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The Declining and the Thriving Neighborhoods: Urban Regeneration in the Chinese Context of Migration and Economic Transition

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ABSTRACT

In the past few years, one of the major changes in urban development strategies of the first-tier cities in China is the increasing focus on urban regeneration. To cope with the magnitude of migration and challenges of economic transition, these cities are forced to find new models of urban redevelopment. This has brought up a few challenging questions: How to deal with the ‘old’ typologies of urban neighborhoods, including not only their ‘outdated’ physical environment, but also new lives embedded in the dynamics of emerging social structure and productivity? How to balance interests related to big redevelopment plans of city re-branding and the thriving small businesses bound to the low cost living and working environment in the old neighborhoods?

This paper will use Guangzhou as the study case, focusing on two neighborhoods: Kecun, an area with old danwei housing and factories and Lijiao village, an urban village with historical heritages, both of which are accommodating migrants and various types of small businesses. These two neighborhoods are adjacent to the southern section of the new central axis of Guangzhou, which, from the planning perspective, represents the future of the city. As planned, the southern section of the new axis will be extended in the coming years, focusing on an administrative center and multi-functional community for cultural, leisure and public activities. It is bringing large-scale urban regeneration into the adjacent areas, where migrants and small businesses are finding their ways to thrive at the moment. This paper intends to unfold the current socio-economic and spatial transformation happening in the two chosen neighborhoods, especially the role of low-cost living and working environment in enhancing social resilience and economic transition in the local scale. By doing so, the paper will indicate possible ways of creating synergies between the ‘big plans’ and neighborhood-based development.

KEYWORDS

Economic Network, Social Resilience, Urban Regeneration, Livability
INTRODUCTION: INDUSTRIAL TRANSFORMATION AND ITS SOCIO-SPATIAL IMPLICATIONS IN CHINESE CITIES

In the Chinese context, industrial development is seen as the backbone of economic prosperity and social stability. Thus, industrial transformation and upgrading have been considered as strategies for various levels of governments to maintain economic growth and competitiveness of cities and regions (as indicated in the 13th five-year plan of China). China has long been called the ‘World Factory’, with the Pearl River Delta as one of the main regions for production, based on labor-intensive industries. In recent years, new technologies and cross-industry cooperation have been changing the traditional industries and their demands on space. For instance, e-commerce has become a bridge among many sectors of industries, assisting a higher level of integration. It generated new types of demands on space (for storage, logistics, etc.), changing the morphology of certain urban/rural areas. For example, in Guangzhou, ‘Taobao villages’ emerged, transforming urban(rural) villages along the edge of the central city. It is a phenomenon of accumulated small businesses based on the e-commerce platform called ‘Taobao’, run by Alibaba, which is often addressed by western press as ‘the Amazon of China’ (Zhang et al., 2016). It shows that the formation of such places is related to the geographic distribution of factories, wholesale markets, logistic hubs and low-rent housing (Hu and Liu, 2016). Due to the platform of e-commerce, the economy of scale brought by proximity seems less important, while the actual interaction and mutual support/learning among actors becomes more essential.

Furthermore, thanks to the information-based society, the spatial form of the new industries is becoming lighter, smarter, greener, and more flexible. In first-tier cities in China, these new industries are popping up in existing urban tissues that have correlated spatial or socio-economic conditions. For example, a takeaway restaurant could be located in a residential block, relying on the critical mass of people working or living in the neighborhood; a fashion design studio would survive in a vacant factory, by branding itself online towards the global market. In both cases, small businesses would choose a location with affordable space and accessible to its industrial chain. Such locations include areas redeveloped by investors (such as the T.I.T. Creative Industry Zone in Guangzhou), but more importantly, neighborhoods transformed in a self-organized manner (for example the Kecun area to be introduced later). In the latter case, small businesses collaborate with each other, contributing to industrial transformation, as well as urban vitality of the old neighborhoods.

Many of such old neighborhoods are at strategic locations, therefore facing pressure of redevelopment. From the point of view of real estate developers, these neighborhoods are rundown areas and do not meet modern life standards. As for the city government, there is also an urge to improve spatial conditions for a better image of the city. Very often in areas with big plans, this means large-scale redevelopment. However, the industries that are emerging in these places are sensitive to rental price and vulnerable to replacement. This paper is trying to unwind the socio-economic and spatial conditions within these physically ‘declining’ but socio-economically thriving neighborhoods that are facing (re)development pressure, and argue for an alternative redevelopment model other than replacement. The two study cases are both neighborhoods along the southern extension of the central axis of Guangzhou, representing two types of low-cost areas: danwei neighborhoods and urban villages.

