



**TRANS-URBAN  
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# Policy Brief

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## Towards more sustainable and socially integrative urban expansion and renewal in China

*Four strategic fields and twenty  
recommendations for the years until 2025*

(4 – 20 – 2025)



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# **Towards more sustainable and socially integrative urban expansion and renewal in China**

**Four strategic fields and twenty recommendations  
for the years until 2025**

**(4 – 20 – 2025)**

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This Policy Brief recommends **four key strategies** for a more sustainable and socially integrative expansion and renewal of cities in China during the years until 2025. It is based on abundant research results and scientific outcomes of the project “Transition towards urban sustainability through socially integrative cities in the EU and in China” (TRANS-URBAN-EU-CHINA). The project was funded by the EU H2020 programme, and it was realised by 14 acknowledged partners from China and Europe.

The **objective** of the Policy Brief is to provide policy makers, city planners and relevant urban practitioners a series of implementable **recommendations** in four strategic fields. They were identified in comparative European and Chinese cases studies regarding land management and urban planning related to urban expansion as well as urban renewal. They are apt to make cities more sustainable and socially integrative.

The Policy Brief mainly **addresses urban development and related stakeholders in China**. However, it is also instructive for experts and practitioners in Europe who are interested or engaged in establishing peer-to-peer relation with Chinese cities. Moreover, it provides a background and an awareness window for a more reciprocal discussion and joint learning within the framework of **cooperation between Europe and China in the future**. The recommendations are in line with the basic principles of the 14<sup>th</sup> Five-Year-Plan, the New Urbanisation Policy and the new Land Administration Law of the People’s Republic of China.

The Policy Brief makes reference to **findings of comparative studies** which were carried out in the TRANS-URBAN-EU-CHINA project. They clearly indicate that good practice examples in Europe and China can be different in many ways, including objectives, approaches, planning and design, stakeholder involvement and overall management. Differences may well be reflected in different contexts, different development stages, different institutional structures, and even different cultural mindsets of stakeholders in Europe and China.

However, there are also many similarities, and **common principles** can be derived, particularly in terms of instruments and tools of implementation. These are further detailed in the Deliverables of the different Work Packages of the project, in the book “Towards Socially Integrative Cities. Perspectives on Urban Sustainability in Europe and China”, and in the Online Compendium on Tools for Promoting Socially Integrative Cities in the EU and in China ([www.http://transurbaneuchina.eu](http://transurbaneuchina.eu)).

On this background, this Policy Brief deals with **four strategic fields** and suggests the following **20 recommendations** for promoting socially integrative cities and enhancing urban sustainability with a **special focus on China** in the coming **five years until 2025** regarding the following issues:

- Reform of land-use planning, land administration and land management
- Adaptation of more integrated and comprehensive urban planning
- Improvement of participatory cooperation mechanisms and
- Strengthening of urban finance.







## 1. Reform the system of land use planning, land administration and land management

Land is an important resource in many cities in China, which provides the **basis for shaping urban development and for income generation** of governments on the local level. Future-oriented land use planning helps to reorganize urban-rural relations, to determine the extent of urban growth into rural areas, and to define land use changes through local laws and regulations. Auctioning land use rights to private developers generates income, which in most cases forms a major part of city budgets, together with taxes, fees and funding through special preferential policies.

Rapid urbanisation with continued urban growth in China over a period of more than two decades has provoked local governments to increasingly **rely on the constant flow of income** through land use change, especially for urban expansion at the urban edges and redevelopment in inner-urban areas in lucrative city locations, and the transfer of respective land use rights to the private sector. Even until now, government-led programmes and projects are still the main power in shaping or catalyzing the cities' spatial development patterns. However, as urban growth is slowing down and the quality of urban development is receiving higher attention, the **conditions are changing**. Hence, a wise and **well-designed system** of land administration and land management is critical for high-quality urban development, which is a priority of China's new urbanization policy and related programmes and initiatives, and to which all levels of government are highly committed.

