



142
348
THS

PLACE IN RETURN BOX to remove this checkout from your record.
TO AVOID FINES return on or before date due.
MAY BE RECALLED with earlier due date if requested.

DATE DUE	DATE DUE	DATE DUE

The Current Situation and Future Development of Urbanized Villages:

The Policy of Low-income Houses in the City
of Xi'an and Experience of Western Countries

Submitted to:
Dr. Eric Strauss
Dr. Herb Norman

Nan Wang
Summer 2008



THESIS

DO NOT DETACH

Acknowledgements

This paper is in many ways the academic culmination of my two years attending Michigan State University as a graduate student. It is also the product of the unique resources, experiences, and people I have encountered in my two years as a student in East Lansing. I would like to thank the professors who contributed to this work in some way: Dr. Eric Strauss, Dr. Herb Norman and most of all my advisors.

I would also like to thank my parents and friends for their encouragement, support, financial and otherwise, without whom this work would not have been possible.

Contents

1	Introduction	1
2	Housing for the poor in Xi'an	4
2.1	The growing population	4
2.2	The growing housing price	9
2.3	The contrast of high housing price and low income	11
2.4	The current housing choices and existing accommodation for poor in Xi'an	14
2.5	The cheapest choice in Xi'an for low-income houses: urbanized village	16
2.5.1	The basic features of urbanized villages	17
2.5.2	The current distribution of urbanizing villages in Xi'an	19
2.5.3	The impact of urbanized villages to Xi'an: good or bad? . . .	23
3	Housing for the poor in other countries	28
3.1	The effort in U.K.	29
3.2	The effort in U.S.	35
3.2.1	From 1930s to 1960s	36
3.2.2	From 1960s to 1970s	37
3.2.3	After 1970s	38
4	Comparison and analysis	42
4.1	The problems of urbanized villages' clearance and development in Xi'an	42

CONTENTS

4.2	The former failure and current success of other country's experience	46
4.3	Similarity, difference and learning	50
5	Conclusion	54
	Bibliography	55

List of Tables

2.1	The population from 2000 to 2007 in Xi'an.	8
2.2	The Price Index of Housing Sales (PIHS) in Xi'an(2000-2007).	10
2.3	The rank of housing price and income of Xi'an	12
2.4	The distribution of urbanized villages by districts.	20
2.5	The distribution of urbanized villages by roads.	22
2.6	The problems people concerned in urbanized villages.	26

List of Figures

2.1	The location of Xi'an.	6
2.2	The five northwestern provinces.	7
2.3	The population from 2000 to 2007 in Xi'an.	8
2.4	The six districts in Xi'an.	20
2.5	The main roads in Xi'an.	21
2.6	The photos in urbanized villages.	25
4.1	The contrast of the past, under construction and future in Lijia Village.	45

1

Introduction

*H*ousing is not new as a social welfare program. A good shelter is one of the three basic human needs, and a responsible society has the obligation to prevent people from dying out in the cold. Providing sufficient and affordable housing is an important issue in every country.

China's housing market is now faced with this big problem. Recently, in the period of China's rapid economic growth and urbanization, China's urban landscape has changed dramatically. One of the prominent changes is the expansion of cities. Thousands of rural residents pour into big cities every day to pursue more work chances to improve their life quality, making the cities more and more crowded and expanding without control. Usually, these migrants undertake most of the dirty, heavy, dangerous and more important, the low-income jobs in the city,

which limits their capacity to buy urban housing units in the commercial housing market. In addition, the more and more population in cities also raised the housing price. It has become higher and higher in many big cities, which is far beyond the affordability of low-income people. Meanwhile, existing urban housing provision systems ignore or do not have the ability to meet so many low-income people's needs. Therefore, many low income people are still living in very poor housing condition.

Urbanized village is such a unique situation rising as a result of lack of affordable housing in Chinese cities. It is an important and complex problem in China's housing development process. It is related to many economic and social problems such as poverty, discrimination, crime and environmental pollution. People call it "the special slum in Chinese cities" and many efforts have been done to better develop it. From my literature review, I find that most housing studies and assistance has occurred in the bigger and more-developed cities in Eastern China like Beijing ¹, Shenzhen ² and Guangzhou ³, while no significant housing studies have been completed in the smaller and less-developed cities in Western China, which are developing very fast recent years and their housing problems need more consideration. The purpose of this Plan B is to:

1. determine existing physical, economic and social problems of urbanized villages in Xi'an that make these villages undesirable places for the city's poor to live;

¹Liu, X. and Liang, W. (1997). Zhejiangcun: social and spatial implications of informal urbanization on the periphery of Beijing, *Cities*, Vol. 14, No. 2, pp. 95-108.

²Song, Yan, Zenou, Yves and Ding, Chengri. (2008). Let's Not Throw the Baby Out with the Bath Water: The Role of Urban Villages in Housing Rural Migrants in China, *Urban Studies*, Vol. 45, No. 2, pp. 313-330.

³Fan, C. Cindy. (2001). Migration and labor-market returns in urban China: results from a recent survey in Guangzhou, *Environment and Planning A*, Vol. 33, pp. 479-508

2. study government housing programs in the U.S. and U.K. that successfully provide affordable housing for the urban poor;
3. determine the best approach that would provide affordable housing options for Xi'an's poor families, using housing program examples from the U.S. and U.K.

2

Housing for the poor in Xi'an

2.1 The growing population

*F*rom late 1970s, because of the economic reform which changed China's economic system a lot, China's urban landscapes have also changed dramatically. One of the obvious changes we can see clearly is that the city is expanding very fast due to the constantly growing population as well as thousands of rural migrants. Because of the birth control policy in China, most family have only one or two children now, the average birth rate is not high in every city compared to other countries, only about 1.2%¹, much lower than the world average birth rate as of 2007: 2.03%. However, the population base is huge (1.3 billion in 2005), so the

¹Source: <http://www.stats.gov.cn/> National Bureau of Statistics of China.

population keeps growing very fast. What is more important, every day, a lot of rural residents pour into big cities every day to pursue more work opportunities to improve their life quality. Big cities become more and more crowded these years.

Xi'an is the biggest city in northwestern China. It is the developing core of the "Western development" policy implemented from 2000 by the national government. It is the capital of Shaanxi Province, with a long history of more than 3000 years. (Figure 2.1) The northwestern part of China includes 5 provinces and all of them are the less developed area in China compared to the south and east coast of China. They have the lower GDP and residents have lower income. (Figure 2.2) As the GDP rank of 2005, in all the 31 provinces, Xinjiang is ranked the 11th, Ningxia is the 24th, Shaanxi is the 26th, Qinghai is the 28th and Gansu is the 29th². Among these five provinces, Xi'an is the most prosperous city and also a good paradigm for its old culture, better education atmosphere, famous tourism and the potential of developing into a big global city. Therefore, it becomes the first choice of nearby immigrants to move in, work and live. Growing population, coming with the problem such as unemployment rate, aging trend of the population, congestion and poverty are now feazing this city.

Below (Table 2.1) is the population data from local government in Xi'an in recent 8 years.

²Source: <http://www.stats.gov.cn/>, National Bureau of Statistics of China.

