ADAPTIVE REUSE OF HISTORIC HOUSING FOR COMMERCIAL DEVELOPMENT: A CASE STUDY OF XINTIANDI REDEVELOPMENT PROJECT IN SHANGHAI, CHINA

By

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ADAPTIVE REUSE OF HISTORIC HOUSING FOR COMMERICAL DEVELOPMENT: A CASE STUDY OF XINTIANDI REDEVELOPMENT PROJECT IN SHANGHAI, CHINA

By

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Known for its highly commercial success, Shanghai Xintiandi redevelopment project was the first case in mainland China that adaptively reused historic residences for commercial development. Xintiandi is not only a business venture. More importantly, underlying the transformation from planned economy to market-driven economy, the Xintiandi model reflects several urban trends in Chinese cities. This study was conducted to examine the growth coalition in this project, explore incentives behind different stakeholders, analyze the economic and social effects of this project, and investigate to what extent historic preservation can contribute to urban redevelopment.

These research objectives were achieved through reviewing the documents about the Xintiandi project, published from the government, private sources, and received from interviewees; in-site investigation; and interviews with government officials, private developers, and residents who are living in the Shikumen (stone gate) lilong (lane) houses.

It is found that compared to the traditional ‘museum kind’ preservation, adaptive reuse is a solution that not only bring new life to historic buildings but also make them to meet people’s need in current times. Also, commercially adaptive reuse can promote the inner city land value
as well as making profits for both government and private developers. On the other hand, it is
found that the growth coalition in the Xintiandi project has strong government, weak private, and
limited public engagement pattern. Original residents suffered tangible and intangible losses
through the complete relocation caused by this project. To this end, this research explores the
extent to which historic preservation can contribute to the inner city redevelopment, while
improving the living conditions for the residents who are displaced as a result of the impending
redevelopment activities.
CHAPTER 1
INTRODUCTION

The Xintiandi (in abbreviation XTD) redevelopment project in the inner city of Shanghai has successfully converted two blocks of old Shikumen lilong houses, the traditional and unique residences of Shanghai, into a multifunctional dining, retail, and entertainment center (“The Preservation of Shikumen Architecture,”). This project had preserved and renovated the exterior of Shikumen lilong houses located in this area, but remodeled the internal space. The XTD is popular with the old and young alike. It has become a tourist destination in Shanghai, resulting in increased property values throughout surrounding areas. The project won the Urban Land Institute (ULI) 2003 Award for Excellence, and is the first of its kind in mainland China to receive this international award (“Rewards and Recognitions,”). In addition, the project also won the 2002 American Institute of Architects (AIA) Citation for “Heritage”. AIA described that “Xintiandi’s commits to the art of creative renovation of historic architecture with its adaptation of Shikumen housing for modern use. More than merely restoration, Shanghai Xintiandi also serves to promote the importance of preserving the city’s architectural heritage” (“Rewards and Recognitions,”).

Under the preference to urban development over protection in China, XTD’s commercial success makes the public accept the value of historic preservation, and is influencing the way government officials and private developers view historic neighborhoods and buildings. Nowadays, many cities in China are imitating the XTD project (Wai, 2006), resulting in a wave of adaptive reusing historic residential buildings, and is helping the country to preserve its historic residential neighborhoods, especially in the inner city areas.

Besides, the XTD model also let the public realize the negative aspect of commercial reuse of historic neighborhoods – the large scale relocation of original residents, and the tangible and
intangible cost relocation gives to them. In the case of XTD, local authorities and developers shared the benefits of historic neighborhoods redevelopment, while the residents took the cost of it. It is should be recognized that restoring the inner city land value and gaining profits from place promotion are not the only objectives of inner city redevelopment, benefiting the inner city habitants and enhancing their living standard is also very important.

Therefore, in this paper, I aim to understand the role of growth coalitions in shaping and bringing the XTD project to fruition. I will also explore the motivations of different actors in this project. In addition, I intend to in-depth explore the economic and social effects of the XTD redevelopment project, investigating what extent historic preservation efforts may contribute to inner city redevelopment and place promotion in China. Last but not least, by studying the lessons learned from the XTD case, I will give my recommendations for the future inner city redevelopment projects in the country.
CHAPTER 2
RESEARCH BACKGROUND

China experienced very low social productivity and indigent material resources during the Cultural Revolution, which began in 1966 and ended in 1976 (Li, 1998). This insufficiency continued a few years afterwards. 1978 is the turning point for China (Li, 1998). At the Third Plenum of the Eleventh Communist Party Central Committee in December 1978, premier Xiaoping-Deng called for “reform and opening up” (Li, 1998). This aspiration required “expanding enterprise autonomy and increasing the use of economic levers” (Li, 1998, p.4), which marked China’s economic transformation from a planned economy to a market economy.

This economic transformation has resulted in a shift from a centralized to a decentralized form of government (Li, 1998). Pro-growth coalitions built among local governments and private enterprises emerged in Chinese cities. The investments of capital from private enterprises accelerated the speed of urban renewal. Meanwhile, by granting power to local governments, the policy making cycle is shortened, the efficiency of social production is increased, and material resources were distributed evenly (Li, 1998).

In the past three decades, especially after 1990, Shanghai has experienced intense redevelopment (Wu, 2004; T. Zhang, 2002). In 2002, “Social Development Bluebook of Shanghai reported that from 1991 to 2000, Shanghai demolished 26 million houses and relocated 0.66 million households” (Wu, 2004, p.453). As a result of the large-scale urban renewal process, many historic Shikumen lilong houses, traditional buildings unique to Shanghai, have been lost. They were being replaced by commercial, or high-class housing development (Wu, 2004).

There was a serious imbalance between urban redevelopment and historic preservation in China. Chinese government established regulations and laws to protect historic heritages,
however, these protection efforts continually were focused on the most profitable projects, such as historic areas with tourist potential, or the significant monuments (Steinberg, 1996). Historic building housing commoners have been ignored or demolished for the preference of urban renewal (Steinberg, 1996).

With the adaptation of Western techniques of renovation, more unique architectural forms were preserved. What is more, this type of preservation breathes new life to historic heritage, creates profits for the private developers, as well as increases the revenue for Chinese government. A situation that historic preservation contributes to urban redevelopment realize in China.

In the literature review part, four sub-parts contents are illustrated in detail: economic transformation in China; urban regimes and growth coalitions; market-oriented inner city redevelopment in China; and historic preservation in China. Based on this review, in the case study part, I will examine the adaptive reuse of historic housing in the economic transformation of China, analyze the growth coalition under a socialistic market economy, and explore how historic preservation contributes to urban redevelopment.

**Economic Transformation in China**

China’s economic transformation to a market-based economy began in the late 1970s. Li (1998) documents the transformation: “The Third Plenum of the Eleventh Communist Party Central Committee held in December 1978 marked the decisive breaking from the past and the start of the reform era” (p. 4). Many specific economic strategies were issued during the Third Plenum, including the expansion of enterprise autonomy, the attraction of foreign investment, and an increase in the use of economic tactics (Li, 1998). This economic strategy not only marked the transformation toward a decentralized economy, but also marked the reform of the urban land property system and the formation of urban regime in China (Li, 1998; Yang &
Chang, 2007). The most significant change caused by this transformation has been the reform of the urban land property system (Li, 1998). The 1982 constitution stipulates: “the urban land belongs to the state, no organization or individual is allowed to occupy, sell, lease or illegally transfer land in any way” (Li, 1998, p. 13). However, since 1978, “market forces have been seeping into all aspects of the economy, and people’s demand to establish a market of production elements, including urban land, has accelerated” (Li, 1988, p. 14). Thus, according to the market demands, in 1988, the 1982 constitution was amended with the language “land use rights can be transferred according to the law” added (Li, 1998, p.14). Since then, private and international enterprises began to enter the real estate market in China.

The economic transformation also marked the formation of urban regimes in some Chinese cities. Zhu (1999) expressed that the “rigid planned economic system has to be abandoned for its inefficiency and ineffectiveness” (p. 537). Before 1978, China experienced inefficient resource distribution (Zhu, 1999). The central government could not detect shortages and surpluses of social production, and there was always a mismatch between supply and demand. Without investment from private and international capital, the government was burdened with the cost of urban development and redevelopment projects. By decentralizing power to enterprises and shifting investment to consumer goods, housing investment by private enterprises had dramatically increased. Capital dramatically decreased the burden experienced by the central government. The local coalition of the local government, and private enterprises had emerged in China, after the economic transformation.

There is significant evidence that economic decentralization is occurring in China. In recent years, more private developers have been involving in the renewal and relocation processes in old urban neighborhoods. For instance, in 1994, an estimated 180 projects or at least
2 million square meters floor space were under construction for commercial, or high-class housing development in Beijing (Huus, 1994). Those redevelopment projects were conducted by foreign companies who were attracted to these areas by the promise of high profits. The office space in the center of Beijing sells for US$4,000 per square meter and villas for US$3,500 per square meter, and those in the center of Shanghai even higher (Huus, 1994). Land prices in the two major Chinese cities ranked the third and the fourth highest in Asia. The first and second highest is Hong Kong and Tokyo (Huus, 1994).

Before 1978, according to Li (1993), urban development policy in China was focused mainly on new construction and urban sprawl. Since 1979, the emphasis of urban development policy has been shifted to renovation and redevelopment (Li, 1993). There were many motivations that contributed this change of policy. However, many researchers believe that economic transformation accelerated the step of urban renewal in China. As Li (1993) fully explains in his article:

Economic reform not only enables the government financially to address the deteriorating housing problem, but also restores urban land values, which were dismissed during 1950s-1970s but are now drawing private developers to the renewal process (Li, 1993, p. 3).

The involvement of real estate development companies may be the solution to the continuing problem of the national government’s financial inability to revive dilapidated historic districts. However, as a result of the privatization of redevelopment efforts in Chinese cities, profits, rather than residents’ rights, have become the foremost consideration. The shift from government-initiated projects to those funded by commercial developers represents a departure from earlier efforts to simply rehabilitate historic buildings and improve the living conditions of residents in dilapidated areas.
Urban Regimes and Growth Coalitions

Urban regime theory is a “dominant framework in the field of urban politics and local economic development in the United States” (Mossgerger & Stoker, 2001; Stone, 1993; Y. Zhang & Fang, 2004). Zhang (2002) describes: “the necessity of building growth coalition is rooted in the fundamental challenge facing local government in liberal democratic societies: public power and private resource ownership” (p. 475). In other words, local governments lack the authority and resources to truly govern (Zhang, 2002). Therefore, to enhance the effectiveness of the work, local government would better cooperate with non-governmental individuals and organizations. Urban regime theorist hypothesized: “the effectiveness of local government depends greatly on the cooperation of nongovernmental actors and on the combination of state capacity with nongovernmental resources” (Stone, 1993, p. 6). Gradually the growth coalition between the public and private was built within the field of urban politics and local economic development.

