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## **Mega Project Development and Entrepreneurial Urban Governance in China: Building Hangzhou's New City Center**

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# Introduction

- Since the early 2000s, Chinese cities have experienced a shift: new cities have replaced development zones as the keyword in urban growth strategy.
- Urbanism has replaced industrialism in political legitimacy and policy discourse of urbanization.
- The shift also reflects some changes in urban governance practice.
- New city development are believed to be a new strategy to realized local leaders' expectation of property market boom and strengthened urban governing capacity.

# Conceptualizing Space Production and Governance

- Planning and development of space should be interpreted as a process that is born from a particular political legitimacy, governance rationality, and social relationships in a society.
- The implementation of planned space production is often compounded by a set of factors such as competing priorities among government agencies, unpredictable response from the society, constraints in institutional structures, political ideology and changing economic development priorities and strategies.
- Those uncertainties will inevitably result in spatial and social transformation that is different from what was originally planned.

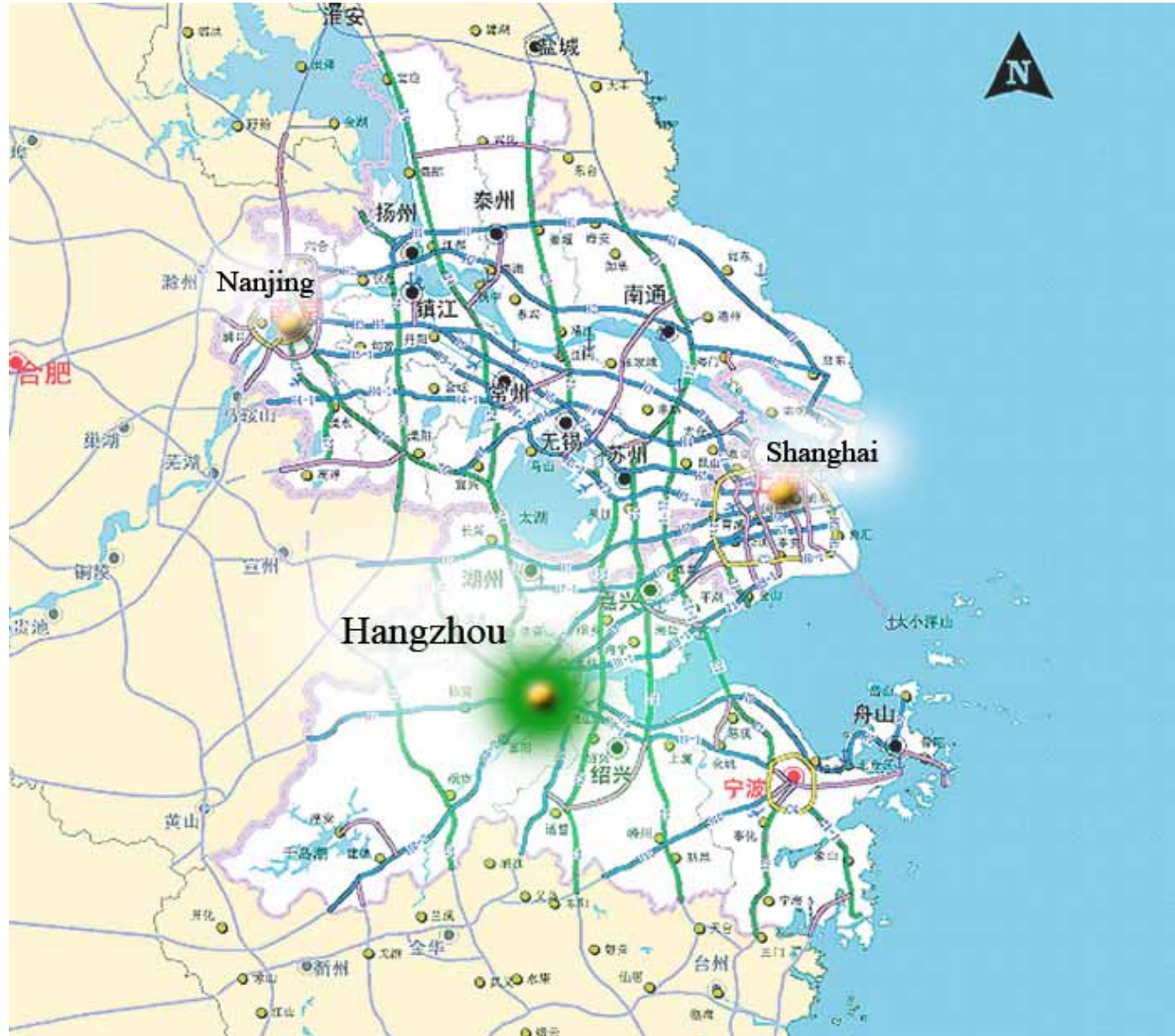
# Conceptualizing Space Production and Governance in China (1)

