Policy and Preservation in Chinese Urbanization: Urban and Rural Cases Studies in Shanghai and Hongcun

Huachen Shao
University of Pennsylvania

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Policy and Preservation in Chinese Urbanization: Urban and Rural Cases Studies in Shanghai and Hongcun

Abstract
The aim of this thesis is to investigate the present land and preservation policies in preservation and rehabilitation in China and to propose new methods of management for the historic urban districts and villages by answering the question "how to balance the benefits of different stakeholders and encourage them in preservation by policy changing and economic tools application". The author chose Shanghai as the urban level case and Hongcun, Anhui Province as the rural level case to study the issue under the national urbanization and tourism trends.

The thesis first outlines the current urbanization and historic heritage survival under the trend and further research in the current land policy and preservation policy and what role the non-profit organization is by applying flexible economic tools and policies. In a detailed central section the thesis describes the particular Lilong Housing's situation in Shanghai, compares the existing two rehabilitation cases – Xintiandi and Tianzifang through the development methods, and research the tourism development mode in Hongcun. In conclusion, the thesis argues and recommends a public-private partnership mode could be the new preservation management method.

Keywords
China, urbanization, policy, preservation, public-private partnership

Disciplines
Historic Preservation and Conservation | Public Affairs, Public Policy and Public Administration | Urban Studies and Planning

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POLICY AND PRESERVATION IN CHINESE URBANIZATION:

URBAN AND RURAL CASES STUDIES IN SHANGHAI AND HONGCUN

Huachen Shao

A THESIS

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Advisor
Randall F. Mason
Associate Professor in Historic Preservation

Program Chair
Randall F. Mason
Associate Professor
This thesis is dedicated to my parents
Wu Shao & Dongrong Li
And all my friends
For their unconditional support in every aspect of my life
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Chapter 1: Introduction

When talking about Shanghai, many people, especially foreigners, will think about the modern skyscrapers, the extended subways and the busy international airport, which represent the typical rapid pace of life as a metropolis. If asked about what the symbol of Shanghai’s architecture is, people will give different answers but nothing more than these: the Oriental Pearl Tower, Shanghai World Financial Center, Jinmao Tower, the Bund, the Expo and the Xintiandi. Among these only Xintiandi could be view as a part of traditional Shanghai. But when I walked through it and saw diverse restaurant, café and shop, I was always striking by the price and felt like the decimal point putting in the wrong place. A hamburger or a cup of coffee could be charged as more than 120 CNY (about 20 USD). This place, like the other symbol did not belong to the common people. The shiny appearance covered the ordinary life in Shanghai. Lilong was the reflection of the traditional Shanghai and the normal local life.

Ruan Yisan Heritage Foundation, which was founded in 2006 by the pioneer of Chinese preservation Professor Ruan Yisan who preserved Pingyao County in Shangxi Province and Lijiang County in Yunnan Province, did a general survey on Shanghai’s Lilong historic districts on a large-scale – namely the whole Shanghai from 2008 (Ruan Yisan Heritage Foundation: Recording Shanghai, n.d.). Shanghai government aimed to tear down most of the Lilong districts and sold lands to the
developers even though Shanghai had a local historic district register and laws preventing demolition or alteration. The Heritage Foundation cooperated with Tongji University endeavored to protect the Lilong districts as much as possible. I, with my classmates, participated in this project for more than three years as a volunteer, which composed a significant part of my undergraduate life. We stepped into many Lilongs, interviewed residents, took photos and recorded the current situations.

The famous Shanghai style comedy drama “The House of 72 Tenants” which was created in 1958 talked about the different tenants’ lives living in one Shikumen house in Lilong. It brought a kind of image that the Shikumen building was shared by more than one family in Shanghai. It was not an old image and it is still a lively picture of Lilong. Restrooms weren't built in most of Shikumen buildings except some with additional part so that spittoons were very common. If you stand on the Lilong in the morning, you could still see people holding the "bucket for night soil" (痰盂) to the public restroom which stands on the entrance of Lilong. If you go to Lilong in the evening, you could find some people cooking outside.

We met diverse local people in the fieldwork who always showed us their homes. A man in his forties showed his new-constructed interior with modern kitchen and bathroom proudly which was rarely seen in the Lilong district. A woman in her fifties showed us a slanting pillar and expressed her worry of the house's
collapse somewhen in the future. A couple of old man and woman showed us how the five-people home lived in one room and the additional mezzanine as the bed of their grandson. An old man who retired from a factory showed us his certificate of merit on the wall and told us the history and changes of the steel bridge nearby. When we asked whether they would like to move out, these people gave us a paradoxical answer – will and will not. Some of them were willing to move out like the woman worrying about the construction problem because they couldn't afford reconstruct or maintain cost. They wanted to change their life quality. However, if Lilongs were torn down, they couldn't afford a modern apartment in such a central area so that they will not move out of the district. They told us the rent of the Shikumen house was only 30 CNY (about 5 USD) per month, which could be seen as none even for the lower class. Some of them, especially the old men, would like to stay in the traditional houses confirmedly because they lived there for a lifelong and loved this life style. Some of them were not willing to move just because they owned the house before the Land Reform and the house was confiscated by the government and reallocate to them.

However, no matter whether they are willing to stay or move out, the urbanization and the development of the city are not determined by them, or even influenced. A documentary “Nostalgia” made by Shu Haolun documented how people lived in his grandma's Lilong – Dazhongli and how this historic residential
district was demolished. In the new trend of urbanization in China, Lilong could disappear silently and unimpededly. They survived without any care and protection. They have to make room for the new constructions and city development. Such phenomenon doesn’t only exist in Shanghai, but also in many Chinese cities.

In the winter of 2006, as freshmen of historic preservation we were required to record a historic district in our hometown as our winter individual project. I remembered my mother told me she lived in a Japanese-style house built in 1920s in Shenyang when she was young. I went to that neighborhood and searched for quite a while but found nothing. I asked an old man passing by and got the answer that most of them were demolished two years ago. I didn’t give up and finally found a little parcel with 8 such historic buildings. Only eight! I interviewed an old woman who at first considered me as a journalist and thought I could help to solve the enforced demolition problem. I felt sorry or even guilty that I couldn’t do anything for her. A series of books called “The architectural heritage of modern China” and published in 1992 documented almost every historic buildings in about 20 cities, including Shenyang (Wang & Fujimori, 1995). But in the book “The list of Shenyang City’s historic buildings” published in 2010, more than half of the buildings in the former book disappeared (Chen, 2010). The urbanization threatens the historic buildings in the city in the 20 years more than any other periods before.

On the other side, the rural area was influenced in other aspects. In the summer
of 2009, we documented historic dwellings and ancestry halls in several villages in Yongjia County, Wenzhou, Zhejiang Province. Most of the historic buildings in these ancient villages were built in Ming Dynasty (AD 1368-1644) and some of them were in Qing Dynasty (AD 1644-1912). The layouts of the ancient villages were maintained, but the buildings’ situations were gloomy. The dwellings depend on the owners’ care and financial ability while the ancestry halls which owned by the whole village were repaired but not professionally. For example, three fourth of the crescent beams were replaced in the Yang Family's ancestry hall. But the curve of the replaced crescent beam was quite different and rough, which can be easily made by unprofessional carpenter:

It was not easy to find a professional carpenter, even in the villages. The traditional handicraft was missing in many fields. A lot of villagers left home and flocked to the cities in search of jobs and a better life, especially the young. They won’t cherish the traditional things any more. When they earned an amount of money, some of them came back and built up new houses on the allocated land by the village instead of living in the ancestral home. That’s why we could see the village actually divided into two parts – the original one and the new-constructed one which was always located in the entrance and adjacent to the road.

Some villages could hold their villagers more because tourism could increase their incomes. In 2007, we did a drawing fieldwork in Hongcun, a famous tourist
destination. There were people anywhere in the village. During the one hour of
drawing on the lakeside, more than twenty tour groups stood in front of us and
listened to the guide's similar interpretation of a lakeside house. We could even tell
whether a guide missed some part of interpretation at last. The village even built a
large market at the exit of the village to sell crafts which was actually made far away
in Zhejiang Province. Restaurants and the hotels became the most significant and
regular commercial part. The local lives were totally changed.

Since so many problems threatened historic buildings and districts, or maybe
just because of the guilt I felt when I faced the grandma, I try to find the solutions.
What if the land use rights could be changed flexibly to suit different areas? How
could the local people be involved positively into the preservation and rehabilitation?
What are the roles of different sectors – the government, developers, non-profit
origination and local people? This issue is so macro that I have to narrow the scope.

The aim of this thesis is to investigate the present land and preservation
policies in preservation and rehabilitation in China and to propose new methods of
management for the historic urban districts and villages by answering the question
"how to balance the benefits of different stakeholders and encourage them in
preservation by policy changing and economic tools application". I chose Shanghai as
the urban level case and Hongcun, Anhui Province as the rural level case to study the
issue under the national urbanization and tourism trends.
Chapter two talks about the current urbanization and the historic heritage survival under the trend generally. Chapter three talks about the current land policies, the preservation policies and what role the non-profit organization is by applying flexible economic tools and policies. Chapter four describes the particular Lilong Housing’s situation in Shanghai and compares the existing two rehabilitation cases – Xintiandi and Tianzifang through the development methods. Chapter five emphasizes on tourism on Hongcun village which promotes local economy and threatens the heritage village and the management mode of Hongcun. Chapter six concludes the lessons I have learned through the research. I argues and recommends a public-private partnership mode could be the new preservation management method.
Chapter 2: Background

2.1 New Trend of Urbanization and Suburbanization

Urbanization has been an important issue in China, no matter in the development or in the preservation. Before 1957, when moving into the first “Five Year Plan” period (Five-Year Plans are a series of the macro social and economic development initiatives since the nation foundation), a lot of significant city industrial projects were conducted while the policies encouraged the city available to the rural people, which attracted the farmers to the industrial zones to work. Some cities were expanded and reconstructed at that time. In this period the urbanization progress was matched with the development, which annual urbanization growth rate was 0.59% (Wu, 2006).

During the pre-reform period, from 1958 – 1977, the city development polices controlled the urbanization strictly, which made it stagnant. From 1958, under the radical communism theories and policies, rural labor flocked into the urban area massively. In three years, the urbanization rate raised from 15.4% in 1957 to 19.7% in 1960 (Wu, 2006). Later, the policies turned to compress urban population by encouraging city labors into agriculture. In the ten-year Chinese Cultural Revolution, the urbanization advanced slowly, which the national urban population was increased by 1.4% (Wu, 2006).

During the initial period of economic reform in the 1980s, the government
followed a policy which aimed to control the expansion of large cities and promote
the development of middle sized and smaller cities. China’s economic reform has
essentially been a bottom-up process starting with some local innovative
institutional arrangement in the form of the Agricultural Production Responsibility
System since 1978. It brought remarkable improvements in productivity and
profound land use changes to rural economy. By contrast, a full-scale reform of the
urban economy did not find its way until after the late 1980s. After Deng Xiaoping’s
tour of southern China in 1992 which was the foundation of the Chinese economic
reform, phenomenal physical growth of Chinese cities, featured by a flourishing of
development zones and expansion of the urban built-up area (Lin, 2009).

With the dramatic shift in development strategy from a socialist planned
economy to a market economy during the early 1990s, large cities, especially the
provincial capital cities and those located along the coastal regions became the main
development centers in the country (Wang, 2012). National trend changed from the
“welfare” construction for public housing in the early year to the real estate
investment mode, which resulted in extensive demolition of vernacular urban
residential fabric.

At the same time, along with the establishment of an urban housing market,
property and housing development have gradually become the main driving force
for urbanization. This property led development has recently spread from coastal 1
regions to inland areas and from large cities to small towns. National and many provincial capital cities have doubled or triple in terms of the area of developed lands and the number of residents over a short period of 20 years. This argument based on the urban population, without counting the floating population of migrant workers who left rural area to seek for living in the city. For example, from 1988-2008 the permanent population of Shanghai increased by 6 million, among which floating population took 78.58%. But the registered population increased by only 1.29 million (Zhou, 2010). Even though experts projected over the next 20 years, the urban population will grow by about 1 percent each year (Wang, 2012), the urban population booming will be more serious than the projection.