In order for a growth coalition to be workable, Stone (1993) explained that local governments must play a crucial role in growth regime and actively blend their capabilities with various non-governmental individuals or organizations. Meanwhile, other participants in the growth coalition should show initiative and follow the goals made in advance (p. 6). In other words, “if a coalition cannot deliver on the agenda that holds it together, then the members will disengages, leaving the coalition open to reconstitution” (Stone, 1993, p. 17).

In facing the challenge of regime building in American cities, Stone (1993) summarizes two critical factors. Firstly, “large and varied non-governmental sector not only controls most investment activity but also contains most of society’s associational life” (Stone, 1993, pp. 23-24). That means, in the growth coalition, non-governmental sector should not only be responsible for investment, but also actively involved in the specific urban activity. Secondly, “government
authority relies more on inducing actions than it does on simply issuing commands” (Stone, 1993, p. 24). In the growth coalition, local government should both lead and cooperate with the non-governmental sectors actively to guide them to the expected directions. According to Stone (1993):

Urban regimes significantly impact urban policy making and management. In the urban regime, non-governmental sector takes half position. Thus, only those who can make use of or generate an appropriate body of non-governmental resources have the capacity that exercise political choice and alter current policy (Stone, 1933, p. 18).

During the systematic transition from planned economy toward a socialistic market economy, “informal local urban regimes” are forming in Chinese cities (Zhu, 1999, p.546). Simultaneously, local growth coalitions made up of local government officials, members of private enterprise, and members of public organizations have emerged (Zhu, 1999). But, urban regime theory has a different application in China than the U.S., as a result of economic and political factors. As Ma (2004) more fully explains:

China’s economic transformation toward a market-led economy has allowed investment capital to play a decisive role in altering urban space. Whereas the involvement of global capital in urban development is beyond doubt, there is evidence that many hotels, restaurants and some of the high-class housing estates have been built with capital coming from various domestic sources, including many government agencies. There are also indications that many of the most influential firms involve in urban development and renewal have close ties with the city where they are based. (p. 252)

In a socialist nation, government owns major authority, contrary to the practices of liberal democratic societies. The marketplace in China is weaker compared to that in a developed nation. The private section is less influential in a local growth coalition, and is under the command of Chinese government (Zhang, 2002). Moreover, public individuals and organizations are at the lower position in the coalition. Public participation in local affairs is still relatively new and limited in scope. This is rooted in a culture which shows “deference to authority” (Zhang,
as a result of the comparatively weak private sector and limited public engagement, local coalitions in China are informal in nature.

**The Market-Oriented Inner City Redevelopment in China**

In Carmon’s (1999) paper, he divided the urban residential renewal process into three generations. All these three generations can be identified in the US, UK and several other European countries. According to his definition, the first generation is the “era of the bulldozer”, the second generation is the “era of the neighborhood rehabilitation”, and the third generation is the “era of revitalization”, especially in city centers, a “business-like approach emphasizing economic development” (Carmon, 1999, Pp.145-147). This is the inner city redevelopment pattern in the most Western countries. Meanwhile, China has her three generations which are similar but somehow different from the Western pattern. For understanding inner city redevelopment in China, we can review the situation in the Western countries in advance.

In the first generation, beginning at 1930s generally, in many Western metropolises, especially in the U.S., urban slums and low-rise private constructions were razed for the development of “luxurious projects of concrete, steel and glass” (Carmon, 1999, p. 146). Meanwhile, most of the poor residents were moved into new high-rise public houses. Thus, due to the long-term social and economic costs, this approach of development was condemned (Carmon, 1999). The second generation, generally beginning in 1960s for Western countries, learned the lessons from the first generation, government chose to improve and rehabilitate the existing houses and neighborhoods in urban area instead of demolishing them. Additionally, public opinion achieved more attention during this generation, and many renewal programs tried to involve local residents in the decision making processes (Carmon, 1999).

The third urban renewal generation, revitalization, happened in those years of the 1970s and 1980s. According to Carmon (1999), “the very low prices of land and housing in the city
centers began to attract both small and large private entrepreneurs” (p.147). In urban revitalization projects, public-private partnerships became the main cooperation pattern. Public and private cooperated together to transfer deteriorated housing and neighborhoods to commercial development, and most of these developments are always concentrated in the heart of the city (Carmon, 1999). According to Carmon (1999), “The well-known examples in the U.S include the Quincy Market in Boston, Pike Place in Seattle and Horton Plaza in San Diego. The best known British example is London Docklands. Many of these large projects have been commercially successful. They attract business, local customers and tourists, make a significant addition to the local tax base and enhance the city’s prestige” (p.148). However, the third generation widened the gap between the rich and the poor, and increased social conflicts in big cities of Western counties (Carmon, 1999).

Similar to the West, China has been experiencing three generations in the inner city redevelopment process. According to Li (1998), “the first is demolishing the old housing and rebuilding housing on the original sites, which characterizes most early renewal efforts in old cities. Next comes the idea of rehabilitating the old housing rather than completely demolishing it, which has gained some significance during the 1990s but whose application is restricted” (Li, 1998, p. 1). The first two generations of inner city redevelopment are usually subsidized by the governments, directly or indirectly. The third generation is converting residential to commercial uses. During the beginning of the third generation, due to the market drives, private enterprises got involved in inner city renewal process and invest the inner city land for commercial development such as high-class apartments and shopping centers. Later, the Chinese government realized this kind of transformation destroyed historical and cultural buildings on a large scale. They promulgated regulations and rules such as “Historical and cultural city, town, and village
Protection Ordinance” to protect those neighborhoods and buildings with historical significance (Table 2-1). Therefore, here comes the “adaptive reuse” in ancient Chinese cities. The developers maintain the old housing and convert them to new uses, such as retails, offices and hotels (Tsai, 2008). “Since 1995, adaptive reuse of historic buildings has gradually become one of the major approaches applied to cultural heritage in China” (Tsai, 2008, p. 21).

However, differing from market driven countries, the residential renewal in China has been primarily initiated by the government rather than spontaneous market forces. Private developers have recently been pulled in by the potentially high profits and are becoming a notable force in the renewal process. Nevertheless, as stated in the former section, they are less influential in the growth coalition with the Chinese governments. Distinct motives of the government have led to varied styles of inner city redevelopment in China. Though the governments’ motives vary from city to city and from time to time, there are four major motives: “first, improving the living condition of residents; second, restoring the market value of land; third, controlling the scale of cities; and forth, protecting historical, cultural traditions of old cities” (Li, 1998, p. 17).

**Historic Preservation in China**

**Historic Preservation in China, Administrative System and Laws**

The long history of China has established rich architectural forms, and planning theories, which are well represented in old cities. In the inner city of Beijing, there are many gigantic and structure-complicated royal palaces, one-story *hutong* housing and courtyard housing for commoners. In Suzhou, there are ancient gardens and elegant multi-story residences. In the inner city of Shanghai, there are colonial style neighborhoods and the Shikumen lilong structure, the most extensive residence type in the twenty century (He and Wu, 2005; Tsai, 2008). However, during the Cultural Revolution (1965-1968), many culturally important structures were destroyed on the ground that they were considered as remnants of the dark ages of Feudalism (Li, 1998). In
addition, many colonial style architectures were pulled down because they represented the foreign exploitation that disgraced China. What is more, historic residences were largely demolished during this time because of their dilapidation making them no longer meet the living standards of modern people.

As stated before, 1978 is a turning point for China. In this year, Xiaoping-Deng announced the “reform and opening up” slogan. Since then, the value of cultural relics has been restored. From then on, historic preservation has been attracting more and more attention in China. Governments have been promulgating laws and regulations to protect the unique architectures as well as intangible cultural relics in China (Table 2-1).

China’s first planning law, City Planning Law of the People’s Republic of China, adopted at the 11th Meeting of the Standing Committee of the Seventh National People’s Congress on December 26, 1989, and effective as of April 1, 1990 ("City Planning Law of the People's Republic of China," 1990). This law made a big step forward on the construction of urban planning law. From then on, China enacted numerous planning laws and regulations according to the legislative mandate of the people’s congresses and governments at all levels (Table 2-1).

Figure 2-1 is the chart indicates the different legislative levels in China. The National People’s Congress is the supreme organ of state power in China, and it exercises the state legislative power. The State Council is the executive body of the People’s Congress, and is the supreme organ of state administration ("State Structure of the People's Republic of China,"). According to the Constitution, the State Council provides administrative measures, enacts administrative rules and regulations, and issues decisions and orders. In addition, the State Council brings forward proposals to the National People’s Congress ("中华人民共和国国务院,"). The Provincial People’s Congress and the same level governments constitute the local
regulations. The City (District) level planning department constitutes local normative documents ("State Structure of the People's Republic of China,").

According to the Constitution, the lower level of congresses and governments must be consistent with the upper level of congresses and governments. In other words, the laws and regulations conducted by the sub-level congresses and governments must comply with the principle and spirit of those laws and regulations conducted by the upper level congresses and governments.

The State Council assigns two major cultural heritage administrative departments. They are: Ministry of Housing and Urban-Rural Development of the People’s Republic of China (MOHURD) and State Administration of Cultural Heritage of the People’s Republic of China (SACH) (see Figure 2-2). The laws and regulations compiled by either or both of these two departments must be examined and approved by the State Council before they can be enacted as official laws and regulations (Figure 2-1, 2-2, and Table 2-1).

The administrative system of urban planning and historic preservation in China is significantly different from that of the U.S. The U.S., “as a federal republic, the central government has no power over land use regulations, a responsibility that falls entirely on each of our individual states and territories” ("Historic Preservation in the United States,"). Thus, each state is free to implement its own protective mechanisms in accordance with the state constitution. “The National Historic Preservation Act (NHPA) is responsible for creating a framework for permanent cooperation among the federal, state and local levels of governments plus the private sector” ("Historic Preservation in the United States,").

