

# 1 Development Planning Overview

## 1.1 Introduction

This volume contains three Strategic Development Plans (for Xiliu in Liaoning Province and for Wutong and Yangqu in Shanxi Province) and three Development Proposal Plans (for Teng'ao and Goubangzi in Liaoning Province and for Gutao in Shanxi Province). The Strategic Development Plans for the chosen towns contain more detailed and in-depth analysis and land use proposal maps than the Development Proposal Plan towns. In both cases, however, specific project recommendations are made, and cost estimates prepared.

From among the demonstration towns, the Strategic Development Plan towns were chosen because their Land Use and Master Plans were relatively old and in need of updating. The Development Proposal Plan towns had more recent land use and master plans, and were therefore in need of specific project proposals. It is hoped that the techniques demonstrated to develop these plans and proposals can serve as models for improving the process and outcomes of planning in Chinese towns.

This section begins with a general critique and recommendations for improving town planning, some general social service recommendations, and an overview of the financial analysis conducted.

## 1.2 General Critique of Town Planning

### Overview

All towns in Liaoning and Shanxi have existing Master Plans, of various ages. Some date from the 1990s, while others are more recent. Many towns are in the process of updating their Master Plans, especially if they are old or do not reflect the current development direction of the town. Projection periods tend to be 15–20 years from the date of the plan.

Master or Construction Plans are approved by the Construction Office of the towns, while Land Use Plans are approved by the Land Utilization Offices. These plans are generally prepared by the Planning or Land Use Institute for the province or city to which the towns belong, and take from 3–6 months to prepare. Both Master/Construction Plans and Land Use Plans are prepared according to guidelines set down by the national and provincial governments.

### Master Plans

Master/Construction Plans are comprehensive in many ways, and generally include: current and projected population growth for the town; current and projected land uses by type; current and planned transportation infrastructure; current and planned water systems; current and planned electrical infrastructure; central heating; environmental protection and sanitation systems; and urban design considerations (green space, view lines, etc.). Projections are generally separated into near (5 years) and far (10-15 years) terms.

Master Plans include a “Text 文本” document and a “Descriptive 说明书” document, in addition to a set of maps. The text document includes information about land use that, when approved, has the force of law, akin to zoning in many Western countries.

The process of preparing Master Plans generally includes hiring an institute to prepare the plans. Then, a meeting to which all town departments are invited is convened. At the meeting, materials and data are requested. The institute collects the data and prepares a draft plan in consultation with the departments. A second meeting is convened in which the draft plan is presented and comments are taken. Once any needed adjustments are made, the plan is reviewed by an “expert committee” from the administering city and province. If it is passed, it is submitted to the town People’s Congress for approval, after which it has the force of law. The plan is then placed on file with the town’s administering city.

The main purpose of Master Plans in towns is to lay out an officially sanctioned framework for the physical development of towns. As a result, they identify both land uses and major infrastructure projects. Many towns have implemented the projects identified in their Master Plans in a very impressive and admirable way. But Master Plans have several shortcomings by their very nature, the most important of which is that they do not identify the town’s strategic direction or help leaders chart a strategic development path.

**Land Use Plans**

Land Use Plans are prepared by the town Land Utilization Bureau, and approved by the People’s Congress and the town’s managing upper level government. They are used primarily to identify and protect agricultural land. As such, they specify which land can be built on and which cannot.

Land Use Plans generally consist of an explanatory document, along with one map, which divides the town according to three main land use categories: agricultural land, non-agricultural land, and un-utilized land. Subcategories for each main category are listed in Table 1.1 below.

Collective and state-owned land is not identified in the Land Use plan, and there is no publicly available map demarcating China’s land ownership structures in towns.

**Table 1.1: Land Use Categories**

<b>Agricultural Land</b> 农业用地	<b>Non-Agricultural Land</b> 非农用地	<b>Un-Utilized Land</b> 未利用地
Protected farm land Un-protected farm land Forest Orchard Nursery	Construction land - Residential - Industrial - Commercial - Government - Animal husbandry Roads Special land	Barren land Wetlands

In theory, Land Use Plans should form the basis for the preparation of town Master Plans. However, Land Use and Master Plans are usually prepared by different agencies, at different periods of time. In addition, the amount of land identified as developable (construction land) often lags behind what town governments feel they need for new development. As a result of these issues, the two plans often conflict, and there is no mechanism for resolving these conflicts.