THEORETICAL UNDERSTANDING: MODERNIZATION, LIVABILITY AND SOCIAL RESILIENCE

Modernization

Chinese society has been changing radically since the 19th century, when the concept of modernization was brought to China. From a historical point of view, modernization in China is accompanied with urbanization and industrialization, which summarizes the history of China’s urban transformation during the last century. The definition of modernization refers to a model of progressive transition from a ‘traditional’ to a ‘modern’ society. Ma and Wu (2005) stated, the concept of ‘transitional cities’ is meaningful because the processes of change never stop. Although influenced greatly by the western form of modernization, Chinese ‘modernization’ is not simply a one-way process and imposition from outside (Hui, 2013). Rather, many transition processes are indigenously driven (Ma and Wu, 2005). Therefore, the institutional and local
context with Chinese character is important in defining the Chinese modernization path, as well as the context for understanding urban planning in China. Contemporary cities are built upon traditional ones, and development is seen in constant urban renewal and expansion. This is manifested in the transformation from the traditional to the socialistic city, and to the contemporary city, in which industrial development has been one of the key driving forces.

Nowadays, the modernization concept has been deeply embedded in urban planning and development in China, which is often criticized in regard to the resulting homogeneity of urban landscape in contemporary Chinese cities. Grand master plans were made to depict the future as the modern metropolis, which led to models of urban renewal that sweep away old urban tissues, and replace them with ‘brand new’ ones. Historical buildings and old residential areas with small and informal businesses were demolished in order to build ‘modern’ facilities, regardless of the consequences brought to local residents, history and culture. It can be understood as the ideology behind planning: a one-way solution marching towards a ‘perfect answer’.

Livability

Production and jobs are endogenous forces to the process of urban growth rather than exogenous drivers (Storper and Scott, 2009). Therefore, prosperous industries are seen as the engine of urban growth, which should remain healthy and self-updating. The thriving of industries goes hand in hand with the wellbeing of people - the human resources of these industries. Meanwhile, along with the industrial transformation, new social groups are emerging, who work in new industries and embrace new lifestyles. This poses challenges to cities in economic transition in meeting the diversified demands of different social groups. Places that are open and tolerant can attract different kinds of people and generate new ideas (Florida, 2004). This explained why big metropolises are attracting migrants including young graduates, skilled and unskilled workers to live there, besides the existing amenities. These cities have a huge accumulation of human capital from different industrial sectors that support mutual learning and information exchange. Thus, a livable city that is inclusive to all residents is essential to its economic vitality.

Definitions of livability include an array of different issues that are underpinned by a common set of guiding principles (Timmer and Seymoar, 2006) (Figure 1). However, the definition is meaningful only if it is placed in the specific context of study. Wu (2001) has emphasized the essential idea that the study of the built environment should always start with the demand of human beings. Salzano (1997) stated the importance of the city as the narrative of the past and the future. Each period of time should be respected and preserved as part of the city. Correspondingly, Cools’ idea (1997) of the city as a living organism responded to this concept, which also reflected the latest studies of complexity and sustainability. To understand and accept the complexity and dynamics of the city is an important perspective to regard scattered urban components as a unity. The current discussion of livability in China is focusing on the physical level, however, perception and satisfaction of people are less concerned, especially in regard to the ‘floating’ population - the migrants. Moreover, Evans (2002) conceived the goal of livability as two aspects, livelihood and ecological sustainability. Here a commensurate level of income, living expenditure, housing and services is highlighted, which helps to understand spatial conditions that contribute to the wellbeing of people. For example, due to the increasing focus on urban regeneration and the overheated real estate market in Chinese cities, people

![Diagram on liveability synthesizing principles on people, economy and environment (Diagram made by Huang, Xin)](image)
gradually lost the diversity of housing choices. New commodity housing areas are built with a rather homogeneous typology, mono-functional, modern, enclosed and pricey. The old typologies are unappreciated and gradually removed from the future visions, once they reach the end of their life span. However, the demands for diversified residential environments still exist, which is related to the changing social structure. The old housing typologies are usually not promoted by the real estate market, but in reality they meet the demands of the public due to their affordability, and contribute to a real proximity between living and working within the neighborhood level.