By contrast, central government in China has power over land use regulation. Pursuant to the law, land use regulations are drafted by the province-level people’s congress and must be
audited by the MOHURD, approved by the State Council, and then become formal laws and regulations implemented by the provincial planning commissions and reviewed by the provincial judicial system (Figure 2-3).

In the U.S. the NHPA “fosters municipal control by certifying local governments that meet certain preservation performance” ("Historic Preservation in the United States,"). By contrast, planning laws in China require upper level congresses and governments to direct lower level congresses and governments, and the latter must be consistent with the former (Figure 2-3).

Shanghai has a two-level government: municipal government and district government. It has a three-level administration: municipality, district, and sub-districts (Streets, or Jie Dao, in Chinese) (Figure 2-3). According to the Planning regulations in China, the urban planning administrative departments at all levels should be responsible for the same level government. The superior urban planning department is in charge of the operational guidelines and supervising the lower level. The decentralized governing system empowers the Shanghai local government with strong decision-making rights and increased responsibilities (He & Wu, 2005).

**Difficulties of the Historic Residential Preservation in China**

Historic preservation is attracting more attention in China, and efforts are being made to preserve historic residences and neighborhoods. Beijing’s Hutong and Courtyard housing and Shanghai’s Shikumen lilong housing are both traditional residential forms, and many of those quarters have been designated as conservation areas (Steinberg, 1996). In 2004, a group of historic preservation elites and Beijing residents composed a letter to the World Heritage Committee to apply for the recognition of heritage status for the old city. In the letter, they expressed that Chinese leaders need to strengthen the efforts and practices on protecting the historical and cultural city – Beijing. In the 1990, the city government designated 25 Historical and Cultural Heritage Areas (Lishi wenhua fengmao baohuqu, in Chinese). In 2002, the city
government added another 5 Historical and Cultural Heritage Areas. These 30 Historical and Cultural Heritage Areas involve more than 20% of the old city of Beijing. Meanwhile, hundreds of Courtyard housing and *Hutong* neighborhoods were designated on the list of protection ("抢救北京古城-致世界遗产大会函").

Since the end of the 1990s, Shanghai city government has shown an obvious emphasis on historic preservation (Ren, 2008, p.29). They passed a series of preservation laws and landmarked a large number of historic buildings and cultural heritage areas (Ren, 2008). As Ren (2008) documented:

In 2003, the city government designated 12 Historical and Cultural Heritage Areas for preservation, with a total of 27 square kilometers of area coverage. This is roughly one third of the inner city area of Shanghai. In March 2005, the city government proposed adding another 30 Historical and Cultural Heritage Areas in Pudong New District and outer districts, for a total of 12 square kilometers (Ren, 2008, pp. 30-31).

However, there are still no criteria for preservation practices in these Historical and Cultural Heritage Areas in both Beijing and Shanghai. Ren (2008) criticized that “local district government rushed to identify and encircle more sites as preservation zones, anticipating the potential economic return” (Ren, 2008, p. 31).

Rushed designation and bland preservation guidelines yield unsatisfactory results for these neighborhoods and buildings. The demolition and damage to the ancient city of Beijing have not been effectively restrained. Historic buildings located surrounding the Forbidden City continue to deteriorate ("抢救北京古城-致世界遗产大会函"). “In Shanghai, at 2002, Social Development Bluebook of Shanghai reported that from 1991 to 2000, Shanghai demolished 26 million m² old houses and relocated 0.66 million households” (Wu, 2004, p.453). During the large-scale urban renewal process, many of the historic Shikumen lilong houses of Shanghai have been lost forever.
In addition to the deficient historic preservation regulation mechanism, many other factors are obstructing the preservation efforts and the number of historical and cultural quarters is decreasing dramatically year by year. Three major factors are listed and explained in the following paragraphs.

First of all, after the “reform and opening up” policy, the cheap prices of land and housing in the city centers began to attract both domestic and foreign real estate developers. They invest the inner city areas for villas, high-class apartment, or other commercial development. According to Carmon (1999), “This is the common patterns of gentrification and property-led regeneration, has frequently resulted in rapid improvement of the neighborhoods status and a rise of property values” (p. 154). The inner city areas in China have the highest land values, and the city governments prefer to lease the inner city lands to the private enterprises to increase their revenue. As a result, thousands of old residential quarters have been utterly demolished for new and modern construction.

Second, due to the lack of proper maintenance, and inadequate services, many inner city residential housing became dilapidated and dangerous (Li, 1998). Some of the historic housing stocks are in extremely poor condition with massive overcrowding by low-income families and lack basic facilities such as a toilet, bath and kitchen. The Shikumen lilong houses of Shanghai, for example, were and are occupied by low-income households. Public kitchens built in the lanes make the public space even more crowded and narrow. In addition, due to the population growth during the mid- and late- 20th century, these houses became overloaded. Many Shikumen families built additional structures privately up or just beside their original housing for the accommodation of more family members. The original Shikumen lilong housing structure is often destroyed and replaced with modern structures. Additionally, sanitation in these
neighborhoods is unsatisfactory, especially as regards the public kitchen, bathroom, and dumping ground. Improper maintenance and upgrading has further aggravated the poor conditions in these neighborhoods (Li, 1998). Due to these problems, the local governments will not likely seek to rehabilitate and restore these neighborhoods. Instead, they will most likely choose to lease these areas to private enterprises for “revenue-immediate” developments.

Also, these residential buildings in inner city areas are unlikely to be preserved because they are predominately low rise construction. The *hutong* housing and courtyards in Beijing are only one story, and the Shikumen lilong housing in Shanghai are two or three stories high. Rapid population growth demands the replacement of low rise structures with high-rise residential buildings. Given these demands, low-rise housing affordable to the poor is not likely to be rehabilitated and preserved.

These three major issues make it very difficult to preserve the historic residential quarters in inner city areas in China. Therefore, in reality, if no adequate strategies and guidelines are worked out in China, even designated areas will not be preserved properly (Steinberg, 1996).
Laws enacted by the National People’s Congress

Administrative laws and regulations enacted by the State Council

The local regulations and the rules enacted by the Provincial People’s Congress

The normative documents enacted by the city (district) level planning department

Figure 2-1. The legal system of historic and cultural heritage protection in China.
Figure 2-2. Cultural heritage administrative departments under the State Council.
Figure 2-3. Organization of preservation responsibilities in China, take Shanghai as an example to illustrate the interconnected system of state, province, and city governments involved in historic preservation.
<table>
<thead>
<tr>
<th>Law Enacted Agency</th>
<th>Regulations and Laws</th>
</tr>
</thead>
<tbody>
<tr>
<td>The National People’s Congress</td>
<td>Law of the People’s Republic of China on Protection of Cultural Relics (revised and enacted on Dec 29, 2007), drafted by SACH.</td>
</tr>
<tr>
<td></td>
<td>Code for Conservation Plan of Historic Cities (enacted on July, 2005), drafted by MOHURD.</td>
</tr>
<tr>
<td>The State Council</td>
<td>Historical and cultural city, town, and village Protection Ordinance (enacted on April 2, 2008), drafted by MOHURD.</td>
</tr>
<tr>
<td></td>
<td>Regulation for the Implementation of the Law of the People’s Republic of China on Protection of Cultural Relics (enacted on May 13, 2003), drafted by SACH.</td>
</tr>
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CHAPTER 3
METHODOLOGY

Single Case Design Limitations and Advantages

Single case designs have their limitations as they will be less powerful than multiple-case designs, and will be difficult to be duplicated (Yin, 2003). But, this method emphasizes the individuality and uniqueness of a single instance. It allows in-depth investigation and analysis, from which many phenomena and data, usually are missed by multiple-case designs, can be found.

The case of Xintiandi is a distinctive and unique case. It is the first case that Chinese governments allowed private international enterprises to be involved into designing a controlling detailed planning for urban planning projects in China. Moreover, XTD is the first attempt in China that adaptive reuse historic houses for commercial development, and finally received commercial success.

Therefore, I chose the XTD as single case study to explore how different stakeholders cooperated together and what were their incentives in the growth coalition. Besides, I will study the social and economic effects of the XTD case, to investigate the benefits and costs generated from this project. Finally, I intend to give my recommendations for future inner city redevelopment projects in China. But, the case may be too unique in terms of its timing, location, distinctive coalition, and the social and economic environment, it may not be duplicable in another time and location.

Single Case Design

The History of Shikumen Lilong Housing

Shikumen (stone gate) lilong (lane) housing in Shanghai can be traced back to mid 19th century, when Shanghai began to be occupied by the British, the Americans and the French as
settlements and concessions (Tsai, 2008). Shikumen housing was originally designed and constructed by European architects. This style combined the Chinese courtyard with the European row house. Its most distinctive features are stonework door frames, burly wooden planks doors, and each fixed with a huge bronze ring (Shanghai.Foundation.for.International.Cultural.Exchange) (Figure 3-1). “Four types of Shikumen lilong housing were created through time: old style, new style, garden style and apartment style” (Tsai, 2008, p. 10). Compared to the other three kinds of Shikumen lilong housing, the old-style one has the most traditional Shikumen structure.

Until the 1980s, Shikumen lilong housing was the major residential form in Shanghai (Ren, 2008). Except the very rich and very poor, most of Shanghainese were living in Shikumen lilong houses (Ren, 2008). At their peak, the Shikumen neighborhoods numbered more than 9,000 locations in Shanghai, took up 65 percent of the total housing space of the city, and amounted 20 million square meters ("Redevelopment of Shikumen; Ren, 2008).

After 1949, because of its low construction plot ratio, Shikumen lilong housing cannot fulfill the living requirements of a growing Shanghai population. Moreover, Shikumen style is no longer suitable for modern urban living ("Redevelopment of Shikumen; Ren, 2008). Therefore, after 1949, no new lilong houses were built and thereafter the style became the culture heritage of Shanghai.

**Xintiandi Case Study Choosing**

This research uses Xintiandi redevelopment project as a single-case study research. XTD is the most famous preservation-based redevelopment case in Shanghai and, for that matter, the whole China. It is located in the Taipingqiao residential area, in Luwan district, Shanghai. Before redevelopment, the area was consisted of dilapidated Shikumen houses, which were mostly built between the 1900s and 1930s (Ren, 2008). Due to the lack of maintenance and the extreme
population growth during in the twentieth century, these Shikumen houses became very crowded, inhabited by low-income families, and the quality of life was very poor.

