



TRANS-URBAN-EU-CHINA

Transition towards urban sustainability through socially integrative cities in the EU and in China

Deliverable

D 3.2 Concept for the report on land management instruments in urban expansion and urban renewal areas in China

WP 3 Land Use Planning and Land Management



This project has received funding from the European Union's Horizon 2020 Research and Innovation Programme under Grant Agreement No. 770141. The material reflects only the authors' views and the European Union is not liable for any use that may be made of the information contained therein.

Deliverable type: Report

WP number and title: WP 3: Land use planning and land management

Dissemination level: Public

Due date: Month 18 – 30 June 2019

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EXECUTIVE SUMMARY

Promoted by different levels of governments, China is transitioning to a more urbanized society with increasingly intensified land use and higher quality of life. This transformation makes it necessary to adapt urban development and land management instruments to new conditions balancing different interests of the government and the market, or for a better coordination of public and private investments for and within municipalities.

The report D.3.2 is providing a concept for the final report aimed by work package 3 “Land use planning and land management” of the project TRANS-URBAN-EU-CHINA. In WP 3 it will be scrutinized to what extent and how land management is conducive to promote social integration in China. In achieving this objective, land management instruments are identified, characterized and tested with regard to their potentials and limits to support single aspects of a socially integrative urban expansion and renewal. The objective of WP 3 is to deliver transformative knowledge and recommendations on applicable steering instruments for socially integrative land management processes in China.

This report aims at preparing the ongoing work and the final report scheduled for the end of the project (D3.3). Thus, the report is focusing on the methodological approach and analytical framework within the work package. Findings as such, regarding the applicability of land management instruments and recommendations for urban planners and planning authorities will be provided in the final report.

Keywords

land administration systems, steering instruments, urban development, land use rights, China

1 INTRODUCTION

The report D.3.2 is providing a concept for the final report aimed by work package 3 “Land use planning and land management” of the project TRANS-URBAN-EU-CHINA.

In WP 3 it will be scrutinized to what extent and how land management is conducive to promote social integration in China. In achieving this objective, land management instruments are identified, characterized and tested with regard to their potentials and limits to support single aspects of a socially integrative urban expansion and renewal. Based on findings regarding the transformative capacity (Wolfram 2016) with regard to land management processes and instruments, recommendations for different stakeholders dealing with urban planning will be elaborated and summarized.

Following on reviewing the knowledge base on urban expansion, urban renewal and land management and land administration, which is reported in D 3.1 (TRANS-URBAN-EU-CHINA 2019a), the objective of WP 3 is to deliver transformative knowledge and recommendations on applicable steering instruments for socially integrative land management processes in China.

This report aims at preparing the ongoing work and the final report scheduled for the end of the project (D3.3). Thus, the report is focusing on the methodological approach and analytical framework within the work package. Findings as such, regarding the applicability of land management instruments and recommendations for urban planners and planning authorities will be provided in the final report.

The **methodological approach** of identifying, analysing and evaluating instruments involves the following stages:

Knowledge base on steering instruments:

Based on a literature review a general overview about European and Chinese steering instruments of land management is elaborated. The development of categories, types and the classification of single instruments is additionally based on expert knowledge of the researchers involved in WP 3. A draft overview and systematization of instruments, including first examples for the instruments, which will be used as an analytical framework (1) to assess single urban expansion and urban renewal processes and (2) to develop recommendations for land management supporting socially integrative cities, is provided in chapter 2.

Getting transformative knowledge from good cases and Urban Living Labs:

Based on a literature review of good practices on socially integrative urban development projects (regarding this conceptual framework see D 3.1, TRANS-URBAN-EU-CHINA 2019a and D 6.6, TRANS-URBAN-EU-CHINA 2019b), cases on urban renewal and expansion are respectively chosen in Europe and China. The focus of case analysis is on land management instruments that have contributed to the promotion of the socially integrative city. Their potentials and constraints regarding their transformative capacity (concerning this conceptual framework see D 6.6, TRANS-URBAN-EU-CHINA 2019b) will be critically reflected. The theoretical knowledge as regards the opportunities to support socially integrative urban expansion and renewal and the empirical findings from the good European and Chinese cases will be reflected against the background of urban realities in China, using the possibility of Urban Living Labs (ULL) (TRANS-URBAN-EU-CHINA 2019c).

Providing Recommendations:

Finally, the experiences from the good practice examples, the findings of the interviews and the discussions in the ULL will be summarized in order to formulate recommendations for the application of single land management instruments for socially integrative urban expansion and renewal in China, addressing different stakeholders in urban planning.

2 STEERING INSTRUMENTS FOR LAND MANAGEMENT IN CHINA AND EUROPE

The final report on land management instruments in urban expansion and urban renewal areas, with special consideration of China, will demonstrate a broad spectrum of options. Instruments will be discussed following the generally accepted systematic structure shown in Table 1, developed by the Chair of Land Management of TU Dresden. Options will be scrutinized regarding their applicability in Europe and China in a comparable way. It is probable that there are differences due to the fact that, in practice, China has a different land management policy than European countries.