Also, the booming population with the trend of urbanization created various national issues. The quick loss of large quantity of good agricultural land because of the loss of rural population, the huge housing price inflation in cities with the housing shortage, the poor living conditions among the urban poor and the rural to urban migrants, the high density of living space, serious air pollution and traffic congestion raised many questions about the large city dominated urbanization process (Lin, 2009).

Tracing back the reason of urbanization, one was the booming population and the other was the real estate market reviving. The former one influenced housing from demanding side while the latter influenced from the supply side.
The populations booming in the city was caused by rural to urban migration under an increased demand for housing in towns, which was concluded from the data of China Statistical Yearbook (Tao, 2012). In the past, rural to urban migration involves a simple two-point return journey—traveling from a village to a coastal city for few years and then returning to the village. Recent rural to urban migration has taken a new pattern of a multi-node circulation—starting from a village and travel around in several cities then returning to the home county town (Wang, 2012). Rural migrants still pay a lot attention to savings and property. Rather than returning to the village and build a house, many younger generation migrants now prefer to buy a flat in the county town in order for their families to have a urban life and for their kids to go to a better school. The farmers employed as a construction worker was the most common mode, which indeed could not enjoy the same benefit as the urban residents because of the strict household registration administration. The housing demand was the primary problem of these people.

However, the similar thing happened to the original urban people. Land price became the impetus of suburbanization. Increasing land price and housing rents in the center city reduced the average living area, shortage of land in the center city and brought the city sprawl.

As Beijing for example, urban construction land per capita in the central city is only 41 m², which is only 54-68% of the national regulation standard (Ma & Zhang,
The land resource inner forth ring road became rare, which pushed the city expanded. Moreover, the ten-level land grading system regulating by Beijing government in 2002 made the old district more unavailable for ordinary people. The land price in old district as the first level is 4.4 to 5.7 times as high as the one outside fourth ring road and fifth ring road which was the fifth level (Ma & Zhang, 2006). Most historic vernacular houses were located inner second ring road. Driven by the interest in the housing development, the construction land in central urban district principally depended on the old district reconstruction, namely the demolition of historic houses. It caused physical destroy of historic districts.

![Grading of Land Price in Beijing in 2002](https://example.com/fig21.png)

Figure 2-1: Grading of Land Price in Beijing in 2002. (Ma & Zhang, 2006)

The housing demands promoted the real estate in turn which was the other
aspect influenced the urbanization. The number of real estate companies in Beijing rose from 1005 in 2001 to 2552 in 2007. The construction area in 2007 was 141 million m², increasing by 72.5% of the one in 2001 (Wang, 2009). The commodity housing for middle class and the affordable housing for lower-income people were under supply, but the luxury residences increased. The incompatibility between supply and demand drove the housing price to keep going up. The high housing price enhanced the urbanization. The people in the historic districts were replaced forcibly and had to reside in the lower priced land, which destroyed the cultural context of historic districts.

2.2 The threat for historic districts and buildings under the Urbanization

Accompanied with the urbanization appear the demolition, reconstruction and revitalization of the old urban district. According to Tang Yangyu's field research in 2005, among 1320 Hutongs in Beijing’s old district only 430 Hutongs, 33% of total, were retained the original style and layout, while 205, 15% of total were completely destroyed (Wang, 2007). And it also showed that Hutongs were disappeared in the rate of 50/year, which means every week we missed one (Gao, 2012). Because of the high land price in center city, the real estate market and the historical reasons, millions of historic buildings and districts are threatened.

The lack of public awareness could be the most serious issue. Not only the
public, but also some grassroots officials do not realize the significance of preservation. In Jian’s argument, the officials are divided into two groups – “development focusing” and “preservation focusing”. The former one valued the economy and the development more and directly or indirectly oriented the public. But the latter one with well professional training conducted the city preservation and plans. More and more preservation focusing officials stood out for the survival of historic heritage. Also the relevant preservation policies were legislated. With the international preservation trend, China has corrected its development methods into a sustainable way.

But lack of professional preservationists, millions of historic buildings had to face untimely checking and maintaining. Repairing for salvage became very common even for the national significant heritage, like the ancient village in Anhui province. Some cities like Guangzhou have established the advance preservation system to avoid insufficient time in salvage repairing and the demolition by grading the historic buildings. National Development and Reform Commission and State Administration of Cultural Heritage came out the “National master plan on salvage preservation of cultural relics during ‘Eleven-five year’ period” (2006~2010) (NDRC & SACH, 2005). The program of salvage preservation actually started at “Nine-five year” period (19996-2000), but the national problem still existed. The document also pointed out urbanization and the lack of funds were the reasons of the current
salvage preservation.

Besides, the developer was a big issue in the preservation. Some developers ignore preservation, emphasis the economic interests and even do not obey the law (Jian, 2009). Many cases could be found in the whole country. For example, the Residence of Xiang Liu in Chongqing was demolished by the developer without permission, which used to be the residence of Liu Shan (柳善), the last eastern Sichuan Daoyin (Chief Executive) of Qing Dynasty, and the residence of Liu Xiang (刘湘), a warlord in Republic, and Sichuan military headquarters in the Anti-Japanese War. In Lijiao village in Guangzhou which is the village with the most historical buildings in Guangzhou, 13 Ancestral Halls (Citang) of Ming Dynasty and Qing Dynasty were completely demolished, removed and rebuilt in 2012 by the developer. Earlier in 2009, the best one of Ming Dynasty for this village and the whole Guangzhou, Yuxi Ancestral Hall was torn down. Even though the policies regulated the duties of developers and prohibited the unpermitted demolishment, the preservation is still not paid enough attention by the developers.

Other issues like the complicated land ownership evolvement and inevitable construction alternation are caused by the government action and living needs. In Guangzhou, ancient academies (Shuyuan) of Qing Dynasty, which are clustered in Liushuijing and Daxiaomalu area and are the significant witness of cultural and educational life in Guangzhou, are used as residential buildings without
preservation. In 1960s, government constructed new buildings in the academies to resettle citizens. The additional part became dilapidated because of no foundation while the internal of the original part was changed by adding partitions which was called 'house in the house' (Fangzhongfang) to accommodate more residents (Gao, 2012). Since the residents usually are not the owner of the houses, they won’t spend much effort in maintaining and preserving the constructions. But they do want to promote the living quantities so that they alter the houses spontaneously. In Pingyao in Shanxi Province, where is the best preserved town in China, people build additional buildings in the ancient quadrangle courtyards as the bathroom and kitchens, because such modern life necessities are absent. In the past, people in Shanxi cooked in their living areas, beside their multipurpose bed/couch called "kang". The additional parts changed the historical layout and no particular polices for this situations is set up by now. The house ownership in Pingyao is also very complicated. Different modes existing, such as the owners living with the tenants, a big family sharing a small courtyard and all tenants resettled by the government or work units (Dan Wei), which made the preservation administration more difficult.

The similar conditions happened almost in the whole nation as a national phenomenon especially in the historical metropolis like Guangzhou, Beijing and Shanghai. The commonalities among these cities are the poor living conditions, the demanding of improving and the complicated ownership situations, which I will
discuss the details later in Shanghai’s character. Because China has experienced the socialist planned economy, the government actions like the resettling citizens in historical houses and the allocation lands influenced the land ownership most and brought various land ownership situations for the land use right policy, which I will discuss in Chapter 3.

For the rural, the rural to urban migration brought the most serious problem. The economy situation in rural relatively falling behind the rural on one hand avoided the development and demolishment, and on the other hand could not provide sufficient funds for preservation (Cheng, 2007). Large rural population migrating into urban aggravated the neglect and dilapidation of historical buildings. Tourism brought new challenges for the ancient village to obtain economic profit, social profit and environment profit. However, problems accompanied with tourism. The number of travelers grew excessively over the environmental capacity; Increasing shops and stalls dramatically changed the buildings’ use; local people are push out; the local context was changing; and the tourism administration system wasn’t mature.
Chapter 3: Land Use Right Policy and Preservation Policy

3.1 The development of Land use right policy in China

The land ownership in China could be divided into two types – the ones in the urban and the ones in the countryside and suburban, regarding as the Article 10 in “The Constitution of Republic of China” (National People’s Congress, 2004). Section 10 stipulated: “All the urban lands are owned to the nation. Lands in the countryside and suburban are owned to the collective, except the ones confirmed owned by the nation by laws. The homesteads, private plots and private hilly land are owned by the collective.” Under such laws, the government owns all lands but grants land use leases to developers and users in urban area and village collective economic organizations or the village committee manage and allocate the land to each one on behalf of all the villagers. The two different ownership rights in urban and rural areas make of historic buildings and sites facing completely different situations through preservation. Moreover since China went through periods from socialist planned economy to a market economy, the land ownership has particular issues for historical reasons.

Shortly after the communist revolution in 1949, the national government expropriated all property held by anti-revolutionists and private corporations, allocated the lands, allowed private ownership of land and houses, but expressed a strong commitment to socialist land and housing policies. The Land Reform Act
prohibited land transactions through either rent or sale. In subsequent years, there was almost no private housing construction in urbanized areas, in part because rents were strictly controlled, land was impossible to obtain through land transactions, and the national government focused its efforts on industrial growth.

Between 1966 and 1978 China engaged in what might be described as the largest experiment in public housing the world has ever known (Ding & Knapp, 2001). It was caused by the political movement ‘Cultural Revolution’ partly. But the most important reason was the contemporary housing shortage problem brought by the population booming and war damage. Though millions of modern public housing units were constructed and the reallocation of the existing houses, the severe housing problems persisted. Also, the virtually zero rents added the nation’s financing burden and couldn't afford the repairing and maintaining of the existing buildings. The conditions of public housing were overcrowded and of substandard quality. All the working places were controlled by the nation, which administered the housing production and allocation directly. The public housing was the welfare or part of the wage of the employee, which “formally linked the relationship between employment and housing” (Ding & Knapp, 2001). Besides the house allocation, job position was also appointed by the nation and the migration from rural to urban was controlled by the nation. The nation instructed the urban residents, especially the professionals, to move to the rural area to construct the rural area, which called
“Down to the Countryside Movement”.

In 1978, China began to change into market-oriented economy and turned to privatization. The process last long and the coastal areas like Yangtze River Delta area and Pearl River Delta area introduced the market first. “Unlike privatization programs in the Soviet Union and Eastern Europe, however, privatization in China was to occur gradually, with continued state participation in newly established land and housing markets” ((Ding & Knapp, 2001). Land policy retained the basic structure of land ownership which the land owned by the nation and public. It also developed a federal system of land use plans. Some constructions on the land were returned to the private while some still functioned as public housing.

Since the current regulations and laws are based on the socialist planned economy, the legislation is more focusing on the state will power and collective interests, instead of the individual will and interests.

According to the regulation, there are two ways to obtain land use rights. One is the sale of land use rights and the other is allocation of the land use rights. The allocation of the land use rights is defined as “the users obtain the land use rights by various ways for free” in the “Interim Regulations of PRC Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas” (Ministry of Land and Resource, 1990), as “the users obtain the land use rights for free though various ways other than the sale of land use rights” in the “Provisional Rules on Administration of Allocated Land Use Right” (Ministry of Land and Resource, 1992) and as “the users obtain the land use rights after the payment of fees on compensation, resettlement and others, or obtain it for free, authorizing by the governments above the county level pursuant to the law” in the “Urban Real Estate Administration Law” (National People's Congress, 2007). In general, there are no time constraints of land use rights and the land use rights cannot be transferred, rent or mortgaged. But the land use taxes are paid according to the “Provisional Regulations of the People's Republic of China Governing Land Use Tax in Cities and Towns” (State Council, 2006). After all the allocation of land use is the product of the socialist planned economy but still necessary in current Chinese polices.
The application of the allocation of land use rights is definitely limited as four kinds, “lands for the government and military use”, “lands for the urban infrastructure and public benefit”, “lands for the key energy, transportation, water project supported by the nation” and “lands for other uses regulated by law”. And the detailed list is defined in the “Allocated Land Catalog” (Ministry of Land and Resource, 2001). No lands for historic buildings are mentioned in the land use policies. However, some relevant parts are discusses in the preservation policies.