In 1996, Shanghai Luwan district government signed a 50 years lease of Taipingqiao residential area (including XTD area) with Hong Kong developer - Shui On Group (Ren, 2008; Tsai, 2008; Yang & Chang, 2007). From that time, the redevelopment of Taipingqiao area began. The purpose of the redevelopment was threefold: to reinvigorate Taipingqiao residential area, improve the living conditions of the existing residents, and restore the market value of inner city land (Shuguang Wang, engineer of Shanghai Urban Planning and Design Research Institute, personal communication, June 7th, 2010).

XTD was the first phase of Taipingqiao residential area redevelopment project ("Shanghai Xintiandi,"). Working in cooperation with the local government, a Hong Kong-based developer, foreign design companies, and an American designer, two blocks of Shikumen houses have been successfully transformed into an entertainment district. Nowadays, XTD has become the most popular tourism site in Shanghai. XTD’s success has helped to raise the property value and transformed the surrounding area into the most expensive real estate in the city ("Shanghai Xintiandi,").

XTD’s adaptation of the historic residential houses for commercial development is unprecedented (Mo & Lu, 2000). Shanghai had many historic Shikumen neighborhoods, in which the houses were more attractive than those in the XTD area. But, they were demolished for more profitable developments of the twentieth century (Mo & Lu, 2000). In the XTD project, the Chinese government allowed a foreign urban design firm to get involved in controlling the detailed planning of redevelopment, which made this preservation-based redevelopment possible
in China (Shuguang Wang, engineer of Shanghai Urban Planning and Design Research Institute, personal communication, June 7th, 2010).

Additionally, the XTD project has resulted in the public embrace of historic preservation and currently influences the way government officials and real estate developers throughout China view old neighborhoods and buildings ("Awards for Excellence: 2003 Winner - Shanghai Xintiandi (North Block), Shanghai, China," 2003). Many cities in China are imitating the XTD project (Tianwei Mo, personal communication, June 10th, 2010). In addition, the Xintiandi project won the Urban Land Institute (ULI) 2003 Award for Excellence and the 2004 AIA Citation for Heritage. The ULI described:

In a booming high-rise-based real estate market, where the rehabilitation of historic structures for adaptive use was an unknown; and where working with the government required hurdling barriers of corruption, bureaucracy, and general interference, Xintiandi represents a new way, a new product, perhaps even a “New World” in the frontlines of a business revolution that is accelerating the movement of a country towards a modern, open society (Takesuye, 2004).

As a pioneer of adaptive reuse in the urban redevelopment era, XTD attracted many attentions, as well as many critiques. Critics indicate that the XTD model is a ‘fake protection’ orchestrated by profit seekers. They also express that the complete relocation of XTD area residents resulted in tangible and intangible losses and costs for those residents, and the traditional living culture of Shikumen lilong housing is gone through the commercial redevelopment.

Based on other scholar’s research and social reflections of this project, I got my research objectives: understanding the local growth coalition in shaping and bringing the XTD project to commercial fruition; exploring the social and economic effects of this project; and investigating to what extent historic preservation efforts may contribute to the urban redevelopment in China.
Data Collection

Information used in the analysis includes fieldwork data and secondary sources. I conducted one month field investigation in Shanghai. During the investigation periods, I visited the Xintiandi area frequently, and personally examined how the place be used by local and foreign professionals, tourists and shoppers.

Interviewees included government officials, developers, and residents who are living in the old Shikumen houses in inner city of Shanghai. Government officials were recruited from the Luwan district government, who directed the XTD redevelopment project. Interviewed developers were recruited from the Shui on Group, which is the development company behind the XTD project. I asked both officials and developers what their motivation and means were in the redevelopment process; what their cooperation experience was like with each other and with the relocated residents; and relate their gains and losses from the XTD project, as well as their reflections of this project. Additionally, I also developed individual and group interviews with the current XTD residents. I asked their living condition and their expected housing condition. Meanwhile, I asked them their views of the XTD redevelopment process, especially the relocation process, as well as their suggestions to the government, developer and relocation companies.

The secondary sources include literature about the urban redevelopment and historic preservation in Shanghai and the rest of China; the urban regime theory; and the economic transformation in China and its influences to the Shanghai. Other secondary sources include the reports, documents, and statistics about the XTD redevelopment project which were published from government, private sources, and received from interviewees. These documents recode many detailed and previously unknown information about the XTD project, as well as the public attitude toward this project.
Figure 3-1. Shikumen structure. (Source: taken by the author on June 10, 2010)
CHAPTER 4
CASE STUDY ANALYSIS

The work of the XTD project started in the early 1999, concluding in 2001. In 2002, the XTD plaza was opened to the public (Shui.On.Land.Limited, 2008; Tsai, 2008). In these years, municipal and local governments, municipal and district planning agencies, private developer, foreign design companies, academic institutes, and relocation companies collaborated together transforming two blocks of historic and dilapidated Shikumen lilong housing into the most popular entertainment location in Shanghai. The XTD project is a part of a larger redevelopment project called “Taipingqiao residential area redevelopment project”, and is the first phase of this big project ("Shanghai Xintiandi,"). Therefore, before the analysis of the XTD project, Taipingqiao area redevelopment project is described as background in advance in the following paragraphs.

Taipingqiao Area Redevelopment Project

The Place and Original Situation of Taipingqiao Area

Taipingqiao area is located in the Luwan district, which is the urban center of Shanghai (Fig 3-1; 3-2). This area was formed in the early twentieth century, under the French Concession, and the buildings in this area were old-style Shikumen lilong housing ("Shanghai Xintiandi,"). In the 1990s, Taipingqiao area covered 52 hectares area, comprised 23 residential neighborhoods, housed 70,000 residents (He & Wu, 2005; Ren, 2008). Ren (2008) explained, “There were more than 200 lanes of Shikumen houses in Taipingqiao residential area, built between the 1900s and 1930s, with a total built area of one million square meters” (p.34 ) (Fig 3-3).

According to Luwan district government, “By 1993, after decades of socialist housing policy, 87.8% of the dwellings in this district are public housing” (Yang & Chang, 2007, p. 1814). At that time, rent for public housing in China was extremely affordable. As recorded in
Yang and Chang’s article “A public flat (around 40 + square meters in size) can be rented for RMB 10-20 per month” (Yang & Chang, 2007, p.1815). Once inhabited by middle-class Chinese people, this area began to be populated by lower-middle class residents over the course of the mid to late 20th century (Yang & Chang, 2007). The environmental and living conditions of this neighborhood gradually declined.

Described by Mr. Zhou, the representative from Shui On Group Corporate Communications Department: “Before redevelopment, this was a distressed residential neighborhood. Low-income families crowded in the narrow lilong lanes. They demolished the interior toilets and kitchens for building new rooms to house more family members. Due to lack of upgrades and maintenance, the public bathrooms and kitchens had poor sanitary condition. The residents always fight for the usage of the public facilities, such as the public kitchen and toilet” (Jin Zhou, representative from Shui On Group Corporate Communications Department, personal communication, May 27th 2010) (Fig 3-4; 3-5; 3-6).

To house more family members, the Shikumen lilong residents rebuilt additional rooms on or beside the original houses, or they even changed the structure of the building. Professor Mo, from Tongji University, stated that “at the initiation, when the developer tried to lift the second floor and consolidate the first floor architecture, most of the Shikumen housing collapsed. That is the reason that the developer cancelled the first redevelopment plan” (Tianwei Mo, professor from the Department of Architecture, Tongji University, personal communication, June 15th, 2010).

In contrast with the surrounding French colonial mansions and villas, the residential area of Taipingqiao is in a state of poverty and in need of profound restoration and redevelopment (Ren, 2008; Tsai, 2008).
Taipingqiao Area Redevelopment Process

Beginning in 1992, the Luwan district government began to attract private developers to carry on the redevelopment of Taipingqiao area (Yang & Chang, 2007). However, due to the “high population density” and “estimated resettlement cost” (Yang & Chang, 2007, p.1815), few developers were interested, and the redevelopment was postponed. This situation became aggravated in 1996, when the Asian financial crisis greatly impacted the real estate market in Shanghai. By 1996, many redevelopment projects were postponed and finally abandoned. At this time, a Hong Kong real estate company - Shui On Group made an astonishing decision to transfer most of its “capital assets” to Shanghai, an event which created a tight relationship with the Shanghai government from then on (Yang & Chang, 2007, p. 1815).

In 1996, Shui On Group signed a 50 years lease of 52 hectares of the Taipingqiao area with Luwan district government (Ren, 2008). According to Ren (2008), “Shui On Group agreed to invest three billion US dollars over the next 15 years, which is 97 percent of the total investment” (Ren, p.34). The remaining 3 percent investment was provided by the Fuxing Development Corporation (Ren, 2008), a state owned construction company. According to the contract, Shui On Group is responsible for redevelopment planning and its investment, and the Luwan district government is responsible for residential relocation and some subsidies for the vulnerable relocated population (Ren, 2008). This is the first time of Shanghai that such a vast redevelopment activity had been launched here (Yang & Chang, 2007).

Shui On Group then introduced Skidmore, Owings, and Merrill (SOM), an American architectural and urban design firm, to district government of Luwan, as the primary planning consultant to design a “controlling detailed master plan” for the Taipingqiao area (Tsai, 2008, p. 32). Mr. Wang, an engineer from Shanghai Urban Planning and Design Research Institute (in abbreviation SUPDI), described: “Taipingqiao redevelopment project was the first case in China
that government allowed a private developer and foreign companies to be involved in controlling detailed planning” (Shuguang Wang, personal communication, June 12th 2010). Meanwhile, SUPDI is the subordinate consultant in the Taipingqiao redevelopment project. Cooperating with SOM, they submitted a controlling detailed plan of 23 Taipingqiao redevelopment plots to the Shanghai Municipal City Planning Administration in 1997, and were approved in the same year (Tsai, 2008) (Fig 3-7). The project consists of four parts: Shanghai Xintiandi, an urban tourist attraction imbued with the city’s historical and cultural legacies; Taipingqiao Lake and Park, the largest man-made lake in downtown Shanghai; Corporate Avenue, which comprises Grade A office towers, hotels and other commercial facilities; and Lakeville, a premium residential zone ("Shanghai Xintiandi,") (Fig 3-8).

