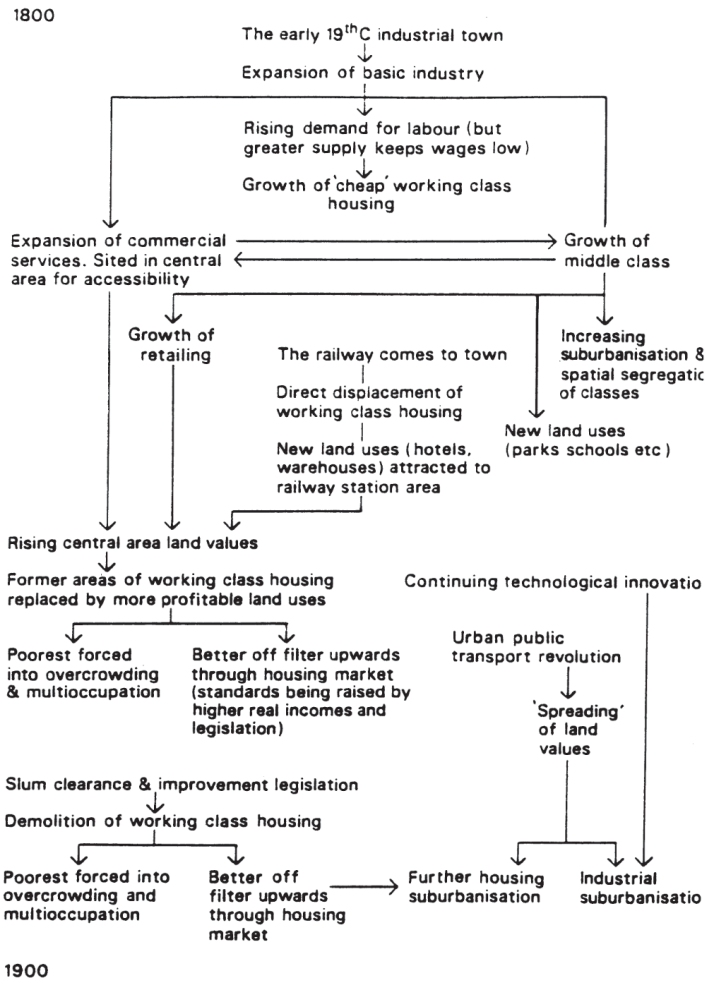


Figure 3-1. Urban renewal process in the nineteenth century - a stylised view (Couch, 1990, p. 17)

In a global context, urban renewal has a long history as an inevitable stage in the development of a city and has been implemented in many different ways. As one of the first countries to embark on the industrial revolution, Britain began to clear and rebuild the slum-like housing of workers in the 1880s, and caused the eviction and gentrification of the indigenous population to some extent (Couch, 1990, pp. 15–16). The Lower East Side of the United States also experienced urban renewal in the 1940s because of its poor living conditions, with over 900 buildings demolished between 1934 and 1935(Rankin, 1936).

As for cities in global south region, In the second half of the twentieth century, a number of developing countries in the global south adopted industrial development as the focal point of national development in the developmentalist era. In order to accommodate the influx of labour, a large number of squatter houses have been constructed. The United Nations and World Bank referred to it as "self-help housing," and it was viewed as a solution to the

housing problem for people with low incomes or who are unemployed(Turner, 1982). More than a billion people live in informal settlements, which is a mode of production (Dovey et al., 2020). They are frequently perceived as unclean regions with accumulated poverty due to a lack of regulation (Davis, 2006). Former tenants often lack a voice in housing demolition and urban regeneration processes (Altrock, 2011). Meanwhile, such demolition is frequently accompanied by widespread displacement (Lelandais, 2014; Roy, 2009; Zeng et al., 2019).

Among all different types of urban renewal, some aim to shape entirely new communities, inhabited by completely different people, such as the project of urban renewal of Caiwuwei village (Uehara, 2008); some project tended to turn the informal settlement into social housing project, which place a heavy financial burden on the government or other investors (Chiu-Shee & Zheng, 2019); some on the contrary, were created to preserve the original community, aiming to renew their physical living conditions. Too rapid a pace of regeneration or overly aggressive regeneration practices can lead to negative gentrification and can have a detrimental effect on communities and indigenous people, even leading to social class conflict. For example, urban renewal in New York's Lower East Side has turned the neighbourhood into a frontline of class struggle (Abu-Lughod, 1994). In either case, gentrification will naturally follow with the displacement of immigrants, social conflict, or cultural loss, and the upgrading of the physical living environment after the renewal brings with it an increase in the cost of living and a change in the consumer base.

3.2 GENTRIFICATION

3.2.1 Etymology and History

Obviously, the word ‘gentrification’ is developed from gentry or the ancient French word ‘genterise’ which means ‘people of gentle birth’. in 1964, the term ‘gentrification’ has been used by British sociologist Ruth Glass to describe the process of influx of middle-class people who displace the lower-class people in certain area (Glass, 1964). As she said:

> One by one, many of the working-class neighbourhoods of London have been invaded by the middle-classes—upper and lower. Shabby, modest mews and cottages—two rooms up and two down—have been taken over, when their leases have expired, and have become elegant, expensive residences ... Once this process of 'gentrification'

> starts in a district it goes on rapidly, until all or most of the original working-class occupiers are displaced and the whole social character of the district is changed.

Chris Hamnett points out that Ruth Glass's use of the term 'gentrification' was deliberately ironic and tongue in cheek (Hamnett, 2003).

In the early year of study on gentrification, as same as the study of other social phenomenon, the academics tried to find a certain pattern for it. For example, Clay produce one of the first major studies and proposed 4 stages of gentrification process in 1979 (Clay, 1979). In the same year, Gale formulated the classic gentrification model and Emphasized population change in terms of the displacement of former working-class residents (Gale, 1979).

In cities of western countries, classic gentrification usually emerges when the original (middle-class) inhabitants start to abandon their own properties, which rising the vacancy rate and desolate the neighbourhood. The reason of that is complex: some people fled their neighbour because the dilapidated facilities and depreciated architectures; some other people move to suburban area because the getting harder to maintain comfortable living environment in the overcrowded downtown, such as big front yard; also, some of the culture issues involved in it. After the affluent people abandon their mansions, the working class move in. The neighbourhood will become more dilapidated than before. Because of the profitability, the landlord would not put too much investment on the maintenance of the house.

But with the middle class (start with gay or artists) began to move into and change the area, housing prices began to rise, and developers or private investors began to pay attention to the area. As a result, more and more wealthy people gradually move back here, and the lower-class residents were forced to move away due to excessively high housing prices and rents. In the process, there will be some conflicts between classes. Usually, the original residents do not want to move away, because the choices for places of living is limited, but some landlords will evict them for higher interests.

The truth is, with the development of neoliberalism continues, the stereotypical of gentrification has been questioned, as Rose put it, gentrification should be seen as a ‘chaotic concept’ to meet its diversity and regionalism (Rose, 1984). Numerous researchers show that Gentrification has distinct influence among America and other various European countries. Although it is a worldwide tendency, because of the different urban policy and urban texture,

it caused different level of influence in social and economic changes in their urban neighbourhood (Smith, 1996).

3.2.1.1 Content

Although the literal meaning of ‘gentrification’ is simple, there are large number of social events, movements, conflict behind it. The process of gentrification has been started around 1950s to 1960s in numbers of cities in developed countries, such as Sydney, Hamburg, Toronto, Tokyo, etc. (Smith, 1996). After that, gentrification became a more and more serious issue which get scholars and researchers attention.

Gentrification is treated as the result of a contemporary social restructuring (Mullins The, 1982; Rose, 1984; P. Williams, 2013). According to Logan and Molotch (Logan & Molotch, 2007) governments are the lead agencies of the concept and implement of gentrification. Its original purposes were to renaissance city centre and improve the human settlement environment in many aspects, however, some people such as Neil Smith, a geographer and academic, holds the negative view on the spectrums of outcome of gentrification caused. he concludes in on of this chapter: '… for those impoverished, evicted or made homeless in its wake, gentrification is indeed a dirty word and it should stay a dirty word' (Smith, 1996).

In the early 1980s (US), the usage and function of land was started to be reform by changing of society (social class, race and gender). Therefore, gentrification become a part of social agenda of larger restructuring of the economy. As same as other form of economic restructuring, gentrification not only reorganizes the structure of urban space, but also its detriments the benefit of working class. The original aim of renaissance, which acting as gentrification, is to raise cities' revenues and increase employment rate. On the contrary, it shows little efficiency on those but caused more serious trouble - 'surge of homelessness' in 1980s. Although gentrification is always declaimed as 'making cities liable', however, most of the working class would maintain their current quo rather than priced out from their home. The 'livable' from the slogan is only significant for middle class (Smith, 1996).

Some people like Brian Berry and Larry Bourne claimed that gentrification was a short-lived phenomenon (Berry, 1980; Bourne, 1993). However, it not only happened continuously but also spread widely with the ideology of neoliberalism (or more precisely neoliberal urbanism) and intertwined with processes of globalization (Hamnett, 1991).

3.2.1.2 Conflict

Gentrification caused numbers of conflicts and riots during its processing in directly or indirectly. During the 1970s and 1980s, the working-class group often stood up and fight the process of gentrification because of the big pressure from displacement. Although it usually won't stop the step of the process, it still has some contribution on alleviate deleterious to the existing neighbourhood (Robinson, 1995; Squires, 1992; Wilson & Grammenos, 2000).

For anti-gentrification groups in New York's Lower East Side, this was already becoming the case by the end of the 1980s (Abu-Lughod, 1994). Their calls for the city to stop encouraging gentrification were met with a violent police action and a series of laws restricting further protests in and around Tompkins Square Park. The riot of Tompkins Square Park in 1988, which have been seen as the symbol of anti-gentrification movement at that time.

In San Francisco's Tenderloin District, the reaction by city hall was less violent but no less confrontational as the pro-growth underpinnings of the city's major regime sought to pursue gentrification (Robinson, 1995). Although activists in San Francisco were more successful (than in New York) at obtaining concessions from the local government, they did nonetheless have to endure an increasingly oppositional city hall in the process. Anti-gentrification groups elsewhere often splintered under similar pressures.

Moreover, the similar situation has happened all the time since then, New York, San Francisco, London, even in some Chinese cities. People use parade with big slogan to protest the process of gentrification every time when the similar situation come to them.

Smith believed that there is a strong connection between gentrification and displacement, and that is one of the factors caused homelessness. He described the gentrification as a conflict between classes - capital and proletariat.

3.2.2 Theories

There are two most curious points related to gentrification, one question is: why poor people lived in the central area of the city where there are high land values, while the wealthy people move further away from the downtown with its inconvenience for working and daily activities? The second one is: why those central districts are re-occupied by middle-class people after they previously abandoned them?

The first issue could be answered by similar situation. New houses and new neighbourhoods were almost always built for higher-income households, and that as homes (and neighbourhoods) aged, they 'filtered down' and become more affordable for progressively poorer groups (Hoyt, 1939). With more and more working class occupied the area, the more original higher-class people will ‘flight’ away from it due to the chaos cultural circumstance and more and more strange living environment. For example, in 1960s, the suburbanization in America, the white middle-class started to flight from the city and move to suburban due to the conflict between races and the rising of violent rate (Jackson, 1993; Sugrue, 2014). Although the phrase ‘white flight’ comes from America, the situation happened not only in America, but in all countries where large population of immigrants have.

3.2.2.1 Production-side

The academics have differences on the second issue, the ‘production-side’ believes that the process of gentrification is driven by natural law of economy. Human geographer Neil Smith is one of representative personages of theory of ‘production-side’, he asserts that the changing of urban form, which create by gentrification, is a subdomain of a large social, economic and spatial restructuring of the contemporary capitalist economy. He said, ‘gentrification is a frontier on which fortunes are made’(Smith & Williams, 2013, p. 34), which imply that gentrification is always involve in capital flow and investment. Production explanations show how neighbourhood change is connected to underlying rules of the game-economic relations, legal principles and practices, institutional arrangements, and pure political struggles-in which value and profit are produced and distributed (Lees et al., 2013).

Basically, it is based on the fluctuated of the value of properties and lands. The value of urban land is primarily a collective social creation: if a tiny piece of land located in the heart of a large, vibrant growing city commands a premium on the market, it because (Ball, 1985; Blomley, 2004; Krueckeberg, 1995):

1. Centrality and accessibility are valued in the society, and
2. Collective social investments over time produced a large, vibrant city.

Private property rights, however, allow landlords to capture most of this social investment in the form of ground rent, which is simply the charge that owners are able to demand for the rights to use their land. Ground rent is capitalized for each owner through some combination

of tenant payments, entrepreneurial activity, and asset appreciation captured at resale (Lees et al., 2013). With the development of city's construction, the land value will be increased due to the better public facilities and more liveable environment. Contrarily, it will go down with dilapidation and aging of them. The different circumstances will appear alternatively, and cause the cycle of depreciation and disinvestment (Lees et al., 2013):

1. Represent highest and best use (century ago)
2. Money of maintenance difficult to justify
3. 'milk' the property, minimize the cost on maintenance on structure
4. Waiting for potential ground rent increase (windfall through redevelopment)

As the diagram showing that, the circulation shows a wave curve from the city centre to the suburban area, the valley of the curve forms a gap of the land value, which usually be called 'rent gap'.

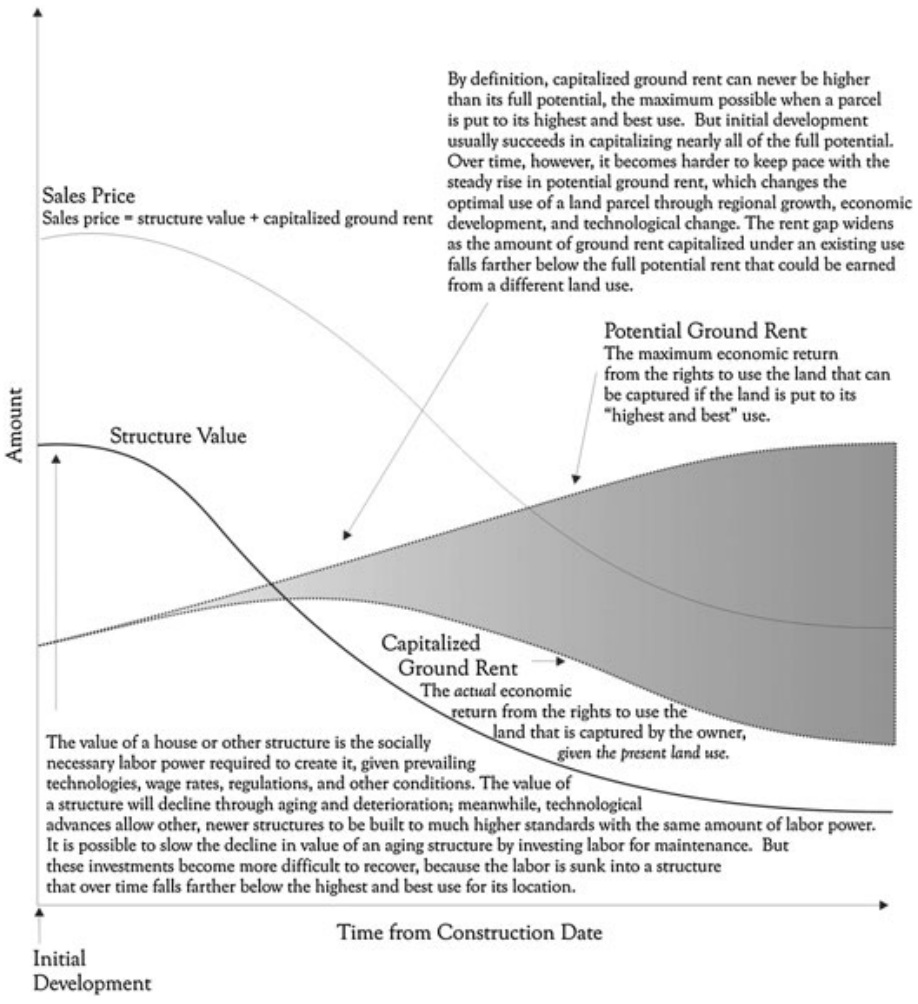


Figure 3-2. Source: The rent gap diagram (Lees et al., 2013)

Gentrification occurs when the gap is wide enough that developers can purchase shells cheaply, can pay the builders' costs and profit for rehabilitation, can pay interest on mortgage and construction loans, and can then sell the end product for a sale price that leaves a satisfactory return to the developer. The entire ground rent, or a large portion of it, is now capitalized: the neighbourhood has been 'recycled' and begins a new cycle of use (Smith, 1979).

The other reason is the industrial buildings losing their original function because of the transformation of industry in the post-industry-era. Supporting accommodation or other facilities around the industrial area, which used to serve working-class in city centre, has redundant. With the working class moving to the suburbs with their industries, while the emerging industries in the urban centre have brought more middle class. Building erected no longer correspond to the changed circumstances, result in that the works are forced out of the centre of the towns towards the outskirts.' (Engels & Dutt, 1935, p. 20). From all factors above, the 'production-side' of gentrification explain the causality of it by proposing the emerge of new urban space and change of industry in cities, then cause the change of people's class, or better saying the alternate of different classes of people.

Smith (1996) summarizes the causes of gentrification into five main processes: suburbanization and the emergence of rent gap, deindustrialization, spatial centralization and decentralization of capital, falling profit and cyclical movement of capital, and changes in demographics and consumption patterns. Generally speaking, production-side theory believes that gentrification was driven by the rise and fall of building and the natural law of economic. However, the attributes of a city is much more complex in both physical and economic aspects. Under the background of larger economic renewal mechanism, the production-side theory has been weakened by it when the unequal reinvestment and extreme gentrification have been lubricated. The new tendency of gentrification's study has shifted its focus from the 'define it as a simplified concept with modified steps' to issues with more abundant causes and context behind it such as the 'focus on and address the benefits of inequality under dynamic gentrification'. In terms of social influence, production-side theory always raised public concerned by its bad reputation of displacing poor people. However, lacking quantitative methodology and data, the destroy of poor people's community more like an anecdote than decent statistic research, become harder and harder to attract attention of mainstream public and policy discourse (Lefebvre & Nicholson-Smith, 1991).

3.2.2.2 Consumption-side

On the contrary, the ‘consumption-side’ of gentrification believes that, under the post-industrial background, ‘socio-cultural characteristics and motives’ is the main drive of gentrification phenomenon (Hamnett, 2000). The researchers who hold this perspective of view believe that when the industry and manufactory switch into centres of business services and creative and cultural industries, the types of occupations and structure of income in some extent drive the replacement of working-class to middle-class (Lees et al., 2013). While the change of group of people lead to the swift of form of the neighbourhood, also the influence of gay group and artists should not be neglected. Chris Hamnett, professor of geography at King's College London, has been consistently and highly critical of Neil Smith's claim that the rent gap thesis is integral to any explanation of gentrification. As he said 'if gentrification theory has a centrepiece it must rest on the conditions for the production of potential gentrifies' (Hamnett, 1991). Collective new middle-class disdain for the monotony of suburbia, and for the mass organization and reputation of post war Fordism and its crushing of individualism and different, could not be divorced from the explanation of gentrification in general and the politics of gentrification in particular (Ley, 1994).

By the work of David Ley (1994) and Chris Hamnett (2003), whose post-industrial and professionalization these have explained gentrification as a consequence of major changes in the industrial and occupational structure of advanced capitalist cities, resulting in the growth of middle-class professionals. In terms of post-industrial, Daniel Bell (1976) argued that there are four key features of a 'post-industrial society' in emergence:

1. A shift from a manufacturing to a service-based economy.
2. The centrality of new science-based industries with 'specialized knowledge' as a key resource, where universities replace factories as dominant institutions.
3. The rapid rise of managerial, professional, and technical occupations.
4. Artistic avant-gardes lead consumer culture, rather than media, corporations, or government.

3.2.2.3 The chaotic concept of gentrification

Davidson and Lees (Davidson, Mark Lees, 2005) conclude that there are four key elements of gentrification:

1. The reinvestment of capital.
2. The social upgrading of locale by incoming high-income groups.
3. Landscape change.
4. Direct or indirect displacement of low-income groups.

However, with the development of human society, various types of gentrifications emerge from different cities, especially in advanced capitalist cities. It needs an elastic yet targeted definition, a much broader definition of gentrification than is commonly found in the literature (Clark, 2005) New scholarship had developed a far broader meaning of gentrification, linking it with processes of spatial, economic, and social restricting. As Saskia Sassen (1991) defined gentrification was a 'far broader process linked to the profound transformation in advanced capitalism'.

Rural gentrification

With the continuously construction of urban area, the space of city become more and more density and rigid, a large number of middle-class people who pursue better living environment start to move away from the chaos downtown to the further countryside. According to Butler and Robson (2003), taking Britain as an example: shifts in the class structure of rural Britain, focusing on the colonization of the British countryside by an exurban or suburban middle class of home owners seeking the 'rural idyll' and the 'consumption of nature' (Thrift & Williams, 1987), and the displacement of working-class rural residents through rising house prices; the class change causes the shift of structure of industries at the same time. More tertiary industry emerged because of the change of the consumer group. Meanwhile, with larger capital investment into housing stock, the forms of ownership and housing policies have to adapted to the new capital environment. All the changes above have a strong support to the consumption-side theory of gentrification (Butler & Robson, 2003).

New-build gentrification

New-build gentrification indicate the transformation of old brownfield sites or old residential sites into high-end, new-build developments (He Space, 2010; Marquardt et al., 2013; Rérat et al., 2010). If the ‘New-build gentrification’ happen on the empty brownfield, then it will not cause displacement of pre-existing population, and the process does not involve the

restoration of old housing by individuals. However, the common points between ‘New-build gentrification’ and original concept of ‘gentrification’ are (Davidson, Mark Lees, 2005):

1. It causes displacement, albeit indirect and/or sociocultural.

2. In-movers are the urbane new middle classes.

3. A gentrified landscape/aesthetic is produced.

4. Capital is reinvested in disinvested urban areas (often on brownfield sites, but nor always).

The large scale of redevelopment of brownfield sites along the Thames River explored by Greater London Authority (GLA) (2004) is the good example of new-build gentrification. In some developed countries’ cities such as Shanghai, New-Build Gentrification in Central Shanghai: Demographic Changes and Socioeconomic Implications), new-build gentrification usually come with behaviours like ‘demolish’ or ‘retrofit’, which usually caused serious displacement of tenants and other social problem. The retrofit of urban villages in China can be seen as a typical example of it.

3.2.3 Negative and Positive

‘Emancipatory city or revanchist city?’ has always been the question that be discuss for years. The positive side believed that gentrification can improve the economic opportunities for urban poor, ameliorated the social isolation of the poor, reduces crime, and increases the educational attainments of the poor (Byrne, 2002). Some gentrification policies try to mix different social group and different races in order to reach the final harmonious in neighbourhood. However, under the seeming fair law and regulation, the vision so called ‘emancipatory city’ which displayed by authorities usually cover the brutal inequalities in wealth and economic circumstance caused by process of gentrification (Lees, 2000). There is an 'uneasy cohabitation' between gentrification and social mix (Rose, 2004). Too many different facts that affect the process of ‘social mix’. for example, the family with children will worry about the bad influence on the environment that kids grow up in, thus leave the neighbourhood that caused the failure of policy of gentrification (Wyly & Hammel, 1998). For example, Cunningham have criticized the use of HOPE VI in Washington, D.C., does not

aid the revitalization of depressed neighbourhoods; rather, it reduces affordable housing in areas with spiralling rents and prices (Cunningham, 2000).

It is broadly known that the infection of government has great influence on the process and result of gentrification through many ways. Byrne believes that the negative side of gentrification is not caused by itself but by 'the persistent failure of government to produce or secure affordable housing more generally' (Byrne, 2002), there are a few conditions that must be concerned before implement the gentrification's process like rent control, caps on annual increases in real property taxes, and effectively addressing affordable housing for the urban poor (Byrne, 2002). Therefore, although the rhetoric phrase 'social mix' is a beautiful idea, it like 'utopian socialism' almost impossible to achieve.

the Positive and Negatives of Gentrification (Atkinson & Bridge, 2004).

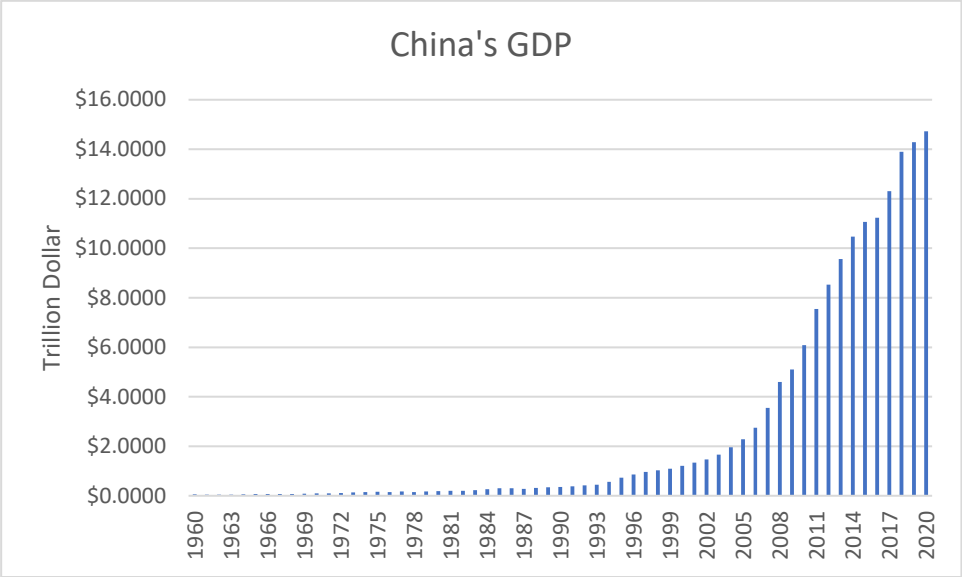
POSTIVE	**NAGETIVE**
	Displacement through rent/price increases
	Secondary psychological costs of displacement
Stabilization of declining areas	Community resentment and conflict
Increased property values	Loss of affordable housing
	Unsustainable speculative property price increases
Reduced vacancy rates	Homelessness
Increased local fiscal revenues	Greater take of local spending through lobbying/articulacy
Encouragement and increased viability of further development	Commercial/industrial displacement
	Increased cost and changes to local services
Reduction of suburban sprawl	Displacement and housing demand pressures on surrounding poor areas
Increased social mix	Loss of social diversity (from socially disparate to rich ghettos)
Rehabilitation of property both with and without state sponsorship	Under occupancy and population loss to gentrified areas

Figure 3-3 Source: Gentrification in a Global (Atkinson and Bridge, 2004)

3.3 URBAN RENEWAL IN CHINA AND ITS HISTORY

3.3.1 Three waves of gentrification in China's urban development

China has experienced 40 years of rapid economic growth since its reform and opening up, which is remarkable among many developing countries (see). In recent years, with increasing environmental pressures and urban conflicts, China's economic development has gradually shifted towards a healthy economic model that pursues comprehensive development in order to cope with the demands of social, economic, cultural and planning transformation. In the urban areas of the Pearl River Delta and Yangtze River Delta, construction land already accounts for nearly half of the total land area in the region, which urgently requires a change from a developmentalist economic growth rate to a sustainable development model, and a gradual shift in the orientation of development goals from the crude economic mode to a more refined development mode.



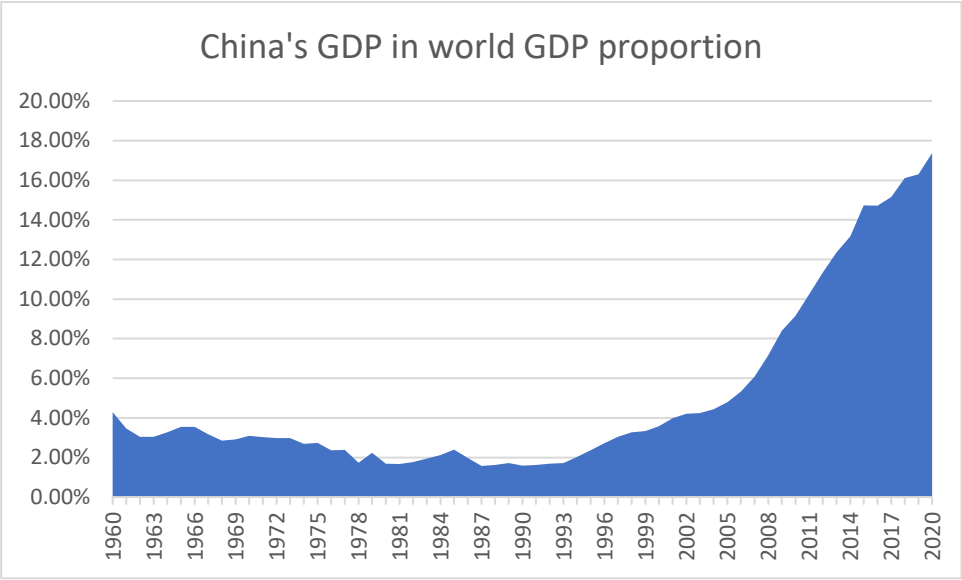


Figure 3-4. The GDP of China and World GDP proportion from 1960 to 2020

On the one hand, the transformation of industries in many developed cities has led to a change in the nature of land use, which has created the conditions for a change in the function of some industrial sites and has led to the renewal of the surrounding functional areas. On the other hand, in the 1980s and 1990s, due to the poor standards and quality of buildings' construction, the buildings of this period had to renovated due to the safety issue. The first wave of gentrification also occurred in the context of the first round of urban renewal.

With the influence of neoliberalism in China, the first wave of gentrification emerged with the first-time urban renewal projects in the new China. Many of China's inner-city areas had become dilapidated after years of constrained "non-productive investment" in the built environment under state socialism between 1949 to 1978 (Leaf, 1995). Urban renewal projects therefore began under the pressures of poor living conditions and the government's determination for economic reform. Due to China's economic development and the policy dividends brought by the reform and opening-up policy, its real estate industry has developed rapidly since the 1990s, with this period generally regarded by Chinese scholars as the first gentrification process in China (Q. Wu & Yin, 2008).

The second round of urban regeneration was primarily aimed at beautifying the city, and the main protagonists of this were the various urban, which were naturally accompanied by a second wave of gentrification. The second wave became emerged around 2005, featuring an

ambitious urban upgrading scheme with the aim of building world-class cities. If the first wave was a modest experiment for marketing operations, the second enabled local governments to increase their financial revenue and to rebuild the core concept of a neoliberalism strategy. Along with the renewal of the city, gentrification and its associated impacts on residents occurred. For example, Foshan city first started the reconstruction of the '三旧' ('three old types' of land, refer to old villages, old urban areas and old factories) in 2008 followed in 2009 by the reconstruction of the 'three old types' in Guangzhou to serve the Asian Games. Beijing also began dealing with nearly 50 urban villages in its downtown in 2010, and Shanghai's land policy reform encouraged industrial development to focus on separate industrial parks rather than in its urban areas (F. Wu, 2016b). All these projects signalled the second wave of Chinese gentrification. He (2012) illustrates the influence of gentrification in these urban renewal movements and argues that gentrification has become an integral part of the formation of China's modern competitive state.

A third gentrification movement has also become increasingly evident with the changes in China's current renewal policies. Possibly to compensate for the displacement of labour and the shortage of affordable housing brought about by the second round of old reforms (He, 2019), starting in 2010, China launched several rounds of state-led housing programmes to counterbalance the negative effects of the rapid rise in house prices. These included, in 2011, a plan to build 36 million units of subsidised housing in the 12th Five-Year Plan (2011 - 2015) and, in September 2015, the State Council's decision to launch a 'three-year plan' (2015 - 2017) for the renovation of shantytowns (棚户区). In September 2015, the State Council decided to launch a "Three-Year Plan" (2015 - 2017) to renovate another 18 million units of shantytown housing. Following the successful implementation of the previous plan, a third large-scale shantytown renovation plan was announced in 2017, aiming to develop a further 15 million shantytown housing units between 2018 and 2020.

It seems that at this stage, the relationship between the state and the market has moved away from the neoliberal trajectory of the previous phase. It is a sign that the state is gradually moving away from the brutal expansionist model of economic development and towards a 'harmonious society'. At the same time, the attitude towards urban regeneration has become cautious, and the stabilisation of the city's economy in transition and the resolution of social conflicts have become imperative factors in urban development.

3.3.2 The Housing Issue in the Era of Capability (Cunliang Shidai 存量时代)

With the decrease of the rough and tumble economic model in China. The attitude of the state and first-tier cities towards land resources has also changed from vigorous expansion to land storage redevelopment. Most of China's cities experienced a period of rapid expansion of urban land in the 2010s, during which the population, construction land, GDP and housing prices of first-tier cities increased at an alarming position. In addition to Beijing and Shanghai, whose GDP surpassed trillions in 2007 and 2006 respectively, Guangzhou and Shenzhen also surpassed trillions in 2010 and 2011 respectively. During the same period, urbanised areas also expanded significantly, as shown in . However, at the same time as such rapid development, the central government has put forward national strategies for sustainable development in response to the various economic and social problems associated with such rapid development. For example, in 2013, the Central Urbanisation Work Conference proposed to "strictly control growth (of construction land), revitalise the (land) storage, optimise the (industry) structure and enhance (land usage) efficiency," and in 2015, the importance of intensive development and revitalisation of the land storage was emphasised again. In terms of land use policy, 'no increase in the scale of land use' has become the theme of major cities, with the Beijing Master Plan (2016-2035) explicitly calling for a reduction in the scale of urban and rural land use by 2020 and the Shanghai Master Plan (2017-2035) also explicitly calling for negative growth in the total scale of construction land.



1973



2019

Figure 3-5.Shenzhen constructed area in 1973 and 2019 (sources from USGS) (EROS, 2022)

1. Shanghai:

As an old industrial base, Shanghai's industrial land contributed to the development of the city's early industrialisation. However, Shanghai's industrial land is facing problems such as high proportion but low efficiency.

In May 2017, Shanghai's 13th Five-Year Plan for Land Resources Utilisation and Protection mentioned that the total size of industrial land should be controlled at 3,185 square kilometres, and that the proportion of industrial land should be reduced from the current 27% to 17%, but as early as 2015, the size of Shanghai's construction land had already exceeded 3,145 square kilometres and accounted for 45% of the city's land area, already approaching the limit of its resource and environmental carrying capacity (Shaoqin, 2015). If we take the same developed Asian city of Tokyo as a comparison, the proportion of industrial land in Shanghai and Tokyo city centres was 18.5% and 11% respectively, while the average land production value was 7.45 billion yuan per square metre (2018) and 18.42 billion yuan (2007) respectively. As of 2015, more than a quarter of the city's industrial land is inefficient, accounting for approximately 198 km2, but contributing less than a tenth of the total industrial production value, and most of these industrial sites are located in villages, towns and private enterprises from the early years of reform and opening up, often have the issues like high energy consumption, environmental pollution and safety problems (Zheng Degao, 2015). In short, the renewal of Shanghai's industries and industrial land is essential for both industrial transformation and environmental sustainability.

2. Guangzhou:

Guangzhou has been an important city in the southern part of the country since ancient times, a centre of economy and trade. Since the reform and opening up, the process of urbanisation has accelerated. However, the rough economic model has led to a growing shortage of land resources. Since 2009, the proportion of construction land in Guangzhou has exceeded 75% of the total area of reasonably developed land (Tian Li, Yao Zhihao, Guo Xu, 2015). In 2012, the total area of the 'three old' sites in Guangzhou was 399.52 km^2, accounting for about one-third of the total construction land. These sites are generally inefficient or unused and have great potential for redevelopment. The Guangzhou General Land Use Plan (2006-2020),

issued in 2005, has already set clear targets for controlling the total scale of construction land and has high expectations for the land resources released by the redevelopment of the three old areas. In the Guangzhou Construction Land Supply Plan 2021, announced in March 2021, the total amount of land to be supplied in 2021 is 25.44 km^2 of which 4.72 km^2 are for the reuse of land in storage.

3. Shenzhen:

The geographical context of Shenzhen, with the sea and mountains, means that there is a shortage of land for urban expansions. 'The Shenzhen Urban Master Plan (2010-2020)' clearly states that one of the goals of urban development is to redevelop the potential of the land storage. In 2015, the total amount of construction land in Shenzhen exceeded 940 km^2, and by 2020 Shenzhen would have only 30 km^2 of new construction land. Therefore, providing social housing that can accommodate tens of millions of floating people in a city where there is a shortage of land and rapidly rising land values is a significant challenge facing the city. Consequently, the urban village 'buffer zone' has become a key component of Shenzhen's land reform and industrial reform approach in the 'era of capability' (Cunliang Shidai 存量时代 in Chinese). The lack of available development land led to the demolition and rebuilding of old buildings or the renovation of old buildings becoming the main development mode in the city (Chiu-Shee & Zheng, 2019). According to the 2008 building survey, Shenzhen has a total floor area of about 752 million km^2, of which more than 400 million km^2 are illegal, of which about 70% are illegal in urban villages (M. Li, 2010).

As early as 2005, Shenzhen Municipal Government identified the four key challenges facing the city: (i) sustainable and healthy economic growth; (ii) limited land and space; (iii) a shortage of energy and water resources; and (iv) an overdraft of environmental carrying capacity. Indeed, the mayor Xu Zongheng, stressed the importance of the land issue, stating that: "in order to solve the problem of limited land and space, Shenzhen was recombining the precious land resources, carrying out urbanization and land transfer, renovating illegal buildings, and transforming urban villages" (Guangzhou Daily, 2005).

Between 2000 and 2010, Shenzhen moved into a post-industrial transition period in terms of its economic growth with technology-intensive industries gradually replacing labour-intensive manufacturing. The Guangzhou Daily (2005) also noted how Shenzhen's industry had transformed from its previous agricultural base into four pillar industries: cultural and

creative; high-tech; modern logistics; and finance. In the subsequent exploration of land development in Shenzhen, the term 'era of capacity' also frequently appeared in various research documents (Zou Bing, 2013; 2017). Also, in August 2019, the state issued the implementation plan for the Shenzhen Pilot Demonstration Zone, in which there were very clear instructions for the city's land management system (Xinhua News Agency, 2020):

> *"The promotion of mixed-use land for secondary and tertiary industries will be supported on the premise that it meets the requirements of territorial spatial planning. Existing industrial land reactivated, and issues will be explored which relate to planning adjustment, land supply, revenue distribution, and land left over from history. A marketization mechanism of using the inventory of construction land for development and construction will be explored, and the recovery mechanism of idle land use rights will be improved."*

Under the dual pressure of land and social housing shortages, the urban villages were seen as a buffer zone that needed to be treated with caution in the urban renewal process. Shenzhen's urban villages had therefore become important social housing reserves and also a key component of the urban development strategy (Y. Y. P. Wang et al., 2009). Indeed, simply demolishing and redeveloping the urban villages would almost obliterate the city's low-cost housing provision. The overheated real estate market, however, resulted in the demolition of many urban villages in the initial stage of urban renewal process in the city, resulting in many gentrification consequences, such as displacement, rising housing costs, and a reduction in the quality of life for many residents (Chiu-Shee & Zheng, 2019). However, with the city's industrial transformation, the labour that was most urgently needed had begun to transform from low-skilled migrant workers to high-skilled workers and educated talents (Shenzhen Justice Bureau, 2021). Meanwhile, the quality of housing and the environment of the urban villages had been unable to adapt to the increasing numbers of higher educated young professionals. As a result, there were pressures for a comprehensive regulation strategy to solve the challenge of providing suitable accommodation for these talents without expelling all of the migrant workers.

3.3.3 Gentrification & Comprehensive improvement

The three waves of gentrification in China have already been briefly described in section 3.3.1, and with the rise in discussion of the phenomenon of gentrification in China, and in the

context of multiple gentrification theoretical debates, comprehensive improvement has also recently been placed in the context of gentrification discussions.

Urban development in China has had a strong neoliberalism bias after reform and opening-up policy implement. The expropriation of land and large-scale real estate development not only generated large amounts of fiscal revenue for the government, but also contributed significantly to the rise in urbanisation rates. This form of land development became popular in special economic zones and gradually spread to other cities in China (G. C. Lin, 2009; G. C. S. Lin & Ho, 2005)**.** However, as land became scarce for construction and driven by the huge profits of real estate development, the gentrification of informal housing in urban villages became mainstream urban redevelopment in the mid-2000s and was supported by the government. Hundreds of redevelopment projects are on the Shenzhen government's agenda (the official "13th Five-Year Plan for Urban Redevelopment" published in 2016 clearly states that 100 redevelopment projects will be completed in urban villages by 2020). The old buildings in Shenzhen built by villagers will be demolished to make way for high-end residential and commercial complexes(R. Liu & Wong, 2018; F. Wu et al., 2012b). At the same time real estate prices in Shenzhen have risen dramatically (see Table 5-2 for details). He and Wu (2009a) coined the term 'neoliberal urbanism' to describe this new development model in Chinese cities. The reasons for this are not only the role of capital accumulation but also the government's ambitions for the image of the city and the symbolic nature of its modernisation (R. Liu & Wong, 2018).

The causes and effects of comprehensive improvement are different from the direct and brutal gentrification brought with demolition and rebuild. Although the social impact seems to be less strong than in the former strategy, there is also a clear gentrification characteristic of comprehensive improvement projects. This has been discussed in the context of gentrification theory: Zhan (2021) places this new model of urban redevelopment in the context of gentrification and calls it fluid gentrification, Bin Li et al. (2021) place a government-led mixed-use village, Shuiwei village renewal project, in the context of the formalisation of informal housing.

In contrast to the previous practice of ‘buying out the land and the buildings on it’, the comprehensive improvement created a cooperative mechanism between the government, the villagers and the developers, and made flexible use of scarce land resources without changing

the land ownership. This satisfies the government's objective of upgrading the city's residents and industries, while limiting the financialization of housing ownership in Shenzhen. Although theoretically a win-win development model, this new model has not yet been thoroughly investigated.

Therefore, this study places comprehensive improvement within gentrification theory for a number of reasons:

- it is clearly characterised by the upgrading of the population class, and this is one of the stated aims in government documents
- it has essentially the same stakeholders as previous strategy demolition and redevelopment
- it is a new urban development strategy that is highly relevant and comparable to previous rounds of gentrification in China

3.4 CONCLUSION

Urban regeneration around the world, whatever its purpose, has often brought about social change. Many European and American countries undertook urban regeneration in the late 19th and early 20th centuries, demolished or renovated large numbers of dilapidated dwellings left over from the industrial revolution. In the developing world, the shantytowns in which workers lived were also demolished in the late 20th century for the purpose of urban regeneration as a result of the transfer of low-end manufacturing. However, no matter what the purpose and background of urban renewal, it would bring about the change of living class and the rise of living cost, thus causing social conflicts. After China's reform and opening up in 1980, the repressed enthusiasm for production and the desire for quality of life were released. The economy has grown dramatically since the introduction of the open policy. A large number of buildings of poor construction quality were erected in developed cities due to the large number of immigrant workers influx. This set the background for urban renewal at the beginning of the 21st century.

Similar to the early experience in Europe and the United States, demolition and rebuild was the main theme of urban renewal, but it soon became unsustainable due to serious social class conflicts and a change in the direction of national development. In addition, many major industrial cities in China are facing a shortage of constructed land because of the rapid grown

population, crude economic mode, and strict land control policies. As a result, first-tier cities are entering an ‘era of capacity’ and need to optimise the use of existing construction land to achieve efficient land use and industrial transformation. Some of the representative cities are Guangzhou, Shanghai and Shenzhen.

This chapter therefore finds that although China's urban development history is very different from that of the West, and even from that of many developing countries, however, still has many similarities in the process of urban regeneration. Urban regeneration in the modern sense has begun with the decay of cheap housing built for large numbers of immigrants, and gentrification often occurs after the renewal due to the rise of consumption level and the beautification of the environment. The demolish and rebuild approach became unsustainable because of the social tensions it caused and was replaced by a more moderate form of regeneration. (See section 2 in Chapter 9 for more details on the evolution of urban regeneration in the West)

Urban regeneration is often included in the process of gentrification. Often when developers realise that property in an area is becoming profitable, they will try to rebuild the buildings and landscape of the area through investment. This usually occurs after an area has already shown signs of gentrification. Based on the experience of gentrification in the United States, gentrification was often accompanied by the displacement of low-income people and urban conflict, which is something those Chinese cities need to be wary of in the process of regeneration. In a way, the redevelopment of urban villages in China is also consistent with the model of gentrification theory, with one of the central arguments being that a ‘rent gap’ is created over time in formerly dilapidated areas, which usually means that developers' investments begin to become profitable. Take Shenzhen as an example, as a representative city for urban village regeneration in China, it meets the conditions of gentrification theory. There are several key drivers for the regeneration of urban villages in the core of Shenzhen:

- The rapid rise in property prices due to strong demand for housing
- the change of industries (from labour-intensive to service industries)
- The government's vision of a high-end land use plan for Shenzhen

The rapid rise in house prices is a typical sign of the ‘rent gap’ becoming wide enough for developers to expect increased profits from the demolition and rebuild of urban villages to drive regeneration. The second point means that the new industries bring in more middle-

class residents, thus causing gentrification. The theoretical basis of the consumption side is also evident in the regeneration of urban villages in Shenzhen, where more and more shops and cafes for petty consumption are appearing, and many art shops are significantly changing the atmosphere and type of industries in the neighbourhoods, such as the well-known urban village of Dafen. It is worth noting that not all urban villages in Shenzhen are gentrifying, the urban villages in the city centre always have a more pronounced gentrification, while the suburban areas with low prices or low-end industries have changed very little.

In conclusion, urban regeneration in China, or more specifically urban village regeneration, is inextricably linked to the theory of gentrification, which discusses social conflicts and the direction of capital in a way that sets the framework for the whole study. The advantages and disadvantages would be used as a reference for the research in Part 3, such as the issue of rising rents and the changing composition of the residents.

CHAPTER 4

INFORMAL SETTLEMENTS IN CHINA

4 INFORMAL SETTLEMENTS IN CHINA

The previous chapter reviewed the application and impact of urban regeneration in both global context and in China, and the emergence of the phenomenon of gentrification. This chapter focuses on the phenomenon of informal housing, firstly the emergence and status of informal housing in the global South is described. It then narrows down to Shenzhen, where the urban village as a type of informal housing in China (China also has informal housing in the form of shantytowns in other developing countries, which will not be discussed much in this study) is analysed in depth in terms of the policy context, the illegal construction behaviour of villagers and the special management system of the village. In order to eliminate any misunderstanding of the term urban village, a small section will explain the understanding of the term in the global context before the review of urban villages in China. At the end of this section the similarities and differences between informal housing in the global South and urban villages in Shenzhen would be well summarised.

