

# Homeownership and participation in urban China

*A study of Hangzhou*

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Languages

UNIVERSITY OF OSLO

Spring 2016



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Trykk: Representeren, Universitetet i Oslo

# Abstract

Housing is arguably the most important asset in most modern societies, and a change in housing arrangements is expected to spark changes on the political level. The incentive to participate politically is believed to increase when individuals purchase private property.

Almost 30 years after the marketization of real estate, China has become “a country of homeowners.” A growing body of academic research focus on homeowners and the increase in property rights awareness and the need to protect common interests through collective action. This study explores the effects of homeownership on individuals in Hangzhou, China. Conducting in-depth interviews with homeowners and a few tenants from diverse backgrounds, it investigates the promulgation of property rights awareness and incentives and interests in participation in neighbourhood activities, in particular in the homeowners’ association.

The findings indicate that there is no evident awareness of property rights among homeowners in Hangzhou. The interest in participating in, and the legitimacy of, the homeowners’ association, was low among the interviewees. In addition, the trust and legitimacy appears to have shifted from the homeowner’s association towards the marked, as represented by the management company. Purchasing property is defined as a safe way to deposit money. Improvements in consumer protection and similarly increased trust in the legal system, in particular on behalf of the more experienced and better-off homeowners, offer a valid explanation. There is a deficiency in social capital, expressed with low levels of trust in other people, in particular in those outside of one’s neighbourhood.

# Acknowledgements

Several individuals have in different ways contributed and extended assistance in the preparation and completion of this thesis.

I would first and foremost like to express my deepest appreciation to my supervisor, Anna L. Ahlers. Without her guidance and help this thesis would not have been possible. Her insight and advice have been invaluable, and I could not have imagined having a better or more inspirational supervisor.

Furthermore, I would like to thank Professor Lin Ka of Zhejiang University who has offered insightful comments and helpful advice, in particular during the initial stages of this thesis.

I am also indebted to the Department of Culture Studies and Oriental Languages, University of Oslo, for five years of support and cooperation.

Finally, big thanks to my family for their love and words of encouragement. My parents; Gro and Jens Christian, my sister Sara and brother Jonas – your value to me only grows with time.



# List of abbreviations

|     |                             |
|-----|-----------------------------|
| HOA | Homeowners' association     |
| RC  | Residents' committee        |
| PMC | Property Management Company |



# Contents

|   |      |
|---|------|
| Abstract .....  | V    |
| Acknowledgements .....  | VI   |
| List of abbreviations.....  | VIII |
| <br>  |      |
| Introduction .....  | 1    |
| Research objective.....   | 4    |
| Thesis structure .....  | 6    |
| 1 Methodology .....   | 7    |
| 1.1 Academic texts .....  | 7    |
| 1.2 Interviews .....  | 8    |
| 1.3 Sampling.....   | 9    |
| Table 1: Overview of the interview objects .....                                      | 10   |
| 1.4 Limitations .....   | 11   |
| 2 Context .....   | 14   |
| 2.1 Homeownership.....  | 14   |
| 2.2 Property rights in theory and practice.....                                       | 16   |
| 2.3 Homeowners' associations .....  | 17   |
| Table 2: Overview of the “troika” of neighbourhood organization in urban China .....  | 20   |
| 2.4 Individual interest .....   | 21   |
| 2.5 Implications for this study .....   | 23   |
| 3 Results .....   | 25   |
| 3.1 Property rights awareness.....  | 25   |
| 3.2 Potentially contentious issues .....  | 26   |
| 3.3 The notion of “safety” .....  | 28   |
| 3.4 Knowledge about and attitudes towards the homeowners' association .....           | 30   |
| 3.5 Participation.....  | 32   |
| 4 Discussion .....  | 35   |
| 4.1 Property rights and awareness .....   | 36   |
| 4.2 Safety and the fear of “outsiders” .....  | 37   |
| 4.3 The perceived triangle between homeowners, real estate companies and the state .. | 40   |

|                                     |    |
|-------------------------------------|----|
| 4.4 Attitudes towards the HOA ..... | 43 |
| 4.5 Participation.....              | 45 |
| Conclusion.....                     | 47 |
| References .....                    | 50 |
| Appendix .....                      | 54 |