- Local state corporatism (Oi, 1992; 1995).
  - *Local governments, now an economic actor and an administrative service provider, are responsible for much of the growth and treat enterprises within their administrative purview as one component of a larger corporate whole.*
- Dual nature of municipal governance as an amphibious institution (Ding, 1994).
  - *Institutional amphibiousness has diffused power and functions, and thus blurred the lines between public and private, political and personal, formal and informal, official and nonofficial, government and market, legal and customary, and between procedural and substantial.*

# Conceptualizing Space Production and Governance in China (2)

- Urbanization of the local state (Hsing, 2010).
  - *Urbanization shapes the power process of the local state through spatial restructuring.*
- Village corporatism (Hsing, 2010).
  - *In order to achieve rural society's territorial autonomy, they battle with the "tragedy of the commons" where land is for communal use and therefore property rights are not clearly defined.*

# Hangzhou in YRDR



# Hangzhou's Urban Growth



**1960-1980**

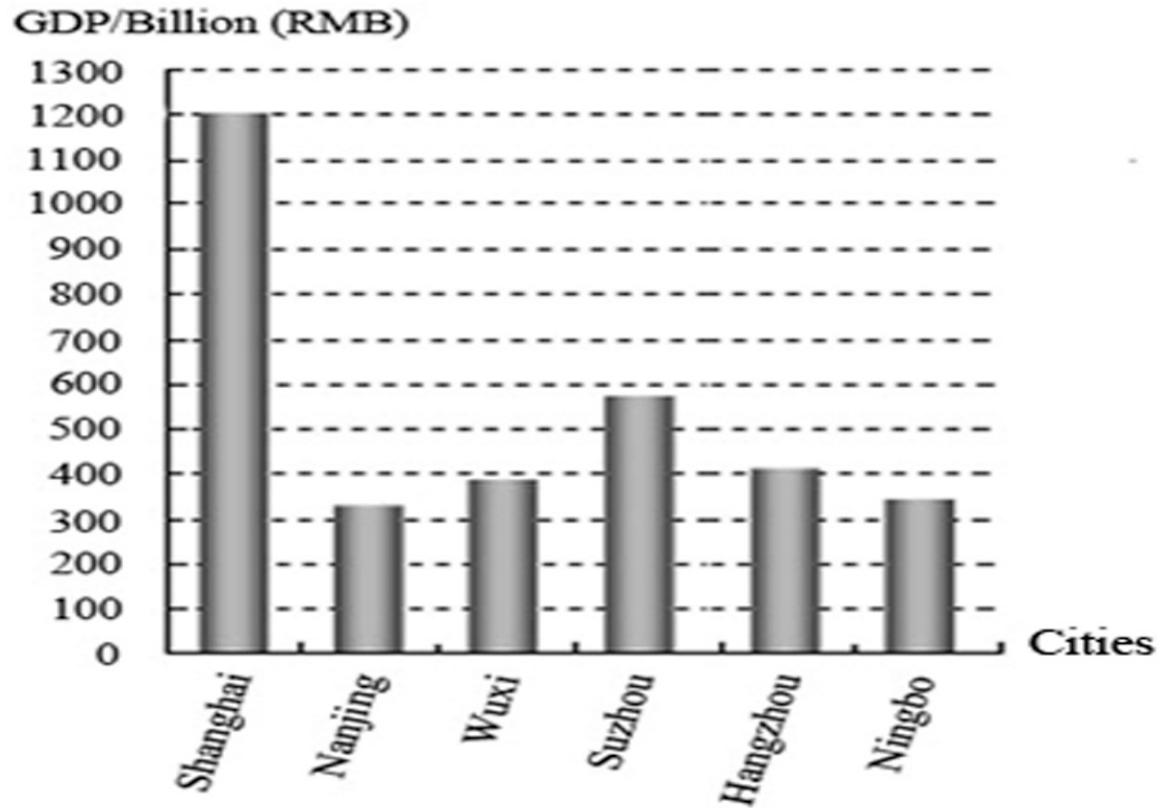


**1980-1990**

Year	Municipal Area (km <sup>2</sup> )	Built-Up Area (km <sup>2</sup> )	Population within the Municipal Area (Thousand)	Population within the Built-Up Area (Thousand)
1949	13.09	13.09	624.8	473.1
1950	13.09	13.09	N/A	N/A
1952	110.46	N/A	688.9	526.1
1980	430.00	53	1130.8	879.2
1989	430.00	67.9	1328.4	1088.8
1990	430.00	69.2	1338.9	1099.7
1993	430.00	90.2	1383.3	1151.4
1995	430.00	102.2	1435.2	1213.8
1996	682.85	N/A	N/A	N/A
1997	682.85	112.19	1692.9	1317.6
1999	682.85	171.17	1752.7	1392.9