4.1 INFORMAL SETTLEMENT IN GLOBAL SOUTH

4.1.1 The developmentalist era in developing countries

Informal settlements are a mode of production that globally accommodate more than a billion people (Dovey et al., 2020). The concept of informal settlements is a spontaneous reaction to the failure of national laws and regulations to meet the basic needs of poor people (Dowall, 1991; Fekade, 2000). Significantly, Davis (2006) identifies how because lack of regulation they are often seen as an unsanitary places with accumulated poverty. Informal housing is, however, often a foothold for newcomers to the city because of the low cost of living, and the cohesiveness of immigrant populations (Cybriwsky, 2013; Dupont et al., 2015; Huchzermeyer, 2011).

In the second half of 20th century, a number of global south countries pursued industrial development as the core of their national development strategies (Erman, 2018). The literature on shantytowns in the National Developmentalist era (1950-1980) suggests that rural-urban migrants formed informal places on the urban fringe through the practice of building shantytowns on public land (citation). The period of the emergence of urban villages in China would be later than the 1980s because the policy of reform and opening up began in 1979, so that the process of marketisation of the economy in China was significantly lagging

behind other developing countries. The phenomenon and urban performance of this period has been viewed in different ways, and this form of housing, known as self-help housing, was advocated by UN consultant John F.C. Turner, who argued that it would benefit the poor people in developing countries, and that flexible and inexpensive forms of building and housing would be well suited to their lifestyles and limited economic circumstances (Turner, 1977; Turner & Fichter, 1972).

As a result, a large number of low-quality houses were constructed in order to serve the influx of immigrant labour. This informal housing has often called ‘self-help housing’ by the United Nations and the World Bank. Turner (1982) notes how this was seen as a solution to the pressure of housing low income or unemployed groups In most discussions on informal housing in the Global South, it is associated with the impression of slums, and its residents are seen as vulnerable groups because they lack a voice when the demolition and urban renewal of their homes is proposed (Altrock, 2011). The result of such approaches also tends to lead to massive displacement of these disadvantaged communities (Lelandais, 2014; Roy, 2009; Zeng et al., 2019).

The international community has therefore generally been tolerant of this type of self-help housing, but the consequences of its misuse have been unanticipated or avoided by many scholars and experts at the outset. In the case of Kowloon Walled City in Hong Kong, for example, scholars, architects and artists have been keen to celebrate this form of self-built housing and its complex features from God's perspective, however, they have often overlooked the serious negative social problems such as high crime rates, poor hygiene and living conditions. The overly lax regulatory environment that allowed for the expansion of the shantytown exacerbated the problems and led elite groups to take a stand against Turner's ideas (Erman, 2016).

As neoliberalism became popular in the 1970s (China lagged behind until after 1985), and the global expansion of markets and profit-oriented activities took centre stage in the regulation and economy, the government's approach to squatter settlements changed under the logic of neoliberalism. The previous indifference to, or tacit tolerance of, those settlements development was gradually replaced by a market intervention approach. The real estate market has been expanded by transforming informal land and buildings into economic assets through renovation and regeneration projects (Anand & Rademacher, 2011a; Nijman, 2008a;

Wong, 2001; Yuen, 2007). As Jones (2012) argues, these projects can be understood as the product of a vision of slum upgrading through financialization, which is based on neoliberal principles. This includes slum upgrading projects in socialist cities such as Recife (Brazil). They are based on neoliberal principles, mixing the project with socialist ideals (Dupont et al., 2015).

Slum/shantytown upgrading projects are undertaken on the basis of state action and decisions with the aim, on the one hand, of turning slum land into an economic asset to be appropriated by the private sector for profit and, on the other hand, of integrating slum/shantytown dwellers into the flat ownership system, which is thought to bring about self-responsibility and commitment on the part of the inhabitants (Erman, 2016).

4.1.2 The strategy of informal settlements

There are about one billion people currently living in informal settlement(UN-Habitat, 2004; Vries, 2003) The physical characteristics found in informal settlements tend to vary considerably between cities, depending on the income level of the inhabitants and the conditions of the city. Informal settlements are usually temporary and do not comply with building and land use regulations. They lack basic infrastructure (Srinivas, 1994) and poor physical conditions are often accompanied by serious sanitation and health problems. Moreover, they often exacerbating the already dire social conflicts as well as environmental pollution and the degradation of local ecosystems (Gulis et al., 2004; Richards et al., 2006)

The informal settlements situation are spreading in developing countries, both because of a lack of decent building skills due to poverty (UNCHS, 1993) and because of a lack of financial support from both government and enterprises (Steyn, 2003; Wegelin, 2004). Most countries and regions with such conditions lack the funds to provide support for community services and infrastructure (Balbo, 2001, p. 2)

Financial institutions in developing countries tend to exclude the majority of the urban poor from products and services such as house mortgages due to the lack of collateralised assets. Therefore, national regulatory and legal frameworks often ignore the housing needs of the urban poor (Srinivas, 1994, p. 4).

Rapid urbanization in most developing countries is also a major factor in the proliferation of informal settlements, This has put enormous pressure on already stretched infrastructure,

housing and services. This requires both rural and urban and simultaneous development programmes to stop rural-urban migration. Most developing countries need social programmes to buffer the poor (Wekesa et al., 2011).

In a broad sense, the proliferation of informal urban settlements in most developing countries is the result of market and public policy failures for a significant proportion of the urban poor. In all, the proliferation of informal settlements in developing countries are mainly caused by the failure of market and public policy strategies on urban poor.

4.1.2.1 Strategies on informal settlements

At present, developing countries have come up with various ways to deal with the problem of inadequate housing for the poor. Some demolish the informal settlements and relocated the inhabitants into public housing(Keivani & Werna, 2001; Ogunshakin & Olayiwola, 1992; Okpala, 1992); some trying to solve it by upgrading the settlements and facilities in those area (Balbo, 2001; Imparato & Ruster, 2003; Keivani & Werna, 2001; Wegelin, 2004); some providing housing subsidy (Huchzermeyer, 2003).

4.1.2.1.1 Public housing

This approach was popular in the 1950s and 1970s and involved the direct placement of residents in informal settlements in public housing. It was usually funded directly by the central government and public financial institutions, but lacked planning to match the physical characteristics of the low-income population (Keivani & Werna, 2001). The drawbacks are evident in the shortage of projects due to financial constraints, the lack of public facilities and the remoteness of the projects, which make it difficult to support the sustainability of the scheme. The cost-critical nature of the projects has also led to many shortcomings in buildings' quality (Ogunshakin & Olayiwola, 1992). The scheme has largely failed in the global South, with the exception of a few areas such as Hong Kong and Singapore (Ogunshakin & Olayiwola, 1992).

Sites and service schemes

Sites and service schemes were a popular strategy for indirectly responding to public housing in the 1970s and 1980s (Keivani & Werna, 2001). This scheme provided households with 'Greenfields' as basic infrastructure. Occupants could decide for themselves what to build,

and expand when they could afford to do so. However, it failed due to the peripheral location of the land, lack of technical and financial support, and the use of inappropriate development patterns.

4.1.2.1.2 Settlement upgrading

The informal settlement upgrading approach is the result of lessons learned from the the failure of direct and indirect public housing programmes (Balbo, 2001). It was pioneered by the World Bank in the late 1970s. A low-cost alternative housing policy option was achieved by upgrading rather than demolishing the original settlements (Wegelin, 2004).Not only did it involve the upgrading the infrastructure such as water, sanitation, roads, electricity, etc. (Imparato & Ruster, 2003), but it also involved the formalisation of land.

Such a strategy of course requires the cooperation of local authorities, community members, NGOs and the private sector. Public participation is encouraged to ensure that projects are carried out in accordance with local planning regulations and safety standards. This type of conversion is one of the few effective approaches.

4.1.2.1.3 Cases of informal settlements in Global south

RIO DE JANEIRO

In Brazil, the practice of slum upgrading dates back to the 1940s. Influenced by Brazil's democratic transition and competitive electoral politics, Rio's slums were recognised by the government as part of the city. As such, the state has a responsibility to provide infrastructure and services. Approximately 22% of Rio's population live in slums (Hurrell, 2011). In recent decades, there have been two housing policies to deal with favela, the Favala-Bairro from 1988-2008, and Morar Carioca from 2008 to present. These policies are all based on the principle of integration, which aims to integrate slums with the rest of the city by improving infrastructure and providing social services within slums (Perlman, 2010)

The Favala-Bairro project plans to cover hundreds of slums over a period of 20 years and to make a significant improvement in the conditions of the areas where it is implemented. The main sources of funding for the policy are loans from the empirical authorities and the Inter-American Development Bank (IDB), with a focus on the transformation of public spaces and infrastructure. Most of the projects involve tasks such as paving roads, installing street

lighting, water pipes and sewerage systems and creating public spaces for community recreation. However, there have also been criticisms of the poor quality of the construction, the lack of community participation and the fragmented coordination between the different departments of the municipality, which led to the high degree of politicisation of the Favala-Bairro project and its eventual abandonment in the mid-2000s (Becerril Miranda, 2015). The Morar Carioca (also called Municipal Plan for the Integration of Informal Settlements) policy, on the other hand, used the momentum of the Río Olympics to upgrade and integrate all the slums in the Río by 2020, claiming up to 232,000 households (Becerril Miranda, 2015).

Building on the long experience of slum upgrading in the past, the authorities have further redefined slum upgrading by encouraging community participation. Rather than using a general process, the government contracted NGOs to act as facilitators, seeking feedback from each slum based on local needs. Compared to its predecessor, Morar Carioca has also committed to greater funding from the federal government, municipalities and the Inter-American Development Bank (Ren, 2017). However as major projects regarding the Olympic Games took up more attention and funds from the government the plans were slow to advance.

MUMBAI

Compare with Rio, Brazil's policy on informal housing is more progressive, with an emphasis on upgrading infrastructure, providing social services and better integrating slums with the rest of the city (Perlman, 2010). In Mumbai, slum housing policies have gone through several different phases from the late 19th century to the present (Nijman, 2008b; O'Hare et al., 1998). Currently over 40 per cent of the Mumbai's population lives in slums (Ren, 2017). Before 1960s, the common way of dealing with slums was through brutal demolition and removal, with mass displacement of the poor without new housing alternatives causing social unrest and regime change (Weinstein & Ren, 2009). Settlement upgrading (including renovation and improvement) was the mainstream approach in the 1970s and 1980s, These programmes provide infrastructure development in selected slums through World Bank funding combined with government subsidies. However, they have not been very effective due to lack of funding (Mukhija, 2017; O'Hare et al., 1998).

The new strategy is based on the Development Control Regulation 1991 and was standardised as the Slum Rehabilitation Scheme (SRS) in 1995. The policy is a market-driven slum upgrading programme. The slum units are redeveloped and rehabilitated through private sector funding and market forces, while the developers are given developable land in return for their investment. The huge profits from central real estate have made developers eager to get into this business. However, slums in poorer areas are neglected by developers compared to slums in central locations, exacerbating housing inequality in Mumbai. Slum dwellers are housed in poor quality towers and lack basic amenities in the outer areas of the city.The current slum upgrading programme should be seen as a compromise in the struggle between the mainstream development movement and the housing rights movement in Mumbai (Anand & Rademacher, 2011b).

4.1.3 'Urban village' in the global context

In field of western urban planning and design, the urban village usually refers in particular to medium-density residential area which contained well designed pedestrianization, public spaces and public transportation.

As early as 1960s, a number of high-rise apartments emerged in many cities of western counties. In the century of 'Une maison est une machine-à-habiter (A house is a machine for living in)', the 'modern building' come up to meet the keep growing population in cities. Those buildings mainly for low-rent dwellings or public houses, the mono-function of the building (or group of buildings) largely worsened the humanity environment around it. As the book 'urban village', issued by urban village group of the UK, criticized that there are three disadvantages of single-use areas:

1. it tends to produce unfriendly environments, especially outside the building.
2. the mixed-use area can enhance people's feeling of the community and the community cohesion, on the contrary, the mono-use area week them. Because the people who live with is not the people you work with or go entertain with. Moreover, monoculture make disenchantment and alienation in city.
3. a good accessibility for walking distance is necessary for a good community, the single use area increase the use of personal car (between different functional places), which limiting the ability of walking (Aldous, 1992).

Therefore, the concept of ‘urban village’ has been put forward in the book (urban village). However, ‘neo-traditionalist’, a more common way to express the ideology of it, was raised by American, which clarified the concept of urban village. Obviously, ‘urban village’ is not only an architectural or planning concept, but a social movement.

In the early 1980s, the term ‘urban village’ has been used to describe a new tendency towards mixed-use development in suburbia America (Leinberger, 1984). Based on the facts that people do not need to isolate residential and business area because of environment issues (pollution and noise), contributed to the transformation of industry and city structure.

The book ‘Vision of Britain’, which was written by Charles the Prince of Wales, even provided a list of ‘ten principles we can build upon’ to guide people how to build a successful modern urban living environment. in the ‘ten principles’, nine of them are related to description of materials, scale or other hardware facilities. However, the last one, ‘community’ rises to the spiritual level, which still fitting todays’ society, said that the good community ought to have a vivid atmosphere, cohesion, pride of place, and a sense of belonging (Charles, 1989).

Ironically, almost all of the new built residential communities in China are single-use areas. The Chinese urban village, however, because lack of strict planning control, a large number of urban villages in China become multi-functional area, those varies store and vendor create a both diverse dynamic and chaos messy community, will explain more in the following text.

4.1.4 Informal housing as represented by urban villages in China

In 2003, Zhang (2003) studied the issues of urban villages from the perspective of self-help housing. However, due to the uniqueness of property rights and the operation of Chinese urban villages, it is hard to reconcile them within the framework of theories of informal housing or self-help housing (F. Wu, 2016a). Most urban villages in China are a foothold for migrant workers and Wang et al. (2009) suggest that they can significantly influence many development indicators of a city. An ‘urban village’ in the Chinese context refers to those traditional villages which have lost their farmland (usually purchased compulsorily by the government), in a geographic location that has gradually been surrounded by urban development. The subsequent dichotomy, of rural and urban, creating two opposing statuses of space and inhabitation. The economy of rural areas relies on its production of land, which

mainly refers to agriculture and animal husbandry, however, secondary and tertiary industries are the main financial support of urban areas. Due to the high cost of compensation and fees for relocating the farmers, they have often been left 'enclosed' by urbanisation as an autonomous zone within an expanding city and outside the control of local government. Because of the high autonomy of the villager and the high value of land in modern city, the villagers have often tried to build apartment buildings as high as possible on their own land for the rental income, since they no longer have land for farming. The high density of building in urban villages can create abundant income for the villagers but also cause a series problem, such as poor living environments, poor levels of hygiene, poor construction quality, and potential safety hazard from fire and criminals (Y. P. Wang et al., 2010). However, beyond these obvious factors, social conflict, and the obstacle that urban villages cause to a city's further urban development are serious problems facing many cities.

4.2 A BRIEF BACKGROUND ON SHENZHEN

4.2.1 The uniqueness of Shenzhen

> *In Shenzhen, the party-state has arguably achieved an economic liberalization far beyond what Western-led, neoliberal global institutions have managed in the post-socialist cities of Eastern Europe*

Mary Ann O'Donnell, Winnie Wong, and Jonathan Bach (O'Donnell et al., 2017).

Shenzhen was a series of small villages, on China's border with Hong Kong, totalling around thirty thousand people before China's 'reform and opening-up' policy was introduced in 1979 (Yu et al., 2019). At this time, there were no skyscrapers and built-up areas were surrounded by paddy field. Today, Shenzhen has become a megacity with a population of more than twenty million (13 million permanent registered and 8.5 million permanent non-registered residents) (Shenzhen Statistics Bureau, 2019).

Whilst cities in neighbouring countries boomed as a result of economic development as a result of capitalist initiatives, China sought its own unique economic path. Due to lack of experience and social institutional barriers, it was difficult for China to replicate the successes of the 'Asian Tigers' (Hong Kong, Taiwan, Singapore and South Korea) or the way of western modernization (Dongli, 2011). China had been isolated from the outside world for a very long time after World War II and its own Civil War between 1927 and 1949 (Jia, 1999).

The subsequent Cultural Revolution between 1966 and 1976 exacerbated the challenges to economic growth (Dernberger, 1972). In 1979, the Communist Party's central committee and state leaders headed by Deng Xiaoping began to seek new ways to reconnect mainland China to the outside world and the idea of a 'special district' was first introduced in March 1979 (Jia, 1999).

Deng Xiaoping's concept was for the establishment of special district that would not only attract foreign capital but also create an area for new socialist reform. Unlike those in Taiwan or South Korea, the aim of the special district was not to become a capitalist enclave but to "develop productive forces under socialism" (Dernberger, 1972; Pepper, 1988). In April 1979, the Guangdong Provincial Party Committee put forward a proposal to the central government to establish export-processing zones in Shenzhen, Zhuhai and Shantou due to their close proximity to Hong Kong and Macao with their international connections. This idea was strongly supported by the then Communist Party Chairman Deng Xiaoping. Subsequently, Shenzhen become a first-tier city from an unknown series of small villages in just 40 years. Its GDP (2.422198 trillion yuan) (Shenzhen Statistics Bureau, 2019) . even surpassed Hong Kong (2.845317 trillion Hong Kong dollar or 2.4 trillion yuan (the average exchange rate in 2018 of RMB to HK $1.1855) 10 in 2018 and now ranks 3rd in China. As the Brookings Institute put it in 2013, "*Shenzhen's economic model has to some extent become synonymous with China as a whole*" (O'Donnell et al., 2017).

4.2.2 Shenzhen's geographic characteristics

Shenzhen is located between the major international cities of Guangzhou and Hong Kong giving it huge advantages in terms of economic and trade exchange. Because the concept of special economic zones was too radical for many 'conservative' socialists, there was a risk that its creation might cause serious damage to the social situation in China which had yet to fully stabilise after the Cultural Revolution (O'Donnell et al., 2017). Obviously, it was a very bold idea and it was difficult to find a comparable precedent to justify its creation. It was impossible to build such a special zone in a mature city, like Beijing, Nanjing, or Chongqing, as China was still in the process of consolidating power after its Civil War (O'Donnell et al., 2017). Therefore, due to their strategic locations, the first Economic Special Districts were designated in Shenzhen, Zhuhai, Shantou, and Xiamen. Shenzhen being close to Hong Kong, Zhuhai close to Macao, and Xiamen across the sea from Taiwan, whilst Shantou was home to one of the largest concentrations of overseas Chinese people in China

The subsequent successes of Shenzhen are inseparable from its excellent geographical advantages. Guangzhou has been the economic centre of Guangdong province, and even the whole south of China, since ancient times. During the Ming and Qing dynasties, it was the only major port for foreign trade in China and is the only major port in the world that has lasted for more than 2,000 years. Whilst Hong Kong was a British colony before 1997, it was a tax-free port with significant importance in the world economy and trade. Shenzhen has a key location being the only place that physically connects mainland China and Hong Kong, and it is also mid-way between Hong Kong and Guangzhou. The contrasting political systems, cultural differences and the trade gaps between the mainland and Hong Kong made Shenzhen the perfect choice for the implementing the 'reform and opening-up' policy.

Before 1980, Shenzhen was basically a loose amalgamation of small fishing and agricultural settlements, but this provided abundant farmland for urban construction, therefore making it relatively easy to implement any political experiment. At that time, the income of Hong Kong residents was approximately 100 times that of residents living in the Shenzhen area, moreover, the city infrastructure of Hong Kong was incomparable to that of Shenzhen. At that time, more than a million southern Chinese people would risk their lives to illegally enter Hong Kong to enjoy the benefits of the prosperous colony (Jian, 2017; D. W. D. Wang, 2013). Interestingly, today some villages have same name in both Hong Kong and Shenzhen, due to their establishment by villagers who fled to Hong Kong at that time. The huge economic gap between Hong Kong and Shenzhen in the early 1980s became the economic driving force behind Shenzhen's future successes.

As a pragmatic leader, Deng Xiaoping believed that it was futile to rely on border patrols and military measures to solve the problem of economic refugees fleeing from Bao'an County (Shenzhen) to Hong Kong. He concluded that the problem of economic refugees was a result of poor policies and he also realized that the economic gap between China and the developed world had created a situation of increasing political risk (O'Donnell et al., 2017). One of the first measures introduced was the elevation of Bao'an County to the status of Shenzhen Municipality in 1979. With the implementation of the reform and opening-up policy in Shenzhen, this started to bring in capital, technology, and management know-how from Hong Kong (or more importantly from developed countries via Hong Kong). Subsequently, Shenzhen has become the pilot site for transforming the planned economy elsewhere in China.

In 1980, an 84.5-kilometre administrative boundary, known as the Second Line (二线 erxian), was created in Shenzhen, which divided the municipality into the Shenzhen Economic Zone (SEZ), which occupied 327.5 km2 of the municipality and the 'rest'. The China Merchants Shekou Industrial Park was first area to be created in the SEZ. The border of the SEZ was opened up gradually and as the city matured the border was fully erased in 2018. This meant that the Shenzhen model had matured and could be promoted to the whole country without any reservations. It also demonstrated that the central government had achieved their desired results from this innovative experiment.

4.2.3 Urban villages in Shenzhen



Figure 4-1. Shixia village in Shenzhen

An ‘urban village’ in the Chinese context refers to those traditional villages which have lost their farmland (usually purchased compulsorily by the government), in a geographic location that has gradually been surrounded by urban development. The subsequent dichotomy, of rural and urban, creating two opposing statuses of space and inhabitation. The economy of rural areas relies on its production of land, which mainly refers to agriculture and animal husbandry, however, secondary and tertiary industries are the main financial support of urban areas. Due to the high cost of compensation and fees for relocating the farmers, they have often been left ‘enclosed’ by urbanisation as an autonomous zone within an expanding city and outside the control of local government. Because of the high autonomy of the villager and the high value of land in modern city, the villagers have often tried to build apartment buildings as high as possible on their own land for the rental income, since they no longer have land for farming. The high density of building in urban villages can create abundant income for the villagers but also cause a series problem, such as poor living environments, poor levels of hygiene, poor construction quality, and potential safety hazard from fire and criminals (Y. Y. P. Wang et al., 2009). However, beyond these obvious factors, social conflict and the obstacle that urban villages cause to a city’s further urban development are serious problems facing many cities.

There are various reasons for the emergence of urban villages in Shenzhen. The main drivers were the existence of urban-rural dual system, and the popularity of neoliberalism are the main drivers, which brought about an impact on the strict planned economy. The urban villages in Shenzhen can be regarded as the typical product of this period.

There are various reasons for the emergence of urban villages in Shenzhen. The main drivers were the existence of urban-rural dual system, and the popularity of neoliberalism are the main drivers, which brought about an impact on the strict planned economy. The urban villages in Shenzhen can be regarded as the typical product of this period and their creation is explained in the subsequent section. The main reasons for the emergence of informal housing in urban villages in Shenzhen are:

- the wave of migrant workers who moved to the city as a result of the reform and opening up (an increase in the number of tenants);
- the spread of neo-liberalism (an increased awareness of private property);

- the lax regulation of urban villages (a highly autonomous village management system)

4.2.3.1 The reform and opening-up policy

China has a long history of rural-urban segregation. As such, after the found of the People's Republic of China in 1949, under the policy of urban-rural dualism, cities became responsible for industry and management, while rural areas were mainly responsible for agriculture. Before 1980, Shenzhen was like most other poor Chinese areas and had a very low rate of urbanization. Because of controls on where people could own homes under the regulation of the 'Hukou' system, the migration from rural to urban areas was strictly controlled and had to be approved by the authorities (K. W. Chan, 1996; Goodkind & West, 2002; Ma & Xiang, 1998; Y. P. Wang, 2004) (for details on the Hukou system see: (K. W. Chan, 2010; Christiansen, 1990; Cook, 1999; Goldstein, 1990; Johnson, 1988; Knapp et al., 1981; Y. P. Wang, 2004). After the implementation of the open market policy, the control of 'Hukou' system was relaxed, and in 1985, for the first time, rural migrants were allowed to register as temporary residents in urban areas (Shen, 1995). These 'temporary' migrant workers from rural areas have since become an important driver of urbanization in China (Davin, 1998; X. Liu & Liang, 1997; Shen et al., 2002; Y. P. Wang et al., 2010; X. Yang, 2000).

According to statistical data from the Shenzhen Municipal Government Housing System Reform Office, the average monthly income among migrants in Shenzhen was 1,149 RMB in 2004, which was relatively high compared to other cities. It was, however, much lower than the income among official residents (2,195 RMB per month) (Shenzhen Statistics Bureau, 2019). Nevertheless, it was still largely beyond the average income of people in rural areas and many other cities in 2004, which was typically around 3000 RMB per year (Shenzhen Statistical Bureau, 2005). The huge income gap between rural and urban areas resulted in more and more migrants moving into developed cities like Shenzhen. The permanent non-registered population (767,800) exceeded the permanent registered population (648,200) for the first time in 1989. Subsequently, the non-registered population kept growing year-by-year and reached 8,181,100 in 2017, which was as twice the number of the permanent registered population (4,347,200) (Shenzhen Statistics Bureau, 2019). Moreover, these figures did not include the large 'floating population' that is not registered at all. Significantly, this 'floating population' tended to find it impossible to afford the extremely high house prices in

Shenzhen and therefore the relatively low-rent homes in the urban villages often provide their only solution.

Significantly, China's increasing neo-liberalism and central fiscal decentralisation led to large amounts of land being sold by local governments to raise revenue. As a result, most of the former agricultural land that belonged to the urban villages was expropriated, resulting in two major consequences. First, the villages lost their agriculture land on which they relied for income leading to them illegally expanding the scale of construction on their 'homes' to obtain profits from renting out rooms. Secondly, the large amounts of previously rural farmland were sold to property developers enabling significant profits for both the developers and the local government. The subsequent rising land prices drove-up house prices (Shenzhen Statistics Bureau, 2019) in the city and subsequently the poorer quality housing in the urban villages became affordable housing for the immigrant labour force (market economy and neoliberalism). Thus, the strategy of land acquisition did not purify or upgrade the urban village, on the contrary, it created low-rent housing in urban villages that became indispensable in Shenzhen.

4.2.3.2 The waves of illegal construction and poor physical environment

The area and scale of buildings in the urban villages has increased year by year, due to two fundamental reasons: firstly, the rental income has enabled construction costs to be covered in 3 to 5 years; and secondly, the lack of affordable alternatives and central locations have led to the urban villages being the obvious residential choice for the immigrant migrant workers (Research Group of Shenzhen Academy of Social Sciences, 2004). Since 2003, the Shenzhen government has had a series of policies and regulations to grant all local rural residents' urban status, which meant the end of urban and rural division in the city, with all traditional villages becoming urban villages. In 2003, Shenzhen therefore became the first city in China to have 100% urbanisation with no rural region at all. This in turn led to increasing numbers of migrants coming to the city and seeking the low-cost housing provided by the urban villages. As a result, most buildings in the urban villages changed from owner-occupied to rental properties as building owners exploited the significant financial opportunity.

Since the reform and opening up, the traditional rural area of Shenzhen has surprisingly turned into dense urban villages. After 1980, the influx of migrant workers after the reform and opening up laid the foundation for a large number of tenant population in the urban

villages. With the rapid development of Shenzhen's economy, the value of land has also risen. In addition, China's policies to stimulate the economy with housing prices in the early 21st century have made Shenzhen's housing prices and rents rise to a very high level (see Table 5-2). At the same time, the government's delayed response to the problem of urban villages and the lack of supervision have led to the growth of a large number of illegal buildings. In addition, the problem of urban villages is exacerbated by the implementation of relevant laws, such as light punishments to avoid angering villagers, and a series of regulations to legalize urban villages in order to maintain social stability.

Ironically, Shenzhen's urban villages began to take shape in the early 2000s, when the city government introduced their ‘strict’ regulations to crack down on illegal construction. According to an Urban Planning & Design Institute of Shenzhen (UPDIS) report in 2004, urban villages take up total area of used land of 93.49 km² with total floor area of 105,620,000 m² (Research Group of Shenzhen Academy of Social Sciences, 2004). In 2005, there were around 300 urban villages in Shenzhen with 91 of them located inside the SEZ (X. Liu, 2007) . These villages within the SEZ accounted for a total of over 1000 hectares of land and including villages in the following three major city districts: Luohu (162.4 hectares); Futian (428.92 hectares); and Nanshan (412.0341 hectares) (Research Group of Shenzhen Academy of Social Sciences, 2004). This included a population of around 7 million living in more than 300,000 private houses and a further 2 million rental homes within Shenzhen’s urban villages. Also, illegal construction accounted for over 150 million square meters of development within the villages (Research Group of Shenzhen Academy of Social Sciences, 2004).

Due to the absence of governmental control and high-level autonomy of village affairs, the ‘illegal’ construction in the urban villages lacked the basic principles of urban planning alongside other building regulations. Thus, the profit driven construction process caused a spectrum of problems in relation to the physical environment of the urban villages. The original homes were typically traditional Chinese houses of no more than 3 storeys, however, in Shenzhen’s urban villages most buildings are now at least 7 storeys tall with some exceeding 20 storeys. The original plot size and layout remains and therefore many of these ‘tall’ buildings are only a few metres apart leading to little natural light, and security issues. In addition, car parking is often completely lacking leading to further congestion and a lack of open space for residents (J. Wang & Li, 2009; Zhu, 2004a).

Besides the terrible physical conditions, there are significant environmental health issues with pollution, waste discharge, and garbage disposal creating problems for residents (Research Group of Shenzhen Academy of Social Sciences, 2004). Indeed, essential infrastructure such as rainwater and sewage pipes could not easily be integrated into the dense urban villages. High crime rates in the urban villages is also often a problem with data suggesting that more than 90% of criminal behaviour is caused by migrants in Shenzhen (B. Zhou, 2004). Moreover, the large number of small unregulated stores, such as hair salons, food outlets, etc., who often avoid paying taxes can easily lead to a culture of crime. The lack of control of these illegal businesses also exacerbates hygiene and fire hazard issues (Research Group of Shenzhen Academy of Social Sciences, 2004).

Behind the scenes of Shenzhen's rapid rise to become an international city, and 'under the radar' of the local government, the urban villages continued to evolve. The potential impact of these villages and their locations upon the strategic layout and aspirations of Shenzhen has, however, increasingly created obstacles for the city government. The urban villages have therefore now become obstacles to the future urban development of Shenzhen and the local government is increasingly trying find appropriate ways to intervene in these unique places.

4.2.3.3 Village Management System and obstruction of negotiation

Traditional villages have their own management mode, such as patriarchal system, clan or kinship structure makes rural society become a stable unit isolated from outside (Schoon, 2012), and it is difficult for foreign power and influence to penetrate into it. The urban village of Shenzhen uses the traditional villagers committee system more before implementing the joint stock system. This system may be expressed in different ways in different villages. For example, the village committee may be composed of the oldest and most prestigious people in the village; It may also be composed of people of great power or economic strength in the village; It could also be a person or persons with managerial ability who is jointly nominated by the villagers. What they have in common is that they are all proven mechanisms and universally recognized in the village. More importantly, the managers in the village can basically represent the common will of all the villagers, which makes the urban villages have stronger will and solidarity than the owners' committees or street offices in ordinary residential areas in the process of urban renewal. This has caused a very big obstacle for the penetration of the government's will, and also for the villagers in the renewal process to seek greater interests. This is the ordinary residential district update cannot do.

In recent years, most of the urban villages in Shenzhen have participated in the joint-stock reform. The government tries to integrate the urban villages into the urban management system through the joint-stock mode. Although it is called "joint-stock system", it is not a purely economic enterprise, but a collection of enterprises that maintain and implement renovation programs, plan, provide funds and implement construction for public infrastructure and institutions, and undertake financial matters, operation and security of villages and communities (Schoon, 2012). Of course, traditional village things such as ancestor worship, village traditional festivals and other cultural responsibilities are also included in its affairs. Although the influence of the Communist Party has been incorporated in the village and the party branch has been set up, the village head or directors of the village joint stock Company still have great autonomy. Therefore, the overall decision-making of the village can still be said to be in accordance with the core of maximizing the interests of the village.

4.3 CONCLUSION

Whether they are completely demolished and rebuilt or optimised, they have an impact on the surrounding area and society as a whole. There are various academic and social views on informal housing, for example, turner's view that it is a solution to the housing problems of low-income people, which has a strong human dimension. There are also scholars who are more concerned about the social and security problems associated with such squatter settlements, and who consider informal housing as a part of the city. In any case, the informality of informal housing proves to be a legal embarrassment for the government, which is forced to intervene administratively in those squatter settlements that are too large, although the lucrative real estate market also allows capital to accelerate the process. The game between the residents, the government and the developers is what this study hopes to observe and study.

Informal housing has obvious influence on cities in developing countries. This kind of spontaneous living space formed by the gathering of labour force over a period of time which is not only physically complex but also requires careful treatment in the economic and regulatory spheres. is not only physically complex but also requires careful treatment and treatment in the economic and regulatory spheres. Whether they are completely demolished and rebuilt or optimised, they have an impact on the surrounding area and society as a whole.

There are various academic and social views on informal housing, for example, Turner (1972) believes that this is a solution to the housing problem of low-income people, which is strongly humanistic concern. There are also scholars who are more concerned about the serious social and security problems caused by such shantytowns, and they consider informal housing as a part of the city. However, for the government, the informality of informal housing proves to be an embarrassing legal situation for the government, forcing the government to intervene administratively in some of the shantytowns that are too large, and of course the profitable real estate market has allowed capital to accelerate the process. The game between residents, government and developers involved is exactly what this study hopes to observe and study.

In terms of urban villages in Shenzhen, the reasons for their formation are similar to, but different from, those of informal housing in the global South. The similarities are:

- The residents are all low-income immigrants.
- Both were formed during the period of national developmentalism (although China came a little later, it was in line with the characteristics of this period).
- Most are of low-quality housing with poor physical living conditions.
- Both have certain negative effects on society such as the high crime rate.
- Local governments have, or are updating some of them, driven by rising social tensions or the pursuit of profits.

However, due to a series of particularities of urban villages in China, especially in southern China, urban villages have their own characteristics as informal housing. These features can be summarized as:

- Special Era Background (Reform and Opening up period).
- There have been several waves of illegal construction that have changed with the policy.
- Village collectives linked by blood ties as managers.

These particular points serve as a precondition for the discussion in the next chapter on the close relationship between the urban village and the urban economy and society, since there is a clear causal relationship between the creation of the urban village and the development of

the city. At the same time these characteristics are carefully considered in part 3 of the study, as a point of reference to avoid one-sided and erroneous research methods.

CHAPTER 5

URBAN VILLAGES AS INVISIBLE BEACONS OF ECONOMIC AND SOCIAL SUCCESS:

THE ROLE OF MIGRANT COMMUNITIES IN SHENZHEN, CHINA

5 URBAN VILLAGES AS INVISIBLE BEACONS OF ECONOMIC AND SOCIAL SUCCESS: THE ROLE OF MIGRANT COMMUNITIES IN SHENZHEN, CHINA

5.1 INTRODUCTION

The explosive economic growth of Shenzhen is the main reason for the emergence or current situation of Shenzhen Village in the city. Before the reform and opening-up in 1979, Shenzhen was still a small town mainly focused on agriculture and fishery. After 40 years of development, its GDP surprisingly surpassed Hong Kong in 2018. The urban village is an urban phenomenon that arose from the influx of immigrant workers and the lack of government supervision during this period. It has a close relationship with the development process of Shenzhen. In addition, each change in the size and form of the urban village has been accompanied by a node in the development of the city of Shenzhen. In conjunction with the review of Shenzhen and its urban villages in the previous chapter*, this chapter critically examined how Shenzhen's urban villages, as working-class communities, have survived and evolved under the pressure of globalization, rising land values, gentrification, and redevelopment pressure. The important role of the local government and its policies and strategies in relation to these unique and important communities would also be evaluated in the context of an era driven by the market economy and rising of neoliberalism. The paper concluded by articulating the importance of the migrant working-class communities of Shenzhen's urban villages against the context of the limitation of existing urban policies.*

5.2 URBAN VILLAGES - THE BEACON OF SHENZHEN

5.2.1 How Shenzhen's urban villages survived and evolved

The different phenomena of the evolution of the urban villages closely reflects the pace of economic and social development in the city. Indeed, the urban villages have evolved under the pressure of globalisation, rising land values, gentrification, and redevelopment pressures. This evolutionary process can be explained through the following five stages, from their birth to the new retrofit strategies. The discussion about these 5 stages will be expanded based on 5 factors: time; macro policy in Shenzhen; the situation of the Shenzhen's urban villages; policies for the urban villages; and the economic and social development of Shenzhen (see

Table **5-1**). The macro policy in Shenzhen gives a general view on the current focus of Shenzhen's municipal government and then the situation of the Shenzhen's urban villages shows the status of it during that period. After that the policies related to the urban villages demonstrates the local government's attitude and this will also be emphasized in section 4. Lastly the interaction between the urban villages and the economic and social development of Shenzhen will be discussed at the end of each stage. Because of the uniqueness of stage 5, it will be treated in more detail in section 5.3.3.

STAGE	TIME	MACRO POLICY IN SHENZHEN	THE SITUATION OF THE SHENZHEN'S URBAN VILLAGE	POLICY ON THE URBAN VILLAGE	ECONOMIC AND SOCIAL DEVELOPMENT OF SHENZHEN
0	1949-1979	Urban and rural areas are divided and isolated	No urban villages have yet emerged	No urban villages have yet emerged	Have no different with other poor cities in China
1	1980-1985	Reform and opining-up	Urban villages began to appear	Government issued regulation to limit the size of building in urban village	The main industry change from agriculture to industry, and Shenzhen's administrative level has been upgraded
2	1985-1990		The number of illegal buildings in urban villages began to increase		High incomes in Shenzhen attracts a large number of migrant workers to work and live in Shenzhen
3	1990-2000	City environmental beautification	Illegal construction began to get out of control	The government has been forced to gradually relax restrictions due to inadequate regulatory powers	
	2001-2004			The government issued regulation to turn the illegal construction become legally by paying penalty	The urban villages have been demolished to develop new real estate projects, resulting in the rapid increase of housing prices and the increase of price and labour. Meanwhile, the urban environment has been improved.
4	2004-2017	Rural elimination	Because of the high density and poor physical environment in urban village, a serious of hygiene and health problems emerged	The government put forward policy to promote and standardize retrofit activities	

5	2018-	Innovative and sustainable cities	Demolition and rebuild' are bogged down by high compensation costs and a lack of affordable housing	The government launched a new renovation policy of 'comprehensive improvement' to increase the inventory of affordable housing	The focus of development has gradually shifted from industry to high-tech industry, no longer blindly pursuing GDP, and more attention has been paid to innovative cultural industry

Table 5-1. Five stages of the urban villages

Stage 1

Since 1980, Shenzhen started to attract an external labour force in order to accelerate its industrial development at the same time as it was beginning to formulate the preliminary plan to lay the foundation and pattern of Shenzhen. According to the 'Master plan of construction of Shenzhen city 1980' (深圳城市建设总体规划 1980), the development goal of Shenzhen was to focus on industry, while developing trade, agriculture, and tourism. In 1982, the government issued the document 'Outline of social and economic development plan of Shenzhen Special Economic Zone' (深圳社会经济发展规划大纲) which stated that Shenzhen planned to focus on the electronic industry as its main industry (electronics industry is a labour-intensive industry, detail see 'three-plus-one' mode (Herrle et al., 2014; Xu et al., 1992), and to focus on products mainly for the international market.

During the period from 1980 to 1990, the urban villages in Shenzhen emerged and illegal construction spread rapidly. At the beginning of the implementation of reform and opening-up policy, the government's focus was on the development of new areas, the acquisition of agricultural land, etc. with the development of new land creating large amounts of fiscal revenue for the local government. With more and more farmlands being requisitioned for construction, the unique phenomenon of the 'urban village' started to appear. The emergence of urban village not only showed that the city was developing rapidly, but also that the way of production of the urban village had changed from agriculture to industry or real estate. The change of meaning and value of land in Shenzhen demonstrated that the positioning and function of Shenzhen had changed significantly.

Stage 2

In 1985, for the first time, rural migrants were allowed to register as temporary residents in urban areas (Shen, 1995). The migrant workers from rural areas have since become an important driver of urbanization in China (Davin, 1998; X. Liu & Liang, 1997; Shen et al., 2002; X. Yang, 2000). Shenzhen, as a pioneer city of China's reform and opening-up, began to expand rapidly because of a combination of factors including its unique geographical location.

Because of the increasing status of industry in Shenzhen, its population grew rapidly due to labour-intensive industry being the focus of activity in the city. The influx of migrant workers dramatically stimulated the rental market in the urban villages, which can be observed from those illegal construction in urban village. The registered residents in Shenzhen increased from less than half a million to about 2.12 million from 1985 to 2007, meanwhile, the number of temporary residents increased to 6.5 million in 2007, three quarters of the residents in Shenzhen were migrants from other places 13, 39. Based on this situation, several characteristics of Shenzhen's economic and social development can be observed: 1. industry was the main body of Shenzhen development; 2. the spread of neo-liberalism shows its influence on the rental market; 3. the 'three-plus-one' trading-mix (custom manufacturing with materials, designs or samples supplied and compensation trade) shows its success in Shenzhen The attraction of high incomes caused a large number of migrant works to move into Shenzhen. All the factors above prove that Shenzhen was developing rapidly.

Stage 3

In the 1990s, the upgrading of its urban positioning and beautification of the urban environment become the priority tasks in Shenzhen. The 'Urban development strategy of Shenzhen' claimed that becoming an international metropolis was the direction of Shenzhen. It not only reclaimed the main position of industry in Shenzhen, but also mentioned the importance of tertiary industry with hi-tech industry being mentioned in Shenzhen's future development for the first time. The central government set an ambition that make Shenzhen a multifunctional international city, and to be socialist window for economic prosperity and all-round social progress.

During this period, the situation in the urban villages did not develop methodically as the authority expected. On the contrary, the illegal construction in urban villages gradually became out of control with the number of stories in urban villages increasing significantly. Indeed, the villagers continued to build illegal construction in the urban villages because of the high compensation for demolition. In 1992, the municipal government decided to 'urbanize' rural areas and villages inside the SEZ by issuing the 'Interim provisions on rural urbanization in Shenzhen SEZ (关于深圳经济特区农村城市化的暂行规定)'. Village committees (rural local organizations) were abolished and replaced with neighbourhood committees (the equivalent urban local organizations); local farmers' hukou status was changed from agricultural to non-agricultural; production teams (the rural economic bodies) were reformed into shareholding companies and village residents became shareholders. These compulsory changes gave local villagers some financial benefits and the right to access urban social and economic services, however, in return, the government brought all land within the SEZ under its control. It also acquired the right to develop any remaining agricultural land and the right of planning control over village residential land (Y. Y. P. Wang et al., 2009). Also, Illegal building codes were modelled (Research Group of Shenzhen Academy of Social Sciences, 2004) to ensure suitable space between buildings and to limit the volume of buildings. The idea was to slow the pace of housing construction in the urban villages and to increase the government's control. Nevertheless, the illegal construction continued especially when in 2001, the villagers were allowed to turn their illegal buildings into legitimate construction by paying a fine. Ironically, the fine was much lower than the market house price, therefore, increasing the popularity of illegal construction in the urban villages.

During the 1990s, the changes to the urban villages showed that there was a big gap between Shenzhen's ambition and the true facts of the urban villages. The methods that local government used to deal with the urban village issues were not binding on illegal construction, on the contrary, they worsened the situation. Also, with the improvement of Shenzhen positioning, land price and house prices were soaring, which also aggravated the phenomenon of illegal construction. This did not mean that Shenzhen's urbanization process had failed, however, it did indicate the prosperity of rental market and the huge attraction of the job market. Just like other international developed cities such as London, New York, and Tokyo, because of their huge urban advantages, many immigrants including foreigners were attracted as the city was booming and attractive.

Stage 4

Significantly, 2004 was the turning point of the evolvement of urban villages in Shenzhen. The city became the first ‘rural-free’ city in China and was named one of the top ten civilized cities 35, but due to the bottleneck of urban development, it began to systematically transform the old villages. Because of the lack of land for construction, in early 2005, Li Hongzhong, the then secretary of the Shenzhen municipal committee of the communist party of China (CPC), put forward the "four unsustainable" challenges when analysing the difficulties faced by Shenzhen’s development. These were that the: (i) land was limited and could not be sustained; (ii) resources were in short supply and could not be sustained; (iii) overburdened and unsustainable population; and (iv) environmental carrying capacity was seriously overdrawn and could not be sustained.

Due to the shortage of land in Shenzhen, urban development had reached a ‘bottle neck’ position. In addition, the quality of the buildings constructed in the 1980s was generally poor with many of them having serious safety risks. The situation of those self-built houses in the urban villages were even worse due to the absence of supervision from a relevant department. However, the dilemma was changed when illegal buildings were turned into legal property by paying a fine, with the plan to ‘demolish and rebuild’ being introduced. Indeed, in 2004, the government began to issue a series of policies to support the promotion of urban village reconstruction projects. The Shenzhen municipal government issued the ‘interim provisions on the reconstruction of urban villages (old villages) in Shenzhen,’ which clarified the conditions, plans, objectives, implementation steps, standards of demolition compensation for the reconstruction of urban villages. For the first time, this systematically resolved the reconstruction process and norms of urban villages, which laid down the early basic framework of the reconstruction policy for the urban villages. Later, in 2012, the government issued its ‘Detailed rules for the implementation of the urban renewal measures of Shenzhen’ as a supporting implementation document of the renewal measures. In addition to detailing the relevant provisions in relevant regulations, it focused on strengthening the supervision and management of urban renewal projects and standardizing them.

In summary, the government promoted the renewal project not only because of the high speed of the city’s economic development, but also to generate more fiscal revenue. The

urban villages were even defined as ‘the urban tumour’ of the city (Wei, 2016). The relative policies were carried out rapidly, with more and more urban villages and old industry zones being reformed into to high-end residential areas, commercial, or office buildings.

Because of the number of urban villages that were demolished and rebuilt during this period, the construction land in Shenzhen was supplemented and the economy continued to develop rapidly. Real estate, as the main pillar of Shenzhen’s economy, drove other industries to maintain a good growth rate and the government was proud of many successful examples of urban village renewal such as the Caiwuwei north village project in 2006 which is now the upmarket KK Mall (Uehara, 2008).

