

“Property Rights Assembly” for Creative Transformation of Suburban Villages in West China

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Abstract. Since the 21st century, move of creative industries to urban fringe leads to the creative transformation of suburban villages and becomes a new path of urbanization. However, due to the fragmentation of property rights over the collective owned land, frequently emerged malicious rising rent always forces the artists retreat from the suburban villages and cease the urbanization process. This research aims at an introduction to a new property rights structure to release the right barrier for the creative transformation of suburban villages. The case study indicates that “property rights assembly” has been achieved through both the top-down assembly of property rights and the bottom-up cultivation of intermediary organization. By preserving the ownership to the collective or township government, distributing the development rights to the intermediary agency, and the land use rights to the artists, “property rights assembly” managed to offer a stable property rights environment for the creative transformation of suburban villages.

Key words: creative transformation, urban fringe, suburban villages, property rights assembly, Chengdu

Introduction

Culture creativity is now recognized as a significant regional and urban development tool (Oakes, 2006), and widely applied in rural governance (Li, Cheng & Wang, 2014). In China, additional emphasis on culture creativity in development of urban peripheral area was regarded as an initiate supporting for post-productivism and urbanization (Lang, Chen et al., 2015). Pushed by the increasing rent of inner city location and attracted by friendly local governance, artists and other creative individuals are moving into peripheral area of China’s big cities, leading to the emergence of famous Song Farm in Beijing, Xiaozhou Village in Guangzhou and Blueroof Art Cluster in Chengdu. The resulting initiatives have contributed much to the growing multi-functionality of urban periphery. However, rents in most art clusters increased fast and artists started to retreat from them. Only Blueroof Art Cluster in Chengdu has managed to maintain through coalition between the locality and new comers and expanded from first phase to third phase with diverse properties for different artists. Growth of Blueroof Art Cluster indicates a special local arrangement of public administration to support the creative transformation. How and why did this transformation happen? Who

have been involved in the process of creative transformation of suburban villages? What's the role played by different stakeholders and how do they compete and collaborate during the process of creative transformation? The transfer of power in creative transformation of suburban villages invites more serious critical examination.

This article suggests that the case of Blueroof Art Cluster is representative of what might be called a "property rights assembly" effort to promote and stabilize creative transformation of peripheral villages in big cities in China. The process leading to creative transformation of Blueroof Art Cluster is not a linear one, but rather more analogous to a spiral full of conflicts and compromises by different actors, accompanied with continuous redefinition of property rights over land. Four sections have been included: in section one, it presents the creative transformation of the suburban rural area as a new type of urbanization, as well as the barrier of property rights fragmentation the creative transformation faces. The second section demonstrates the fragmentation of the rural land property rights in China, and introduces the necessity for "property rights assembly". The third section is a case study of Blueroof Art Cluster in the city of Chengdu, unfolding the detail process of property rights assembly for its development. The final section provides conclusion and discussion.

Literature Review and Theoretical Framework

Generally, property rights are explained as the bundle of rights to use and dispose of an economic resource and to derive utility (income) from it. According to the Roman law which specifies several categories of property rights, ownership rights consist of the right to use assets (*usus*), the right to capture benefits from assets (*usus fructus*), the right to change its form and substance (*abusus*), and the right to transfer all or some of the rights specified above to others at a price mutually agreed upon (Pejovich, 1990: 27-28). A property right is the exclusive authority to determine how a resource is used; income from the resource is derived and how the resource is alienated and not alienated (Cheung, 1998). Bromely (1991) indicates that property is not an empirical possession but rather is a social relation that defines the property holder with respect to something of value against all others.

Shown in Figure 1, the three development periods, which include the centrally controlled period, the transitional period and the market-oriented period, represent the time dimension of China's urbanization in suburban villages. These three periods signify China's unique patterns of property rights setting for land use in the suburban villages from the centrally controlled system that much more friendly to urban land use to an open market that structured by various actors. In particular, the transitional period, which is what the case of Blueroof Art Cluster in Chengdu is currently experiencing, is the key step in which institutional changes occur and are imposed on the urbanization process in Chinese cities.

