

## Housing improvement in historic districts oriented towards the people's "sense of gain": A case of Shanghai, China

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### Abstract

In recent years, China proposed the concept of people's "sense of gain" as the highest criterion for measuring urban development. This paper explains the connotation of the concept and suggests it emphasizes comprehensive material and spiritual development, promotion of fairness and justice through community participation, and mechanism and policy innovation. In Shanghai's practices of housing improvement in historic residential districts, how does it foster a "sense of gain" among the communities? The paper reviews three housing improvement methods in Shanghai since the 1990s and examines their changes, efforts, experiences, and shortcomings from the aspects of the content of housing improvement, the degree and frequency of residents' participation, and mechanism and policy innovation. The paper suggests, that in Shanghai's housing improvement practices, the goals are shifting from the mere expansion of living space to considering spiritual aspects such as social relationships and place attachment, and active and deep community involvement enhances residents' satisfaction and the fairness of the renewal outcomes. All these contribute to increasing disadvantaged groups' "sense of gain".

Keywords: people's sense of gain, housing improvement, historic preservation, urban regeneration, Shanghai

### 0. Introduction

The people's "sense of gain" has emerged as a central concept in China's recent urban development. In 2014, China introduced the notion that the primary criterion for evaluating the effect of urban development should be whether the people experience a "sense of gain". This term embodies vital principles of fairness and inclusivity, aiming to ensure that disadvantaged groups share the fruits of urban development.

In historic districts, such as the historic center of Shanghai, live many disadvantaged groups, including the elderly, domestic migrants, and low-income individuals. Due to historical factors, they were "left behind" amid rapid economic development and significant social change following the Chinese reform in 1979. Their immediate aspiration is to improve old housing conditions, have private bathrooms and kitchens, and elevate overall quality of life. How does Shanghai address this issue and foster a "sense of gain" among these communities?

### 1. Concept of people's "sense of gain"

This paper begins by elucidating the genesis, context, and essence of the concept of people's "sense of gain". Originating from a directive issued by the Chinese central government during a 2014 conference, it emphasized the necessity of implementing a series of politically viable reform measures to effectively showcase the value of the reform agenda, thereby enhancing the public's "sense of gain". Subsequently, the concept of "sense of gain" gained widespread traction, featuring prominently in numerous official reports and formal discourse of the Chinese government. For instance, phrases such as "'Sense of gain is the ultimate test standard for government work and the ultimate goal of all work,'" and "'Sense of gain' has emerged as the litmus test for assessing the effectiveness of reforms," underscore its pivotal role in evaluating governance efficacy.

The term "sense of gain" primarily refers to the positive sentiment experienced by individuals following the dividends of political and economic reforms. It underscores the importance of ensuring that "everyone," particularly marginalized groups, perceives tangible material and spiritual benefits arising from social and economic advancements in their daily lives. Furthermore, this concept advocates for active public engagement in national or municipal development endeavors, enabling individuals to contribute to and partake in the resulting benefits. It bears resemblance to the proverbial notion of "no pain, no gain."

This concept reflects three shifts in China's current development:

1). Transitioning from a focus solely on economic growth and material infrastructure, such as GDP expansion and urban CBD construction, to a more holistic approach that emphasizes the sustainability and integration of economic, social, cultural, and environmental development. Evaluation of development now centers on whether everyone has access to essential resources like healthcare, education, employment opportunities, green spaces, and housing, rather than merely relying on economic indicators.

2). Increasing emphasis on fairness, justice, and inclusive development. Historically, China concentrated resources in certain regions, groups and industries to spur rapid economic growth, hoping to drive nationwide development. However, this approach often excluded disadvantaged groups, leading to their "sense of deprivation." For instance, urban renewal projects resulted in the demolition of older housing in city centers, replaced by upscale high-rise houses, office complexes, or Disneyfied historical tourist attractions. Yet, original residents had to leave their homes and move to remote suburbs, highlighting the need for a broader societal benefit. Hence, the concept of "sense of gain" underscores the importance of benefiting all, especially marginalized groups, through targeted social resource allocation, rectifying decades of neglect.