5.2.2 Summary: The importance of the urban villages and migrant communities

It is hard to measure the accurate number of how many people live in the urban villages today, however, the increasing population of migrants can easily be observed from the increasing construction activity. According to UPDIS32, the land area of Shenzhen’s urban villages increased by 28.8% after 1999 and the building floor area increased by 200% (51,920,000 m²) (Bach, 2010). Homes in the urban villages are rarely sold as they provide valuable income sources for owners as demand to rent there is high. Indeed, more and more migrants are living in urban villages when they move to Shenzhen. The relatively low price of the rent in comparison to other redeveloped areas, more than 50% of homes in urban villages cost less than 2000 yuan per month to rent, is also attracting college graduates whose

income is typically around 4000 yuan per month. The urban villages have therefore become the only choice for migrants and other low-income earners moving into the city.

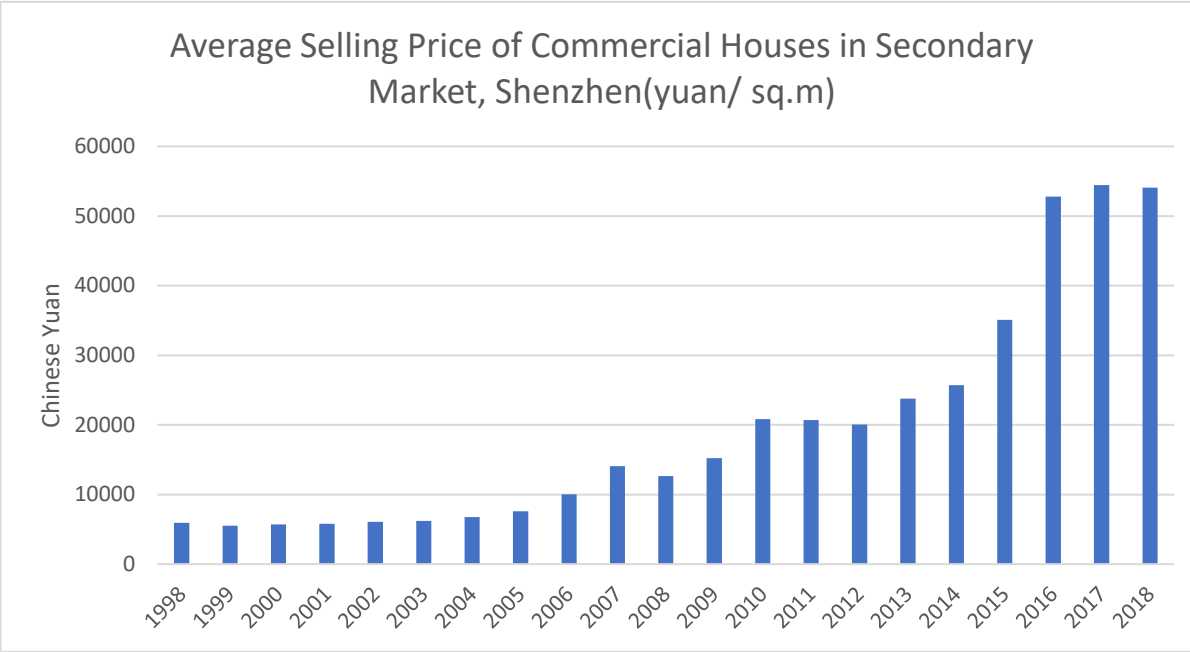


Table 5-2 Average Selling Price of Commercial Houses in Secondary Market, Shenzhen

In a city focused on the tertiary sector, where rapid urbanisation has led to rapid property price inflation (see Table 5-2), living costs are beyond those providing essential services and fulfilling lower paid jobs. Importantly, the urban villages have therefore become essential 'providers' of affordable residential accommodation for lower paid and lesser skilled workers that have been essential in the process of the city's development. However, with the increasing pressures for the renewal of the urban villages, the future of these unique urban quarters is under threat. The gentrification already experienced in some of the villages has already begun to limit living choices for the lower paid in the city and the rate of immigration has slowed down since 2003 (Shenzhen Statistics Bureau, 2019).

5.3 THE ROLE OF THE LOCAL GOVERNMENT AND ITS POLICIES AND STRATEGIES

After the Hukou system in Shenzhen was relaxed in 1985, the city witnessed a sharp increase in the number of migrants. Therefore, as autonomous villages without farmland, the building owners in the urban villages began to spontaneously seek a new income source – house rental. As highlighted in the previous sections, because the urban villages provide important

homes for the city's poorer paid workers, they have become very complex and sensitive issues to deal with. As a major player in the property market, the municipal government has regularly changed its attitude and strategies towards dealing with the changing problems of the urban villages.

5.3.1 Prophase (1980-2004): the lack of control of illegal construction

The phenomenon of illegal construction in the urban villages as a result of rising land values raised concern amongst the local government. As a result, the Shenzhen government introduced the 'Provisional regulations of Shenzhen municipality on the construction and use of land for rural residents' (深圳经济特区农村社员建房用地的暂行规定) (*Provisional Regulations on Village Households House Building and Land Use in the Shenzhen SEZ*, 1982) in 1982. This first regulation allowed each household to have a courtyard covering 150 square metres of land, of which 80 square metres could be used for housing construction. In 1986, a new regulation stated that the height of private houses should not be over three storeys and that the average construction floor space should be less than 40 square metres per person (*Instructions on Further Strengthening the Rural Planning Works in Shenzhen SEZ*, 1986). In 1993, the government changed the regulation of construction limitation, and the standard size of a new yard was reduced from 150 to 100 square metres per household and the permitted housing construction floor space was also capped. Each household was therefore allowed to build up to 480 square metres of construction floor space (irrespective of the size of the household) (*Planning and Land Resources Management Regulations in the Bao'an and Longguang Districts of Shenzhen City*, 1993). When government realized that illegal construction in the urban village was out of control, they tried to increase housing construction control through regulations that enabled villagers to declare the details of their houses and to pay a corresponding fee to turn their illegal construction into a legally registered building. After paying the penalty, the building owners could then register their houses with the government and obtain legal property certificate. Villagers had to pay 20-100 yuan per square meter depending on how much they had built illegally above the 480 square metre limits. However, this penalty that the villagers needed to pay was too low compared to the much higher housing prices in Shenzhen (typically 6300 RMB per square metre in 2001) (Bach, 2010) These regulations were intended to ensure acceptable space between buildings and to limit the volume of building by slowing the pace of housing construction and increasing the government's control in the urban villages. However, villagers saw this as their

last chance to seize land and build larger houses, and as a result, illegal construction in the urban villages went out of control (Y. Y. P. Wang et al., 2009).

In the period from the end of 1980s to early 1990s, most of the self-established buildings in the urban villages were less than 5 storeys. Since the mid-1990s, 80% of them were 6-9 floors, more than 5% were higher than 10 floors, and some of them even reached 20 floors in height 51. Despite the regulations of the early 1990s, the phenomenon of illegal construction progressed at an unprecedented scale with almost every building in the villages breaking the limitations of the building code. As a result, a new policy (Overall Planning for Comprehensive Improvement of Urban Villages (old villages) in Shenzhen 2019-2025) (Shenzhen Municipal Bureau of Planning and Natural Resources, 2019) was discussed and approved in October 2001, however, it wasn't officially implemented until March 2002, and this again provided villagers with another time gap for illegal construction. The volume of illegal construction in the urban villages had become beyond the supervision power of Shenzhen's government.

5.3.2 Metaphase (2004-2017): stigmatization of the urban village

The position of the urban villages can be observed from the government's working notes and reports. In 2004, the focus of the government was dealing with the problem of illegal construction and how to 'remodel' them with the aim of forming an 'international image city' regularly appearing in reports. Indeed, Li Hongzhong (2004), the then mayor of Shenzhen, said in a meeting in 2004: "the illegal construction appeared continuously, it has seriously damaged the prestige and reputation of the party and the government and trampled on the dignity of the law. The number of people who own illegal buildings is expanding, which has seriously eroded the social fabric and structure. The problem of urban villages has become a serious obstacle to the construction of an international city and a harmonious society" (Futian government, 2004).

In 2007, Mayor Xu Zongheng approved the '2007 Shenzhen Urban Village Annual Reconstruction Plan' at the 5th meeting of the Shenzhen Leading Group on Investigation and Punishment of Illegal Construction and Reconstruction of Urban Villages. In this Plan, 117 renovation projects (including old factory and urban villages…) were listed, of which 46 needed to be reconstructed completely, and 71 needed to be improved in terms of their physical condition. The meeting also claimed that the Plan aimed to raise the international

profile of Shenzhen ahead of its hosting of the 2011 Universiade in Shenzhen. In accordance with the relevant laws and regulations of urban village reconstruction, the meeting also approved the demolition of real estate and the rebuilding of urban villages. The new residential area would consist of commercial houses and small part of low-income houses53. The meeting notes clearly demonstrated that the government considered that the urban villages were hindering Shenzhen's aspirations to become a modern international city. This plan would cause displacement of migrant workers, moreover, it stimulated the villager's enthusiasm for building more illegal construction. The high price of the houses and rents directly caused a lack of low-cost housing and displacement of migrant workers.

Although the Shenzhen government previously had ambitions to demolish all of the urban villages, this attitude has changed more recently. One significant reason for this is that the cost of compensation payments is now too high for the government to afford. In addition, the government has finally realised that the demolition of the villages will exacerbate the housing problems for essential migrant workers, and that their displacement could result in a chronic shortage of people to work in services, infrastructure, and other industries.

This change in official government attitude began with the recent ministry document 'Overall Planning for Comprehensive Improvement of Urban Villages (old villages) in Shenzhen 2019-2025' (Shenzhen Municipal Bureau of Planning and Natural Resources, 2019). This can be seen as a milestone in terms of the issues and future of the urban villages. In the context, background, and aim of this document, it emphasised the importance of the history and context of the city and the indispensability of low-cost space. It also emphasises the importance of human rights above the profit, in order to build a sustainable city. However, it states that this does not mean that the urban villages should remain as they are, and it points to 'comprehensive improvement(综合整治)' as a priority strategy to be applied in the urban villages. In this process, 55km² (56% of the total land area) of 'comprehensive improvement 'will be finished before 2025. In the SEZ, 75% of all urban villages have to apply the comprehensive improvement strategy, which involves improving public facilities and non-civil works, instead of demolition and reconstruction. The aim is to reduce fire hazards, to improve living conditions and to introduce basic municipal facilities. The policy also states that priority shall be given to the rental demands of the original tenants, so as to effectively guarantee the supply of low-cost living space in the urban villages. Obviously, this policy impact upon the interests of both developers and villagers significantly, however, it avoids

the loss of essential workers' housing and protects the rights of low-income people in the city.

5.3.3 New era (2018-now): the improvement under sustainable development strategy

As China's economic development preliminarily enriched capital accumulation via the extensive economic growth mode, the central government advocated high speed economic development and both 'natural environment' and 'human environment' as the next stage of China's major contradictions. Shenzhen as the 'Window of Socialism' has the responsibility to take the lead to the call of the central government.

In January 2018, the state council approved the abolition of the Shenzhen SEZ management line (China State Council, 2018), which means the area outside the old SEZ would gradually be supervised under the same principle as the SEZ including the urban renewal strategy. In the same year, the state council agreed that Shenzhen should build an innovation demonstration zone for the national sustainable development agenda with the theme of innovation leading the sustainable development of super large cities46. Due to the requirements of sustainable development, industry also need to be transformed. In February 2019, the party central committee and the State Council issued 'Outline of development plan for the Guangdong – Hongkong – Macao greater bay area' which required Shenzhen to play its leading role as a SEZ, a national economic centre and a national innovative city, strive to become an innovative and creative city with global influence, not just an ordinary industrial city in the early stage of reform and open.

Meanwhile, the urban village evolved to fit in society at large environment of sustainable development. With further increase of Shenzhen housing prices, which are similar to international cities like New York or London, although the method of 'demolish rebuild' could increase government revenue, but at the same time the high cost of demolition and difficult negotiations also created many dilemmas for the city's government. Moreover, the shortage of social housing and low-rent homes has left Shenzhen's government with no choice but keep the scale of urban village in order to maintain the advantage of low costs for Shenzhen's manufacturing industry. The dwindling number of urban villages has led to a reduction in housing for the City's migrant workers, thus the previous pattern of demolition and construction has needed to cease. One of the biggest renewal projects 'Baishizhou'

village is likely to be the last large-scale ‘demolish rebuild’ urban village renewal project in Shenzhen before 2025 because of the implementation of the new ‘comprehensive improvement’ approach. The new policy focuses on improving the infrastructure of urban villages, aiming to eliminate safety risks such as fire and poor sanitation. It will also gradually standardize the rental market and reinforce the management of property in urban village (Shenzhen Municipal Bureau of Planning and Natural Resources, 2019).

The new urban village strategy illustrates its importance in the provision of alternative low-rent houses in the City. The reduction of demolition and construction can be seen as intentional control from the government, but more importantly, that the status of the village in the city makes its preservation more valuable than its demolition: (1) the low-rent house provided by urban villages could alleviate the rising cost of services, stabilizing the market price and housing price; (2) demolishing urban villages requires huge financial subsidies, which is not conducive to the sustainability of municipal funds; (3) the loss of the population of cheap labour is detrimental to the rapid and sustainable development of Shenzhen.

5.4 CONCLUSION

The changing attitude of the government alongside the evolution of the urban villages profile the importance of these villages to Shenzhen. Because the urban villages have evolved spontaneously in terms of form and scale, they reflect the demands and challenges of a city undergoing unprecedented economic and physical growth. Indeed, the urban villages and their evolution have been inextricably linked and sensitive to the social and economic changes in the city as a whole.

There has been considerable literature emphasizing the importance of urban villages and in particular their function of accommodating low-income people and migrant workers, due to the positive influence on urbanization. Others have also highlighted the negative approach of the previous ‘demolish-rebuild’ strategy for urban villages proposed within Shenzhen (Y. Y. P. Wang et al., 2009). This paper emphasizes the changes to urban villages in the city as they have become the physical home of the immigrant community and therefore become invisible beacons of Shenzhen’s economic and social development. As the influx of migrant workers continued to increase after the relaxation of the city’s Hukou system, the number of self-build houses and extensions in the urban villages significantly increased. This demonstrated an awkward situation during the period of comprehensive urbanization of Shenzhen, especially

regarding the policies and attitudes of the local government. Finally, the city began to realize the irreplaceable role of the urban villages in the sustainable development of Shenzhen and began exploring a new strategy to achieve urban renewal. Significantly, every change to the urban villages and every change to the government's policies demonstrate the embodiment of the importance of the phenomenon of the urban village in the social and economic development of city.

In terms of the experience of development in the urban villages, there were several limitations and shortages in the city's previous strategies for its urban villages. Firstly, the underestimation of the difficulty of urban village management caused the failure on the control of illegal construction in urban villages. Secondly, the misunderstanding of the social situation meant that the local government did not fully consider the problem of how to accommodate its large 'floating' population. Last but not least, the ill-considered urban village renewal projects resulted in the large scale 'demolish-rebuild' approach being both exorbitant in terms of compensation and unsustainable as a development mode. Since the beginning of the 21st century, the concept of sustainable development has gradually replaced the previous concept of development that blindly pursued GDP in China.

In relation to the urban villages, the announcement in 2004, that the Chinese National Bureau of Statistics defined 'cultural industries' as activities which provide products and serves of cultural entertainment to general public and other related activities was significant (The National Bureau of Statistics of China, 2004). Also, the 12th Five-Year Plan (2011-2015) set the aim of promoting cultural industry as a pillar industry. According to the plan, "by 2020, the cultural industry will become the pillar industry of the national economy. In terms of the development of cultural industrial in Shenzhen, the local municipal government introduce the slogan '文化立市' (build city on culture) in 2003 to respond the summons positively. Seizing this opportunity, due to their unique physical, cultural, social and economic qualities, Shenzhen began to identify some of its urban villages as areas for the promotion of cultural industries. One of the urban villages, 'Dafen Village' was officially endorsed to be one of the 'statistic projects' of Cultural Industrial Basis by Shenzhen Municipal Government, there are many more urban villages or old constructed area such as the Nantou ancient city that will be renewed using cultural themes. As such, a series of new measures were introduced in order to accelerate the development of a new mode of economy (B. Li, 2006; Wen, 2006). This would be reflected in the case study of the ancient city of Nantou in Part 3 of this thesis.

In conclusion, the role of urban villages in social and economic development cannot be underestimated in Shenzhen. Their transformation since Shenzhen's 'birth' as a city in 1979 has created unique urban situations that are both unique and critical to the subsequent successes of the city. Nevertheless, they have remained controversial and continue to draw contrasting and often contradictory negative and positive publicity. As a city, Shenzhen and even the whole China continues to seek the next direction of urban development, and how to deal with the complex issues of the urban villages, is still challenging local governments throughout the country. At present, the comprehensive improvement policy is now gradually replacing partial of the implementation of the partial demolition and rebuild policy, local government's need to carefully observe the role and influence of urban villages upon the city and to carefully formulate an improve relevant policies to ensure the sustainable and people-oriented development of the city. In successfully achieved, urban villages can flourish in their roles as invisible beacons of economic and social success for many years to come.

CHAPTER 6

CASE STUDY PROFILE

6 CASE STUDY PROFILE

6.1 INTRODUCTION

Chapter Three illustrated the research methods and their reasons, and Part Two has showed related background of informal settlement and the urban village in China. For this part, more first-hand information has been collected as planned.

As summarised in section 2.4.1 in Chapter 2, three aspects of information need to be collected: policy direction, economic performance, community consciousness level. This information will be described in detail in this part. This chapter is the beginning of the case study, it is divided into three parts. The first part describes the background information about the three case studies selected; the second part describes the design and organisation of the questionnaires and interviews, which would be more detailed than the previous methodological chapter; The third part presents the basic information of the questionnaire, which would be used to supplement the basic information of each case, and the pioneer interviews would also be presented in the description; The fourth part is a cross analysis based on the basic information from before. Finally, the three case studies included in the study are profiled for more detailed analysis in the conclusion.

6.2 CASE SELECTION AND CASE STUDY BACKGROUND

According to 2004 statistics, there are more than 300 urban villages (for the map of spatial distribution of urban villages) in Shenzhen. In the 2019 ‘Shenzhen Urban Villages (Old Villages) Comprehensive Improvement Master Plan (2019-2025)’, the scope of ‘comprehensive improvement’ would begin to exceed that of ‘demolition and rebuild’, especially in the former SEZ (special economic zone), where 75% of the villages would be comprehensively improved. As the number of villages covered is so large, it is impossible and unnecessary to study each village individually.

The selected cases meet several criteria, firstly, they must be urban villages under a deep comprehensive improvement strategy. Secondly, they must have buildings that have to be converted into flats for rent in addition to infrastructure upgrading. The reason for this is that a mixed-use project with only infrastructural improvements is fully funded by the

government and has less impact on the original residents, apart from upgrading the environment and eliminating safety hazards. Therefore, the following were selected for the research:

- A general case, to study the common process of converting buildings into unified-lease flats and its related problem in the process of implementation.
- A case study on the conversion of urban villages building into talent flats through a unified lease by government, to understand the feasibility of using a large number of buildings in an urban village to solve the shortage of social housing stock.
- A case study of a commercial-oriented village, to understand whether the village can support the cost of its own environmental upgrade through commercial renovation.

These points correspond to several articles in the government document. It is the core of the whole policy document, which is related to whether the CIP is a socially sustainable policy. After a preliminary screening process, seven cases (see Table 6-1) were selected to meet the above three criteria, and three of them were selected as case studies for this thesis after analysis and comparison.



Figure 6-1. Alternative cases position

VILLAGE NAME	LOCATION	TIME OF RENOVATION	TIME OF OPERATION	SCALE	RENOVATION TYPE	INVESTOR	CONTRACTOR	OPERATOR
XINWEIZAI VILLAGE	Longhua district	02.2017	10.2017	Cover area: 78900 m²	UME	Government+Dvelop er	Vanke	Vanke
DAKAN VILLAGE	Nanshan district	04.2019	Under construction	Cover area: 183000m^2 Building number: 340 Floor area: 436000m^2	UME	Government+Dvelop er	Vanke	Vanke
JINGLE VILLAGE	Longhua district	2017	09.2020	Cover area: 38883m^2 Building number: 115 Population: about 10,000	UME	Government+Dvelop er	Vanke	Vanke
SHUIWEI VILLAGE	Futian district	12.2017	05.2018	Cover area: 8000m^2 Building number: 29 Floor area: 15472m^2	UMG	Government	Shenyip	Shenzhen Municipal Government
GUANLAN ANCIENT MARKET	Longhau District	05.2020	07.2022	Cover area: 60000m^2 Building number: 142 floor area: 21073m^2	UMG	Government	-	1979 Ancient Market development Co. LTD
QINGPING ANCIENT MARKET	Baoan District	04.2020	05.2022	Cover area: 59000m^2	UMG	Government	-	Shenzhen Golden Mou ancient market Operation Management Co., LTD
NANTOU ANCIENT CITY	Nanshan district	03.2019	09.2021	Cover area: 42000m^2 Building number:	UME	Government+Dvelop er	Vanke	Vanke

Table 6-1. Alternative cases basic information

6.2.1 The first type

There are several urban villages that meet the first condition, this study took Dakan, Xinweizai, and Jingle as the alternative cases.

6.2.1.1 Dakan village

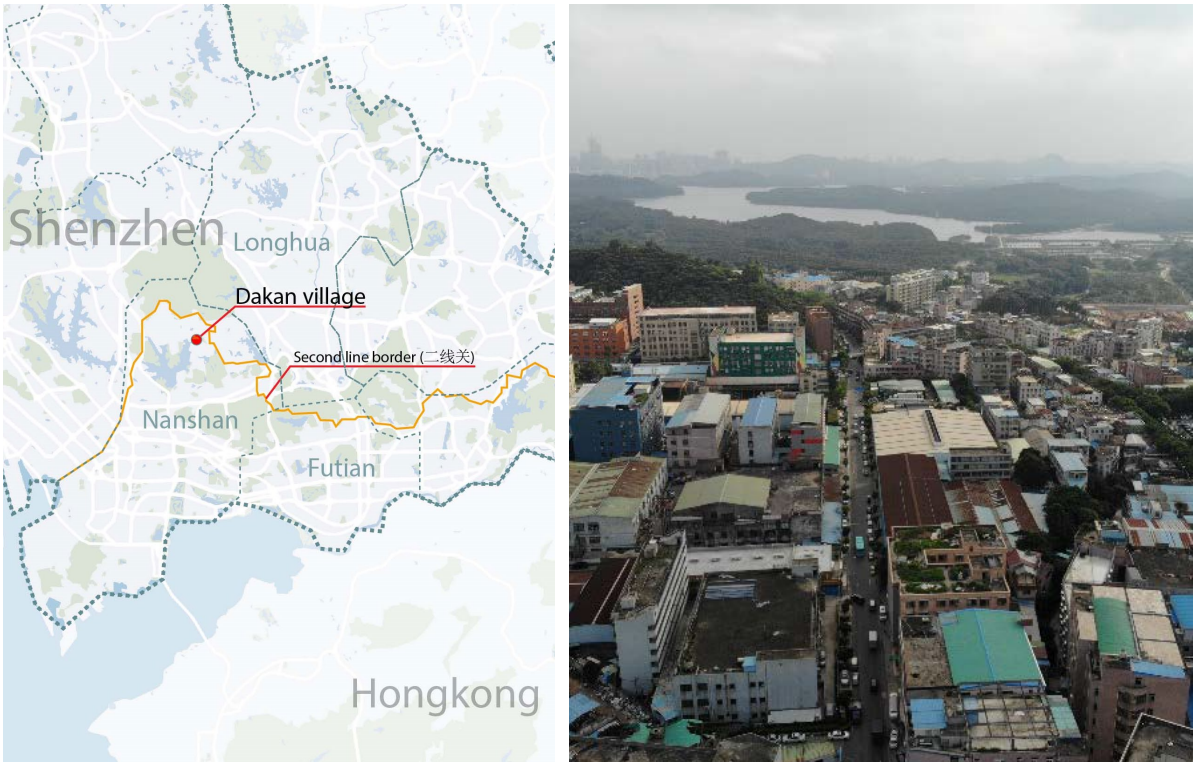


Figure 6-2. Dakan Village

Dakan village is located in Xili street, Nanshan district, Shenzhen, and was built in the late Qing Dynasty. The village has more than 340 buildings with a total construction area of 245000 m^2 and a total area of 18.3 hectares. It is characterised by a long history, with first-class old buildings from the Qing dynasty and many excavated relics from the Zhou dynasty and is located on the edge of the Xili reservoir, with beautiful views.

The comprehensive improvement of Dakan project began in April 2019, and at the end of this study, there were still a number of new flat buildings had not been completed. Therefore, it was not possible to conduct a complete study of the changes in the tenant population and the environment and was excluded from the study.

6.2.1.2 Xinweizai Village



Figure 6-3. Xinweizai Village

Xinweizai is located in Bantian street, Longgang district, which is the first developer-led long-term renovated rental flat project in Shenzhen's urban villages. The developer-led approach has been adopted to convert eligible buildings into youth flats and will be operated by the developer. The renovation project is a tripartite one involving the government, the enterprise and the village collective (or villagers), with each party assuming different roles and responsibilities.

6.2.1.3 Jingle village



Figure 6-4. Jingle Village

Jingle Village, located in Longhua District, is a labour-intensive industrial and a gathering place for migrant workers. It covers an area of 46,000 square metres and has about 119 buildings (56 in the North Village and 63 in the South Village), 45 of which have been converted into youth flats. The whole project started in 2017 and completed in 2018 years. Its renovation process and operation mode are similar with Xinweizai village that mentioned above.

Through the study of Jingle Village, we can understand the impact of comprehensive improvement on migrant workers and whether gentrification has taken place in this region. Jingle Village is not unique example, but follows a typical process of comprehensive improvement, and its implementation process is representative of the majority of comprehensive improvement of urban villages. Furthermore, Jingle Village can be considered as one of the last urban villages to be completed in the CIP of long-term flats, and the end of its implementation is representative of the reasons why the redevelopment of long-term flats is currently suspended.

6.2.2 The second type

There are very few urban villages that meet the second condition, Shuiwei village is the only case that meets this condition until the writing of this thesis.

6.2.2.1 Shuiwei village



Figure 6-5. Shuiwei village

Shuiwei is one of the first projects of the urban villages to implement the CIP. It was a small fishing village with a history of more than 600 years, but it is now engulfed by and integrated into modern Shenzhen. Significantly, the community now has a resident population of more than 30,000 but only 2126 registered residents and 810 official villagers (470 shareholders). Within the urban village, the LM Youth Community project (水围柠盟公寓), established in December 2017 by the Futian District government, was the first pilot of the talent apartment plan for the reconstruction of urban villages. It entrusted Shenzhen's state-owned Assets Supervision and Administration Commission 's wholly-owned company Shumyip to implement the design, renovation, and operational management of the buildings in Shuiwei Village. The whole project area was 15472 m^2, which included about 504 fully equipped

apartments with a key part of the project involving the improvement of 29 unified residential buildings to create youth talent apartments to help meet the city's housing needs.

Its renovation time was even before the "comprehensive renovation" was officially released. It is the representative of government rent as a talent apartment for middle and high-end talents working in Shenzhen. It is not only a successful example of a mixed-use project, but it is also trying to realise the Urban Village under the Uniform Government Leasing (UGL) model. It has attracted the attention of the social and urban design community and has won numerous design awards. However, the success of this model in social evaluation has not been replicated on a large scale in other urban villages in Shenzhen, which is one of the main doubts we have about the feasibility of the project.

6.2.3 The third type

There are several cases meet the requirements of the third type, they are all They are all historic and culturally and industrially themed regeneration projects, rather than primarily residential.

6.2.3.1 Guanlan Ancient Market





	(https://new.qq.com/omn/20210628/20210628A08W3N00.html)

Figure 6-6. Guanlan Ancient Market

Guanlan Ancient Market located in the Guanlan community of Longhua District, which is a historic commercial street with Hakka characteristics. It was established in 1766, during the early Qing Dynasty, working as a transit point for foreign goods entering the Guangdong region and for mainland goods being exported. The main focus of its comprehensive improvement is on commerce, tourism and public activities. The government hoped that this would revitalise the Hakka culture and the historical trade area.

6.2.3.2 Qingping Ancient Market





(https://www.dutenews.com/baoan/p/1124094.html)

Figure 6-7. Qingping Ancient Market

Qingping Ancient Market is located in Xinqiao Street, Bao'an District, like Guanlan Ancient Market, it has a history of over 200 years. The core of its comprehensive improvement is the integration of the historic market and the development of modern industries. After the integrated development, Qingping will become a modern village in a historical style with new industries such as tourism and film bases.

6.2.3.3 Nantou Ancient City



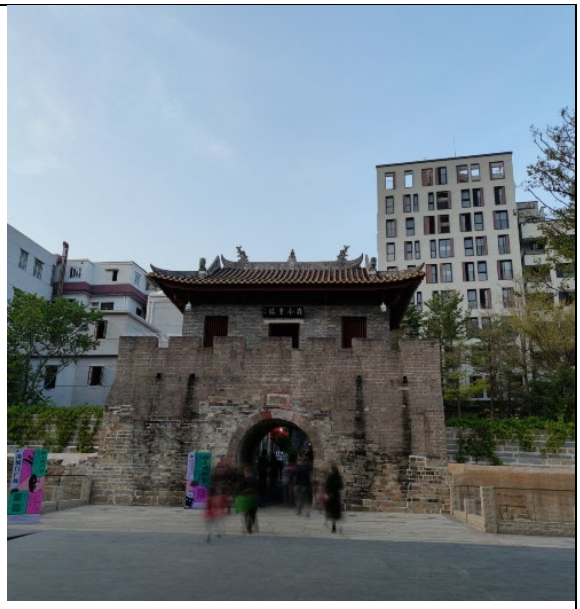


Figure 6-8. Nantou Ancient City

Nantou ancient city, which has the same developer as Jingle Village, is a special case. There are approximately a thousand buildings in total, 90% of which are illegal constructions. Its transformation is a model for the government to restore Shenzhen Culture and strengthen its cultural confidence. Construction work began in March 2019, and it opened to the public in August 2020 as a leisure and shopping area and tourist attraction. It includes a number of independent shops on the two main streets and numbers of youth flats.

As a village with a historical background, it has been redeveloped under CIP policy and has achieved good results in the cultural and tourism sectors. Although it cannot be studied as a universally example under CIP, Shenzhen still has many historically rich urban villages, and if culturally oriented renovation is sustainable in urban villages, there is a high probability that it will influence the direction of urban village renovation.

The research on these villages was carried out through a series of visits and field study, including several in-depth interviews with developers and relevant officers (for detail of conducted time see the in **section 1.1**), so as to comprehensively understand the achievements and problems of the implementation of the new policy through different views on comprehensive improvement: economic sustainability, policy sustainability (the views of developer and the government on the current implementation), urban sustainability (the impact on the urban development of Shenzhen), which involves several major power groups, including the government, villagers (village committee), tenants, developers, designers and other relevant personnel.

6.2.3.4 Selected cases summary



Figure 6-9. Selected cases position in Shenzhen

In the first category screening, Dakan Village was excluded because of its late completion date, lack of surrounding industries and its overlarge scale. When comparing Xinweizai Village and Jingle Village, Jingle Village is influenced greatly by the adjacent job market so the population living in the village is more homogeneous with migrant workers, which makes it easier to control the variables of the study. Therefore, Jingle Village was chosen as the first category, and Xinweizai Village was chosen as an alternative. In the second category, as of the end of this study, only the Shuiwei Village regeneration project fits the theme of 'government-managed flats for talented people', so it was decided to select Shuiwei Village as the subject of the second category. In the third category screening, Nantou Ancient City was chosen as the subject of the study, which had several advantages: 1. it had an established

business and a large number of visitors at the time of the study, which made it easy to obtain sufficient information; 2. there was a significant achievement of cultural and commercial industries in the site; and 3. there was a single business management company and developer, which made it easy to interview the managers and developers. In contrast, Qingping and Guanlan not only took longer to complete than expected, but also suffered from a lack of scale and overly complex industrial management. The study therefore identifies Shui Wai, Jingle and Nantou Ancient City as the cases to be studied. The basic information of these three cases is shown in the table below (Table **6-2**).

	Year	Scale*	Investor	Manager	Beneficiary	User
Shuiwei village	2017	29/NA	Government, Shunyip	Village, Shunyip	Village, Shunyip	Talent, citizen, villagers, visitor
Jingle village	2018-2019	55/119	Government, Vanke	Vanke	Vanke	Tenant
Nantou ancient city	2019-2020	284/992	Government, Vanke	Shenhuitong (Wholly State-Owned Enterprises), Vanke, village	Vanke	Tenant, citizen, visitor

* (the number of renovated buildings/the total number of buildings)

Table 6-2. Basic information of selected cases

6.3 ON-STREET SURVEY ANALYSIS

6.3.1 Section A: basic information of Questionnaire respondents

This part of the research is to investigate whether the previous assumptions about the attributes of the three villages are correct through the analysis of the basic information of the population, which will prove whether the questions in the following sections are appropriate. At the same time, it also strengthens the logic of the whole research, and can be more targeted for the cognition of the three types of urban villages, so as to carry out the subsequent purposeful analysis. Basic information collection can show a lot of information, such as the gender composition of the population and the education level composition, which can reflect the overall situation of tenants or consumer spending power in an area.

1. Identity

Identity	Jingle	Shuiwei	Nantou	Total

Villagers	4	4.76%	11	14.71%	4	4.65%	7.79%
Tenements	76	88.10%	50	67.65%	12	14.28%	56.56%
Other	6	7.14%	13	17.65%	68	80.95%	35.66%

Table 6-3. Identity

The identity survey shows that the composition of the people surveyed is generally consistent with their types of the comprehensive improvement. As the background analysis of the previous cases shows that the major group in Jingle Village are migrant workers, in Shuiwei are youth who meet the criteria for a talent flat, in Nantou are tourists and visitors. The chart shows that the proportion of tenants in Jingle Village is 88.1%, accounting for an absolute majority. A similar proportion appeared in Nantou Ancient City's tourist group, which accounted for 80.5%. Same as Jingle, the largest proportion in Shuiwei are also tenants, accounting for two-thirds of the total population.

2. Age

Age	Jingle		Shuiwei		Nantou		Total	
-18	2	2.32%	0	0.00%	4	4.76%	6	2.46%
18-24	22	25.58%	16	21.62%	48	57.14%	86	35.25%
25-30	29	33.72%	29	39.19%	16	19.05%	74	30.33%
31-40	22	25.58%	2	2.70%	4	4.76%	28	11.48%
41-50	9	10.47%	19	25.68%	8	9.52%	36	14.75%
51-60	2	2.32%	8	10.81%	0	0.00%	10	4.10%
61+	0	0.00%	0	0.00%	4	4.76%	4	1.64%
Total	86	100%	74	100%	84	100%	244	100%

Table 6-4. Age

The chart shows that the percentage of young people under 30 in both Jingle Village and Shuiwei Village was around 60%, while in the Nantou, there are 57% of people under 24 and 76% under 30, which is in line with the definition of Nantou as a tourist-themed town, The younger age of tourists also proves the orientation of its commercial target crowd.

3. Education Level

Identity	Jingle		Shuiwei		Nantou		Total	
Primary school or below	2	2.33%	5	6.76%	0	0.00%	7	2.87%
Junior high school	29	33.72%	14	18.92%	6	7.14%	49	20.08%
High school	37	43.02%	14	18.92%	16	19.05%	67	27.46%

Junior college	9	10.47%	8	10.81%	16	19.05%	33	13.52%
Undergraduate	9	10.47%	16	21.62%	38	45.24%	63	25.82%
Master degree or above	0	0.00%	16	21.62%	8	9.52%	24	9.84%
Total	86	100%	74	100%	84	100%	244	100%

Table 6-5. Education level

Education was a difficult point to predict before the results of the analysis. There is no accident in Jingle Village that the population with low educational background accounts for the vast majority. If we take higher education (junior college is the lowest level of higher education) as the dividing line, the population with lower educational background accounts for nearly 80% (79.48%) in Jingle, and the population with graduate degree or above is 0. Due to the high proportion of young people, the proportion of people with higher education or above reaches 73.8% in Nantou, which is almost the opposite of the situation in jingle Village. Surprisingly, the population of higher education in Shuiwei village is just over half, accounting for 55.6%, but it is worth noting that the proportion of postgraduate students is far higher than the other two villages, accounting for 22.2%, which is more than twice that of Nantou. The situation in Shuiwei reflects its use as a pioneer project of talent apartments, greatly changes the crowd structure of the village, and shows an obvious gentrification phenomenon.

4. Occupation

Identity	Jingle		Shuiwei		Nantou		Total	
Student	2	2.33%	0	0.00%	34	40.48%	36	14.75%
Civil servants	2	2.33%	3	4.05%	0	0.00%	5	2.05%
Managers	7	8.14%	5	6.76%	2	2.38%	14	5.74%
Office staffs	11	12.79%	24	32.43%	18	21.43%	53	21.72%
Professionals (doctor/lawyer/sports/journalist/teacher)	0	0.00%	0	0.00%	4	4.76%	4	1.64%
Workers	18	20.93%	5	6.76%	4	4.76%	27	11.07%
Waiters	22	25.58%	8	10.81%	4	4.76%	34	13.93%
Self-employed	20	23.26%	29	39.19%	14	16.67%	63	25.82%
Others	4	4.65%	0	0.00%	4	4.76%	8	3.28%
Total	86	100%	74	100%	84	100%	244	100%

Table 6-6. Occupation

In term of occupation, the three main groups of people in Jingle Village are factory workers, service workers, and self-employed, all occupied over 20%, which account for 20.5%, 25.65% and 20.5%. The main groups in Shuiwei village are company workers and self-employed workers, accounting for 32.1% and 39.3% respectively. The tourism influence of Nantou Ancient City is still outstanding. In terms of the occupations of respondents, more than 40% are school students. In addition, except for company employees, which account for 21.4%, the occupations of others are no more than 5%.

6.4 CROSS-TABULATION ANALYSIS

Cross-tabulation with the previous data allows for a more accurate analysis of the true meaning of the data from the research, as well as the sustainability of the aspects of economic, environmental and policy, which paves the way for the subsequent detailed research. The cross-tabulation of the data with the age and occupation of the interviewees gives a profile of consumption and rent levels (economic), while the education and occupation of the tenant group and the tourists (mainly for Nantou) gives a fact of the gentrification phenomenon (policy). From the data we cross-referenced, it appears that this situation varies from village to village. It can draw the intuitive conclusions can be draw by comparing the data from the three cases of cross-tabulation in parallel. The detailed analysis method is presented in the table below.

Sections	Analysis items	Factor A	Factor B
Economic analysis	Consumption	Identify	Occupation, education level
	Rent		
Political analysis	Gentrification		Occupation, education level, age
Environmental analysis	Not analysed in this chapter		

Table 6-7. Analysis methods

6.4.1 Identity-Occupation

Identity	Occupation	Jingle		Shuiwei		Nantou		Total	
Tenants	Student	0	0.00%	0	0.00%	2	20.00%	2	2.04%
	Managers, Civil servants, Professionals	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Office staffs	4	7.14%	10	31.25%	2	20.00%	16	16.33%
	Workers, Waiters	30	53.57%	10	31.25%	0	0.00%	40	40.82%
	Self-employed	16	28.57%	12	37.50%	6	60.00%	34	34.69%

	Others	6	10.71%		0.00%	0	0.00%	6	6.12%
Total		56	100.00%	32	100.00%	10	100.00%	98	100.00%
Tenants (New)	Student	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Managers, Civil servants, Professionals	6	27.27%	6	42.86%	0	0.00%	12	31.58%
	Office staffs	6	27.27%	8	57.14%	2	100.00%	16	42.11%
	Workers, Waiters	8	36.36%	0	0.00%	0	0.00%	8	21.05%
	Self-employed	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Others	2	9.09%		0.00%		0.00%	2	5.26%
Total		22	100.00%	14	100.00%	2	100.00%	36	100.00%
Visitors	Student					32	48.48%	32	48.48%
	Managers, Civil servants, Professionals					6	9.09%	6	9.09%
	Office staffs					18	27.27%	18	27.27%
	Workers, Waiters					6	9.09%	6	9.09%
	Self-employed					4	6.06%	4	6.06%
	Others						0.00%	0	0.00%
Total						66	100.00%	66	100.00%
Total		78		46		78		202	

Table 6-8. Identity-Occupation

All types of occupations collected are broadly divided into three categories according to the level of consumption as follows:

- **Middle-class**: ‘managers, professionals, and civil servants’, ‘office staff’.
- **Proletariat**: ‘workers and waiters’.
- **Others**: ‘self-employed’, and ‘students’.

Although students do not have a clear income level, their actual consumption is estimated to be something middle class and proletariat, or even closer to middle class. Most of the respondents who are self-employed are shop owners in the village, so they are not included in the analysis of their consumption level.

The identity-occupation table shows the great differences among different villages which under implementing comprehensive improvement.

In all cases, the tenants and visitors have higher professional class because of the comprehensive improvement. Shuiwei Village showed the most obvious improvement. All of its new tenants are middle class, and the proportion of upper middle class is more than 40 percent (42.86%), compared with 31.25% of old flat tenants, and there is no upper middle

class. The middle class in Jingle Village has also risen from 7.15 percent of old flat tenants to more than 50% in new flat. The new flat tenants in Nantou are all middle-class too. It is worth noting that among its visitors, only 9.09% have proletariat, while the rest are strong consumers.

Therefore, in Shuiwei Village and Nantou Ancient City, comprehensive improvement has a great positive impact on the consumption level of residents and tourists, which will greatly drive the turnover of shops and restaurants, and thus increase the income of related industries. Similarly, rental income is one of the main sources of income for developers after comprehensive improvement. Occupation of tenants obviously affect the rental level and may continue to influence the subsequent rental pricing. The chat illustrates that the results of comprehensive improvement have a considerable correlation with the increase in rents.

As such, in terms of economy, comprehensive improvement of talent apartment types and tourism-oriented comprehensive improvement will bring positive impact on economic sustainability. Theoretically, consumption and rent levels would be improved, so as to improve the profitability of developers for comprehensive improvement projects. Moreover, the promotion of regional professional class would bring about direct gentrification phenomenon.

6.4.2 Identity-Education level

Identity	Occupation	Jingle		Shuiwei		Nantou		Total	
Tenants	Primary school	2	3.57%	2	6.25%	0	0.00%	4	4.08%
	Junior high school	20	35.71%	6	18.75%	4	40.00%	30	30.61%
	High school	30	53.57%	8	25.00%	2	20.00%	40	40.82%
	Junior college	4	7.14%	6	18.75%	4	40.00%	14	14.29%
	Undergraduate	0	0.00%	8	25.00%	0	0.00%	8	8.16%
	Postgraduate	0	0.00%	2	6.25%	0	0.00%	2	2.04%
Total		56	100.00%	32	100.00%	10	100.00%	98	100.00%
Tenants	Primary school	0	0.00%	0	0.00%	0	0.00%	0	0.00%
(New)	Junior high school	4	18.18%	0	0.00%	0	0.00%	4	10.53%
	High school	8	36.36%	0	0.00%	2	100.00%	10	26.32%
	Junior college	4	18.18%	0	0.00%	0	0.00%	4	10.53%
	Undergraduate	6	27.27%	2	14.29%	0	0.00%	8	21.05%
	Postgraduate	0	0.00%	12	85.71%	0	0.00%	12	31.58%
Total		22	100.00%	14	100.00%	2	100.00%	38	100.01%
Visitors	Primary school					0	0.00%	0	0.00%

Junior high school			0	0.00%	0	0.00%
High school			10	15.15%	10	15.15%
Junior college			10	15.15%	10	15.15%
Undergraduate			38	57.58%	38	57.58%
Postgraduate			8	12.12%	8	12.12%
Total			66	100.00%	66	100.00%
Total	78	46	78		202	

Table 6-9. Identity-Eduation level

Academic qualifications are divided into higher education and below:

- **Higher Education and above:** Junior college, undergraduate, master degree or above.
- **Below Higher Education:** primary school and below, junior high school, high school.

The identity-education level table shows that there is an obvious gap in the educational level between the area affected by comprehensive improvement and the other. It can be clearly seen that the education levels of tenants and tourists in urban villages after comprehensive improvement have been upgraded obviously.

Indeed, in Shuiwei villages with talent apartments as the purpose, this phenomenon is most obvious. 85.71% of the tenants of new flats have graduate degrees. Most of the tenants in Nantou city have a bachelor's degree or above. The education level of the tenants in the new flats in Jingle Village is significantly higher than that of other tenants in the surrounding area. In particular, the population with higher education has increased from 7.14% to 45.45% in Jingle. It is worth noting that the tourist group of Nantou Ancient City has an amazing performance in terms of education level, among which the population of higher education is close to 85%.

All these data show that the overall education level of the population in urban villages increases significantly after comprehensive improvement, which is likely to promote the local consumption level and rent level and has a positive impact on the regional economy. In addition, these phenomena have been highly consistent with the gentrification pattern, which will have a certain impact on the sustainability of the development of urban areas.

6.4.3 Identity-Age

Identity	Age	Jingle		Shuiwei		Nantou		Total	
Tenants	under 18	4	6.90%	0	0.00%	2	20.00%	6	6.00%
	18-24	8	13.79%	8	25.00%	4	40.00%	20	20.00%
	25-30	22	37.93%	10	31.25%	0	0.00%	32	32.00%
	31-40	14	24.14%	2	6.25%	2	20.00%	18	18.00%
	41-50	8	13.79%	8	25.00%	0	0.00%	16	16.00%
	51-60	2	3.45%	4	12.50%	0	0.00%	6	6.00%
	60+	0	0.00%	0	0.00%	2	20.00%	2	2.00%
Total		58	100.00%	32	100.00%	10	100.00%	100	100.00%
Tenants	under 18	0	0.00%	0	0.00%	0	0.00%	0	0.00%
(New)	18-24	14	63.64%	4	28.57%	0	0.00%	18	47.37%
	25-30	4	18.18%	10	71.43%	2	100.00%	16	42.11%
	31-40	4	18.18%	0	0.00%	0	0.00%	4	10.53%
	41-50	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	51-60	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	60+	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total		22	100.00%	14	100.00%	2	100.00%	38	100.00%
Visitors	under 18					0	0.00%	0	0.00%
	18-24					44	66.67%	44	66.67%
	25-30					10	15.15%	10	15.15%
	31-40					2	3.03%	2	3.03%
	41-50					8	12.12%	8	12.12%
	51-60					0	0.00%	0	0.00%
	60+					2	3.03%	2	3.03%
Total						66	100.00%	66	100.00%
Total		80		46		78		204	

Table 6-10. Identity-Age

Youthfulness is also a feature of the comprehensive improvement approach. The identity-age chart shows that the comprehensive improvement has great impact on the age issue of the tenants. Because of the properties of youth apartment, the new flats in those urban village attracted large number of young people. In Jingle village, the 25 - 30 years old tenants' group shows the highest proportion is in old flats, accounting for 39.29%. Whoever, in new flats, this percentage drops to 18.18%, with the highest percentage being in the 18-24 group, which accounts for 63.64%. Shuiwei village and Nantou ancient's city show the similar situation. In Shuiwei, the biggest tenants' group in new flat is 25-30 years old group, occupying 72.43%. while in old flat control group, this percentage reduced to 31.25%. Nantou Ancient City shows great attraction for young tourists, there are about two third of visitors are in age group of 18-24, most of them are college student.