The instruments are relevant and applicable in both cases, i.e. urban expansion and urban renewal. On the one hand, there is the development from farmland to construction land, often at the outskirts of cities, which could be assigned to the process of urban expansion. On the other hand, the development of unused, but formerly developed land with the aim to close spatial gaps in the built-up area or to convert land in the urban area, is a strand of urban renewal.

Many instruments can be used for both, urban expansion and urban renewal. Indeed, the use of the respective instrument depends less on the goal and function of land conversion, i.e. whether it is related to urban expansion or urban renewal, than on conditions of space, population development, housing supply and ownership. Therefore, specific views on individual cases are crucial in order to identify suitable instruments.

This concept report will provide an overview of types of instruments in land management, and name and generally describe single instruments, both in the European and Chinese context. Table 1 shows a draft systematization of instruments based on expert knowledge of the researchers involved in WP 3 and a first literature review.

For the final report, these instruments will be critically assessed regarding their potentials and limits to foster socially integrative urban renewal (UR) and urban expansion (UE) based on detailed literature research and fieldwork. Also, remarks according to frequency of implementation and feasibility are provided. Based on this evaluation, recommendations for the application in future urban development processes can be derived.

From a general land management perspective, steering instruments can be categorized in:

- Legal instruments
- Financial instruments
- Voluntary instruments

Topics	Types of Instruments	Examples	China		EU	
			UR	UE	UR	UE
Legal Instruments	Planning Instruments	Formal plans				
	Land Banking ¹	Pre-emptive right				
		Public interim purchase				
	Development Instruments	Expropriation				
		Reallocation				
		Urban contract				
Financial Instruments	Financial Incentives	Subsidies				
	Financial Involvement	Cost sharing				
		Charges/Fees				
		Taxes				
Voluntary Instruments	Planning Instruments	Informal plans				
	Participatory Instruments	Citizen participation				
		Public-private partnership				
	Negotiation	Private reallocation				
		Private transaction				
	Land Banking ²	Private interim purchase				

*Table 1: Draft systematization of instruments, including first examples for the instruments
(Source: Developed by the authors)*

Following short descriptions of the types of instruments, referring to some examples are provided:

Legal Instruments

Legal instruments are all instruments which are regulated by laws and which are legally binding (SILVA & ACHEAMPONG 2015: 8). Three groups can be discerned here: Planning Instruments, Land Banking, Development Instruments.

Planning Instruments

Formal Plans: The function of urban land-use planning is to prepare and manage the structural and other use of land in the municipality (HEALEY, P. & WILLIAM, R. 1993; SILVA & ACHEAMPONG 2015: 12-19).

- Zoning plan with general regulations that applies to the whole municipal territory and
- Binding land-use plan with a detailed plan for individual parts of the municipal territory

¹ Land Banking is categorized as a legal instrument in China.

² Land Banking is mostly a voluntary instrument in Europe.

(SILVA & ACHEAMPONG 2015: 18)

Land Banking

Pre-emptive right: Person A and person B conclude a sales contract (persons could also be companies or municipalities). The pre-emptive right allows the municipality to take the place of the buyer. The agreements of the contract continue to apply (KAISER ET AL. 2016: 53; WIRTH & WOLFF 2012: 57).

Public interim purchase: The municipality is first a buyer and then a supplier on the municipal land market. In an early phase, the city buys low-cost, mainly agricultural land near the city, develops the land and sells it as building land for commercial and residential purposes. Sometimes, arable land is held for years before development (ALTERMAN, R. 2012: 764).

Development Instruments

Expropriation: The removal of property rights by the state is only permissible in the public interest. The land is reused for common goods afterward. The owner receives monetary compensation, but it also can be paid in another plot of land in equivalent location (ECHR 1952: 33; COUNCIL FOR THE ENVIRONMENT AND INFRASTRUCTURE 2017: 19-22).

Reallocation (public): The redistribution of land is intended to create land that is suitable for buildings or other uses in terms of location, shape and size. The aim of this procedure is to reorganize or extend certain areas of both developed and undeveloped land (COUNCIL FOR THE ENVIRONMENT AND INFRASTRUCTURE 2017: 5).

Urban Contract: Contracts between municipalities and third parties include preparation and implementation of urban development measures or other agreements. An important part of urban contracts is the height of transferable costs from municipality to a developer. Signing the contract is a condition for the development of the plot (HENDRICKS ET AL. 2017: 266).

Financial Instruments

Financial instruments are all those instruments that create financial incentives for the mobilization of land for the developer or user as well as require financial participation by the developer or user (SILVA & ACHEAMPONG 2015).

Financial Incentives

Subsidies: Subsidies include the financial support of individual households or persons or the financial support for the construction of new living space/affordable housing (Europe, e.g. ESF). The financial support for new living spaces is mostly important for cities with a rise of population and a reduction of the vacancy rate (SILVA & ACHEAMPONG 2015: 23).

Financial Involvement

Cost Sharing: Responsibility for the provision of the necessary infrastructure (technical infrastructure such as roads and utilities, electricity, water, sewage or social infrastructure such as playgrounds, kindergartens, and schools) rests in general with the municipality, but the responsibility can be transferred to the developer (height is a result of negotiation and will be manifested in an urban contract; developer pays for technical and/or social infrastructure).