3). Reforming institutions and mechanisms to solidify the comprehensiveness, sustainability, inclusiveness, fairness, and justice of development efforts. The concept of the "sense of gain" aligns with the current trends in historical preservation and urban regeneration, which emphasizes protecting the daily lives of ordinary people in historic districts and encouraging residents' participation in community governance. In the realm of historical preservation, decades of development, influenced by concepts such as the Charter of Athens, the Charter of Venice, "historic urban landscape," and "urban living heritage," have led to a consensus: preservation efforts should extend beyond grand monuments to include "secondary" heritage closely linked to ordinary people's everyday lives, such as historical residential buildings and districts. Moreover, there is a growing emphasis on involving community stakeholders in preservation initiatives. Urban regeneration, also, has gone through the phase of large-scale demolition and reconstruction, focusing now not only on the improvement of the urban environment and economic growth, but also on the improvement of community environments, promotion of place attachment, and cultivation of community spirit through small-scale, resident-engaged "community planning."

Incorporating the notion of the "sense of gain," the preservation and renewal of houses in historic residential districts should: 1) prioritize the comprehensive advancement of both material and spiritual aspects of human well-being; 2) guarantee community participation rights and equity; 3) drive innovation in mechanisms and policies.

## **2. Review of the housing renewal process in Shanghai's historic districts since the 1990s**

In chronological order, the paper examines how Shanghai enhanced people's housing conditions over different periods since the real estate boom in the 1990s.

Shanghai's central area is characterized by a significant number of historical houses, primarily comprising lane residences (Lilong houses) from the early 20th century concession period, blending Chinese traditional and Western architectural styles. Another prevalent type is the Workers' New Village, constructed for the working class in the 1950s following the establishment of the People's Republic of China. The construction of Workers' New Village continued until the 1990s when the Chinese real estate market flourished. These housing types form the fundamental urban fabric of central Shanghai.

These historical houses serve as tangible reflections of Shanghai's political, economic, social, and cultural evolution over time, embodying collective memories and everyday life experiences of its residents. Consequently, they hold significant historic preservation value. However, due to initial economic and technical limitations during construction, coupled with historical factors, these houses often exhibit issues such as aging structures, outdated floor plans, cramped living spaces, and a lack of modern amenities like independent and private kitchens and bathrooms. These factors render them incompatible with contemporary living standards and fail to meet residents' needs.

Presently, most residents inhabiting these historical houses are elderly individuals who have resided there for decades or low- and middle-income groups unable to afford new commercial housing. Many are former laid-off workers who experienced serious employment challenges during China's economic reforms in the 1990s. Additionally, some residents are domestic migrants seeking livelihoods in Shanghai and young recent graduates. These residents generally express a desire to renovate the old houses.

In the 1990s, China ceased large-scale construction and distribution of state-owned houses, pivoting towards vigorous development of the real estate market and renovating historical houses. Renovation efforts varied across time:

1) 1990s: reconstruction

In the 1990s, many historic houses in bad maintenance in Shanghai underwent reconstruction, involving the relocation of residents to new suburban homes and the demolition of old houses to make way for new high-rise residences aimed at the middle class.

In 1991, as part of market economic reforms, Shanghai implemented a housing reform plan, discontinuing the longstanding practice of providing subsidized welfare housing at very low rents and transitioning to the commodity housing market. Residents were required to purchase commodity properties if they needed new houses.

At that time, Shanghai faced a critical housing shortage, with the per capita living space remaining extremely low despite decades of worker housing construction. The housing area constructed in Shanghai from 1949 to 1990 was 2.8 times the total housing area of Shanghai in 1949. However, by 1990, the per capita living area in Shanghai was still only 6.6 square meters per person, with over 470,000 households residing in less than 4 square meters of space. To address this issue, the Shanghai Municipal Government launched the "365 plan" in 1992, aiming to increase the per capita living area to 10 square meters by the end of the 20th century

through the demolition of 3.65 million square meters of old housing with very poor living conditions.

Reconstruction of old areas, known as "Jiu Qu Gai Zao" in Chinese, involves the complete demolition of very poor old houses, predominantly Lilong residences of poor quality. Residents are compensated monetarily or provided with new suburban homes based on family size or the original housing area. Many former city center residents have been relocated to the suburbs, making this the primary method for improving housing conditions in Shanghai's historic center. Following the demolition of old houses, high-rise residential or office buildings were constructed on most sites to balance demolition compensation funds and stimulate Shanghai's economy. This attracted substantial foreign and domestic investment in real estate development, leading to rapid growth in the real estate sector. By 2002, real estate investment accounted for 30% of total social investment, establishing it as a key pillar industry for economic development.