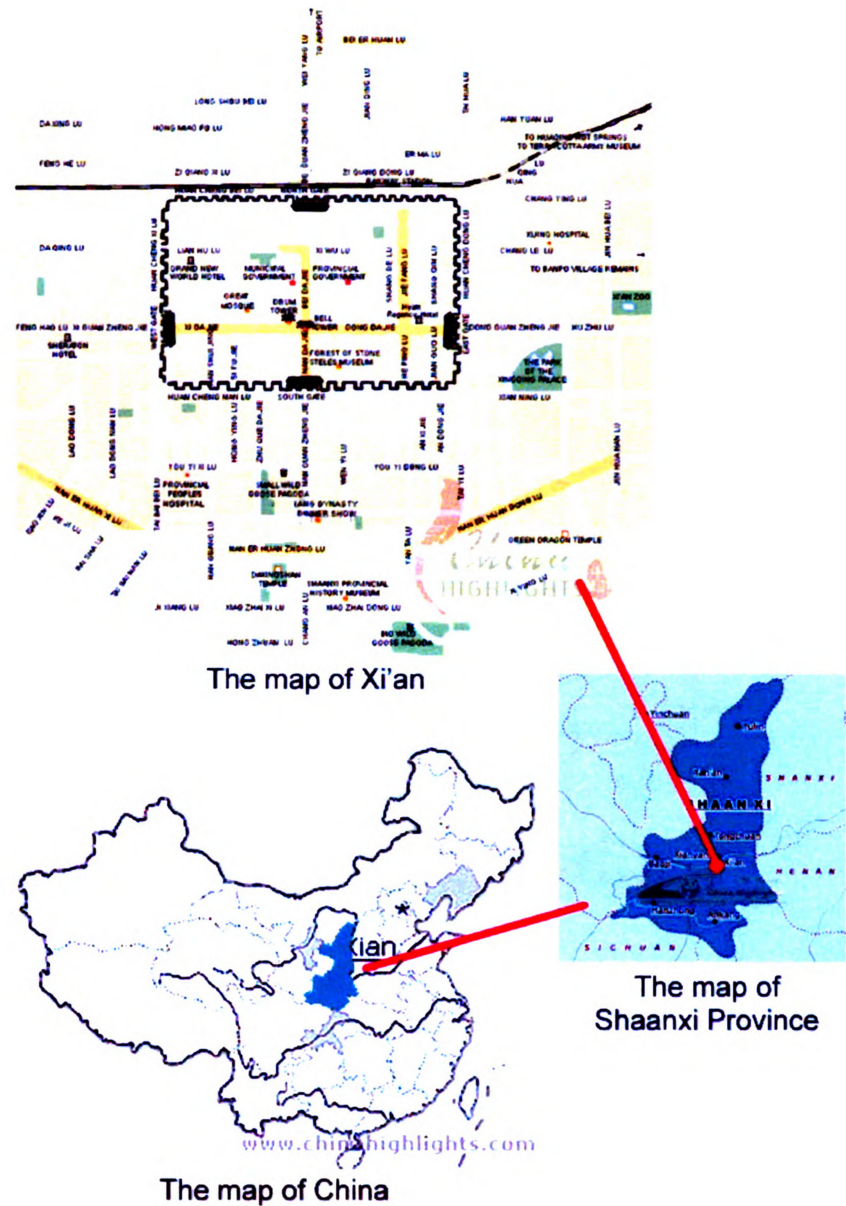


Figure 2.1: The location of Xi'an.



Figure 2.2: The five northwestern provinces.

Table 2.1: The population from 2000 to 2007 in Xi'an.

Year	2000	2001	2002	2003	2004	2005	2006	2007
Population	6880100	6948400	7025900	7165800	7250100	7417300	7531100	7642500

Source: <http://www.xatj.gov.cn/>, Xian Municipal Bureau of Statistics.

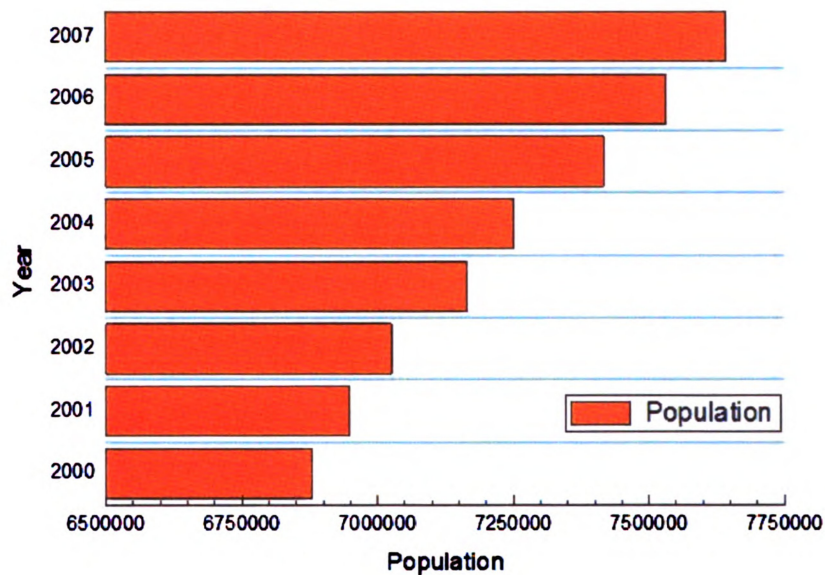


Figure 2.3: The population from 2000 to 2007 in Xi'an.

The data showing in the Table 2.1 is just based on HUKOU system³. Living population in Xi'an is far more than these numbers. Therefore, there are 7642500 people in 2007 in Xi'an means that 7642500 persons have a resident permit, that

³In China, unlike its American counterparts, the immigration between cities or rural area and urban area is restricted because of HUKOU system. It is basically a resident permit given by the government of China. It is issued on family basis. Every family has a HUKOU booklet that records information about the family members, including name, birth date, relationship with each other, marriage status and with whom if married, address and your employer...People who have HUKOU in Xi'an will have higher priority in finding a job and purchasing a house than the ones without it. This is realized as discrimination and is gradually becoming extinct recent years.

is, HUKOU in Xi'an. There are also many immigrants whose resident permits are in other places but work and live in Xi'an. In 1990, Xi'an has a living population of 6179500 according to the fourth countrywide census, including 3469200 population in urban area. In 2000, the total living population becomes 7411400 with an increment of 1231900, including 4565600 in urban area with an increment of 1096400 from 1990. Just after 4 years, in early 2004, the speed of urban sprawl is even faster and the immigrants' population occupies 1/4 of the total population in urban area. Until 2007, the living population in Xi'an is 8305400. It is much higher than the HUKOU population and most of them are immigrants from other smaller cities and rural area ⁴.

2.2 The growing housing price

Coming with the issue of constantly growing population, especially the growing population in urban area as well as the higher and higher population density in urban area, the housing price is also becoming higher and higher. From 2000 to 2007, the housing price in Xi'an grew 2680 RMB/ m^2 to 3422 RMB/ m^2 , almost increased by 27.7% in total and 3.5% annually in average ⁵, which is higher than the ideal increment of 2% ~ 3% decided by Xi'an Housing Management Bureau. In China, the housing price is more scientifically calculated by the Price Index of Housing Sales instead of just the average price per square meter. This is a relative indicator used to compare how the housing prices differ between time periods or geographical locations. It reflects how the housing price is changing and the changing trend in the future. It considers about all types of houses, includ-

⁴Source: <http://www.xatj.gov.cn/>, Xian Municipal Bureau of Statistics.

⁵Source: <http://www.xatj.gov.cn/>, Xian Municipal Bureau of Statistics.

ing public houses and private houses with eliminating the factors of the quality, the construction, the location and the sale situation of houses. It mainly depends on the relationship of supply and demand and the change of cost. According to the Price Index of Housing Sales, we can see how the housing price growing from 2000⁶.

Table 2.2: The Price Index of Housing Sales (PIHS) in Xi'an(2000-2007).

Year	2000	2001	2002	2003	2004	2005	2006	2007
PIHS	101.3	101.9	101.1	101.4	105	104.3	103.6	106.4

Source: <http://www.xatj.gov.cn/>, Xi'an Municipal Bureau of Statistics.

From the Table 2.2, we can see that the housing price keeps growing in recent 8 years. It grew steadily and slowly from 2000 to 2003, but after 2004, because of national economic decline and serious inflation, building materials and land become more and more expensive, the housing price grows sharply.

When compared with the increase of household income, the housing price is also high. In 2000, for a medium-income family in Xi'an, the average Per Capita Disposable Income is 6364 RMB, and a typical family composed by 3 people, the disposable income is 19092 RMB per year. According to the 43% consuming rate of Chinese residents, the 3-people-family has an average surplus per year of 10882 RMB ($19092 \times 57\%$). However, the average housing price in Xi'an in 2000 is 2680 RMB/ m^2 , and the Per Capita Living Area is 14.82 m^2 . For a 3-people-family, the house will cost them $2680 \times 14.82 \times 3 = 119153$ RMB. Thus, if one medium-income family in Xi'an wants to buy a medium-size house in 2000, they will need about

⁶For each year, the data of last year is supposed to be 100.

11 years. In 2007, the average Per Capita Disposable Income is 12662RMB, the average housing price is 3422 RMB/ m^2 , and the Per Capita Living Area goes up to $23.15m^2$ ⁷. Using the method above, I get that it still needs 11 years to buy a medium-size house without any progress. Furthermore, the result is calculated by an extreme hypothesis that all of the remaining income (57% of household disposable income) is used in housing. In fact, according to a famous real estate researcher Ge Ning⁸ in China, theoretically, the housing expense can not exceed 50% of the household income. Practically, if the housing expense exceeds 30% of the household income, it will impact people's normal life, which can not be called an affordable house. Therefore, if following this theory, the supposed household expense on housing every year will be much less, plus the loan interest, it will take much longer time to buy the house for even a medium-income family.

2.3 The contrast of high housing price and low income

As the capital of a western province in China, the high housing price and low income of residents in Xi'an is a big conflict for many people. Compared with other cities, the housing price in Xi'an is also very high. Below is a table to show the rank of the housing price and income level of 40 big and medium cities in China in 2004. The housing price is ranked as 19, while the per capita disposal income is only ranked as 33.

Below we can see from the Table 2.3 that the contrast of high housing price

⁷Source: <http://www.xatj.gov.cn/>, Xian Municipal Bureau of Statistics.

⁸Source: <http://bschool.hexun.com/2008-07-21/107581266.html>.

and low income level really shows the difficulty of Xi'an residents to buy a house. Here we can reach a conclusion that housing price in Xi'an is much higher than should be expected and it is very hard for poor people to buy a house in Xi'an.

Table 2.3: The rank of housing price and income of Xi'an.