In addition to bringing a vibrant commercial atmosphere and a youthful community to the area, youthfulness has also brought a large number of commercial resources to the commercial villages and has stimulated the development of youthfulness in the commercial sector. It also creates the conditions for gentrification, as does the rise of the professional class. This, coupled with the fact that the youthfulness of the flats is not as likely as other residential areas to lose their youthfulness over time. It has the potential to change the positioning of the village from being a place for migrant workers to a gathering place for youth, but this will not be possible without continued capital investment.

6.5 THE PROFILE OF THREE CASES

6.5.1 Jingle Village

Jingle Village is a standard urban village for migrant workers. Through a series of field studies and surveys, most of the tenants of Jingle Village before comprehensive improvement were part-time workers and factories workers. In Jingle, both the living environment and the community environment are relatively bad. The interview also encountered some workers complaining about their living conditions.

The deep comprehensive improvement already has some impact on the local area. After the reform, the gentrification has emerged in these urban villages, although the biggest group is still the migrant workers, there has been a significant increase in the number of high-educated people and a decline in the age group. It shows that the excellent quality of youth apartment has begun to attract younger and higher-level workers. Commercially, the whole transformation basically creates no public space and new commercial space, and the proportion of people living in other areas is very small. It is a typical case of comprehensive improvement of urban villages with migrant workers as the main body.

6.5.2 Shuiwei Village

Shuiwei Village (specifically the study area) is an urban village that is being renovated with the main focus on talent flats. Shuiwei have good overall environment and building quality before the reconstruction. Therefore, it has the potential to be transformed into decent flats for talents. The residents in Shuiwei have the similar age group situation as in Jingle, the biggest age group is between 18-30 years old. Due to the constraints of the talent apartment, the percentage of people with high education levels in the new flats is 100%. The level of

education is much higher than in other urban villages. Naturally, the occupational profile of the tenants is mostly middle class. As one of the few urban villages to have been renovated for the purpose of providing flats for talented people, its special attributes deserve further study.

6.5.3 Nantou Ancient City

Nantou is an historical urban village that could not be effectively expressed in its historical and cultural values before the implement of comprehensive improvement. Nantou has been significantly renovated and upgraded in terms of public and commercial space after the comprehensive improvement. The most significant data is the number of visitors, with students being the largest group of visitors, accounting for nearly 50% of the total. While, among which, 57.58% of the visitor are university students. It represents the youthfulness and sophistication of the visitors, as well as the youthfulness of the consumer orientation. The main street area is gentrified by visitors, and the prices of commodities in the commercial area are significantly higher than in other parts of the village. It is worth investigating whether such a business model would allow for the economic sustainability of the project. The unique cultural background and innovative commercialisation of Nantou Old City makes it a unique example of deep comprehensive improvement.

6.6 CONCLUSIONS

Section A of the questionnaire enabled a detailed understanding of the composition of the population in the three urban villages and the characteristics of their categories and some of the integrated areas. The responses to the questionnaire clearly illustrate some of the commonalities and differences in the comprehensive improvement in terms of typical indicators of the attributes of the population categories, and confirm the diversity of the comprehensive improvement strategy. On the one hand, some urban villages show the phenomenon of gentrification obviously, postgraduate students have even become the largest group in the Whilst on the other, some villages remain the typical urban village situation - the low education level people account for the vast majority of area. There are, of course, commonalities among the three urban villages, such as the fact that the tenant group and migrant workers still far outnumber the indigenous population in most villages. It is clear that each of the villages has performed differently under the comprehensive improvement strategy and that it has profoundly affected each of the stakeholder. A more comprehensive

understanding of the deep comprehensive improvement approach can be obtained by examining each case in a specific way.

The following points can be deduced from the comparative graphical analyses above:

- The deep comprehensive improvement would have a different impact on the attributes and composition of the village population, depending on the positioning of the village itself after comprehensive improvement;
- The deeper the renovation, the younger the age group will be, and more young people it is likely to attract;
- The improvement of the environment after the CIP would be more likely to attract highly educated and professional people; and
- Different types of improvements will attract different classes of people, for example Shui Wai attracts young people to live in who have just started working, while Nantou one attracts university students to visit.

These data verified the hypothesis of the classification of the three villages in the selection of the case study and confirmed the direction of the subsequent research. The interviewing strategy for Jingle Village will focus on the attitude towards the typical comprehensive improvement, mainly analysing the implementation process and the attitude of migrant workers; Shui Wai Village will be regarded as a model of a talent flat and focus on the views and feelings of the people living in the talent flat on the transformation of the talent flat in the urban village; and Nantou Ancient City will focus on the performance of tourism and commercial space transformation.

CHAPTER 7

POLICY (SOCIAL) SUSTAINABILITY:

IS THE NEW STRATEGY A PERFECT SOLUTION OR A TEMPORARY FIX?

7 POLICY SUSTAINABILITY: IS THE NEW STRATEGY A PERFECT SOLUTION OR A TEMPORARY FIX?

7.1 INTRODUCTION

From the policy perspective, it is generally believed that early, sustained and rigorous evaluation of regeneration initiatives is important, as existing schemes can be improved or terminated (Hemphill et al., 2016a). From the angle of achieving most sustainable outcomes, it is ideal to monitor the urban regeneration process throughout its life cycle to develop more practical strategies (Cahantimur et al., 2010a). In summary, an assessment of sustainable urban regeneration can help stakeholders to improve their strategies or solutions for achieving sustainable urban regeneration (Zheng et al., 2014).

Given the rapid updating of policies in Shenzhen's urban villages, there is a strong need for a separate assessment and study. Policy sustainability study in this study can be seen as a part of social sustainability evaluation, the sustainability of a project's policy usually needs to be judged by a social assessment within the engineering process (Commonly used at the project initiation stage). Social evaluation can be summarised in three main components: social research, social analysis, and social management programming(Compilation Committee of Reference Materials for National Professional Qualification Examination of Consulting Engineers (China), 2021, p. 259). Social analysis is the focus of this chapter. Social analysis examines the objectives and impacts of a project from the perspective of social development. Social analysis usually consists of social impact analysis, social mutual adaptability analysis, social risk analysis, social sustainability analysis, etc. Given that the subject of this study is at an advanced stage in the project cycle, the study focuses on social impacts, interoperability analysis and, in combination with other chapters, sustainability in the concluding chapter. According to the World Bank's evaluation system for social projects, they can be broadly classified into the following stages (Blomquist, 2003):

- establish evaluation objectives.
- determine appropriate evaluation methods.
- provide a data collection strategy and identify available sources.
- establish a timeline for producing and disseminating findings.

This study therefore responds to social evaluation by following the following process of analysis:

- Identification of stakeholders;
- Determine research methods;
- Information collection from stakeholders (including interviews and questionnaires);
- Identification of a comprehensive improvement process and Interoperability assessment (determining attitudes and involvement of all parties in the project); and
- Social risk analysis and sustainability analysis.

In order to examine the policy sustainability of CIP policy, this section first reviews the urban village strategies of several key cities in China and then describes the Shenzhen strategy in detail. The sustainability of the CIP policy is discussed through a questionnaire and semi-structured interviews, and a social evaluation of it. Section D of the questionnaire in the previous chapter will be used as the basis for the analysis of the interoperability of the CIP strategy by the public.

7.2 METHODOLOGY

The first step in the need for social evaluation is to identify stakeholders. Stakeholder theory was first developed in the 1960s by the Stanford Research Institute in the context of corporate strategy research (Freeman, 2010). Through progressive refinement and development, stakeholder theory has become a common tool for analysing the impact of policies and evaluating performance. In the 1980s, the American economist Freeman (1983) argued that as individuals or groups support and influence organisational decisions, policies, goals and actions, organisations also support and influence individuals and groups through decisions, policies, goals and actions. Stakeholders are closely related to the organisational environment and stakeholders are :"*Any identifiable group or individual who can affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives*"(Freeman & David, 1983, p. 92).

Stakeholder theory is not only used in the field of corporate decision making, but also has an important role and practical significance in the field of urban regeneration (Chu et al., 2020; Jung et al., 2015; H. Wang et al., 2021b). Urban regeneration is a complex task, as the

decision making process involves multiple stakeholders such as the government, developers and local residents (Brooks & Rich, 2016; T. Zhou & Zhou, 2015). Different stakeholders often have different ideas about how to develop urban regeneration strategies and how to implement projects, as different stakeholders give different weight to environmental, housing, social welfare and business issues (Hanaw & Adu-Ampong, 2016; T. Zhou et al., 2017). The increasingly divergent interests of different stakeholders make the decision-making process for urban regeneration more complex. For example, soaring housing/land prices are making it more difficult for residents to relocate, and rapidly changing urban spaces are inducing more diverse needs among residents (H. Wang et al., 2021b). Successful urban regeneration requires reconciling different stakeholders by balancing their economic, social and environmental interests (T. Zhou & Zhou, 2015). Therefore, a deeper understanding of the needs of multiple stakeholders is essential to ensure sustainable urban regeneration (Zhuang et al., 2019).

7.2.1 Objectives

The main purpose of the interviews was consistent with the purpose of the research:

- To understand how the CIP approach differs from previous policies;
- To understand the process of the CIP;
- To understand whether the CIP is sustainable; and
- To understand the impact of the new policy.

Based on a literature review of the topic and some background knowledge, some stakeholders were selected to be interviewed. The advantage of this is that the semi-structured interviews allowed the researcher to configure the questions flexibly once the aspects that each party involved were understood. The objectives of the study were appropriately allocated to the different participants represented by the interviewees. By using different interview questions and perspectives on different interviewees, a comprehensive understanding of these objectives was obtained.

7.2.2 Stakeholders

This study applies a template from the design consultancy field to make an initial classification of stakeholders: developers, designers, inhabitants, and policy makers.

High influence – High interest: Developers

In most cases, the developers are the investors of urban renewal projects, they affect the landscape, urban space, the supply and design of family space significantly (Kriese & Scholz, 2011). As the main promoter, implementer and beneficiary of the policy, the developer plays a decisive role in the CIP project, both in terms of influence and relevance. In sustainability analysis, it is important to apply a 'close attention' strategy to this type of stakeholder and to consider how well the policy is accepted by these stakeholders at the same time.

High influence – Low interest: Government

Government plays the most important role in the governance structure of urban renewal, which directly affects the planning strategy involved (Zheng et al., 2014). Although governments are policy makers, they do not generally exert their influence as long as their basic interests are not compromised. Therefore, for these groups, it is either change the regulatory system to make them more relevant and transform them into key stakeholders or accommodate their interests within the framework of the current regulatory system.

Low influence – High interest: Residents

This includes the affected site residents, including visitors, who may not have a real impact on the implementation of the policy (in the context of city-wide urban renewal), but may sometimes act aggressively to protect their own interests. As the final customers of the community after urban renewal, the residents are the key stakeholders of the interest. Whether the urban renewal community sustainable or not will keep affecting their daily life, meanwhile their preference and behaviours have great impact on the decision maker (Zheng et al., 2014). They contribute significantly to the sustainable development of the community (Bromley et al., 2016), that is why it is important to give special attention to these groups in terms of information disclosure and accessibility.

Low influence – Low interest: Designers

Designers are a low-influence, low-interest group in the implementation of policy, but as a design consultancy group they have a deep understanding of policy, and they deeply involved in some particular process of policy implementation. Their understanding of the project can complement the gap between the developer and the residents, receiving the developer's

intentions from the designer's point of view, while considering the lives of the users. This group's opinion is therefore a more objective complement to the developer's intentions.

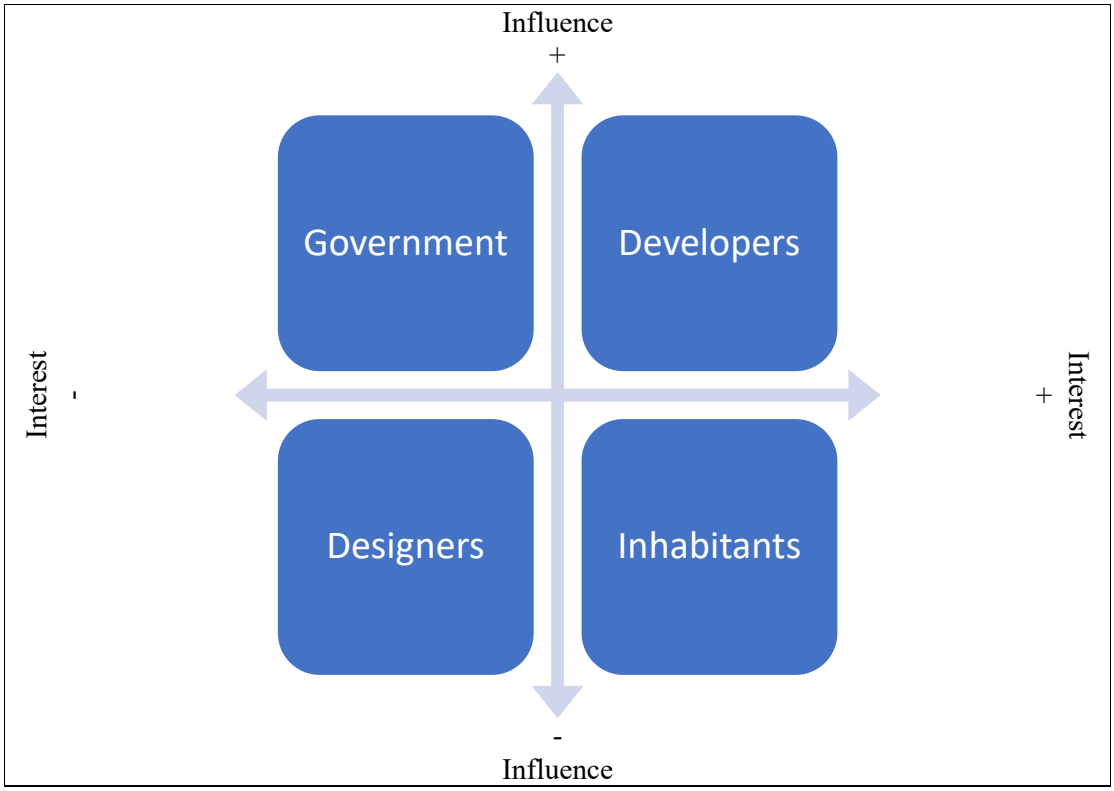


Figure 7-1. Stakeholders of comprehensive improvement

7.2.3 Research framework

In order to gain an in-depth and comprehensive understanding of policy sustainability, it was therefore necessary to implement three different research methods, a detailed review of policy documents and relevant literature and semi-structured interviews with key players involved in the policy, as well as an on-street survey within the research population (for detailed methodology see Section 1.1). Based on the initial analysis of the stakeholders and the areas they are affected by the detail objectives of the interviews were organised as follows:

Objectives of Thesis		Objectives of interviews			
		Government	Developer	Inhabitants	Designers
To assess the necessity of the sustainable developmen t of the	To identify the importance of the urban village in Shenzhen	•			
	A, To identify the new	•			

urban village in Shenzhen	feature of the CIP policy.				
To evaluate the possibility of the sustainable development of the urban village in Shenzhen	B, To evaluate the process of Implementation of the new policy	●	●	●	●
	C, To evaluate whether the new strategy sustainable	●	●	●	●
To identify the influence of CIP policy in social context	D, To identify the influence of CIP policy	●	●	●	

Table 7-1. Collection of Information Sources

The chapter is divided into five sections according to the social assessment process. Firstly, the forms and manifestations of urban village policy in several other major Chinese cities are described, followed by a detailed review of urban village policy in Shenzhen, including some of the regulations in government documents. Their evolution and reasons are described in the review and categorised for further analysis. This section serves as a continuation of the previous section, shifting the focus of the study from the previous review to the core of the field study.

The next part of the study was the social evaluation of the CIP policy, which is the basis for the sustainability assessment of the policy. The first step was to collect information from stakeholders through questionnaires and interviews to identify the role of stakeholders. More specific research methods are described in the next two sections. The third section is the identification of the CIP implement process and the assessment of interoperability, where the information collected from the stakeholders is combined with a qualitative approach based on several aspects of the CIP process. The chapter concludes with a comprehensive social analysis and a sustainability analysis.

7.2.4 On-street survey (section D)

The on-street survey was added to the policy sustainability discussion to help understand user perception. The sustainability of a policy is not only a matter of justification by the

government and implementation by the developer, but also a matter of feeling of residents and visitors. Therefore, this study used an on-street survey in the selected area to collect their perceptions of the integrated approach.

7.2.4.1 Methodology

Social mutual adaptability is part of the social analysis (CIECC, 2004). The mutual adaptability analysis of residents requires access to a large number of them within the site to obtain accurate information. Therefore, this study adopted the form of both questionnaire surveys and interviews to obtain relevant information.

This part is section D of questionnaire survey methodology in Chapter 6, and its research methods are basically consistent with the description in Chapter 6. It involves an overall impression and suggestion of a comprehensive improvement strategy. Although it is part of the questionnaire survey, as such questions require open answers, the method of combining questionnaire and interview was actually used to obtain more information.

7.2.4.2 Questionnaire design

Each question started with a yes or no question for easy quantifiable statistics. The interviewer then followed up with a question about the specific reasons for the answer based on the conclusion of the yes or no questions. At the same time, because relevant personal information has been collected in Section A of the questionnaire, it was convenient to cross-compare with the interview results obtained in Section D. It was convenient to obtain different views of different groups of people on comprehensive improvement, so that the impact of this approach on different groups of people could be further analysed.

7.2.5 In-depth semi-structed interviews with related parties

In-depth semi-structured interviews are the focus of the overall policy sustainability study. Based on stakeholder theory, interviews were conducted with developers, government, inhabitants and designers as part of the stakeholder process. The interviews were preceded by a preliminary identification of the interviewees' roles in the process based on the review. Different themes were then designed, and their roles were further defined and identified according to their role in the integrated approach and analysed according to their roles after the interviews.

7.2.5.1 Methodology

In many fields involving research with people, interviews are the most commonly used method of data collection. Semi-structured interview is a method of qualitative research (DiCicco-Bloom & Crabtree, 2006), in contrast to postal questionnaires (and now web-based questionnaires as well), the disadvantages of latter one is that they do not allow for exploring or discussing and therefore answers must be accepted as final (Frankfort-Nachmias & Nachmias, 2015), which can hinder our discussion of policy sustainability issues. Therefore, it was necessary to conduct semi-structured interviews with key stakeholders in the form of interviews.

Compared to other forms of research, such as questionnaires, semi-structured interviews have a number of advantages: semi-structured interviews discuss a wider range of content; The format of the semi-structured interview is considered loose and flexible, allowing for dialogue during the interview, the opportunity to change the order of questions, and the ease of moving from one question to another (Kallio et al., 2016). Silverman (2015) notes that this method also allows respondents to ask questions that may not have initially been thought of.

In this study, in-depth semi-structured interviews were conducted with several parties involved in the comprehensive improvement process, including two government officers, six project leaders from developer, two villagers and two designers. The government officials are from the urban renewal departments in charge of the projects and have been involved in both the formulation and implementation of the comprehensive improvement regulations, and their in-depth understanding of urban regeneration provides an official perspective. The developers, who were responsible for the implementation of the project, provided a lot of information in the process of communication with the government and villagers and in the implementation of the project. The villagers interviewed are from Shuiwei Village and Jingle Village in the case study, and the designers interviewed are architects and urban planners with extensive experience in urban regeneration projects. These interviewees represent the different stakeholders referred to in the section 7.2.2, and their personal experiences will provide more in-depth first-hand information for this study. In order to analyse the gathered information under triangulation, the structure of interview was based on the same framework as the questionnaire. The interviews were conducted in a fluent and conversational format, encouraging the interviewees to express their opinions in addition to their representative roles, to achieve a more realistic picture of the situation.

7.2.5.2 Conducting the interviews

The interviews were arranged by telephone and took place in different time in 2021 (see Appendix B-E), all interviews were recorded for the further in-depth analysis. Each interview lasted approximately 60-90 minutes, and as many of the interview questions required some preparation of information such as the interpretation of policy documents, therefore a general framework for the interview was emailed to the interviewees before conduct the interview so that they could prepare relevant information in advance for the formal interview to discuss in more depth, or let us know that if there some questions were not convenient to answer. This interview framework does not, of course, represent a complete guide to the interview, and the questions asked in the interview are not limited to this framework. The framework serves as the first level of the interview and is closely related to the topic (Åstedt-Kurki & Heikkinen, 1994). The content of the frame follows the order of the research design and has a certain logic (Krauss et al., 2009) These are questions that are familiar to the respondents and are central to the subject of the study. The respondents were then encouraged to move more into more subjective and in-depth topics and ended with lighter themes (Baumbusch, 2010).

The whole interview was structured around the aims set out in the previous section, and the same themes are presented in order for respondents in the same role, avoiding any bias or misunderstanding of the questions. Interviewees were of course encouraged to develop the topic further in areas that they were familiar with. In this chapter, the interviews were focused on the topic of policy sustainability, with a focus on understanding the implementation process of comprehensive improvement and policy sustainability, while the other two aspects of sustainability are discussed in the next section.

7.3 STRATEGIES ON THE URBAN VILLAGES

With the rapid development of first-tier cities in China, the conflict between the management of old urban areas and new construction areas has become obvious, and the increasing shortage of additional land has made urban regeneration a pressing issue. However, in several first-tier cities in China: Shanghai, Guangzhou and Shenzhen, it is difficult to find a unified and comprehensive regeneration system and strategy. This is due to the specificity of each city's situation and the fact that urban regeneration policies are still in a self-correcting stage of exploration. In terms of national policy, the 2014 <National New Urbanisation Plan> and the 2015 Central Urban Work Conference both brought to the forefront the revitalisation of land stock and urban regeneration. At the local level, first-tier cities are facing two challenges, the transformation of industries and the integration of spatial forms.

The issue of shortage of construction land has mentioned in the previous section ‘urban renewal in China and its history.’ In 2009, when Guangzhou launched the 'Three Olds Redevelopment Project', the city was close to running out of incremental land. Shanghai's incremental land stock was only 200 square kilometres left in 2012. In terms of regeneration methods, by 2022, Guangzhou, Shanghai and Shenzhen all have a legal document called "Urban Renewal (Implementation) Measures" to regulate the process of urban renewal. Shenzhen promulgated and implemented the ‘Shenzhen Urban Renewal Management Measures’ in 2009, with a series of supporting regulations; Shanghai started to implement the ‘Shanghai Urban Renewal Implementation Measures’ in 2015; Guangzhou has been innovating its urban renewal system since 2009, but only announced a clear new urban renewal approach in January 2016. As of 2017, Guangzhou has promoted 87 projects to transform old residential area, and Shenzhen has started seven new urban renewal projects, recreated 840,000 square meters of land. The study of urban renewal strategies is therefore particularly important for the redevelopment and regeneration of China's major cities.

City	Core policy	Aim of the policy	release date	Implementation date
Shanghai	Shanghai Urban Renewal Implementation Measures	To promote the planned development and use of urban land, improve urban functions, improve the living environment, preserve history and culture, optimize the industrial structure, integrate urban and rural development, enhance the	15/05/2015	01/06/2015

		efficiency of land use, and protect the public interest		
Guangzhou	Guangzhou Urban Renewal Measures	To improve the functions of the city, optimize the industrial structure, improve the living environment, promote sustainable economic and social development, and promote the economical and intensive use of land, energy and resources	01/12/2015	01/01/2016
Shenzhen	Shenzhen Urban Renewal Measures	To enhance urban functions, stimulating urban vitality, improving the living environment, enhancing the attractiveness of the city, and economically and intensively utilizing the stock of land	22/10/2009	01/12/2009

Table 7-2. Translate from book 'Urban renewal System construction: a comparison of Guangzhou, Shenzhen and Shanghai' (Tang Yan, 2019, p. 46)

7.3.1 Comparison of urban village strategies among Shanghai, Guangzhou, and Shenzhen

7.3.1.1 Shanghai

The 'Shanghai Urban Renewal Implementation Measures' were promulgated in 2015 and formally implemented in 2016. However, before the promulgation, there were already many other policy documents on industrial transformation and old district renovation, such as the "*Implementation Measures on Revitalising the Stock of Industrial Land in Shanghai (2014)*", but they were not structured in a systematic way.

The core urban renewal policy in Shanghai is 'reduce volume and increase efficiency'. In the 2016 renewal measures, the values of 'planning-led, orderly promotion, quality-oriented, Public priority, multi-participation, co-construction and sharing' were mentioned, and encourage public participation in the assessment, implementation and preparation of the project. Like Shenzhen, the urban renewal unit is the basic management unit of urban renewal and a tool for planning and control. The latest 2021 'Shanghai Urban Renewal Ordinance' emphasises the importance of 'Insist on the coexistence of "preservation, conversion and demolition", with preservation as the main focus' in response to the Housing and Construction Department's document 'Circular on Preventing Large-scale Demolition and Construction in the Implementation of Urban Renewal Initiatives'. Successful examples of

urban regeneration in Shanghai include: Yangpu District 228 Neighbourhood, Shanghai West Coast, Jing'an District Pengpu Town Beautiful Home Community, etc.

It can be seen that in comparison to Guangzhou and Shenzhen, Shanghai has not only improved its land efficiency, but also paid more attention to the preservation of urban environment, history, culture and ecology.

7.3.1.2 Guangzhou

Guangzhou already started to land reform in 2008 with the 'Three Olds' principle, but it was not until 2015 that the 'Guangzhou Urban Renewal Measures' were officially promulgated. As early as 2009, Guangzhou promulgated the “Opinions on Accelerating the Transformation of the ‘Three Olds’”, followed by a supplementary document in 2012, taking into account the new circumstances that emerged during the renewal process. The core of the ‘three old’ policy is to classify the types of urban space into three categories: old cities, old villages and old factories, and the implement both full-rebuild and micro-renovations.

From 2009 till now, Guangzhou has undergone two clear phases of change in terms of the core elements of urban renewal. The first phase was market-oriented, where developers were encouraged to take the lead in urban regeneration projects. The old factories and villages were very profitable for developers at this stage. When the government realised that major interests were being lost in the process of renewal, it issued the "Accelerating the Promotion of "Three Olds" Redevelopment", which changed the policy direction to government-lead principle, proposing that land should be "stored as much as possible" and that the government should take the lead in regeneration.

Some of the more famous and successful cases in Guangzhou include: the transformation of Hunt Village in Guangzhou, the micro-renovation of Enning Road, etc.

7.3.1.3 Shenzhen’s Strategy

The ‘Shenzhen Urban Renewal Measures’ was promulgated in 2009, immediately following the implementation of the ‘Three Old Urban Renewal Plans’ in Guangzhou in 2008.

Shenzhen's current approach to urban renewal can divided into three main categories: demolition and rebuild, functional changes, and comprehensive redevelopment. The whole strategy is based on the "Urban Renewal Measures" as the core, using a combination of

government guidance and market operation to renew the areas. The functional changes are mainly about changing the use of the old factory buildings or the factory buildings in the village, such as changing them into creative parks or innovative office areas like the OCT project. It is not one of the main themes of this study. Demolition and rebuild and comprehensive redevelopment are mainly applied to the renewal of urban villages. The renewal project of urban villages in Shenzhen can roughly divided into two stages, the first is the large-scale demolition and reconstruction that began in 2004, and the second is the comprehensive improvement that began in 2018. The 'demolish and rebuild' (D+R) strategy was put forward under the background of both a lack of constructible land and urban village issues (poor living conditions, high crime rates, etc.) (Yangteng, 2004; B. Zhou, 2004).

Demolition and rebuild is the mainstream direction of urban renewal until 2018, with the advantages of quick profit, positive market and mature market. There are already many completed projects that have achieved good results in terms of meeting the new functional needs of Shenzhen city as well as financial returns for the government. It aimed to unify Shenzhen's urban context and completely eliminate the countryside. However, such a utopian fantasy was not realized, on the contrary it caused many new problems such as the displacement of tenements and exacerbated gentrification (Y. Liu et al., 2018; Uehara, 2008). Consequently, Shenzhen's government issued a new urban village policy in 2018 which introduced the new strategy for the urban villages called 'comprehensive improvement' (CIP), to meet the housing demands of low-income groups in order to maintain the sustainable development of the city.

Shenzhen has many years of experience in urban renewal, and the whole regeneration system and policy framework is well established. Although many projects are driven by market, the government's control is still very strict. From macro-level regulations, management, to specific operations and techniques, the entire process is regulated by relevant regulations and guidelines. There is also a dedicated Renewal Bureau under the Shenzhen Planning and Land Commission, which is responsible for the operation of specific regeneration projects. The Bureau is responsible for the implementation of urban renewal projects, not only with the district government, but also with the municipal government. In contrast to Guangzhou, where the implementation of regeneration projects is mostly handled by the district government, the Shenzhen municipal government has a much stronger control over regeneration (see Figure 7-2).

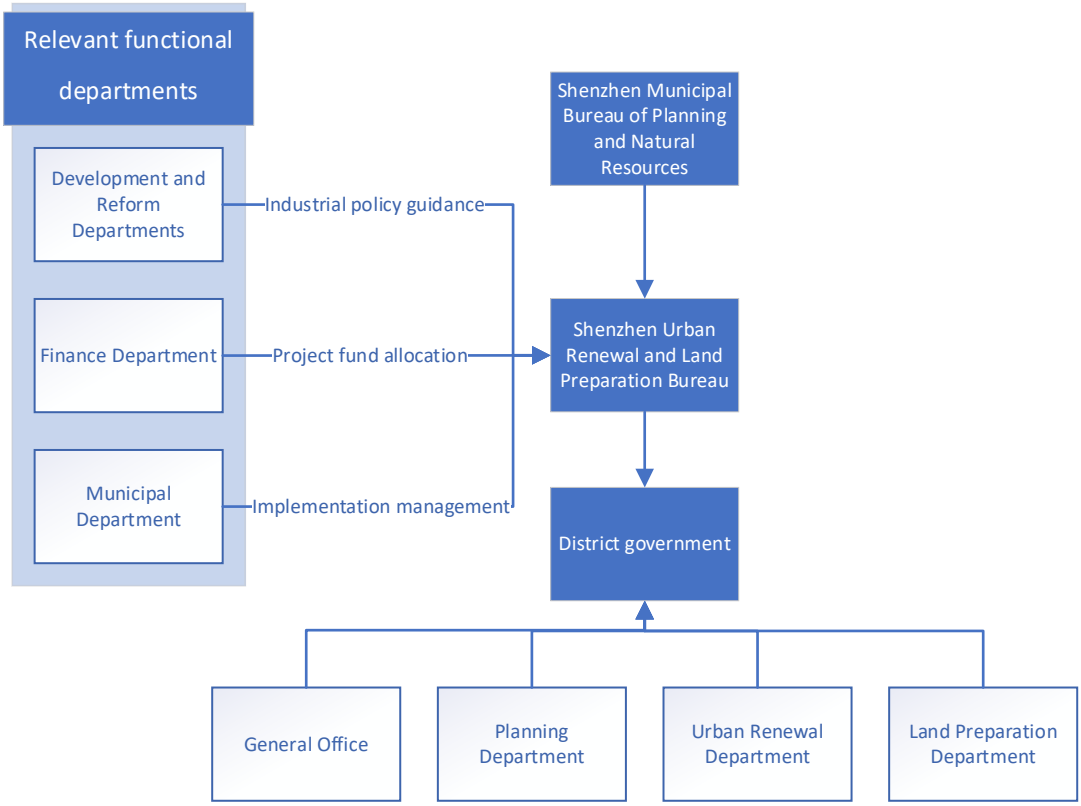


Figure 7-2. Structure of urban renewal department of Shenzhen municipal government

Different model of CIP in Shenzhen

There are three main models for urban renewal policies and strategies: resident self-financing, government overall planning and public-private partnerships(H. Wang et al., 2021a). in terms of Shenzhen, according to interviews with government officers and a review of government documents, the current unified rent model in Shenzhen can be broadly divided into three types: Unified Lease and Management Mode of Government (UMG); Unified Lease and Management Mode of Enterprises (UME); and Village self-governance (UMV). There are many kinds of unified lease models in Shenzhen's urban villages, among which the representatives of the UME mode are developer Vanke's Nantou Ancient Town and Jingle Village.

1. UME mode is a typical model of enterprises or private leasing, which refer to enhancing the overall physical environment by renovating the interior and exterior of an existing urban village building without changing the main

structure. The upgraded housing can be made profitable by increasing the rent. From a participation point of view, UME mode involves the building acquisition, construction to the final operation, and management being undertaken by a company or organization who are also responsible for the main investment and benefit from the rental income.

2. While the UMG mode also refurbishes buildings in urban villages both inside and out, the difference is that the flats are primarily for government-designated people, and their main function is to be used as flats for talented people, reducing the cost of renting for them. UMG mode is dominated by the government or wholly state-owned enterprises, that take charge of the construction and operation of building acquisition. Due to the complexity of the market and the difficulty of policy implementation, there are also urban villages in which the government and enterprises cooperate to carry out unified leasing.

3. UMV is simplest method to achieve the goal of comprehensive improvement. The investment and construction are done by the village itself, rarely involving other companies or the government. Most of this is done by villages that have the strong economic foundation to do so, on the one hand they are free to choose what they want to improve and on the other hand it is for the beautification of the village environment. This is beneficial to their own livelihoods and rental income and keep the administration authority themself.

	Investor	**Management**	**Rent Profit**	**Preparation**	**Construction**
UME	Enterprises	Enterprises	Enterprises	Government	Enterprises
UMG	Government	Government	Government	Government	Enterprises
UMV	village	village	village	village	village

Table 7-3. Three models of urban renewal in Shenzhen

7.4 THE REASONS FOR THE INTRODUCTION OF THE COMPREHENSIVE IMPROVEMENT PROCESS

This section uses a combination of reviews and interviews to reflect on the reasons for the introduction of the integrated approach. In addition to the reasons for the introduction of the new policy, some specific regulations have also been consulted to the government officials. The whole analysis starts with a number of analyses and reviews based on the regulations themselves, which will be followed by the corresponding regulations and the interviewer's answers in a reciprocal manner. It is important to note that the regulations and policy expectations discussed here are at a theoretical level and do not represent the actual implementation, which will be discussed in detail in the next section on the process and impact of comprehensive improvement.

7.4.1 Strategy of 'Demolish and rebuild'

Due to the various problems within the urban villages, such as security and hygiene issues, the Shenzhen government issued the 'demolish and rebuild' policy try to solve these in 2004. While the new policy was to eliminate urban villages and to accelerate urban construction this resulted in a large number of new problems emerging. These included the exacerbation of gentrification, the loss of accommodation for the cheap labour force, and the decline of urban attractions of Shenzhen. The subsequent new 'comprehensive improvement strategy' launched in 2018 has established new solutions to the previous problems.

7.4.2 The Strategy of Comprehensive Improvement Projects

As China's central government adjusted its social direction, the Sixth Plenary Session of 16th CPC Central Committee adopted a 'decision on several major issues concerning the construction of a harmonious socialist society' in October 2006 (Xinhua News Agency, 2006). Subsequently, the crude economic development model of exchanging nature for economic growth was not advocated, and the phenomenon of large scale 'demolition and construction' began to decrease. The main contradiction in Shenzhen at that time was not only the shortage of development land but also how to guarantee the availability of a sustainable low-cost labour force so as to maintain the city's rapid economic development. This goes to against the previous strategy for urban villages of 'demolish and rebuild.' Therefore, the new policy followed the trend and in March 2019, Shenzhen Municipal Bureau of Planning and Natural Resources officially released the Overall Planning for

Comprehensive Improvement of Urban Villages (old villages) in Shenzhen 2019-2025 (hereinafter referred to as the Overall Plan of Urban Villages) (Shenzhen Municipal Bureau of Planning and Natural Resources, 2018). The Shenzhen government defined the Comprehensive Improvement Projects (CIP) as: "comprehensive improvement projects mainly include improvement of fire protection facilities, infrastructure and public service facilities, street facades, environmental renovation and energy-saving renovation of existing buildings, but do not change the main structure and use function of the buildings" (Shenzhen Municipal Bureau of Planning and Natural Resources, 2019).

The new policy mainly solves two problems, one is the poor physical conditions of the urban villages, and the other is the negative impact of the previous D+R strategy. In terms of the problems of the urban villages themselves, the Overall Plan of Urban Villages specified in article 6 that one of its key aims was to "eliminate safety hazards in urban villages and improve the living environment and supporting services." This was also articulated in more detail in articles 7, 17 and 21. Indeed, in article 21, it states that:

> *The implementation plan of updating units should be scientifically formulated to eliminate the hidden dangers of fire fighting in urban villages, break through the traffic microcirculation, improve the public supporting facilities, increase the public open space, and improve the environmental quality.*

This mainly aims to solve physical problems, such as the lack of planned parking spaces, the lack of green parks, and other cultural facilities, which are likely to impact upon the mental health of residents and potentially lead to social conflict.

According to the officer's interview, the basic facilities renewal is the shallowest level of comprehensive improvement, the renewal bureau official described it this way: *"..... This is the most basic (façade maintenance, fire facilities renewal). At present they are engaged in the road renovation, façade renovation, fire renovation, and then pipeline under the ground ..... in the advanced stage, it may also be successively introducing some deep level comprehensive improvement. Such as the partial demolition for new kindergarten, and establish new public facilities such things, and some small community support."* Although the phenomenon and impact of the D+R policy will be reduced, the urban villages will not remain unchanged under the new CIP strategy due to its goal of transforming the urban villages into new urban space to fit the modern city.

In terms of the rental market, article 19 states that the market will be strengthened, and the government will severely crack down on violations of laws and regulations in the rental market of the urban villages.

These issues above all related to the basic problem of Shenzhen's urban villages which were caused by building density and a lack of governmental supervision. According to article 6, the urban villages will be promoted to all-round transformation by optimizing the urban spatial layout and structure. However, Shenzhen's municipal government does not have any exemplar cases to follow in terms of how to achieve the all-round transformation of urban villages. The current solution is that the buildings in the urban villages are being renovated by developers and managed as youth apartments.

In addition to slowing down the process of gentrification, the Shenzhen government also aimed to convert the urban villages into a reserve of affordable housing for the immigrant workers who are making a significant contribution to the rapid development of the city. Meanwhile, in order to prevent the eviction of tenants due to increasing rents after comprehensive improvement, the Overall Plan of Urban Villages also stated that relevant government departments should strengthen the lease management in urban villages. The continued increase of rents is however inevitable as it is related to the cost of unified rent and operational costs of developers. The currently completed comprehensive improvement projects include the youth apartment in Jingle Village led by the developer Vanke. Both the advantages and disadvantages of this approach will be discussed in the following sections of this paper.

7.4.3 The solution to the problems arising from the previous 'demolish and rebuild' policy

The D+R policy raised a spectrum of problems for the working-class immigrants, such as the displacement of tenants, gentrification, longer commutes to work(Tan et al., 2019). As a result, a large number of scholars have argued that the resultant changes to the urban villages have impacted negatively on Shenzhen's social and economic development (Hao et al., 2013).

After the relaxation of the 'Hukou' system, the migration from the rural to urban areas in the city became an important part of modern city development (Wang et al., 2010:86). The urban

villages not only provided affordable apartments for the working-class migrants to rent, they also enabled the municipal government to avoid having to provide migrants with the same infrastructure and services, such as education and health care, as local citizens (Y. Y. P. Wang et al., 2009). The introduction of the 'comprehensive improvement' policy ostensibly alleviated the problems caused by the previous 'demolish and rebuild' policy. The government considerations and justifications for a new approach can be observed from a number of articles in governmental documents which will be discussed as follow.

7.4.3.1 Limit the total amount of 'demolish and rebuild'

According to the Overall Plan of Urban Villages (2019-2025), the scale of comprehensive improvement in Shenzhen is 55 square kilometres, among which the delineation proportion of Futian District, Luohu District and Nanshan District (the old SEZ) for comprehensive improvement shall not be less than 75%. That is because the industries in the old SEZ are more intensive and the low-rent housing in urban villages is more important to the sustainable development of Shenzhen. Moreover, the housing price in the old SEZ is higher, and the compensation which comes with the over-development of urban villages will cause considerable pressure on the government's finances.

According to article 9: the approach of distribution should consider both the natural and historical factors, meanwhile areas with buildings which are in relatively good condition and the urban villages with high development intensity should be attributed to the comprehensive improvement category.

In-depth interviews were conducted with relevant government officials, who identified public service capacity constraints and the quality of construction as the main considerations for the introduction of comprehensive improvement. Government officials stated: *"I don't think that the introduction of comprehensive improvement policy is for the defect of old one (demolish & rebuild) ……firstly, in terms of urban village, the volume ratio is extremely high in some area. If we rebuild them, it will cause the economic imbalances. There is also a limit to the carrying capacity of such public services in the vicinity……secondly, some of the built-up urban villages have been built for a relatively short period of time and are relatively well organized and built according to planning, so the necessity of demolish may not be as strong.'*

It can be seen that the comprehensive improvement approach will not cover all the urban villages area, but will be tailored to the quality of the buildings and the capacity of the surrounding facilities, which is a reflection of the fact that the social impact of the new policy is much softer than the previous demolish and rebuild approach. Another officer also added: *'Because of redevelopment, it is mainly aimed at the old, dilapidated, old type, and then the serious lack of support, fire safety hazards, for these types of demolition and redevelopment. The choice of strategy should be categorised."*

7.4.3.2 Increasing the supply of indemnificatory housing by promoting large-scale 'collective renting' and renovation

In addition to slowing down the process of gentrification, the Shenzhen government also aims to convert the special quarters of the urban villages into a reserve of affordable housing for the immigrant workers who have made a significant contribution to the rapid development of the city (Shenzhen Municipal Bureau of Planning and Natural Resources, 2019). As a result, the new CIP has set out to limit the total amount of D+R whilst areas with buildings which are in relatively good condition and the urban villages with high development intensity are now attributed to the CIP category. Also, the municipal government was attempting to increase the supply of indemnificatory housing by promoting large-scale 'collective renting' and renovation. In article 19 and 22 of the Overall Plan of Urban Villages it mentions that the government plans to guide the leasing business of existing houses in the urban villages and to integrate them into the overall management of government-subsidized housing if they meet certain requirements. Article 19 also mentions that the original tenants have the priority in terms of their rental needs in order to reduce the eviction of tenants through the government's-controlled updating. The currently completed comprehensive improvement projects include the youth apartment in Jingle Village led by Vanke, and Shui Wei Village (see Figure 7-3 and Figure 7-4). The Overall Plan of Urban Villages also put forward that relevant government departments should strengthen the lease management in the urban villages. This would require enterprises to control the cost of renovation projects in order to facilitate reasonable pricing according to the lease guiding price. After the comprehensive improvement, tenants should give priority to meet the rental needs of the original tenants and effectively guarantee the supply of low-cost living space in the urban villages. The increase of rent is however inevitable as it is related to the cost of unified rent and operational costs of developers.



Figure 7-3. Youth flat in Jingle village

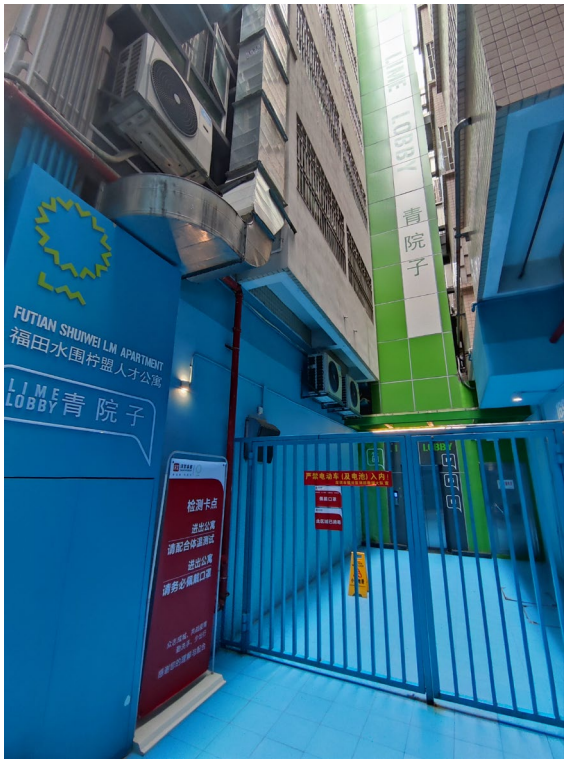


Figure 7-4. Youth flat in Shuiwei village

In fact, urban villages are not only a reserve for subsidised housing, but also a reserve for many other urban functions. An official from renewal bureau strongly agreed with this view, he believed that the main reason for integrated development is the flexibility of the urban village. He said that: *"...because it (the urban village) is equivalent to a flexible space. It has a very strong market flexibility in terms of management and use. You can say, for example. If there is a shortage of office buildings in the city, the urban village may be transformed into a project office or storage space, which is more flexible and equivalent to a flexible space in the city."* Another official, in addition to the flexibility of urban villages, also suggested that the 'other' costs of urban villages are relatively low, saying: *"...and the cost is relatively low compared to the product of a commercial office building, which is a commercial building. His rental costs are lower in terms of management, and lower in terms of management..."* In this regard, Wang (2009) also mentions that urban villages are not only cheaper to live in, but also save the municipality a lot of money in terms of infrastructure and services, as the living space and facilities in urban villages are basically far below the requirements of urban regulation. In summary, the malleability and flexibility of urban villages is increasingly valued by the government. In the context of land constraints and the lack of quick solutions to Shenzhen's development dilemma, the flexible transformation of urban village functions is now the optimal solution for the government to govern the city.

7.4.3.3 Effectively connecting the comprehensive improvement to the management of the urban villages

The ‘demolish and rebuild’ model did not provide effective guidance for the management of the lease market in the urban villages. As a result, the absence of both management and government supervision created both security and tax issues. The government therefore sought to effectively implement the new policy in order to undertake both the comprehensive improvement of the urban villages (such as system developers to rent the apartment renovation) with the comprehensive management (village in the city of software hardware updates, including water and electricity fire and only thing tube) as outlined in its article 18.

