

Analysis of Farmers' Willingness to Land Transfer in Collective Land Construction Rental Housing Projects

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Abstract:

The policy of using collective land to build rental housing was first implemented in 2017 in the context of the Chinese government's proposal of "housing for living, not speculation". However, due to the constraints of laws and regulations, the attitudes of local governments and social capital, and the attitudes of collective economic organizations, the progress of pilot projects varies from city to city. This paper selects the Nanjing Zhetang project and analyzes the factors affecting the willingness of rural households in the collective economic organizations to which the pilot project belongs to the land transfer through the framework of Institutional Analysis and Development (IAD). Finally, it is concluded that the strength of the collective economic organization of the pilot project, the traditional concept of land acquisition of farmers, and the concern of farmers about the unfair distribution of expected benefits jointly affect the attitude of farmers towards land transfer in the market. Finally, relevant suggestions are given to provide reference for other pilot projects in China.

Keywords: Collective Land, Rural Development, IAD Model.

1. Introduction

The Central Economic Work Conference held in Beijing from December 14 to 16, 2016 proposed to promote the steady and healthy development of the real estate market. It is necessary to adhere to the positioning that "houses are for living, not for speculation," comprehensively use financial, land, fiscal and taxation, investment, and legislative means to speed up the study and establishment of a basic system and a long-term mechanism that conform to the national conditions and adapt to the laws of the market. In 2017, the Chinese government issued a pilot document on the use of collective land for the construction of rental housing, which is an exploration of the principle of "housing for living, not for speculation" proposed in the previous year. Utilizing collectively-owned land for the construction of rental housing refers to a new housing security model where "under the premise of compliance with planning, land use controls, and lawful acquisition, existing rural collective operational construction land use rights are transferred, leased, or capitalized. It implements entry into the market on par with state-owned construction

land use rights, with equal rights and prices. However, it prohibits homesteads from entering the market and collective operational construction land from entering the commercial housing market. After completion, it operates on a market-oriented basis and targets urban households without homes [1]. Members of collective economic organizations can receive profit dividends from the completed rental housing, while urban households without homes can obtain housing security at lower rents. Simultaneously, this policy plays a driving role in urban village renovation and rural infrastructure improvement. Members of collective economic organizations play an important role in policy implementation, and their understanding of the policy is influenced by socio-economic background, natural environmental background, general institutional rules, and personal value orientation, reflected in their willingness towards collective land entry and circulation. The inability to circulate land or the difficulty in circulation process will lead to policy execution stagnation. Therefore, it is very important to study the attitudes of members of collective economic organizations on land circulation issues

2. The History of Using Collectively-owned Land to Construct Rental Housing

The history of using collectively-owned land to construct rental housing can be traced back to 2009. The Shanghai Municipal Government forwarded the *Trial Opinions on the Construction and Management of Unit Rental Housing* jointly formulated by the Housing Security and Housing Management Bureau and five other departments. It proposed to regulate the construction of market rental housing on rural collective construction land according to the principles of “government guidance, standardized operation, rental-only, and closed management”. However, constrained by the Land Administration Law and rapid urbanization, this policy remained in the exploratory phase. Progress on projects such as the Haiqiluo Village in Qijiazhen, Beijing, started around the same time but proceeded slowly.

It was not until August 2017 when the former Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development jointly issued the “Pilot Program for Using Collective Construction Land to Construct Rental Housing”. This designated thirteen cities including Beijing, Shanghai, Shenyang, Nanjing, Hangzhou, Hefei, Xiamen, Zhengzhou, Wuhan, Guangzhou, Foshan, Zhaoqing, and Chengdu as the first batch of pilot cities. It allowed village collective economic organizations to adopt various methods to utilize collective construction land for rental housing construction, breaking through previous legal policy constraints. Subsequently, in 2019, five additional pilot cities were added: Fuzhou, Nanchang, Qingdao, Haikou, and Guiyang. The program further clarified principles for selecting rental housing sites, emphasizing equal access to public services and regulatory requirements [2].