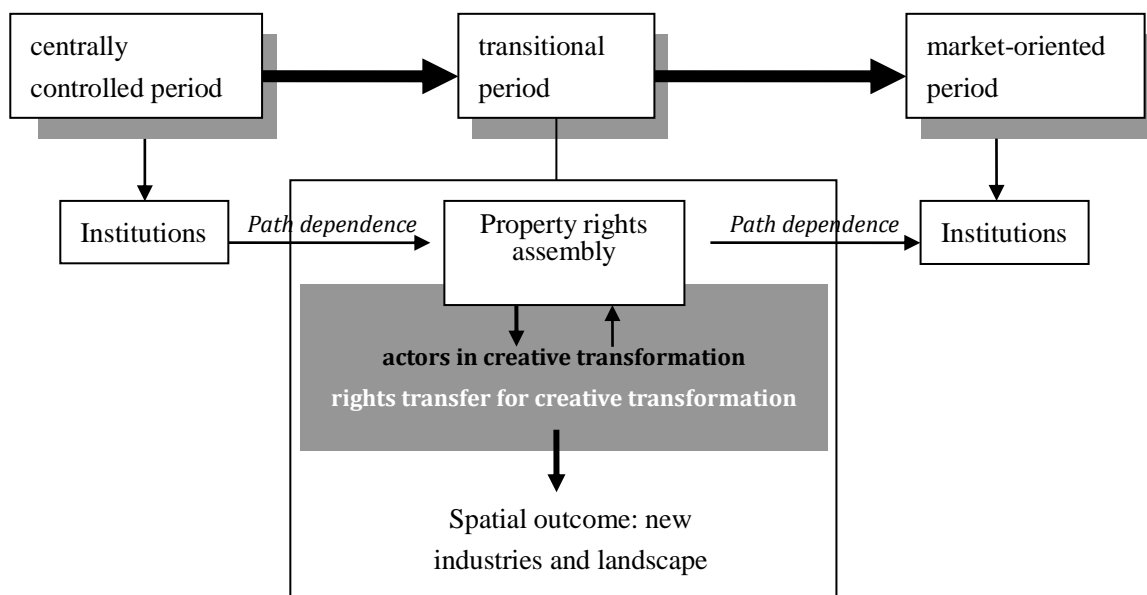


Figure 1 Analysis framework for creative transformation of suburban villages in China

A three-level hierarchy is introduced to mark out the main components in the creative transformation of suburban villages: the institutions that assemble property rights for the creative transformation, the actors in creative transformation process and the spatial outcomes—new industries and landscape. Functions of institutions are realized through the structuring of actors' property rights over land in the land market for land redevelopment (Webster & Lai, 2003). On the one hand, powers and interests of actors show the property rights over land, and institutional changes evolve along the process of interactions among the actors. On the other hand, property rights over land would impose constraints on the behaviors of actors in creative transformation process and thus decide the outcomes of creative transformation.

Rural Property Rights: Barrier to Creative Transformation of Urban Periphery

Two types of land ownership coexist in the current land administration system of China, namely, state-owned land in urban areas and collective-owned land in rural areas (Tian et al., 2017). The establishment of the Land Use Rights (LURs) System in 1988 has allowed the lease, transfer and sale of urban land at different time intervals. In rural areas collective ownership has allocated farmers plots of land for cultivation and for self-accommodation. Formal institutions stipulate that villages own rural land provided the land is only used by the villages themselves (Zhu & Hu, 2009). Therefore, villages must obtain permits from urban governments if they wish to engage in non-agricultural use of land. Firstly, land requisition is the only way to provide land to urban users. Notwithstanding official doctrine, pervasive rural industrialization suggests that a large quantity of built-up land is already under village control and provided to users through rental contracts (Lin & Ho, 2005). This resulted in the

collective's profit highly depended on the rental income. Secondly, the central government of China strictly enforced a land quota system that restricted the maximum amount of newly added land for construction (Cai, 2012). The collective could hardly compete with the local government who would like to preserve the land use quota for urban construction.