Rank of housing price	City	Average housing price (RMB/ m^2)	Average disposal income (RMB/ m^2)	Rank of income
1	Wenzhou	9278	17727	2
2	Shanghai	8627	16683	4
3	Hangzhou	7210	14565	7
4	Beijing	6232	15638	6
5	Shenzhen	6037	27596	1
6	Ningbo	5900	15882	5
7	Guangzhou	5660	16884	3
8	Xiamen	5156	14443	9
9	Nanjing	4960	11602	11
10	Tianjin	4760	11467	12
11	Qingdao	4639	11089	14
12	Suzhou	4460	14451	8
13	Dalian	4241	10378	17
14	Fuzhou	3368	11436	13
15	Jinan	3172	12005	10
16	Kunming	3150	9045	24

Continued on Next Page...

Table 2.3 – Continued

Rank of housing price	City	Average housing price (RMB/ m^2)	Average disposal income (RMB/ m^2)	Rank of income
17	Guiyang	3100	8989	25
18	Taiyuan	3050	9353	22
19	Xi'an	3007	8544	33
20	Shenyang	2926	8880	29
21	Chengdu	2868	10394	16
22	Wuhan	2858	9564	20
23	Changsha	2825	11021	15
24	Nanning	2817	8060	34
25	Nanchang	2777	8690	30
26	Chongqing	2732	9221	23
27	Zhengzhou	2650	9364	21
28	Harbin	2574	8940	27
29	Shijiazhuang	2470	8622	31
30	Lanzhou	2438	7684	36

Source: <http://www.xatj.gov.cn/>, Xian Municipal Bureau of Statistics.

2.4 The current housing choices and existing accommodation for poor in Xi'an

Currently, in order to solve the housing problem in Xi'an, there are two kinds of policies managed by national and local government providing low-income housing to poor people adopted from mid 1990s. For purchase, the policy is called Economical and Affordable House adopted and for rent, the policy is Low Rental House.

Economical and Affordable House is the policy managed by the local government to provide a cheaper house for median and low income people in purchasing market. In Xi'an, the price is about 30% lower than the commercial market. People who can buy Economical and Affordable House must be eligible for two criteria. Firstly, he or she must have no house currently or can not achieve the lowest housing criteria made by the local government⁹. Secondly, the household income must be lower than the medium income line made by local government every year. In 2008, this is 30000 RMB per family in Xi'an.

The Low Rental House is the similar policy just in rental market, which is for poorer people. The government directly built the house or provide rental subsidy to poor people. The per capita living space of the eligible lessee should be lower than 7 square meters and the per capita income should be lower than 490RMB per month, which is the low-income line in 2008 in Xi'an.

However, these two policies are not so effective in Xi'an. There are some shortcomings.

⁹In Xi'an, the criterion is the living space per person is lower than 60% of the average per capita living space in the city or lower than 45 square meters per family.

1. These low-income houses are much fewer than people's needs. From 1998, the Economical and Affordable House increase by 1 million square meters per year. By 2004, there are totally 6.5 million square meters in Xi'an. The area of a set of houses is about 80 to 120 square meters, so the public houses can hold 50, 000 to 80,000 families in Xi'an. However, the living population near the central Xi'an is about 4 million, plus the increment of 300,000 every year and 22% of the total population are low-income people, the public houses are far from people's needs ¹⁰.
2. The low-income houses are still more expensive than the real poor's affordability. In the bottom of the housing market, the Economical and Affordable House is just 30% lower than the commercial market, but there are about more than 40000 absolutely poor people in Xi'an whose annual household disposable income is only 2567RMB. It is also very hard to afford a house. Most of them have to stay in faraway suburbs and small villages all their life.
3. In order to minimize the cost, the Economical and Affordable House and the Low Rental House are mostly located in the margin area of the city, where the land cost is cheaper but not convenient to find a job and commute every day. Most people are not satisfied with the location and do not choose this low-income house.
4. The policies are not executed effectively. Because of some problem like corruption and bribe, a lot of the low-income housing are not provided to real low-income people, but benefit the ones who have a relationship in the government.

¹⁰Source: <http://www.xafgj.gov.cn/>, Xi'an Housing Management Bureau.

2.5 The cheapest choice in Xi'an for low-income houses: urbanized village

Because of the current housing problems in Xi'an-the high price beyond affordability and the weakness of public low-income housing I mentioned above, low-income migrants often choose to live in urbanized villages, which are the cheapest choice for them.

Urbanized village is a unique phenomenon that appears on both the outskirts and the downtown parts of some major cities. They are often surrounded by skyscrapers, transportation infrastructures, and other modern urban constructions. On one hand, urbanized villages are usually inhabited by the poor and associated with squalor, overcrowding, crime and other social problems. It is considered as the special Chinese slums. On the other hand, they are also notable for affording economical housing to poor newcomers to the city.

The original residents in urbanized villages used to be peasants but now are mostly landlords and the majority of the other residents are migrant workers. The emergence and fast growth of urbanized villages is a result of rapid urbanization, the encroachment of rural settlements and its related rural to urban migration as well as China's land policies. Because of the reform and opening-up policy in the late 1970s, the migrants grew very quickly. According to official estimates, there were about 70 million rural-urban migrants working and living in urban area at the end of 2000. The level of urbanization in China has increased rapidly from 17.9 percent to 36.2 percent from 1978 to 2000, with an annual growth rate two

times higher than the world average ¹¹. Most of the migrants do not have good education and high skills, so they have to take most of the dirty, heavy, dangerous, and low-income jobs in the city which urban residents do not want to do. However, due to the incompleteness of reforms of social services in the urban area, the rural migrants do not have sufficient access to many urban amenities such as housing, so they choose to live in the cheapest apartment they can find no matter how bad condition it has. The landlords, who usually are native farmers and do not have other reliable jobs, therefore, keep constructing inexpensive housing units and rent out these extra rooms to rural migrants. Their correlation is an inducement of the emergence of urbanized villages.

The following statistics provide a general glance at the popularity and scope of villages in Xi'an. In the city of Xi'an with a population of over 8 million, there were 187 urbanized villages with approximately 200,000 inhabitants in 2005. Not only in Xi'an, but also in almost all big cities, such as Beijing, Guangzhou, Shenzhen, there are many urbanized villages, respectively 331 ¹², 138 ¹³ and 173 ¹⁴.

2.5.1 The basic features of urbanized villages

In Xi'an, there are many urbanized villages, which are now having a great impact on residents' life. Its role in the city can be seen as a slum, but it is different from a slum from its origin. Generally speaking, they have special characteristics of their rural origin, which clearly different from urban and rural areas institution-

¹¹Wu, Li. (2003). 1978-2000 The Study of Urbanization Process in China, *China Economic History Forum*.

¹²Source: http://news.xinhuanet.com/house/2004-06/29/content_1554041.htm

¹³Source: <http://www.aybgzs.gov.cn/ArticleClass2.asp?ArticleID=3551>

¹⁴Source: <http://news.tom.com/2007-04-13/0020/39133087.html>

ally.

The first characteristic of urbanized villages is in land use system. In China, according to the law, all the land in cities is owned by the province, further by the country. The homeownership in urban area in China is different from other countries that people own the house and apartment while the land is still owned by the government. But the land in rural areas, such as a village, is collectively owned by all the residents in this village. During the process of urbanization, many farmlands become part of the city, and many villages are encircled by the city. At first, the province's government does not want to invest much money into reconstructing the villages. At the same time, the residents in villages, who used to be peasants, also do not want to lose their land they live on and compete with higher-educated urban residents to pursue job opportunities. As a result, although the "urbanized villages" are now located in cities, the land is still collectively owned and the residents now live on renting their extra houses without any other work.

The second characteristic is in the system of social management. According to law, "neighborhood committees" are the sub-government of the urban governments, and the urban government supports their budget. But in rural areas, the villagers' committee is a self-government organization. Management of the villagers' committees is financially supported by villagers themselves. This means less fund and lower service in these villages.

The third characteristic is in residential registration system, which is related to the land-use system and social management system. In these urbanized villages, it is interesting that even though "villagers" have already acquired urban residential registration, that is an urban HUKOU, ever since their farmland were taken over, they remain the status as "villagers." For them, the status of "villager"

is far more important than urban HUKOU. This is because that the status of "villager" enables them to be the landlords of the so many low-income houses and get rent fees from the immigrant workers who rent house to live in the "urbanizing villages", which are enough for them to support their whole family without hard working. That may be the reason why these former farmers now prefer being "villagers" to being urban citizens. Furthermore, although the "villagers" in the "urbanized villages" have no farmland and most of them do not work in the "village," they remain to be villagers closely attaching to the "villages" to keep the life style which they are accustomed to and the social network they rely on. It is said that an "urbanized village" is like an isolated island in the sea. The sea around it is the whole city which they think is strange to them and the island is a small community in which everybody knows each other well.

2.5.2 The current distribution of urbanizing villages in Xi'an

From the map in the figure 2.4, figure 2.5 and the table 2.4, we can see that:

First of all, the urbanizing villages are distributed almost every part of Xi'an with a clearly spatial trend. As the table 2.4 shows below, they distribute all the directions around the city, but Yanta District has the most, and about 70% are located in the region near the city between the second ring road and the third ring road.