Research and development in Nanjing began in 2018. Drawing on experiences from initial pilot areas, the Nanjing Municipal Government established the overall objectives of the pilot program and conducted surveys of existing collective construction land. During this period, the municipal government issued a series of policy documents to ensure effective implementation of the policies. In June of the same year, through field visits and research, the Nanjing Municipal Government further refined the selection process and confirmed implementation on certain plots of land. Initial studies identified six pilot sites located in Qixia, Yuhuatai, Pukou, Jiangning, Liuhe, and Lishui districts. Due to various reasons, only the Liuhe Xiongzhou project continued to progress. Consequently, in 2019, the city conducted another round of surveys, add-

ing the Zhetang Street project in Lishui District to expand the pilot program.

3. Introduction to Zhetang Pilot Project

3.1 Basic Information

The Zhetang Project is a new pilot site for rental housing development initiated by Nanjing City using land since 2019. Located south of Runhuai Avenue in Lishui District, Nanjing, the site is southeast of Zhetang Station and north of Yihu Park. The project is conveniently situated near Metro Line S7 Zhetang Station and bus stops, facilitating easy access. It is also close to Zhetang Agricultural Market and Zhetang Primary School, offering well-rounded living amenities. Surrounding the area are enterprises such as Chang’an, JD.com, Yinlong, and Siemens, ensuring sufficient demand for rental housing.

In terms of construction area, the Zhetang Project covers approximately 13,000 square meters. This includes: 45m² units accounting for 60%, 60m² units for 20%, and 90m² units for 20%.

Regarding rental pricing, based on market estimates, the monthly rental prices for the three unit types (45m², 60m², and 90m²) are approximately 1200 yuan, 1600 yuan, and 2400 yuan, respectively. Rental prices will remain unchanged for the first two years and increase by 5% annually thereafter. Parking space rental prices are estimated at 300 yuan per month per space, with a 10% increase every 3 years.

3.2 Implementation Status of the Project

According to the relevant pilot scheme, Lishui District has been progressively implementing pilot projects, refining procedures accordingly. The current specific situation is as follows

3.2.1 Site selection and location conditions

Site selection for the project is based on the current distribution of collective construction land in the entire district, under the premise of complying with urban and rural planning and overall land use planning. It integrates considerations such as the layout and construction plans of Zhetang Street, focusing on areas with high industrial agglomeration, well-developed regional supporting facilities, strong residential demand, moderate construction scale, and ease of implementation startup. The project’s indicators such as plot ratio and actual plot ratio meet the requirements of superior planning.

3.2.2 Solicitation of villager opinions and preliminary preparations

On January 12, 2020, the Zhetang Street Party Working Committee convened a mobilization meeting for 17 villages (communities) and LiShui Economic Development Group’s collective construction land leasing housing deployment meeting. Based on the Village Autonomy Organization Law and related regulations, each associated village held discussions on collective land construction and leasing housing. Village organizations expressed full support for the project. Subsequently, village representative assemblies and shareholder representative meetings were convened in accordance with the Village Autonomy Organization Law and related regulations. After discussions, all parties expressed agreement and support for project implementation, and the project opinion notices were posted on community notice boards.

LiShui District’s Zhetang Street 17 villages (communities) collective economic organizations jointly established “Nanjing Runke Asset Management Co., Ltd.” with a district-level state-owned enterprise in LiShui, Nanjing. The collective economic organizations of 17 villages (communities) account for 99.5% of the investment, while the district-level state-owned enterprise accounts for 0.5%. Both parties agreed to distribute profits according to equity proportions, with each collective economic organization deciding on internal income distribution.