7.4.4 Summary

In the context of the ‘era of capacity (存量时代)’ mentioned in previous sections, it is clear that the reason for the introduction of the CIP approach may not only intent to repair the negative effects of demolition and rebuild, but also because of the direction of urban development. The policy is a flexible and evolving strategy, it is not a specific approach to rebuild but rather a collection of strategies for improvement. It is clear from the policy document that the government's intentions are based on the following considerations:

- The national economic model has changed, and mass demolition and redevelopment no longer fit the national development strategy;
- The CIP approach can improve the village's Infrastructure, while solving health and safety issues and increasing public spaces;
- Solve the problem of confusion in the leasing market; and
- Slow down the gentrification phenomenon, provide affordable rental housing for migrant workers.

Through interviews with government officials, it was clear that the government's concerns are mainly about the potential of the urban village as a flexible space in Shenzhen. Urban villages are likened to stem cells that can differentiate into different kinds of functional area. At the same time, it has lower rental and management costs than other formal urban spaces, so the comprehensive improvement is not only a solution to the urban village problem but also an opportunity to redevelop the urban village space.

7.5 THE PROCESS OF IMPLEMENTING COMPREHENSIVE IMPROVEMENT: THE ROLE OF THE GOVERNMENT AND THE DEVELOPER

For the new concept of 'comprehensive improvement', the guidance and detail in the Overall Plan of Urban Villages is too simple and general compared with the actual process and difficulty of implementation. In this section, the new policy will be described in terms of its process and implementation following a number of interviews with key developers. Some objective facts and problems which are not reflected in the government documents will also be revealed.

The chapter begins with a compilation of interviews and reviews from various sources to provide as complete and objective a description as possible of the entire comprehensive improvement process. This is followed by an analysis of the problems encountered in the process in the light of the particular circumstances mentioned in the interviews, with a large number of quotations from the interviews used to maintain objectivity.

7.5.1 Overall implementation process and issues

The government, developers, and the village committees are the main players in the whole comprehensive improvement process. This tripartite relationship involves the government as the investor, the developers as agents of construction, and the village committees as the owners. The whole process of CIP can be divided into four stages: planning; negotiation; implementation; and operation. The comprehensive improvement process tended to be initiated in one of two ways, either the government actively sought developers to involve them in the project, or the developers took the initiative to undertake the project due to the potential of the long-term rental apartment. It should be noted here that the comprehensive improvement process does not necessarily mean that the urban villages will contain long-term rental apartments, it may just change the infrastructure, and the specific management could still be undertaken by the individual villagers themselves. In the negotiation stages of each project, the government, the developer, and the village committee conducted complex negotiations to determine a series of issues such as compensation, time limit, and the design scheme.

Close inspection of the results of comprehensive improvement suggests that there are three potential outcomes (see Figure 7-5). Firstly, only the comprehensive improvement of the

infrastructure in the urban villages with the tasks being assigned to the district government by the municipal government. Secondly and potentially the most ideal result, where developers have completed the improvements and taken over the buildings as landlords. This has improved the surrounding environment and optimized the management of the rental market. Thirdly, in some villages, which have not been included in the comprehensive improvement plan or the plan has not yet commenced, some developers have seized the opportunity to generate considerable profits by turning existing buildings into long-term rental apartments. Outside of any government control, developers have negotiated with the village committee directly and taken over the operation of the buildings after systematic rehabilitation and redecoration. The whole process of comprehensive can be divided into three stages: planning; implementation; and operation and these will be discussed in more detail in the following sections.

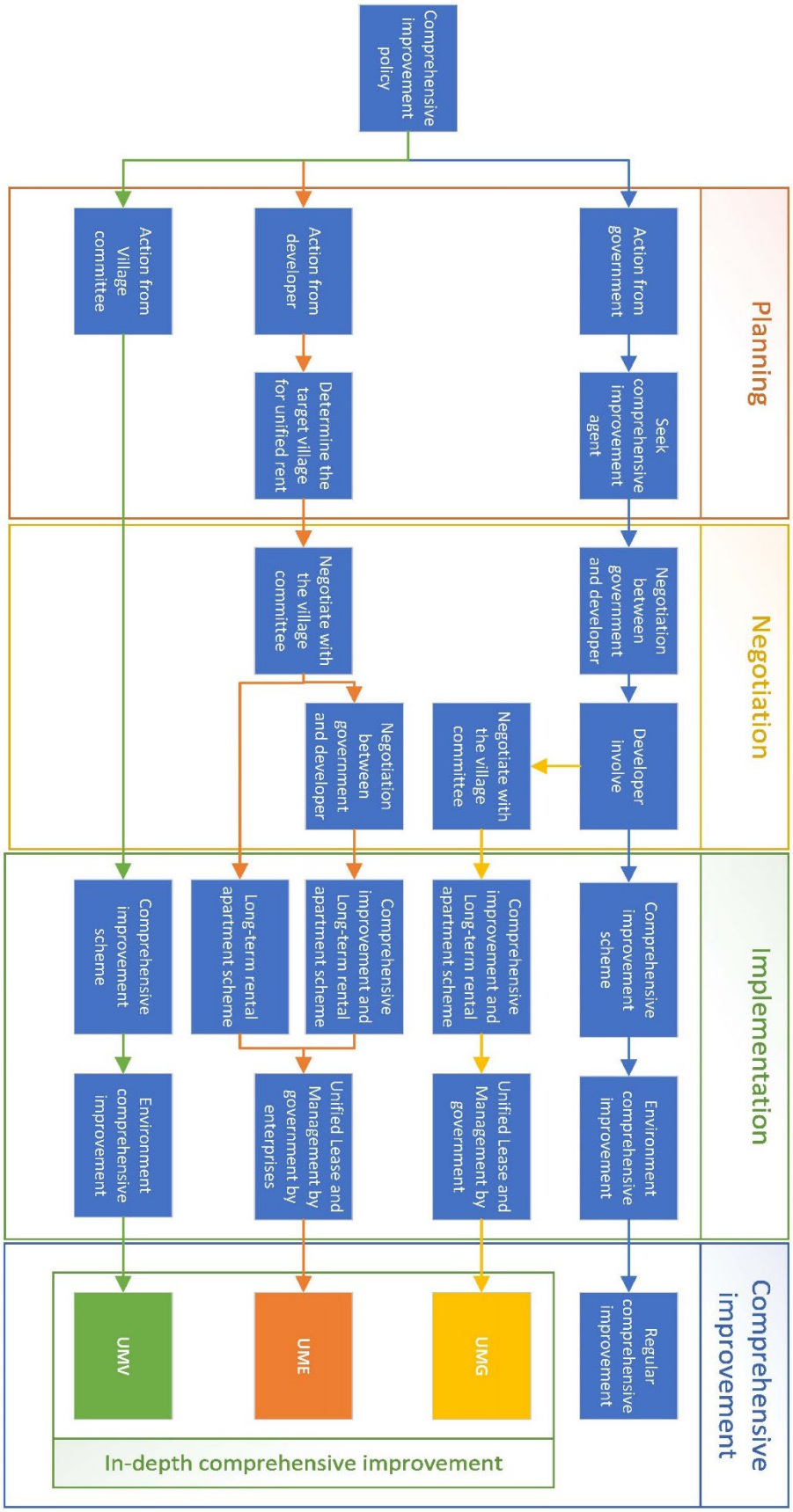


Figure 7-5: The process of implementing comprehensive improvement

7.5.1.1 Planning

According to the interview with government, there are three types of CIP, the first of which is the improvement of the village itself (UMV), which is organised by a strong village joint-stock company and managed by the village itself after the CIP. The government official interviewed said that: "*This is one of the more common methods at the moment. This approach may be more fragmented*." ; The second way is to use the government's leasing system as a supplement to the housing system by providing a unified management and operation of the housing system;

The second way is Unified Lease and Management Mode of Government (UMG), as a supplement to the social housing system, through the unified management and operation of the housing system by government; the third way is Unified Lease and Management Mode of Enterprises (UME), the official said: *"Because of the gradation of the rental market, different income groups will choose different urban villages to live in. Through corporate operation, it may be more upscale in terms of decoration and management, and the rental income of the company will be relatively higher."* And another official said that they would not direct all urban villages to become long-term rental flats, but would leave the change to the market. These information from interviews with government officials basically confirms the three types of CIP in the previous section of the review.

For developer, there are two ways that they can be involved in the process of comprehensive improvement: '**Zero Agent Construction**' (an agent construction project with zero agent-construction cost); and '**Open Bidding**.' In the 'zero agent construction' model, where the developer actively willing to take on the task of construction as part of comprehensive improvement, the government is able to choose the developer directly from the government's supply list of developers. In this way, the main motivation for developers is to benefit from the long-term rental apartment market after the works are complete. In this process, the developer cooperates with the government and undertakes the improvement works as an investment with the return coming through the future rental returns from managing the property.

The second model of 'open bidding' is higher risk for the developers with potentially much lower returns, because the process of CIP may not actually be profitable. Due to the stringent

requirements and controls that the government places on the developer as seen in Article 22 of the document:

> *Considering the current situation of the urban villages construction situation and the economic interests of the factors, by the way of allowing the local construction, reduce the update unit plan legal land proportion of barriers to entry, set up the special support fund, etc. request the district government combined the original rural collective economic organizations or encouraging large enterprises, which have socially responsible and enough strength, not for the purpose of pursuing profit, actively participate in the comprehensive improvement of urban villages. And participate in the unified management of the property after comprehensive improvement to ensure the sustainable development of the village in the city.*

	Access to projects	**Returns**	**Developer Status**	**Risk**
Zero Agent Construction	Selected from a government certified pool	2%-5% of total investment	proactive	Relatively low
Open Bidding	Participate in open bidding	None (may have benefits in other projects)	passive	Relatively high

Table 7-4 The way that developer involved in the process of comprehensive improvement

The government has no direct control over the developers, however, due to the government's rights to assign other projects in the city and the monopoly of information, it is actually difficult for developers to directly refuse the invitation of some government projects, even if these projects are unprofitable municipal projects. As such, the role of comprehensive improvement construction agent may not be lucrative for developers. one of the developers said: "*usually we do CIP projects in order to have a good relationship with the government, so that the government can give us some benefits, there are many kinds of benefits, and the permission of leasehold in the urban village is one of them*" (interview with development company Vanke, June 2020).

The challenge is therefore, how to realise the sustainable development of comprehensive improvement for both developers and the government. As mentioned in the article of the government document above, developers are encouraged to transform urban villages in order

to benefit from long-term rental apartment, which in turn provides essential affordable housing for the migrant workers that the city needs. According to the interview with developers, the initial profit idea of the developers is the "rent and urban commercial operation" of the renovated properties. The overall improvements to the environment of the whole villages also enhancing the commercial value of their investments with the resultant profit from commercial operation being their focus.

7.5.1.2 Negotiation

The negotiation stage is the most complex, involving many different interests. The developers in addition to having to be ‘invited’ to participate in the comprehensive improvement projects, have to consider whether they want to expand into the rental apartment for profit industry. According to the article 22 and article 18 mentioned above, the municipal government’s approach to securing comprehensive improvement is to combine the needed physical improvements with the long-term rental apartment market. According to the interviews with developers, because the government is unable to undertake the construction tasks independently, the developers basically take all responsibility including negotiation with village committees regarding specific construction and other matters. Aside from favourable policies, the developers do not receive substantial support. The control of the government on the comprehensive improvement process is outlined in the 'Shenzhen Urban Village Comprehensive Management Assessment Acceptance Evaluation Standard'. This states that only the supervision function is performed on the construction results. Because of this, some problems that the government wants to solve cannot be realized. For example, Article 9 which gives priority to the rental needs of the original tenants is rarely implemented because the government does not talk directly with the tenants but only liaises directly with the developer, or through very limited contact with the village committees.

7.5.1.3 Implementation

The final effect of the comprehensive improvement process can be seen from the acceptance mechanism. The government conducted the assessment of the comprehensive improvement of urban villages according to the ‘Comprehensive Management Assessment and Acceptance Evaluation Standard of Shenzhen Urban Villages (Shenzhen Municipal Bureau of Planning and Natural Resources, 2018)’, which involves ten specific aspects, including sanitation, fire control, and food safety. Different projects have different scores based on their particular

necessities and the difficulty of implementation. The whole projects can be seen as success if the total score meets the requirements. During the actual construction, some necessary but difficult and costly projects will be abandoned by the developer, resulting in some hidden dangers that have not been truly solved. Also, with some projects the improvement project has not been as comprehensive as the government intended and according to one interviewee: *"...sometimes, the results of the implementation are only cosmetic."*

7.5.2 Operational issues

The whole process of CIP has been unsustainable in many villages due to conflicting interests and the institutional imperfections of the new policy. This section relies on interviews with the parties involved in the process described above to discuss the problems encountered in the process and the potential for sustainability of the policy. Interviews questions were targeted at the different sub-sections of planning, negotiation, and implementation in an attempt to compare the real views of the parties on the same issue in parallel. The questions for the interviews are structured in the order shown in the table below (see Table **7-5**).

			Government	Developer	Designer	Villager
Planning	1	Possibilities for policy promotion	●	●	●	
	2	Achievability of guidance regulations	●	●		
	3	purpose in the CIP	●	●		●
Negotiation	4	Obstacles in communication	●	●	●	●
Implementation	5	Completion level of government-required projects		●		
	6	Current progress of the project	●	●		

Table 7-5. Interview questions and corresponding interviewees

7.5.2.1 Planning

7.5.2.1.1 Lack of clarity in guidance documents

- ***Q1: Is there any possibility for the Deep Comprehensive Improvement to be extended to other urban villages in Shenzhen on a large scale?***

The government does not plan to implement the deep CIP approach in all urban villages, as the urban village volume in Shenzhen are so large that some may not be suitable for a deep CIP approach. It will be done according to market demand. However, there are no written rules governing this so-called market-oriented approach, and the core driver of the current deep comprehensive improvement is still the will of the government, as developers have found it difficult to find new profitable models. The developers and designers interviewed feel negative about the continued expansion of these projects, with the developer of Jingle Village stating that it had lost money due to an internal misjudgement of the project in the early stages. The model can be replicated, but only if the right conditions for intervention are found. The developer of the Nantou project had a different feeling about the government's attitude towards the project, saying that:

> "*Nantou district government have been keen to do this, including the leaders, and have approached many large and powerful companies, but no one is willing to do it. The success of the Boyu (the brand of Vanke youth apartment) project (in terms of quality) attracted the attention of the government, and the agreement was finally reached with Vanke.*" But he believes: "*It's very difficult to replicate this project because the government is so driven and it's very difficult for other projects to get such strong government support*."

Talking about the sustainability and specificity of the project, one of the developers of the Shuiwei project believes that the project is unique and is not sure if there is any possibility of replicating it in large scale: *"believe is the URA(Urban Renewal Administration) take the first move to contact us first.....There are lots of cooperation between our company and government. Although there are 4 new youth flat brand and 10 units were launched by Shenyip, most of them were established in new-build-resident-community, so Shuiwei project is the only one which transformed by urban villages." Therefore, when discussing the sustainability of the talent flat type of urban village renovation, the initiative is clearly on the government's side. In this type of project. Although the developer can certainly gain more reputation on design and social impact, the low revenue makes it impossible for developers to actively promote such projects.*

7.5.2.1.2 The replacement of tenements group

- ***Q2: Will it achieve control over rents and give priority to meeting the "housing needs of the original tenants" as stated in the regulations?***

The leasing objectives of the buildings renovated by developers have often changed, and it is difficult to meet the requirements of article 9 in the Overall Plan of Urban Villages to give 'priority to the leasing needs of the original tenants.' According to surveys conducted by developers before the construction process, the main tenant groups in the urban villages are low-income groups among which families account for a large proportion. However, the long-term rental apartment is mainly targeted at young graduates. Neither the negotiation mode nor the commercial operation of the transformation can meet the requirements of giving priority to the original tenants, because the original tenants are never facilitated or desire to participate in the discussion and decision-making. As Vanke's developers say: *"Families don't rent converted flats, they think more about affordability, they don't care about en-suite bathrooms, amenities ..... and they've already found somewhere else to live while you're in the process of conversion."* This was also illustrated by interviews with tenants in the village, where one small shop owner said they didn't like the flats and preferred a family atmosphere. He said that: *"We don't like these flats, and if you've been inside you will know, you can't even cook in the house."*

Apart from the fact that the type of housing available does not meet the needs of the original tenants, the increase in rents is also a key factor in deterring them from renting. In fact, from interviews with the government, we know that there is no clear mechanism to regulate rents. The government may put some pressure on the developers, but the government has no control over how much the villagers will rent their houses to the developers, and it is up to the developers to negotiate, and this is where the biggest cost for the project is.

7.5.2.1.3 The interest conflicts

- ***Q3: What do you (the party you represent) expect to achieve in the CIP project?***

The government's expectation is to solve the problems of urban villages at low cost. There is a clear conflict of interest between the government and the developer in these projects. Unlike usual real estate development, where the price of land granted to the government is positively correlated with the price of housing, the government receives no benefit from the

CIP project, except for social stability and improved sanitation, which the government expects to be self-financing. Therefore, after the government has established the project, the developer is responsible for the design, procurement and construction, although the cost is usually borne by the government, the government will give the developer a 2%-5% of the total investment as construction fees. However, this fee does not exist if the developers involve in way of 'Zero Agent Construction'. The government hopes that developers will take the initiative to find a profitable point in the project to cover the base cost of it.

In fact, developers are not interested in construction fees, but in the secondary real estate market after the comprehensive improvement. The developer of Vanke said: *"We want to do comprehensive improvement project because we expect that the government has helped us invest in improving the environment in surrounding area after I have done the conversion with the building', and he added: 'Very often construction is a way to make good relations with the government, and I think the purpose of this is to let the government to give us some benefits, such as the right to develop some certain projects".* However, the developers remain pessimistic about the investment cycle of the project due to the long negotiation time spent in the early stage of renovation. He said: *"... It's not until after the budget that the finance department will allocate the money. Like I said, it is basically the construction company pay their own money in advance at the early stage of the project."* Thus, on the one hand, the government wants developers to take on more responsibility for construction and funding, while on the other hand, developers want the government to be responsible for infrastructure investment. These circumstances are an obstacle to the sustainable implementation of the policy until a more standardised implementation clause is in place.

Villagers are generally opposed to the idea of deep comprehensive improvement. According to several interviews conducted, they believe that Long-term rental flats usually means the loss of control over their own buildings. Although the lease will be managed by a company that is responsible for the management of the property and the income from the rent is stable, in fact few villagers are in fact responsible for the management of the rent themselves, they usually hire someone else to manage it. They are therefore more concerned about the control of the shops, as this is where the highest rental income part is generated. The villagers therefore believe even the project can pay them well, but still serious infringement their interests, that is perhaps why villagers generally ask for higher rents in return.

7.5.2.2 Negotiation

Communication is a game of chance between the interests and goals of several parties. It is clear that the government wants a low-cost solution, while the developers face a difficult negotiation situation with the villagers for their profit. It is worth notices that the payback period for comprehensive improvement is much longer and less profitable than the traditional demolition and rebuild.

The urban villages themselves are often the main obstacle of the implementation of comprehensive improvement. Objectively speaking, construction in the urban villages is much more difficult than a normal project due to the different ownerships of the densely packed buildings, there are many things that need to be coordinated. Only very experienced developers therefore have the capability to undertake such complex development tasks. In addition, experience from previous initiatives, such as 'demolish and rebuild', means that villagers expect large compensation sums. As a result, some villagers collectively make it difficult for the developers at the beginning of the project implementation, for example in Sungang village (see Figure 7-6). Here they believed that once the comprehensive improvement process had started their chances of getting compensation would be gone (from an interview with a developer).



Figure 7-6. Protesters in the Sungang Village (Shenzhen Sina Real Estate, 2018)

In reality, developers have no right to decide if the urban village can be demolished or not. As early as November 2018, Shenzhen Luohu municipal government promulgated the 'Implementation Measures for Urban Renewal of Luohu District, Shenzhen' which stated in article 20 that: 'For urban villages and old housing villages where the current plot ratio exceeds 2.5, except for the need to implement major urban infrastructure and public service facilities, the renewal mode should, in principle, focus on comprehensive improvement' (Luohu District People's Government Office of Shenzhen, 2018). The negotiation process is more difficult if the developer needs to turn some buildings in the urban village into long-term rental apartment rather than only undertaking infrastructure improvement. In these cases, they need to negotiate not just with the village committee but with each villager individually. This usually involves the developer having to have a different team to negotiate with different building owners and since each building is in different, size, and condition, the compensation amounts will not be the same. Moreover, some villagers have their own special demands, such as retaining one floor for their own living after the reconstruction work has been completed, which makes it more difficult for developers to conduct a unified operation.

- ***Q4: Are there any communication problems or obstacles with other parties?***

7.5.2.2.1 Developer – Villager

The difficulties in communication between the developer and the villagers are mainly due to the high cost of acquisition, the large number of households involved, and some of which are difficult to contact or to communicate with.

A Vanke developer in charge of Jingle Village said that the success rate of negotiations depends on the understanding of villagers and the power of the village council. The terms offered by real estate companies are generally more generous than the existing rental terms, but there is still a lot of resistance from villagers. On the one hand, villagers are generally new to the concept of long-term rentals and are initially resistant to the idea, mistaking it that they will lose their chance for involve in 'demolish and rebuild (usually have extremely high compensation)' approach if they signed a long-term lease. On the other hand, the greater the voice of the village committee, the stronger its ability to organise and publicise. In this case, if the strong village committee is more supportive of enterprises entering the village, the more effective will be the propaganda and explanation for the long-term lease. Some village leaders take the lead in signing the contract, which has a positive demonstration effect. If the

village committee itself is more resistant to the entry of enterprises into the village at the first place or has other ideas (such as requiring multiple enterprises to compete for offers), this will have a negative impact on the villagers' wishes.

Each village has different situation, according to interviews with the developer, The Nantou project has been driven by the government's strong drive, even in the negotiations with the villagers, which has enabled the project to move forward smoothly. However, during the negotiation and implementation process, villagers will go directly to the developer (rather than the government) if they are not satisfied, which costs the developer a lot of extra manpower and resources.

Shuiwei Village project is also led by the government. The whole process of CIP was started by the Housing and Urban-rural Development Bureau, and the Shuiwei Village Co., LTD assist on the negotiation with villagers. During this process, there are large numbers of problems came up, for example, there are villagers who do not trust this project and some villagers who in Hong Kong are hard to contact or sign contracts, etc.

7.5.2.2.2 Government - Developer

According to a developer from Vanke: "*Because Jingle Village was a project new established when the comprehensive improvement was first introduced, the district government was not sure how it should be done, and it is our business that pushes the government to go through the corresponding process."* For the government attitude on the comprehensive improvement project, he also said that:

> "*I feel that the government doesn't pay much attention to this kind of project. Every year the government has to have a certain number of villages to complete, and towards the end of the year he suddenly picks a unit and says: you start it. The six-month period was reduced to a few months. Then we had to work on the project construction and go through the tedious process of project approval at the same time.*"

In addition, interviews with designers and developers revealed that the district governments have demonstrated confusion with regard to the new policy and that there is no uniform standard to the way it is applied in different villages. Significantly, the city has no strict rules as to which department should take the responsible for the implementation of the policy.

Moreover, the different departments have different specialties and different understandings of the comprehensive improvement project. For example, in Luohu district, the responsible department is the Construction Affairs Bureau, and in Nanshan district it is the Street Office Department who implement the comprehensive improvement programme. Furthermore, some government departments are reluctant to provide funding because they think developers will be able to profit by participating in the comprehensive renovation projects, which in some cases makes it difficult to implement the programme.

7.5.2.3 Implementation

7.5.2.3.1 Hard to achieve the expectation

- ***Q5: What is the degree of completion of the completed CIP projects?***

It is also difficult to guarantee the results of the comprehensive improvement project so far. According to the developer, the criteria for passing the comprehensive improvement assess will be evaluated in accordance with the document 'General Command Office on the Issuance of Evaluation Criteria for the Comprehensive Management of Urban Villages in Shenzhen (2018)', some of which are very difficult to implement, he said: "...*For example, every household is required to install a burglar net with an escape window. but few homeowners are willing to do this, fearing that the opening of the screen would be unsafe for children.*" The fact that the items in the evaluation criteria appear to be detailed, but are scored, means that many of them are not mandatory. The companies will inevitably choose to complete the project in their own favour or with an easy score. This may make it difficult for the government to achieve the desired results. Moreover, these are not projects that can obviously reflect the government's political achievements, so the government's attention is not as high as expected. It is also mentioned in previous section that some individual departments do not pay much attention on them.

7.5.2.3.2 Difficulties in advancing projects, expansion largely stalled

- ***Q6: How is the project progressing now?***

In addition to the imperfect market and the lack of substantial government support, the main reason is the failure of developers in making decisions. According to interviews with designers and developers, the initial optimism about the outcome led developers to misjudge

the market, leading to high budgets being allocated for refurbishment projects. At present, there is no team to follow up the negotiation with the villagers since the middle of 2019, and even some buildings that have completed the negotiation have been returned to the villagers with liquidated damages. Now only unfinished buildings are being constructed, and the operation of the renovated buildings is still continuing. Although the suspension does not mean that the project has failed, it can be said that there is no better way to make this idea sustainable at present.

A developer in charge of Nantou said: "*I think the reason why Vanke can't go on is because it's a corporate-led initiative. Although, it is the government the first move, but then, but the whole process, is basically a corporate-led negotiation, but now Nantou is the government-led mode, government take the lead to negotiate, that's why the project can be landed.*" This shows that the developer considers the government to be the main driver of the project, and that the government's support is essential for a project of such a social nature as Nantou. However, the government officials have a different view on the current phenomenon of stagnation of integrated urban village projects, they believe that the 'invisible hand' of market will eventually balance the interest and risk: "*It is more appropriate for the market to take the lead... These situations also have the problem of inaccurate market positioning, and some enterprises are still improving the positioning of the youth apartment in various aspects. ...if this market positioning is acceptable to the market. If not, they will certainly have to change their development strategy."*

7.5.3 ***Summary***

From the above interviews with the stakeholders, comprehensive improvement is not a single strategy but a series of measures, the basic measure is to ensure the optimisation of the physical conditions within the urban village, while the depth of the comprehensive improvement will have a different urban performance in different villages. In addition to the UMV model, other cases involve several stakeholders. Of these, the role of the developer is the most crucial, as it is involved in almost every aspect of implementation, and commercialisation is also key to the sustainability of the policy.

7.6 SURVEY AND INTERVIEW ANALYSIS

7.6.1 The impression of CIP policy

The perspective of the residents (including villagers) and visitors to the comprehensive improvement are also important to this study. This section focuses on the quantitative description of the content of the on-street survey. Firstly, the data from each of the three villages were analysed as a whole, and then the cross analysis was conducted based on the classification of the population in the villages. The specific questions and corresponding interviewees are as follows:

	Tenants	Tenants (new)	Villagers	Visitors
Jingle	●	●		
Shuiwei	●	●	●	●
Nantou	●			●

Table 7-6. Cases and corresponding interviewees

The survey found that although many people do not want to live in a new flat for a variety of reasons, most people still think that an in-deep comprehensive improvement is a good strategy.

Q: What's your impression of the CIP, do you think it is a good strategy to urban village?

Jingle

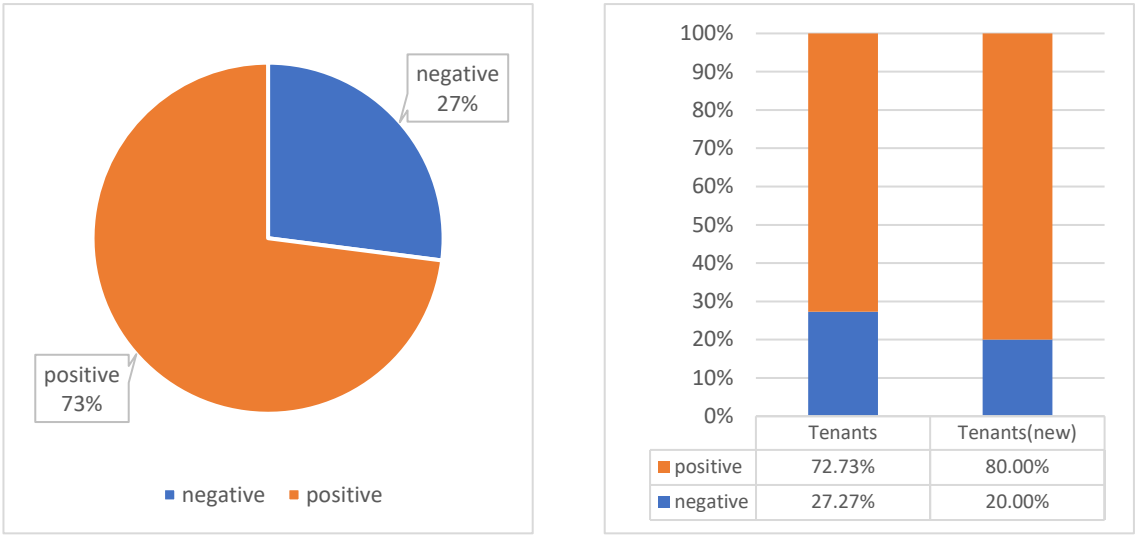


Figure 7-7. Impression of the CIP in Jingle

Nearly two thirds of the people in Jingle Village think that the in-depth CIP is a good strategy. The main reason for this is the improvement of the overall environment. Due to the participation of developers, the sidewalks in the middle of the south village and the north village have been well repaired, and the separation design of sidewalks, bicycle and motorcycle paths has also been carried out. The renovation of building facades and ground pavement in the village have also been significantly improved.



Figure 7-8. Before and after renovation in Jingle

The new flat residents all agree that it is not only necessary to renovate some of the buildings, but whole residential area should be completely renewed. Some people said: *"It would be better to renovate all the buildings, it can be acceptable that the rent grown a bit higher,"* while others expressed their dissatisfaction with the current partial renovation: *"The renovation should be more than just renovation, I think it is more important to strengthen the*

management of the village, preferably like a decent community, so that the safety and comfort would also be improved a lot, in a word, Late-stage investment is also important."

The people in the old flats also generally agree with the comprehensive improvement approach. They are more in favour of renovation based on actual requirements rather than total demolition and reconstruction. Some people said: *"It's good to renovate, the demolition of the old apartments was too much work"*. Some of them think that the renovation has nothing to do with them, some of them say: *" It has nothing to do with me, I just rent, won't live here long. If Shenzhen's industry transformed, we can only go home". Others said: "It doesn't matter how it's done, I usually live in a factory, it's only for a couple of days (for me to live here), I won't live here if it's too expensive".* But most of them agree with the new strategy. Those who did not agree with the strategy were concerned about the increase in rent and the noise of the construction work.

Shuiwei

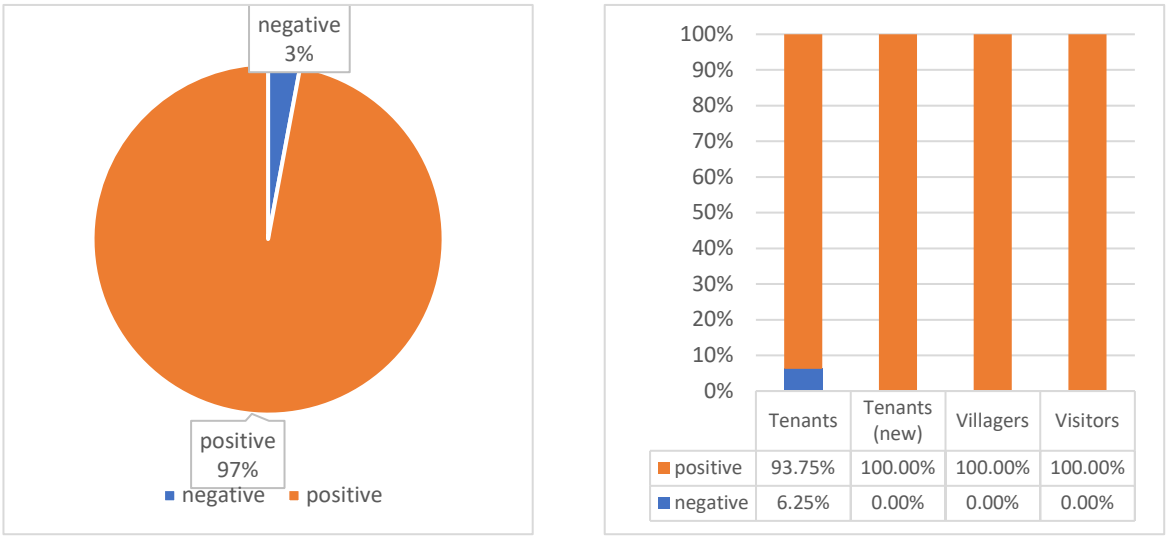


Figure 7-9. Impression of the CIP in Shuiwei

Most people in Shuiwei have a positive attitude towards the comprehensive improvement, with the proportion reaching almost 100%. Tenants of the new flats generally appreciated the property management, living environment and architectural design. Tenants in the old flats also have a high opinion of the environment and business atmosphere.

Many of the shop owners awarded on the increase in the number of young people after the renovation, they believed that the well-educated young people let their shops running smoothly. A shop owner commenting that *"business has improved and the area has become tidier, so many young people come to here to take pictures."* Similar comment also happened in the villagers' interview, suggesting that the gentrification phenomenon has taken place in this area. However, there are a small number of people who believe that comprehensive improvement is a promising solution, but still see it as a transitional solution. The main reason for their attitude is that their positioning is vague, and they cannot solve the fundamental problem of urban villages.



Figure 7-10. The commercial street in Shuiwei Village

Nantou

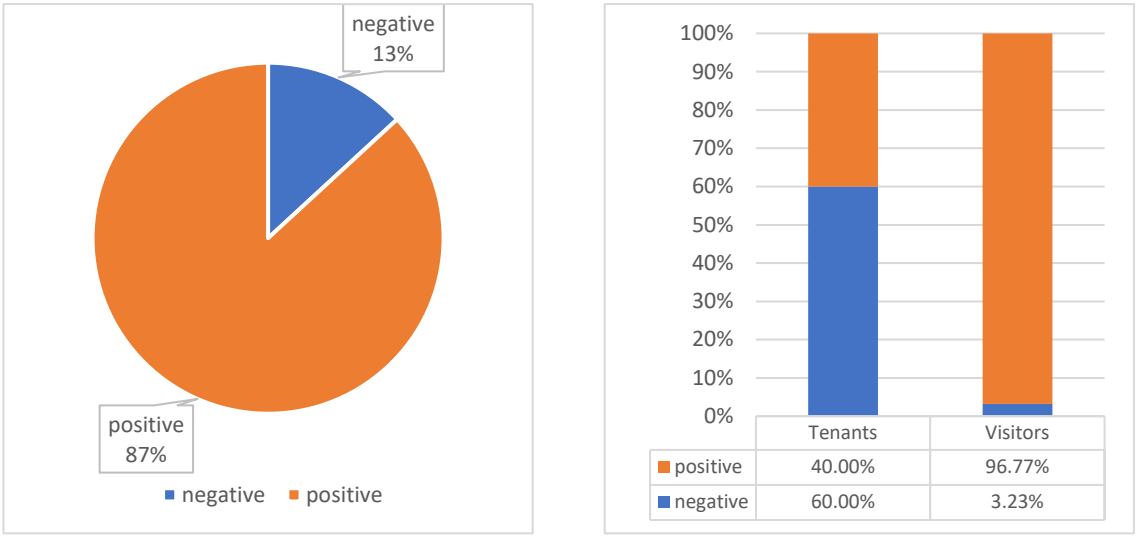


Figure 7-11. Impression of the CIP in Nantou

Almost all visitors of Nantou liked this model of comprehensive improvement. One visitor said: *"It's a great way to use novelty shops to attract attention and bring out culture-oriented shows such as exhibitions in museum and creative musical live show, and today I met an intangible cultural heritage master doing a Chinese shadow puppetry show, said he was invited by the government. In all, I think this is a win-win approach in both culture and renovation."* Other visitors also praised well design and creativity of those shops and restaurants and were happy to explore the exhibition among them. However, A small number of people are concerned about this model, believed that the over commercialized renovation would cause negative impact on the culture atmosphere: *"Preserving the style of the old town and adding a new, youthful elements can indeed attract young people to visit, making it younger and keeping up with the new times; however, the commercialism of some shops is so strong that the literary filter cannot cover its fate of becoming a common scenic spot."*



Figure 7-12. The commercial street in Nantou Village

In terms of the inhabitants, the white-collar group of the tenant population also likes this model, saying that the cultural atmosphere has greatly enhanced the quality of life. The shops' owner and the working class, however, are concerned about the increasing rents, saying the high rents and prices has made life less pleasant than before.

7.6.2 The view from stakeholders

Similar to the questions in 6.1, as the final part of the interview, two separate questions were asked to the government, the developer, the architect and the villagers' representatives in an open-ended discussion about their impressions of the CIP and the possibility of sustainability. Here the different interviewees, representing the different stakeholders, were advised to personalise their answers according to their own roles. The results of the interviews are collated separately and summarised in this section.

Q1: what is your view on CIP?

Q2: Do you think CIP is a temporary fix?

Q3: what is your outlook on CIP?

			Government	Developer	Villager	Designer
The view from stakeholders	1	Views on CIP	●	●	●	●
	2	Temporary fix?	●		●	●
	3	Outlook on CIP	●	●		

Table 7-7. Interview questions and corresponding interviewees

7.6.2.1 The view from government

The government is generally supportive on the comprehensive improvement approach. The official interviewed believed that in the short to medium term, comprehensive improvement is a must. He said that: *"The municipal facilities around the villages are fixed for a short period of time, such as schools scale, medical resources, road systems, municipal networks, water supply capacity. Once the population density within the urban village is changed (in terms of demolition and redevelopment), many new problems will arise."* Therefore, due to objective factors of condition of Shenzhen's municipal facilities, Shenzhen's population and infrastructure are currently in a stable equilibrium, and too many demolitions and rebuild of urban villages will break the limits of municipal supply, which is one of the main factors for the government's firm commitment to comprehensive improvement policy. On the issue of how long the policy will last, he also said that: *"...it will definitely continue for at least five years. From a technical point of view of planning, the infrastructure and public services of a city are limited……Given that there is an invisible ceiling on public services, the result is that there is no way to rebuild some of them. So if the public services and municipal infrastructure cannot cover it, it is impossible to put the plot ratio any higher."*

7.6.2.2 The view from developer

Developers play the crucial role of in-deep CIP, however, most of them hold the conservative view on deep CIP because of the economics of the project and the policy support. The developer of Shuiwei said that: *"In my opinion, the advantages of this reform outweigh the disadvantages. As the first urban village renovation project in China, the design of Shuiwei Apartment has been winning awards since its completion. It has also served as a point for many officers from other cities to visit and learn in Shenzhen. The disadvantage of it is that the initial investment is relatively high……"* It can be seen that in a demonstration project

like Shuiwei, state-owned enterprises participate in the construction of such projects because of social responsibility and interest in pilot projects, but lack reasons to continue to participate in the case of unclear profit model.

The developer of the Nantou project said that: *" It's a good thing, but it requires a higher degree of understanding and effort from the government."*, he said when asked about future expansion plans: *"It is true that we have been approached by some governments in other districts to work on other urban villages, but we have declined because we do not have enough management staffs, it is never a cost-effective proposal for us. And the complicated procedures during the CIP process such as villagers' complaints cost us too much energy, we feel that it is not proportional to the benefits."* She also denied the possibility of further expansion on this strategy. She said: *"We already have about 1,000 buildings needs to be handled, with tens of thousands of square feet of floor space. But unlike ordinary housing, it is scattered, which means the management costs are extremely high and the company can no longer afford to expand."* Therefore, the management cost is also one of the obstacles to developers to continue to explore a deep comprehensive improvement approach. The independence of property rights and management rights of each building in urban villages will cost more management costs than ordinary residential areas.

7.6.2.3 The view from villager

Some villagers are very supportive of the comprehensive improvement. He said, *"Although many projects of the comprehensive improvement will affect our rent release, especially the shops on the ground floor, but it is a good thing to take a long-term view."* And he has a very deep sense of security brought by comprehensive improvement, especially the removal of some low-end industries and introduce intelligent property management systems. *"It's quite safe now," he said. "A few years ago, we implemented facial recognition systems in every building, and only people who live in the building can open the door. More than that, the Internet bars and gambling rooms were all removed a few years ago, so those homeless were also kicked out, making our environment a lot better for residents."* The villager also said he prefers comprehensive improvement to demolition and rebuild. After the demolition and reconstruction, the property rights of the land no longer belong to the village collective but to the state. *"This land belongs to you," he said. "After the demolition, it will be gone forever."*

On the issue of in-depth comprehensive improvement, the villager highly praised the unified rental apartment in Shuiwei because of the design but criticized the management of the commercial part. He said, *"The project was really good, and there were a lot of village leaders came to visit and learn about the project, but the project... In terms of the investment management of the shops, they did not set the threshold, so they made a mess."* Although he has a positive attitude towards the quo status, he still believes that the comprehensive improvement is a temporary fix. He said**:** *"..... I love the atmosphere in the village now, but I think the village will accept the demolition if the price is right. Lots of us want that."*

7.6.2.4 The view from designer

The designer agrees with the values of the comprehensive improvement strategy, saying: *"As an architecture designer, I think comprehensive improvement is very much in line with the values that we have always had for design. The industry is now promoting sustainable development, and there is a long history of renovating and reusing old buildings in Europe and the US, and there are many wonderful examples. I hope that our projects will have the same impact on society as these great examples."*

However, the designer believes that there is still room to improve the current model in terms of whether it is a sustainable approach to urban regeneration. *"We don't have much influence in the design and implementation process, because the developers are the ones who make the decision."* he says. They said there are two reasons why this model needs to be improved. Firstly, Shenzhen has a huge number of urban villages, and the current model of designing each building individually and differently spend developers' too much money and energy. Secondly, that developers are unable to effectively renovate the whole area. The second is that the developer was unable to effectively acquire all the buildings in the village, making it difficult to implement many of the scenarios and living patterns envisaged. For example, the design of public spaces or bridges between buildings, as in the case of Shuiwei.

They therefore suggest that there may be a need for a more efficient and cost-effective way of addressing the design patterns of urban villages with a large number of buildings and varying structural characteristics in order to achieve the sustainability of the in-depth comprehensive improvement strategy.

7.6.3 Summary

Based on the subjective answers of all stakeholders, almost all of them hold a positive attitude towards the original intention and effect of comprehensive improvement. Without discussing the economic issues, all agreed that the comprehensive improvement (including the deep comprehensive improvement) is a good strategy to achieve a certain degree of sustainable urban development. Tenants of the old flats in Jingle Village are slightly hesitant about the strategy, mainly due to the increase in rents and the lack of family type units. Moreover, the high mobility of tenants in the village would cause certain degree of displacement. The other two villages are mainly gentrified by education and consumption levels. Among them, Nantou Ancient City has a higher proportion of visitors than residents, which may have a greater impact.

Other parties have different opinions on the issue of sustainability. The main issues for developers are the level of government support and financial issues. The government acknowledges that the current guidelines are inadequate and will continue to improve the regulations as other projects progress. The villagers, as owners of the properties in the village, also agree with the effects of the comprehensive improvement, but the management of the commercial sector needs to be better managed by the government or the developer.

7.7 CONCLUSION

An assessment of the sustainability of urban regeneration policies is necessary to help stakeholders optimise their policies for better sustainable urban (Zheng et al., 2014). Policy sustainability in this section is mainly achieved through social analysis. In the literature review section, this chapter describes the history and recent progress of urban regeneration policies in China by comparing the urban regeneration policies and focus of three major Chinese cities: Shanghai, Guangzhou and Shenzhen. Shanghai is characterised by its focus on urban environment and historical and cultural preservation, Guangzhou's urban regeneration have characteristic of government-led mode, and Shenzhen has undergone a change in strategy from demolition and rebuild to comprehensive improvement. This chapter also further refines the policy model in Shenzhen by identifying three types of regeneration approaches: UME, UMG, and UMV, which correspond to the government, developers, and village collectives as the main bodies of investment and management, respectively.

When narrow down to Shenzhen urban village renewal policy, the drawbacks of demolition and redevelopment approach were clearly pointed out, such as the rapid gentrification, social unrest and the increase in housing prices. It was against this background that the comprehensive improvement policy was proposed to eliminate the problems of urban villages and to alleviate the negative social impacts of the previous demolition and rebuild. Moreover, in addition to improving the environment of the urban villages, the policy also aims to expand the housing stock through in-depth renovation. Thus, in summary, Shenzhen's current urban village regeneration aims to improve the urban village environment without large-scale demolition and redevelopment, and to deeply transform some of the village buildings in an attempt to transform the huge floor area of the village to achieve better social benefits.

However, there are a number of problems in the implementation of the new policy. At the planning stage, the government has a strong will for these projects in the early stage, but it has not found a way with strong driving forces from all sides. The developer's confusion about the process of starting the project, the government's unclear responsibility for the project, and the villagers' unsupportive attitude all make the implementation process require a great deal of compromise from all sides. In the communication stage, the uncertainty of compensation policy and the lack of government publicity led to many negative public opinions and misunderstandings of villagers, so that the comprehensive improvement projects of some villages were put on hold. At the same time, due to the different interests of all parties in communication, the progress and implementation of the project are greatly affected. There is also room for improvement in the degree of completion of completed projects and in the assessment criteria.

In the three villages involved in this study, the residents’ group, as an important stakeholder, have a high level of acceptance of the performance of the comprehensive rehabilitation policy, especially in terms of the improvement of the living environment and the quality of people in the area. However, some people are still confused about the positioning and purpose of the strategy, and do not consider it to be an ultimate solution to urban villages. Villagers also believe that the ultimate solution to urban villages is still demolition and rebuild. According to a serious of interview and study, the pressure on urban resources has become a bottleneck for Shenzhen's economy and urban development, and comprehensive improvement is the only solution for the moment. Even the developers say that although they have not found an entry point for them to participate more actively in the comprehensive

improvement, they still believe that comprehensive redevelopment is a forward-looking and socially positive approach on a social level. However, more detailed and comprehensive government support policies or market models are needed.

In conclusion, the cognitive deviation of the above parties and the contradiction of some interests are problems that the government and other influential institutions need to understand and address. Combined with the review on policy history and urban background information, comprehensive improvement is basically correct in the general direction. If more targeted and mutually compatible regulations or policies are introduced, the efficiency and effect of policy implementation can be greatly improved.