Upon initiation of the redevelopment project, the Shui On Group wanted to develop Corporate Avenue and the Lakeville (Yang & Chang, 2007). But the 1997 Asian economic crisis strongly influenced the Hong Kong and Shanghai’s market, and Shanghai housing price descended by 50 percent. In 1997, the Shui On Group decided to postpone the construction of Corporate Avenue and Lakeville, and start the construction of Taipingqiao Lake and Park, as well as the XTD project (Ren, 2008).

According to Ren (2008), “from October 2000 to June 2001, a band new urban park of 30,000 square meters and an artificial lake of 10,000 square meters were built on the site of four former residential neighborhoods” (p, 35). Mr. Wang, the engineer from SUPDRI, explained that Taipingqiao Lake and Park in downtown Shanghai attracted public attentions at the very beginning when they were built. Meanwhile, this vast open space increased the popularity of the XTD project, and is helping XTD to be the most popular commercial and entertainment location in Shanghai. He also explained that people love this big green space, not only the residents but
also the business men. They choose to live and work near here, from which they can unwind themselves after a long day (Shuguang Wang, personal communication, June 12th 2010).

**Xintiandi Redevelopment Project**

At XTD, about one hundred Shikumen houses were preserved, renovated, and maintained in their original places, most of which were located in the North Block (Ren, 2008). Many replicated Shikumen houses were erected by using the materials from the demolished residences. Secondary alleys were paved by old slate-gray bricks from the demolished walls, and main alleys were paved with granite (Tsai, 2008). The interior of these buildings were redesigned for theme restaurants, fashionable cafes or bars, and stylish international galleries (“The Concept behind Xintiandi,”). Architects replaced some Shikumen wooden doors and windows with big glass panels to provide visual access to displays of luxury goods. Meanwhile, they created open spaces for outdoor activities. At XTD, the old interweaves with the new, the East meets the West (Shanghai.Foundation.for.International.Cultural.Exchange).

The larger significance of the XTD project is not only depends on the impressive functional change and adaptation of lilong housing, but also the imitate cooperation among the government, the developer, and foreign design companies. After the comprehensive negotiation and implementation process, the public was able to realize the value of old Shikumen lilong houses, and the reputation and property prices of the entire Taipingqiao area have been dramatically increased

**The Master Plan of XTD Project**

In the Taipingqiao redevelopment master plan, plots 109 and 112 of the XTD area, were zoned for four to five stories buildings (Yang & Chang, 2005) (Fig 3-7). This height restriction for the new buildings was due to “The First Congress Hall” (the site of the First National
Congress of the Chinese Communist Party) is located in the 109 plot, the lower right corner of the North Block (Luo, 2002) (Fig 3-7).

The First Congress Hall was an Important Historical Monument under Special Preservation (*Zhong dian wen wu bao hu dan wei*, in Chinese). The neighborhoods surrounding this site were zoned into the “Protected Area for the Sinan Road Historical Relics of the Revolution” (Luo, 2002). There were 11 “Historical and Cultural Districts” identified in the “Conservation Plan of Historic City Shanghai” by the Shanghai Municipal City Planning Administration in 1991 (Tsai, 2008). This rule suggested the new design be sensitive to historic buildings and compatible with them in terms of height, scale, color, materials, and character of the property and environment (Luo, 2002). According to Tsai (2008), “It is the first official document in Shanghai that identified the “historical and cultural districts”, and showed that the concern about historic heritage has extended from individual buildings to a district” (p.21).

However, the “Conservation Plan of Historic City Shanghai” is not an enrolled regulation, and there is no restriction in this regulation that requires the protection of the original appearance of buildings in this area. As the Yang & Chang (2007) stated, “The regulation creates considerable ambiguity” (p. 1818). Also, as Tsai (2008) described, “Everything was flexible and could be changed if the government and the developer reached a mutual agreement” (p. 34). Thus, originally six plots (107-112) were included in the “Protected Area for the Sinan Road Historical Relics of the Revolution”, but finally only plots 109 and 112 remained as “cultural/residential/retail mixed uses” in the Taipingqiao redevelopment controlling detailed plan (Tsai, p. 34). The other four plots were then zoned into the ‘Corporation Avenue’, where offices, hotels, and service apartments replaced the original Shikumen houses (Tsai, 2008). In the 20th century, when Shanghai is experiencing breathtaking redevelopment, modernity can be seen
everywhere in the city, accelerated by the developers and under the protection of central and district governments.

**The Idea of Protection, Rehabilitation, and Redevelopment**

The Shui On Group commissioned three organizations as design consultants for the XTD project. The primary design consultant was the Wood and Zapata, Inc., an American planning and design firm. This firm was commissioned because the principal architect, Benjamin Wood, is known as the expert of protection, rehabilitation and redevelopment in the planning and design realm (Ren, 2008). Benjamin authored master plans for the Revitalization of New York’s Times Square (1993) ("About Ben Wood,") and was the designer of Quincy Market, Boston, Massachusetts (Goldberger, 2005). It was Benjamin who turned Boston’s 150 years old Faneuil Hall market into a world-renowned tourist attraction (Gluckman, 2003). By this experience, Benjamin has demonstrated the inherent economic value of historic preservation.

Nikken Sekkei International, Singapore, a planning architecture and engineering firm, is a subconsultant for this project. The other subconsultant is Tongji University, Shanghai, China. In 2000, Shui On Group commissioned Tongji University to undertake an investigation into the history of architecture and culture in the Xintiandi area. A report of this effort followed three months later, which is called “Shanghai Xintiandi, architectural history and cultural history survey” (Luo, 2002). The protection and rehabilitation of Shikumen building in the XTD area referred to this report.

The original Master Plan of XTD calls for the development of low-cost, four to five stories restricted, cultural/residential/retail mixed uses place (Yang & Chang, 2007). But, Benjamin objected to this project orientation and suggested to maintain buildings’ height to the original height, protect the exterior features of Shikumen housing to a large scale, reduce open space in
order to retain as much of the lane-style structures, and decorate the interior of Shikumen housing in modern style. As Benjamin described:

Shanghai is changing very fast. In this period of massive reconstruction and development it is important that some of the “old” survives as a living memory for future generations. The lilongs of Shanghai are the record of a century and a half of the city’s history. They were the living space, the physical community, for several million Shanghaiese. Xintiandi will tell the story of Old Shanghai through the conservation of the Shikumen lilongs. It is a building type that is found no where else in the world. It belongs only to Shanghai (Wood, 1999).

In addition, Benjamin suggested that this area be redeveloped with “high-end” commercial enterprise, aiming for white-collar employees (Yang & Chang, 2007, p. 1818). He calls for the creation of new public spaces here, in which courtyards and alley ways, gardens, fashionable restaurants, outdoor cafes, and cultural and entertainment venues will attract people from all over China and all over the world (Wood, 1999). As Benjamin explains:

I disdain preservation. I don’t believe you should proclaim things dead and turn them into museums. I believe you should breathe life into places. That is my goal. I want to make living areas, where people can eat, drink and enjoy themselves (Gluckman, 2003).

The Implementation and Practice of the XTD Project

After several rounds of negotiation, the Shui On Group, Luwan district government, and municipal government approved Benjamin’s preservation-based redevelopment plan and the work of XTD was then started in the early 1999.

The work of renovating the Shikumen houses in the XTD area is much harder than expected. The renovation plan one required lifting up the walls and housing frame of the second and third floors; demolishing the internal walls; pouring concrete walls in the first floor and then reestablish the upper structure. Because many of these houses were decrepit, they suddenly collapsed when the upper structures were lifted (Tianwei Mo, professor from the Department of Architecture, Tongji University, personal communication, June 15th, 2010).
Then, plan two was devised. According to the report, “Shanghai Xintiandi, architectural history and cultural history survey” completed by the Tongji University, Wood and Zapata selected about 100 Shikumen houses from XTD site to protect (Ren, 2008). Those houses contained comparatively complete distinctive features of old-lilong style (Ren, 2008). In Benjamin’s opinion, not all Shikumen housing in the XTD area deserved to be preserved. He mentioned that many Shikumen houses were too decrepit to be renovated, and should be removed (Shui.On.Land.Limited, 2008). These poor Shikumen houses were difficult to renovate and would be more expensive due to their level of disrepair. Benjamin chose to demolish these houses and rebuild replicas on site or, alternatively, to create open spaces for outdoor activities such as outdoor cafes and shows. Benjamin also decided to demolish those Shikumen houses which had been significantly modified by the original residents. He explained, they had little preservation value and could be removed with little negative effect (Shui.On.Land.Limited, 2008).

The remaining Shikumen houses were repaired, and their original color and texture were restored. The experts come from the Department of Architecture from Tongji University served as consultants to ensure the authenticity (Ren, 2008). The interior of those houses were redesigned for fashionable restaurants, cafes, and boutiques.

In those vacant spaces left by the erased Shikumen housing, open spaces were created and new replicas of Shikumen houses were erected. Architects built the walls of replicas by using the slate-gray bricks from demolished old residences, as well as highlighted the distinctive features of Shikumen houses. The interior of these houses were all designed for commercial uses. In addition, the main alleys were paved with granite, while many of the secondary alleys were paved with slate-gray bricks from the demolished buildings (Luo, 2002) (Fig 3-9).
The Restored structures were improved by the inclusion of modern features. Architects replaced some of the wooden doors and windows by filling in large glass panels for the displaying of luxury goods (Ren, 2008). Additionally, outdoor cafes and retails were created to attract travelers as well as locals. In the South Block of XTD, show stages were built to house bands, fashion shows, and celebrities’ concert.

“The old interweaves with the new, the East meets West” is the crucial redevelopment tactic of XTD project (“The Concept behind Xintiandi,”). The approach was formulated by Mr. Wood and Mr. Lo. Vincent Lo is the president of Shui On Group. In a presentation to the “Mayor of Shanghai International Business Leaders Advisory Council” (in abbreviation IBLAC) in 1998, Lo expressed that “Shanghai must create a quality living environment to absorb, train, and retain the best talent at home and abroad. As an international financial and commercial center, various venues should be built in the heart of the city as the meeting places for both local and foreigner professionals. In these areas, galleries, studios, and workshops coexist with cafes, bars and restaurants” (Shui.On.Land, 2008). Mr. Wood expressed on his website that he doesn’t like the punctilious historic preservation which maintains all of the things in their original places and resembles a museum. He distains this type of historic preservation since he feels those pristine structures have no life and are disconnected with the modern world. What he prefers is creating living and active places in these historic areas, in which people can enjoy themselves and feel the presence of historic structures as well. He believes that historic buildings can contribute to better and more interesting life for current generation (Gluckman, 2003; Wood, 1999).