When the land ownership was stable, the land use right was separated from the bundle of rights. Even though the developing right was contained in the land use right, it hasn't set up any laws particularly on the land developing right. Expect the land right, the property right should be also considered in the preservation. According to Article 42 of “Property Right Law” (National People’s Congress, 2007), the government could levy any lands and constructions from public hands and private hands for the public interests with compensation. The government will protect the rights and interests of those whose land is levied and ensure their housing after moving. It brought different property exchange in the demolition of the urban old district. In Shanghai, it had two general ways to compensate the demolished building: compensation by the money worth the value of the houses and compensation by the houses with same area (Yang, 2003). The exchange policy applied both to the house owners and the tenants. If the tenants in the public-owned
housing chose the money compensation, they could get 80% of the compensation while the house owners (the public institution or the government) could only get 20%. Someone argued it may bring the loss of the public properties. But considered of the historic reasons and the life condition of the tenants, it was appropriate. If the tenants in the private-owned housing chose the money compensation, they could get the same 80% as the one in public-owned housing while the house owners could get 100% of the compensation. This action aimed to demolish the area fast and easily.

3.2 Preservation Policy in China

Looking back the world history of preservation, preservation in modern meaning was just developed from the beginning of 20th century. The preservation technology and theories are relatively more mature than preservation policy. China was involved into the modern international preservation trend no more than forty years, with its particular historical environment and city development planning.

The conservation and preservation in China were conducted under a three-pronged framework - heritage sites, historic precincts, and “historic cities” (later historically and culturally famous cities) since 1950 (Silva & Chapagain, 2013). Before 1970s, China began to extend the tangible heritage, instead of focusing solely on the discrete significant cultural relic sites designated for conservation. In 1982, the national chief preservation law “Cultural Relics Protection Law” (National
People's Congress, 2007) was promulgated. In the same year, the exploration on the preservation of the broad areas rather than the individual buildings was begun. With the “Application report about our county’s historic cultural famous cities by National Construction Committee and other relevant departments” approved by the State Council of China, “Historically and Culturally Famous Cities, Towns and Villages Protection Regulations” (State Council, 2008) was promulgated and revised in 2008. By the 2009, a total of 109 cities had been designated on the register. Before this regulation erection, many cities and provinces set up its own preservation policies like Beijing, Suzhou, Shanghai, Harbin, Zhejing Province and Jiangsu Province. It is noteworthy that the provinces with minority nations and more protected historic sites started the preservation earlier and more positively, like Yunnan Province and Shanxi Province.

The historic district in the historic cities urged to be preserved than the individual historic buildings. As Chung said, “the essence of traditional East Asian architecture lies not in the beauty of the individual building unit, but in the harmonious grouping of individual building units over a wide area” (Chung, 2005).

Even though the individual historic buildings had the aesthetic or historic significance, the urban historic district and the historic village conveyed local context as a whole and a general culture. However, the market-oriented society focused more on the economic value than the cultural value of the heritage, which
brought the destruction of most of the urban heritage in rapidly growing metropolitan areas during the second half of the 20th century. Influenced by the register of national historically and culturally famous cities, towns and villages, many cities came out the preservation plan and policies for the historic district, such as Shanghai, Suzhou, Wuhan, Harbin and Nanjing. National significant traditional village areas also made regulations and preservation plan. For example, Harbin set out “Preservation Regulations on Historic Buildings and District in Harbin” (Harbin City People's Congress, 2001) for the urban historic districts while Suzhou made “Preservation Methods on Suzhou traditional Villages” (Suzhou City People’s Congress, 2013).

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Figure 3-1: Chinese Tangible Heritage classification (Zhang, 2007)

By now Chinese preservation policy system can be conclude as four grades:

with the replacing of local people in the local policies were described generally, instead of regulating clearly. Most of them emphasized on the preservation plan and missed the detail management instruction. Also, because the ownership in China was complicated and the behavior modification wasn’t comprehensive, it is necessary for China to explore a more comprehensive preservation policy system.

“Cultural Relics Protection Law” (National People's Congress, 2007) confined the nation's ownership of the cultural relics, including ancient cultural sites, ancient graves, grotto temples, irremovable antiques like national preserved monuments, historic buildings, stone inscriptions, mural, outstanding buildings in modern times and so on. It also stated the ownership of all state owned irremovable antiques shall not be changed with the change of the land ownership or land use rights. And “The Preservation Regulations for Historic Cultural Famous Cities, Towns and Villages” (State Council, 2008) protected the requests local governments to draft regional protection policies.

Some existing regional regulations regulated how to deal with the replacement of local people. “The Regulations of Protection and Renovation of the Buildings in Beijing's Old City Historic Cultural District (on trial)” (Beijing MCOHURD, MCOUP, &MAOCH, 2003) which was only in forced in Beijing, required inhabitants’ removal and the government will levy the buildings pursuant the Article 6 in the “Urban Real Estate Administration Law”(National People's Congress, 2007)- “The nation could
levy the buildings on state-owned land, afford compensation, protect the legitimate interests of those whose land is levied and guarantee the living condition when a private residence is levied”. The regulations mentioned two types of inhabitants, the tenants in public houses and the private house owners and how to deal with two alternative easement issues. When the public or private owner sells the house, the residents living in the same yard have the priority purchasing right. It also defined the duties of the owners, users and managers of historic buildings on the repair, preservation and renovation. The district government will offer an amount of subsidy when the preservation for the street view is required to the private owners and when the endangered private buildings have difficulties in preservation. It also encourages organizations and individuals to buy the houses in the historic districts.

Unlike the urban, there are much fewer preservation policies relevant to the villages currently, even after the registration of 169 historic and cultural famous villages from 2003 to 2010. Southern Anhui in which 12 villages on the registration are located has set up the preservation regulations for the ancient dwellings including residential buildings, ancestral temples (Ci Tang), academies, pavilions and any other civil constructions built before 1911. “The Preservation Regulations of Ancient Dwellings in South Anhui” (Anhui Province People’s Congress, 2011) encourages the village to develop its own regulations and rules. It requires the owners and users to maintain and repair the historic buildings and the grants will be
given according to the building’s preservation level.

“Preservation Methods on Suzhou traditional Villages” (Suzhou City People's Congress, 2013) also regulated the village level rules for preservation and claimed that some part of the income from the sale of lands should be used in the preservation of the ancient village by the government.

3.3 Non-profit organizations

Not only the government but also the preservation organizations devote lots to the preservation policy system. Usually international organizations related to the cultural heritage conservation could be defined as follows:

1) Inter-governmental Public Organizations: UNESCO (United Nations Educational, Scientific and Cultural Organization) and ICCROM (International Center for the Study of the Preservation and Restoration of Cultural Property, Rome);

2) Non-governmental Professional Organizations: ICOMOS (International Council on Monuments and Sites) and TICCIH (The International Committee for the Conservation of Industrial Heritage);

3) Regional Transnational Governments Alliance: European Parliament and ASEAN;

4) Regional Cities Alliance: Organization of World Heritage Cites;

5) Non-profit international organizations like volunteer groups on heritage
6) Non-profit local organizations on research, funding providing and technical assistance. (Zhang, 2007)

By now, the former five one hasn't involved into Chinese land use right or property right directly. But they supported the preservation in China by providing technical training and regulating preservation policy. For example, ICOMOS/CHINA came out the “Principles for the Conservation of Heritage Sites in China” (ICOMOS/CHINA, 2004) which guided the conservation projections. UNESCO held a training program on conservation techniques of historic buildings since 2009 (2014 Advanced Course on Conservation and Restoration Techniques of Traditional Architecture for The Asia-Pacific Region, 2014) and other training class on heritage impact assessments and management planning for Cultural heritage (WHITRAP home page, n.d.). The non-governmental organizations on heritage preservation were majorly under the universities, like the Department of Architecture & Urban Heritage under Tsinghua University (Professor Guo Daiheng (郭黛姮) studio), the Department of Culture Heritage Conservation under Tsinghua University (Professor Lv Zhou (吕舟) studio), Ruan Yisan Heritage Foundation under Tongji University, and Center for International Studies on culture heritage preservation under Shanghai Jiaotong University.

By now most of such organizations emphasis on preservation planning,
documentation and restoration, not intervening the policy directly. They should be involved more by applying the economic tools.
Chapter 4: Shanghai (Urban level)

4.1 City History

Located at the mouth of the Yangtze River and in the Yangtze River Delta in East China, Shanghai is the largest by population and one of the four direct-controlled municipalities in China. It is bordered on the north and west by Jiangsu Province, on the south by Zhejiang Province, and on the east by the East China Sea. The historic center of the city, the Puxi area, is located on the western side the Huangpu River – a tributary of the Yangtze River, while the new financial district Pudong is developed on the east side of the River. Shanghai is administrated and divided in to 17 county-level divisions: Huangpu District, Xuhui District, Changning District, Jing’an District, Putuo District, Zhabei District, Hongkou District, Yangpu District, Pudong New District, Baoshan District, Minhang District, Jiading District, Jinshan District, Songjiang District, Qingpu District, Fengxian District and Chongming County. Lilong Housing is mainly distributed in the International Settlement (current North Huangpu District, Jiang’an District, and south parts of Hongkou District and Yangpu District), French Concession (current Huang District and Xuhui District) and Old Chinese City (current Huangpu District).

Even though Shanghai is called ‘Paris of the East’, ‘Pearl of the Orient’, ‘Merchant Utopia’ in English, ‘Magic City’ in Japanese and other nicknames, its development might be called the “Fishing Village Myth”, about the story of foreigners creating
something from nothing. (Wasserstrom, 2009)

![Figure 4-1: Urban area within Inner Ring Road in 2000 (Shanghai institute of surveying and mapping, 2000)](image)

In the mid Tang dynasty (about AD 751), Huating County (华亭县) was established at modern-day Songjiang, in the suburb of Shanghai. At that time, shipping, fishing, salt industry were the major industries. At the mid Song dynasty (about AD 1195), because of sludge blocked in the upper Songjiang River, the commercial center was transferred to a new town near the branch river “Shanghai-pu” (上海浦, near the current Shi-liu-pu in Shanghai). In the late of Song dynasty (about AD 1267), Shanghai was administrated as a county. At the beginning of Yuan dynasty (AD 1277), Huating County was upgraded as Songjiang Prefecture (松江府) and set up Bureau for Shipping (Shi-bo-si, 市舶司) in Shanghai to manage
the trade tax.

In 1291, Shanghai was officially established as a county, an administrative city in Chinese context. Five villages were consolidated by the central government of the new Yuan dynasty as it embarked on an extensive program to reorganize the administration of the empire. One of these villages was called Shanghai, literally meaning “above the sea”. Towards the end of the 14th century, it became clear that the dominant feature of the area’s economy would be textiles and trade (Xiong, 1999). The maturity of Shanghai as an urban center during the 16th century is demonstrated by the construction of a city wall at that time. During the 17th and 18th centuries, the economy of the Shanghai area continued to be dominated by cotton and transportation.

Towards the end of the 1830s, Qing administration completely forbade the opium trade and continued the execution of the ‘Isolationism’ policy on coastal trade since 1757. British traders weren’t satisfied with the ‘no opium trade’ bond and the ‘Canton System’ even though the smuggling activities were kept going. They convinced the British government to amass naval and military support to advance their interests in China. Then the First Opium War took place, the British got their achievement in the Pearl River Delta, as well as along the Yangtze finally (Wei, 1993).