# Hangzhou in YRDR



GDP for Cities in Yangtze River Delta Region in 2007

# Hangzhou's Urban Restructuring Goals



# Qianjiang New City Center, Hangzhou

## Qianjiang New City Conceptual Plan



The first phase of this mega project covers 15.8 Km<sup>2</sup>; the second phase covers 2.86 Km<sup>2</sup>. The core of Qianjiang New City Center covers 4 Km<sup>2</sup>, which is also Hangzhou's CBD.

# Administrative Institutions

- New City Center Administrative Committee (NCCAC) enjoys the administrative power of a state-approved development zone.
- NCCAC retains the amount of price difference between land lease premium and bench mark price as its revenue.
- NCCAC represents major investors to higher level administrations to seek technology supports, permit approvals, and preferential policy treatments.
- Besides the purpose of “good image” for the administration capability, the overseas and higher professional education among the staff members in the administrative committee help the new city development.

# Land and Infrastructure Finance

- The municipalities provided the NCCAC with loans; the latter is expected to pay for the balance by their revenue from land lease. The loan helped to start the New City Center's land expropriation and infrastructure development.
- The names of roads, bridges and specific sites are auctioned by the NCCAC to obtain additional financial resources for development.
- One of the financial incentives for the first group of major projects was that those project investors could pay off their land premium by installments, as needed.

# Public Landmark Projects

- Visual manifestation and built environment representation of signature buildings and landscapes with political implications are weighted more than market demand, capital costs and investment returns, especially at the early stage of new city development.
- They obscure debt-burden project finance, lavish public capitals, marginalized groups and other social vulnerability.



# Government Agency Projects

- The relocation of government agency projects to the New City Center form an image that the mega project has been highly supported by the local government so that private investors will gain investment confidence.
- In order to attract the public facilities to the site in an efficient way, the NCCAC has had to use attractive terms and make compromises (e.g. best locations).
- During their site selection process, government agencies are much like entrepreneurs in choosing their office and business locations.
- Powerful municipal government agencies were the first group of land users in the New City Center.

# Non-public Investors

- Grant urban resident household status (*Hukou*) to those migrants who are not from Hangzhou but buy commodity housing.
- NCCAC actively seeks ideal investors and invites them to bid for land use auction and tender through open houses in Hangzhou and participations in many exhibitions at home and abroad.
- The NCCAC takes the opportunity of key project grand openings to publicize the projects and the New City Center. The administrative committee sees them as another chance to publicize the development progress and the success story of those private investors.



# International Design Competitions

- Through the design competitions, the administrative committee has the opportunity to review various design concepts and ideas from overseas and domestic design firms. The designs that have been adopted are often an integration of meritorious concepts from various competitors.
- The review and selection process helps generate discussions among the government officials, planners and architects that are decision makers.
- International design competitions are often covered by various media reports, which is another chance for marketing.
- The results of the international design competitions are in fact not that sensational in comparison with the processes of the competitions because the outcomes of design and plan are dominated by the NCCAC.

# Discussions and Conclusions (1)

- The New City Center mega projects have been used to restructure physical space of the city, reorganize urban economic sectors, guide urban growth, and enhance the overall city competitiveness in the region.
- Local government has provided essential services to their local enterprises; there is a symbiotic relationship between the private enterprises and local government developed in the state-led growth.
- The long term relationship between local government and non-public investors might be different from that at the incipient stage of mega project development.

# Discussions and Conclusions (2)

- The local state plays a dominant, and sometimes even monopolistic, role in mega project development.
- The private-public partnerships are rather for strategic promotion and marketing than for investments in the form of joint ventures.
- The new city center developments share common critiques for their lack of public accountability and social goals (Wilson 1995: 648) and for their cultural and image uniformity among different cities appealing to investors, professionals, and consumers in the West (Harvey, 1989; Wilson, 1995).