“Property Rights Assembly” in China

The re-assignment of property rights depends the organizational and political costs of creating and sustaining appropriate institutions and the technology costs of assigning individual property rights (Webster & Lai, 2003). Cheung (1998) emphasizes that the structure of contractual arrangements, formal and informal, is essential for specific transactions. This research suggests that “property rights assembly” is needed for long term land support for creative industries as shown in Figure 2. “Property rights assembly” requires the joint efforts of local governments and creative industries land users. The right to use assets, the right to capture benefits from assets, and the right to develop land need to be allocated to different actors.

The first step would be the assembly of the ownership of collective owned land, or at least, a long-term leasehold. The fragment ownership of land by different level of collective entities should be either acquired by the local government or collected at a relatively higher hierarchy. Approval from the government for construction quota must be issued to offer the right to develop over the collective owned land for creative industries. In China, individuals other than villagers have no right to develop land. In the meantime, individual artists have no ability to negotiate with the collectives and build the studios by themselves. A third party is thus required to act as the agent of the artists to develop and allocate right to use each piece of land to the artists.

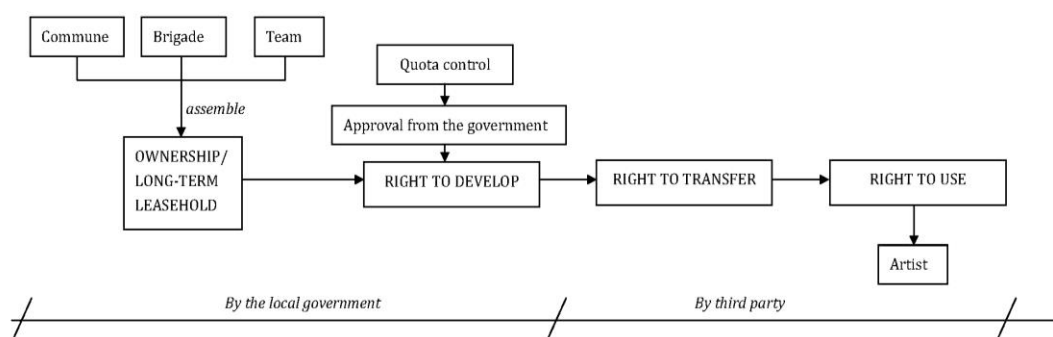


Figure 2 Property rights assembly for creative transformation of suburban village

Results: Creative Transformation of Blueroof Art Cluster in Chengdu

Blueroof Art Cluster lies on the east border of the built-up area of Chengdu. Since 2007, the artists started to move into Sansheng Town and formed the Blueroof Art Cluster. By far, over

300 artists have had their studios here. There are not only art studios, but also art galleries, exhibition areas, art training institution and a series of supporting industries. Since 2013, the Blueroof Art Festival has been held in the cluster once a year. Through the collection display, sculpture exhibition, behavior art, poetry reading, live music and so on, the Blueroof Art Festival has become one of the most important art festivals in China and the Blueroof Art Cluster is now regarded as the most important base for contemporary arts in the West China.

The first phase of the Blueroof Art Cluster was constructed by the Sichuan Western China Social Development Research Institute (WCSMRI) according to the artists requirement. The gathering of artists brought more space needs. The WCSMRI reorganized as Chengdu Blueroof Creative Industries Co., Ltd. (CBCIC) and coordinated with Xinxing Town in Shuangliu County to build the Phase II of the Blueroof Art Cluster. Both art galleries and commercial street were provided. In the meantime, CBCIC rented the peasants' settlements of Miaoshan Village as a whole and built the Blueroof Young Artists Village for the young artists to rent. The Phase III of the Blueroof Art Cluster together with a sculpture park is currently under construction. The growing influence of the arts cluster has also attracted developers to develop the surrounding area, to build residential or commercial projects with art themes. The Blueroof Art District and its surroundings are more like "city" than "village". The construction land used for the Blueroof Art Cluster belongs to three different districts (Jinjiang, Longquanyi and Shuangliu), complicated property rights assembly has been applied to provide the space for creative industries steadily. Taking the Blueroof Art Cluster as the case, this research tries to how the property rights assembly was achieved in the development of the Blueroof Art Cluster.