**Social resilience**

In the context of rapid urbanization, a key question to such a people-centered approach would be: how could people deal with all the rapid changes brought by industrial transformation? From a perspective of social resilience, the relationships among and capacities of social actors need to be emphasized, which in turn, could partially explain endogenous forces of economic transformation.

Social resilience refers to the capacity of individuals and institutions in response to crisis. Rapid socio-economic changes accompanying urbanization, such as the huge influx of migrants to a city or the sudden shift from rural to urban identities for the migrants themselves, could be seen as examples of such crisis. Social resilience within a society evolves from acceptance of changes passively, to preparation for changes proactively, and eventually, into more radical transformation in life.

The capacity to absorb changes is regarded as coping with known or un-known threats and disturbances (Glavovic et al., 2003). In response to a crisis, actors can overcome immediate threats by all means of resources that are directly available. For example, the emergence of urban villages in Guangzhou is the local response to rapid urbanization. Demands of migrants on low-rent housing was absorbed by self-built houses of villagers, who were right in the process of rural-urban transition, using this as a profitable means of living. Hence, the self-organization of development in urban villages helped the city to accommodate rapidly increasing numbers of rural-urban migrants.

When massive construction inside urban villages came to an end, a new stage of adaptive capacities started: people started to adjust the built environment and their livelihoods, in order to prepare themselves for future uncertainties (Bene et al., 2012). This capacity varies among individuals according to their access to assets, their power within the decision-making process, and their perception of the built environment. Diverse shops and small businesses emerged along streets and alleys, while open markets can be found underneath the highways, showing examples of adaptive capacities of people on space, seeking for a better quality of life and chances of thriving.

Eventually, the ultimate step of social resilience shows transformative capacity: with different participative capacities, actors are engaged in different periods of decision-making processes, contributing to a radical change of their living environment (Voss, 2008). For example, in collaboration with real state developers, the village collectives are adopting redevelopment strategies in search for greater profits and a more promising future for their villages. This, however, excluded the majority of migrants living in the urban village, who are still struggling for adaptive capacity, and rely on their social capital attached largely to urban villages.

In fact, villagers and migrants both benefited from urban villages as platform for accumulating
social capital and building social networks, but the achieved levels of capacity building are different. Hence, the existence of urban villages within the city contributed to social inclusiveness, functioning as arrival cities for migrants and villagers. All these social values form the understanding of urban villages in enhancing social resilience in the rapid urbanization process, which helps to understand entrepreneurship within such neighborhoods (Figure 2).

‘DECLINING’ PHYSICAL ENVIRONMENT VS ‘THRIVING’ SOCIO-ECONOMIC NETWORKS

The theoretical review provides the lens for looking at the on-going phenomenon in Chinese cities - the visionary big plans, the well-being of people as related to their living and working environment, and their adaptive capacity to cope with rapid changes brought by urbanization and industrialization. All of these contribute to the discussion on how to deal with the ‘old’ neighborhoods that are physically declining, but socio-economically thriving, providing migrants and new starters of businesses chances to grow. In this section, two cases of such neighborhoods in Guangzhou will be introduced to further unwind the picture on two sides of one coin.

The central axis

It starts with the central axis of Guangzhou, which stands for a brand-new vision of future development, concerned with the planning perspective on economic prosperity as well as ecological sustainability. The already developed north-end of the axis has the functions of a central business district, high density commodity housing, large-scale commercial complexes, and recreational functions. While in areas along the newly planned southern extension of the central axis, there still exist industrial areas, old danwei neighborhoods and urban villages. The planning for the southern extension in 2011 involved the transformation of urban villages along the axis into urban functions. Two years later, another plan was made with concern for the eco-city concept, and challenged this area to manifest the features of Lingnan (Southern China) culture as part of the image of the central axis. Under the concept of “Lingnan Impression, Green Axis in the Floral City” and the positioning of an “administrative center”, a multi-level green network was going to be formed. In areas with urban villages, new residential and business functions would be filled in (Figure 3). Such big plans from upper-level planning would eventually pose pressure of redevelopment for old neighborhoods nearby.

Case 1: Kecun area

The Kecun area is along the southern extension of the central axis, and contains a concentration of old danwei housing areas and factories built in the socialist period. As Guangzhou is one of the most important industrial bases in China, its spatial structure is largely influenced by industrial development. In the past decades, the interwoven development of industrial and housing areas has determined the pattern of urban expansion. One of the examples is the distribution of second industries and danwei housing areas built under the planned economy decades ago. Kecun is such an area. As indicated in the Guangzhou Industrial Distribution Plan (2011-2020), manufacturing industries will be further directed to suburban districts. The central districts will focus on developing modern service industries and upgrading manufacturing industries. Further industrial transformation and functional replacement are inevitable. Urban renewal is taking the lead in implementing this plan as both the spatial strategy and the institutional guidance. Due to its strategic location close to the central axis, Kecun area is facing pressure of redevelopment.