Growth Coalition Analysis in the XTD Project

The success of XTD is a result of the close collaboration among the municipal government, district government, and real estate developers. It is the public-private growth
coalition at work in XTD that offered the practice opportunity for the talent designers. Meanwhile, XTD is part of a project where “urban planning is carried out from a “top-town” fashion rather than “bottom-up” one (Wai, 2006, p. 257). That means in the public-private growth coalition, government takes more authority, while private enterprises has less influence. In this part of analysis, I explored the diverse stakeholders in the XTD project, and discussed what incentives existed in different participators.

Table 4-2 illustrates the key stakeholders, their role description, resources and responsibilities in the XTD project. I made this table by studying the research production of He and Wu (2005) (Figure 4-11). He and Wu (2005) listed out municipal government, district government, developer, and original residents as four major participators and illustrated the roles’ description, resources and responsibilities (Figure 4-11). He and Wu (2005)’s table is informative as well as systematic. In the table 4-2, I added and described two more participators: sub-district office and design consultants. In addition, in the table 4-2, I keep the content of “role description” and “resources” of He and Wu’s table, while revised the content of “responsibilities” (Table 4-2).

Figure 4-10 illustrates the growth coalition and development process in the case of XTD project. This figure is referred to the structure of Figure 2, “The ‘rent gap seeking regime’ and development process in the case of XTD/Taipingqiao, from Yang and Chang (2007) (p. 1816), while revised the content by combing the Figure 2-3 and the Table 4-2 in this paper. The purpose of this modification is to describe the XTD growth coalition and the underlying motivations of the stakeholders.

**Municipal government**

Shanghai’s municipal government has several objectives in promoting the XTD and Taipingqiao redevelopment project. First, reinvigorate inner city areas, including clear inner city
slums and enhance commercial development; second, restore inner city land value; third, raise revenue. Moreover, the municipal government acted as an overseer in the whole process of Taipingqiao project to ensure this project obeys the national rules and regulations, to prevent any possibilities that would increase social conflicts, as well as to lead the project into sustainable development (He & Wu, 2005).

After the 1978 ‘Open Policy’ and the 1982 land reform, urban redevelopment speed accelerated in many big cities in China. Shanghai, as a coastal city and one of the first cities open to the West, was at the dragon head of urban redevelopment activity. In 1990s, Shanghai experienced massive demolitions. The most famous and daunting activity is the “365 Plan” in 1996. This is a plan for demolishing and redeveloping 365 hectares of dilapidated neighborhoods and decrepit houses by the year of 2000 (He & Wu, 2005; Ren, 2008). In addition, to accelerate the redevelopment process, Shanghai municipal government supplied many incentives for the real estate developers: such as the further reductions of the land leasing fee, and sometimes even free leasing; and provide subsidies to developers in large redevelopment projects (Ren, 2008).

The municipal government has been pushing the district governments on the tasks of urban redevelopment. According to Yang and Chang (2007): “… city government established the rule that land leased from downtown district must be used for urban redevelopment” (p. 1814). Additionally, municipal government established the “financial index” to district governments (Yang & Chang, 2007, p. 1814), and land leasing fees are a major resource of revenue of district governments. Therefore, to meet the requirement of the “financial index”, the district governments were pushed to lease more land to developers. Every year, Shanghai municipal government ranks the rates of urban redevelopment among its district governments. This ranking also urges the district governments to the task of redevelopment (Yang & Chang, 2007).
Nevertheless, the municipal government restricted the construction volume and Floor Area Ratio (FAR) to the developments, so as to decrease the social conflicts caused by the large scale residential relocation and the disadvantages from the high-rise and high-volume property. Especially, the municipal government examined the detailed controlling plan of XTD project to ensure the developments in the “Protected Area for the Sinan Road Historical Relics of the Revolution” are compatible with the historic buildings.

From the start to the completion of Taipingqiao redevelopment project, the municipal government still played the role of overseer, and granted many rights to the Luwan district government. After redevelopment began to occur more rapidly in Shanghai, a decentralized governing institution was formed in this city. The municipal government divested to districts the “right to sign a contract of equity for the transfer of land” to private investors (Yang & Chang, 2007, p. 1813). Furthermore, district governments have the right to issue construction permits to project developers. Secondly, except the historic and critical places, the districts have assumed the right to examine and approve detailed plans without reexamination from the municipal government. The detailed controlling plan of XTD project was reexamined by the Shanghai’s municipal government since the historic monument - First Congress Hall is located in the XTD area. Finally, the local governments gradually assumed the right to negotiate the land leasing fees for urban redevelopment with private developers (Yang & Chang, 2007, pp. 1812-1814).

During the devolution of authority on the land transfer and management from the municipal government, districts gradually became the prime and active cooperator with developers in the urban redevelopment projects (Yang & Chang, 2007, pp. 1812-1814).

Luwan district government

As explained above, Luwan district government thus has the right of leasing land and issuing construction permit to project developers, negotiating and determining the land leasing
fee with the developers, as well as examining and approving the detailed controlling plan of projects. Therefore, in order to impel local economic development, reach the annual “financial index”, and advance local redevelopment quality, Luwan district government actively participated in the Taipingqiao redevelopment project (XTD included) and offered many conveniences to the project developers.

It should be said that the cooperation between Luwan district and Shui On Group is on the basic of their long-term relations. Shui On Group, Hong Kong real estate company, began to spread its business into mainland of China in 1985 (He & Wu, 2005), and established its business in Shanghai in the early 1990s (Yang & Chang, 2007). During the days they worked together, Shui On Group built friendly relations with Luwan district government. Therefore, when Shui On Group expressed its interest in the Taipingqiao redevelopment project, Luwan district then acquiesced in this cooperation.

When the Taipingqiao redevelopment project met the height restriction in six plots because of they were included in the “Protected Area for the Sinan Road Historical Relics of the Revolution”, Luwan district government helped the project developer to skirt the regulation. It is because the “Conservation Plan of Historic City Shanghai” is not a legislated regulation, and there is no restricted guideline which pointed out how to protect the original appearance of buildings in this area, district government agreed to Shui On Group’s plan to only retain two plots, plot 109 and plot 112 (XTD area) in the restricted area. They were to be designated as a “cultural/residential/retail mixed uses” place. This compromise let the district government to some extent obeyed the rules established by the municipal government, while helped the developer maximize its profit.
It is until 2003, the first legislated historic preservation regulation was promulgated by the Shanghai Municipal People’s Congress - “Preservation Regulations of Historic and Cultural Districts and Historic Building of Shanghai City” (Tsai, 2008). This law defines the criteria of planning and managing the historic and cultural districts and buildings in Shanghai, institutes the guidelines for protecting these districts and buildings, as well as includes the legal responsibility in its final chapter (“Preservation Regulations of Historic and Cultural Districts and Historic Buildings of Shanghai City,” 2003). According to Ling (2007), “This is the first local law to stipulate regulations about protection and adaptation of historic buildings in China” (as cited in Tsai, 2008, p. 22).

As stated in the contract with the project developer, Luwan district government is in charge of the residential relocation. Therefore, the developers did not engage in the dialogue with the original residents about the relocation, but invested tons of money in the relocation project, which including the demolition fee and relocation compensation for the original residents (Ren, 2008). The demolition and relocation company is a professional entity affiliated by the Luwan district (He & Wu, 2005), and played a potent role in the Taipingqiao redevelopment task. Meanwhile, sub-district governments (street committees) are also active roles in the residential relocation task. Street committees took charge of census and helped persuade inhabitants to relocate.

Professor Mo, from Tongji University, stated that there was no pre-relocation meeting for the original residents, nor were there any public meetings held during the relocation process, and the dialogue between the demolish company, street committees, and the inhabitants was informal. They offered off-site (in-kind) and monetary compensation, but most compensation are
the latter one. The resettlement situation varied case by case (Tianwei Mo, professor from the Department of Architecture, Tongji University, personal communication, June 15th, 2010).

**Private developer – Shui On Group**

Shui On Group is the primary participant in the Taipingqiao redevelopment project (XTD included). It was invited into Taipingqiao redevelopment project because it has ample capital resources and capital accumulating capability. In the Taipingqiao redevelopment project, Shui On Group has its one objective – profit, which entails cooperation with the Chinese government and thus gains similar opportunities in the future.

However, while Shui On Group is the prime developer in the Taipingqiao redevelopment project, it still occupies less influence in the public-private growth coalition. Firstly, Shui On Group is not the only developer in this project. Fuxing Development Corporation, a state owned construction company, shared three percent investment in the Taipingqiao redevelopment project, at the request of Luwan district government (Yang & Chang, 2007). It states that “The participation of Fuxing was because there must be a local participator in the “foreign” invested project under the demand of policy at that time” (He, 2004, p. 20). Although Fuxing’s investment was limited, it ensured the government had enough information about the developer’s work, and a chance to fully engage in the redevelopment project (Tsai, 2008; Yang & Chang, 2007).

The contract between the Shui On Group and Luwan district stated 52 hectares of Taipingqiao area are leased to Shui On Group for 50 years. However, these 52 hectares were not leased to Shui On Group at one time, rather step by step. As Shui On Group adopted a gradually development strategy that redevelop 2-3 blocks each year in this area, Luwan district leased certain plots to the company according to each investment item (He, 2004; Yang & Chang, 2007). The leasehold is 50 years, but this will begin from the date when demolition and
relocation is accomplished in each individual sub-redevelopment (He, 2004). In the public-private growth coalition, the government played a leading role, while the private developer turned out to be less influential.

Thus, although private developer was a major participator in the private-public growth coalition in the XTD redevelopment project, it had limited command power and was less influential in this relationship. The Chinese government was taking the major authority and played as overseer in the whole redevelopment process. XTD project is not an isolated case, and not restricted to Shanghai. In the socialist China, central power exists everywhere and the culture of deference to authority continually exist in this nation.

**Original residents**

Through the Taipingqiao redevelopment project, the original residents had a chance of relocating from the distressed living neighborhood. However, in the local growth coalition, they were excluded players (Fig 4-10). Described by Professor Mo, there was no dialogue between the local planners and relocated residents, nor was there any dialogue between the developer and relocated residents. Street committees were the mediator between local authorities and original residents, and responsible for informing and persuading the habitants to relocate (Tianwei Mo, professor from the Department of Architecture, Tongji University, personal communication, June 15th, 2010) (Fig 3-10).