**Socioeconomic Development Plans**

Few demonstration towns had prepared Socioeconomic Development Plans, and few intended to do so in the near term. These plans generally include an analysis of housing,

population, government transparency, finance, economic development (by industry), historic assets, basic services, education, health care, and many other important factors. There are no national or provincial regulations governing the preparation of socioeconomic development plans, and they are not enforceable by legal means once prepared. Whether or not they had a socioeconomic development plan, towns generally did not consider socioeconomic factors in the preparation of their Master and Land Use Plans.

Socioeconomic Development Plans have been prepared by some towns in Liaoning Province, but none yet in Shanxi. In towns where they are prepared, they form the basis for the town's Master and Land Use Plans.

Recommendations for improving the planning process are made below.

### **1.2.1 Adopt a Strategic and Socioeconomic Planning Approach**

The Consultant recommends that the towns adopt a more strategic and comprehensive approach to town planning and development. Some guidelines for approach are laid out in Volume 2 of this report. Socioeconomic planning, as is being conducted by the China Center for Town Reform Development (CCTRD) in selected Chinese towns, is another excellent model for a more comprehensive approach to town planning.

### **1.2.2 Resolve Conflicts between Master and Land Use Plans**

The Master and Land Use Plans often conflict, especially between agriculture and planned construction land. For example, in Goubangzi town, the area north of the river bend, which is identified as green space in the Land Use Plan, is a planned construction area in the Master Plan.

These conflicts may reflect the fact that the Master Plans and the Land Use Plans are prepared by different agencies (unless the town is very small, in which case they may be prepared by only one agency), with disparate development objectives, and at different periods of time. However, conflicts between the Master and Land Use Plans present obvious difficulties for officials tasked with implementing the plans.

The Master and Land Use Plans should be better coordinated at the town level. The plans should be combined into one document, a coordinating mechanism or organization should be established, or one agency should be made responsible for final approval and resolution of both plans.

### **1.2.3 Conduct a More Sophisticated Population Analysis**

Population projections in Master Plans are generally exponential extrapolations from past population growth. Population projections in plans are not disaggregated based on gender, age, income, or other variables. Migrant populations are not explicitly considered. There are generally no estimates of employment growth, and population projections are not linked to employment. The limited analysis of population growth makes it difficult for towns to plan adequately for the needs of different sectors of the population, and to develop the appropriate education, housing, and medical facilities accordingly.

A disaggregated analysis of population, with projections by age range and by gender, is needed to plan appropriately.

### **1.2.4 Conduct a Housing/Density Analysis**

Master Plans generally designate total land area for housing, but do not take the analysis any further. Plans also do not include information about current or projected population densities in different parts of town. Instead, this information is expected to be included in the design plans for specific parts of the town. However, the lack of information about population density makes a comprehensive approach to service provision (including education and medical facilities) difficult to achieve, and limits the usefulness of the Master Plan as a service delivery planning tool.

Towns should analyze and map current and projected population density by location. This information can be included as a reference to the main plan if necessary, and should be used by town agencies to plan for the expansion of services, as required by population growth.

### **1.2.5 Conduct a Migrant Needs Analysis**

No plans include a specific analysis of the needs of migrants, even though the migrant population in some towns rivals that of the permanent population. Many town leaders indicated that they view migrants as positive additions to the town, and that migrants are making a real contribution to the economic development of the town. To accommodate more migrants, towns may need to provide different housing, education, health care, and other urban services options than they would for the permanent population. The lack of consideration of the specific needs of migrants may undermine the ability of towns to absorb and accommodate migrants in the long term.

Migrants generally are not allowed to participate in local representative councils, or to vote in council elections, which makes it even more critical that towns learn about their needs in other ways.