In the last 30 years, the transformation from planned economy to market economy has led to a changing relationship between industries, housing and human resources spatially. In the time of the planned economy, jobs and housing were assigned and provided by the danwei (work
unit), which resulted in compounds with a 'spatial bond' between living and working. However, such morphology has dissolved and been replaced by a prominent 'spatial mismatch', when the job-housing relationship became increasingly imbalanced in space in the time of new economic norm (Wang et. al, 2011). Traditional industries within former danwei areas are facing the trend of industrial transformation. Obsolete factories are being transformed or replaced. At the same time, the original public housing stock has become privatized. As these neighborhoods are entering the end stage of their life span, they became less popular for middle class families, and started to accommodate migrant tenants. From the planning perspective, these areas are facing redevelopment (Figure 4).

Clothes manufacturing industry has been one of the traditional mainstay industries in Guangzhou. This Kecun area is currently the center of clothes trading, manufacturing and upstream industries. Before, in this area there were a textile machine factory, watch factory, tobacco factory, beverage factory and other types of private factories operated by urban villages in the neighborhood. In recent years, many of these have been transformed with bottom-up initiatives responding to the national strategy of ‘upgrading second industries to tertiary industries’ by self-investment or cooperation with investors. Nowadays, main industries in this area include internet, creative industry, fashion design, clothes manufacturing and correlated service industries. These industries create an economic network with mutual support from each other. Part of the factories are former danwei properties, and the others are village-owned properties.

Although the original danwei morphology with socio-spatial connections between jobs, housing and human resources has changed, the emerging economic network within the neighborhood and the remaining affordability of the former danwei housing typology made it possible for migrants and starters of businesses to live and work in the area. In fact, such an old neighborhood is cultivating the new economy, and facilitating the emergence of business networks initiated by the people themselves. Considering the human resources working at these emerging industries, mainly young professionals and migrants, the housing typologies nearby are compatible with their affordability. In this sense, although the neighborhood is ‘outdated’, it has the potential to be maintained as a livable place for people.
who work for the local industries. This in turn enhances the local economy.

Case 2. Lijiao village

As indicated in the case of the Kecun area, private factories (in most cases low-end manufacturing industries) remain functioning in enclaves of urban villages where migrants offer labor-force at a low price. The low rent of small working and living places in urban villages enables the formation of family workshops that do reprocessing jobs of the low-end manufacturing industries. With the decreasing of secondary industries in the overall economic structure of Guangzhou, these low-end industries will be gradually replaced in the near future. Instead, the emerging industries like E-commerce will offer new opportunities for young entrepreneurs who see urban villages as their places for investment.

Lijiao Village is located at the end of the southern extension of the central axis of Guangzhou. The village has a history of almost 800 years, and it is one of the traditional villages in ‘River South’, and one of the key areas of historical and cultural resources from the past. According to the head of the village, there are more than 70,000 migrants living here, way outnumbering the former villagers (aprx. 10,000) who are still living inside the village. Generally speaking, the social structure in such historic villages is experiencing a radical evolution along with recent decades’ urban development. Lijiao village has changed from a clan-based blood-bonded society to a production-oriented economic entity, later on to a semi-acquaintance economic entity, and eventually to a neighborhood with a majority of strangers (migrants). These changes could be seen in the transformation of its spatial form as well, such as the remaining ancestor halls of the clans, collectively owned land for industrial development, informal markets selling local food along the river, and densified housing accommodating migrants upstairs and shops on the ground floor, etc. (Figure 5)

As stated in the theoretical understanding, urban villages provide chances for both villagers and migrants to cope with the rapid changes brought by urbanization, and take time to adapt themselves to the urban environment. Informality embedded in the use of space in urban villages offers people opportunities to become entrepreneurs, from street vendors to shop or house owners. Such processes of accumulating wealth and social capital is also a process of capacity building, leading towards the next phase of transformation from the perspective of social resilience. As seen from the Lijiao case, nowadays the villagers and migrants have different levels of capacity in transforming their built environment, due to the fact that the villagers as property owners benefited way more than the migrants from urban villages.
Ever since 2007, the village collective and developers intended to collaborate on the redevelopment of Lijiao village. After five years of negotiation, the economic association of Lijiao village reached agreement with the developer Zhuguang Group on the urban renewal model. One of the conditions was that the developer would construct around 40 high-rise apartment buildings for relocating former villagers. However, after the agreement was signed, the negotiation about compensation standards became a protracted battle between all stakeholders, including government, developer, village collective and villagers. In August 2015, Zhuguang Group raised the compensation standard, which attracted interests from many villagers. Currently, votes from villagers for the urban renewal proposal have reached 70%. The process would take place once it reaches 80%. In this case, the large number of migrants and businesses in the village would lose their social and economic networks.

