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Value Capture as a Land-based Tool
for Urban Regeneration in China

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Urban Villages in Guangdong



Formation of Urban Villages

- **China's land management system: urban land is owned by the state, and rural land is collectively owned by village**
- **When a city expands, the city government converts rural land into urban land, and sells the use right to real estate developers for commercial and residential development**
- **The government takes the farmland first, and leaves the village intact due to high costs of resettlements and compensation**
- **Losing farmland, villagers build their houses high and rent units to migrant workers**

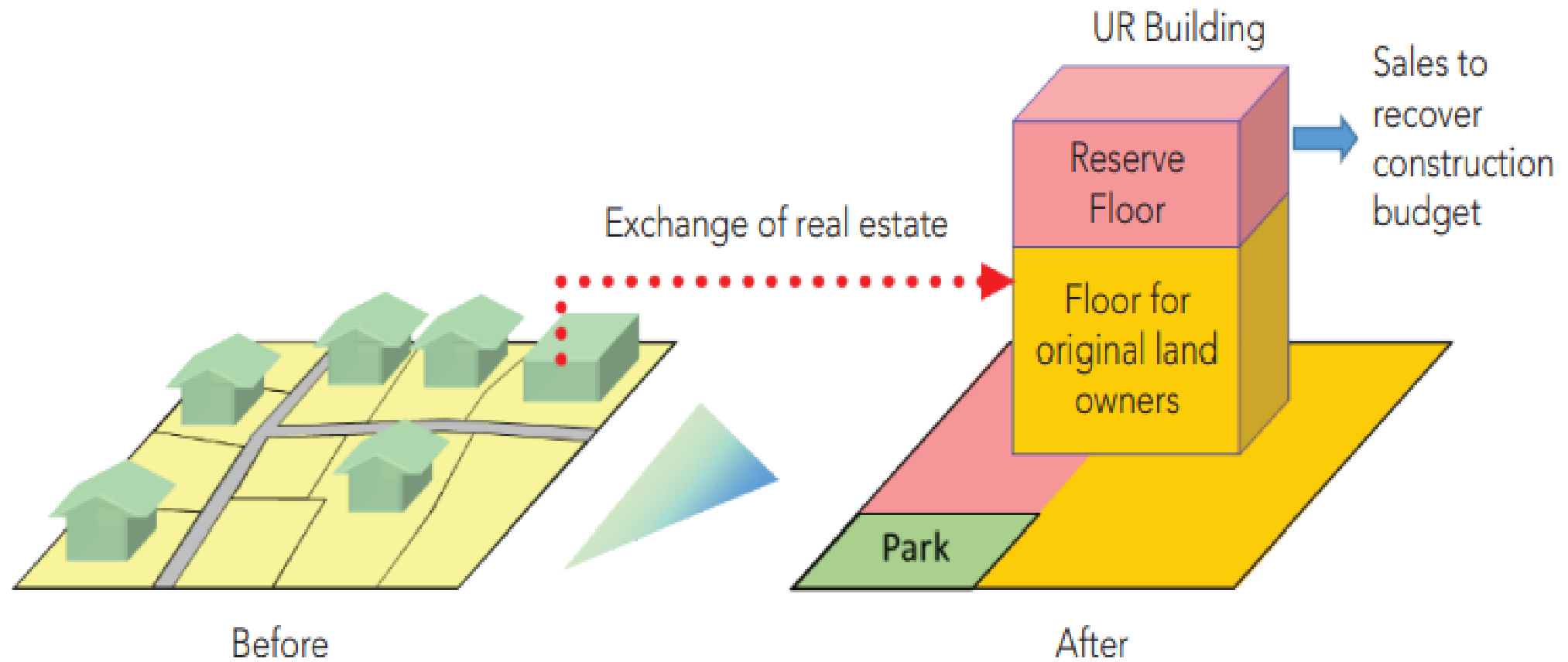
An Urban Village Regeneration Project (before and after)



An Urban Village Regeneration Project in Guangzhou, 2019



An Illustration of Value Capture in Urban Regeneration



Source: World Bank, "Case Study: Land Readjustment in Japan," undated.

Pros and Cons

- **Pros: No public investment is needed, as the new value is sufficient to cover the entire regeneration cost**
- **Cons: Gentrification**
- **Cons: Marginalization of migrant workers who lived in rental housing of urban villages**

Thank You!