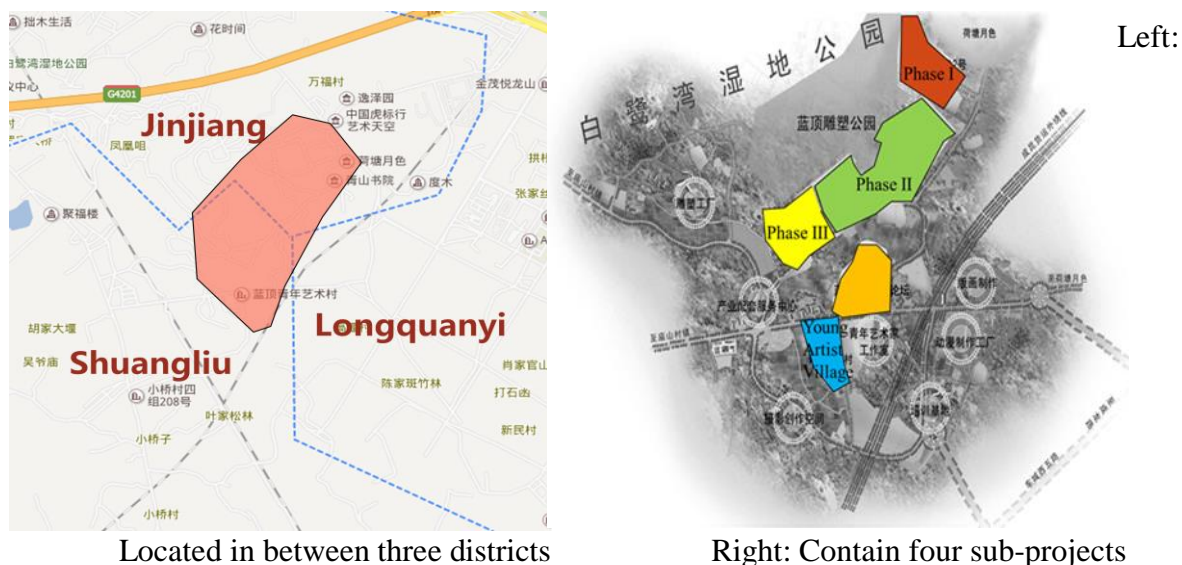


Figure 3 The location and layout of the Blueroot Art Cluster

Bluroof Art Cluster was firstly formed in Cuqiao Town near the Chengdu Airport when four famous artists (Zhou Chunya, Guo Wei, Zhao Nengzhi & Yang Mian) rented collective owned workshops as their studios. Their charisma as well as the low rent attracted more than

sixty artists to gather and formed five quarters – Blueroof A, B, C, D and E. All quarters painted the roof of their workshops blue and the art cluster was then named as “Blueroof”. With the agglomeration of artists, Blueroof soon became one of the most important clusters for contemporary art. However, workshops the artists rent belongs to different communes, and the communes are always aiming at more profit. They rent the workshops not only to the artists, but also to industrial enterprises. Pollution soon ruined the environment. The communes also raised the rent when facing more artists gathered around. What’s more, flooding problems was always threatening for the low-lying areas where the art cluster located. Therefore, the artist started to look for a new place.

Facing the need of the artists, Sanshen Town offered better conditions to invite artists to relocate in their Lotus Site. Sansheng Town started to build itself as a destination for recreation and tourism since 2003. After the successful Plum Forest, Rural Settlement, Chrysanthemum Park, ordinary farmhouses with natural sceneries were no longer attractive to visitors. Combination of art and natural scenery was suggested for the last site that was waiting for development – the Lotus Site. In 2006, Sansheng Town built a Painter Village in Wanfu Village and rent them to painters at very low price. Since 2007, the local government (township government) contacted Blueroof artists, proposing to provide long-term leasehold for art workshops. Full property rights over land were promised. The artist started to move to Sanshen Town. In 2011, a heavy rain flooded Cuqiao Town and many art pieces were lost in the flood. This stimulated more artists to relocate and led to the prosperity of the new Blueroof Art Cluster.