3.2.3 Preliminary procedure processing

LiShui District has favorable conditions for project implementation and actively sought support from the municipal government for the collective construction land leasing housing pilot project. On December 26, 2019, at the municipal government’s special meeting on advancing collective construction land leasing housing, LiShui District

reported on the site selection status, with LiShui Development Zone expressing interest in participating in the pilot. On March 16, 2020, at another municipal government meeting on advancing collective construction land leasing housing, it was clearly stated to support LiShui Development Zone in utilizing collective construction land for leasing housing. On May 18, 2020, the LiShui Branch of Nanjing Municipal Bureau of Planning and Natural Resources issued the “Letter on Planning Opinions for Utilizing Collective Construction Land for Leasing Housing,” and on May 19, the district government completed the pilot implementation plan and submitted it to the municipal planning resources bureau.

4. IAD Analysis Sessions

4.1 Introduction to the IAD Framework

The IAD framework, proposed by Ostrometal in the 1980s, which is a theoretical framework that integrates multiple disciplines. It includes external variables, action arenas, interaction patterns and outputs, as well as the assessment of outputs, which are determined by exogenous variables: natural physical conditions, economic and social attributes, and generic institutional rules [3]. In the IAD framework, actors choose the actions they take under the influence of external variables and the constraints of the action situation, interacting and producing outcomes that counteract the external variables and the action arena. This paper applies the IAD framework to the problem of analyzing the willingness of members of collective economic organizations to transfer land to build rental housing, as shown in Figure 1.

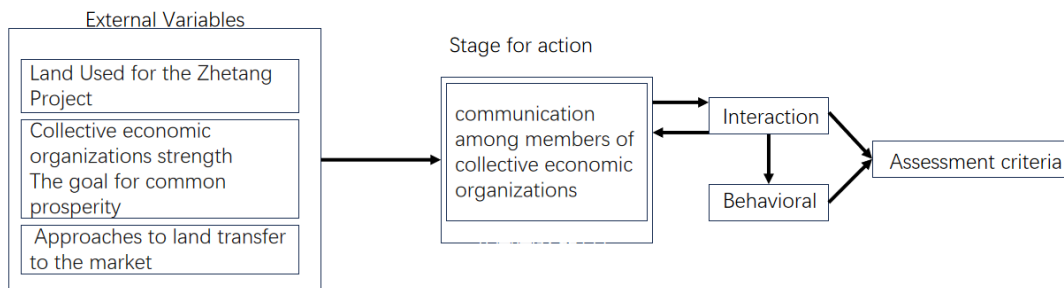


Fig. 1 IAD framework construction of collective economic organization members’ willingness to land transfer and construction of rental housing

When the IAD framework is used to analyze collective economic organization members’ willingness to land transfer and construction of rental housing, the factors that ultimately affect the willingness of farmers are a combination of external variables and action arenas. Among them,

external variable factors include natural condition factors and socio-economic factors. As for the stage of action, the internal communication of the members of collective economic organizations will also have an impact on the final decision.

4.2 External Variables

The most important object of using collective land to build rental housing is the natural resource - land, the geographical location of the land and the degree of difficulty in developing it all affect the villagers' willingness to enter the market. From a macro perspective, collective land is often located in rural areas on the outskirts of the city, and the low total scale of the project has become a practical constraint on the selection of sites. According to statistics, the collective construction land distributed in the built-up area of Nanjing accounts for only 8% of the city's collective construction land, and less than 2% of the collective operational construction land. The use of these lands for development, due to the amount of rental sources away from the concentration of the region, but the most important function of rental housing is to solve the problem of separation of tenants, location and transportation is the most important element, determining the rental housing can cater to market demand [4]. Its market regulation role is limited, and the risk of housing vacancy is also higher.

From a micro perspective, the collective operational construction land available to collective economic organizations tends to show a fragmented distribution and is small in size, making it difficult to meet the demand for large-scale rental housing construction. From a working perspective, the surrounding enterprises employ a large number of employees, who are potential rental targets, from a living perspective, the educational resources, transportation resources and living resources in the surrounding area can ensure the supply of basic public services, and returning to the land itself, the land of the Zhetang Project is a complete collective operating building land formed by the 17 collective economic organizations through land consolidation. The land of Zhetang project is a complete collective construction land formed by 17 collective economic organizations through land consolidation, so the natural environment is obviously not the main factor affecting the villagers' willingness to enter the market.