On this background, the results of studies and discussions within the framework of TRANS-URBAN-EU-CHINA suggest that **more attention** needs to be given to the following aspects in terms of policy formation and implementation:

- A **comprehensive system of land use planning, land management and compensation** needs to be designed in order to better reflect the market value of the respective land use in an area and the requirements of quality-oriented urbanisation and urban development. While the long-term vision and general direction of the current land reform have been defined in the new land administration law of the People's Republic of China, issued in January 2020, details of the implementation have still to be clarified and regulated. For example, under the new law, the collectively owned land in rural areas will have the same development rights as land defined as urban. Nevertheless, there is no one-size-fits-all proposal for rural land use. A difference may have to be made between rural land use in urban fringe areas, which are under high development pressure, and the land use in the remote rural areas far away from cities.
- A **more case and city specific land quota system** needs to be developed during the years to come. The currently applied land quota distribution criteria, which are mainly based on population forecast, need to be reformed. The system should reflect a city's overall performance well, e.g. in terms of compactness of land use, population growth, economic efficiency, social equality and environmental improvement. While the land quota system, as such, should remain in place, as it has a high impact on protecting farm land and restricting its further loss, city-specific conditions need to be more precisely evaluated and included. This should be done considering the variation of a city's development in momentum, scale and velocity. This can help to avoid a situation in which more dynamic cities cannot get a sufficiently high land quota for development while, at the same time, cities with a stagnating or even declining population and economy, may be able to use their land quota for further spreading out at lower urban densities or are even indirectly encouraged to facilitate "ghost towns".
- During the coming years, higher attention needs to be paid to the **adjustment of land use composition** in urban areas. While economic priorities will continue to play the major role in urban China for a foreseeable future, urban land use development should incorporate other dimensions of sustainable urbanisation by giving them a more prominent weight. For example, as comparative international experience suggests, a higher proportion of urban land use should be designated to **residential and mixed-use** purposes in order to ensure that urban neighbourhoods are environments which are lively, representative for the dynamics of society, and well accepted by the population. Urban planning should reflect the foreseeable requirements of future economic development, social integration, and the new opportunities which the application of smart technologies offer in urban development. This is true for urban expansion and urban renewal areas, and it requires that appropriate policies and instruments for adjustment are in place.
- While land remains owned by the state within urban areas, the **legal differentiation between ownership and tenureship of land** and its implications should be further explored and optimized. One important thrust is to enhance **tenureship rights** in order to mobilize initiatives and foster good practice examples in terms of land users' and developers' commitments to improving land use efficiency and to creating better and more sustainable land use patterns. In parallel, policies should be developed which put more attention on **protecting tenants' rights** in the rental housing sector. They should be



oriented towards securing residence stability, reducing unnecessary population moves, and increasing the social inclusiveness of cities.

- A more **differentiated model of land use planning and development** needs to be established. While the urban land use plan should be focused on strategic positioning, a more **flexible development** approach should be created and implemented which encourages adaptative resilience and promotes human-centred urban design and community development. There are 3 key areas which require urgent action: (a) **Mixed land use approaches** should be advocated. They promote community development, help to generate more diversified economic activities and job opportunities in neighbourhoods, contribute to

realizing “cities of short distances”, and foster a more balanced and socially inclusive society. (b) The current popular practice that large parks dominate in **urban green infrastructure** systems needs to be reevaluated. **Networks** of green areas, e.g., within neighbourhoods and along rivers, streams and eventually roads, are more easily accessible for more urban residents. They should be introduced and advocated in order to serve more people and make better use of the existing public green space. (c) A **fine road grid system** with a human scale should become the new normal of quality-oriented urban development. This can contribute to a more rational movement of people in the city with more flexible options.





## 2. Strengthen integrated urban planning through the improvement of coordination and collaboration among various government departments

China has never been short of plans for regional as well as urban and rural development. However, experience during the past decades has shown that the different plans have not always been in accordance with each other, and many **conflicts** have come up along with their implementation. Although contents of documents issued by bureaus and government departments on different or the same levels of government may be generally consistent, there are contradictions between sectoral and comprehensive plans in China due to differing standpoints and perspectives on development.

In the past, the unprecedented rapid urban growth eclipsed challenges caused by such conflicts when development and economic growth were the prevailing pursuit of all levels of government in China. However, as this quantitative development approach is no longer sustained because economic growth has slowed down and people's demand for higher quality of life has become more prominent, **challenges induced by uncoordinated plans are becoming obvious and increasingly serious**. The recent move by the Chinese central government to call for more comprehensive and integrated planning clearly demonstrates the **shift in priorities**. A series of reforms, including a reform of the institutional and planning frameworks, have been introduced and conducted. Among other efforts, pushing for more coordination and collaboration is becoming an essential element of policy implementation.