‘Treaty of Nanking’ in 1842, which opened five ports were opened for trade including Shanghai, became the turning point of Shanghai from a small fishing
village to a modern city. As Sun Yat-sen said “Various systems are changing, among which land issue is the first and the most influenced by the invading European and American economic trend.” The urbanization accompanied with large quantities of land transfers brought the city expansion, population density, land use changing, rental price increasing, and city renewal.

Figure 4-2: Map of Shanghai- French concession, International Settlement and Chinese city in 1931 (Feetham, 1931)

Before the opening as a port, all the lands in China are owned by the emperor nominally. The land transfer aimed to transfer individual properties other than gaining profit, namely no real estate market or companies in Chinese origin. After the ‘Treaty of Nanking,’ the transference altered into a commercial act, especially between local people and outsiders. However, the local residents in Shanghai were
not willing to sell the land to the foreigners or the one who had the will charged extremely high price. To solve the problem, ‘The Shanghai Concession Land Regulations’ in 1845 was signed between British Consular in Shanghai and Shanghai municipal to benefit the British not the Chinese, even though it promoted the real estate market in Shanghai and brought the later prosperity from the positive perspective.

The foundation of the land administration in the Settlement, ‘Land Regulations’ allowed the foreign traders leasing lands permanently by relatively low price and assured the profits obtained by foreign traders when land value appreciated. The Settlement administration system was also set up to benefit the foreigners according to the western thought ‘Separation of powers’ – legislation, executive and judiciary. The supreme administration entity, the Municipal Council (工部局, Gong-bu-ju) was established and got in charge of infrastructure construction, financial management and land use administration. Other organizations took responsibilities of other relative issues, like the Bureau of Land (Tu-di-gu) in Consulate for the land ownership register; and the Land Value Assessment Commission and Real Estate Commission for the land price administration (Jia, 2007). These organizations regulated the real estate market and contributed to the rise of Lilong, which was one of the products of the prosperous real estate market.

After 1949, the year of People Republic of China’s foundation, the real estate
market and the ownership began to change completely. In 1950, Shanghai had 86 million m² land, among which public owned was 12.4%, Chinese private owned was 74% and foreigner owned was 13.6%. Urban floor area was 46.79 million m², among which residential buildings occupied 50.4% and non-residential constructions occupied 49.6%. Most of the buildings were in private hands (Lu et al., 1999). Per capita living space in Shanghai in 1950 was 3.9 m². Because of the economic inequality, the gap between the average space of upper class and the one of lower class was wide. Most Old Shi-ku-men Lilong housing with no sanitation which designed for one family had reconstructed by the sublessors to accommodate more families to make profit, such as building the additional layers and redividing interior space. The shortage of housing began the most serious social problem, which I will talk more in Section 4.2.

Shanghai government began to redeem the private-owned buildings and changed the ownership into public-owned in 1956. The private-owned land decreased to 35.3% and the foreigner-owned dropped to 3.9% while the public-owned increased to 44.4% and public-private partnership owned occupied 16.4% (Lu et al., 1999). The new regulations ‘Standards on Rent of Public Housing’ forbade the sublessors and formulated the rent of housing on the 30% of the one before Anti-Japanese War. These act solved the high rent problem before Revaluation War, tut the shortage of residential space in Lilong Housing was still unsolved.
Therefore, Shanghai government began to construct modern public housing on the planned economy base and recovered the infrastructure which destroyed seriously during the Chinese Communist Revolution. The first public building model, ‘Cao-yang New Village’ was built in 1951, which could accommodate 1002 families. It brought the public housing trend in the manufacture workers’ accumulation area – Yangpu District, Changning District, Putuo District and others (Xiong, 2005). The government executed the allocation of land use with no paid and no time limitation under public-owned system, which relieved the shortage of housing problem temporarily but wasted the land source.

During the ten-year Cultural Revolution period (1966-1976), the shortage of
housing went back again because the numbers of Lilong Housing losing for lack of maintaining were much over the numbers of new constructed buildings with much slower construction pace than the 1950s. The low rent couldn't maintain the buildings while the investment in new construction couldn't get earnings. The expenditure on housing in a normal family dropped from 8.06% in 1951 to 0.86% in 1989 (Lu, 2005). Therefore, Shanghai government began to change the land ownership to attract foreign investment by setting two policies – ‘The Administration Rules of Land Use for the Enterprise running under Chinese and foreign investment in Shanghai’ of 1986 and ‘The Regulations of Land Use Right Transferring with Compensation’ of 1987, which broke the national land use right constrains.

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<td>4730</td>
<td>2740</td>
</tr>
<tr>
<td>1993</td>
<td>105640</td>
<td>63580</td>
<td>32810</td>
<td>4730</td>
<td>2740</td>
</tr>
<tr>
<td>1994</td>
<td>110490</td>
<td>70060</td>
<td>32060</td>
<td>4630</td>
<td>2840</td>
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<tr>
<td>1995</td>
<td>119060</td>
<td>79980</td>
<td>30040</td>
<td>4540</td>
<td>2900</td>
</tr>
</tbody>
</table>

Figure 4-4: Areas of Different Residential Buildings from 1950-1995. (Xiong, 2005)

After the establishment of the new Special Economic Zone Pudong district, the real estate market began to rise. The commodity properties which mean private properties tradable in the market and the emerging skyscrapers promoted Shanghai’s economy but threatened the existing of Lilong housing, which occupied
the most valuable land.

4.1.1 Complicated land administration in the Settlement

Shanghai Settlement, short for The International Settlement of Shanghai or Shanghai International Settlement, was distinguished with Concession. The Concession referred to the management which the Chinese government rent out all the lands in one region to foreign government and the foreign government sublet them to its traders. But the Settlement referred to the management which the foreign traders rent the lands directly from Chinese original land owners (Xia, 2007).

Figure 4-5: International Settlement development map (A-B-C-D). (Feetham, 1931)

Among lots of settlements and concessions in the whole China, Shanghai
Settlement was the earliest and the largest. After the ‘Treaty of Nanking’ of 1842 which allowed British acquire right of residence, the ‘Treaty of Wanghia’ of 1844 allowed American acquire the same right. Since then, other countries followed similar frame to obtain residence right in Shanghai. George Balfour, the first British Consul in Shanghai set up the ‘Land Regulation’ to solve the different land ownership systems between western countries and China. It set up the land boundary for rent to the British – east to Huangpu River, south to Yang-jing-bang (now Yan’an East Road), north to Li-jiang-chang (now Beijing East Road) but nothing about the west line, which was called as British Settlement.

It also regulated the details of the land-rent to foreigners: The tenants discussed with the land owners to reach a consensus; the two parties submitted the application to the British Consulate and Shanghai governments respectively about the rent price, the lease period and others; When the results came out, the two parties signed the lease (called ‘Dao-qi’ in Chinese) and the tenant paid the rent annually. However, the ‘Land Regulation’ regulated the foreign traders could stop the lease anytime while the Chinese land owners could not. Moreover, the foreign tenants could rent the land forever, even though they could not obtain the ownership of the land. This set up the basement of the land ownership system in all the Settlements – the ‘Dao-qi’ system.

The British Settlement was set up in 1845 and subsequently French Concession
and American Settlement were set up. In 1848, the Bishop of Protestant Episcopal Church of USA, William J. Boone bought a lot of lands in Hongkong, the region north band of Suzhou Creek, to build church and other buildings without the permission of Shanghai government. The informal American settlement was created by the oral agreement between Shanghai government and American council. The French Concession was created in 1849 by the declaration of Shanghai government, in which a sentence ‘If the land was insufficient in the future, the discussion could be held anytime’ was the impetus of later Settlement enlargement.

Figure 4-6: The external roads and the areas encompassed by them. (Feetham, 1931)

In 1862, the International Settlement was created, combined the British Settlement and informal American settlement in Hongkou District across Suzhou
Creek from the Bund. Whereas the French government favored their own nationals in the French Concession, the British allowed all nationalities to live and work in the International Settlement.

To grab more political power, the Settlement enlarged gradually. Because of no regulation of the west Barrier Road in the first agreement of British Settlement, the British council required to push the west line to the Defence Creek (now Tibet Road) and the north line to Suzhou Creek, which was three times as large as before. After the British and American settlements combination, the International Settlement pushed its boundary out again and again, and got forty times as large as the original British settlement.

The Municipal Council elected by the Rateparyers’ Meeting as the supreme government in International Settlement. It enjoyed legislative and administrative powers, control over taxation, finance, the police and security, as well as other routine responsibilities of municipal administration. It only needed to consult the Chinese authorities and foreign consuls in Shanghai, and representatives of the treaty powers in Beijing, from time to time on certain constitutional issues. In making policies for the Settlement, the Municipal Council obtained the right-of-road, which meant it could levy the land to build or broaden the road, and Chinese government, other organizations or individuals who wanted to build railroad in the Settlement had to get permission from the Municipal Council. Since France had
conflict of interests with Britain and US, it set up its own government ‘Conseil D’Administration Municipale de la Concession Française de Shanghai’, which had similar functions with the Municipal Council. Both the two councils built extra-settlement roads to acquire more land into the ‘Dao-qi’ system.

Shanghai government (Shanghai-Dao) abandoned the original Qing dynasty administration system and absorbed the merits of the system of Settlement to set up the Supreme Bureau functioning the same with Municipal Council in Old Chinese City. Under this system the land register and ownership was separated supervise by the ‘Land Register Office’. In time, the three components” the Old Chinese City, the International Settlement, and the French Concession – as well as the surrounding countryside – became absorbed into what is now known as metropolitan Shanghai.

As it mentioned before, the real estate market flourished under the system. The foreign real estate companies got profit on various ways, like renting land to others to build new constructions which were owned by the land owners when the lease expired. The most common income resources were rent of houses and transaction of real estate. These companies management modes could concluded as ‘build-to-rent’ which meant the company owned the land and built the construction, ‘rent agency’ which meant the company worked as the agency of the building (and land) owners and seek buyers, and ‘broker’ which arranged transactions between a buyer and a seller, or between the tenants and the landlords.
But the lease Dao-qi only served for the foreign traders, whose original meaning was transferring the land use right to foreigners forever. Hence the Chinese real estate companies had to search flexible ways to get the lease: to have a foreign agent.

4.1.2 Land Price in Shanghai

![Figure 4-7: Shanghai Settlements Land Price Map in 1930. (Zhang, 1935).](image)

Within the 60 years after the opening as a treaty port, the land price in the International Settlement rose up to 40 times higher the before with the nine times of population increasing before 1930. In contrast, the land price in French Concession didn't higher than other districts like Chinese old city. Comparing with other cities in China, the land price in Shanghai ranked the highest, twice higher than the second highest city Xiamen.
With the raising land price, the construction in Shanghai went to the summit instead the supposed shrink in 1930. The average land price in International Settlement was 26 times higher than the one in Old Chinese City while the average land price in French Concession was 19 times higher than the one in Old Chinese City. The highest land price in the International Settlement was 6 times higher than the one in Old Chinese City and twice as high as the one in French Concession (Zhang, 1935). From Shanghai Settlements Land Price Map in 1930, the land price in middle district was the highest, average 150,000 yuan per mu (about 7 175.9 square foot). The land price in north district was 50,000 yuan per mu and the one in the
west district was 20,000 yuan per mu, which ranked the next. The one in east
district (current Yangpu district) was the lowest, but still over 10,000 yuan per mu.

On the contrary, Shanghai Old Chinese City Land Price Map in 1930 showed the
land price in Hunan District (current Huxi District), Zhabei District and Fahua
District (current Changning District) were the highest: 8262 yuan per mu, 6058
yuan per mu and 4289 yuan per mu (Zhang, 2009). It should be declared that the
purchasing power of yuan in 1930 was different with the one after 1949, since the
Chinese currency was replaced once after the establishment of PRC.

Figure 4-9: Shanghai French Concession Land Price Map in 1930. (Zhang, 1935).