Towns with large numbers of migrants should conduct an explicit analysis of migrant needs, conducting surveys, holding focus groups, or engaging in other methods as appropriate. Topics should include housing and housing pricing, education, health care, etc. This analysis will help the town address these needs more effectively.

### **1.2.5 Conduct a Financial Analysis**

In most town Master Plans, estimates of proposed road, water, and infrastructure project costs are not included. There is also limited or no analysis of potential or planned funding sources for the proposed projects. Without this information, it will be difficult for the town to incorporate the findings of the Master Plan into its budgetary planning and appropriate the needed resources accordingly.

Cost estimates for each infrastructure project should be included in the plan explanation documents, as well as a discussion of where this funding is likely to come from.

### **1.2.6 Prepare a More Complete Implementation Plan**

The implementation measures at the end of most plans are not sufficient to determine the timing of interventions and projects, roles and responsibility, or needed funding sources.

Implementation plans should include a schedule, identify implementing agencies, and include other information to help monitor progress in achieving the objectives of the plan.

### 1.2.7 Involve the Public More in Preparation of Plan

Towns rarely involve the general public in the preparation or approval of their plans, although the town People's Congress is called on to review and approve the final draft of most Master Plans. More public input will provide additional support for the plans and will help ensure that the town is developing in a way that most residents agree with.

Towns should provide residents with an opportunity to review and comment on the plan as it is being prepared. Forums could include public posting of maps and other documents, presentations by planning officials, and meetings and hearings. As discussed elsewhere in this report, additional ways of gaining information from the public include surveys, focus groups, and voting.

## 1.3 General Social Service Recommendations

Town-specific proposals for improving the provision of social services are made below. Proposals for all demonstration towns include the following.

- Expedite the reintroduction of the Cooperative Medical System (CMS) in villages.
- Reform the health insurance system to increase coverage and decrease costs to residents and employees.
- Reform the system for allocating education funds.
- Encourage private schools as middle ground between existing private and public schools.
- Establish higher-level schools at the town level.
- Reform the social security system.
- Reform the Minimum Living Standard Program (MLSP) to make disbursements more realistic and at par with the real cost of living.
- Reform the *hukou* system.

## 1.4 Principles for Transportation Proposals

Some general principles that have guided the development of the transportation proposals for the market and industrial towns in this report include the following.

- Transportation improvements should ensure the ability of residents to get to and from jobs/work.
- Capacity should be adequate to transport goods to markets.
- Existing trunk road infrastructure should be upgraded and expanded, so that these goals can be ensured.
- New trunk infrastructure should be created where it is not possible to upgrade existing trunk infrastructure.
- The private sector should be relied on to provide infrastructure where this infrastructure immediately serves the private sector's needs.

The transportation proposals for the tourism town (Gutao) followed a different set of principles, as discussed in the text.

## 1.5 Discussion of Cost Estimates for Proposals

Financing a plan and proposals almost always includes a variety of debt instruments, as well as cost assignments, to beneficiaries. It is important to spread these costs as equitably as possible, consistent with the specifics of the project and the goals of the plan. Also, one must remember that operations and maintenance (O&M) must be part of financial planning, even though these costs are not part of the capital financing package.

The assumptions used to estimate the project costs are described in the paragraph below. However, many of these assumptions have not been rigorously tested. Other factors that should enter consideration are economic growth and inflation. However, they have been deliberately excluded from the calculations to allow for revised and expanded planning, which may require additional infrastructural construction. Capital costs have been smoothed through the entire 20-year financing term for the same reason, even though growth and inflation will normally reduce the per capita impact over the life of the project and the payoff period.

### Assumptions

Assumptions for the calculations include the following:

- Average household size for the next 20 years is approximately 3.6 persons.
- The average dwelling for each household will have an initial appraised value of 40,000 RMB.
- Both the central government and the provinces have an interest in the development of towns of the People's Republic of China (PRC), and cost distributions reflect a significant financial contribution to the costs of services in rapidly growing towns.
- An assumed interest rate of 8% was used, although different terms may apply in practice (most of the payments can be reduced or increased by about 6% for each one percentage point change in interest rates obtained).