Under the IAD framework, the willingness of members of collective economic organizations is affected by both natural and socio-economic conditions, as one of the main bodies of policy implementation, the advancement of the policy is often related to the strength of the collective economic organizations, and even in Beijing and Shanghai, there are most villages in which the strength of the collective economic organizations is insufficient to independently complete the project planning, fund-raising, and housing construction [5]. The collective economic organization of the Zhetang project, compared with the collective economic organization of the first-tier cities in the north and Shanghai, its economic strength is even weaker,

and its management experience is insufficient, so it is difficult to independently act as the implementation body for development and construction, this makes it difficult to introduce social capital, and the collective economic organization is not highly motivated, so it is difficult to push the project forward, the introduction of this policy of constructing leased housing on collective land was introduced in 2017, and the goal of rural revitalization was also put forward in the same year. The goal of rural revitalization has also been put forward, rural revitalization is the comprehensive revitalization of industry, talent, culture, ecology and organization in five aspects, in which the first place is industrial revitalization, industry is the foundation of development, industrial prosperity, farmers' income can be a stable growth. The use of collective land to build rental housing is a method of industrial revitalization, through the construction of rental housing to attract homeless groups to move in, and then upgrade the supporting facilities to attract talent, the purpose of benign development, for the successful completion of the pilot project, after multi-party consultations and the government's lead, Zhetang's 17 collective economic organizations ultimately with the district-level state-owned enterprises to reach an agreement on co-development, the Zhetang project to be able to successfully promote. However, as seen in the contract, in order to avoid risks, the state-owned enterprise's contribution accounted for only 0.5%, and most of the risks of construction are still borne helplessly by the collective economic organizations, which also reflects the low willingness of Chinese-owned enterprises to participate in the process of policy advancement.

4.3 Action Stage

Addition, the farmers' own qualities are also a key factor directly affecting the land transaction [6], which is reflected in the action stage in the performance of two areas. First, the influence of traditional concepts, because of years of land acquisition, demolition and relocation inertia, the villagers are more inclined to demolition and relocation compensation and expropriation in lieu of labor, but also because of the long return on investment cycle of the rental housing project, slow return of funds, the collective economic organization is only willing to land into the shares, unwilling to raise funds into the shares, which is in contradiction with the form of the collective economic organization holdings.

Secondly, the problem of distribution of economic benefits of the collective economy, regarding the distribution of economic benefits, although the government emphasizes in legal documents that they should be distributed in accordance with the proportion of capital contribution, this is only confined to the level of the collective econom-

ic organization and the social capital, while at the micro level, the distribution of economic benefits is much more complicated, the collective operating construction land is owned by the collective, and as a member of the collective economic organization, the farmers have the right to decide how to make Collective internal income distribution, including the distribution of income from collective operating construction land. However, due to the imperfection of grass-roots democratic system and the virtual position of the subject of collective ownership, the phenomenon of infringement of farmers' legitimate rights and interests still exists [7]. At the same time, in the complete transfer to the market, the collective economic organization agents are more likely to seize the rights and interests of individual members of the farmers so that the collective management of construction land in the collective economic organization in the uneven distribution of benefits within the predicament [8], in the face of the interests of the distribution of the problem of disagreement, the collective economic organization members of the collective economic organization because of their own cultural level is not high, think that even if he puts forward a proposal will not be adopted, and be subject to Under the influence of the idea of "not suffering from scarcity, but suffering from uneven distribution", they often choose to solve the problem in a negative way - refusing to enter the market to build rental housing.