The average density of population in the International Settlement was much
higher than the one in Old Chinese City. It was caused by the wars, which damaged
the buildings in Old Chinese City but didn't effect on the one in settlements under special protections. More people pushed into the settlements by the wars, the higher land price it was in the settlement. The housing shortage problem was emerged since then.

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage of areas</th>
<th>Percentage of population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese Area</td>
<td>93.0%</td>
<td>55.6%</td>
</tr>
<tr>
<td>International Settlememt</td>
<td>4.8%</td>
<td>31.0%</td>
</tr>
<tr>
<td>French Concession</td>
<td>2.2%</td>
<td>13.4%</td>
</tr>
</tbody>
</table>

Figure 4-10: Population and land areas in three regions of Shanghai in 1930 (Zhang, 2009)

4.2 “Lilong”

4.2.1 The Rise of Lilong

The flowing of population was the major incentive of the construction of modern dwellings in Shanghai. The foreign settlements were isolated from the Chinese population around them at the beginning. It catered to the Chinese government’s controlling on Chinese thoughts and the settlement government management. But the separation made the population rising slowly in the settlements. By 1849, there were only 175(Xia, 2007). By 1855, there were 375 foreigners in the British Settlements. The 1865 census showed 460 foreigners in the French Concession (Wei, 1993). However, some British opposed to the isolation, who held the thought that more Chinese people living in the settlements, more money
they could benefit from the housing rent or construction.

Xiaodaohui Association (小刀会) revolted and damaged the houses in Shanghai dramatically in 1853. Taiping Rebellion (太平天国) established a capital in Nanjing. Large refugees swarmed into Shanghai from the adjacent Provinces and sought for the refuge in the settlement. The isolation between Chinese and foreigners was broken. From 1853 to 1855, the Chinese population rose from about 500 to over 20,000. Because of the shortage of residence, the real estate market began to rise. From September 1853 to July 1854, the real estate agents built great quantities of high-density temporary wooden shacks to sell or lease to the refugees and gained as high as 30%-40% profit by renting to local residents (Jia, 2007). The ‘Land Regulation, second edition’ of 1854 admitted the mixed habitation of Chinese and foreigners. ‘The regulations of Chinese people living in the Shanghai settlements’ of 1855 regulated the execution process of how Chinese could obtain residential permission.

In 1860s, more refugees arrived in Shanghai to avoid the wars brought by Taiping Heavenly Kingdom Movement, who were actually very rich in Zhejiang Province and Jiangsu Province. The Chinese population increased to 90,587 in the Settlement in by 1865 (Xia, 2007). The traditional big family was still dominant at that time, which provided the opportunities for the real estate agency to build an amount of two-story residence called “Old Shikumen” (Lao-shi-shikumen, 老式石库
门) for the need of many-member family. It was the prototype of Lilong housings and brought the rise of Lilong.

There were two kinds of plans of the Old Shikumen: “San jian liang xiang” (三间两厢, a main house divided into three rooms with two wing rooms) and “Liang jian san xiang” (两间三厢, a main house divided into two rooms with one wing room) (Shen, 1993). These layouts were big enough for all the family members and originate from the vernacular dwellings in regions south of the Yangtze River, where the refugees came from. It brought them familiarity while the high yard wall made them feel safe in the wandering life.

Figure 4-11: Old Shikumen. (Taken by author)

After Taiping rebellion the refugees came back home and left millions of empty houses which made the rent price dropping. The temporary wooden shacks were
required to demolish for fire-proofing reason by the municipal (Zhang, 2009). Inspired by the commercial interests, people immigrated into the Settlement during the mid-1870s, most among whom were the merchants. The rich merchants and retired governors favored Shanghai and purchased housing, which brought the real estate market alive again. The first real estate company ‘Shanghai Real Estate Agency’ was established by Edwin Maurice Smith in the 1888 (Zhang, 2009) Lilong became the object in the real estate market again.

From 1876 to 1910, with the further development of Lilong housing, infrastructure was introduced into dwellings, like water supply, gas line and electricity. The local industry attracted thousands of manufacture workers from outside, during the golden age for adventure in Shanghai. Most plants were built
around the Settlement. To be convenient for the employees, the owner of the plant would also develop a parcel of land in concessions and built houses to rent at cheap price to his workers. The population of Shanghai had reached 2,000,000, which promoted the real estate market to invest into a mass construction known as New Shikumen Lilongs (Guan, 1996). Generally the ground floor was the shops and the upper floors were used as the employee dormitory. This kind of Lilong housing and the former Old Lilong were both referred as Old-style Lilong.

![Figure 4-13: New-type Lilong. (Taken by author)](image)

New Shikumen Lilongs promoted with the establishment of the new building codes, which regulated the sanitation, building materials, ventilation and others after the pestis in 1908. Since New Shikumen Lilongs aimed made to shelter small-sized, non-traditional families, the building codes also regulated the average
living space per person – about 4.5m² per capita (Zhang, 2009). With attraction to the commercial activities, the rent in the Settlement arose up to dozens of times higher than the other parts of the city. The center was occupied by Chinese, which pushed the foreigners, especially the lower-income foreigners to move to the suburb. Interesting was that they were satisfied with the suburb life. But the Chinese in the Settlement bore the pressure of high rent.

![Figure 4-14: Garden Lilong. (Taken by author)](image)

From 1914 to 1914, Britain, France and some other countries were tangled in the World War I and paid less attention on Shanghai. The national capitalism was allowed to develop without pressure and obstruction. The large import of construction material from western countries stimulated real estate market in Shanghai. The land price increased dramatically. The functions of the districts were
adjusted to the free market and formed the Bund financial district, center city commercial district, and northeast industrial district, normal residential district in Chinese regions adjacent to the Settlement, high quality residential district in west Shanghai in the Settlement and countryside slum district. The prosperity and glory of Shanghai brought Western thoughts into the society.

Figure 4-15: Apartment Lilong. (Taken by author)

After World War I, the upper-middle class in China was influenced by the western life style and began to be dissatisfied with the original Lilong housing. They sought another architectural form to reflect their new social status ways of life. The
orientation of the house, distance between each row, ventilation, sound insulation and other elements were taken into their consideration. Features like toilets, fireplaces, telephones and garages were required in dwellings. Complexity of rooms, magnificence of interiors, and standard of facilities represented the class and level of a family and hence were strongly admired. Therefore, the New-type Lilongs were constructed for the middle class like the architects, doctors, and government officers and white collar while the Garden Lilongs as a luxurious type of living to cater for the extremely rich, upper class. The continuing increase of economy and booming construction of commercial building in Shanghai accelerated the real-estate value.

The Apartment Lilong housing, built out of concrete-frame structure came into being. This type was a group of units constructed in the same site, in which usually the senior officer resided. By 1949, Lilong housing was the most widely distributed and largest amount of dwellings to accommodate the majority of people in Shanghai.

4.2.2 Lilong in modern times

According to the report of the housing committee in Municipal Council in 1930s, the most common ways used by the sublessors altering Lilong housing to accommodate more people were enclosing the courtyard, separating the ground floor into two parts and pushing the aisle to the auxiliary room (Zhang, 2009). The front part of the ground floor occupied about ten square feet accommodated the
sublessor’s family (usually 5 people), which paid the whole rent to the landlord and rent the other parts of Lilong housing to tenants. The rear part of ground floor was rent to three tenants separately while the kitchen was also resided three. The second floor was divided into two parts. The front one was the best position in the building with sufficient sunshine and fresh air, which accommodated two persons while the rear part was resided three. The dark and narrow garret which was located just above the kitchen could also accommodate two persons.

Shanghai government report on living condition in International Settlement from 1936 to 1937 showed that the proportion of 5 up to 9 families which shared the same house was 39.2% while the proportion of 1 to 3 families which shared the
same house was 40.6% (Zhang, 2007). Lu Han-Chao asserted one house shared by 4 families or 24 people was the most common situation. But the worst situation could be a three-story house which was only 10 feet wide accommodated 50 people.

Besides of building additional parts, the sublessor raised the rents for excessive profit when the shortage of housing became more serious. For example, a house on Changshou Road in the year of 1944, the sublessor paid 134 yuan to the landlord, but he charged the tenants in the worst rooms - kitchen and garret 180 yuan, let alone the others in better rooms (Zhang, 2009, p.113). This situation was held back even after the revolution of China. The seventeen cases about rent disputes in Shanghai Court records indicated that the average rent charged by the sublessor was 2.9 times as high as the one charged by the landlord while the largest distance could be 14 times. Moreover, the sublessors charged the furniture which left by the former tenants on the next tenants. The furniture fee rose from hundreds yuan to thousands yuan, even dozens times higher than the rent itself.

Therefore after 1949 Shanghai government changed the land ownership systeme gradually and constrained and forbade the sublessors which decrease from 130,000 in 1953 to 59,560 in 1957 (Zhang, 2009, p.115). With the trend of land ownership changing in the whole China, most private Lilong buildings in Shanghai were turned into government owned houses through the policy of redemption after 1954. The other remaining private residential buildings were forced to hand over to
the public in 1960s. Under the planned economy conduction, Lilong housing was allocated to individuals by rent, changing and adjustment. The nonprofit system brought the decline of Lilong. The low rent couldn’t cover the maintaining fee of Lilong housing while existing alteration and addition didn’t change because of the high density of residents. The decline before 1980s could be viewed as the first stage of an old city district decline, which defined by Fan Wenbin in his book. He asserted the normal city cold district decline process has two stages (Fan, 2004). First stage is caused by the historical reasons like the absence of facilities and low standard living condition. The rent decreased while the maintaining fee increased so that the owners had to separate more rooms to gather more rents. Second stage is caused by urbanization and development. The sprawl of the city made the new constructions and suburb more attracted to the young generation. They moved out of the old district and left the lower-income residents and old people. The rent decreased more with the population transfer which released the density problem but brought less care on the old city. Shanghai stepped into the second stage after the development of Pudong in the later 1980s.

4.2.3 Current Situation of Lilong

With the whole nation transferred from planned economy to the market-oriented economy, land policy began to change. And the policy enforced the
owners to keep the tenants and established a particular rent to prohibit the owners set the rent themselves. In 1980s, some residences were returned under the new private housing policy, but with the tenants while the majority of Lilong housing was still owned by government. Most of the original house owners didn’t get the ownership back and paid rent every month. Some residences were still not returned. The rent in Lilong is less than 2 CNY/square meter per month, even though it was raised in 1998. (The monthly rent for new styled Lilong was raised to 1.4 times the original price while that of the Old Lilong Housing was raised to 1.3 times of the original one.)

Since then it never changed which brings the situation that the expenditure on maintain and repair of the buildings cannot be covered by the rent. The brick façade peeled off or was painted into other colors while the decoration elements above the gate. The original wooden window frame was altered into aluminium alloy. The wooden staircase was in loose structure. The tenants who lived in Lilong housing didn’t care about these problems because they didn’t own the building. But some of them were worried since they could only afford such low rents and had no ability to move to the other districts.

Even though it doesn’t mention the Lilong Housing, one interesting rule in “The Administration Regulations of Outstanding Buildings of Modern Times in Shanghai” (Shanghai Municipal Peoples Government, 1997) stated when the outstanding
modern buildings (built after 1840) repaired or maintained by governmental grants were sold, the government has the priority purchasing right. It indicated the inherent characters of all the historic buildings - how to solve the land ownership and land use right problem. Therefore, the ownership of Lilong housing became both the problem and the key of Lilong’s renewal.

By the 2010, Shanghai has Lilong housing with 17.63 million m², among which Old-style Lilong occupied 12.36 million m², and New-styled Lilong occupied 5.27 million m². Comparing with the number of 2006, the areas of Lilong housing decreased by 7.43 million m².

With the establishment of the 12 *historical and cultural conservation districts*, the “Preservation Regulations of Historic and Cultural Conservation Districts and Outstanding Historic Buildings of Shanghai” was carried out on January 1, 2003. The status of Lilong housing could be divided into two types: one was located in the 12 historical and cultural conservation districts, like Bu-gao-li (步高里) and Yu-yang-li (渔阳里); The other was neither belonged to the historical and cultural conservation districts nor as the outstanding historic building, which was the most common situation of the major Lilong housing. Lack of efficient policies and regulations, these Lilong housing faced the disappearing or replacing situations.