# Introduction

Housing is arguably the most important asset in most modern societies, separating the haves from the have-nots. A topic of much scholarly debate has been how individual changes in housing arrangements can spark changes on the political level. In particular, the incentive to participate politically is expected to increase when individuals purchase private property. Several researchers have argued that since housing is a long-term investment, homeowners have a greater stake in the environmental developments of their neighbourhoods relative to that of temporary residents. Homeowners also consequently have more reason to be politically active in order to effectively safeguard their rights related to private property assets.<sup>1</sup> Thus, as Anthony Eden noted in 1936, greater homeownership can create a bout of "better citizens" who are inspired by ideas of democracy and citizenry.<sup>2</sup>

In China, marketization of the real estate sector began slowly in 1988 and gradually expanded to include the entire country by 1998. Initially, Chinese policy-and lawmakers paid little attention to modern property legislation, and marketization has and is perhaps still, experiencing "growing pains".<sup>3</sup> Reflected by the increasing number of homeowners' associations, the need to protect common interests through collective action has resulted in more political involvement of property owners in urban China.<sup>4</sup> During the early phases of marketization, fraught with unchecked market competition, ineffective government regulations and partial courts<sup>5</sup>, homeowners became easy targets of greedy property management companies exploiting their relationships with the developers<sup>6</sup> and the weak consumer protection.<sup>7</sup> This has been met by political resistance and organisation among homeowners to protect the infringements upon their rights; in particular it has sparked an increased number of homeowners' associations. Some researchers were early on very optimistic about these developments and quick to predict great political and societal changes.

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<sup>1</sup>Dietz and Haurin 2003; Read 2003.

<sup>2</sup> Lundquist 1998; Li 2009.

<sup>3</sup> Chen and Kielsgard 2014, 21.

<sup>4</sup> Feng, Yin, and Zhou 2012, 560.

<sup>5</sup> Idem.

<sup>6</sup> Ho 2005; Read 2000; Yip and Jiang 2011.

<sup>7</sup> Read 2007, 15.

One example is Professor Benjamin L. Read who in a widely quoted paper concluded that the procurement of property and achieved affluence would result in a pursuit of “new forms of empowerment – as property owners, if not as citizens”.<sup>8</sup>

Today, less than 30 years after the beginning of marketization, the pressure of procuring housing has increased, along with the price and quality. An increasing volume of research has investigated the relationship between market forces and homeowners as a group, asking who the development is in favour of. Some authors expect that property rights awareness, a prerequisite for most action taken related to homeownership, will become more established both socially and culturally, as economic, political and social forces are involved. Legal experts, such as Chen and Kielsingard believe that this development will result in the ability to defend personal interests, and in turn translate homeownership into participation in community life.<sup>9</sup>

The main channel through which homeowners in urban China can participate politically in neighbourhood organization and safeguard their rights is by representation of a Homeowners’ association (HOA, *yezhu weiyuanhui*, 业主委员会).<sup>10</sup> Partially modelled after its counterpart in Hong Kong, the HOA was established in 1997 as a form of self-elected representative body at the neighbourhood level. Homeowners’ associations receive a lot of academic attention as they are conducting “boundary-spanning activities”<sup>11</sup>, and acts of “rightful resistance.”<sup>12</sup> However, their success is by no means automatic, and even setting up such an association can

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<sup>8</sup> Read 2003, 59.

<sup>9</sup> Chen and Kielsingard 2014, 42.

<sup>10</sup> In reality, the translation of the Chinese term “委员会” (*weiyuanhui*) is closer to “committee” than “association”. However, because most academic articles refer to the “*yezhu weiyuanhui*” as the “homeowners’ association” I have chosen to adapt a similar approach so as not to create confusion with previous research. While there is, theoretically, a difference between the “homeowners association” and the “homeowners committee” none of the informants I spoke to made this distinction. Because this paper deals mainly with the empirical research data this distinction has not been covered in the text.

<sup>11</sup> Yip and Jiang 2011.