Because the land in Xincheng District, Beilin District and Lianhu District (Within Second Ring Road) is almost full-developed-used as commercial and residential area, the urbanized villages here are less and smaller than other places. Whereas, Yanta District, Baqiao District and Weiyang District are farther from the heart of the city and now are under construction. Many villages are losing farmland and becoming urbanized villages. Therefore, these districts turn into the re-

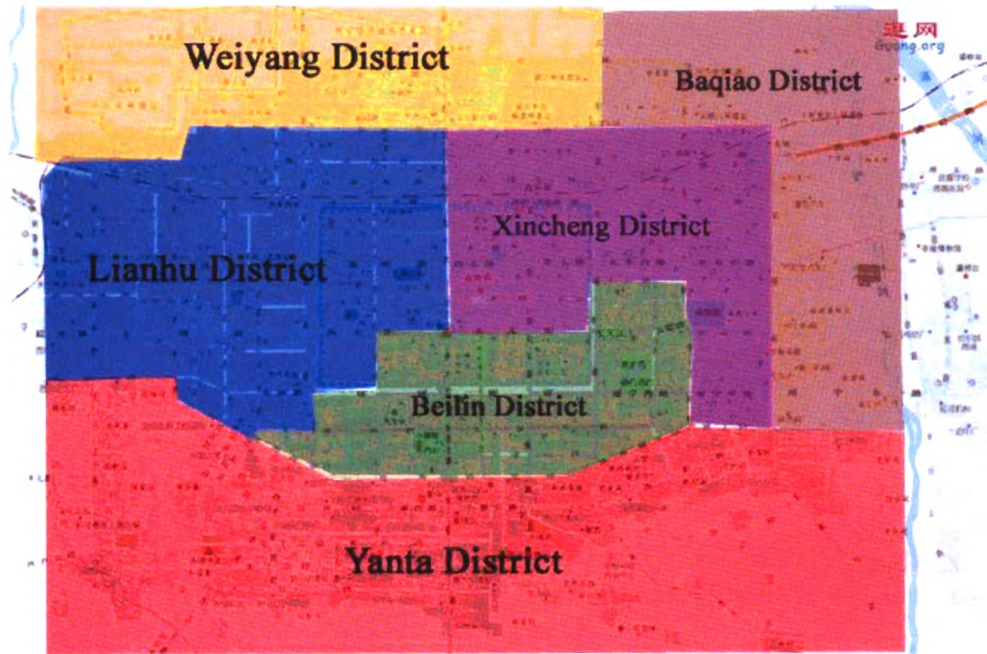


Figure 2.4: The six districts in Xi'an.

gions with most urbanized villages and most problems coming with them.

Table 2.4: The distribution of urbanized villages by districts.

	Xicheng District	Beilin District	Lianhu District	Yanta District	Baqiao District	Weiyang District	Total
Within 2nd Ring Road	8	15	18	0	0	9	50
Between 2nd and 3rd Ring Road	5	0	17	63	25	10	120
Outside 3rd Ring Road	0	0	0	8	4	5	17
Total	13	15	35	71	29	24	187

Source: Xi'an Construction Committee.

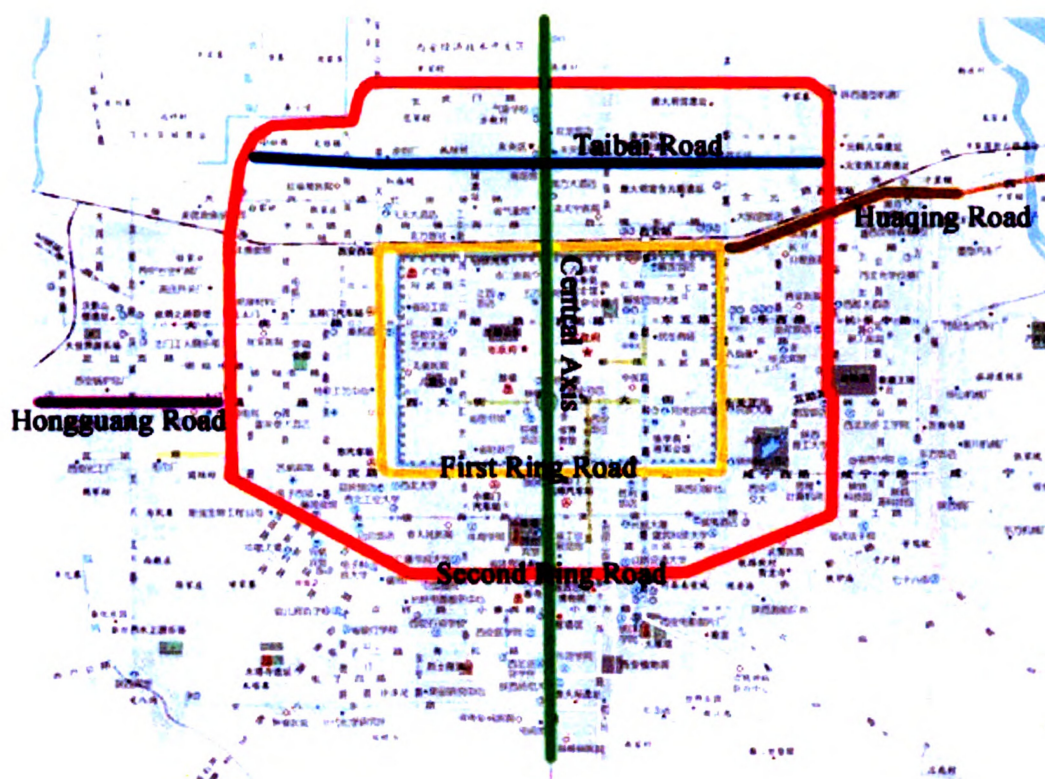


Figure 2.5: The main roads in Xi'an.

Secondly, according to the distribution by the main traffic line in the table 2.5, we can see that along the Second Ring Road, there are 35 urbanized villages such as Hejia Village, Jixiang Village, Xinjia Villages, *etc.*, which are 19% of the total amount. In addition, along the Third Ring Road, there are 28 urbanized villages, which occupy 15% of the total amount (22 in Yanta District). Along the central axis, there are 20 urbanized villages such as Zhangjia Village and Xuejia Village, which are 11% of the total.

Table 2.5: The distribution of urbanized villages by roads.

Name	Number of urbanized villages	Percent (%)
First Ring Road	11	6
Second Ring Road	35	19
Third Ring Road	28	15
Elevated Expressway	15	8
Central Axis	20	11
Taibai Road	10	5
Hongguang Road	10	5
Huaqing Road	9	5
Other Roads	49	26

Source: Xi'an Construction Committee.

Obviously, most of the urbanized villages are located along the main traffic road outside the Second Ring Road. These districts are less-developed and have less road density. The villages are distributed along the axis. Within the Second Ring Road, the villages distributed denser without an apparent axis. These dis-

tricts are well-developed and have many roads with closer spaces between them. So in other words, the urbanized villages inside the Second Ring Road are distributed by many roads crossing each other.

Usually, the main traffic roads can be seen as the gate, the exit and the entrance of the city. They are often wider and occupy a lot of farmland. In order to lower the cost of the roads, they are often built at the margin area of the city because of the lower land price and fewer existing buildings to tear down. Therefore, the roads often traverse big parts of farmland and wildland. Meanwhile, because of the improvement of traffic situation, the areas around the main roads are developed. Many factories, grocery stores, residences besiege the villages one after another. These urbanized villages grow up along the main traffic roads.

Thirdly, most of the urbanized villages are sited in the new developing area, such as Chanhe developing area in Baqiao District and Qujiang developing area in Yanta District. For Xi'an which is a fast developing city, the type of centralized development has some positive meanings such as saving the land, shortening the length of roads and pipeline, reducing the time spending on transportation and saving the construction cost. Based on these advantages, the urbanized villages expand quickly in these developing areas.

2.5.3 The impact of urbanized villages to Xi'an: good or bad?

Urbanized villages have a large impact on the whole city. For their good impact, what is the most important is that they provide the low-income people with a cheap dwelling. Most of the residents in urbanized villages are blue-collar workers, and they can not afford the expensive housing price in Xi'an. As I mentioned above, more and more immigrants pour into Xi'an to find a job, but the housing

price keeps growing without a limit. Most of the immigrants are poor-educated and can not find a good job. They can only work as the basic workers and get the minimum wage. For them, living in such a cheap place is the first choice. After they make more money, some will send the money home in poor villages, some may go out to find a better shelter and newcomers will live here.

The second advantage is the benefit of landlords. By renting their houses, the landlords get stable income. In addition, most of the landlords rent the upper floors of their houses and leave the first floor to be grocery stores, book stores, barbershops, restaurants, etc. They fulfill people's daily needs and enrich the residents' life.

However, many bad social problems come with the rise of urbanized villages, which are more apparent than their good points. In English, an urban village usually refers to a well-planned development at the edge of an urban area, which usually come with medium density development and mixed use zoning, but in China, this is totally different. A typical urbanized village in China is very badly-developed.

Firstly, the environment in many villages is in extremely poor condition: buildings are very crowded, public stairs and corridors inside buildings are very narrow, public facilities are inadequate and poor maintained, distances between buildings are very narrow and can not meet the basic requirements of transportation and fire control standards. (See figure 2.6 ¹⁵) Secondly, there are also social problems such as violence, prostitution, drug trade, burglary and robbery.