To make the situation worse, “Several Opinions on Further Promoting the City's Old District Reconstruction” of 2009 stated that the Lilong Housing under second
level need to be replaced or reconstructed. It pushed the Lilong Housing to find more economical and sustainable development and conservation mode. Economics tolls and the law and policy improvement is another key to the Lilong revival.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Area</th>
<th>Old-type Lilong</th>
<th>New-type Lilong</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1st level</td>
<td>2nd level</td>
</tr>
<tr>
<td>2006</td>
<td>23,760</td>
<td>5540</td>
<td>12810</td>
</tr>
<tr>
<td>Percentage</td>
<td>77.20%</td>
<td>22.70%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>17,630</td>
<td>4590</td>
<td>7670</td>
</tr>
<tr>
<td>Percentage</td>
<td>70.10%</td>
<td>29.80%</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4-17: Shanghai Lilong Area Statistical Table (unit: thousand m²)


4.2.4 Renewal Projects and Plans of Lilong since 1980

Because the shortage of housing was still the major issue in early 1980s, the renewal projects during this period still focused on the housing condition like the water supplies and gas, and housing shortage. Lane 303 on Penglai Road in Huangpu district was one of the examples of this period (Fan, 2004).

This renewal project aimed to increase average living area and install facilities. This lane was the most common Lilong form in Shanghai with no sanitation and no sewage sanitary. The project built kitchens and bathrooms to meet residents' demand. The average living area per capita of this lane was 4.71m², equivalent to the one of the whole Shanghai. As a pilot program with the total investment over 1.362
million yuan, it was completely funded by the government grants from Shanghai Construction Committee, Shanghai Housing Authority and Shanghai Science and Technology Committee. The investment on the renewal of Lane 303 equaled 20% to 25% of the one on the reconstruction of same amounts of new buildings. But the renewal Lilong housing couldn’t attract people to purchase it at the same price as new house so that the vacancy was high in this project. Moreover this kind of project totally depending on government grants could only emerge at the junction of the market-oriented economy period and the planned economy period, this project. Though later the funds had more sources like collective fundraising, the renewal projects didn’t pay attend on the cultural value of Lilong but on the economic value of the land.

Some other methods were practiced during the 1980s and 1990s, like developing the block for new constructions with the renewal of old Lilong housing, dismantling the old Lilong housing and building the new constructions which imitated the superficial elements of Lilong and so-called ‘Europe style’ and raise plot ratio and replacing neighborhood by the subway and other infrastructures. This kind of project destroyed the urban fabric and value of Lilong.

Moving to the late 1990s, the renewal projects transferred from the replacing mode to the conservation mode. Several outstanding examples emerged, like Xintiandi, Tianzifang, Jianyeli and Pugaoli, which adapted different conservation
methods.

4.3 Existing Cases of Adaptive Reuse of Lilong

4.3.1 Xintiandi

Xintiandi, the first development in the Taipingqiao Redevelopment Project by Shui On Group, is the most famous commercial plaza in Shanghai currently. It is located in the City Centre of Shanghai, on the south side of Huaihai Middle Road in Luwan District. It attracts many tourists and local people with a multitude of specialist F&B, retail, entertainment, cultural, recreational, commercial and residential facilities in restored Lilong housing.

The project has a site area of 30,000 square meters and a gross floor area of 60,000 square metres, which has won the national "Innovation China 2001 - Architecture Award", "AIA Hong Kong Citation 2002" and 2003 Award for Excellence from US-based Urban Land Institute. Its praise mainly drops on the adaptive reuse design which links the nostalgia of traditional life and modern city.

Before the renewal, the Taipingqiao site resided 23 blocks, 190 Lilong while the Xintiandi site accommodated 8000 people, 2300 families. It was also a buffer area between the commercial district in the north and the shanty town in the south. Like most Lilong housing, the constructions in this stie were decayed because of absence of maintaining and overburden functioning.
In 1999, Luwan district government cooperated with Shui On Group to execute the renewal project which was conducted as four sections: Shanghai Xintiandi, Cuihu Tiandi, Enterprise tiandi and Taipinghu man-made lake. The focuses of Taipingqiao development were the public buildings in the east area functioned as CBD auxiliary area, office buildings in the north area, lake in the middle, and residential buildings
in the south area. Influenced by the Southeast Asian Financial crisis, large scale of development was constrained so that the developer changed attention on the less scale Xintiandi in the west and Taipingqiao green space in the middle (Hu, 2002). In order to protect the site of the First National Congress of the Chinese Communist Party, the plan needed to combine commercial development with historic buildings. Xintiandi was divided into two regions by the plan: North Li Region and South Li Region. North Li Region kept the traditional Lilong housing while South Li Region aimed on building new constructions. In the renovation of North Li Region, it took the way that keeping the façade and replacing the interior structure. Original bricks, tiles and other materials removed from original buildings would be used in the renovated Lilong Housing. And it also added the infrastructure without demolishing the existing building.

When the project was done, the strategy of commercial activities in Xiantian was the stores could only be rent instead of the normal purchase. Shui On Group defined the target customers of Xintiandi clearly, which are the professionals working in Shanghai and the elite class. Therefore it tended to choose the time-honoured brand, the attractive brand and the popular brand in the selection of stores of the shopping mall (Zhao & Yao, 2007). The first destination was the strengthening the brand effect to make the Xintiandi into public eyes. The rent was so low that the profits couldn't be retrieved in a short term.
Shu On Group invested 1.3 billion on the project maintaining and new-constructing over 57 thousand m² buildings, namely the average expenditure was 22,800 yuan per square meter of area of structure. If the annual loan interests was 9%, the investment of 1.3 billion yuan could be repaid 142.41 million yuan annually by 20 years. Moving to the rent, the current average rent was 8.7 yuan per square meter; namely 3175.5 yuan per square meter per year. The total rent area of structure was 56 thousand square meters. The usable area to gross area ratio in the North-Li Region was higher which was 95% while the one in the South-li Region was 66%. The average usable area to gross area ratio was 80.5% which brought 143.15 million yuan rent profits per year (Hu, 2002). It made both ends meet. But if the amortisation period was shorter than 20 years, it had the deficit; if the average
usable area to gross area ration dropped under 80.5%, it still had the deficit.

It seemed the project wasn’t sustainable if only focusing on Xiantiandi project. But for the whole Taipingqiao development, it raised the price of real estate surrounding, which on the one hand raised the value of Xintiandi and on the other hand got profits to cover the gap in Xintiandi Project. The Cuihu Tiandi residential project got benefits on dwelling selling. The apartments in the first phase were sold by 17,000 to 25,000 yuan/m², which was the highest average residence price while the ones in the second phase were sold by as high as 600,000 yuan m². The renewal project brought the real estate opportunities in this old neighborhood, not only to promote its own values. Besides the old Lilong Housing districts were conserved, the real estate company got it brand identify and the reputation.

4.3.2 Tianzifang

Tianzifang (田子坊) is located at Lane 210, Taikang Road, Luwan District, where used to be the border of French Concession and Old Chinese City. Its former name is Zhichengfang (志成坊). Luwan District was resided majorly the French missionaries and intellectuals in the settlement period, which brought upper-middle Chinese class settle in the north district, especially the one from literature and art circle. Ding Ling, Hu Yepin, Shen Congwen, Xu Zhimo, Xiaohong and other writers and poets worked here while Zhang Daqian, Liu Haisu, Feng Zikai and other artists lived here.
As the typical Lilong texture, Tiantifang had a major lane as the most important transportation route and many vertical branch lanes as the entrances of every Shikumen houses.

![Figure 4-20: Tianzifang District Land Use Map in 1947. (Li, 2011).](Image.png)

In 1930s, painter Wang Ya-chen (汪亚尘) with his wife moved into Yinyun-House in Zhichengfang and established Shanghai Xinhua Arts School and artists association “Li-she”. With the cultural environment, it laid the cultural foundation of later Tianzaifang creative industry. In 1950s, some factories were built in Zhichengfang, like Shanghai Food Industry Machinery Plant, Shanghai Clock and Plastic Accessories Factory and the other three plants (Chen, 2012). Unlike Xintiandi which was under a concentrated-controlled real estate project, Tianzifang was a
bottom up renovation project, a local residents’ spontaneous project. During its whole development, there were three stages: the first stage was early years of local people spontaneous renovation before 1998.

When the factories were closed down, painter Chen Yifei (陈逸飞) first opened his studio in Zhichengfang in 1998, which lead the trend that many artists rent the vacant factories at low price. When painter Huang Yongyu (黄永玉) set up his studio in Zhichengfang in 1999, he changed the Lilong’s name into ‘Tianzifang’, which was homophonic with the first painter ‘Tianzifang’ (田子方) recorded in Records of the Grand Historian (Chen, 2012). He hoped this place could gather artists and it finally came true. With more and more artists coming, other commercial forms than the arts studio and gallery were introduced into Tianzifang. In this period, the commercial activities didn’t disturb the local residents’ life so that the business had a relative mild environment.

Then it stepped into the second stage: the spontaneous renovation on large scale. Comparing with the private rehabilitation, the government didn’t pay attention on the conservation at that time. Instead, the commercial value of the land was the focus because the EXPO 2010 would be held in Shanghai. ‘Xinxinli region regulatory detailed planning in Luwan District’ in 2004 declared that Tianzifang area was designed as a mixed neighborhood with commercial, cultural and residential uses (Li, 2011). The Lilong housings on Taikang Road, no matter Old-type
Lilong, New-type Lilong, or Garden Lilong, were planned to be demolished. The develop rights of Lane 274 and Land 248 on Taikang Road were obtained by Taiwan Riyueguang Real Estate Company in 2004, which also was the developer of Xinxinli neighborhood. Since some difficulties in the development brought by the underground track traffic, the Lilong housings in neighborhood became vacant but not demolished. Therefore, the local residents began to make profits by renting before demolished.

The local residents renewed their house and rent out spontaneously in succession since 2004. For example, Zhou Xinliang, a residence living in No.15 Lane 210, considered whether his house could rent out to the artists the same as the adjacent factories (Li, 2011). His retirement salary was 507 yuan per month. He rent out the 32 square meters room with the courtyard on the ground floor to a costume designer for 3500 yuan per month while he rent the second floor from others as his own dwelling for 1000 yuan. He also employed by the designer for the salary of 1000 per month. Eventually he got gross income of 4007 yuan per month, eight times as high as his original income. Many local residents use similar methods as Zhou’s, which was the principal rehabilitation way in this period. The comprehensive renovation developed more than 20,000 square meters vacant industrial buildings from 2000. It attracted more than 100 creative enterprises into Tianzifang from China and overseas. Tianzifang was entitled as one of the eighteen
creative industry gathering places in Shanghai by Shanghai Municipal Commission of Economy and Informatization in 2005.

The local residents also set up a non-official organization ‘The owner management committee of Tianzifang Shikumen’ in 2005, which took responsibility of analysis of ratio of residential to non-residential use in the area and contacting with the owners to solve the conflict. It brought a new nongovernmental oriented renovation mode into alive and stopped the pace that demolishing all the Lilong Housing and building new constructions. However, the rents in Tianzifang increased fast so that it led the unceasing replacement of the stores. The restaurants with high
profit could survive while the artists redesigned their studio's interior space as the mixture of arts and commercial and altered a part into small café to make more profit. The conflict between the commercial activities and local residents emerged with more and more curious tourists attracted by the arts historic Lilong.