Before 2003, the original habitants had been excluded players in the local growth coalition. They took the cost of urban development and redevelopment, while the developers and local authority shared the economic benefits of urban growth. In 2003, the policy “building a harmonious society” was promulgated in China and several strategies to balance the inequity in the urban growth were then issued, such as “local governments and private developers are no longer allowed to push through redevelopment projects by means of forced demolition, and
appropriate treatment of residents is required by law” (Ren, 2008, p. 40). Meanwhile, after 2003, the public have been involved into the local growth coalitions. Described by the interviewed residents of Shanghai, there are public hearings and workshops held for the residents before and during the urban redevelopment programs in Shanghai (personal communication, current Shikumen habitants, June 20th, 2010).

In addition, through the group interviews of Shikumen habitants who are living in the Shikumen neighborhoods which are facing redevelopment, I knew that they are willing to relocate to other neighborhoods with better living environment. However, habitants rarely attend the public hearings since they think their thoughts and recommendations will not be listened by the authorities and developers, and their attendances are nothing but the formality. Moreover, the negotiation between the residents and local authorities during the relocation and redevelopment process is still informal and complicated, and the compensation items are determined on the case by case basis (personal communication, current Shikumen habitants, June 20th, 2010).

Social and Economic Effects of the XTD Project

XTD, a high-end commercial redevelopment project, helped to raise property values of all of the associated projects, as well as helped Shui On Group obtain more funds for later developments in related projects. What is more, XTD gradually became as the most popular leisure and entertainment site in Shanghai, and helped the surrounding area gain access to the most expensive real estate in Shanghai.

XTD is a mutual benefit project between the Chinese governments and private developers. The land value of Taipingqiao area increased dramatically through Taipingqiao and XTD redevelopment project; the revenue of Luwan district government as well as the Shanghai
municipal government increased simultaneously; Shui On Group made much profit from this project and maintained a good and tight relationship with the Chinese government.

Many cities in China are imitating the XTD redevelopment manner and “Xintiandi” has already become a verb that describes the corresponding redevelopment manner. XTD type urban redevelopment has set a precedent for urban transformation in China. Moreover, from the XTD project, city governments and private developers have discovered the commercial value of historic preservation, as well as another safeguard for the protection of the country’s historic heritage.

What is more, XTD also let the public see the costs of commercial reuse of historic houses – complete relocation. Additionally, due to forced relocation and inappropriate treatment, the original Shikumen residents suffered both tangible and intangible costs. For the inner city redevelopment, original residents should be benefited from it, such as having better living environment and more convenient life, instead of suffering the losses caused by the redevelopment.

**Place promotion**

As mentioned in the previous chapters, the leader of Shui On Group intended to create a high-end commercial area in the city center with a good environment for servicing local and foreign professionals. Therefore, both the redevelopment manner and the introduction of commercial tenants in the XTD were all based on this strategy.

The commercial tenants were selected and introduced elaborately by Shui On Group. Ms. Zhou, the representative from Shui On Group Corporate Communications Department, described that among the current 98 commercial tenants, 85% comes from foreign counties. Shui On Group introduced restaurants, cafes and clubs throughout the world, such as the Fountain Bistro and Wine Bar, LUNA Restaurant and Bar, Brown Sugar Jazz Club, Simply Thai, Cold Stone
Creamery, Haagen-Dazs and Starbucks Coffee. These tenants successfully attracted the target customers. It is undeniable that the consumption level in the XTD area is much higher than the general consumption capability in Shanghai. Take the Fountain Bistro and Wine Bar for example, the average price for a lunch is RMB 300-399. Therefore, the urban professionals and those with upper incomes became the original exclusive customers to the XTD area (Jin Zhou, representative from Shui On Group Corporate Communications Department, personal communication, May 27th 2010).

For servicing the upper-grade consumers, Shui On Group constructed the ‘88 Xintiandi Service Apartment Rental’ in the South Block of XTD. It is a five-star, modern-style service apartment rental. In the South Block, Shui On Group also constructed the ‘UME Xintiandi International Cineplex’. Except for broadcasting, this Cineplex owns complete facilities for holding large-scale activities such as conferences, public trainings, as well as evening parties (Shui.On.Land.Limited, 2008). Additionally, XTD has successfully held many large-scale activities, such as “East and West Culture Mixing Week”, “French Culture and Munic Summer Festial – ‘Bonjour Xintiandi’”, “Hong Kong Tourism Festival”, and “Shanghai World Expo Music Festival”(Shui.On.Land, 2010), which stimulated cultural exchange and attracted international attentions.

Now, tourists are another group of exclusive customers to the XTD area. In fact, the location became as a place of interest for tourism agencies. According to the statistics recoded by Ren (2008), “About 30,000 people stroll through shops at XTD on a daily basis. According to Shui On’s estimates, about 70% of the visitors are Chinese, and 30 percent are foreign tourists and expatriates. The place becomes jam-packed in major holidays and high tourists seasons” (p. 37).
**Economic effects**

The total investment of the XTD redevelopment project is more than 1 billion RMB (US $170 million) (Table 4-1). But, the profit from this project accounts much more than the initial investment. XTD was opened to the public in 2002, and its success helped to promote the property value of associated projects as well as surrounding areas of the Taipingqiao residential district.

According to Ms. Zhou, the representative from Shui On Group Corporate Communications Department, a real estate project must be 1%-2% gross sales launched for advertising and publicity. The master plan of Taipingqiao redevelopment project includes the Lakeville, the premium residential zoon, with floor areas of 80 hectares in total. However, Shui On Group did not invest any capital into advertising and publicity, and the Lakeville is the most popular real estate in Shanghai. This should be attributed to the ‘brand effect’ of the XTD project. Beginning from June 2002, the opening prize of the Lakeville is RMB 17,000-25,000/square meters, which is the highest real estate price in Shanghai. Now, the marketing price of the Lakeville have raised to RMB 60,000-80,000/square meters, which is still the highest real estate price in Shanghai. Now, there are more than 2,000 customers waiting on the line to purchase the third period houses of the Lakeville (Jin Zhou, representative from Shui On Group Corporate Communications Department, personal communication, May 27\textsuperscript{th} 2010).

Moreover, except the associated real estate projects, XTD also helped to promote the marketing vale of surrounding real estate in the Luwan district. The average marketing value of the real estate in early 20\textsuperscript{th} century at Luwan district is RMB 8,000-10,000/square meters. Now, the average marketing price is 30,000/square meters. The rate of rise is much higher than the average of Shanghai real estate market (Shuguang Wang, engineer of Shanghai Urban Planning and Design Research Institute, personal communication, June 12\textsuperscript{th}, 2010).
XTD redevelopment model and its reflection

XTD project let the government, developer, and public realize the potential commercial value of historic preservation, along with familiarizing other Chinese cities with a blueprint for restoring and maintaining their cultural past. Thus, in many cities, the XTD imitation activities are developing. For example, there are Nanjing XTD, Suzhou XTD, Fuzhou XTD, Ningbo XTD, and Chongqing XTD. Many of them transformed the original residential houses for commercial development, while preserving the structure of historic buildings.

However, many critics decry the XTD development model, and offer two reasons. In the first place, XTD preservation-based redevelopment model only preserve the ‘skin’ of historic heritage, while the interior and original living culture of Shikumen lilong housing have vanished forever. They express that the XTD model is a ‘fake protection’ orchestrated by profit seekers. Secondly, XTD redevelopment model require complete relocation which will resulted in tangible and intangible costs for the original residents.

As described in the ‘market-oriented inner city redevelopment in China’, in the literature review, Chinese government has four basic orientation in the inner city redevelopment activities: “improving the living condition of residents; restoring the market value of land; controlling the scale of cities; protecting historical, cultural traditions of old cities” (Li, 1998, p. 17). Along with extensive involvement of private and foreign enterprises in the housing market in China, the first orientation has been gradually ignored. In contrast, the second orientation is gaining more and more attentions.

Therefore, for XTD imitators, it is significant to clear that gaining profits and promoting place are not the only objectives of the inner city redevelopment. Improving the living standard for the residents is also very important. Thus, both the developer and local authority should
seriously consider how to benefit the original residents, meanwhile relief the relocation costs for them during the future urban redevelopment process.

While the XTD model undoubtedly has some issues and problems, it is undeniable that it shows the Chinese people a new inner city redevelopment approach – adaptive reuse, compared to the traditional ‘museum kind’ historic preservation. According to the treatments of historic properties in the US, different historic properties could have different protective standards. The Secretary of the Interior’s Standards for the Treatment of Historic Properties categorizes four types of heritage treatments: preservation, rehabilitation, restoration, and reconstruction, and the treatment standards and guidelines are defined (National.Park.Service). Therefore, it is not necessary to sustain the existing form, integrity, and materials for each historic property. In contrast, some protection advocates mentioned that even though there may not be a balance between redevelopment and protection, there can be two types of cooperation: preservation-emphasized redevelopment, and development-emphasized redevelopment. The XTD redevelopment project belongs to the latter type (Luo, 2002).
Figure 4-1. Shanghai district map with Luwan district highlighted. (Source: adapted from the map provided by http://www.jordyne.com/shanghai-blog/?Tag=map)

Figure 4-2. Shanghai Luwan district map with Taipingqiao area highlighted. (Source: adapted from the map provided by http://www.mychinahotels.net/shanghai-hotel/shanghai-map/shanghai-luwan-map.htm)
Figure 4-3. Taipingqiao residential area took by 1996, before redevelopment. (Sources: reprinted with permission from Shuguang Wang, engineer from SUPDRI, June 12th 2010)

Figure 4-4. Public kitchen space in the Taipingqiao residential area took before redevelopment. (Sources: reprinted with permission from Shuguang Wang, engineer from SUPDRI, June 12th 2010)
Figure 4-5. Unsatisfactory sanitation condition in the Taipingqiao residential area took before redevelopment. (Sources: reprinted with permission from Shuguang Wang, engineer from SUPDRI, June 12th 2010)