The table 2.6 below shows the response of the villagers in a survey conducted by Shaanxi Social Science Research Institute in 2005 about the issues in

¹⁵Photographed by Bing Ling and Wei Li.



Figure 2.6: The photos in urbanized villages.

urbanized villages they care about.

Table 2.6: The problems people concerned in urbanized villages.

Problems	How many people care about it	The percentage of the respondent	Rank
Environment pollution	736	80.3	1
Community safety	601	65.6	2
Management and service	541	59.1	3
Transportation congestion	517	56.4	4
Social morality	295	32.2	5
Unemployment	172	18.8	6
Marketing system	171	18.7	7
Income and economic development	145	15.8	8
Education	116	12.7	9
Social equity	62	6.8	10
Medical treatment and insurance	52	5.7	11
Immigrants	45	4.9	12
Management of floating population	44	4.8	13
Housing	34	3.7	14
Beggar and homelessness	26	2.8	15

Continued on Next Page...

Table 2.6 – Continued

Problems	How many people care about it	The percentage of the respondent	Rank
Aging and social welfare	26	2.8	16
Others	171	-	-

Source: Shaanxi Social Science Research Institute(2005).

We can see how many problems they have now. Urbanized villages are not regulated by any form of urban planning policy. Most of them are heavily populated, overdeveloped and lack infrastructure, and associated with unplanned land uses, decayed housing condition, reduced public safety and deteriorating social order, etc. The building density in some villages is more than 70%. They are composed of overcrowded multi-story buildings ranging from three to five (or more) floors, and narrow alleys, which are sometimes 1.5m to 2m wide and difficult for vehicles to pass through, not to mention fire trucks or ambulances. They are also notorious for the high crime rate and the drug dealers. These urbanized villages are generally considered as undesirable places and are gradually torn down by governments.

3

Housing for the poor in other countries

*T*he situation in Xi'an is more or less similar with the situation of western countries in 19th century. Many rural migrants pour into big cities to find work opportunity but without sufficient social welfare system. The urbanized villages in Chinese cities and the slums in western countries have the common characteristics: very high population density, very low standard living condition, and very poor residents. Here I pick up U.K. and U.S. as examples because they have a long history and the top experience to successfully provided public houses to low-income people and have the similar struggling way of clearing slums in cities. Their failure and success can be a mirror to Xi'an.

In 19th century, in Europe, the industry revolution led to the rapidly labor transfer from agriculture to manufacturing. The huge population swarmed into

big cities, and these cities were in very short of houses. The housing problem was the biggest problem when lots of peasants moved into cities. In United Kingdom, some real estate developers built many back-to-back houses densely for the sake of high economic profits. Two rows of houses were built back to back with narrow spaces between them and very bad ventilation. In average, 7 people lived in one house and there were very little public facilities. Until late 19th century, there were still 1/3 residents living in such crowd and dirty condition. In United States, the slum appeared from late 19th century to early 20th century and coming with the problem of suburbanization. Before mid-19th century, many immigrants and the local residents in U.S. were busy in developing the desolate western area and building new cities, so although there is huge population immigration, the housing problem was not so obvious. From 1870s, more peasants poured into cities. The environment in cities become worse, as well as many satellite communities were developing. Many residents of metropolitan areas no longer live and work within the central urban area; instead, they choose to live in suburbs and commute to work via automobile or public transportation system, leaving the downtown area declined.

Until recent years, low-income housing is still a big issue in U.K. and U.S. housing policies. Each year, the government will make proper new policies to help providing affordable housing to poor people.

3.1 The effort in U.K.

In the process of urbanization, many countries have realized the problem of housing and adopted some policies to clear slum and provide affordable housing

to low-income people in order to solve the problems of poverty, sanitation, pollution and public safety. In 19th century in U.K., the main policies are:

1. Restricting new slums or conducting slum redevelopment by legislation and administration. In United Kingdom, many cities set up rules to improve the condition of housing and sanitation in 1840s. These rules included the narrowest width of buildings, the nearest spaces between two rows of houses, and required all of the houses having windows on both sides. The notorious "back-to-back" houses were prohibited gradually. After that, there were Artizan and Labourers' Dwellings Act 1868, and its improvement in 1875, the Housing, Town Planning, Etc. Act 1909 and many more housing act concerning about health, urban sanitary, subsidy, compensation, etc.
2. The government conducted real estate developers to build affordable houses to decrease the slums. From mid 19th century, the London County Council encouraged affordable houses by tax deduction, reducing the land price or prolonging the loan period of public project.
3. The government directly invested in the affordable houses. In 1890, local governments in Britain were authorized to build public houses. Between the two world wars, England and Wales built about 3.33 million urban public houses ¹. The affordable houses were studied by many countries and districts afterward. Especially in early Singapore and Hongkong, the affordable houses were very cheap and many poor people can afford them. It is an effective way to locate poor people. But this also brings the government big

¹English, John, Madigan, Ruth and Norman, Peter. (1976). *Slum Clearance: the Social and Administrative Context in England and Wales*, Croom Helm Ltd.

financial burden and the government won't build more.

4. The cooperation and participation of public parties. Some non-profit housing associations helped low-income class to build affordable housing.

In current U.K., all major housing associations are registered with the Housing Corporation, which regulates them and provides grants for development. Housing associations that are registered with the Corporation are also known as Registered Social Landlords. The Department for Communities and Local Government has responsibility for housing in England. In January 2007 it announced a planned merger between the Housing Corporation and regeneration body English Partnerships to create the Homes and Communities Agency. This new body is likely to have access to more than 4 billion in resources.

Currently, policies in U.K. to promote low-income housing include ²:

- Increase aggregate housing supply
 - Government supply targets:
 - * Target of 200,000 net completions in 2005 and target of 240,000 net completions in 2007.
 - Short-term success:
 - * Achieved 185,150 net completions in 2005/06 and 199,240 in 2006/07.
 - Medium-term challenges:
 - * Impact of credit crunch particularly severe on new build. Builders are cutting back capacity.

²Fitzner, Grant. (2008). *The affordable housing challenge: The UK experience*, Department for Communities and Local Government, London.

- * Need to maintain momentum on supply side reforms, and ensure the industry responds strongly as demand returns.
- Build more affordable housing
 - Government targets:
 - * 75,000 new homes for social rent over 3 year period, from 2005/06 to 2007/08.
 - * increase number of gross affordable homes to 70,000 by 2010/11, including 45,000 social rent and 25,000 other intermediate housing.
 - Recent trends:
 - * The first target met: provisional figures from the Housing Corporation show that 29,419 (in 2007-08) were provided.
- Influence household demand
 - Changing demographics:
 - * One-person households account for nearly 70% of projected growth over next 20 years. One-third are households of 65+ and almost half belong to 40-65: combination of widowed, divorced and separated couples and singles.
 - Migration:
 - * Net inward migration is generating about 74,000 new households a year, mostly younger people, live in couples and shared households.
- Reform land use planning

- Land use is highly concentrated:
 - * Urban areas account for four-fifths of the population but only 9% of land area.
 - * The Green Belt accounts for 13% of land use.
- Planning reforms:
 - * Planning Bill before parliament -Streamlining the planning system.
 - * Better co-ordination of infrastructure provision.
- Eco-towns:
 - * 15 locations short-listed.
 - * Zero-carbon, affordable developments using green technologies.
 - * Target to build five eco-towns by 2016 and up to 10 by 2020.
- Financial incentives for local authorities
 - Section 106 of the Town and Country Planning Act 1990 allows local authorities to negotiate some community benefit such as infrastructure, open space, specified proportion of low cost homes.
 - Housing and Planning Delivery Grant rewards payments to LAs for delivering land for development and delivering house-building relative to plans.
 - Community Infrastructure Levy (CIL) is similar to Section 106 but instead of specific requirements, local authorities apply a levy (per roof or per square metre) on all new developments. It would enable local authorities to apply a levy for all new developments (residential and commercial) in their area.

- Low-Cost Home Ownership schemes
 - HomeBuy:
 - * Open Market, New Build and Social HomeBuy.
 - * 100 million in spending to assist 2,500 additional first time buyers.
 - * Improve affordability by offering equity loans of up to 50% of property value.
 - National Affordable Housing Programme:
 - * Housing associations can buy new properties from house-builders at competitive prices.
 - * In the first quarter, 1800 homes were bought by housing associations.
 - * 840 for low cost home ownership, 935 for social rent.
 - Purchase Assistance:
 - * Grants (1,500 to first 2,000) to assist with home-moving costs.
 - * Extending benefits to beyond key workers and tenants in social rented sector; including those below household income of 60,000.
- Support for people facing difficulties
 - Support for borrowers:
 - * Government is working with lenders to provide financial advice and support for borrowers to initiate and support home ownership.
 - * Continuous push for development of lenders' own shared equity products.

- Support first time buyers:
 - * Options to support more first time buyers (e.g. shared equity products).
- Right to buy Right to acquire:
 - * Any secure tenant in social housing able to afford can buy.
 - * Housing association tenants have right to purchase the property they live in at a discount.
- Repossessions:
 - * Higher mortgage repayments likely to lead to a rise in repossessions, with a lag.
 - * Current levels around third of 1991 peak.
 - * Minimize the rise in house repossessions.