<sup>12</sup> O'brien 1996.

pose problems because it requires following a strict set of rules of establishment.<sup>13</sup>

Establishing a homeowners' association requires local initiative and a strong leader, who is value-driven and active.<sup>14</sup> In terms of legal status it is still in a grey area, and consistently lacks support at the national level.<sup>15</sup> Its members are sometimes termed “trouble makers”, and other times “supervisors” or “management assistants”.<sup>16</sup> This in turn reflects the dualism in the political climate in China, where we find a national hardline on political activism existing alongside encouragement of grassroots participation.

In recent years there has been an increasing amount of academic attention on urban construction which encroaches upon residents' private property rights and the resident's consequent political activation in order to take a stance and protect their community environment.<sup>17</sup> Protesting the state has increasingly turned into an attempt to protect ones rights, and people are now protesting “the violation of their rights as homeowners”, and for some, partaking in defending ones rights is seen as a “middle-class” thing to do.<sup>18</sup> Studies find that increasingly, civil associations provide channels for community participation, and protests result in more knowledge about the property rights law, and the collective protests “strengthen ties among the participants and contribute to the enhancement of social capital

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<sup>13</sup> See the real estate management regulations (“*wuye guanli tiaoli*” 物业管理条例), which specifies the “Conditions for the establishment of a homeowners committee” (*yezhu weiyuanhui chengli tiaojian*” 业主委员会成立条件). Among the requirements is a clause stating that over 50% of the constructed area of the *xiaoqu* must have been purchased or between 30 and 50% must have been purchased and lived in 1 year prior to setting up a HOA. In addition regulations require the preparatory group to include representatives from the property developers who can hinder the establishment by either refusing to participate or by using their voting power to control the HOA election. See Zuo 2016, 156.

<sup>14</sup> Wang et al. 2013.

<sup>15</sup> Xiao 2014, 66-67.

<sup>16</sup> Idem.

<sup>17</sup> Shi and Cai 2006, 316.

<sup>18</sup> Shi 2014, 157.

within the communities”.<sup>19</sup> However, few studies have focused on the individual, and instead tend to treat a specific material condition (i.e. owning property) as more or less a single independent variable for the explanation or prediction of *collective* behaviour. This ignores the fact that individual factors, such as economic status, educational background and social experiences might all affect the way an individual perceives law and legal protection, and the subjective dimension’s role in the perception of property rights and behaviours in neighbourhood conflicts.<sup>20</sup> Apart from one study conducted by Jun Li on individual homeowner’s voting behaviour<sup>21</sup>, the focus on non-contentious situations and individual homeowners’ rights awareness and attitudes towards community participation has to the author’s knowledge not been a topic of investigation. Since urban neighbourhoods have been depicted as the breeding ground for the start of civil society in urban China, this paper sets out to examine whether homeownership really does result in a better understanding of property rights and a higher degree of participation among urban homeowners.

## Research objective

This study aims to provide more knowledge about the current situation of homeowners in urban China. Almost 30 years have passed since the dissolving of the *danwei* (单位, workplace)-system which meant that housing was provided by the workplace.

Neighbourhoods (*xiaoqu* 小区) have now often transformed from being a place where one lived, worked and spent most of the time, to gated communities where people rarely engage socially. The organizational structure of urban governance has also been transformed, from the residents’ committee established to facilitate industrial production, ideological education, and political and social control<sup>22</sup>, to the present-day “troika” of resident committees,

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<sup>19</sup> Shi 2014, 161.

<sup>20</sup> Fu 2015, 291.

<sup>21</sup> Li 2009. Not very relevant today or at least for this study as it investigates voting behavior in elections for residents committees. None of the interviewee’s neighborhoods held elections for their RC.

<sup>22</sup> Wu 2005.

homeowners' associations and real estate management companies, representing the state, the market and society.<sup>23</sup>

In recent years, given the reported improvement achieved in the supervision of different market forces and the enhancement of consumer rights, the reality for individual homeowners can be expected to be yet again different from what is described in previous research. In order to gain some insights into the most current situation the questions guiding my line of investigation were there following:

- How are homeowners expressing their awareness of property rights?
- How well-informed are homeowners of their neighbourhood organization?
- By extension, what forms of neighbourhood participation are homeowners involved in?