On this background, the following **recommendations** are critical in order to enhance integration and coordination in planning in China:

- **Integrated urban master planning** should be promoted. It should contain a long-term vision of the urban development of a city, including its spatial dimension, and it should be carried out in a well-coordinated way. This means that there should be intensive communication and joint decision making involving all concerned government institutions from different sectors and across different levels. Moreover, guidance expressed by an integrated master plan should become a **guideline** for planning and implementation of all concerned parties. Such plans may become an obligatory requirement in the case that cities apply to conduct large pilot projects or request financial support from higher level, especially national authorities.
- If not achieved through procedural regulations, integration and coordination of planning should be secured through establishing special coordination committees, e.g. on the local level. They may be led by higher level government institutions and operate like task forces with a clear-cut agenda focused on the integration of different plans. Members should

be carefully **selected, and represent their sectoral governmental bureaus or departments**. This is becoming increasingly important as quality-oriented integrated planning needs to fully reflect the specific requirements and regulations from all related departments for all fields of action of which they are in charge.

- In order to enhance effectiveness and efficiency of such committees, members from the different sectoral departments should have short but intensive **professional training in integrated and comprehensive urban planning and urban-rural relations**. Planners should have professional **training on moderation and mediation techniques** in order to better steer the committees' work. This is necessary as most sectoral planners are not yet familiar with and do not have a clear understanding of the strategic, visionary and comprehensive nature of integrated planning, and urban and regional planners lack professional knowledge and experience in moderation and mediation. Given the great disparity and variation among different city regions in China, a mediocre one-size-fits-all planning approach cannot provide useful guidance to a particular city and its sustainable development.
- In order to secure and enhance an appropriate and transparent provision of knowledge and flow of information, a **co-sharing platform for timely exchange and discussing** data, information, messages and the state of policy progress among all concerned governmental departments is crucial. It should be based on existing and proven data management systems which have been developed and applied in China, and it should make best use of existing digital infrastructure and technologies of artificial intelligence (AI) in order to support data analysis, forecasting, visioning, as well as the elaboration, decision-making and implementing of integrated urban development plans and concepts.
- Furthermore, besides the professional training and the co-shared platform, an **accountability system** needs to be set up in order to guarantee that integrated plans and concepts will be effectively implemented by each related department, or will be fully reflected in their own thematic sectoral planning. Such an accountability system should be closely linked with an evaluation and monitoring approach for integrated planning, which should indicate the progress of implementation, related bottlenecks and potential solutions, and upcoming necessities to completely revise comprehensive or sectoral plans, e.g., due to new unforeseeable development trends. This would contribute to securing the flexibility of the integrated planning approach.

### 3. Facilitate better planning and implementation of urban planning and design through multi-stakeholder participation and involvement

The big challenge in implementing urban planning and urban design approaches in China is a certain lack of enthusiasm and initiative on the side of key stakeholders. The **general public** is usually hardly involved in planning from the very beginning, and the **level of participation** is often limited to the level of one-sided (top-down or government to people) information of the process from very beginning.

**Planning Exhibitions Halls** of cities are impressively showcasing historic roots and future urban development perspectives, models and projects. Nevertheless, they hardly encourage profound debates about different development alternatives which could become a basis for decision making by the government or higher level institutions.

**Street Offices and Urban Residents' Committees** are in constant contact with the local population. However, their members usually neither have the official task nor the time nor the necessary professional background to actively involve people in urban planning matters and encourage public participation on higher levels, such as two-sided consultation or making recommendations to planning authorities for taking joint decisions.

Meanwhile, many cities have begun to **introduce some measures to encourage multi-stakeholder participation in community development** and the design of urban project areas, both in urban renewal and urban expansion. Nevertheless, if compared with good practice examples in other places, e.g., collaborative and enquiry-by-design exercises, charettes etc., **there is still much room for improvement in China**. The experiences from EU city cases, as documented, for example, in the above mentioned TRANS-URBAN-EU-CHINA Compendium or in respective deliverables, can be taken as good reference for Chinese cities in this respect.

Based on such experience, the following **recommendations** can be made:

- Make **better use of the potentials of city planning exhibition halls** regarding participatory urban planning and design. Their role should be enhanced regarding the stimulation of public debates and reflection. They should encourage and help to generate proposals by the general public regarding urban development visions, perspectives and projects. Thus, they could become vivid places for fostering sustainable urban development in a participatory way.
- Stronger efforts need to be devoted to **awareness raising on the revision of plans and urban design projects** via various media. On the one hand, these include traditional media, such as newspapers,

broadcasting, television. On the other hand, more attention should be paid to new media, such as WeChat, websites, professional APPs, E-government documents, and others. Thus, more and more residents can be involved in planning processes, their attention for participation can be mobilised, and their voices can be better heard.