This reconstruction method facilitated rapid economic development in Shanghai and also led to the creation of a significant number of new housing units within a short timeframe. By 2000, the per capita living area in Shanghai had exceeded 14 square meters, addressing a problem that had persisted for over 40 years. Many residents who previously lived in small, old Lilong houses relocated to newly constructed modern high-rise residential buildings, substantially improving their living conditions.

However, the drawbacks of this approach are evident. Before the reconstruction, these lower-income groups resided in the historical city center, benefiting from convenient transportation and comprehensive public services, including medical care, education, and entertainment. Moreover, numerous small local businesses provided affordable goods and services. Importantly, residents had fostered deep bonds and close social networks over time, offering mutual material and emotional support. As residents relocate to new suburban settlements, they lose access to the low-cost lifestyle and conveniences of the city centre, as well as the sense of belonging fostered by tight-knit social networks.

## 2) 2000s: Indoor repair and renovation

In the 2000s, indoor repair and renovation emerged as a prominent strategy for revitalizing old houses in Shanghai, known as "Zong He Xiu Shan" in Chinese. While preserving the primary structure of these buildings, modest kitchens, bathrooms, and other facilities were added. This approach gained traction since most of the low-maintenance historical Lilong houses were demolished in the 1990s and new historical preservation policies were implemented. This strategy particularly targeted old housing with better maintenance quality and a relatively recent construction time. As part of the renovation initiative, funds were allocated by the government to upgrade roofs, water supply, and power facilities. Additionally, small, detachable private kitchens and bathrooms were created within each household, replacing the previous communal arrangements where three to five families shared public facilities.

The advantage of this approach lies in allowing long-term residents to remain in their homes in the city centre, preserving established social networks and meanwhile offering the opportunity for improving living conditions. However, it is most effective for historical houses that have been well-maintained, but for those that have not been adequately maintained, this method may impose additional burdens on historical buildings without alleviating residential density.

### 3) 2010s: Restoration of old houses to their original appearance

From the 2010s on, there has been a trend towards restoring old houses to their original appearance, focusing on preserving historic features while addressing the aging structures and outdated interior floor plans by rebuilding, known as “Cheng Tao Gai Zao” or “Yuan Yang Chong Jian” in Chinese. Architects tailor indoor plans for individual households, providing private kitchens and bathrooms. Residents are given the choice to stay or relocate, with various compensation options provided.

Some historical buildings possess significant cultural value warranting preservation, despite their poor maintenance and lack of modern amenities for residents. Given the impracticality of adding a very small kitchen and bathroom inside these buildings, Shanghai implemented a new approach in 2016. The new method involves restoring the buildings to their original appearance, and keeping the historic features of the houses unchanged while reconstructing the internal structure and spatial layout. This process entails reducing the area of original public spaces like corridors and re-purposing them to accommodate private kitchens and bathrooms for each household. Additionally, to alleviate overcrowding and increase the available indoor space, Shanghai offers residents various options: They can choose to remain in their current homes, or to relocate to alternative residential areas, benefiting from monetary or housing compensation.

Compared to the indoor repair and renovation method of the 2000s, this approach offers several optimizations. It not only preserves the townscape, appearance, and features of historical buildings, but also repairs and restores aging structures, optimizes indoor spatial plans, greatly improves living conditions for residents, and preserves social relations in the neighborhood. This comprehensive approach considers architectural protection, improvement of living conditions, maintenance of social relationships, and residents' preferences regarding staying or leaving. Generally, residents express satisfaction with the outcomes of this housing improvement approach.

However, this approach also has drawbacks: it prioritizes the improvement of residents' living conditions, which entails renovating the indoor spaces and structures of historical houses. As a result, only the external appearance of the buildings is frequently preserved. Additionally, to accommodate the need for increasing indoor living space, restoration of historical buildings may inadvertently lead to changes in their width and height, altering the original size of these structures.