By posing these questions this paper aims to understand if there are in fact signs of empowerment and more awareness among homeowners in urban China. It investigates two levels; the *individual level*, tracking awareness and knowledge, and the *group level*; looking at attitudes towards and participation in, the homeowners' associations. Based on 15 interviews with homeowners and tenants in Hangzhou in early 2016, findings indicate that there is no tendency of greater property rights knowledge among homeowners, or an increased desire among them to partake in neighbourhood organization relative to that of other residents. The findings also indicate that there may be a gap in the trust in grassroots democracy when comparing more experienced and better-off homeowners with those who had just entered the housing market. Moreover, residents in gated communities express more belief in the legal system, while lower-income, younger and more recent homeowners express apathy. Tenants are the most sceptical vis-à-vis the homeowners' association and reject any notion of grassroots democracy. The study also finds that the reputation of homeowner associations is generally poor, which in turn allows for speculations on the current status and future prospective of grassroots democracy in urban China. A much greater trust is expressed towards market forces, represented by the management companies, and their role to ensure

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<sup>23</sup> Fu and Lin 2014, 2312. See p. 21, table 2 in this paper for an overview of the "troika" of neighbourhood organization.

safety and service when needed. Evidence also points to a search for “safety” from people outside of one’s neighbourhood.

## **Thesis structure**

The first chapters of the thesis describe the scope and background for this research. Beginning with the research methods, chapter 1 outlines the methodology, discussing the use of academic texts, semi-structured interviews, the sampling of interviewees, and finally, a discussion on the limitations of these methods. Chapter 2 reviews the literature on homeownership, property rights, the homeowners’ association and individual reasons for political participation in neighbourhood affairs in urban China. It traces the historical development from the beginning of marketization to today, mapping previous studies by both Chinese and non-Chinese researchers on the subject, and looks at its implications for homeowners in China today. The literature review sets the framework which is used to analyse the findings. Chapter 3 provides an overview of the interview findings, mapping topics related to “property rights awareness”, “potentially contentious situations”, “the notion of safety”, “knowledge about and attitude towards the homeowners’ association”, and “participation”. Chapter 4 is an analysis of the effects of homeownership in urban China today, with reference to academic articles. The analysis has several layers, looking at knowledge and interest, attitudes and participation. It also compares and contrasts homeowners and non-homeowners and seeks to understand if homeownership has an impact on property rights awareness and furthermore, involvement and participation in neighbourhood organization, in particular the homeowners’ association. The final chapter makes for a brief summary of the findings and some concluding remarks on homeownership and participation.



# 1 Methodology

The primary data for this study stems from 15 semi-structured interviews with Chinese homeowners and tenants in Hangzhou in the spring of 2016. The findings are placed in the context of academic literature on property rights and homeowner's action and organization. Beyond reviewing the most prominent publication within this strand of research in English and Chinese language, - complementary information for this study was obtained from sources written by both Chinese and non-Chinese scholars on related topics. This chapter will describe the different methods applied in this study, which mainly comprise a brief discussion of the use of academic articles, and the conduct of my semi-structured interviews. In a final paragraph, the scope and limitations to the before mentioned research methods will be discussed.

## 1.1 Academic texts

As a basis for the theoretical and methodological framework and background information I built on academic texts written on the subject of property rights and homeowner organization and action in urban China. The texts were written by Chinese and non-Chinese scholars, some published in English and other in Chinese, and located in the field of social sciences, in particular urban studies, law, and political science. Access to the texts was granted by Zhejiang University.

Legal documents and policy documents were also consulted for the purpose of background knowledge but have not all been explicitly quoted in the text. They include the “Organic law of the urban residents’ committees of the PRC” (*zhonghua renmin gongheguo chengshi jumin weiyuanhui zuzhifa*, 中华人民共和国城市居民委员会组织法), the real estate management regulations (“*wuye guanli tiaoli*” 物业管理条例), in particular the “Conditions for the establishment of a homeowners committee” (*yezhu weiyuanhui chengli tiaojian* 业主委员会成立条件), and the “Central committees guidelines on urban development” (*zhonggong zhongyang guowuyuan guanyu jinyibu jiaqiang chengshi guihua jianshe guanli gongzuo de ruogan yijian* 中共中央 国务院关于进一步加强城市规划建设管理工作的若干意见).