3.2 The effort in U.S.

In U.S., many scholars were paying more and more attention to poor people. The academic cognition of urban spaces impelled the clearance of slums and development of low-income houses. One of the famous ones is Jacob A. Riis for his work: *The Battle with the Slum*. Through his living experience in slum in New York, he said: "The slum is the enemy of the home. Because of it the chief city of our land came long ago to be called 'The Homeless City'. When this people comes to be truly called a nation without homes there will no longer be any nation." "The slum complaint had been chronic in all ages, but the great changes which the nineteenth century saw, the new industry, political freedom, brought on an acute attack

which put that very freedom in jeopardy." "Hence, I say, in the battle with the slum we win or we perish. There is no middle way. We shall win, for we are not letting things be the way our fathers did. But it will be a running fight, and it is not going to be won in two years, or in ten, or in twenty. For all that, we must keep on fighting, content if in our time we avert the punishment that waits upon the third and the fourth generation of those who forget the brotherhood."

In United State, there are also policies to clear slums and provide affordable houses to low-income people chronologically.

3.2.1 From 1930s to 1960s

Before 1920s, the housing construction in U.S. was the personal and local project. Because of the impact of industrialization and urbanization, many immigrants surge into the cities, making housing problem in cities more and more serious. In 1929, the economic crisis and the Great Depression affected U.S. a lot. In order to redevelop economy, the federal government began intervening housing problem. From 1930s, there were a lot of policies to improve housing construction and solve the median and low-income housing problems.

The National Housing Act of 1934 was passed in order to make housing and home mortgages more affordable. It created the Federal Housing Administration (FHA) and the Federal Savings and Loan Insurance Corporation. "The FHA principle was to stimulate recovery in private mortgage lending and home building by a system of mortgage insurance protecting the lender against loss in the event of default by the home buyer." ³

³Keith, S. Nathaniel. (1973). Politics and the Housing Crisis since 1930. *Universe Books*, New York.

The Housing Act of 1937 was established to mitigate the lack of median and low-income houses and the poor living condition. The key point is that the U.S. government will pay subsidies to local public housing agencies (PHA's) to improve living condition for low-income families, while the residents only pay low rent to PHA. At that time, the government saw public housing as a way to boost economy during the depression.

The Housing Act of 1949 was a landmark to provide federal financing for slum clearance programs associated with urban renewal projects in American cities. It was the first housing act to declare the goal of "a decent home and a suitable living environment for every American" ⁴ The urban renewal projects granted local urban renewal agencies to accept the federal fund and the right to purchase the slums. These agencies tore down the shabby buildings in the slum, then integrated the land and sold to real estate developers by low price.

3.2.2 From 1960s to 1970s

During this period, the private market subsidies developed. In 1960s, the housing shortage still existed. The housing policy in this period was to encourage private developers to build low-income houses.

In 1965, President Johnson argued that "the most crucial new instrument in our effort to improve the American city is the rent supplement." He proposed a program to assist low and moderate income renters have subsidies when they sought public housing.

In 1968, the new policy "rental assistance" was to provide lower interest loan than normal market interest to real estate developers and required them to provide

⁴U.S. Housing Act 1949.

lower rental to low-income people. Meanwhile, the government offered lower interest to low-income house purchasers.

3.2.3 After 1970s

From 1970s, the housing shortage was not the biggest problem, instead, the rent fee occupied too much for low-income people. That is, the housing supply in housing market is enough, what the government needs to do is to help tenants with the rent.

The 1974 Housing and Community Development Act authorized the Section 8 Program and dedicated to sponsoring subsidized housing for low-income families and individuals. It included two components: the Section 8 Existing Housing Program (also known as the rental certificate program). and the Rental Voucher Program. "Under the rental certificate program, the PHA made subsidy payments directly to the owners on behalf of the family rather than making payments to the family; and The rental certificate program imposed a HUD-established ceiling (fair market rent) on the gross rent for a unit leased under the program. Under the rental certificate program families generally paid 25 percent of adjusted income toward the rent; in 1983 this family share increased to 30 percent of adjusted income." ⁵ The program was similar to the rental certificate program, but it allowed families more options in housing selection.

In 1990s, the Certificate and Voucher Programs were combined closely and even converse from the Rental Certificate and Rental Voucher Programs to the Housing Choice Voucher Program to give tenants more options to choose houses and the rental level.

⁵The History of the Tenant-based Housing Programs, <http://www.mphaonline.org/section8.cfm>.

Another milestone of housing program is the Housing Act of 1990, which created the HOME housing block grant to states and cities similar as the popular, well-established Community Development Block Grant (CDBG) enacted in 1974. The HOME program is the largest federal block grant to state and local government to create affordable housing for low-income households. It provides grants to over 600 state and local governments to expand the supply of affordable housing for low income families. Recently, each year it allocated approximately 2 billion among the States and hundreds of localities nationwide. Grantees may assist renters, new homebuyers or existing homeowners through a variety of activities such as rehabilitation, new construction, acquisition, or tenant-based assistance.

In 1993, a new innovative program was created to correct some of the previous policy problems in public housing. HOPE VI (Housing Opportunities for People Everywhere) program was created to provide lump-sum grants of 50 million to cities for public housing development as well as demolition, new construction and social services. It is started with an ambitious plan to "replace severely distressed public housing projects, occupied exclusively by poor families, with designed mixed income housing and provide housing vouchers to enable some of the original residents to rent apartments in the private market." ⁶ Applications were evaluated "on the extent of revitalization need, the potential impact of plan, the capabilities of the applicant, the extent of resident involvement, the extent of involvement of local public and private entities, and the quality of the proposed social and community service components." ⁷

⁶Popkin, S. *et al.* (2004). *A Decade of Hope VI: Research Findings and Policy Challenges*, Urban Institute, Retrieved May 2006, from http://www.urban.org/UploadedPDF/411002_HOPEVI.pdf.

⁷Abt Associates. (1996) *A Historical and Baseline Assessment of HOPE VI* (Vol. 1). Washington, DC: U.S. Department of Housing and Urban Development.

There are four objectives of HOPE VI ⁸:

- to improve the living environment for residents of severely distressed public housing through the demolition, rehabilitation, reconfiguration , or replacement of obsolete projects;
- to revitalize sites on which public housing projects are located and contribute to the improvement of the surrounding neighborhood;
- to provide housing that will avoid or decrease the concentration of very low-income families;
- to build sustainable communities.

According to a report by Popkin et al, "since 1992, HUD has awarded 446 HOPE VI grants in 166 cities. To date, 63,100 units have been demolished and another 20,300 units are slated for redevelopment. As of the end of 2002, 15 of 165 funded HOPE VI programs were fully complete."

There is another program to gain wide acceptance which is a relatively new variation on an old theme-the use of tax system to induce desired housing outcomes. It is the LIHTC (Low-income Housing Tax Credit) for the low-income rental housing. In this program, "Individuals and companies who invest in low-income housing can take a tax credit (a dollar-for-dollar offset against other taxes) equal to their investment in 10 annual installments. To qualify for tax credit investment, properties must rent at least 20 percent of their units to households earning 50 percent of the area median income or less, or at least 40 percent of their units to households earning less than 60 percent of median income. The rents charged may not

⁸Popkin, S. *et al.* (2004). *ibid.*

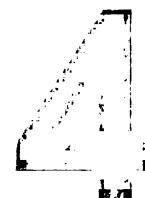
exceed 30 percent of a household's income. Units meeting these standards must remain in service for at least 15 years. As implemented, most developments end up being 100 percent occupied by renters meeting the 60 percent of median income standard."⁹

In the process of providing low-income housing to poor people, the US Department of Housing and Urban Development (HUD) played a very important role. As the most important housing department in U.S., it has 5 core commissions (Lawrence L. Thompson: A History of HUD):

- Increasing homeownership (1934).
- Assisting low-income renters (1937).
- Improving the physical, social and economic health of cities (1949).
- Fighting discrimination in housing markets (1968).
- Assisting homeless persons with housing and support services (1987).

Many housing acts were issued by them and have great impact on the housing market at that time and even till today.

⁹Orlebeke, Charles J. (2000) The Evolution of Low-Income Housing Policy, 1949 to 1999, *Housing Policy Debate*, Vol. 11, No. 2, pp. 489-520.



Comparison and analysis

IN this section, I will discuss the current problems in Xi'an to improve poor people's living condition, and by discussing the success and failure of foreign countries, I want to compare the similar and different situation and know whether the other country's experience can be used in Xi'an's low-income housing development.

4.1 The problems of urbanized villages' clearance and development in Xi'an

In order to improve the current poor living condition in urbanized villages in Xi'an, urban authorities have launched redevelopment projects to demolish the

poor housing units built by the native farmers and to set up new commercialized development constructed by real estate developers according to architecture and urban planning rules.

However, the government focuses more on the physical environment improvement of the city without finding the root of the problem; most of the programs are not so effective in redeveloping villages.