Figure 4-6. Disordered interior and poor living condition in the Taipingqiao residential area took before redevelopment. (Sources: reprinted with permission from Shuguang Wang, engineer from SUPDRI, June 12th 2010)
Figure 4-7. Taipingqiao area with 23 redevelopment plots number, red circle indicates the XTD area. (Source: adapted with permission from Shuguang Wang, engineer from SUPDRI, June 12th 2010)

Figure 4-8. Functional structure plan of Taipingqiao redevelopment project. (Source: adapted with permission from Shuguang Wang, engineer from SUPDRI, June 12th 2010)
Figure 4-9. The redevelopment process of the XTD project. (Sources: adapted with permission from Shuguang Wang, engineer from SUPDRI, June 12\textsuperscript{th} 2010)
Figure 4-10. Growth coalition and development process in the case of XTD
### TABLE 2

**Different Players in the Pro-Growth Coalition**

<table>
<thead>
<tr>
<th>Players</th>
<th>Role description</th>
<th>Resources</th>
<th>Contribution/Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private enterprises</td>
<td>Primary participators</td>
<td>Ample capital resources and impelling accumulating capability.</td>
<td>Act as principal investors and developers.</td>
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<tr>
<td></td>
<td></td>
<td>Lack of influence on local governance.</td>
<td></td>
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<tr>
<td>Directly involved</td>
<td>Active and potent</td>
<td>Limited land and financial resources.</td>
<td>Bring new urban landscapes and economic growth.</td>
</tr>
<tr>
<td>local state</td>
<td>collaborator</td>
<td>Limited governing resources on certain urban areas.</td>
<td>Provides direct supports, e.g., housing demolition and residential relocation.</td>
</tr>
<tr>
<td>Upper governing</td>
<td>Authoritative mediator and supervisor</td>
<td>Land resources and financial leverages. Superior governing authority.</td>
<td>Strives for favorable policy from upper state.</td>
</tr>
<tr>
<td>agent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban neighborhoods</td>
<td>Excluded player</td>
<td>Deficiency of economic resources.</td>
<td>Encourages or modulates market operation through policy intervention and economic leverages.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Deficiency of political/ governing resources.</td>
<td>Delivers the policy of central state and oversees the redevelopment process.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Vacate from original places and relocate to suburb.</td>
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<td></td>
<td></td>
<td></td>
<td>Individual resistances.</td>
</tr>
</tbody>
</table>

Figure 4-11. Photocopy of Table 2 from the journal article of He and Wu (2005), with permission from He and Wu.
Table 4-1. Some brief XTD project information

<table>
<thead>
<tr>
<th>XTD Redevelopment Project</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land Use (s)</strong></td>
</tr>
<tr>
<td><strong>Period</strong></td>
</tr>
<tr>
<td><strong>Site Area</strong></td>
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<tr>
<td><strong>Gross Floor Area</strong></td>
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<tr>
<td><strong>Owner/Developer (s)</strong></td>
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<tr>
<td><strong>Planning Consultant (s)</strong></td>
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<tr>
<td><strong>Design Consultant (s)</strong></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Investment</strong></td>
</tr>
<tr>
<td><strong>Relocation Method</strong></td>
</tr>
<tr>
<td><strong>Relocation</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Role Description</th>
<th>Resources</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal government</td>
<td>Authoritative mediator and supervisor</td>
<td>Land resources</td>
<td>Delivering the policy of central state</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Superior governing authority</td>
<td>Overseeing the redevelopment process</td>
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<td></td>
<td></td>
<td></td>
<td>Examine detailed controlling plan of XTD project</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Devolution (decision-making rights to district government)</td>
</tr>
<tr>
<td>District Government</td>
<td>Active and potent collaborator</td>
<td>Limited land and financial resources</td>
<td>Leasing land to private developer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Limited governing resources on certain urban areas</td>
<td>Residential relocation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Allocating subsidies for inhabitant (especially the vulnerable population)</td>
</tr>
<tr>
<td>Sub-district Office</td>
<td>Relocation cooperator</td>
<td>Relationship with the inhabitants</td>
<td>Local census</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Assisting relocation company with residential relocation</td>
</tr>
<tr>
<td>Developers</td>
<td>Primary participators</td>
<td>Ample capital resources and impelling capital accumulating capability</td>
<td>Redevelopment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lake of influence on local growth coalition</td>
<td>Investment (construction + demolish + relocation)</td>
</tr>
<tr>
<td>Design Consultants</td>
<td>Project designers</td>
<td>Domestic information</td>
<td>XTD architecture structure investigation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Design skills</td>
<td>XTD architecture and landscape design</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Concrete construction</td>
</tr>
<tr>
<td>Original residents</td>
<td>Excluded players</td>
<td>Deficiency of economic resources</td>
<td>Relocation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Deficiency of political/governing resources</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled from Table 2 of journal article by He and Wu (2005), p.17.
CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

In this paper, I illustrate the background and redevelopment process of the Xintiandi project, explore the underlying pro-growth coalition which brought the XTD project to fruition, analyze the social and economic effects of this project, investigate to what extend historic preservation can contribute to urban redevelopment, and summarize what we can learn from the lessons of the XTD case.

At first, if not for Benjamin Woods, the major architect of the XTD project, all of the historic Shikumen houses in this area would have been replaced by low-cost, four to five story restricted, residential and commercial mixed architectural complex. Although, Mr. Woods brought the idea of historic building adaptation into China, he is not a historic protection expert. He found the potential market value of the historic residence in the city of Shanghai, which gave the opportunity of protecting the historic housing, as well as influenced the way government officials and private developers see historic neighborhoods throughout of China (Mo & Lu, 2000). Research points out that “making profits during the development is the trade-off for preservation” (Tsai, 2008, p. 73). However, I don’t agree with the “trade-off” statement. Redevelopment and historic preservation are both significant to ancient Chinese cities. A strategy was needed to let historic preservation contribute to urban redevelopment, and vice versa.

Shikumen housing, the major residential form of Shanghai in 20th century, had witnessed the vicissitudes of Shanghai. This type of housing is found throughout the city. The preservation task is challenging. What is more, according to Luo (2002), without serious rehabilitation, the old Shikumen buildings can not meet the living standards of modern people. The cost, however, is very high (Luo, 2002). Therefore, it is impossible and impractical that all of the Shikumen
houses remain on site and be used for residential purposes. Thus, selective preservation and adaptive reuse is the right strategy for saving these old neighborhoods.

The significance of the XTD project does not only lie on the preservation of Shikumen housing in this area, but also on the creation of an attractive leisure and entertainment environment for both domestic and international professionals and visitors. Different from traditional ‘museum kind’ preservation, these historic Shikumen houses were brought by new life through adaptive reuse, and to meet the people’s need in current times. XTD’s success made the public recognize the capacity of the major developer, Shui On Group, and helped to promote the land value of associated projects developed by that company, as well as the land value of surrounding areas in the Luwan district. XTD is a successful attempt that utilizes historic preservation to realize urban redevelopment in China.

The impressive restoration and reuse of Shikumen lilong housing in the XTD project should attribute to the intimate cooperation between the local governments and private developers. There was a clear division of labor: Shui On Group was in charge of the redevelopment and investment, while the Luwan district government was in charge of the residential relocation (Ren, 2008). For the first time in China, the private developer became involved in controlling detailed planning. However, in contrast with the liberal democratic societies of the West, urban planning is carried out from a “top-down” manner in the socialistic society of China. Distinctive from the mature market economy of the West, the private developer is less influential in the socialistic market economy of China. In China, urban land belongs to the state. Central government holds the major authority of using and developing the urban land. During the economic transformation period, central government gradually devolves its rights to lower level governments and private enterprises. By decentralizing power to lower level
governments, the policy making cycle is shortened, the enthusiasm of the district government is promoted. By bringing international private enterprises into urban redevelopment activities, the financial burden of the Chinese government got dramatically relieved. Gradually, the pace of city redevelopment is accelerated.

One nexus was lacking during the XTD redevelopment project, and that was the dialogue between the planners and the original residents. Professor Mo from the Tongji University stated that there was no formal dialogue among the local authority, the developer, and original residents, during the relocation process. Residents were finally informed that they are to be relocated, and two kinds of compensation are to be offered (Tianwei Mo, professor from the Department of Architecture, Tongji University, personal communication, June 15th, 2010). As the excluded players in the local growth coalition, the residents suffered losses and costs of the XTD project.

This situation was changed for the better in 2003, when ‘building a harmonious society’ slogan was carried out in China. This slogan requires appropriate treatment, as well as forbids forced relocation of the original residents. Gradually, the residents realize that they have rights to ask for better treatment, as well as better living environment from the government. Since then, pre-relocation meetings and public hearings begin to hold for the residents, and the communication among the authorities, planners, and residents are enhanced.

It is a good transformation, since gaining profits is not the only objective of urban redevelopment. Improving living environment for the residents is equally important. However, through the conversation with the current Shikumen residents who are on the waiting list of relocation, I realize that the public involvement in China is still not satisfactory. The residents think the authorities will not listen to their ideas and suggestions but will persuade them to
relocate to other places through public hearings. In addition, few residents participate the public hearing since they think the public participation is only a formality. Consequently, how to actively involve the public into local growth coalitions is still a tough problem for local authorities in this nation.

At the end, due to the XTD case may be too unique in terms of its timing, location, distinctive coalition, and the social and economic environment, it may not be duplicable in another time and location. But, the inspirations and reflections from this case are still useful for Chinese governments and developer in dealing with future inner city historic neighborhoods redevelopment projects.
LIST OF REFERENCES


BIOGRAPHICAL SKETCH

Lan Feng received a bachelor’s degree in GIS (Geographic Information System) at the Capital Normal University, Beijing, China. Upon graduation she has worked as Assistant Planner in Beijing Great-Land Urban planning and Design Co. for one year. In 2008, Lan came to the United States and began to pursue the Master degree of Urban and Regional Planning at the University of Florida, with her focuses on historic preservation, urban redevelopment, and GIS application.

During the summer of 2009, Lan did her first intern in the U.S., in the Transportation Department of Nantucket Town Planning Office. Working as an Assistant Transportation Planner, Lan participated in the project of managing and arranging bicycle parking facilities in downtown Nantucket. In her final semester of the M.A. program, Lan did another intern in the Environmental Protection Department, Alachua County, where she involved in the project of evaluating the relationship between the land value and the proximity to open spaces in Alachua county.

Lan has her career objective of working as a professional urban planner, with specialties in historic preservation and urban redevelopment realms. Email: fenglanhao@gmail.com.