Property Rights Assembly for the development of the Blueroof Art Cluster

Change of the role of old actors and emergence of new actor for Phase I

Township government: Assembly for a long-term leasehold

The Sansheng Township government tried to invite artists to establish artist studios on the No. 2 slope land of Lotus Site, but the available land was insufficient. In order to solve this problem, Sansheng Township government exchanged five mu with Longquanyi District, rented 25 mu from Shuangliu County (30 years of leasehold), and provided 20 mu in Wanfu Village. A total of 50 mu of land was integrated in this process of property rights assembly. The township government rented the land to the collective of artists with permit to develop. However, without “land use quota” to transfer agricultural land into non-agricultural land, development of this 50 mu would be illegal. The artists hesitated to build their studios as the property rights over land were still unsteady. The Sansheng Township government thus recruited the district government to solve the problem.

District government level: provision of “land use quota”

The district government accepted the development of the Blueroof Art Cluster as a major

project for Sansheng Town's new style "village development", and applied from the municipal land resource bureau for the "land use quota". This 50 mu of agricultural land was first acquired by the municipal land resource bureau and converted to urban land, the long-term land use rights (40 years) was later released to the agency of the artists for development. After approving quota for land transformation, the district government transferred land into state owned land and then leased it to the artist's firm. The firm is responsible for the construction work of Blueroof. Finally, Blueroof Phase I was built in 2007 and opened in January 2009 with a total cost of 15 million yuan. The successful development brought great social influence, which was also considered an upgraded pattern of the new rural construction.

Emergence of WCSDRI as the development agency

In China, individuals other than villagers have no right to develop land. Furthermore, the municipal authority in charge of construction would not issue any permission for the construction less than 3,000 square meters. The artists thus need an agency to hold and develop the land for them. Form of the Sichuan Western China Social Development Research Institute (WCS DRI) is to create such an agency for the artists. The WCS DRI was established by Zhang Zhiyong, who is a cultural businessman and owner of a gallery. Delegating power to the WCS DRI, the artists expected it to express their demands to and negotiate with the government. The WCS DRI acted as the developer of the studios for the artists, each studio was designed and built exactly according to the artist's need. The WCS DRI also built public facilities, such as the art museum, the communication centre etc. The development was financed by the artists. With 15 million RMB of investment and two years of construction, the Phase I was completed. Fourteen studios were built and the land use rights were delivered to each artist through a nominal selling process.