Alternative development models
For both the Kecun area and Lijiao village, the authors proposed alternative development models that are incremental and inclusive, with the aim of cultivating entrepreneurship, while at the same time enhancing livability and social resilience. Here urban design plays an unusual role, mainly as a tool to generate common interests among stakeholders. Both new development (such as commodity housing, infill projects of public facilities, etc.) and renovation of old urban fabric (such as the old danwei or village housing, vacant factories, etc.) are possible, with the precondition that the existing urban structure and morphology will be maintained, and large-scale replacement can be avoided. The hypothesis is that with such fine-grained urban fabric that has diverse typologies in it, various (re)development interests from stakeholders could be included, such as developers, local government, property owners, starters of businesses, and the relatively vulnerable group of migrants.

FIGURE 6 Incremental development model including new development and renovation projects in Kecun area (Source: drawing made by Huang, Xín)

FIGURE 7 Place-making for Kecun area showing improved liveability based on adaptive solutions (Source: drawing made by Huang, Xín)
owners, starters of businesses, and the relatively vulnerable group of migrants. Comparing with the tabula rasa approach, such an incremental approach encourages a circular way of urban regeneration: new development can replace the old buildings that are at the end of their life cycle, while for those housing or factory buildings that are still in good shape, creative adaptation is encouraged to meet the emerging demands of residential or entrepreneurial functions (Figure 6, 8). The dominating re-use of existing buildings contributes to place-making, enhancing urban identity and affordability of space (Figure 7, 9).

Last but not least, within the scope of place-making, it is essential that the living environment is commensurate with the working environment and vice versa. This is to facilitate a real proximity of living and working, and cultivate socio-economic networks in the local scale. This means, on top of the principle of mixed use, diversified housing typologies and space for businesses are needed. Providing creative design solutions for stakeholders to adapt the existing built environment to their needs and keep the space adaptable for future changes, is a new task of urban design as well.

CONCLUSION AND DISCUSSION

The southern extension of the central axis poses grand visions for the city of Guangzhou, and redevelopment pressure for various types of ‘old’ neighborhoods along the axis. Although these neighborhoods are often given stigmas of ‘outdated’ or even ‘unlivable’ places, they actually are embracing new lives embedded in the dynamics of an emerging social structure and productivity, which are invaluable from the perspectives of livability and social resilience. Such values are not respected enough in the discourse of improving spatial quality from the ‘modernist’ planning paradigm. An alternative urban (re)development model is needed in the rapidly transforming Chinese cities like Guangzhou, to cultivate their emerging industries and enhance social resilience. Here ‘livability’ is a relevant point of discussion, as it is a ‘people-centered’ concept, referring to the spatial qualities of an environment for both living and working. From this perspective, ‘wellbeing’ of people is essential to the thriving of the new economy. To formulate such an alternative model, the challenge is to balance interests related to the big redevelopment plans of city re-branding and the thriving small businesses (including the large number of migrants who work there) that are bound to the low-cost living and working environment in the old neighborhoods.
The two cases of the Kecun area and Lijiao village both indicate that in such a dynamic situation, maintaining the affordability and adaptability of space for starters of businesses and migrants is essential. This requires tolerance and inclusiveness in the planning and design process, allowing the co-existence of top-down urban (re)development and bottom-up initiatives on informal transformation of space. Urban design in China usually serves the visualization of big plans. However, it could also play a vital role in facilitating creative solutions in old urban fabrics, seeking for alternative ways of living and working that have compatible spatial qualities with the future city. Of course, this is not simply a matter of design. The driving forces behind the large-scale (re)development, namely the high profit of real estate development targeting the old neighborhoods, are the main challenges in maintaining the existing urban typologies. In this regard, a planning framework targeting on local-scale urban form and socio-economic development is needed, complimentary to the visionary plans for the city.

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