Under the influence of the above two ideas, some individuals in the collective economic group gradually oppose the proposal of entering land into the market to build rental housing, and these members subconsciously influence other members of the collective economic organization by sharing their own information and opinions, and ultimately, they act as opinion leaders through their professional knowledge, rich experience, or high personal charisma, and ultimately influence the decision-making of the collective economic organization.

5. Suggestion

5.1 Actively Advocate the Intervention of Social Capital

In the policy of building rental housing on collective land, the economic strength of collective economic organizations is weak, and they are often unable to bear the high cost of construction, and even if they can fund the construction, the amount of construction will not be very large, For this reason, the government should actively advocate the involvement of social capital in pilot projects, which can solve the problem of difficulty in social capital intervention in the following aspects. The first is to formulate incentive policies, and the government can introduce

corresponding policies to give social capital preferential conditions for participating in the construction of rental housing on collective land, such as tax exemptions and exemptions, preferential treatment of land use rights, The second is to encourage a variety of development models, and the government can guide social capital to cooperate with local governments and village collectives through methods like Public—Private—Partnership, Asset-Backed Securitization and other public-private partnership methods to jointly develop collective land. The third is to provide financial support, local governments should actively encourage local financial institutions to design relevant financial products, such as credit joint guarantee mechanism, financing structure design, and if necessary, can adopt public funds to raise funds for pilot projects. Fourth, the use of public housing provident fund, China's housing provident fund has too much surplus every year, and its potential is not fully realized, so local governments can use the housing provident fund to invest in pilot projects, and the investment method can be through the housing provident fund management center to set up financial institutions, or direct funding.

5.2 Do a Good Job in Rural Households

In order to solve the last difficulty in the transfer of land to the market, the government should do a good job in the following three aspects. The first is to fully communicate with rural households, and explain to them in a timely and transparent manner the purpose and significance of the construction of rental housing on collective land, as well as the possible benefits and impacts. The second is to listen to feedback and enhance transparency by convening villagers' meetings and distributing publicity materials. The government should Listen carefully to the opinions and suggestions of farmers, and understand their concerns and demands. Special channels, such as suggestion boxes, which can be set up to encourage villagers to express their ideas. Participation in decision-making like encouraging farmers participate in the development of land acquisition plans to ensure that their ideas and needs are taken into account. The third is the government should to pay attention about follow-up problems, and after obtaining the consent of farmers for the transfer of land to the market, the government should continue to pay attention to the living conditions of farmers, solving the problems they encounter in a timely manner, and enhance the satisfaction and trust of farmers. Meanwhile the authority should establish a long-term mechanism, summarizing work experience, establishing a long-term communication relationship.

6. Conclusion

Through the exploration of the Nanjing Zhetang project,

it can be found that the land used in the Zhetang project is relatively complete and the supporting facilities are relatively complete, which can effectively provide public services. However, the collective economic organization to which the Zhetang project belongs is weak and has low social capital support, even if the collective economic organization has the vision of rural revitalization through the construction of rental housing, it will waver due to the fragile capital chain. When the focus is on the individual, there will be disagreements due to the traditional concept of land acquisition and the uneven distribution of benefits, which will eventually affect the overall progress of the project. In summary, it can be seen that among the factors influencing farmers' willingness to enter the market, a large proportion of them are the socio-economic attributes and the role of the action stage in the external variables.

The policy of building rental housing on collective land has been implemented on a trial basis for nearly 7 years, but the progress of the pilot projects varies from place to place, among which the pilot projects in large cities have made rapid progress due to their advantages in the economic field, while the pilot projects in small and medium-sized cities have lagged behind.

Even so, there are still some things that can be studied in this study, such as quantifying the above factors through questionnaire surveys and constructing a more rational and comprehensive model for analysis. Even if it can provide reference for other pilots, the basic situation of each pilot project is not completely consistent, and specific problems should still be analyzed based on reality.

Authors Contribution

All the authors contributed equally and their names were

listed in alphabetical order.

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