Firstly, many people, both the landlords and the poor tenants in villages are strongly against for demolishing and redeveloping the urbanized villages. For them, the profit and the housing price are the main problems they will concern about. They prefer urbanized villages rather than the immature current low-income housing system. The current policy of demolishing and redeveloping the villages can be devastating for them. On one hand, the landlords will lose all of the income by renting their cheap houses and have to make another living. Although the government gives them compensation, this is not an eternal income for them. On the other hand, the tenants, who are mostly low-income migrants, have to find another shelter, which may be much more expensive than urbanized villages. When such dissatisfaction and resistance meet the force of the government, sometimes it turns into violence.

For example, there are two typical development projects in Xi'an.

1. The government directly invests in the project. The Jitai Village near the Second Ring Road was a typical urbanized village before, but because of its location is an important transportation junction, it now become a wide overpass to connect the Second Ring Road and the local road and provide people around a much better environment and a more convenient transportation system.

2. The government reconstructs the urbanized villages by real estate development. Lijia Village was notorious for its dirty, chaos and crowded environments before, but now is developed into a big mall with shopping area, restaurants and cinemas in the lower floors, and high-rise apartments in the upper floors by Wanqian Real Estate Development Company. It is a very popular commercial center for people. (See Figure 4.1 ¹.) Many villages are now developed as this mode.

In both these two examples, the biggest beneficiary is the urban residents living around the villages. For them, the living environment is improved a lot and the community image is much better. But for the poor immigrants who used to live in urbanized villages, they are forced to leave and have to go to other urbanized villages which are not cleared. Some of them even have to leave the city if they can not find a proper place. For the landlords who own the land, the government compensates them with lump-sum money and a new house. But the compensation is less than the benefit of they can get from rent fees in urbanized villages. These landlords are also dissatisfied.

Secondly, for the government, the demolishment and redevelopment is also a dilemma. If the government demolishes the urbanized villages without proper compensation, there will be unrest among the residents. If they pay market price, since municipal governments can hardly afford the big job, they'll hand it over to developers, who are unscrupulous and ruthless in kicking out the original residents in the villages.

Thirdly, urbanized villages' development is highly related with the location. Lijia Village is such an example of good location. It is near the most prosperous

¹Photographed by Bing Ling and Wei Li.



Figure 4.1: The contrast of the past, under construction and future in Lijia Village.

area of Xi'an, with several residential districts and several universities near it, providing it with sufficient customers. Therefore, the real estate developers would like to develop it and provide sufficient funds. The ones in the farther area from the central of the city are not as popular as it. The development is not very effective because of the lack of fund. The compensation to landlords will be much less.

4.2 The former failure and current success of other country's experience

Housing for the poor is a long-term problem. The early experience in U.K. and U.S were not successful.

When U.K. began to clear the slums and provide affordable housing to poor people in 19th century, some of the measures work out. Obviously, the living condition of underclass of the society was improved a lot and the slum sprawl was controlled. However, there were some shortages:

1. The slum is not only a housing problem, but a comprehensive social problem combined with urbanization, discrimination, social equity, social security and poverty. As a result, the public houses by government did improve people's living condition, but insulate the low-income class from median and upper class of the society. Their housing quality and environment are still much lower than middle class.
2. Although government wanted to clear and redevelop slum by legislation, but the execution was not so effective. In 1920, the "back-to-back" houses in

Leeds were 71% of the total houses ².

3. The legislation of improving sanitation and housing spaces increased the costs to build the house, leading the increasing of the rental. Some of the poor people who can not afford it had to move into other slums, increasing the population pressure in these slums. Some poor people had to leave the city.
4. Some of the rental of public houses is high for low-income people's affordability and only can help the richer group in slums.

After this period, U.K is doing well in Social Rented Housing, Low Cost Home Ownership and Housing Association for increasing affordable housing provision, stretching public subsidy, integrating affordable housing with market housing, developing good partnerships with developers and local authorities and developing housing in areas they could not previously have afforded to do so. Housing Association plays an especially important role over the last decades of the 20th century "due to changes to council housing brought in by the Thatcher government, when rules were introduced that prevented councils subsidizing their housing from local taxes, channeled grants for construction of new Social housing to Housing Associations and allowed Council tenants to buy their homes at a large discount. This, combined with cost-cutting initiatives in local government and a housing benefit scheme that was more generous to housing associations than local authorities, led to many councils transferring their housing stock to housing associations." ³

²Zhou, Yigang. (2007). The Comparison of Two City Diseases-Urbanized Villages and Western Slums a Century ago, *New Architecture*, Vol. 2, pp. 27-31.

³Source: http://en.wikipedia.org/wiki/Housing_associationHistory.

In U.S., the urban renewal programs launched around 1950s is extremely controversial. In 1964, Martin Anderson, launched the conservative critique of urban renewal in *The Federal Bulldozer: A Critical Analysis of Urban Renewal, 1949-1962*. "In my opinion," Anderson wrote, "the federal urban renewal program is very costly, destructive of personal liberty, and is not capable of achieving the goals put forth by Congress". He concluded that "the federal urban renewal program will not achieve these goals as rapidly and effectively as the means employed by free enterprise-if at all". In Jane Jacobs's landmark book *The Death and Life of Great American Cities*, Jacobs launched "an attack on current city planning and rebuilding". She observed, "There is a wistful myth that if only we had enough money to spend-the figure is usually put at a hundred billion dollars-we could wipe out all our slums in ten years, reverse decay in the great dull, gray belts that were yesterday's and day-before-yesterday's suburbs, anchor the wandering middle class and its wandering tax money, and perhaps even solve the traffic problem". But so far the several billions had bought "middle-income housing projects which are truly marvels of dullness and regimentation, sealed against any buoyancy or vitality of city life, and luxury housing projects that mitigate their inanity, or try to, with a vapid vulgarity". Moreover, she contended that "the means to planned city rebuilding are as deplorable as the ends," for "the economics of city rebuilding do not rest soundly on reasoned investment of public tax subsidies, as urban renewal theory proclaims, but also on vast, involuntary subsidies wrung out of helpless site victims". "In other words, urban renewal had used cruel means to achieve abhorrent ends. Jacobs believed that it destroyed rather than stimulated urban vitality. In her opinion, urban renewal was not just ineffective: It was downright

dangerous." ⁴

Some of the policies began to change under President Lyndon Johnson and the War on Poverty. In 1968, the Housing and Urban Development Act and The New Communities Act of 1968 guaranteed private financing for private entrepreneurs to plan and develop new communities. After that, the Housing and Community Development Act of 1974 established the Community Development Block Grant program (CDBG) which began in earnest the focus on redevelopment of existing neighborhoods and properties, rather than blindly demolition of substandard housing and economically depressed areas. These policies gradually work well.

Subsequently, the housing voucher program played an important role in helping to address housing needs for extremely low-income households. The most important advantage of housing vouchers is that they give recipients the freedom to choose the kinds of housing and the locations that best meet their needs. As a result, many voucher recipients live in healthy neighborhoods that offer social, educational, and economic opportunities for themselves and their children.

The HOPE VI program succeeded in bringing positive changes for public housing developments, residents and neighborhoods. According to Popkin et al in his report, it has "achieved important success". "First, the program has accomplished its most basic goal, demolishing tens of thousands of severely distressed housing units, many of which were uninhabitable by any standard.", "In many cities, HOPE VI has replaced these distressed developments with new, high quality housing and has spurred important innovations in design, management, and financing.", "Through HOPE VI, many former public housing residents received

⁴Teaford, Jon C. (2000). Urban Renewal and Its Aftermath, *Housing Policy Debate*, Volume 11, Issue 2, pp. 443-465.

vouchers and were able to relocate to better housing in safer neighborhoods", "Finally, HOPE VI has generated benefits for the neighborhoods that surrounded these distressed public housing developments."

LIHTC is another important programs providing affordable housing in the United States since its inception. Many local housing and community development agencies are effectively using the tax credits to increase the supply of affordable housing in their community.

4.3 Similarity, difference and learning

As many other Chinese cities, Xi'an is just on its threshold of the struggling way of eliminating poverty and establishing a healthy social welfare system. The most important issue is the housing provision. As a typical city in a less-developed province in Western China, Xi'an faces a more rough way. The lack of financial support from the province government restricts its developing.

Most of the problems in old U.K. and U.S. are very similar with the result of redevelopment projects in Xi'an now. Urbanized villages are much like the slums in western countries. Some of them were rudely torn down and the residents were expelled. New public houses can not hold so many people; better community is too expensive. Some poor people live in poorer area or have to leave the city. Even if being relocated in new house as compensation, they are insulated from the median and upper class of the society in a low-income community. This failed experience in both China and other countries tell us that: the slums in the city can not be eliminated by the rude bulldozers. After the slums are totally demolished, the homeless people will aggregate in other urban space again spontaneously and

form new slums. Moreover, the continuous clearance and abjection will widen the gap between poor and upper level of the society, call for their rebellion and become uncontrollable violent conflict.

Therefore, for Xi'an, we should avoid following the old failure of these countries. Their successful policies after that can be good paradigms for us. However, Xi'an has some specialities as a typical Chinese medium-size city, which is very different from western countries and can not directly copy the policies in these countries.

Firstly, the landownership is different. In China, the urban land is owned by the nation and province government. It can not be traded privately. The rural land is owned collectively. It can be transferred within the group, such as a village, but can not trade with others.