- Although many cities in China have made considerable progress in information sharing and awareness raising in the last decade, **multi-stakeholder participation still needs to be enhanced**. This is particularly relevant in the decision-making process. Business associations as well as street offices and urban residents' committees could play a supportive role in encouraging and guaranteeing that the voices from the private sector and civil society are well heard and considered in decision making and monitoring. Planners should be encouraged to perceive public participation as an instrument which is not obstructive but supportive to urban planning and development. They should be trained and motivated to become more open towards organizing and conducting public participation processes.
- In order to effectively deepen public participation in urban planning and development, **pilot projects for kicking off multistakeholder participation** in urban planning, community building and site development should be encouraged. Cities should be encouraged to participate in such projects, and to initiate and apply different models of public participation. Thus, a broad spectrum of different experiences could be collected and accumulated in China. Experiences should be accompanied by urban participation research, and they should be systematically and periodically evaluated. Afterwards, upscaling of good practice experience could be promoted once sufficient experience has been collected. Thus, more open and transparent public participation could become an integral part of planning and implementation processes.
- Together with public participation, the establishment of an **effective accountability framework** for each stakeholder group should be explored. It should be closely linked with monitoring of planning and implementation. It should indicate when public support is rising or diminishing, and when eventually plan revisions need to be made. It could also become an effective tool to review the state of public participation in urban planning and development as such.



#### 4. Improve and diversify sources and channels of urban finance

For decades, off-budget **income from auctioning and selling land use rights** has been the prime financial source for facilitating the fast infrastructure construction and utilities development in urban China. Thus, the conversion of formerly rural into urban land for urban expansion, and the massive construction of huge new urban areas by private developers, irrespective of their necessity and later use, received the prime attention of city governments for a long time.

However, **this situation has changed and is still changing**. Besides the implementation of already approved projects, the expansion of new urban areas is slowing down due to a slower increase of urban population and decelerating economic growth. Thus, local finance in urban China is under **enormous stress**, and an acute challenge for sustainable urban development. The situation becomes even more severe when one considers that expenses of local government departments are constantly rising. Therefore, it is an urgent necessity to explore possibilities to diversify urban finance and generate other sources of local income. This will be key for sustainable urban development in China and balanced urbanisation in the future.

Based on the comparable studies between the EU and China, at least the following **five recommendations** can be identified:

- The actual land bidding and **auctioning system** should be reformed. It should better reflect the real land value in different locations as well as the respective development context. Efforts should be undertaken to explore and install a new finance system to assure that revenue from land use can become more persistent, and support local budgets in a more constant and predictable way.
- Possibilities should be explored to establish an **equitable land tax system** between urban and peri-urban areas. On the one hand, this could help to diminish or even avoid unwanted urban expansion and encroachment of urban into rural areas as the cost of land use changes in peri-urban areas could be increased. On the other hand, a new system could encourage developers to realise urban development with higher densities in existing already built-up urban areas. Thus, the overall revenue from land use could be more or less stabilised while the momentum of more balanced and appropriate urban development could be pursued.
- A **fair and effective land value capture system** should be further explored and introduced. With such a system, the land value added through amplifying and upgrading the urban infrastructure, improving the quality of public spaces and the environment, as well as introducing new facilities and utility services by the public sector, should become available to be collected and redistributed for further enhancing the renewal of cities. Eventually, a payment based on service revenue system could also be established in order to sustain urban financing resources.
- Parallel to the system above, **property tax** could be introduced and implemented in the Chinese urban finance system. Skillfully balancing and eventually shifting the composition of land tax, on the one hand, and property tax, on the other hand, could be used to better realise any intended urban development, putting a special focus on either urban expansion or urban renewal. However, there are regional differences in the impact of the real estate tax and land transfer fees on urban expansion and urban renewal in China. They have to be taken into consideration.
- Experience demonstrates that there are many arguments for more frequently and intensively making use of **Private-Public-Partnership (PPP)** models in urban areas. Such models would have positive effects on urban finance. On the one hand, they would help to mitigate pressure on urban finance of local governments. On the other hand, they could be a stimulus for raising the efficiency and performance of urban services. The current prevailing PPP practices in China through the involvement of State-Owned-Enterprises (SOEs) could still continue to exist. However, more involvement of private enterprises should and needs to be further mobilised and encouraged if urban finance in China shall become sustainable.





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