This approach also encounters certain challenges. For instance, when designers reallocate the expanded indoor spaces among households, they must ensure each household receives an equitable and comparable area for kitchens and bathrooms to prevent conflicts and dissatisfaction within the neighborhood. Additionally, after the meticulous restoration and renovation of historic houses, funded by the government, some residents opt to profit by renting their rooms to visitors at high prices rather than continuing to reside in the historic districts. This practice contradicts the original aim of preserving social relations within these areas.

### **3. Efforts and trends in housing improvement in Shanghai's historic districts from the perspective of “sense of gain”**

The paper discusses Shanghai's efforts and trends in improving housing conditions in historical districts to give residents a better sense of "gain":

1) In terms of the content of the housing renewal

The urban reconstruction of the 1990s primarily aimed to swiftly enhance the overall housing situation in Shanghai's historic centre, expand the total housing area and alleviate the city's longstanding housing shortage. The emerging real estate industry was also heralded as the cornerstone of economic growth. However, the focus on providing new, larger, and modern housing largely disregarded the spiritual needs of residents experiencing extreme "housing poverty," including place attachment, interaction with neighbours, social relations, transportation convenience, access to public amenities, and affordable goods and services.

While some young residents express satisfaction or strong anticipation regarding relocating to new high-rise housing in the suburbs, many long-time residents are hesitant to leave their homes and neighbourhoods where they have spent a significant portion of their lives. Influenced by the traditional Chinese value of "settling down on their land instead of relocating," some elderly residents strongly dislike living in sparsely populated suburbs. Some citizens attribute the death of their elderly family members shortly after relocation to the move, while others prefer to sell their new houses in the suburban resettlement area and purchase second-hand homes near their original residences.

The indoor renovation strategy of the 2000s took a "conservative" approach, primarily focusing on integrating modern amenities like compact private kitchens and bathrooms into existing structures with minimal alterations to the building framework. This approach aimed to preserve the social dynamics of the neighborhood and residents' attachment to their original homes, safeguarding both the functional and emotional ties within their social networks. However, many residents perceive indoor renovation as a temporary and interim solution to housing issues, as overcrowded living conditions, outdated floor plans, and inadequate maintenance persist. Consequently, there is continued anticipation for more thorough housing improvement initiatives.

In the 2010s, restoration efforts take a more thorough approach, preserving the style, characteristics, and appearance of historical houses while repairing and reconstructing building structures and re-planning outdated or unsuitable indoor living space layouts. Additionally, original living patterns are maintained. Living in row-patterned low-rise dwellings, row-patterned multi-storey collective dwellings, or point-shaped high-rise dwellings, peoples' daily life can be significantly different. This approach prioritizes the preservation of social relations within neighborhoods and respects residents' preferences regarding staying or relocating. Residents express the highest satisfaction with restoration, as it addresses both material and spiritual needs.

2) In terms of community participation

The 1990s reconstruction process involved only two consultations: one regarding the community's willingness to proceed with the reconstruction project, and another concerning residents' agreement to sign contracts after the government formulated the compensation plan. Community decisions required unanimous agreement, forcing residents to either collectively accept relocation or remain in aging, crowded homes without improvement opportunities. Some residents felt compelled to agree with others' decisions due to pressure from neighbours and the

government, despite personal reluctance to relocate. Additionally, residents had almost no say in their relocation destinations.

In indoor renovation projects from the 2000s, the frequency and degree of residents' participation increases. Residents are initially asked to vote on whether to proceed with the renovation. Subsequently, representatives of residents gather opinions and demands in public meetings before designers formulate renovation plans. Following the completion of the preliminary plan, residents are consulted for feedback and suggestions. Once the plan is finalized, consent and signatures from each household are necessary before implementation. Compared to the reconstruction projects of the 1990s, resident participation in indoor renovation projects has increased both in depth and frequency. However, residents still wield limited direct influence over plan formulation, as indoor renovation plans are primarily developed by architects independently. Furthermore, public meetings often feature only resident representatives invited by local authorities, rather than the entire resident body. Additionally, indoor renovation plans lack sufficient flexibility and adaptability to accommodate the diverse needs of different households.