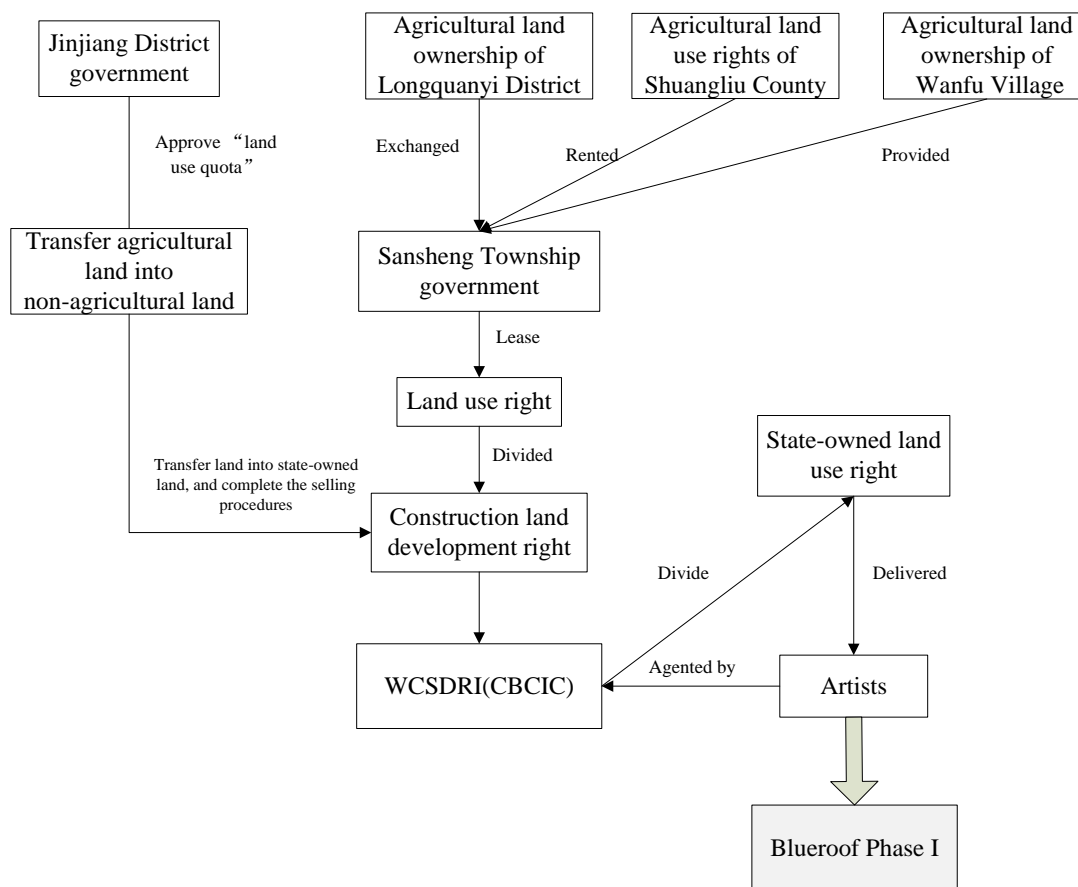


Figure 4 The property rights assembly of the Blueroof Phase I

Change of the role of actors for Phase II, III and Young Artist Village (YAV)

Township government: collective owned land through development quota balance

The great success of Phase I of the Blueroof Art Cluster has attracted more artists to come. To meet the artists' need for studios and communication place, the CBCIC started to look for more land for the new artists. Since Sansheng Town could no longer provide anymore non-agricultural land, the CBCIC turned to Shuangliu County to solve the land problem. The property rights assembly was even more flexible this time.

Together with the Hongxing County, the CBCIC submitted a strategic plan for the whole Blueroof Art Cluster to the municipal planning bureau. The plan covered an area of 1500 mu, including both agricultural and non-agricultural land. As the second phase of the Blueroof Art Cluster, 80 mu was issued for construction. The land use quota was provided through the increasing versus decreasing balance land use policy under the land quota system. Realising that consolidation of low efficiency rural construction land can be a valuable source of farmland reclamation, the central government introduced the "increasing versus decreasing balance" (IDB) land use policy in 2005, which seeks to balance increases in construction land at certain location with a reduction in rural construction land in other places (Long et al.,

2012). The key objective of the IDB policy is to achieve equilibrium in the supply of construction land quota. In this way, the total construction land does not increase, and the total cultivated land would not be reduced. In nature, the IDB is top-down, focusing on spatial-territorial reorganisation, administrative reorganisation and industrial reorganization (Liu 2009; Long et al., 2012; Wang et al., 2014).

From WCSDRI to CBCIC: land development right and land use rights for YAV

The WCSDRI was later reorganized as Chengdu Bluetop Creative Industries Co., Ltd. (CBCIC) to hold the public amenities in the Blueroof Art Cluster. The ownership of the land is still collectively owned, but the right to use for 50 years and the right to develop the land were transferred to the CBCIC. However, the development was no longer construction according to the artist's design, but rather real estate sale after all the construction completed. The density of development has greatly increased than that of Phase I. The Phase II was more like a low-density urban area. In the center of the Phase II, there were gallery, museum and a commercial street, bring the area a sense of "city" instead of suburban "village". In 2016, the CBCIC managed to separate the big land block to small units and distributed the land use rights for each studio directly to the specific artists. Phase II of the Blueroof Art Cluster was sold out before the construction completed, stimulating the CBCIC to build more. As the Phase III of the Blueroof Art Cluster, 40 mu of land was obtained through the same way as the Phase II. The development density was even increased. The CBCIC also plans to build a sculpture park to further attract people and improve land use density.