## 1.2 Interviews

My main source is 15 semi-structured interviews that I conducted in Hangzhou in Chinese. This form of interviewing served the purpose best, because while the researcher is looking for specific information and very aware of what she is trying to find, it also enjoys the unrestrained quality of unstructured interviewing.<sup>24</sup> It was clear that semi-structured interviews would be more effective in attaining the information needed for this study, as the use of semi-structured interviews also allows the researcher to ask follow-up questions and for the participants to have the freedom to choose how to angle their answers and what to focus most of their attention on.

The interviews for this thesis were conducted over a two-month period in March and April 2016. They were arranged in different locations based on the preferences of the interviewees, ranging from their kitchen table to cafés around Hangzhou. In total 15 people were interviewed, 11 were homeowners, one was a previous homeowner who had sold her apartment and moved in with her parents again, and 3 were currently renting. All the interviews were conducted in Chinese, for the convenience of the interview subjects.

The interviews took different forms and some seemed more like casual conversations while other were more formal. Prior to starting the first round of interviews the main concern was my limited training in conducting interviews, and gaining access to interview subjects. Limited Chinese skills turned out to not be a big issue since it allowed for asking seemingly banal questions, and by consciously “dealing with being a foreigner”<sup>25</sup> I could use this to my advantage. This advantage was particularly evident when asking what specific words meant or when making comparisons to my native country which typically brought out the pedagogical side of the interview subjects.<sup>26</sup> I used this to my advantage especially when trying to find out how informed they were about neighbourhood organization. By speaking Chinese I could pick up some of the vocabulary missing in the first round of interviews and ask follow-up questions with increasing confidence. The interviews were transcribed within the following 24 hours, making it much easier to ensure sure that I had understood everything

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<sup>24</sup> Bernard 1994, 209.

<sup>25</sup> Saether 2006, 47.

<sup>26</sup> An experience similar to that described by Saether 2006.

that was mentioned during the interviews, which occasionally turned out not to be the case. I also made sure to write down some impressions after the interviews were over. The transcripts and sound recordings are available upon request.

The aim of the interviews was twofold: On the one hand I was looking for information trying to determine how much the respondents knew about the organization of their neighbourhood and what their opinions of it was, while on the other hand tracking their own participation and see whether or not they had any particular reason for (not) participating. I also included a question on the latest proposal for city development put forward by the central government in February of 2016, a much debated topic (more details to follow), which I posed with the intention of easing into the idea of property rights and understanding whether or not the person had any thoughts in regard to this.

## 1.3 Sampling

To locate my interview subjects I made use of the snowball sampling method. This is a method where the interviewer relies on one informant who then introduces the researcher to other potential interview objects. This methodology was very fruitful in my case, and it proved to be much easier to locate interview objects than expected. Snowball sampling does have a strong community bias, but in order to make up for this I made efforts to ask friends and acquaintances of different ages, occupation and from different residential areas to make the sample more diverse. The relationships established during my foregoing one year stay in Hangzhou were very fruitful in helping me locate potential subjects. Drawing upon different relationships to locate potential subjects was useful as this meant that we had a sort of common ground even though most of the interviewees were complete strangers to me.<sup>27</sup>

The interviews were conducted with people with ages ranging from mid-20s to early 50s. With four exceptions, they all owned housing in Hangzhou city. Most of them also had received a higher education. Other characteristics such as employment, gender, and type of neighbourhood were purposefully diverse to include a broader scope of people. It was easy to find people willing to help, but getting the subjects to understand that their opinion and understanding was what I was interested in, was harder. The most enthusiastic subjects ended up being the most difficult to convince that it wasn't necessary for them to possess detailed

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<sup>27</sup> Solinger 2006.

knowledge of neighbourhood governance, prior to the interviews, without making them worried that their opinion was somewhat lacking or “wrong”, and interviewing them ended up being more challenging than expected. In the end I was able to complete 15 comprehensive interviews. Most of them were arranged through WeChat. All of the interview objects contributed voluntarily, and I also made sure to ask whether they wanted me to use a different name, twice. While the topic might seem sensitive to some, it appeared that all the interview subjects were completely relaxed and at ease.