CHAPTER 8

ECONOMIC SUSTAINABILITY EVALUATION

8 ECONOMIC SUSTAINABILITY EVALUATION

8.1 INTRODUCTION

Project economic sustainability is one of the indispensable properties of social sustainability. Economic analysis emphasizes the analysis of the external effects of the project. The externality and publicity of new projects are the focus of project examination and approval in China. Due to the statistical difficulties and the non-disclosure nature of the village operators, this chapter mainly evaluates and makes suggestions on the economic sustainability of the in-depth comprehensive improvement of urban villages by qualitative research methods. There are two possibilities of comprehensive improvement projects, and this study makes assumptions based on these two types:

- For projects with good financial benefits but poor economic benefits, the government shall implement appropriate restrictions through the project examination and approval system to reduce inefficient occupation of social resources; and
- For projects with poor financial benefits but good economic benefits, such as infrastructure, culture, education, science and technology, health and other projects, the government can take support measures such as investment subsidies and capital injection to encourage the construction of projects and promote the effective use of social resources.

This analysis is divided into two parts. In the first part, a questionnaire survey was conducted on the three selected villages (mainly the area after comprehensive improvement) to investigate the financial benefits of stakeholders, such as rent. The second part is in-depth semi-structured interviews with relevant developers and some villagers, through which we can know the benefits of their comprehensive improvement projects. This allows some questions in the questionnaire to be further verified or expanded. There are therefore several key stages of economic sustainability analysis:

1. Analyse economic or market clauses in the implementation of the CIP policy

2. Questionnaire survey on rent and other aspects of urban villages in the three case studies

3. Analysis of the questionnaire survey

4. Semi-structured interviews with developers and relevant government officials

8.2 METHODOLOGY

In order to gain an in-depth and critical understanding of the economic issues involved in the deep comprehensive improvement, it is necessary to implement two complementary research methods: a detailed review of government documents and relevant literature, and in-depth semi-structured interviews with stakeholders (see Chapter 6 and Chapter 7 for details of methodology for literature review, survey and interview).

According to the stakeholder analysis discussed in last chapter, the research objects of this study will mainly focus on the government, developers and residents (the interview time and methods see section 1.1). Designers will not be discussed in this chapter due to their low impact and low relevance. Names are generally withheld to preserve the confidentiality of respondents.

8.2.1 Objectives

The main purpose of this chapter was a supplement to the previous chapter's discussion of 'sustainability of new strategies', which is subordinate to the overall objectives of the study. The specific contents of this chapter are as follows:

- A discussion of the macro-level aims of the comprehensive improvement policy
- A survey of the situation of people's livelihoods
- A discussion of the potential for economic sustainability

8.2.2 Research framework

This chapter will be divided into three sections based on the nature and characteristics of comprehensive improvement. Firstly, the economic component of the governmental regulations for comprehensive improvement will be analysed, taking into account the literature on the economic positioning of urban villages in Shenzhen and the attitudes of the government. The second part of the study will examine the residents' part of the stakeholders, further understanding their livelihood issues through the use of questionnaires and interviews. After that, semi-structured interviews are conducted with stakeholders on economic issues

such as profitability, to discuss the possibilities and problems of economic sustainability. Both the themes of questionnaire and interviews are shown on the Table **8-1** below. Finally, the chapter concludes with an analysis of the economic situation in the context of the social environment and a sustainability analysis.

Theme	**Rent**		**Consumption**		**Interview with developers**	**Interview with government**
Sub Theme	Rent	Satisfaction	Willingness	Type	NA	NA
Methodology	(S)	(S/I)	(S)	(S/I)	(I)	(I)
Jingle	●	●			●	●
Shuiwei	●	●			●	●
Nantou	●	●	●	●	●	●
(S): Survey (I): Interview (S/I): Survey & Interview						

Table 8-1. Cases and corresponding theme

8.2.3 On-street survey (section B)

As there is no directly accessible rental data, street interviews are used to investigate the rental situation and satisfaction of households in the area, and rental analysis is a way of visualising the economic situation. In the case of commercially oriented urban villages, consumption is the main objective of the survey.

8.2.3.1 Methodology

By understanding the rents of apartments of different types living in the same area, it can know the impact of in-depth comprehensive improvement on the rents. At the same time, the impact of economy on people's livelihood can be learned by understanding residents' satisfaction with rent in the region. This part is section B of methodology for questionnaire survey in Chapter 6, whose research methods are basically consistent with the description in Chapter 6. Similar to Section D mentioned in the previous chapter, in addition to statistical changes and impacts of rent in a quantitative way, it also tries to collect residents' views on economic sustainability in the end to obtain more real information to correct the results of quantitative statistics.

8.2.3.2 Questionnaire design

Except for villagers and tourists, all respondents to the questionnaire will be asked about their rent situation. it would revise the per capita rent situation by further asking about residence patterns if the interviewees allow. Since personal information has been collected in Section A, the results in Section B will be cross-compared with the data in Section A to achieve more accurate analysis. Due to the particularity of Nantou Ancient City, most of the interviewees in the site were tourists, and the renovation of new apartments in the area had just been completed at the time of the interview, which cause the insufficient number of residents in the interviewees. Therefore, this study will take Nantou as a special case to discuss the consumption orientation of tourists in the site as a supplement to discuss the in-depth renovation of commercial orientation villages. The questions about economic sustainability will be freely expressed by the interviewees according to the previous interview results, so there is no standard form of questions and answers, so the interviewees can share the actual situation.

8.2.4 In-depth semi-structured interviews

The approach is the same as explained in Chapter 7 (see page 146).

8.3 ANALYSIS OF POLICY DOCUMENTS

Since the 1970s, both the economic model and the urban development of the country have undergone radical changes, driven by the forces of both neoliberalism and globalisation. In the process of globalisation, urban regeneration has played a significant role in attracting foreign investment, reshaping urban image and activating land value. Some scholars have argued that the urban regeneration model may not only fail to boost the local economy, but may lead to local financial and social crisis when globalization is shrinking (Wang Yiming, Wu Jiang, 2020).

8.3.1 Economic extraversion

On the premise of discussing the economy of urban villages in this study, it is necessary to determine the types of renewal purpose of urban villages in Shenzhen. As Jane (1992) argued in ‘The Death and Life of Great America Cities’, it is to retain the vitality of local economy and promote the sustainability of economy in communities by means of renewal, or it is another mode that **some scholars** now believe: Urban renewal is for local governments to

attract capital and improve the competitiveness of cities in the international market. When discussing the first type of renewal, it should be considered from the perspective of local economy, such as intra-regional economic cycle and intra-community employment, while the latter one is more concerned with the compatibility between intra-regional and external environment.

> ***Article 6 Planning Objectives***
>
> ……grasp the historical opportunity of the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and under the leadership of the municipal government From the strategic height of the city's development, with the aim of accelerating the construction of a national special economic zone, a demonstration zone for in-depth cooperation between Guangdong, Hong Kong and Macao, and an international technology Macao and Guangdong deep cooperation demonstration zone, international science and technology industry innovation centre as the goal, **to promote high-quality urban development and enhance the competitiveness of the city as the core**, adhere to the people-oriented We will not be in a hurry to achieve immediate benefits, do not demolish and build too much, pay attention to the transformation of the living environment and the transmission of historical and cultural heritage, and attach great importance to the preservation of urban villages. The city's urban villages are being preserved in a rational, orderly and phased manner. We will carry out all kinds of work in urban villages in a reasonable and orderly manner. To promote the organic renewal of urban villages, gradually eliminate safety hazards, improve the city's urban villages will be renewed in a comprehensive manner, gradually eliminating safety hazards, improving the living environment and supporting services, optimizing the spatial layout and the project will promote the comprehensive transformation and development of urban villages, and strive to turn them into safe, orderly and harmonious places. The city will be built into a safe, orderly and harmonious urban space.

The article 6 shows that: In terms of planning objectives, the Shenzhen government at this stage pursued the former type of renewal purpose mentioned above: to create global competitiveness, to create better physical conditions for Shenzhen to attract foreign investment in the neoliberalism and globalization atmosphere.

> ***Article 19 Strengthen the management of urban village leasing market***
>
> ……Strengthen the regulation of the rental market in urban villages. Relevant government departments shall strengthen the management of urban village leasing and require enterprises to control the cost of renovation and set reasonable prices with reference to rental guideline prices. **For rentals after renovation, priority should be given to meeting the rental needs of original tenants and effectively guaranteeing the supply of low-cost living space in urban villages.** Strengthen market order regulation, crack down on illegal and unlawful acts in the urban village leasing market, and incorporate illegal and unlawful information into the credit information sharing platform.

However, the article 19 mentioned that *"giving priority to meet the rental needs of original tenants"* also indicates that this measure aims to improve the spatial quality of urban villages as much as possible to cope with the competitiveness of larger cities, and at the same time, it also hopes to consider the original tenant groups of local residents (mostly migrant workers). However, in general, it is not to create economic internal circulation in the region to achieve the purpose of people's livelihood, but to ensure low-cost living space to maintain the supply of a large cheap labour force in the city. It further proves the economic extroversion of the villages in the city of Shenzhen.

8.3.2 Sociality of the renovation projects

Economic analysis is more comprehensive than ordinary financial analysis in reasonably reflecting the economic rationality of a project, especially one that cannot be established in a full market economy (for detail information see box below) (Compilation Committee of Reference Materials for National Professional Qualification Examination of Consulting Engineers, 2020, p. 303). Project economic analysis is therefore required from a macro perspective to provide a reasonable measure of the project's contribution to increasing social resources and the cost of depleting them. This is to correctly reflect the contribution of the project to social welfare.

Financial reasonableness is difficult to reflect the economic reasonableness of a project fully and accurately:

- In order to support the development of certain sectors or special areas. The state grants projects with different subsidies.
- Due to industry or regional differences, enterprises pay different taxes to the state, like some special regions or industries which may be taxed at zero rate at different times.
- There may be a degree of market distortion in the market price of certain goods or services due to, for example, price controls, making it difficult to truly reflect the supply, demand, and real value of resources.
- Some projects have significant externalities, including indirect benefits and indirect costs, which are difficult to reflect in financial evaluations.

The article 22 demonstrates that the regular comprehensive improvement is not easy to profit, the government has a clear fund to support the necessity. And the regulations even said: should not pursue profit for the purpose. This is inconsistent with the government's main principle of market-oriented regulation expressed in the interview with the government in the previous chapter. But what is certain is that the strategy of comprehensive improvement is based on social and livelihood projects.

In Article 20, the government attempts to bring urban villages into the policy housing stock system, which further proves the sociality and public welfare of comprehensive improvement.

Article 20 Perfect the policy guarantee system for urban villages

…… Led by the municipal department of housing and urban-rural Development, the Shenzhen Real estate Market supervision office shall be revised and improved

The law allows the government to lease residential houses in urban villages whose property rights are not perfect but whose economic relations have been straightened out within the comprehensive renovation zones, **and to integrate them into the policy housing security system for overall management**. The municipal housing and urban-rural development departments will take the lead in formulating guidelines on incorporating the comprehensive renovation of housing

sources in some urban villages **into the policy-based housing security system through large-scale leasing.**

……

Article 22 Encourage multiple parties to participate in comprehensive improvement

Considering current situation of urban villages construction situation and the economic interests of the factors, by allowing the local construction, to reduce the update unit plan legal land proportion of barriers to entry, to set up the special support fund, the government asked district government combined the original rural collective economic organizations after the unit or **encourage social sense of responsibility, has the strength of large enterprises, not in pursuit of profit for the purpose**, Actively participate in the comprehensive renovation of urban villages, and participate in the unified management of property management after comprehensive renovation, to ensure the sustainable development of urban villages.

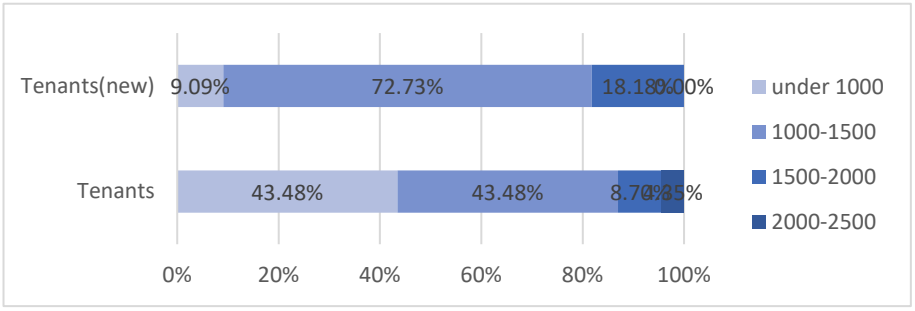
8.3.3 Summary

Therefore, urban villages in Shenzhen are defined as a part of the economic chain of Shenzhen and even the whole Greater Bay Area. The emphasis is on the extroversion of urban villages in Shenzhen. Therefore, employment and other issues are impossible and unnecessary to be discussed within the economic sustainability of this study. This chapter pays more attention to the gentrification influence brought by comprehensive renovation and the conflicts of interest among all relevant parties. If the implementation of the policy can meet the requirements of livelihood in the regulations and the government's logistic support for the villages in the city to meet the international competitiveness of Shenzhen, this study believes that the strategy is economically sustainable.

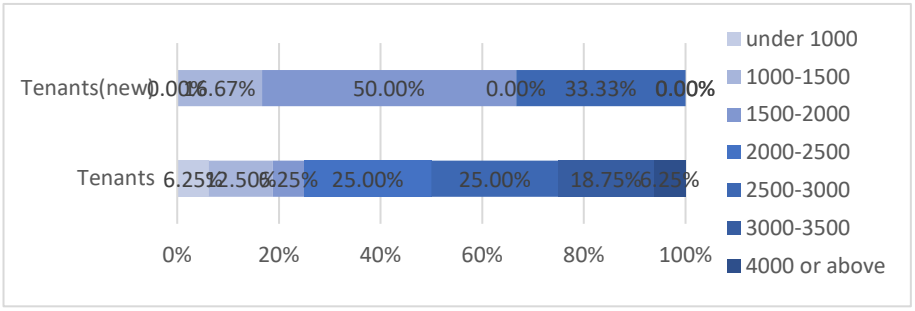
8.4 SURVEY AND INTERVIEW ANALYSIS

8.4.1.1 Rent level

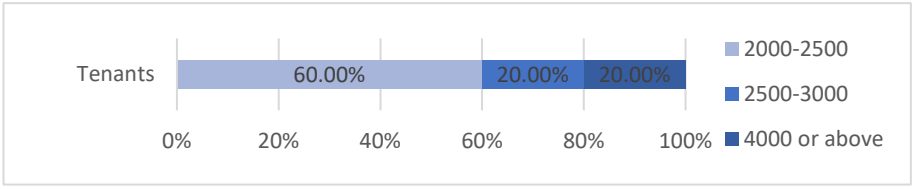
Jingle



Shuiwei



Nantou



* ¥1000 = £120 ¥1500 = £180 ¥2000 = £240 ¥2500 = £300 ¥3000 = £360 ¥3500 = £420 ¥4000 = £480

The conversion is estimated based on the exchange rate of RMB against GBP on 1st June 2022

Figure 8-1. Rent level

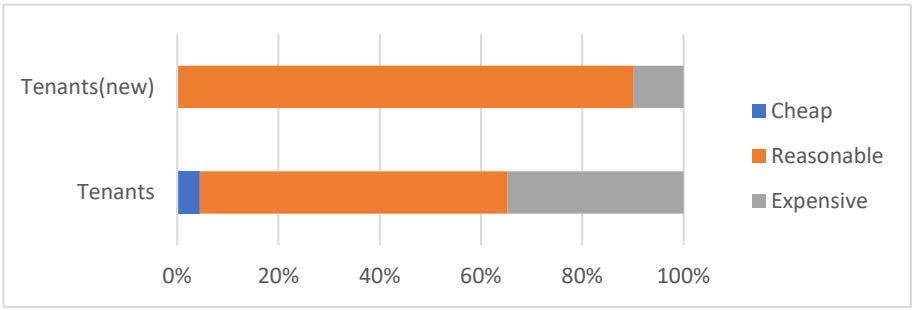
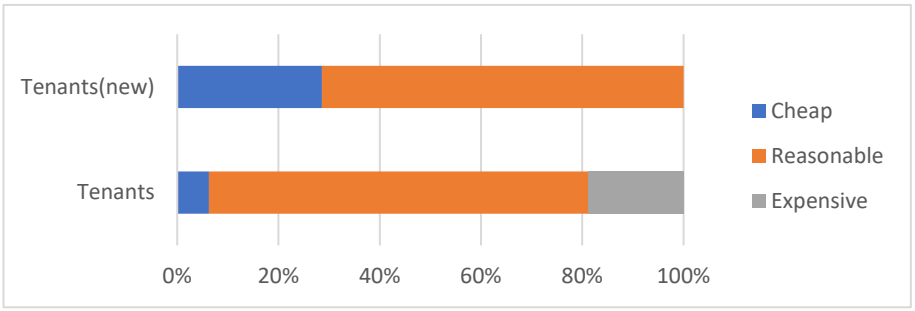
Due to the different geographical location of each village, there is a clear difference in rent levels. The above chart shows that in the overall comparison of rental levels, Nantou has the highest rent, Shuiwei is the second highest and Jingle is the lowest. Most of the rent levels in Jingle Village are below RMB 2,000 (£240) per month (including family style) due to its location and the main group of residents. Nantou, as a representative of the commercial type of renovation, the lowest rent level among the respondents is above 2000 yuan (£240) per month. In Shuiwei Village, the rent of new flat lower than the old one is because some of the flats are subsidized by government. In general, the style of urban village development,

combined with geographical and environmental factors, has a significant impact on the rents in the area.

The comparison between the old and new flats also shows a clear increase in rents. In the case of Jingle Village, where the main rent levels were below RMB 1,000 and RMB 1,000-1,500 (£120-£180), each accounting for over 40%. In the new flats, only less than 10% of respondents rent less than 1,000 (£120) yuan, while those with 1,000-1,500 yuan (£120-£180) account for 72.73%, significantly increasing the median rent level. In Shuiwei village, the rent of the new flats is lower than that of the old one because of the government subsidy. However, the rent of the new flats will be much higher than that of the old apartments if they are restored to the level before the subsidy.

The chart also shows that in Jingle Village and Shuiwei Village, although the rent of new apartments generally increases, the upper limit is lower than that of old flats. Interviews with residents and developers show that the main reason is the lack of family-style flats in the products of new flats, so the flat area is relatively small.

8.4.1.2 Satisfaction level

Jingle	
Shuiwei	

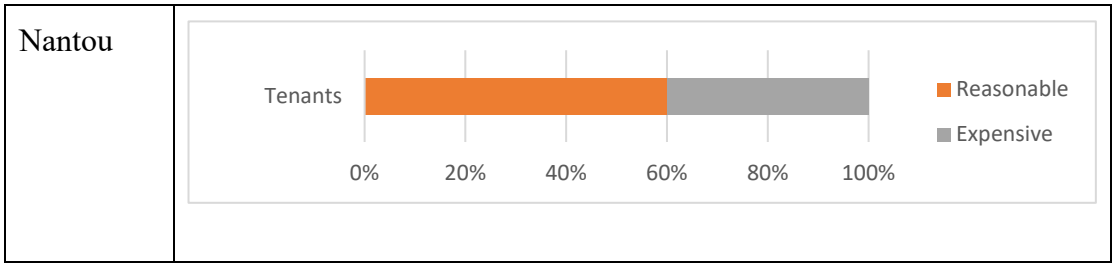
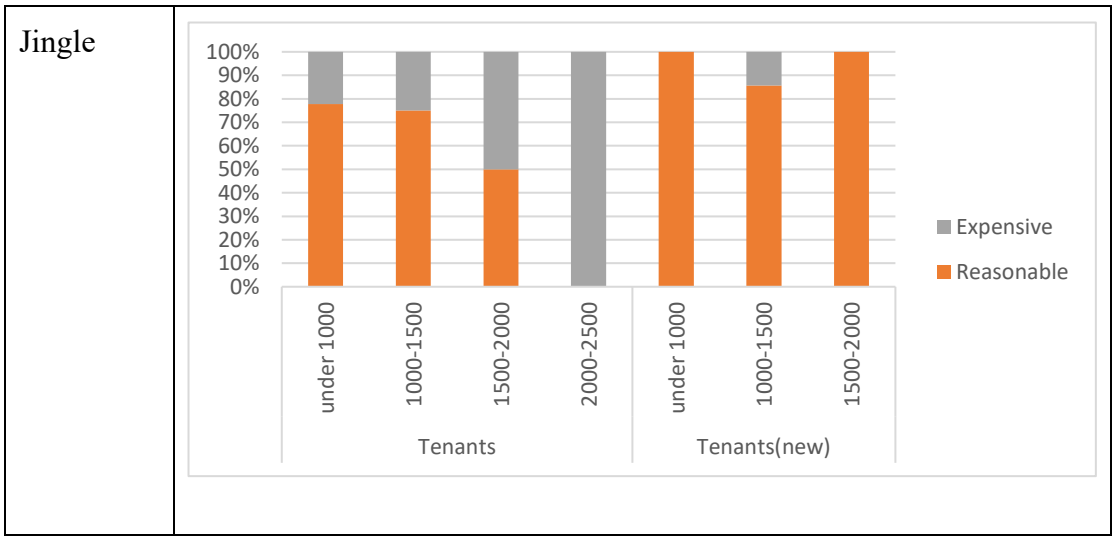


Figure 8-2. Satisfaction level (distinguished by people group)

In the satisfaction level, most residents in urban villages are satisfied with their rent. Among them, the new flats in Jingle and Shuiwei showed higher satisfaction. Nearly 90 percent of the new apartment residents in Jingle think the rent is reasonable, while less than 70 percent of the old flat residents think it is appropriate. Shuiwei benefits from the subsidy of talent apartment, about 25% of people think their rent is cheap, and 100% satisfied with their rent. It shows that the government subsidy strategy can significantly improve tenants' rent satisfaction. Residents of old flats in Shuiwei have a similar recognition degree of rent as those in Jingle. It is worth noting that residents in the Nantou are the least satisfied with rent, which may be the reason that the rising level of commerce has raised local rents and prices.



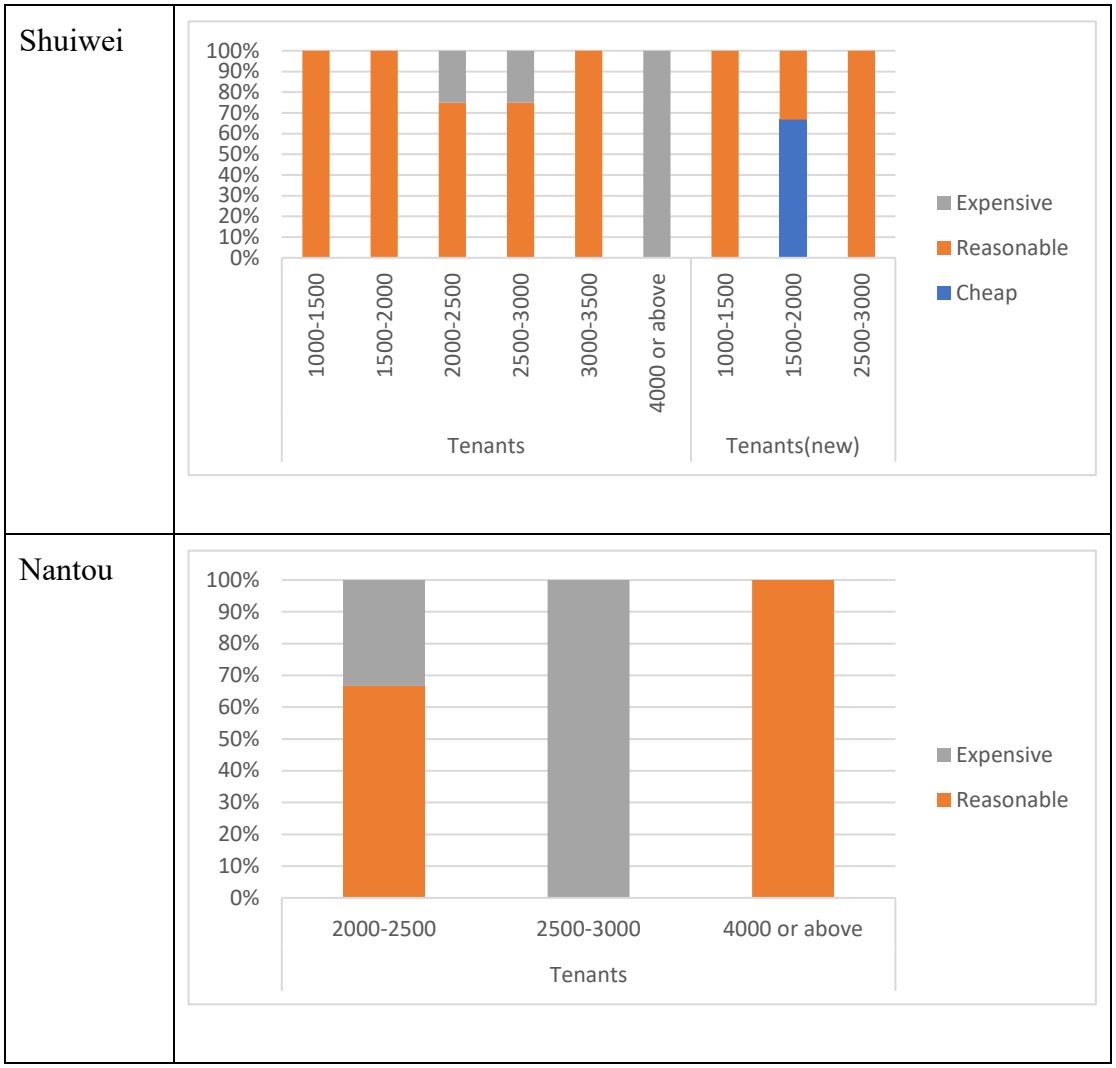


Figure 8-3. Satisfaction level (distinguished by rent price)

The graph (intersection of rent level and satisfaction) shows that the satisfaction level of old residents in Jingle Village and Shuiwei Village is negatively correlated with the rent level, and that tenants in the new flats are more tolerant of rent increases than those in the old one. For example, in the same price range of 1500-2000 yuan (£180-£240) per month in Jingle Village, the satisfaction rate of old flats is only 50%, while the satisfaction rate of the same rent in new flats is nearly 85%. It is more pronounced in group of 2000-2500 yuan (£240-£300) per month, with all residents interviewed in the old flats think their rents are too high, while all residents in the new flats at the same rent believe it is appropriate. The new flat tenants in Jingle and Shuiwei are generally satisfied with their rents, although their rents are on average higher than in the old flats, presumably due to the increase in income caused by the higher educational level mentioned earlier. This phenomenon is also obvious in Shuiwei Village, especially among the population of 1500-2000 yuan (£180-£240) per month, not only all the people in the new flat think the rent is reasonable, but nearly two-thirds of the

people think the rent is cheap. However, in the old flat, not only no one thinks the rent is cheap, but a quarter of the people think the rent is too high. Although there is not enough data on Nantou, the number of people who think rents are too high also tends to rise in line with rents.

8.4.1.3 Consumption situation on renovated commercial street

The assessment of the attractiveness of the commercial streets to various groups of people can determine the audience for the middle-class oriented businesses brought by the comprehensive improvement. With the implementation of the new urban village strategy in Nantou (see Figure 8-4), the impact of gentrification inevitably has different implications for residents and visitors. As Nantou is the most mature commercial area in this case, this section focuses on the performance of commercial street in Nantou as an example.

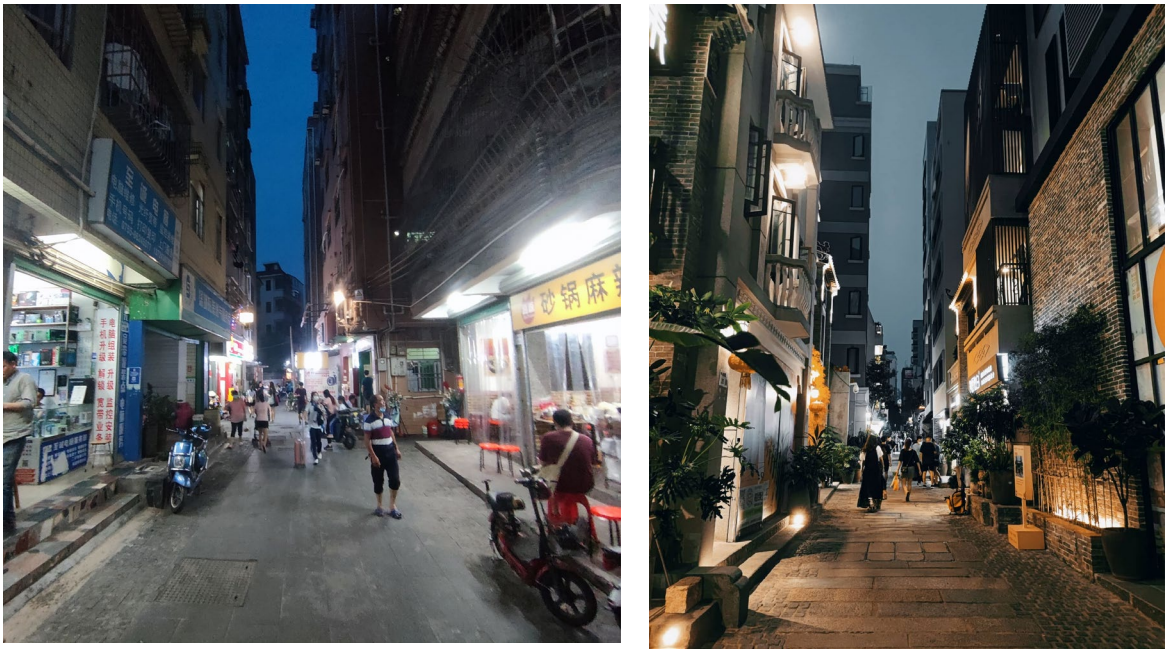
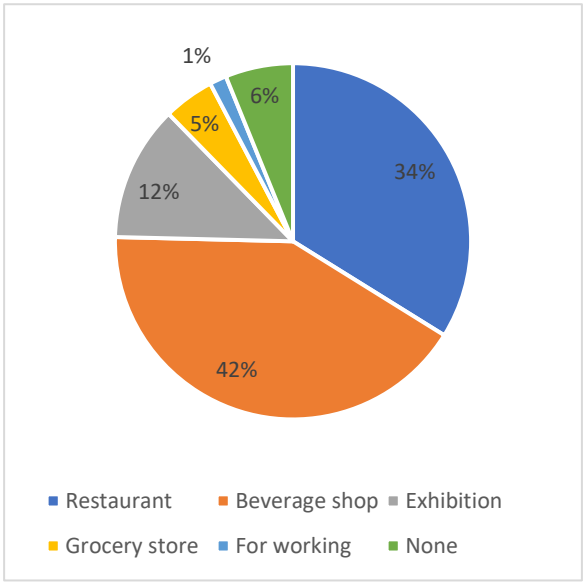


Figure 8-4. comparison between commercial street on main street (after CIP) and inner village

Nantou itself is a very dense urban village with a population of 30,000, 90 per cent of whom are transient(Shenzhen Bureau of Statistics, 2021). Business and tourism in Nantou have been very successful, with an average annual visitor flow of 8 million a year. The proportion of commercial activities in the new commercial street of Nantou is 40% for catering, 30% for retail, and another 20% for supporting measures and intangible cultural heritage such as exhibition and souvenir store (source from developer of Nantou).

According to the data on app Dazhong Dianping (a user reviews and recommendations app like Yelp), the price per person in the restaurant is 86 yuan and the price per person for a beverage shop is 22.5 yuan. Retail is difficult to quantify due to category differences, but there is no shortage of upscale, light luxury shops. We have summarised the 84 respondents interviewed in Nantou and found that, excluding exhibitions (which are almost entirely free), the majority of people's spending in Nantou is on food and drink (see Figure 8-5), so it is easy to deduce that the average daily spending per person in Nantou is close to the average spending on food and drink.

The current rental cost in Nantou Village is only about US$155.9-233.7 per month, with 58.8% of respondents paying no more than US$233.7/month, essentially half of the rent in the surrounding location (rents would increase to US$311.8-467.4/month) (J. Li et al., 2021) . The comparison between rent levels and the level of spending on the commercial street suggests that inner street tenants are clearly not a target group for the commercial street. Li et al. (2021) argue that the micro-renovation of Nantou (not CIP as discussed in this paper) is a form of protection for vulnerable groups compared to demolish and rebuild, but that the factors mentioned above brought by CIP has further compress the living and consumption space of the inner village residents. Thus, in conjunction with the large number of visitors to Nantou, it can be seen that the transformation model of Nantou is primarily economic through incoming tourists.



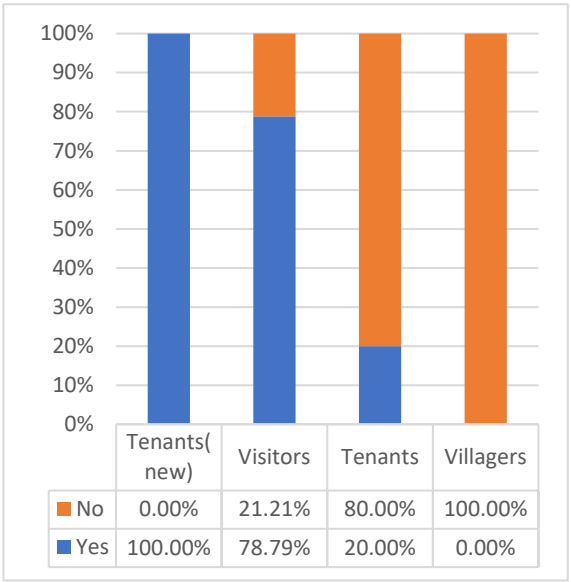


Figure 8-5. Consumption types of respondents	*Figure 8-6. Consumption desire*

The Figure 8-6 also clearly shows the views of the surveyed groups on consumption desire in Nantou Ancient City. The new tenant group has the highest consumption desire to the commercial street, and several people say that they just come to live here because of the developed commercial industry. The consumption desire of tourists is strong as well, reaching nearly 80 percent. However, old residents and villagers showed a lack of interest in new commercial streets, with only 20% of old residents showing interest in consumption here. Therefore, the influence of commerce on the original tenants in the commercial-oriented type renovated urban village should be carefully considered.

8.4.1.4 Summary

In terms of the rent level, comprehensive improvement strategy has a positive impact on the rent increase, but it also leads to the reduction of rental types. According to the survey, there is a negative correlation between satisfaction and rent, and the higher the rent, the lower the satisfaction. Tenants in new flats were generally more satisfied, and this result included both government-subsidized and non-government-subsidized tenants. On the other hand, the old flat tenants are less satisfied than the new flat tenants due to the rising consumption level caused by the renovation. Moreover, the threshold of rent satisfaction of new flat tenants at the same rent is significantly higher than that of the old flat tenants, which means that gentrification in the area is already taking place. A survey on the consumption intention in Nantou showed strong interest from new tenants and tourists in commercial street in the area, while old flat tenants and villagers showed little interest.

8.4.2 Financial issues

8.4.2.1 interviews with government officers

The question is concerned with the governmental of fiscal allocation and fanatical balance of comprehensive improvement.

- ***Q: How does the government allocate funds in the comprehensive Improvement policy? And how does the government balance funding to make comprehensive improvement economically sustainable?***

The government officials said that the government will bear part of the cost of the facade renovation and infrastructure. However, there is still no subsidy policy for the deep comprehensive improvement, he said that: *"We are considering partial demolition and construction (of some buildings) for public facilities and providing some commercial housing for sailing to balance the fund. It's just a proposal that under discussion."* Because the investment cost of renovation and infrastructure is also very high for the government, an economic and sustainable way is needed to balance fund revenues and expenditures. He added that the range of comprehensive improvement is large, but deep comprehensive improvement can be in the range of 10 to 30 per cent. However, the volume of demolition and reconstruction needs further discussion by the government, and detailed policies may be issued soon to support the balance of government funds for the comprehensive improvement strategy.

8.4.2.2 Interviews with developers

Firstly, the cost composition of the project was asked:

- ***Q1: What is the cost of the project? How are they different from traditional real estate project?***

All the developers complained about the high cost. The cost consists mainly of rent from villagers and renovation costs. Jingle Village has the lowest rental costs. According to one developer interviewed, it costs 60-70 yuan (£7-8) per square metre (20-30 yuan per square metre outside the old SZE) when they take over the building and the renovation cost is 2500-3000 (£300-360) yuan per square metre (not including electrical installations). However, following the construction and improvement works, the actual rent they can achieve is only 10% higher than before. Moreover, the rent that they need to pay to the villagers will increase 5% each year. The initial idea to renovate the whole village and to make the whole area property appreciate in value was also thwarted due to the difficulties of the one-to-one negotiation with the villagers.

Shuiwei Village is also facing high costs of the renovation project, according to the developers, the rent of Shuiwei will rise about 6% every 2 years. The Shunyip took the place with 75 yuan(£9)/m2 a month from Shuiwei and rent it for 150 yuan(£18)/m2 a month to Futian Housing and Urban Development Bureau (see Figure 8-7 for detail).

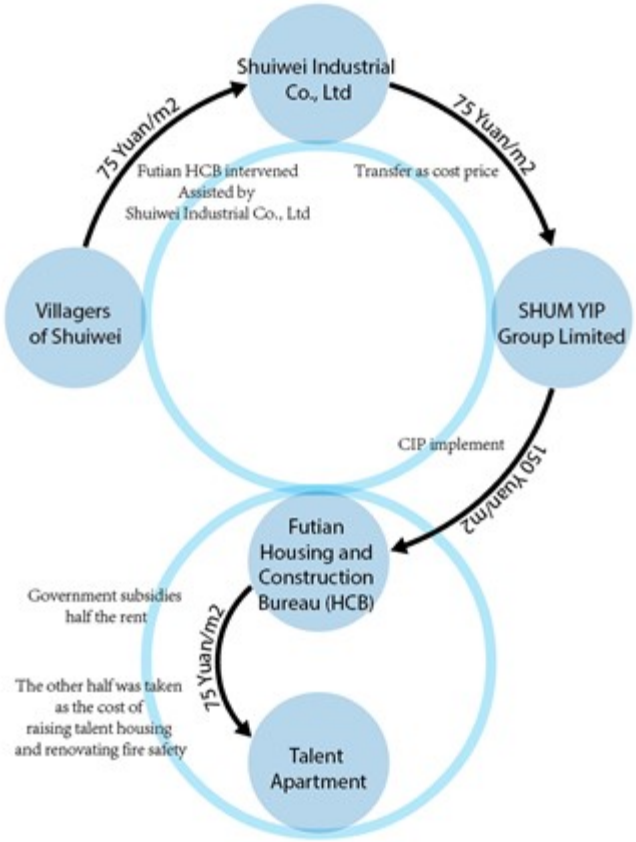


Figure 8-7. Flow chart of implementation process and interest relationship

The developer of Nantou project said that although it was not convenient to disclose the rental price, it could tell that when they negotiated with villagers, they demanded a high rent of about 200 yuan (£24) per square meter a month. In addition, the original industries in Nantou were very low-end (see Figure 8-8), which were mostly snacks bar and low-end grocery stores. It was impossible to afford such a rental value. Villagers have raised rent prices mainly because of the government's strong desire to renovate Nantou.



Figure 8-8. Low-end grocery stores on the inner street of Nantou Village

The second question follows on from the first question, asking about the profitability of the project and the specific reasons for the difficulty in making a profit:

- ***Q2: How profitable is the project now? What are the specific reasons why the project's profitability is hindered?***

Jingle

All the developers said it was difficult to make profit on their projects. The Developer from Jingle Village revealed that in addition to the actual cost and renovation costs are higher than expected, public opinion has a great impact on their further expansion and operation (This refers to the public opinion that Vanke's plan to monopolise rental housing in urban villages and raise rents substantially has caused discontent in the community, especially among migrant workers living in urban villages). She stated that: *"I feel like we're renting it out for about what it cost us and that because we have faced a lot of pressure from public opinion in the later period, when we finished our transformation. We can't raise the price for what we're actually paying, and we can even rent it out at a loss."* Although developers obtained the right to rebuild urban villages according to the market price, they were unable to raise rents excessively due to public opinion and government pressure, which had a negative impact on the confidence of them to continue to expand their business.

For the negotiations on government investment, she said that did not go well. Developers believe that some of the infrastructure, such as fire protection and renovation of exterior walls, should be funded by the government's special funds for comprehensive improvement, which can save their costs in the renovation of youth apartments. Although theoretically,

according to the government's documents, the government can reimburse this part, but in fact, the government does not think that way, the government thinks that this part is the commercial operation cost of the developer, and they should be responsible for. The developers said they had negotiated with the government about the cost of facade beautification several times, but they had been explicitly refused.

Shuiwei

The developer of Shuiwei said Shunyip invested about 40 million yuan in the Shuiwei reconstruction project, and a small loss is expected. He said that: *"Because after all, it is a pilot project and the social responsibility of state-owned enterprises, so the exploration model of profitability is not the main purpose. As such profit is not the main aim in the exploration model."* It is worth noting that Shenyip did not care about the loss of this project but promoted the project instead. As a high-quality project of public welfare, Shenyip paid more attention to the social influence brought by the it. Not to mention that the project has won various architectural design awards, which have a great impact on the enterprise's operation and reputation within the industry.

Although shui Wai has a good control over the design and planning of the whole project, so that it finally presents a very good design effect, it is not able to control the investment part. The main reason is that the ground floor store and the flat are managed separately, the Shuiwei village take charge of the commercial part, the Shunyip only control the 4-8 floors of the building. She said that: *"the joint-stock companies of villages are also involved in the operation of the property, which makes it impossible to take over the properties in the village completely. High value properties such as shops or stores at the ground floor charge a very high price that we (developers) cannot afford the cost. In general, it is impossible to make a profit by only relying on rent as income."* As a result, based on the field survey and information provided by interviewees, most developers have basically suspended the renovation of the rented apartments in the urban villages, leaving only the comprehensive improvement work in progress.

Nantou

The developer of Nantou project believes the government should take more responsibility for the renovation cost, because it is a political task which in order to improve urban village's

environment. Compare with government-lead approach, the developer-lead approach will indirectly raise the cost. She said: *"If the developer does it, the villagers will surely think that you must can make a big fortune on it, so they think it is a good opportunity to raise the rent price. As a result, company cannot make profits, no matter whether the company is a state-owned enterprise or a private one."* In addition to the high investment, she said the most difficult part of the whole CIP process is negotiation, which is also the main reason that hard to keep costs down. He says: *"although the industries in village are low end, those shops themselves are very profitable due to the high population density (around 30,000 people live in the village). The unit price is low, but the overall turnover is high, which causes owners to value their own shops very highly."*

In terms of shops, the situation in Nantou is different from that in Shuiwei, as Nantou is a cultural oriented commercial model, so the shops here would not be allowed to go out of control like in Shuiwei. The developer said that they have strict control over the shops, and they negotiate and lease them on a case-by-case mode. However, she also revealed that the profitability of the commercial component is limited for the time being. Although the government's support for the whole project is much greater than other urban village renovated projects. Although developers can also apply for rental subsidies or industrial subsidies from the government depending on the actual situation, almost all costs are borne by the developer except for the renovation of the exterior and basic infrastructure.

8.4.2.3 Summary

The result of interviews show that the main cost of the developer is concentrated in the process of requisition of the buildings. There are many reasons, such as the cost of decoration, difficulties in communicating with the villagers and insufficient financial support from the government. The reasons that affect the profit are mainly the influence of public opinion and the difficulty of gaining commercial control. The government is more prefer about using market forces to balance funds, the more financial subsidy support is undergoing process with further discussion.

8.5 CONCLUSIONS: KEY FINDING OF SURVEY AND IN-DEPTH INTERVIEWS

Most urban villages in Shenzhen depend on the surrounding industries and the high demand for rental housing in the city and generate very little income themselves. Due to the economic

externality of urban villages, economic analysis is a more complete representation of the performance of urban villages renewed under comprehensive improvement approach than financial analysis. This section examines the economic performance of urban villages in the context of in-depth comprehensive improvement through policy document reviews and on-street questionnaire survey.

In terms of rent, the rent level has been significantly increasing after comprehensive improvement, and residents' acceptance of high rent in new apartments has also been improved. In some villages, there is obvious gentrification phenomenon, which has led to an increase in the level of education and consumption of the inhabitants to varying degrees. This has a great positive impact on both the economy of the village and the demand for industrial transformation of Shenzhen.

The policy document contains a large number of guidelines on improving Shenzhen's international attractiveness through comprehensive improvement policy, which will be achieved by maintaining the low-cost characteristics of housing in urban villages. The way in which this competitiveness is to be achieved is defined as social and public benefit, with the hope that some of the costs will be passed on to the public benefit fund and the developer. While this is a challenging model to achieve sustainability without relying on external funding, government officials have said that the government is exploring the market economy as a solution to the difficulties of sustainability in this policy. Developers said that most projects are currently in the pilot or experimental stage and have not yet developed an effective profit model, and that rental and operating costs are so high that they have suspended the expansion of new projects. It is worth noting that, in addition to internal factors, external public opinion also has a significant impact on the cost of projects during the negotiation process.

In summary, the current economic performance of the comprehensive improvement strategy is not entirely satisfactory, as it is difficult to cover the costs of the project in terms of profitability and the lack of detailed government policy support. In the current pilot phase, although it has raised the level of upgrading and consumption of the community and the class of urban village tenants and has achieved some of the objectives expected by the government for urban villages, it need more attention and co-operation from all related party.

CHAPTER 9

COMMUNITY SUSTAINABILITY EVALUATION

9 COMMUNITY SUSTAINABILITY EVALUATION

9.1 INTRODUCTION

Science 21st century, the core task of urban regeneration has been shifted from simple economic recovery and physical environment improvement to community-oriented comprehensive renovation. What the urban regeneration focuses on was no longer just the capital asset of real estate market, but the quality of life (Deakin, 2009). Meanwhile, community has become an important part of urban regeneration sustainability (Zheng et al., 2013). Urban renewal in China has also experienced a transition from being economically oriented to being community-oriented (F. Wu et al., 2022). Enhancing residents' happiness and beautifying communities have become the new tasks of Community renewal in China (Huang et al., 2014; F. Wu et al., 2012b).

This chapter is divided into two parts. The first part reviews the influence and development of community in urban regeneration. After summarizing the corresponding research methods, the research strategy for this study is formulated. The second part is to conduct questionnaire surveys and interviews with the people in the villages according to the research strategy and to process and analyse the results.

The structure of this chapter is organised in following steps:

1. review the literature on community sustainability;
2. review and develop research methods for community sustainability;
3. conduct questionnaire surveys and interviews; and
4. analyse the result of the questionnaire surveys and interviews.

9.2 LITERATURE REVIEW

9.2.1 The meaning and importance of community

Since the end of World War II, many urban renewal and urban redevelopment activities have taken place in Western countries and have been changing in response to urban and economic development. Not only is the study of sustainability and urban renewal increasing, but the importance of community sustainability is increasingly attracting the attention of urban planners and scholars (Zheng et al., 2013).