Almost at the same time of the development of the Phase II, the CBCIC built the Blueroof Young Artist Village. Actually, the Young Artist Village was not developed but rented directly from Miaoshan Village. It was the villager's resettlement. The CBCIC rented the entire resettlement site as a whole for a period of 10 years and provided the buildings for the young artists as their studios. This project was intent to breed the art. The CBCIC spent 8 RMB per square metres and rented the house to the young artists at the price of 10 RMB per square metres. In addition to the low-rent housing, Aa canteen was opened in the Young Artist Village. Young artists have grown rapidly, they rented nearby factories to establish the Red Wall Art Museum and Blueroof Workshops, forming a good artistic ecology together with the Blueroof Phase I and II.

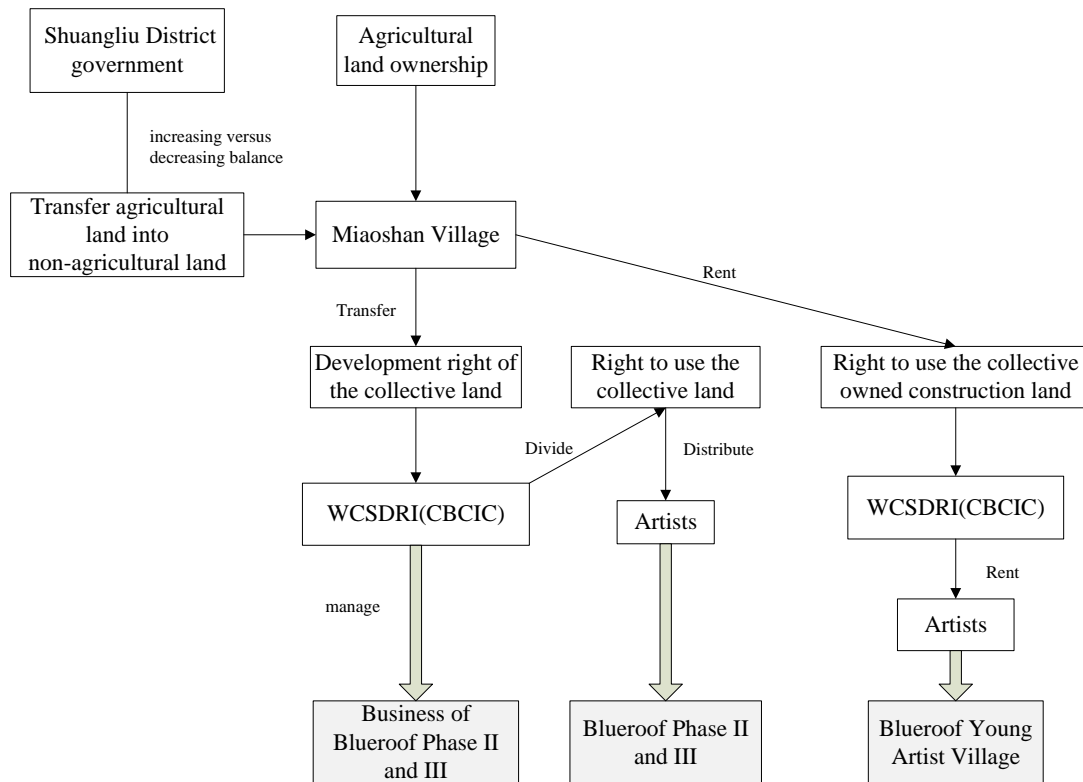


Figure 5 The property rights assembly for the Blueroof Phase II, III and Blueroof Young Artist Village

Discussion and Conclusion

Case of Blueroof Art Cluster in peripheral Chengdu indicates the importance of property rights assembly in the development process of the art cluster and the creative transformation of suburban villages. The change of the role of old actors and emergence of new actors are carried out simultaneously, acting as the driving force to ensure the sustainable development of the creative industries. In the case of the Blueroof Art Cluster, by preserving the ownership to the collective or township government, distributing the development rights to the intermediary agency, and the land use rights to the artists, “property rights assembly” managed to offer a stable property rights environment for the creative transformation of suburban villages.

However, together with the process of creative transformation, the profit-driven nature of the agency begins to appear. The CBCIC of the Blueroof Art Cluster is now more like a real estate development company. How it may influence the stability of the creative transformation of the suburban villages is still a problem which needs long term observation.

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