Similarly, decisions about urban development are usually made by secretaries of the Municipal Committee of the Communist Party, mayors or managers rather than by people's representatives or by professional decision-makers. The planning commissions in China are usually considered a formalistic entity and are lack of residents' participation.

Secondly, the urban HUKOU system is quite different with other countries. It restricts the free movement between areas, no matter from rural to urban or one city to another city. When the government took peasants' farmland during the urbanization process, they did not absorb these peasants into cities, but leaving them some collective land for them to live on. The peasants, formerly living in the villages, now encircled by the city, do not have professional skill and do not have urban HUKOU, so they are not easy to find a job in city and have to live on the rental of their houses on the land. This is the origin of urbanized villages. Al-

though it is now recognized as an unfair policy and is gradually becoming extinct, its impact can not be clear in a short time.

Thirdly, the urbanization degree is different. Xi'an is now just at the beginning of the urbanization process. The downtown area is the most prosperous region in the city and people all like to live near downtown and do not want to move out. U.K. and U.S. are now in the process of suburbanization. Wealthy people like to move out of downtown and the downtown is declining.

Fourthly, there is no clear legislation about urbanized villages in China specially, although this problem is very common in big and medium cities. In different area, the government makes different policies without a standard, and sometimes even has conflicts between policies, so the development is not very effective.

In my opinion, generally speaking, building more affordable housing and increasing the fund of housing supply is the direct way to provide low-income housing. However, in Xi'an, the land is very crowd and expensive near the central area, additionally, the housing provision is a huge project which can be costly. Xi'an is lack of financial support because of the ability of the government, so it is not feasible to totally depend on the fund from local and national government. In my opinion, firstly, reforming land use planning can be a good way. In Xi'an, land use is highly concentrated with imbalanced development. The south Xi'an is the most prosperous area with a good entertainment, education, business atmosphere and also many urbanized villages, but the north, west and east parts are less-developed because of some old industry's bankruptcy. Although China does not have a specific zoning ordinance system, the government can gradually transferring the development pivot to north, west and east Xi'an. They can make policy to encourage famous companies in south Xi'an to open branches in the brownfield

of north, west and east part to promote their economic development and provide employment, and also encourage universities in south Xi'an (which now have too many students but small campus on limited land) to set up branches in those parts of Xi'an to provide potential customers. Meanwhile, the government can encourage low-income housing in these areas which is much cheaper than south Xi'an to provide shelters to attract poor immigrants from urbanized villages. They can work, they can live, so they are willing to stay. Although the north, west and east Xi'an can not catch up south Xi'an in a short term, they can be hopeful eco-towns and will growing better and better.

Secondly, although Chinese government and Shaanxi province government can not provide sufficient fund like CDBG in U.S. and also do not have the ability to let low-income people pay 30% of their income on the house and the government pay the left, we can learn from the LIHTC program. It encourages private developers to build more affordable houses to low-income people by providing attractive tax credit in 10 years. It is feasible for so many real estate developers in Xi'an. If the government in Xi'an can make a policy like developers who invest in low-income housing can take some proportion of tax credit of their investment, I think it will be very helpful.

Finally, Xi'an has its own problems. The government should launch definite statute of "urbanized villages' development", encourage the cooperation of social non-profit and Non-governmental Organization along with the participation of residents. What is more important, to solve the HUKOU problem to give every people the equal rights to work in the city. It is a long way to go.

5

Conclusion

In this paper, I first discuss about the current difficulty for low-income people to buy an affordable house and the current living condition of the poor immigrants in Xi'an. Because of the immature low-income housing system in Xi'an, many poor people have to live in urbanized villages, which are very undesirable places in the city. Then by discussing the experience of U.K. and U.S. from about a century ago, I talk about their success and failure, the similarity and difference of Xi'an and these countries. At last, I discuss which programs in other countries can be used as a paradigm of Xi'an and what need to avoid. In my opinion, the policies fitting Xi'an is the land use reformation and tax credit incentives.

A famous Chinese urban planner Jinkui Li said: "The dominating subject of investigating urban problems, yesterday is architecture, today is economics and

tomorrow is sociology." ¹ This argument concludes and predicts the direction and prone of urban studies very well. The way of providing low-income housing have such three processes in both Xi'an and other countries: the early development generally focused on the physical development from aesthetics and urban space theory; nowadays, the development was dominated by the economic factors rather than just considering the physical environment. This trend is represented by the subsidies for real estate development. The third level of the processes is dominated by social factors. The essential reason of urbanized villages is the social problem. Urban residents and rural residents are treated unfairly in Chinese HUKOU system and the dualistic landownership.

The urbanized village redevelopment and low-income housing is a long and struggling way. In the short run, the urbanized villages provide affordable housing to low-income migrants temporarily. We can not tear town them totally, or it will arouse the strong dissension of poor people. In the long run, the government should establish definite legislation, work with the residents, lower the cost of low-income housing construction, and encourage the cooperation of private developers by all means.

¹Zhou, Yigang. (2007). The Comparison of Two City Diseases-Urbanized Villages and Western Slums a Century ago, *New Architecture*, Vol. 2, pp. 27-31.

Bibliography

Abt Associates. (1996). *A Historical and Baseline Assessment of HOPE VI (Vol. 1)*, U.S. Department of Housing and Urban Development, Washington, DC.

Angel, Shlomo. (2000). *Housing Policy Matters: a Global Analysis*, Oxford University Press.

Anonymous. (2000). *The History of the Tenant-based Housing Programs*, <http://www.mphaonline.org/section8.cfm>.

Bratt, Rachel G. (1989). *Rebuilding a Low-Income Housing Policy*, Temple University Press, Philadelphia.

Elander, Ingemar. (1995). Policy Networks and Housing Regeneration in England and Sweden, *Urban Studies*, 32(6): 913-934.

Ellen, Ingrid Gould and O'Regan, Katherine. (2008). Reversal of Fortunes: Lower-income Urban Neighbourhoods in the US in the 1990s, *Urban Studies*, 45(4): 845-869.

English, John, Madigan, Ruth and Norman, Peter. (1976). *Slum Clearance: the Social and Administrative Context in England and Wales*, Croom Helm Ltd.

Fan, C. Cindy. (2001). Migration and labor-market returns in urban China: results from a recent survey in Guangzhou, *Environment and Planning A*, 33: 479-508.

BIBLIOGRAPHY

- Fitzner, Grant. (2008). *The affordable housing challenge: The UK experience*, Department for Communities and Local Government, London.
- Hays, R. Allen. (1995). *The Federal Government and Urban Housing*, State University of New York Press, Albany.
- Keith, S. Nathaniel. (1973). *Politics and the Housing Crisis since 1930*, Universe Books, New York.
- Li, Peilin. (2002). *The End of the Chinese Villages: A Study of the Villages Located in Southern Urban China*, Chinese Social Sciences.
- Liu, X. and Liang, W. (1997). Zhejiangcun: social and spatial implications of informal urbanization on the periphery of Beijing, *Cities*, 14(2): 95-108.
- Malpezzi, Stephen and Green, Richard K. (1996). What has Happened to the Bottom of the US Housing Market, *Urban Studies*, 33(10): 1807-1820.
- Martinez, Sylvia C. (2000). The Housing Act of 1949: Its Place in the Realization of the American Dream of Homeownership, *Housing Policy Debate*, 11(2): 467-487.
- Orlebeke, Charles J. (2000). The Evolution of Low-Income Housing Policy, 1949 to 1999, *Housing Policy Debate*, 11(2): 489-520.
- Payne, Geoffrey K. (1984). *Low-Income Housing in the Developing World: the Role of Sites and Services and Settlement Upgrading*, Pitman Press Ltd., Bath, Avon.
- Philpott, Thomas Lee. (1978). *The Slum and the Ghetto: Neighborhood Deterioration and Middle-Class Reform, Chicago, 1880-1930*, Oxford University Press.

BIBLIOGRAPHY

Popkin, S. et al. (2004). *A Decade of Hope VI: Research Findings and Policy Challenges*, Urban Institute.

Riis, Jacob A. (1970). *The Battle with the Slum*, New York, Garrett Press.

Song, Yan, Zenou, Yves and Ding, Chengri. (2008). Let's Not Throw the Baby Out with the Bath Water: The Role of Urban Villages in Housing Rural Migrants in China, *Urban Studies*, 45(2): 313-330.

Teaford, Jon C. (2000). Urban Renewal and Its Aftermath, *Housing Policy Debate*, 11(2): 443-465.

Thompson, Lawrence L. (2006). *A History of HUD*, <http://mysite.verizon.net/hudhistory>.

Wu, Li. (2003). *1978-2000 The Study of Urbanization Process in China*, China Economic History Forum.

Zhao, Zhong. (2003). *Rural-Urban Migration in China - What Do We Know and What Do We Need to Know?*, China Center for Economic Research, Peking University.

Zhou, Yigang. (2007). The Comparison of Two City Diseases-Urbanized Villages and Western Slums a Century ago, *New Architecture*, 2: 27-31.

MICHIGAN STATE UNIVERSITY LIBRARIES



3 1293 03063 4285