There are many different studies on urban regeneration and communities, and the concept of community has gradually attracted the attention of scholars in urban studies with the introduction of the concept of sustainable development. As mentioned in the previous methodology chapter, sustainable development is a complex concept (Weingaertner & Barber, 2010) , and the term "sustainable development" dates back to the 1970s, but was not used in urban regeneration policies until the 1990s (Bromley et al., 2016). It often revolves around: social, economic, and environmental. Urban regeneration is closely related to its areas of concern, and in addition to the social and economic issues mentioned in the above two chapters, environmental issues also deserve attention.

Although the term 'community' can be interpreted in many ways, it is generally perceived as positive and harmonious. Community harmony can benefit the economic activities of local people (Burns et al., 1994), especially when there is a strong emotional connection caused by solidarity and a sense of social identity. The most viable and ultimately successful communities are those that engender a sense of belonging and partnership among people, vibrant communities that evoke trust among people and form civic groups (Handy, 1998). Handy(1998) believed such a sense of solidarity can be unbounded by physical boundaries, allowing people to develop rules and consistent values so that they can work and prosper together.

In the second half of the last century, the economic dimension of urban regeneration has moved from public sector support to private investment (see Figure 9-1), then to a dynamic balance of funding resources. The social aspects also ranged from meeting basic physical and housing needs (corresponding to public sector investment) to social and welfare improvements, to an emphasis on the role of the community. Both the mode of investment and the policy orientation show the process from the satisfaction of material base to the satisfaction of spiritual needs, while the introduction of the concept of sustainability allows urban renewal to go beyond simple environmental beautification to the practice of a broader concept of environmental sustainability.

Period Policy type	1950s Reconstruction	1960s Revitalisation	1970s Renewal	1980s Redevelopment	1990s Regeneration
Major strategy and orientation	Reconstruction and extension of older areas of towns and cities often based on a 'masterplan'; suburban growth.	Continuation of 1950s theme; suburban and peripheral growth; some early attempts at rehabilitation.	Focus on *in-situ* renewal and neighbourhood schemes; still development at periphery.	Many major schemes of development and redevelopment; flagship projects; out of town projects.	Move towards a more comprehensive form of policy and practice; more emphasis on integrated treatments.
Key actors and stakeholders	National and local government; private sector developers and contractors.	Move towards a greater balance between public and private sectors.	Growing role of private sector and decentralisation in local government.	Emphasis on private sector and special agencies; growth of partnerships.	Partnership the dominant approach.
Spatial level of activity	Emphasis on local and site levels.	Regional level of activity emerged.	Regional and local levels initially; later more local emphasis.	In early 1980s focus on site; later emphasis on local level.	Reintroduction of strategic perspective; growth of regional activity.
Economic focus	Public sector investment with some private sector involvement.	Continuing from 1950s with growing influence of private investment.	Resource constraints in public sector and growth of private investment.	Private sector dominant with selective public funds.	Greater balance between public, private and voluntary funding.
Social content	Improvement of housing and living standards.	Social and welfare improvement.	Community-based action and greater empowerment.	Community self-help with very selective state support.	Emphasis on the role of community.
Physical emphasis	Replacement of inner areas and peripheral development.	Some continuation from 1950s with parallel rehabilitation of existing areas.	More extensive renewal of older urban areas.	Major schemes of replacement and new development; 'flagship schemes'.	More modest than 1980s; heritage and retention.
Environmental approach	Landscaping and some greening.	Selective improvements.	Environmental improvement with some innovations.	Growth of concern for wider approach to environment.	Introduction of broader idea of environmental sustainability.

Sources: After Stöhr (1989) and Lichfield (1992).

Figure 9-1. The evolution of urban regeneration (Roberts & Sykes, 1999, p. 14)

As can be seen from Figure 9-1 above, the importance of community in the social content has become increasingly evident since the 1970s, when most urban regeneration policies tended to focus on economic regeneration rather than environmental or social regeneration (Couch & Dennemann, 2000). The number and diversity of studies on communities has increased in recent years. Fordham (1993) concluded that solving urban problems requires improved coordination of public programs to promote sustainable development and local community participation. Bromley (2016) found the contribution of residents to sustainable urban renewal. These residents are frequent shoppers and help maintain local economy. Seo (2002) assessed the sustainability of urban regeneration by examining the characteristics of new residents in UK cities and their reasons for choosing to live in the area, as well as their satisfaction with living there. Cinderby (2010) proposes a participatory GIS approach to innovative research methods, increasing the participation of "hard-to-reach" groups and enhancing barriers to community research.

With the rise of social and community studies in urban regeneration field, more and more people realized that urban regeneration cannot be evaluated by focusing on economic indicators alone, cannot count it on the isolated real estate led solution to solve all the economic, social, and environmental issue that encountered in urban regeneration process either. As such, to provide a comprehensive solution to the challenges of urban renewal in therefore a daunting task, but well worth the effort at the same time (Roberts & Sykes, 1999, p. 22).

Thus, in the contemporary context, urban renewal refers to comprehensive intervention activities that seek to bring sustainable improvement to cities or regions in a state of economic, social or physical environment decline, so that the urban space can better meet the new social development needs. It presents the following transformation characteristics: in renewal content, it shifts from spatial focus to comprehensive coordination; in renewal mechanism, it shifts from spatial management to spatial governance; in renewal objectives it shifts from making new and seeking quantity to quality improvement (J. Yang, 2000).

9.2.2 Community studies in China

The urban redevelopment approach is defined by the specific political context of China today. The national political mandate reflects a shift in national ethos from mass demolition to incremental regeneration (F. Wu et al., 2022). The development of urban community-level regeneration activities in China can be generally divided into three main phases:

- 1950s-1980s: Organizations and individuals did demolition and reconstruction as the main form of housing improvement.
- 1980s-2010s: Settlement renovation mainly in the form of large-scale dilapidated housing renovation driven by government and market.
- 2010s-now: The comprehensive improvement implemented by multiple participants as the main upgrading and optimization strategy of community renewal.

In response to the different processes in urbanization and social development, the scope of attention to renewal in China shows a shift from individual buildings to comprehensive environment.

Especially in recent years, urban regeneration activities in both China and abroad show a significant ‘community oriented’ trend. In China, community participation is one of the national tasks (F. Wu et al., 2022), The new phase of urban renewal represents the political task of achieving an ambitious urban order: elimination of informality and "beautification" (Huang et al., 2014; F. Wu et al., 2012b). It aims to strengthen social governance and residents' "sense of well-being" by encouraging community participation. It also provides public facilities in dilapidated neighbourhoods and mediates residents' conflicts of interest (F. Wu et al., 2022). As a critical gathering place for urban development challenges, communities need to be integrated to promise and achieve smarter, more inclusive and sustainable urban community development through a comprehensive regeneration strategy (Couch et al., 2013).

After the 2010s, China embarked on a massive wave of renovation of old residential area. In 2017, the Ministry of Housing and Urban-Rural Development launched a pilot project for the renovation of old urban residential area in 15 cities; in June 2019, the State Council executive meeting deployed to promote the renovation of old urban residential area; in December of the same year, the Central Economic Work Conference emphasized for the first time the concept

of ‘urban renewal’, proposing ‘strengthening urban renewal and upgrading of stock housing, and renovate old urban residential area’; in 2020, the Central Government issued the "Guiding Opinions on Comprehensively Promoting the Renovation of Old Urban Residential Area", proposing that by the end of the 14th Five-Year Plan period, it would strive to basically complete In 2021, the national "14th Five-Year Plan" clearly proposed to implement urban renewal actions and strengthen the renovation of old urban residential area and community construction.

It is evident that community regeneration is increasingly becoming a key element of integrated local government reform, with more integrated and flexible objectives. Its aim shifts from earlier objectives of physical improvement, economic development and poverty eradication to bottom-up forms of local partnership, which build inclusive and composite neighbourhoods(Hall, 2007; Kearns, 2003). Redevelopment projects at this stage are no longer just for-profit real estate projects. Instead, they are being initiated as alternative strategies to replace the failures of earlier property-led redevelopment (He & Wu, 2009b; Jiang et al., 2018; M. Wang et al., 2022).

However, in the process of urban regeneration today, one of the main problems that has emerged is that the traditional physical approach to the renovation of settlements is no longer applicable to the increasingly complex socio-spatial patterns of communities in the current regeneration context. As an important element of urban regeneration, there is no clear definition of the concept of community regeneration. Liu (2016b) argues that current research on urban communities in China has failed to systematically examine the interrelationships between different dimensions of neighbourhood cohesion (e.g. neighbourhood attachment, neighbourhood interaction and community participation) and how urban redevelopment affects neighbourhood cohesion. Liu also uses the case of Guangzhou to demonstrate the decline in neighbourhood cohesion after urban village redevelopment. To change this, new practices of urban redevelopment have begun to focus more on social development and neighbourhood governance in addition to improving the built environment. Wu (2022) argues that the involvement of residents within the community in the renewal process will change the previous limitations of neoliberalism in urban redevelopment in China.

9.3 METHODOLOGY

Community research is a branch of sociological research, and much of its research methodology is subordinate to sociological research (Colantonio & Dixon, 2011). The assessment of communities and neighbourhoods is mostly not a national assessment of sustainability, as it is difficult to assess sustainability at the local level (Berardi, 2013; Reed et al., 2006).

From a policy perspective, there is general agreement that early, sustained and rigorous evaluation of regeneration initiatives is important, as existing schemes can be improved or terminated (Hemphill et al., 2016b). From the perspective of achieving the most sustainable outcomes, it would be ideal to monitor the urban regeneration process throughout its life cycle in order to develop more practical strategies (Cahantimur et al., 2010b). In summary, an assessment of sustainable urban regeneration can help stakeholders to improve their strategies or solutions for achieving sustainable urban regeneration.

As with sociology, there is no consistent and usual method for assessing urban and sustainability due to the different characteristics of sites and subjects (Naess, 2001; Turcu, 2013b).

A wealth of local experiences and perceptions have shaped specific community identification and attitudes. This means that the concept of community varies to the extent that narrow technical definitions are unsatisfactory. As a result, there is much disagreement about what is meant by 'community' (see Figure 9-2).

Box 6.1 The characteristics of communities

Communities may be defined by reference, for example, to their:

- personal attributes (such as age, gender, ethnicity, kinship);
- beliefs (stemming from religious, cultural or political values);
- economic position (occupational or employment status, income or wealth, housing tenure);
- skills (educational experience, professional qualifications);
- relationship to local services (tenants, patients, carers, providers);
- place (attachments to neighbourhood, village, city or nation).

Source: DETR (1997a), quoting the Local Government Management Board.

Figure 9-2. The characteristics of communities(Roberts & Sykes, 1999, p. 110)

Urban sustainability is therefore a chaos concept, with research directions and methodologies changing over time and with the environment. Methodologically, there are widely used indicator-based assessment tools (Lee & Chan, 2009; X. Zhang et al., 2011), but there is debate on how to define what indicators should be used. Top-down research methods are also widely used (Bonnes et al., 2007; Reed et al., 2006; Turcu, 2013b), although using quantitative data, which maintains a degree of objectivity, but hardly reflects the discussion of local contexts (Keirstead & Leach, 2008; Turcu, 2013b). Ethnography and field research have also been used to understand the extent of citizen engagement and to provide bottom-up feedback on the environment (Bonnes et al., 2007). There is also a growing number of studies that use a combination of both methods (Reed et al., 2006; Turcu, 2012, 2013b) to achieve a trinity of research approaches.

There is also no general academic template for indicators to study community sustainability. Lee and Chan (2009) uses social cohesion and citizen satisfaction with the local community as indicators to measure the sense of community in an area and as a subset of qualitative analysis to further measure the environmental performance of urban regeneration. Hemphill (2016b) measures community benefit as an indicator of regeneration performance alongside economic and jobs, resource use, building and land use, transport and mobility. Liu (2016c) assessed the changes in neighbourhood cohesion before and after urban regeneration using three dimensions: neighbourhood attachment, neighbourly interaction, and community participation, while using structural equation modelling to analyse.

In terms of this chapter, there has been a lack of research on the sustainability of urban village regeneration communities in China, as well as a lack of appropriate indicators to assess them. Therefore, this study takes into account some of the previous research approaches and combine with the characteristics of Shenzhen's urban villages, then choosing living environment, sense of community, and community attractiveness as the main indicators. The living environment is evaluated through the indicators of housing and management; the sense of community is evaluated through the community cohesiveness; and the attractiveness is evaluated through the willingness and reasons to live here. As each village has different conditions, the specific sub-sections and research methods implemented in this study are shown in Table 9-1 below.

Theme	**Living Environment**			**Sense of community**	**Community attractiveness**	
Sub theme	Living model	Living environment	Impact from commercial pedestrian street	Community cohesiveness	Why here	Willing to move in
Methodology	(S)	(S/I)	(S)	(S/I)	(S)	(S/I)
Jingle	●	●	○	●	●	●
Shuiwei	●	●	●	●	●	●
Nantou	●	●	●	●	● (visitor)	● (visitor)
(S): Survey (I): Interview (S/I): Survey & Interview						

Table 9-1. *Cases and corresponding theme*

9.3.1 On-street survey (section C)

The subject of community sustainability is the people who live in the actual community, so the best way to obtain a subjective assessment of all aspects of the community is to meet face-to-face with residents and others on the site. The on-street survey is a simple and direct way of capturing the intuitive attitudes of residents and others.

9.3.1.1 Methodology

It is also possible to understand the impact of the comprehensive improvement of the area on the rents of old or renovated flats in the same area. Meanwhile through the exploration of their satisfaction with the rents can know the economic impact on the livelihood of the

residents. This chapter is the section C of the methodology of the questionnaire in chapter 6, and the research method is basically in line within Chapter 6. Similar to the questionnaires in the previous chapters, in addition to quantitatively measuring residents' attitudes towards certain issues, interviews are also conducted to obtain more information on issues that are difficult to summarise in simple yes or no questions.

9.3.1.2 Questionnaire design

Specific questions such as sense of community and living environment were asked only to those living in the area, while questions such as "would you like to live there" were asked to all people, including tourists. When it is difficult to obtain a sufficient number of questionnaires for a particular issue, interviews are used to supplement the question (e.g. the number of residents interviewed in Nantou is insufficient). Since personal information has been collected in Section A, the results in Section C will be cross-compared with some data in Section A to achieve more accurate analysis of raw materials.

As the main target group is the residents, the case of Nantou also faces a situation where the majority of the interviewees on the site are tourists and the renovation of the new flats in the area had just been completed at the time of the interviews, resulting in a shortage of residents among the interviewees. This section of the study will therefore be supplemented by some specific questions to address the particularities of Nantou, although this may make it difficult to compare the three cases equally across the board, but the particularities of Nantou have to be taken into account. The final question-and-answer session with the interviewees on the issue of community sustainability will be at the discretion of the interviewer, based on the results of the previous interviews, so there is no set format for the question-and-answer session.

9.3.2 In-depth semi-structured interviews

The approach is the same as explained in Chapter 7 (**see page 146**).

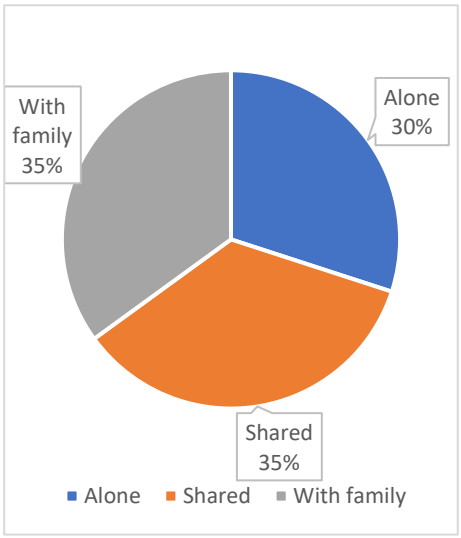
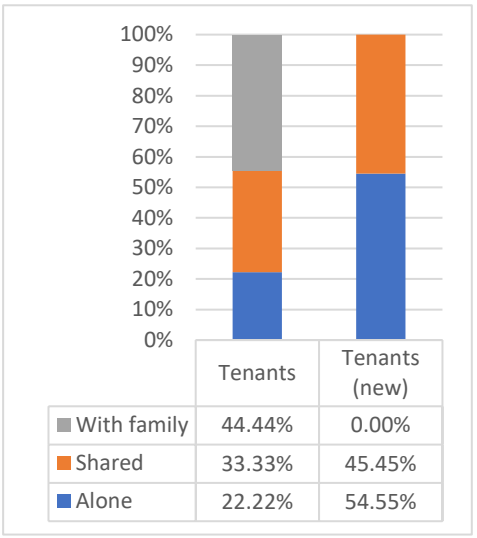
9.4 SURVEY AND INTERVIEW ANALYSIS

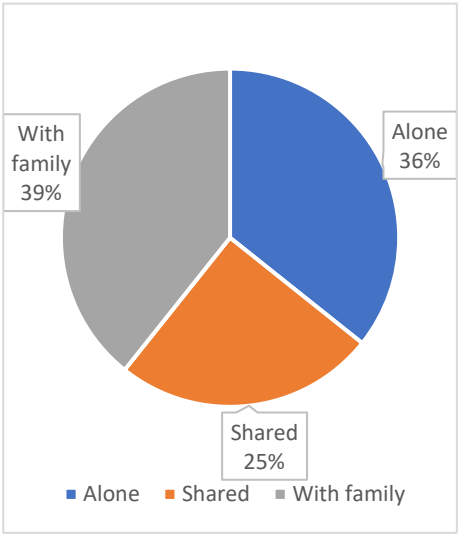
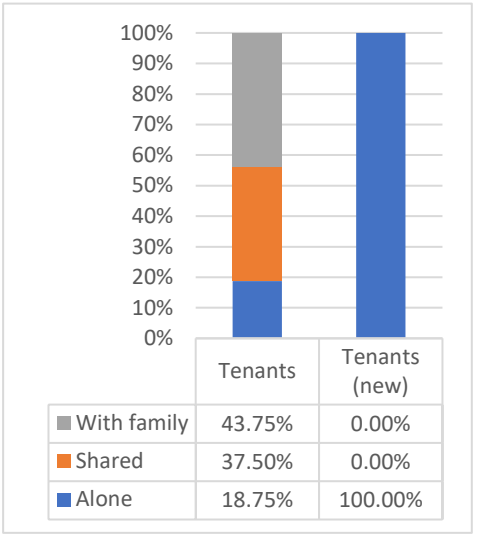
9.4.1 Living environment

A number of scholars (Ahmad et al., 2013; Breuste & Qureshi, 2011; E. Chan & Lee, 2008; Dempsey, 2006; Dempsey et al., 2011) have considered the living environment as part of

sustainability research, arguing that it is closely linked to human health (David R. Phillips, Oi-Ling Siu, 2004; McKenzie et al., 2013). The themes in this section are divided into three aspects based on the characteristics of Shenzhen's urban villages: 'living mode', 'living environment', and 'impact from commercial pedestrian street'. commercial pedestrian street'. The first two of these were studied in all cases, while the last one was limited to Shuiwei Village and Nantou ancient city due to the difference in commercialisation.

9.4.1.1 Living mode

<table>
<tr>
<td>Jingle</td>
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<table>
<tr><th></th><th>Tenants</th><th>Tenants (new)</th></tr>
<tr><td>With family</td><td>44.44%</td><td>0.00%</td></tr>
<tr><td>Shared</td><td>33.33%</td><td>45.45%</td></tr>
<tr><td>Alone</td><td>22.22%</td><td>54.55%</td></tr>
</table></td>
</tr>
<tr>
<td>Shuiwei</td>
<td>
</td>
<td>

<table>
<tr><th></th><th>Tenants</th><th>Tenants (new)</th></tr>
<tr><td>With family</td><td>43.75%</td><td>0.00%</td></tr>
<tr><td>Shared</td><td>37.50%</td><td>0.00%</td></tr>
<tr><td>Alone</td><td>18.75%</td><td>100.00%</td></tr>
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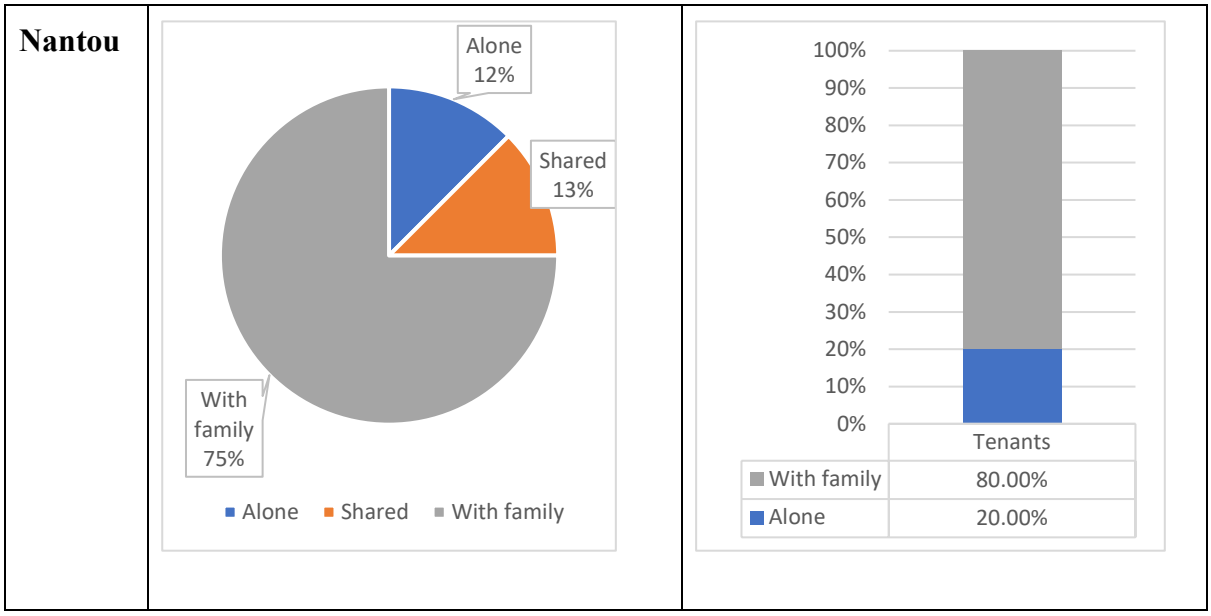


Figure 9-3. Living mode

The overall living mode in urban villages can be divided into: live alone; shared; and live with family. There is a clear difference in the living mode between the new and old flats in each village. In Jingle Village, the ratio of 'live alone' and 'shared' occupancy is about 50/50, whereas in the old flats, about 44% of people live with their families, which is the largest proportion of the population.

Similar to Jingle Village, the new flats in Shuiwei Village are largely occupied by people who live alone (because the form of the talent flats), while the proportion of people living with families in the old flats is also about 44%. Both villages had the lowest proportion of people living alone in the old flats, at 22.2% and 18.75% respectively. As the new flats in Nantou were not fully occupied at the time of the interview, information was only collected on people living in the old flats. Over 70% of these people live with their families, which is the absolute majority.

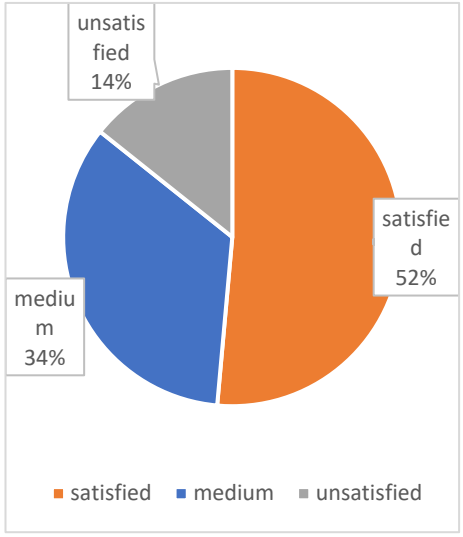
In terms of living modes, the housing pattern after the deep comprehensive improvement is not as rich and flexible as in the original flats. The developers' planning was more about the political mandate and the product sale, so the family type was abandoned, which will bring about a certain degree of displacement of the indigenous people. Ironically, the family type occupied the biggest proportion in all three cases, and it would be more before the implement of comprehensive improvement. Some people living in family type flats in the village said: *"My family has elderly people and children, but there is no kitchen or balcony in the new flats, so it is not possible to dry clothes and it is not convenient to live there. " The developer*

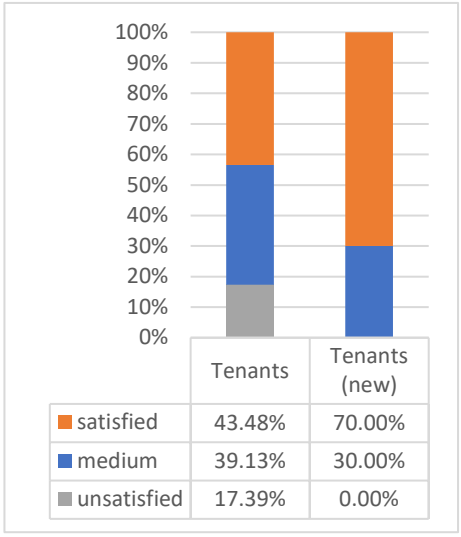
echoed this statement, saying: "The family group is more concerned with affordability, and they don't care about the amenities we have in place, such as a gym." As a result, the developer's customised interiors and uniform communal facilities effectively limit the type of tenant group, while complex home features such as balconies or full functional kitchens are difficult to implement due to the cost of renovation and fire restrictions, making the newly converted flats very different from the original population and resulting in significant gentrification.

It is worth noting that many of the family-mode-residents are the owner of small shops and groceries in the local area, who depend on them for their livelihoods while also ensuring low consumption and convenience in the area. Therefore, if the sustainability of a deep comprehensive improvement is to be considered, there is a need for a wider range of flat types to meet the needs of different types of people.

9.4.1.2 Living environment

Jingle





	Tenants	Tenants (new)
satisfied	43.48%	70.00%
medium	39.13%	30.00%
unsatisfied	17.39%	0.00%

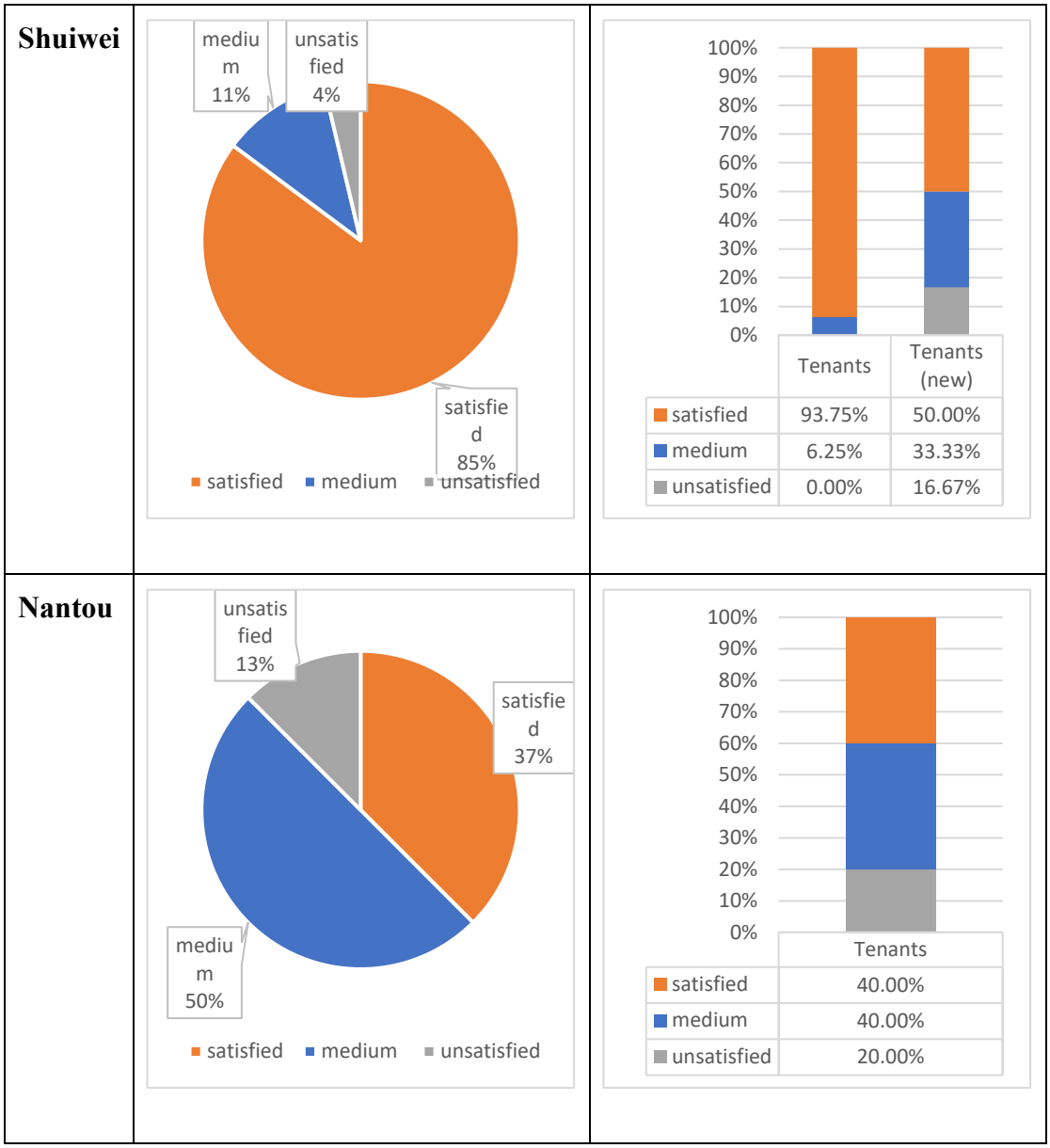


Figure 9-4. Living environment

In terms of living environment, the satisfaction level of both Jingle Village and Shuiwei Village is more than 50%, with Shuiwei even reaching 85%. The level of dissatisfaction in all three villages was less than 15%. In terms of satisfaction with the living environment of the new flats and the old flats, the situation in Jingle Village and Shuiwei Village is the opposite. In Jingle, satisfaction with the living environment of the new flats was significantly higher than that of the old one, and surprisingly none of the respondents felt dissatisfied. The old flats in Nantou are similar to Jingle, with 40% satisfaction and 40% medium. On the contrary,

In Shuiwei, more than 90 percent of the people in the old flat were satisfied, while nearly 20 percent of the people in the new apartments were unsatisfied. According to the survey, the

noise pollution is the most common feedback from the new-flat-residents. Approximately 60% of the surveyed group gave their feedback on that. One resident said that: *"The advantage of staying here is the convenience, but it is very noisy downstairs, there are too many restaurants creating too many fumes.", and another resident said that: "I'm going to move out, it's too noisy, the restaurants downstairs are too busy, the management needs to be improved."* As such, it can be observed that the noise pollution from the commercial sector is somewhat contradictory to the sense of community, and that the sustainability of the community requires not only an improvement in the quality of the physical living environment, but also in the quality of the invisible environment.

9.4.1.3 Impact from commercial pedestrian street

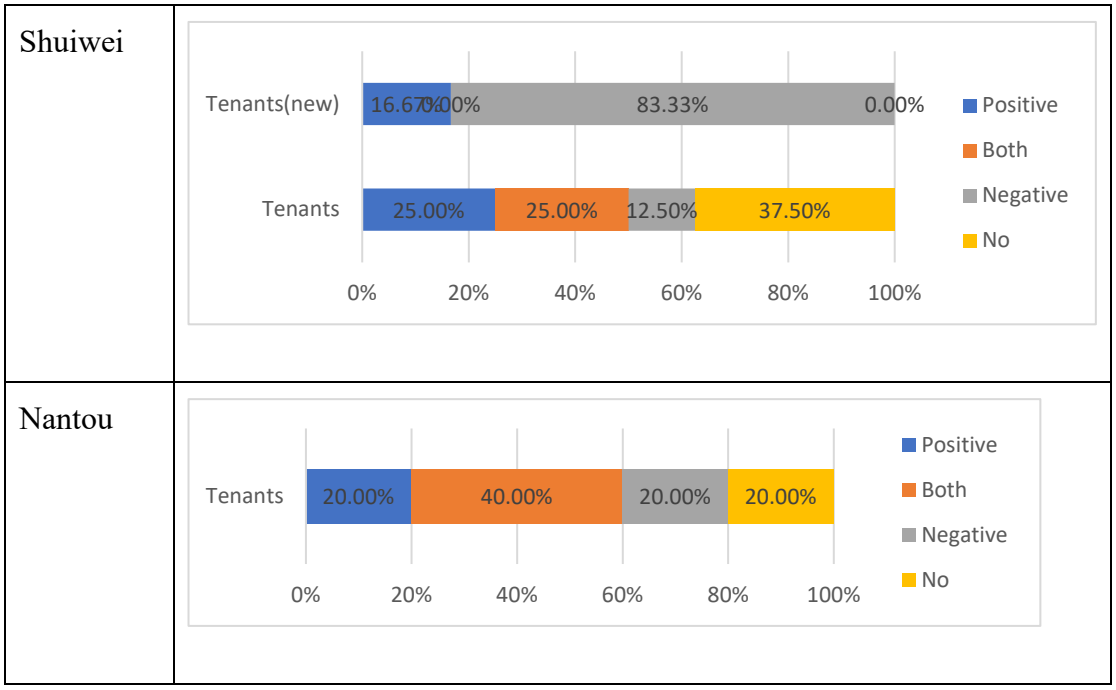


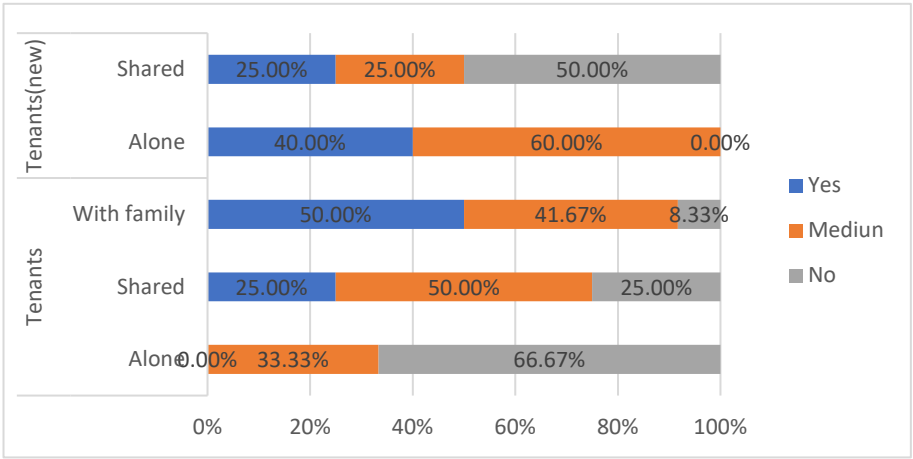
Figure 9-5. Impact from commercial pedestrian street

The data of Shuiwei village clearly shows that the commercial industry of the new flats has great negative impact on the community environment. In contrast, Nantou do not show the same extreme situation as in Shuiwei, although some of them also believe that commercial development has a negative impact on local community. The Interviews with the developer and combine with the field study revealed that the key reason for this is the difference level of control over commercial industry in the two villages. The commercial properties in Shuiwei Village are not all managed by the government, they are still under the control of the village collective. The initial intention of the commercial development was to focus on Lingnan characteristics, with the aim of highlighting the local Lingnan culture, but due to

conflicting interests and insufficient management efforts, the area was eventually overrun by a large number of bars and lively restaurants. In contrast, the commercial industry in Nantou is strictly controlled by the developer (and the government has certain requirements for the Nantou project), so that both quality and type are elaborately designed. This situation was also mentioned in the previous chapter: Economic Sustainability. Although there was no overwhelmingly negative feedback on the commercial industry in Nantou as there was in Shuiwei, in the 'willing to move in' subitem of the community attractiveness section, 60 % (40 of 56) of the tourists interviewed in Nantou did not want to live in such a community, and of these, 70 % (28 of 40) considered the area to be overly commercialised and uninhabitable.

In summary, while commercial industry is a core of economic sustainability, excessive commercial disorder can lead to the destruction of the community's macro-environment, while the large number of visitors influx also affects the privacy and security of the community(Postma & Schmuecker, 2017) . Therefore, the development of commercial industry in the community would better not be entirely profit-oriented and needs to be controlled carefully, otherwise it will lead to the deterioration of the quality of living in the community.

9.4.2 Community cohesiveness

Jingle	

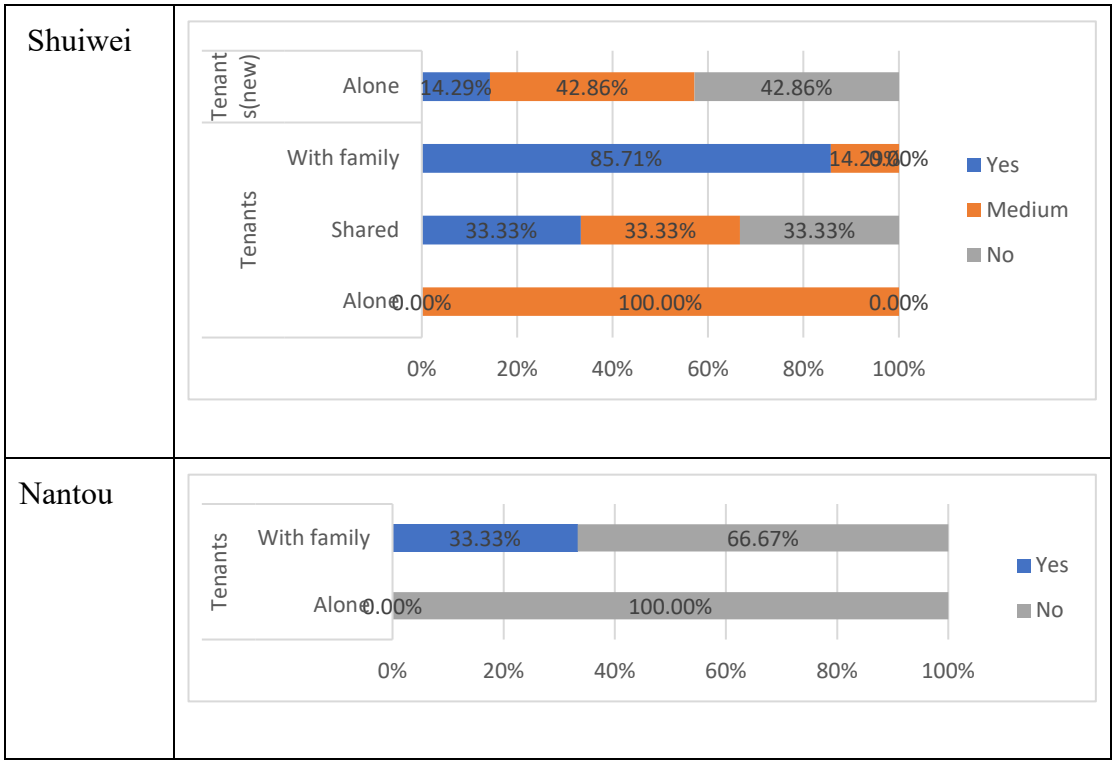


Figure 9-6. Community cohesiveness

According to the table above (Figure 9-6), the main determinants of community cohesiveness are not related to whether one lives in a new or old flat, nor is it related to the living environment, but it is most related to the mode of living. Taking Jingle Village as an example, the chart shows that the difference between old and new flats is not significant, but when looking at the sub-indicators, the sense of community is significantly higher in the family mode than in the other mode group. This is also repeated in the survey of Shuiwei Village, where residents of the family model who have strong sense of community is as high as 85%. In the interview, a resident of Shuiwei with the family model said that: *"I grew up here, I have a lot of friends my age, and I feel better after the renovation."*

In both Jingle and Shuiwei Village show that the 'live alone' mode residents in old flats feel much lower sense of community than the one living in new flats. It can be inferred that although the family model does not have the same high level of community recognition as the family model, the new flats have good facilities to enhance the sense of community of people living alone. The communal facilities in the flats also provide some certain communication that is not possible to create in the old flats. A resident from Jingle's new flat said: *"I think it's good that they've added some facilities after the renovation, like a kitchen and gym*

equipment. I think it's a good place to live, and the management is quite responsible." A resident in Shuiwei's new flat said: *"The management is very good, and we have a so-called housekeeping service, which is very caring*."

Although Nantou lacks a control group of new flat residents, the family model still has the highest level of community identification in the old flat group, which over 30%, while none of the 'live alone' residents interviewed felt a sense of community.

Previous studies and interviews have shown that developers are not currently preparing new flats for the family model. With the advancement of comprehensive improvement, the level of community cohesiveness of residents in urban villages is bound to decrease to a certain extent. However, there may be a chance to create a sense of community identity by improving communication spaces and increasing the sense of community safety. However, as flat tenants are far more mobile than family tenants, it may be possible to retain a certain number of family tenants to maintain the vitality of the community.

9.4.3 Community attractiveness

The attractiveness of the community was assessed through a combination of the reasons why people came to the site and their willingness to move into the new flats. Nantou is a commercially oriented redevelopment urban village, so the attractiveness to visitors is considered part of the sustainability of the community.

9.4.3.1 Why here

Jingle	Shuiwei

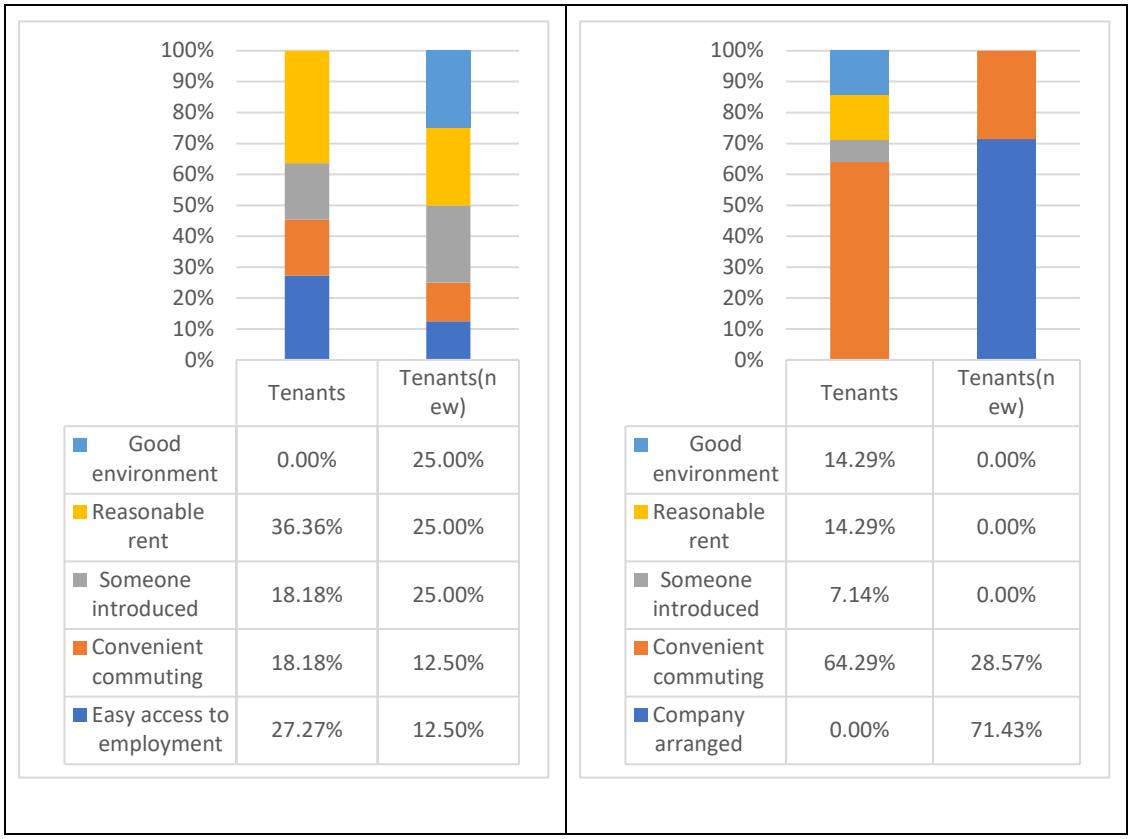


Figure 9-7. The reason to stay here

In terms of housing, in Shuiwei most of the new flats are arranged as government's talent flats, so the main reason why they are here is naturally 'company arranged', but because the urban villages in Shenzhen's Futian District are generally well located (Shuiwei Village is only 1.5 km from Futian CBD), the convenience of commuting is the second most important reason for new flat residents to come here. This was also evident in the data of residents living in old flats, accounting for two-thirds of all respondents. Good environmental and reasonable rent were tied for second most important reason.

The most noticeable difference between the old and new flats is the improved environment that attracts a larger proportion of people to Jingle Village. Jingle village's proximity to a large factory recruitment centre, combined with cheap rents (these two factors take up 27% and 36% respectively of the attractiveness of the old flats), has attracted a large number of new migrant workers. Compare with old flat, the residents or target groups of new flats have been partially replaced, which can be observed in the two indexes of ‘ease access to employment’ and ‘good environment’.

From the data above, the in-depth comprehensive improvement of Jingle Village has had a significant effect on environmental improvement, thus attracting a new group of people to live here which is different from the one who live in old flat. However, the attraction effect brought by the environmental improvement of Shuiwei is not obvious, which is because the native good environmental condition of Shuiwei village. The convenience of commuting is the most attractive point of Shuiwei, which brings inspiration to the direction of comprehensive improvement of urban villages in the centre of Futian District. Therefore, comprehensive improvement can carry out targeted in-depth renovation for the different conditions of urban villages in order to achieve the goal of enhancing the attractiveness of communities.

9.4.3.2 Willing to move in

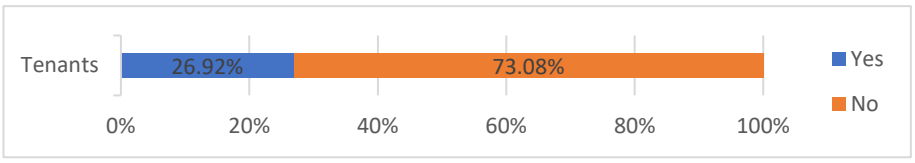
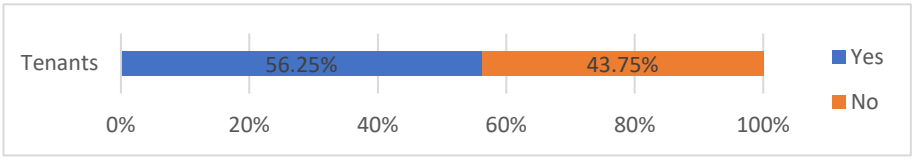
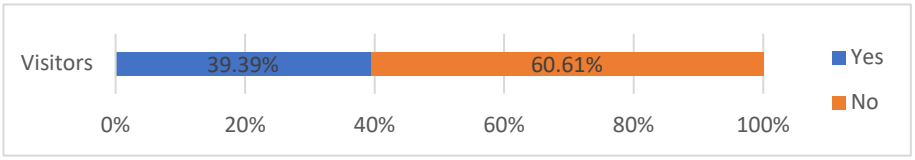
Jingle	
Shuiwei	
Nantou	

Figure 9-8. Willingness of moving in

Although in the Chapter 8: Policy Sustainability, the majority of people think that the comprehensive improvement is a good solution, but there are still some people who do not want to live in the new flats after comprehensive improvement. The above table shows the statistics for all the people on the site on 'whether they would like to live in a fully integrated flat'. There are over 40% of people choosing 'yes', except for Shuiwei where nearly two thirds of people chose 'yes'.