In the restoration projects from the 2010s, the spatial interests among the residents involved become much more complex, because both the building structure and interior space need to be completely reshaped. So the depth and times of residents' participation have also further increased. They are directly involved in the process of restoration design. As residents' "partners", the architects discuss repeatedly with each household about their needs of design from the beginning of the project and customize different plans and designs for each household. Details involve the size of the kitchen and bathroom they want, the combination of facilities, and even the location of the sockets. In addition, architects must coordinate residents' conflicts about the use of space to avoid injustice, such as the encroachment of public corridor space, or the uneven increase of living areas for different households in the restoration. In short, in the restoration projects from the 2010s, residents can participate in the entire process and even "control" the restoration design of their rooms in the historic houses. Residents put "efforts" in the restoration design, and thus "gain" satisfactory results of their renewed rooms in the historic houses. During the restoration process, complaints about injustice from residents are reduced.

### 3) In terms of institutional and mechanism support

The development of the community planner system, the introduction of various compensation policies, and the promulgation of relevant technical documents have provided support. In the reconstruction from the 1990s, the government did not appoint planners to contact the communities. Planners had little understanding of the communities and the communities had little understanding of the reconstruction plans. In the later stages of the indoor renovation project of old houses, the local government began to appoint specific planners to maintain long-term contact with the community to listen to the needs of community residents and their opinions on the plan. This approach gradually formed a more mature "community planner" mode, which was promoted by the Shanghai government in 2016. The role of "community planners" is pretty obvious in the restoration project in the 2010s: they are not only an intermediary between the government and the community but also professional and technical personnel who accompany residents to participate in the design process. Sometimes the community planner system also needs to recruit social workers, to coordinate neighborhood conflicts about the use of space, which are accumulated during a long time, so that the housing improvement project can go on smoothly.

#### 4. Discussion

In short, this paper examines housing renewal in Shanghai's historic center and discusses the changes, efforts, and experiences in China's recent urban development oriented toward the people's "sense of gain". The goals of housing renewal are shifting from mere expansion of living space to considering spiritual aspects such as social relationships and place attachment. Active and deep community involvement enhances residents' satisfaction and the fairness of the renewal outcomes. All these contribute to increasing disadvantaged groups' "sense of gain".

The reconstruction of historic residential districts from the 1990s was more concerned with the increase in the total housing stock in Shanghai in a short period, the increase in per capita housing area data, and the elimination of extreme "housing poverty", which resulted in the relocation of many residents from the city center to high-rise residential buildings in the suburbs. Although residents' living area was increased and they had modern kitchens and bathrooms, they were deprived of convenient public services in the city center and emotional support from their old neighborhood. Residents have also few rights to choose whether to stay in or leave their old houses according to their wishes.

In the comprehensive indoor repair from the 2000s, residents' participation increased and every resident could express opinions during the plan publicity stage, although they were unable to further control the process of plan design and the "space production". Not only were private kitchens and bathrooms added to residents' rooms and living conditions improved, but it also took the preservation of residents' social relations into account, and residents can continue to live in the city center. However, residents still do not have many choices. They can only make a collective decision as a whole community: either all of them must accept the repair plan, or all of them must wait for reconstruction and relocation, or all of them must maintain the status quo unchanged.

In the restoration projects from the 2010s, residents, accompanied by community planners, were able to influence the process of the restoration design and "privately customize" the restoration plan for their rooms. It avoids injustice complained by the residents such as the uneven distribution of increased living area. They can choose to continue renting these rooms in the state-owned houses, purchase these rooms at discounted prices, or accept compensation and move elsewhere based on their wishes. This gives residents greater freedom and avoids the situation where the "minority obeys the majority". The current housing renewal project in Shanghai comprehensively considers factors such as historic preservation, improvement of living conditions, maintenance of social relations, and respect for the wishes of residents, so that residents have a greater "sense of gain" both at the material and spiritual levels.

However, the current housing improvement practice in Shanghai is still questionable. For example, there is a "contradiction" between historic preservation and the improvement of living. In the restoration projects from the 2010s, the government paid more attention to improving the living conditions of disadvantaged groups, so the indoor space was completely renewed and rearranged and the building structure was rebuilt, leaving only the appearance and main features of the historical building unchanged. Due to the need to increase available indoor space, the height and width of buildings often increase. This somehow injures the authenticity of historical buildings. As for historic preservation, the complete restoration projects in the 2010s are not as good as the "reversible repair" in the comprehensive repair projects of historic houses in the 2000s.

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