Charges/Fees: Furthermore, the financial burden on municipalities could be eased by service connection charges payable by property owners to share the cost of land improvement for initial provision, particularly of vehicular and pedestrian infrastructure (roads, pathways, squares) (SILVA & ACHEAMPONG 2015: 22; 23).

Taxes: Tax on the purchase of a plot of land, house or apartment that the buyer has to pay to the state.

- Land value tax - Tax on pure land rents (if quality of land is exogenous to landowner)
- Unit tax - Tax on pure land rents (tax higher than the land rent is possible)
- Property tax - Tax on part of pure land rents plus tax on structures (buildings); equal share.
- Split rate tax - Tax on part of pure land rents plus tax on structures (buildings); equal or different shares.
- Stamp tax and transaction taxes - transactions of property - land and structures (buildings). No direct land rent taxation.

(HENDRICKS ET AL. 2017: 260-263; COUNCIL FOR THE ENVIRONMENT AND INFRASTRUCTURE 2017: 10).

Voluntary Instruments

Voluntary instruments are all instruments which are optional and not legally binding on the basis of laws (BOUWMA ET AL. 2015).

Planning Instruments

Informal Plans: Informal planning is more flexible and can be focused on special issues or for the participation of special groups. Citizens, certain groups or interest groups are participating in the development of guidelines and concepts. It is no alternative for formal land-use planning with legal procedures but a good supplement (ARL 2019; MEIJER, M. 2018).

- Urban planning models
- Planning concepts
- Examination of the feasibility of individual projects

Participation Instruments

Citizen Participation: Participation is the involvement of citizens in the planning process. There are different levels of participation (BERTELSMANN STIFTUNG 2018: 7).

- Inform - Participants receive information about the planning or decision.
- Consult - Participants can comment on a question or draft
- Cooperate - Participants can participate in the decision-making process

Public-Private Partnership: Organized cooperation between institutions and persons from various areas of the public and private sectors is named as public-private-partnership. The purpose of such partnerships is the joint work on urban development and regional development functions that none of the parties involved can handle alone and which are of benefit to all concerned (SCHAEFFER & LOVERIDGE 2001).

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- Informal cooperation between local government executives
 - Cooperation under contract³
 - Quasi-public enterprises (especially in the utility sector)
(SCHAEFFER & LOVERIDGE 2001; HODGE, G. & GREVE, C. 2007)

Negotiation

Private reallocation: Voluntary reallocation is a private purchase or exchange. In contrast to public reallocation, both parties are on an equal level. There is no legal basis for a subordination relationship (German example, Building Code).

Private transaction: Voluntary transaction is a private purchase of land or real estate and both parties are on an equal level (German example, Private law regulations).

Land Banking

Private interim purchase: Like public interim purchase, but a private developer buys the land, develops and sells it. Costs, risks but also benefits lies with the developer (ALTERMAN, R. 2012: 764).

³ The most frequent form of PPP is a cooperative arrangement regulated by contract.

3 OUTLOOK

Based on a literature review of good practices on socially integrative urban development projects, up to three cases on urban renewal/expansion will be chosen respectively in Europe and China. In general, the selection will consider typology issues, in order to allow a comparative perspective between China and Europe.

The focus of case analysis and study is given to the land management instruments (following the systematisation described in chapter 2), that have contributed to the promotion of single characteristics of the socially integrative city.

After elaborating the visioning for the socially integrative city in Europe and China, the critical components of transformative capacity⁴ acting effectively in the explored cases (good practices) both for urban renewal and expansion are identified against the Chinese and European context.

To evaluate single land management instruments in terms of opportunities, limits and possible or necessary adaptations to be applicable, different activities will be conducted in the Urban Living Labs. Initially, it is planned to have interviews with main stakeholders, being involved in urban renewal and expansion processes, to get knowledge about the main challenges, experiences and ideas of urban development. Based on this, workshops (i.e. as group discussion) will be organized to draw more customized instruments and recommendations in land use administration and management for its smooth and successful transformation.

Finally, the experiences from the good practice examples, the findings of the interviews and the results of the discussions will be summarized in order to formulate recommendations for the application of single land management instruments for socially integrative urban expansion and renewal in China. Primarily, these recommendations address stakeholders, being involved in urban planning, such as planning authorities, planning companies, developers etc. This includes a critical reflection of the methods being applied, the empirical work being conducted and the results being reached. Also, some repercussions for the European context are expected.

The results of WP 3 in regard to steering instruments of land management will be linked to instruments, which are being discussed, developed and compiled in other work packages of the project, mainly WP 1 on “Community building and place-making in neighbourhoods” and WP 2 on “Bridging the planning-implementation gap in eco- and smart cities”.

The identified instruments and recommendations for urban planning stakeholders will be summarized in the final report of WP 3. Based on this the findings will be integrated in the common toolbox, which will be part of the final and joint compendium of the whole project.

⁴ The ability of individuals, organizations and societies to shape their development and adapt to changing circumstances (WOLFRAM 2016).

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