At last, it stepped into the third stage: the government supervised spontaneous rehabilitation. The renovation from residential into commercial use in Tianzifang at the beginning violated the land use law. ‘Shanghai Housing Lease Regulations’ stated: ‘residential buildings couldn’t change into any other uses. Therefore, the tenants as the store holders or the artists couldn't get a lease. To promote the area's development, Shanghai Housing Security and Housing Administration Authority approved to change the building use in this area but remain the land use and applied annual examination and approval method. In 2008 the official ‘Management Committee of Tianzifang in Luwan District’ was established, which symbolized Tianzifang was supervised by the government. The Committee preliminary reviewed, submitted and examined the commercial to balance the conflict between the local residents and the business. The Committee also constrained on the business proportion to ensure the rights of the residents which were uninvolved into the rent process and lessen the conflict between various stakeholders.

In 2010, it was official confirmed as national AAA level tourist attraction and called as ‘Soho in Shanghai’. By now, Tianzifang was expanded to cover Lane 200,
Lane 210, Land 248 and Land 274 on Taikang Road. Food-services like restaurant, café and bar, stores like clothing shop, decoration shop and other shop, and the arts studio and gallery comprised the current Tianzifang. By the end of 2010, there were 402 local families which rent their houses to 179 companies. Among them, 60% were selling art commodities, like artworks, jewelries and customs. 25% were food-service while 15% were artist studio and gallery.

<table>
<thead>
<tr>
<th>Land acquired way</th>
<th>Xintiandi</th>
<th>Tianzifang</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land acquired time</td>
<td>1997</td>
<td>1996, 2004</td>
</tr>
<tr>
<td>Original Use</td>
<td>Residential</td>
<td>Industrial/Residential</td>
</tr>
<tr>
<td>Current Use</td>
<td>Commercial/Office/Financial</td>
<td>Creative Industry</td>
</tr>
</tbody>
</table>

Figure 4-22: Land Acquired Way Comparison. (Guan & Guo, 2011)

Different from Xintiandi which was totally altered to adapt to the modern life, the spatial experience and the life style remained in Tianzifang.
Figure 4-23: Timeline of Tianzifang development (Drawn by author)
4.4 Possible Method

Urban development is a universal issue, which at one hand provides opportunities for the renewal of historic districts and on the other hand threatens their existing. Under this case, what kind of development incentives is effective and appreciated to the different conditions is searched and practiced by the scholars and fieldworkers for a long time. No matter those relevant to the tax system like the tax deductions and the tax credits, or those concerning to the bundle of rights like the property right and developing right, it bases on the legislation system. In other words, the development incentives could not be universal suitable under the global urbanization.

Usually the development incentives are partly important when it is under the market economy and the historic buildings are in private hands. But almost all sectors in the society can participate into the incentive process, such as the government, quasi-government entity, non-profit sector and private sector, which indicates the development incentives for the ones in public hands should be also taken into consideration. In US, most historical buildings are owned by the private sector. In most cases, the reason why they are lack of care is the owner cannot afford the maintaining fee or the tax. It brings the government to rethink the tax policy in the historic buildings and attracts the non-profit organizations to assist the historic buildings to enter real estate market.
Therefore the Lilong Housing's rents were too low to afford its maintaining fee and the local residents cared less on their housing because they weren't the owner. I am thinking of a development incentive undertook by the cooperation between the non-profit organization and the government, which is a little similar to the “Selling of the tax credit” in US. The mode is called as “public-private partnership (PPPs)” which could also be explained in the Chapter 6.

The non-profit organization as the government agent encourages the local Lilong residents to buy a long-term lease of building use right, which could cover most of the maintaining and repairing fee but not burden too much on the residents. Since most Lilong districts are located at the most valuable area in the city, the non-profit organization offers a binding of developing rights of the both adjacent blocks and old Lilong blocks to the developers. The developer could get the transferring of the developing right to its other projects not located in the historic region when they buy the binding rights. This part aims to cover the loss of the high land value. Also to who wants to invest into the Lilong renewal project, the organization could offer a tax deduction. The investors could be individuals and organizations who do not reside in this neighborhood, and the shop, café or restaurant holders who open their own business in the neighborhood. The investment will cover other expenditure on the Lilong Housing conservation. The government, national or local should enact relevant policies and regulations to
protect each participator’s rights.

This incentive will provoke the residents’ enthusiasm into their buildings’ preservation. And on the contrary, the residents won’t worry about pushing out of this area by acquiring a long-term lease of the building use right instead of current paying low rents monthly. When the Lilong Housings come alive, the value of adjacent lots could be raised which benefits the developers. The contemporary house buyers prefer to the ones with special view and sufficient sunshine. The Lilong blocks could satisfy these desires with lower constructions and the traditional and nostalgia facades. Like Xintiandi Project, Shui on group - the developer’s interests came from the real estate of the adjacent lands majorly, not the Lilong adaptive reuse. For the investors especially the conservative, the tax deduction could lower the risk of the investment because the Lilong renewal project is under the government supervision. If the Lilong blocks could be survived, the other commercial activities could enter into, like the restaurant and café. This kind of commercial is like the corner shops and café in American neighborhood, which mainly aims to service the local neighbors but could also attract outsiders to wander in this area.
Chapter 5: Hongcun, Anhui Province (Rural level)

5.1 History

Huizhou (徽州) Ancient villages are defined as the ones located in south Anhui Province, especially in these counties in the original Huizhoufu area – Xixian County (歙县), Yixian County (黟县), Xiuning County (休宁), Jixi County (绩溪), Qimen County (祁门) and Ziyuan County (婺源), with lots of historic, science and art valued dwellings, ancestry halls (Citang, 祠堂), academies (Shuyuan, 书院), memorial gateway (Paifang, 牌坊), gardens and other historical constructions (Han, 2010). The layout of the ancient village regarded the traditional geomancy Fengshui and located near the mountain and water. Water is the transition from nature to manual and the beginning of the spatial series of the village.

The majority society relationship in Huizhou ancient villages is the kinship. A Chinese clan (Zongzu,宗祠), a patrilineal and patrilocal group of related Chinese people with a common surname sharing a common ancestor, inhabited surrounding the ancestor hall (Citang) as the center. Most villages are resided by several Chinese clans. Citang acted as the political power symbol and decision making and enforcing organization (Cheng, 2007). Zongfu system made traders from Huizhou (Huishang, 徽商) successful meanwhile the traders influenced the village construction on the orientation of the residence, academies’ springing up, the gardens’ popularity and other elements of the buildings.
Hongcun (宏村) was a typical Huizhou ancient village, which was located at the southwest foot of Mount Huangshan, 11 kilometers southwest to Yixian County. It was called ‘Hongcun’ (弘村) in history, which meant extensive, liberal and great. The village was set up during the reign of Shaoxing Song, Dynasty (about AD 1131-1162), as the settlement of Wang Family (汪氏). Most members of the family worked as traders for generations while some of them got official position in the imperial examinations.
In Ming dynasty, the famous Fengshui geomancer He Keda (何可达) explored the terrain and replanned the village (Cheng, 2007). He pointed out the terrain of Hongcun was like an ox so that the half-moon-shaped Moon Pool (Yuetang, 月塘) was dug as ‘the stomach of the ox’ which could bring good luck to the descendants according to Fengshui theory. The main significant architectures were constructed around the 1206-square-meters-large Moon Pool. Then the villagers dug a 1268-meter-long ditch as the ‘intestines of the ox’ from the West River winding through the whole village and to the Moon Pool. The long water system supplied the domestic water for all families on one hand and on the other hand increased the quantity and aesthetics of environment. Then four bridges were constructed over West River as ‘legs of the ox’. During the reign of Wanli, Ming dynasty, to balance Yin and Yang, villagers dug a large lake called South Lake outside the village as the ‘external Yin water’ corresponding to the ‘internal Yin water’ Moon Pool (Liu, 2007). The spatial change with the rise of traders from Huizhou brought the village prosperity. Besides Wang family, other families settled in the villages and built up their ancestry halls. They lived separately because of their different social status. The members of Wang family gathered in the center and west while the others lived in the east of Hongcun. The commercial distribution also reflected the family-gathered phenomenon. Upscale stores like the tea shop, the medicine shop, and the tobacco shop were located on the Hongcun Street and Tea Shop Lane, west
of the village while the processing workshops were in the east village.

Figure 5-2: Families ancestral halls map (Jie, 2006)

In 1737, Hongcun changed its name to the homonym because ‘hong’ (弘) was the name taboo of contemporary Qianlong Emperor of Qing dynasty. Since 1855, Taiping Rebellion occupied the county and demolished many houses in the village because of its important role in transportation and military. At the meantime, Qing dynasty constrained salt selling right of the traders from Huizhou, which was the other reason of the declining of Hongcun. After 1949, with the national ownership system changing, the original private owned courtyards transferred into public hands. The breaking up of family clan brought different families sharing the same
court yard. The villagers came back the agriculture-oriented life instead of the traditional merchant life. Moreover, the historic ancestral halls only remained three - Wang family’s chief ancestral Hall (乐叙堂), Wu family ancestral Hall (吴家祠堂) and Lower four branches’ Hall (下四房厅).

5.2 Current Situations

5.2.1 Policies on Preservation

<table>
<thead>
<tr>
<th>Spatial Evolution</th>
<th>Internal Environment</th>
<th>External Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1131-1276)</td>
<td>back Mount Leigang &amp; facing West River</td>
<td>Remote from transportation</td>
</tr>
<tr>
<td>Developing Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1276-1607)</td>
<td>rechanneling West River</td>
<td>Transportation node</td>
</tr>
<tr>
<td>Prosperous Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1607-1855)</td>
<td>diging South Lake</td>
<td></td>
</tr>
<tr>
<td>Declining Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1855-1976)</td>
<td>Remaining</td>
<td></td>
</tr>
<tr>
<td>Redeveloping Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1976-)</td>
<td>Frequent wars during Taiping Rebellion</td>
<td>Yangzhanling Tunnel constructed (1984),</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Highway to Mount Huangshan constructed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2004)</td>
</tr>
</tbody>
</table>

Figure 5-3: Spatial Evolution of Hongcun (Jie, 2006)

After the Chinese economic reform in 1976, the income of the peasants increased so that they could afford the new constructions to solve the housing shortage problem. The historic building ownership was returned to the villagers.
Among 134 historic dwellings, 126 houses were owned in private hand. By 2006, they built up more than 130 one-story house and over 140 multi-story buildings. Even though the new constructions took modern technology, their size and out-looking followed the traditional ones and kept the spatial texture and experience as original. The village stepped into the redeveloping period.

<table>
<thead>
<tr>
<th>Name</th>
<th>Time</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relies on the master plan of Huangshan City</td>
<td>1996</td>
<td>Province</td>
</tr>
<tr>
<td>Temporary regulations on Huangshan City urban planning administration</td>
<td>1995</td>
<td>City</td>
</tr>
<tr>
<td>Hongcun mater plan</td>
<td>1984 (revised in 2003)</td>
<td>County</td>
</tr>
<tr>
<td>Temporary rules on Yixian County urban planning administration</td>
<td>1998</td>
<td>County</td>
</tr>
<tr>
<td>Preservation and administration rules on historic dwellings in Yixian County</td>
<td>1998</td>
<td>County</td>
</tr>
<tr>
<td>Preservation planning of Hongcun, Yixian County</td>
<td>1999</td>
<td>County</td>
</tr>
</tbody>
</table>

Figure 5-4: Relevant Policies of Preservation in Hongcun (Made by the author)

Since 1980s Hongcun began to focus on the preservation with the national preservation awareness. In 1982, Yixian County established Institute of Cultural Relics Management, which charged the repair, maintaining and preservation of historic buildings in Hongcun. In 1997, the preservation planning was implemented with policies supports. In 2000, Hongcun village was designated in the UNESCO World Cultural Heritage. Besides the official regulations and rules, the village also
set up its own rules ‘Hongcun village regulation and non-governmental agreement’ to enhance public awareness on preservation.

On the other side, the transportation progress also provided the change for preservation and tourism. Yangzhanling Tunnel was constructed in 1984 and Highway to Mount Huangshan scenic spot was built in 2004.