To further investigate the factors of community attractiveness, this study summarises the information in a table based on the willingness of people to live in a new flat, the factors are divided into positive (left) and negative (right) columns. The proportion of positive and negative factors combined is 100%. The 2-3 most frequently mentioned factors were selected among all the positive and negative factors. (The reason why the total percentage does not add up to 100% is that some respondents were reluctant to give reasons)

'Good environment' was the most popular reason given by those who would choose a deeply renovated flat, it more than twice as many as the second option. Other than 'good environment', the other factors were related to the village's own characteristics and their type of renovation. The Jingle highlighted the improvement of property management and the increase in safety after renovation; Shuiwei Village, in addition to its good property management, the great attraction of architectural design is also not to be underestimated, accounting for 18.2% of the total; Nantou's commercial industries have had a clear positive impact, with historically and culturally themed retail and exhibits (23.1%) and interesting commercial content (15.4%) generating a desire for people to live in the area.

The negative factors vary from one village to another. The main group of residents in Jingle Village are migrant workers and self-employed people, so the most important factors blocking them to live in the new flats are 'high rent' and the lack of 'family style' flat. Shuiwei and Nantou have well-developed commercial industry, which caused both good and bad influences. Among the negative factors, 41.7% of the respondents in Shuiwei felt that the noise from the bar and restaurant affected the amenity of the community, compared to 60% in Nantou. Strict management was also surprisingly the second most negative factor for new flats in Shuiwei Village at 16.7%, however it was also the third most positive factor in Shuiwei Village. In addition to 'noise and commercial industry' (60%), 'traffic inconvenience'

	Top Advantages		Proportion	Top Disadvantages		Proportion
Jingle	Good environment	20%	48.78%	Hight rent	38.1 %	51.22%
	Good management	10%		Cannot accommodate family-style living	23.9 %	
	High safety	10%				
Shuiwei	Good environment	54.5 %	64.71%	Too much noise	41.7 %	35.29%

	Good design	18.2 %		Too many government restrictions	16.7 %	
	Good management	13.6 %		Only consider business does not choose to live here	8.3%	
Nantou	Good environment	46.1 %	42.86%	Too much noise and too much commercial atmosphere	60%	57.14%
	Good cultural atmosphere	23.1 %		Traffic inconvenience	15%	
	Quaint shops and restaurants	15.4 %		High consumption	10%	

Table 9-2. The factors of community attractiveness

9.5 CONCLUSIONS: KEY FINDING OF SURVEY AND IN-DEPTH INTERVIEWS

Communities play an important role in contemporary urban regeneration and have great importance to the urban regeneration sustainability. It is not only the physical space where people live, but also the spiritual cohesion of the local residents, which sometimes changes the mood and performance of the people in the area, and even brings prosperity to the local residents (Handy, 1998). The history of urban regeneration in China is similar to that of Western countries, in that it has gone through a process of transformation from large-scale demolition and redevelopment focusing only on physical living space, to progressive regeneration focusing on the harmonious creation of community and environment. In recent years, there has been a clear trend towards community orientation in urban regeneration activities both at China and the world. In China, community participation is even a national task(F. Wu et al., 2022). However, there is no uniform methodology for community research, nor are there consistent indicators to measure it, which is related to the different characteristics of each region(Naess, 2001; Turcu, 2013b).

The three cases used in this study are Jingle Village, Shuiwei Village, and Nantou Ancient City, which are representative of urban villages in Shenzhen's in-depth comprehensive improvement. The three urban villages have different community sustainability characteristics due to their different renovation orientations and different management approaches. The study takes into account the characteristics of both urban regeneration and

deep comprehensive improvement, then analyses the three cases under three themes: Living Environment, Sense of community, and Community attractiveness.

There are many positive impacts of the comprehensive improvement on the community. In terms of the living environment, the physical living environment has been significantly enhanced, and in all cases the residents' recognition of this enhancement is evident; in terms of subjective assessment of the sense of community, the living environment improvement and new public spaces that have been created have significantly increased the sense of community and belonging of people who living alone in the area; In terms of community attractiveness, in addition to environmental improvements, the quality of management and the cultural atmosphere in some villages have also increased community attractiveness. The positive impact of the deep comprehensive improvement on the community can therefore be summarised in the following points:

- General enhancement of the physical living environment;
- Increased sense of community for resident who live alone;
- Increased community appeal due to environmental enhancements; and
- The enhancement of community attractiveness due to quality management and cultural atmosphere creation.

However, there are still many shortcomings in the sustainability of in-depth comprehensive improvement community: The 'family model' is the predominant mode of living in many urban villages, even those after comprehensive improvement. This is contrary to the direction of the current comprehensive improvement process. The lack of ‘family mode’ housing products has led to a decline in the overall sense of community, as residents of the ‘family mode’ have a strong positive sense of community and community identity; Excessive commercialization or insufficient commercial industry management will also be the main problems faced by some urban villages in the process of community sustainability, noise pollution and too many visitors are major obstacles among them; in addition, along with the environment upgrading, the rent and price rise brought by the in-depth comprehensive improvement also affect the attractiveness of the community, and will bring the phenomenon of gentrification. As such the negative impact on community cause comprehensive improvement can be summarised in the following points:

- Decline in overall sense of community due to the absence of family-style housing products.
- Decline in residential atmosphere and quality of non-physical environment due to excessive commercial industries.
- Gentrification phenomenon due to rising rents and consumption.

It is undoubtedly true that comprehensive improvement, particularly in-deep improvement, will enhance the physical living environment, which is one of the core strategies of the policy. However, in addition to the physical environment, there are many ‘soft’ indicators that need to be considered, such as the sense of community and local attractiveness. Only when these indicators are considered can the impact of the comprehensive improvement approach on the quality of the community be better judged. In summary, this study suggests: family-style flats should be added to the range to enrich the choice of new flat types; public spaces and facilities should be further enhanced to strengthen the sense of community; commercial industry would be batter managed in an orderly manner to reduce the negative impact of noise on residents; a certain amount of low-consumption space be retained to maintain the low-cost competitiveness of urban villages and to control or mitigate the further gentrification phenomenon.

CHAPTER 10

CONCLUSION AND RECOMMENDATIONS

10 CONCLUSION AND RECOMMENDATIONS

10.1 CONCLUSION: THE NEW APPROACH OF URBAN VILLAGE GOVERNANCE

Comprehensive improvement is beginning to make appreciable contribution to providing quality low-cost living space in Shenzhen. In order to solve the problem of urban villages and continuously promote the implementation of comprehensive improvement strategy, it will be necessary to adhere a sustainable urban village policy.

This thesis focuses on the content and influence of the comprehensive improvement strategy, especially in-depth renovation. Obviously, many problems and obstacles have been encountered in the implementation of the current in-depth comprehensive improvement policy (see section 7.5.2). In addition to the doubt of the society, the poor revenue of developers and the pressure of government finance are all problems that need to be reconciled during the implementation of the policy (see section 8.4.2). Therefore, it is very important to summarize the experience of the villages that have implemented comprehensive improvement for the follow-up optimization of this policy. Besides, the sustainable development of comprehensive improvement is also closely related to the performance of the urban regeneration of China's developed cities.

At the beginning of the 21st century, most Chinese cities use demolish and reconstruction to dealt with their old urban areas (Du, 2020; Hui et al., 2016). Such a brutal approach led to the rapid development of the real estate industry and brought huge land profits to the local government, most importantly, released a lot of high-quality land for construction. However, such a development model has reached a bottleneck in recent years due to environmental pollution, high relocation costs and rising labour costs. As the result the government has to adopt more sustainable and moderate policies to deal with the problems of urban villages and other old urban areas. Among them, comprehensive improvement is a relatively new renewal mode at present and will gradually become the mainstream in the next 5-10 years (Shenzhen Municipal Bureau of Planning and Natural Resources, 2019). It can not only provide targeted solutions to the inherent urban village problems such as over-density of urban villages and poor living environment (Pan & Du, 2021), but also meet China's macro goals of building a harmonious and sustainable society.

Although some villagers or other stakeholders think that comprehensive improvement is not an appropriate plan to maximize their interests (see section 8.4.2.2 and 8.5), through a series of interviews with stakeholders, the comprehensive improvement has indeed brought positive impacts on the sustainable development of the city. After comprehensive improvement, urban villages not only avoid environmental pollution caused by large-scale demolition and construction, but also avoid rising labour cost and housing price caused by rapid gentrification. Meanwhile, comprehensive improvement would gently solve the problem of poor physical environment (see section 9.4.1.2) of urban village and reduced the possibility of intensifying social conflicts.

Since 2010, Shenzhen's urban village policy has been trending towards a 'harmonious society' model. As early as around 2005, when the Shenzhen government proposed the shortage of construction land among the four "unsustainable" (Futian government, 2004)., the government began to pay attention to the old urban areas such as urban villages.

Before 2010, in order to release more buildable land, the government chose to demolish urban villages and build new residential or commercial areas. However, the many negative social problems caused by this approach forced the government to consider other alternatives to deal with the problem of urban villages. During the 2011 Universiade in Shenzhen, the renovation and transformation of many cultural themes such as Dafen Village showed the Shenzhen government the feasibility of an alternative approach to urban villages. Thus, comprehensive improvement is not a new strategy that has only recently emerged. in fact, many projects were already being implemented in the form of comprehensive improvement before the new policy was enacted, and social pressure and land scarcity in Shenzhen have pushed such a strategy into the mainstream.

At time of the surveys conducted for this thesis, there had been much research into the reasons for the emergence and mainstreaming of comprehensive improvement (Pan & Du, 2021), but few systematic studies on the effect of comprehensive improvement and the defects of policy. Most of the media have praised a few star cases of deep renovation (see section 6.5.2), ignoring the perceptions of the residents or developers behind them and the lack of motivation for further promotion. It is also true that there are complex factors behind the failure to promote models that have won awards in the architectural and media field. This

has made it difficult to meet the high expectations of the government for in-depth comprehensive improvement (see section 7.5.1).

The in-depth comprehensive improvement is akin to the re-differentiation of stem cells, allowing for the functional transformation of existing buildings at minimal cost. In contrast to the small-scale renovation of a single building, a large-scale comprehensive improvement can change the quality of the buildings in an area, thus improving the area as a whole. Therefore, it can be seen as a breakthrough for further industrial restructuring in developed cities. Nevertheless, the barriers and obstacles during the implement process are worth examining. This chapter is divided into two main sections, the first of which outlines the key findings and conclusions of this study. The second section offers a series of recommendations that could facilitate the replication of in-depth comprehensive improvement policies and strengthen social acceptance of it.

10.2 KEY FINDINGS

The key aim of this thesis is:

- ***To identify and evaluate the necessity and possibility of the sustainable development of the urban villages in Shenzhen under the strategy of deep comprehensive improvement as a means to provide suggestions on sustainable development of urban villages in 'era of capacity'.***

The key findings of this research that address the above aim will be summarize in this section.

10.2.1 The context

Many cities in China have been reforming their economic development since the country introduced the 'harmonious society' in 2010s. In recent years, the clampdown on the extensive economy has begun to influence the approach to local urban planning. During the 40 years of China's reform and opening up, real estate has made a huge contribution to local finances. However, as the housing bubble inflated, the state has decided to suppress the financial attributes of real estate. High property prices in developed cities have also increased the cost of compensation for demolition and reconstruction to an unacceptable level. Under

the action of many policy factors and social factors, Shenzhen government has also made corresponding changes to the renewal policy of urban villages.

It tries to change the function of the area by preserving the original building structure. On the one hand, this strategy can reduce the cost of cost of urban function change, and on the other hand, it can maintain the low cost of labour by taking advantage of low management cost of urban villages and high plot ratio, thus maintaining the urban competitiveness of Shenzhen. However, with the implementation of the new policy, the reasons behind the stagnation of many in-depth comprehensive improvement projects and the lack of incentive for developers to renovate are worth studying.

10.2.2 Influence and connotation of comprehensive improvement

There are now new solutions to the negative aspects of urban villages, such as chaotic management and high crime rates. The comprehensive improvement approach provides a new idea for the government to solve the problem of urban villages.

Some villages which are not suitable for demolition and reconstruction due to their good building quality or high building density, have realised their transformation under the guidance of comprehensive renovation strategy. For example, Shuiwei Village mentioned in this thesis turn into an apartment for talents, and Nantou Ancient Town become a cultural and commercial gathering place. With the support of developers, numbers of villages have carried out comprehensive improvement in different depth and have been accepted by the government and society.

At the same time, the government is also restricting the abusive means of demolition and reconstruction, stipulating that villages in the city with a plot ratio higher than 2.5 cannot be renovated through demolish and reconstruction in principle (Shenzhen Municipal Bureau of Planning and Natural Resources, 2019), thus eliminating the possibility of large-scale demolition and renewal. Moreover, the government issued a number of guidelines, such as improving rental management, improving safety and beautifying the surrounding environment, hoping to transform the huge building area inventory of urban villages into high-quality rental houses to prepare for industrial upgrading in Shenzhen. Compared with demolition and reconstruction, the new policy not only alleviates social contradictions but

also provides more options for urban villages to accommodate Shenzhen's needs for social development.

10.2.3 Issues in implement process

More and more urban villages are included in the scope of comprehensive improvement plan, while more and more developers are aware of the potential benefits of high-quality rental housing mentioned in government documents and environmental optimization of government investment. Therefore, many developers began to participate in comprehensive improvement project as agent builders, but more importantly, the developers attempt to renovate some buildings with good physical conditions into youth apartments to earn higher rent income. On the one hand, the government claim to take most responsibility of the investment in environmental beautification. Meanwhile, the construction parties of infrastructure and apartment reconstruction are all managed by developers, which facilitates the progress of the project. At the beginning, this mode was favoured by developers, and the mode of in-depth comprehensive improvement seemed to be prosperous. While many projects are already in operation, many have even won awards for innovation in architecture. However, A series of obstacles and lack of driving factors affect the further promotion of this model. These factors can be divided into three broad categories:

- policy,
- economic,
- and community factors.

Each of these factors will involve many stakeholders such as the government, developers, villagers, etc. Some of these factors show why the project is going well, while others show obvious obstacles or areas that could be improved. For example, developers tend to be sensitive to investment returns or time costs; villagers will not only care about their interests, but also consider the value of their assets in the long term; the government will pay more attention to social issues and sustainable development. The following conclusions and suggestions will also focus on these aspects.

10.2.3.1 Policy issue

In terms of policy, in general, comprehensive improvement has multiple participation modes, with different subjects as participants and administrators. By comparing the comprehensive

improvement regulation strategies of different developed cities, it is clear that the policy change of urban villages in Shenzhen not only tries to solve the inherent problems of urban villages, but also tries to control social contradictions such as rapid gentrification and rising housing price.

After the government made it clear that Shenzhen had entered the ‘era of capacity’ due to the shortage of construction land, the policy documents emphasized the use of the large amount of floor space in urban villages to expand Shenzhen's housing stock, so as to provide quality, low-cost housing.

However, the implementation process has fallen short of expectations, mainly due to the lack of clarity of responsibilities and implementation details in some policy documents.

This has made it difficult for developers to be fully motivated and for villagers to resist the sudden change in policy. Although the government believes that comprehensive improvement policies are the only option for urban villages and urban regeneration, there is still much room for improvement in terms of explaining policies to villagers and citizens, the rights of villagers and residents, and further cooperation with developers.

10.2.3.2 Economy issue

At a macro level, the comprehensive improvement strategy of urban village has been sustainable in the Shenzhen economy. However, the implementation of this strategy has been difficult due to the conflicting interests of developers and the government, as well as village residents. Literature review and interpretation of government documents suggest that the role of urban villages in Shenzhen's economic model has always been an important means of maintaining the city's competitiveness through low-cost housing. The emphasis on transforming urban village housing into a social housing stock through comprehensive improvement is also evidence of the social nature of this policy.

In addition to the unclear scope of government investment mentioned in the policy analysis, the government document also mentioned that it wanted developers to be motivated by social responsibility to participate in the construction of the comprehensive improvement project, which is clearly contrary to the principles of business. However, a series of interviews later revealed that the developers were motivated to participate in exchange for the benefits of other government promised projects. The lack of social understanding of the policy also

created a conflict of interest between the developer and the villagers. The main concerns of the developers in terms of economic sustainability have three factors: firstly, the lack of profitability of participation in comprehensive improvement project; secondly, the lack of clarity in the scope of investment and income from in-depth comprehensive improvement; and thirdly, the need for more government involvement in coordinating and guiding conflicts of interest with villagers. Even so, the government is positive about the results of the comprehensive improvement, and is exploring and optimising the policy details for the problems identified in this study.

Narrowing down to the impact of the change in rents, the rents of the renovated flats have increased significantly in line with the improved environment. However, residents in the new flats are more satisfied than those in the non-renovated flats, despite paying higher rents, which is related to the fact that residents in the new flats have higher levels of education and higher incomes. This is evidence of the gentrification that can result from comprehensive improvement. How to balance the advantages and disadvantages of gentrification is also an issue for society and the government to consider.

10.2.3.3 Community issue

With economic development, the understanding of urban regeneration in the developed West has shifted from simply meeting economic targets to the sustainability of communities in relation to people's livelihoods. China's urban development has lagged behind, but has followed this pattern. In the 2020 urban regeneration plan, the central government has also mentioned community building (see 9.2.2).

The introduction of a comprehensive improvement strategy is a good way to compensate for the lack of attention to community in urban renewal. Through the research, the residents' perceptions of environmental enhancement and public facilities were evident. There is also a high degree of recognition of the quality of management and cultural atmosphere (in some villages) that the comprehensive improvement has brought.

However, the lack of family-style flats and the predominantly single flats in the Village have contributed to the lack of community cohesion, which has affected the residents' sense of belonging to the community. Family style residents would stay in the village for longer

periods of time, which increasing the potential for social networks, whereas single flat dwellers are highly mobile, affecting the formation of community spirit.

At the same time, the renovation of flats has displaced many of the former residents, bringing with it gentrification in the form of higher prices and noisy businesses, which also has a negative impact on the building of community cohesion.

10.2.4 Perspective from stakeholders

10.2.4.1 Government

The government, as the issuer of the comprehensive improvement policy and the main investor, has a high degree of influence in the entire implementation process. Its perceptions and attitudes towards urban villages also have a significant impact on the performance of urban villages in the city.

From the early days of reform and opening-up in the 1980s to the present, the government's perception of urban villages in Shenzhen has gone through several different stages, from being a neglected object, to a reprehensible object of condemnation, finally to a protagonist of urban renewal. The changes in the urban villages have also changed from rapid growth under neglect, to mass demolition, to the current conservative comprehensive improvement. It can be said that the government's attitude towards urban villages has directly influenced the shape and performance of urban villages.

As for the comprehensive improvement strategy that is the focus of this research, the government's attitude has also played a decisive role in the implementation process. Initially, the active participation of developers was a result of the government's strong infrastructural support, in addition to other reasons of exchange of interests and social responsibility. However, the contrast between the government's high-profile commitment to the general direction and the dishonest implementation details at a later stage made it difficult for developers to remain optimistic about the prospects of the in-depth comprehensive improvement. In interviews with government officials, they also expressed the hope that as the concept of in-depth comprehensive improvement is still being explored, they would like to use market forces to gradually improve the regulations and financial support.

10.2.4.2 Developers

Developers are key players in comprehensive improvement projects, both in the form of contractors and operators, which have a significant impact on the sustainability of them. In contrast to the non-profit nature of government, they are more entrepreneurial in their thinking about the benefits and disadvantages of participating in those projects. However, the high cost of maintenance and operation, as well as the lack of profit expectations, have led to a lack of confidence in the project. Interviews with a number of representatives of developers who have participated in integrated development projects have revealed that some projects have earned them a good reputation and that the benefits of working with the government are not limited to the profitability of individual projects, which makes them initially willing to cooperate with the government in investing in and operating these socially-oriented projects. However, to scale up the project would require more supportive policies, and the government would need to continue to optimise the current communication and implementation processes.

10.2.4.3 Villagers and residences

The villagers are the owners of the project and the key participants in the pre-project negotiations. Their main demands for the project focus on the revenue, their participation in the management of the project and the future of the project. In addition to the conflict of interest between the villagers and the developer in terms of rent, there is also a dispute over the management and operation of the first-floor shop area. The villagers generally believe that once their houses have undergone comprehensive improvement, they will no longer be able to demolish them for a period of time**,** and since the benefits of demolition and redevelopment are much greater than those of comprehensive improvement, they will increase their rents to compensate for their perceived losses. The shop area is the main source of income for the villagers, and is more profitable than ordinary rental housing, so if it is handed over to the developer for management, they will also receive a stable income, but will not be able to raise rents as freely and flexibly as if they were managing it themselves. This increases the cost of management for the developer and affects the quality of the business after the integrated development. Therefore, the negotiation of the revenue part still needs to be done by all parties.

The residents' opinions are mainly focused on the single type of housing that will be built after the deep redevelopment. However, there is a positive attitude towards the improvement of the environment. There is some concern about the increase in prices associated with gentrification, but this is not yet evident, although it does need to be noted.

10.3 RECOMMENDATIONS: TO ACHIEVE SUSTAINABLE DEVELOPMENT

This study strongly supports the concept that sustainable urban regeneration should better through comprehensive improvement rather than large-scale demolition and redevelopment and believes that urban villages will play a greater role in urban development for a long time to come. By exploiting the potential of the physical characteristics of the urban village itself, and through a series of local and national measures and guidance and regulations, it is possible to achieve the adaptive re-creation of the urban village in the context of broader urban goals, thus sharing some of the cost pressures of urban development while solving the urban village problem.

In-depth comprehensive improvement is more representative and controversial than ordinary integrated development models. This is because of the complexity of the process, the multiple parties involved, and the profound social and urban development implications. Indeed, in the current policy and market environment, the interests and rights of various parties are constantly in conflict and friction in the implementation process. Given the desirability of this model of renewal, the following recommendations are relevant: How to reconcile the conflicting interests in urban regeneration to achieve market and policy sustainability. It is also important to balance the effects of project implementation with the perceptions of residents.

The specific thesis aim mentioned in Chapter Two has been empirically addressed in Chapters Three through Nine, and this section thus seeks to answer the final detailed research objective of this thesis:

- ***To make suggestions that will improve and optimize the strategy of urban village in order to sustainably renew urban village and to lessen or alleviate the negative impact during the process of urban regeneration.***

10.3.1 recommendations in the process of implementing comprehensive improvement

In Section 7.5, this study summarized the basic process of comprehensive renovation and the problems in the process by sorting out government data and interviewing stakeholders. This subsection will make some optimization suggestions (see Table 10-1) for the lack of implementation process.

	Planning	Negotiation	Implementation & Operation
Measures	- Clarify the mechanisms for participation - Refine financial support - Subsidies and support for stakeholders	- Optimize cooperation mode - Strengthen social awareness efforts - Diversify participant subjects and models	- Establish project feasibility assessment - Improve project completion criteria and establish post- project evaluations - Categorisation and monitoring

Table 10-11. Interview questions and corresponding interviewees

Planning

The comprehensive implementation itself is not very profitable renewal approach for developers, either in terms of government documents or in terms of actual implementation, especially when compared to the profitability of previous renewal model ‘demolition and rebuild’. The calculation of project costs in China is generally based on construction and installation costs, and it is difficult to measure the actual cost to the developer of a complex project where the actual cost of materials and equipment is small, such as comprehensive improvement project.

This thesis shows that the government and the developer are in a state of reserved cooperation throughout the planning stage, with the government hoping to use the developer's hand to achieve the completion of the CIP, and hoping that the developer will take the CIP to a deeper level of upgrading at minimum or no cost. The developer, on the other hand, wants to reduce the cost of the project through the government's investment in order to make a profit and gain reputation. As a result, it is difficult for both parties to achieve sustainable

implementation of a deeper comprehensive improvement with reservations. Therefore, the following recommendations are made to address the lack of attractiveness of CIP projects in the market:

Clarify the mechanisms for participation

- To standardise the implementation process, government participation should be funded in a timely manner in accordance with contractual law to prevent negative attitudes from developers due to excessive upfront capital costs.

Refine financial support

- The government, or in collaboration with developers and consultants, should assess each project at the planning stage in terms of location, quality of construction, etc., and classify and grade the projects, thereby setting different levels of government subsidies and profit margins for construction.
- The government should clarify the scope of government investment, and can bear different costs according to the classification and positioning of the project (e.g. different depths of renovation). For example, the government can take the initiative to bear part of the cost of façade renovation or other supporting facilities in addition to infrastructure renovation in order to stimulate developers to participate in the in-depth CIP projects.

Subsidies and support for stakeholders

- The developer or the government should develop a compensation mechanism for the original tenants before the implementation of the CIP, and offer appropriate concessions to those who wish to continue renting after the renovation. This will reduce social conflicts and negative impacts.

Negotiation

At present, communication is mainly one-way between government and developers, developers and villagers, and developers and designers. Although this reduces the disagreements, the lack of a platform for stakeholders to express their needs increases the information barrier and results in an uneven distribution of benefits. The CIP as a policy of public interest, it is difficult to use market forces to promote. The government, as the policy maker, should communicate with all parties to increase its influence on policy

implementation. The following recommendations are made in this study to address the problems in the communication process:

Optimize cooperation mode

- the government works with developers and consultants to classify and evaluate urban villages, and to develop different models of cooperation and negotiation mechanisms for different villages.
- Establish a cooperative management mechanism with the participation of villagers to stimulate their enthusiasm for CIP. Villagers can be allowed to participate in the operation of new businesses and even renovated flats to reduce the cost of developers and achieve a win-win situation with the villagers.

Strengthen social awareness efforts

- The government should strengthen the promotion of the urban outlook and integrated development to reduce the resistance to negotiation caused by villagers' misunderstanding of the policy.

Diversify participant subjects and models

- The government should encourage urban villages that are in a position to carry out in-depth CIP to negotiate with the government or developers in the form of village collectives in order to achieve a more equitable and efficient benefit maximisation mechanism for all parties.

Implementation

There are two main aspects of implementation stage, one is the current progress of the implementation of the in-depth CIP projects, and the other is the degree of completion of the projects. According to the interviews, the developers' policy interpretation and misjudgement of the market have resulted in slow progress or even shrinking in the implementation of the CIP projects. As for the degree of completion, a set of criteria (see section 7.5.1.3) is currently used to assess the performance of CIP projects to determine whether they meet the criteria for completion. However, as the depth and direction of the improvement varies from project to project, the implementation criteria may not cover all the characteristics of the project, such as the different types of CIP projects show in Figure 7-5. In summary, the

following recommendations are made for the implementation and post-evaluation of CIP projects:

Establish project feasibility assessment

- Developers should work with the government to assess the feasibility of implementing projects in in-depth CIP projects to maximise market forces for project implementation and expansion.

Improve project completion criteria and establish post- project evaluations

- The government should further improve the current evaluation criteria for the implementation of CIP projects by developing different evaluation systems according to the categories in the plan, and by developing special evaluation indexes for in-depth CIP projects, such as the return rate of original tenants, rent increases, etc., to comprehensively assess the social impact of gentrification and social influence. The social performance of CIP projects should be monitored on a long-term basis after the completion, mainly in terms of rents, prices and resident satisfaction, and quantifiable indicators should be included in statistical reports.

Categorisation and monitoring

- There should be a long-term monitoring of the implementation of the projects to ensure the effectiveness of the CIP policy, and the different types of projects should be managed separately. Establish a mechanism for residents to voice their opinions and complaints about the CIP, and make timely adjustments to policies and evaluation indicators. Regular public hearings should be held to allow the community to monitor the operation of the projects.

Section 7.5 summarized the basic process of comprehensive improvement and the problems in the process by sorting out government data and interviewing stakeholders. This subsection will make some optimization suggestions (see Table **10-1**)for the lack of implementation process.

10.3.2 Policy sustainability: Implementation process and public participation

This section will identify corresponding suggestions on the shortcomings in the policy sustainability of comprehensive improvement in this thesis in order to optimize its implementation process and its effectiveness.

As a new strategy for the village, the implementation process and the responsible authorities still need to be regulated and clarified by the higher authorities. At the same time, the communication and implementation process of the new strategy is designed to involve multiple parties, and in addition to the interest factor, the communication between stakeholders also needs to be coordinated by the government with a strategy to achieve significant policy objectives. There are several ways in which the government can influence the implementation of this policy.

- Clarify the implementation process and performance criteria,
- Strengthening the cooperation between government and developers
- Enhancing public participation

The following sections are therefore outlined as the political, fiscal and local recommendations to facilitate the implementation process.

- **Implementation process and performance criteria**

  As a social project involving a large number of assets, the implementation process needs to be further clarified and refined. Each district government should standardise the department responsible and the way it approaches developers, in order to facilitate replication of successful experiences and simplify the initial cumbersome reporting process. The implementation process should be legal and compliant, avoiding the situation that asking developers to start before the government has established the project, and the government should take the initiative to actively promote the project and facilitate the paperwork.

  In terms of outcome assessment, the existing scoring scale should be updated to give more points to indicators that are clearly functional but difficult to implement and even increase financial subsidies where appropriate. The scoring of less important indicators should be reduced, or even eliminated, to prevent developers from doing things in a perfunctory manner in order to meet their scores.

- **Government-enterprise cooperation**

The government should strengthen the strategic cooperation with enterprises to promote the incentive for them to participate in comprehensive improvement projects. The government can increase the profit of the construction cost. In the case of in-depth renovation projects in China, government staff can be assigned to assist companies in negotiating with villagers to reduce their rental costs and thus lower the rent of new flats.

- **Public participation**

Policy makers in the government should communicate regularly with stakeholders, possibly by bringing in consultants to evaluate and provide additional clarification on policy details on a regular basis. The government should actively understand the needs of all parties and combine the development prospects of Shenzhen with the wishes of the villagers in order to facilitate the promotion of policies. Organise more open forums between villagers, designers, government officials and developers to involve them in the formulation of rules and regulations, and to inform the public about the future direction of the development of urban villages.

Further promote the advantages and achievements of the comprehensive improvement and organise visits to successful cases to increase the willingness of villagers' leaders to cooperate and reduce their resistance due to lack of understanding. This could be extended to the villagers to increase their sense of social responsibility and acceptance of the project.

In addition, the common inherent problems of urban villages can also be regulated to support the penetration of the in-depth comprehensive improvement strategy. At present, villagers in urban villages generally rely on renting out their houses for a living, but few of them pay personal income tax legitimately. If villagers' taxes were better regulated, it would facilitate the commercial activities of professional property management companies in the village, thereby improving the management and safety of the village's properties. In addition, the tax revenue could be used to subsidise the village's comprehensive improvement projects make the new strategy fiscal sustainability.

10.3.3 Economy sustainability: Market force and gentrification

In this section, suggestions are made for optimising the economic sustainability of comprehensive improvement projects. At the macro level, the low profitability of the common comprehensive improvement project makes it difficult to attract quality developers to participate in. At the micro level, the gentrification that occurs as a result of in-depth comprehensive improvement is gradually affecting the stability of rents and prices in the area.

Comprehensive renovation is different from demolition and reconstruction policies. demolition and redevelopment can be carried out with a great deal of profit, and developers are driven by market forces to complete the process, even with additional requirements from the government, such as a certain percentage of social housing. At present, comprehensive renovation is not driven by interests, so it is difficult to solve the contradictions of various stakeholders easily with money. Without policy intervention, it is difficult to stimulate the active participation of all parties. In order to realize the economic sustainability of the comprehensive renovation strategy, the following measures can reconcile the investment and return of the project as well as the project effect. In contrast, the lack of interest in comprehensive improvement has made it difficult to resolve the conflicts between the various stakeholders in profit and to stimulate active participation without policy intervention. In order to achieve the economic sustainability of the comprehensive improvement strategy, there are several measures that can be taken to reconcile the investment and the return on the project with the effectiveness of the project.

- **Market force**

  Although comprehensive improvement is a non-profit social project in itself, it is possible to stimulate the market through partial demolition and redevelopment, as well as by offering incentives for in-depth renovation. The construction right of the poor quality of construction or illegal buildings can be handed over to developers to encourage them to participate in the project. In addition, the government could subsidise the infrastructure component of the complex in order to increase the profitability of the renovated flats. This would strengthen the role of the market in promoting the comprehensive improvement strategy.

  Developer companies can establish a joint management mechanism with villagers, for example, the developer take charge in the property management while the villagers

participate in the dividends. This will not only improve the quality and management of the business, but will also increase the income from the lease of the business, thus achieving a win-win situation for both the developer and the villagers.

- **The impact of gentrification**

For the commercial parts of the village that are already under the management of the developer, such as Nantou Old Town, more commercial content could be added for both tourists and tenants, such as supermarkets, grocery stores, etc. On the one hand, it would gradually eliminate shops in the village that do not meet health regulations, and on the other hand, it would curb the rapid increase in prices in the area, thus reducing the negative effects of gentrification by tourists.

- **Longer-term economic goals**

In addition to short-term policy subsidies and profit incentives, the government and the developer should work together to discuss the longer-term goals of urban village renewal. Villagers and the government should be clear about the scope of investment when working with developers, so as to avoid a lack of completion of projects due to the revenue situation, which could lead to less than expected environmental improvements in the area. A number of interviewees from various parties said that if the current in-depth comprehensive improvement could cover a village in its entirety, it would make a qualitative difference to the overall environment. The renovation of buildings on a piecemeal basis, however, has not had the expected effect.

10.3.4 Community: The emphasis of soft index and the optimization of management

The community is where the comprehensive improvement strategy begins (renewal projects often start with a site study or feasibility study) and where the policy is finally implemented. With projects now becoming more and more involved in concept of sustainability, communities are also widely valued by national and local governments. Some urban villages have an inherent advantage in terms of community cohesion, such as Xiasha and Shuiwei villages, which hold regular village ancestor-worshipping celebration or traditional festivals. In addition, the rich commercial activities in urban villages make them more vibrant than ordinary residential areas. It is therefore important to include this element of community as one of the key elements of the integrated development. In response to the impact of the

current comprehensive improvement, the problems faced by the community can be addressed by strengthening community cohesion and optimising the living environment.

- **Assessment indicators**

Although the central government and local authorities have mentioned in many government documents the requirements of a harmonious society and sustainability, the current assessment criteria for comprehensive improvement only include physical conditions. Therefore, by including ‘soft’ indicators such as community cohesion and community attractiveness in the assessment criteria, it is possible to better assess the harmonious society required by the central government and to reduce social conflicts caused by the implementation of new policies. The government can also make timely amendments and additions to the urban village policy with reference to these indicators.

- **Housing types**

housing types of renovated flat need to be enriched. This research shows that the addition of family housing can significantly improve community cohesion. The increase in the type of housing product would also satisfy the government's requirement to give priority to existing residents in renting back their homes, and would allow those tenants with families can be resettled in such renovated flats.

- **Management of commercial area**

Public spaces and public facilities should be enhanced to increase community space and improve the quality of life of residents. The Village Corporation and developers should cooperate in the management of commercial properties to reduce the negative impact of noise on residents. At the same time, a certain amount of low consumption space should be retained to maintain the low-cost competitiveness of the urban village and to control or mitigate further gentrification.

10.4 Research Limitations

Although this thesis provides an insight into the current performance and impact of the comprehensive improvement strategy in Shenzhen, it is still far from perfect for a number of objective reasons.

- Firstly, the 4-year span (2018-now) is still too short to see the ultimate social consequences clearly, as the new policy has only been in place for a short period of time, and many of the projects are still in their initial state of use, making it difficult to obtain more accurate data because of the instability of the number of tenants. And although new policies are regularly amended and supplemented, many of these additions have not yet been observed in the projects, thus affecting the comprehensiveness of this study's assessment of policy sustainability.
- Secondly, the implementation of comprehensive improvement policies is still at an experimental stage, many of the renovation projects are pilot projects. Due to the small sample of cases and their particularity, the financial and social performance of each stakeholder in the project are not universal or representative enough.
- Thirdly, the COVID-19 pandemic that began in early 2020 has had a great impact on urban life, although the interviews and questionnaires were conducted at a relatively stable time. However, the impact of the epidemic caused a series of problems, including changes in tenant groups, difficulties in commercial operation, and problems in the management of urban villages, which more or less affected the accuracy of this study.

Therefore, in order to deal with these known shortcomings, the following recommendations will improve the study of the sustainability of mixed-use development and urban villages in external studies:

- It is recommended that a long-term evaluation mechanism be established for comprehensive improvement, including the development of an evaluation framework based on the three basic elements of policy, economy and community, to be supplemented by policy revision.
- As the number of urban villages undergoing comprehensive improvement strategy increases, the different types of urban villages should be categorised according to their management and business practices, and the different elements should be weighted in the assessment framework to provide a more objective understanding of the impact of comprehensive improvement project.
- As the number of new projects increases and the impact of COVID-19 decreases, the sample size of interviews and questionnaires should be increased accordingly to obtain more objective data.

10.5 THE FUTURE

If comprehensive improvement can take over from demolition and redevelopment as the new mainstream of urban village management, it will indicate that China has not only entered a new phase of urban development, but also a new understanding of social development and urban regeneration. However, as a social regeneration strategy, the implementation and promotion of comprehensive improvement requires compromise and cooperation between multiple stakeholders. Indeed, due to the lack of profit drivers, its success depends upon the positive outcome of a wide range of policy, social, economic and community variables. Failure in any one of these areas could jeopardize the sustainability of the project.

The impact of comprehensive improvement is still shallow and there is still a large stock of floor space that is underutilised. The analysis in the thesis and the recommendations mentioned in the previous section reflect the reasons why there is still unrealised potential in urban villages, which is very valuable in the current context of the ‘era of capacity’. These recommendations involve a great deal of government intervention, social work and propaganda, but the main conflict is to strengthen communication between all parties and to establish a common long-term goal for the sustainable development of urban villages and Shenzhen. In addition to the current policy, economic and community issues, this study suggests that there are three core factors that will play a crucial role in the future direction of comprehensive improvement and the development of urban villages:

- The core values of urban renewal
- Balancing the interests of all parties
- The role of the urban village in the new era

This thesis identifies the importance of comprehensive improvement, and the problems and challenges it has currently faced. Indeed, as cities and societies develop, urban regeneration issues become increasingly difficult to achieve by simple demolition and reconstruction. With the success of pilot renovation projects, it has been recognised that obsolete buildings also have value for renovation and use. How long these transformations will last and whether they will become the mainstream in the wake of the housing bust in the future remains much to be studied. Whether more buildings will be converted or demolished in the future as a result of urban development needs is unknown, but it qualifies as a crucial issue in the shape of China's post-industrial urban development.

Overall, the research concludes that comprehensive improvement offers an opportunity to sustainably manage the city and break through existing urban development bottlenecks as this developed city enters the ‘era of capacity’. Such urban regeneration will make a significant contribution to the next round of urban development. In an environment where demolition and reconstruction is costly and has many negative social impacts, large-scale demolition and reconstruction of urban villages should become a thing of the past. The diverse and sustainable regeneration of urban villages or old urban areas is an issue that needs to be addressed in Shenzhen and many other developed cities in China in the future. Indeed, many stakeholders are experimenting with projects in this area, exploring the profitability and interest of them, and others will find their own new role in the process.

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12 APPENDICES

Appendix A: Copy of pro-forma for on-street interview questionnaire

Appendix B: Copy of topic guide for government office semi-structured interviews

Appendix C: Copy of topic guide for developer semi-structured interviews

Appendix D: Copy of topic guide for villager semi-structured interviews

Appendix E: Copy of topic guide for designer semi-structured interviews

APPENDIX A:

Copy of pro-forma for on-street interview questionnaire

SUSTAINABILITY OF THE COMPREHENSIVE IMPROVEMENT OF URBAN VILLAGES IN SHENZHEN

SECTION A: PERSONAL DETAILS

Identity:

☐Villagers ☐Tenements ☐Tenements(new) ☐Visitors

Age:

☐0-18 ☐18-24 ☐25-30 ☐31-40 ☐41-50 ☐51-60 ☐61+

Gender:

☐Male ☐Female ☐Neutral

Education level:

☐Primary school or below ☐Junior high school ☐High school

☐Junior college ☐Undergraduate ☐Master degree or above

Occupation

☐ Student ☐ Civil servants ☐ Managers ☐ Office staffs

☐ Professionals ☐ Workers ☐ Waiters ☐ Self-employed

Professionals: (doctor/lawyer/sports/journalist/teacher)

SECTION B: ATTITUDE TO RENT AND CONSUMPTION IN URBAN VILLAGE

Rent:

Rent level:

☐0-1000 ☐1000-1500 ☐1500-2000 ☐2000-2500 ☐2500-3000 ☐3000-3500 ☐4000+

Rent satisfaction:

☐ Cheap ☐ Reasonable ☐ Expensive

Why_____

Consumption:

Willingness (Nantou visitors only) Types

☐ Yes ☐ No _____

SECTION C: ATTITUDE TO URBAN VILLAGE LIVING

Living Environment:

Living model

☐ Alone ☐ Shared ☐ with family

Living environment:

☐ Satisfied ☐ Medium ☐ Unsatisfied

Why_____ Why_____ Why_____

Impact from commercial pedestrian street

☐ Positive ☐ Both ☐ Negative ☐ No impact

Why_____ Why_____ Why_____

Sense of community:

☐ Yes ☐ Medium ☐ No

Why_____ Why_____ Why_____

Community attractiveness:

Why here

☐ Good Environmental ☐ Reasonable rent ☐ Someone introduced

☐ Convenient commuting ☐Easy access to Employment ☐ Other

Willing to move in:

☐ Yes ☐ No

Why_____ Why_____

SECTION D: ATTITUDE TO THE COMPREHENSIVE IMPROVEMENT POLICY

What's your impression of the CIP, do you think it is a good strategy to urban village?

☐ Positive ☐ Negative

What is your outlook on CIP? (interview)

_____

APPENDIX B:

Copy of topic guide for government office semi-structured interviews

SUSTAINABILITY OF THE COMPREHENSIVE IMPROVEMENT OF URBAN VILLAGES IN SHENZHEN

Semi-structured Interview with government officers:

STRUCTURE OF QUESTIONS:

- **Policy sustainability**
  Overall implementation process and issues
  The view from stakeholders
- **Economy sustainability**
  Fiscal allocation and fanatical balance of comprehensive improvement

OVERALL IMPLEMENTATION PROCESS AND ISSUES

Planning:

- *Is there any possibility for the Deep Comprehensive Improvement to be extended to other urban villages in Shenzhen on a large scale?*
- *Will it achieve control over rents and give priority to meeting the "housing needs of the original tenants" as stated in the regulations?*
- *What do you (the party you represent) expect to achieve in the CIP project?*

Negotiation:

- *Are there any communication problems or obstacles with other parties?*

Implementation:

- *How is the project progressing now?*

THE VIEW FROM STAKEHOLDERS

- *What is your view on CIP?*
- *Do you think CIP is a temporary fix?*
- *What is your outlook on CIP?*

FISCAL ALLOCATION AND FANATICAL BALANCE OF COMPREHENSIVE IMPROVEMENT

- *How does the government allocate funds in the comprehensive Improvement policy? And how does the government balance funding to make comprehensive improvement economically sustainable?*

APPENDIX C:

Copy of topic guide for developer semi-structured interviews

SUSTAINABILITY OF THE COMPREHENSIVE IMPROVEMENT OF URBAN VILLAGES IN SHENZHEN

Semi-structured Interview with developers:

STRUCTURE OF QUESTIONS:

- **Policy sustainability**
  Overall implementation process and issues
  The view from stakeholders
- **Economy sustainability**

Fiscal allocation and fanatical balance of comprehensive improvement

OVERALL IMPLEMENTATION PROCESS AND ISSUES

Planning:

- *Is there any possibility for the Deep Comprehensive Improvement to be extended to other urban villages in Shenzhen on a large scale?*
- *Will it achieve control over rents and give priority to meeting the "housing needs of the original tenants" as stated in the regulations?*
- *What do you (the party you represent) expect to achieve in the CIP project?*

Negotiation:

- *Are there any communication problems or obstacles with other parties?*

Implementation:

- *What is the degree of completion of the completed CIP projects?*
- *How is the project progressing now?*

THE VIEW FROM STAKEHOLDERS

- *What is your view on CIP?*
- *What is your outlook on CIP?*

COST COMPOSITION OF THE PROJECT

- *What is the cost of the project? How are they different from traditional real estate project?*

THE PROFITABILITY OF THE PROJECT

- *How profitable is the project now? What are the specific reasons why the project's profitability is hindered?*

APPENDIX D:

Copy of topic guide for villager semi-structured interviews

SUSTAINABILITY OF THE COMPREHENSIVE IMPROVEMENT OF URBAN VILLAGES IN SHENZHEN

Semi-structured Interview with villagers:

STRUCTURE OF QUESTIONS:

- **Policy sustainability**
  Overall implementation process and issues
  The view from stakeholders

OVERALL IMPLEMENTATION PROCESS AND ISSUES

Negotiation:

- *Are there any communication problems or obstacles with other parties?*

THE VIEW FROM STAKEHOLDERS

- *What is your view on CIP?*
- *Do you think CIP is a temporary fix?*

APPENDIX E:

APPENDIX E:

Copy of topic guide for designer semi-structured interviews

SUSTAINABILITY OF THE COMPREHENSIVE IMPROVEMENT OF URBAN VILLAGES IN SHENZHEN

Semi-structured Interview with designers:

STRUCTURE OF QUESTIONS:

- **Policy sustainability**
  Overall implementation process and issues
  The view from stakeholders

OVERALL IMPLEMENTATION PROCESS AND ISSUES

Planning:

- *Is there any possibility for the Deep Comprehensive Improvement to be extended to other urban villages in Shenzhen on a large scale?*
- *What do you (the party you represent) expect to achieve in the CIP project?*

Negotiation:

- *Are there any communication problems or obstacles with other parties?*

THE VIEW FROM STAKEHOLDERS

- *What is your view on CIP?*
- *Do you think CIP is a temporary fix?*
- *What is your outlook on CIP?*