5.2.2 Spatial Texture and Historic Buildings

![Figure 5-5: Road systems map (Jie, 2006)](image)

As it mentioned in the Huizhou villages, water system was the significant
character in Hongcun. In Hongcun, the beginning of the spatial experience was the entrance bridge over South Lake. It also worked as the beginning of the road system. Three main streets – Back Street, Hongcun Street, and Lakeside North Street functioned as the principle transportation route. The secondary roads linked the significant buildings and the gathering dwellings, which had plazas and arches to provide communication places to the villagers. The stores were also located on the secondary roads. The tertiary roads were the transfer gray space from public to private and the internal roads among the assembled dwellings. Most roads constructed by the local quartzite or granite. The ditch went along with the some secondary roads and the tertiary roads, consisting of great ditch and tiny ditch.

The whole village covered 0.28 km² while the ancient village occupies 0.19 km²
(Lu, 2004). The number of all constructions was more than 420, among which about 130 were built before 1949 and about 280 were built after the nation establishment. The constructions built in Ming dynasty and Qing dynasty were about 90, among which were 3 ancestral halls and 1 memorial arch (Pailou, 牌楼) (Jie, 2006). The large scaled dwellings were located in the west which were owned by Wang family before. All the dwellings applied traditional Huizhou architectural style: whitewashed walls, black tiles, and horse head walls (fire-proof walls).

![Figure 5-7: Entrance of Hongcun over South Lake (Under Neon Lanterns Blog, 2011)](image)

The Wang family chief ancestral hall – Lexu Hall was the center of the village and functioned as the traditional family life’s center, located at the side of Moon Lake. Chengzhi Hall was the private residence of the famous Qing Dynasty salt merchant Wang Dinggui (汪定贵), which was the most significant historic dwelling in Hongcun. South Lake academy located on the north side of South Lake was is a private school
comprised of six different parts built in late Ming Dynasty, and historically called Yihu Liuyuan (倚湖六院). Built in 1814, it reflected the Confucianism thoughts influence in the traders from Huizhou. (Location in Figure 5-1)
Figure 5-9: Panorama of Moon Lake and Wang family chief ancestry hall (Liu, 2010)
5.3 Tourism and village lives

Under the market oriented economy, the tourism based on both the natural environment and the cultural environment and changed the village on various aspects. The proportion of tourism output in the whole village output rose from 1.1% in 1986 to 24.6% in 1999 (Li & Jin, 2002). The tourism management transferred from government oriented stage to profitable company management stage.

In 1986, Yixian County Tourism Bureau bought Chengzhi Hall at about 80,000 yuan and opened it to the public after repairing. From 1990 to 1995, it invested in the other historic buildings in Hongcun and got ticket proceeds. In 1996, the bureau transferred management right to the local Jilian Town government, which didn’t work well. In the next year, the government contracted with Beijing Zhongkun Company to lease develop right of Hongcun for 30 years (Li & Jin, 2002). The company set up a subsidiary Jingyi Tourism Development Company to manage the historic heritages and distribute dividends.

According to the ‘Hongcun Tourism development supplementary contract’ of 1999 with Jingyi Company, 95% of the ticket proceeds was assigned to the company and the 1% of the ticket proceeds was distributed to Hongcun Village with 92,000 yuan development fee annually. The Jilian Town government could get 4% of the ticket proceeds and 78,000 yuan as the right transferring fee per year (Jiang et al., 2009). But this contract infringed the property right of the villagers. After Hongcun
villagers accusing of the county government’s inappropriate action, the contract was revised and signed again in 2001. 67% of the ticket proceeds were assigned to the company while 20% was distributed to the heritage preservation foundation run by Yixian County government and the 13% was left the town and village. But the distribution of the 13% of the ticket income had different declaration. Jiang asserted among the 13% of total income, 5% was assigned to the town government while 65% of the 8% of the total ticket proceeds was distributed to the villagers and 35% was left to the village committee (Jiang et al., 2009). But according Wang’s research based on lecture presentation of the Jingyi Company, 8% of the total incomes was assigned to the villagers while 20% of the left 5% of total proceedings was distributed to the village committee, 68% was assigned to the town government and 12% with 20,000 yuan was distributed to the Yixian County Tourism Bureau (Wang et al., 2006). The vague income distribution revealed the management disorder in the tourism, the opacity of publicity and the passive participation of the local people.

From the income involvement research of Jiang, quarter of the villagers weren’t involved in the tourism development while three quarters villagers totally transferred their work from agriculture to commercial. Major local people held the idea the tourism development on the one hand improve local economy and provide employment opportunities, but on the other hand it benefited the minority to aggravate the polarization. But from the local cultural context perspective, the
traders of Huizhou culture lasted over thousand years as the essential culture other than agriculture.

<table>
<thead>
<tr>
<th>Income Type</th>
<th>Families</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without or few income from tourism</td>
<td>107</td>
<td>25%</td>
</tr>
<tr>
<td>Employed by others in tourism</td>
<td>25</td>
<td>6%</td>
</tr>
<tr>
<td>Renting historic house to others</td>
<td>40</td>
<td>9%</td>
</tr>
<tr>
<td>Renting stall to others</td>
<td>53</td>
<td>12%</td>
</tr>
<tr>
<td>Hotel &amp; restaurant</td>
<td>45</td>
<td>10%</td>
</tr>
<tr>
<td>Stores opened by the local</td>
<td>85</td>
<td>20%</td>
</tr>
<tr>
<td>Stalls run by the local</td>
<td>50</td>
<td>12%</td>
</tr>
</tbody>
</table>

Figure 5-10: Local’s income other than tourism dividends (Jiang et al., 2009)

However, the tourism indeed changed the environment of Hongcun, natural and cultural. With increasing the tourists’ number, some tourist servicer drained the sewage into the historic ditches because of no relevant constrains or regulations. The damage of quartzite road also brought difficulty in drainage. The water system was polluted so that eutrophication emerged in Moon Pool and South Lake (Lu, 2004). Before the professional planning, the village constructed many modern tourism-oriented buildings out of the entrance of the ancient village, like the hotels, restaurants, supermarkets and the stores. Also it set up an open market selling tourist souvenir at the exit, which destroyed the cultural environment and brought local people more chaos. Since lack of infrastructure was the common situation in ancient villages, Hongcun set many electric poles and electric wires, which weren’t harmonious with the historic buildings. The ground level construction in some historic dwellings were altered and opened as the commercial stores. Worse, some
villagers sold the historic furniture, doors, windows, and decorations in the undeveloped houses to the tourists to make profit, even though Article 15 in ‘Preservation regulations on Ancient dwellings in Southern Anhui Province’ prohibited this action.

In general, both the tourism management and preservation management have deficiency. The tourism management should involve the local residents more because they are the historic buildings owners and they are influenced most. As one of the stakeholders, the village should be given the decision-making power and the supervision right under the protection of policies, which are absent currently. The outsider-centered management system should be replaced by the community-based development mode. The relevant policies only mentioned it should set up professional institution in different government level to charge the preservation and about the funds, maintaining and fine. It should search more on the public supervision right of historic buildings and the developed more incentives.
Chapter 6: Conclusion

The preservation or the rehabilitation of historic urban districts and villages is inevitably influenced by urbanization in current China. No matter which area it is, the stakeholders keep the same – the governments as the policymaker and dominant player, the developers as the investors, the non-governmental organization as the coordinator and the local people as the beneficiary and participant.

The governments from different levels (nation/province/city/town/county/village) regulate relevant policies from their own perspective even indeed under the upper-level direction. Departments at the same level refer to the promulgated policies sometimes but against them sometimes. It brings the confusion in the execution process. Without comprehensive direction in the policy, the subsequent preservation plans have to face the choice of following which policy. Therefore an integrated policy administration system should be set up first.

Constrained by the existing land system, not all the economic tools that are used in the U.S. or Europe can be used in China. The most efficient incentives in China could be the tax credits, tax deductions, low interest loans, loan guarantees, minority equity participation, preservation easement, transferring developing right and leases, which involve both the developers and the house owners/tenants. None of these policies and incentives is in force currently.

To link all these economic tools with the policies and the stakeholders,
public-private partnership (PPPs) could be the key. In PPPs, the government is dominant leader which enact the policies, regularize behaviors of other sectors and provide incentives. The non-profit organizations worked as the agency of the government to link with the government, developers and the local residents through consultation, technique assistance and get some right of the properties by economic tools like easement. The private (both developers and local residents) could invest in the preservation and get the incentives benefit from the government. The characteristics of PPPs also seem suitable in the contemporary Chinese context. PPPs usually tend to share four characteristics: “(1) they are of long duration, usually 25 to 99 years; (2) there is funding, often substantial, from the public sector; (3) there is an important role for the private economic operator; and (4) the risks are shared by the partner best able to assume those risks (Rypkema, 2008).” Under the long-term land use lease guarantee and Chinese government-oriented market, public-private partnership will probably be the economic methods in preservation.

In Shanghai, the case study of urban level, the value of the local context should be aware before the changing of legislation and introducing of incentives. What’s the value of the city/district/town/village? The most valuable characters of Shanghai are the architecture (including the spatial layout) and the still existing traditional life style. The two rehabilitation districts in Shanghai have their distinguished
advantages and general disadvantages. They identify the stakeholders who have been considered into the rehabilitation. Xintiandi is the commercial reuse example, which could be viewed as ‘government-developer’ developing mode. Developers under the government direction ran the project to benefit both sides. It attracts outsiders to come and appreciates the land value of itself and adjacent blocks. But it has destroyed the original life style by replacing the residents. The local people are not positively involved (economically or culturally) in the preservation and rehabilitation. From commercial development perspective, it is very successful. It provides a choice for the government to lease several blocks to the developer and rehabilitate one. Tianzifang is the creative cultural reuse example, which could be viewed as ‘neighborhood-government’ mode. Its rehabilitation was a neighborhood spontaneous activity at first and the government got involved into it by modifying local land use policies. During the renovation, the neighborhood set up its own organization to monitor the process, but this organization lacked professional guidance. The Tianzifang mode keeps the original residents in and brings some artists from outside to become vital. But it has to face the conflict between the two sides.

Merging the advantages of the two examples, the Lilong housing preservation and rehabilitation could adopt a PPP mode: government provides incentives for the developers and local residents by changing policies; the developers invest the
historic district and the new constructed buildings as a whole project to get more profit, or develop the district partly by changing some original residential use into commercial use; the non-profit organization as the government agency to consult with the developers and the local residents to reach an agreement, and supply techniques assistance; and local residents apply the incentives from government and rehabilitate their houses by the assistance of the non-profit organization.

Besides the urbanization, tourism should also be considered in the creating a preservation and rehabilitation approach. This is especially apparent in the rural case study of Hongcun village. Similar with Tianzifang, tourism brings outsiders in the rural historic towns and villages and changes the essential local life from agriculture to commerce. The local income is increasing with the physical destroying of historic heritage, like the open market in Hongcun village. It also brings the conflict between the local people and the outsiders. The local context is changing, which may cause an intangible cultural heritage loss.

In Hongcun village, the tourism management focused on the profit because the developers became the dominant player. The government should be aware of their roles in tourism, and the costs – not only the benefits – of tourism development. The PPP mode could also be used in Hongcun only if the government shifts to the dominant player to enhance policy power both on tangible heritage and intangible
heritage and provide incentives. The intangible heritage like bamboo carving could provide profits to the village as souvenir and expand popularity of the village. The developers and the new constructions should be constrained by the policy because if otherwise the physical pattern of the ancient village which is one of the most significant characters in Southern Anhui ancient villages will be destroyed. The non-profit organizations in this case provide professional technical assistance and policy consultants to the house owners and get easement or bargain sales since most historic houses in Hongcun were owned by the villagers. By now none of the local non-governmental organizations exists for the preservation of Hongcun village. There is a demand to create this kind of organizations. The villagers lessen the burden of repairing historic houses after taking the incentives. Tourism could benefit the village, but also put pressure on the local residences. Therefore, specially designed PPP could advance the integration of policies, investments, and operations needed to bring the village sustainable development instead of squeezing the cultural resources for economic benefit.
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