As mentioned above, all of the interviews were recorded and transcribed and in combination with my notes I took of each interviewee and some of the details they provided prior to the interviews. The interview lasted between 12 minutes and 1 hour, the average being about 20 minutes, not including the informal talks. After transcribing the interviews I wrote a summary of each individual’s answers, grouping together topics such as “neighbourhood organization”, “feelings towards neighbourhood and neighbours”, “participation”, “reasons for purchasing housing”.

**Table 1: Overview of the interview objects**

| Name | Sex | Age      | Marital status (M/S) | Occupation         | Owms/rents housing (Y/N) | Member of the CCP (Y/N) | Neighbour hood/ <i>xiao qu</i> |
|------|-----|----------|----------------------|--------------------|--------------------------|-------------------------|--------------------------------|
| Jin  | M   | Late 40s | M                    | Businessman        | Y, several               | N, formerly             | New                            |
| Wu   | F   | Late 20s | M                    | Teacher            | Y                        | Y                       | Old                            |
| Xia  | M   | Late 20s | M                    | Doctor             | Y                        | N                       | Old                            |
| Duan | F   | Late 20s | M                    | Doctor             | Y                        | N                       | New                            |
| Wu   | M   | Late 20s | M                    | Software developer | Y                        | N                       | New                            |
| Chen | M   | Late 20s | M                    | Engineer           | Y                        | N                       | Old                            |

|        |   |           |   |  |   |             |     |
|--------|---|-----------|---|--|---|-------------|-----|
| Ning   | F | Late 20s  | M | Teacher  | Y                                       | N           | Old |
| Jiang  | M | Late 20s  | S | Administration                                   | Y                                       | Y           | New |
| Wang   | F | Mid-20s   | S | Teacher  | N                                       | Y           | Old |
| Yu     | M | Mid-20s   | S | Personal Trainer                                 | N                                       | N           | New |
| Peng   | M | Late 20s  | S | Organic agriculture                              | N                                       | ?           | New |
| Amanda | F | Late 30s  | M | Former bank employee                             | Y                                       | Y           | Old |
| Li Jia | F | 40        | S | Former teacher (engineering) turned yoga teacher | N, formerly                             | Y           | Old |
| Li     | F | Early 40s | M | Master Student                                   | Y                                       | N           | New |
| Zheng  | F | Mid 50s   | M | Retiree, former Vice-chairman                    | Y, several in China and abroad (the US) | N, formerly | New |

Note: None of the respondents are related even if some of them share a last name.

## 1.4 Limitations

I am aware that my sample of 15 interviews has its limitation. Generalizability is always a concern when conducting qualitative research. Fieldwork offers no secure outcome, but is depending on access to information and the way the given information is interpreted, making the number of interviews irrelevant when put up against the researchers ability to interpret and make use of the information.<sup>28</sup> Qualitative research is not aimed at finding a certain outcome, but rather to conduct credible research. Its validity cannot be demonstrated.<sup>29</sup> It is therefore

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<sup>28</sup> Saether 2006.

<sup>29</sup> Bernard 1994, 389.

the researchers' duty to work as systematic, transparent and meticulously as possible, in order to reach substantial and convincing arguments.

Qualitative interviews were deemed the most suitable method to obtain information for this research as it offers a good way to explore the perspective and understanding of the informant while simultaneously providing an opportunity to find out specific information about the individual. At the same time, it is cost consuming in that it requires that arrangements be made, travelling time must be taken into account and the transcribing of data and following analysis is time demanding.<sup>30</sup>

Because I was interested in tracing individuals perception and understanding of the topic, which was something missing in the literature, I made use of semi-structured interviews to gather information from each interview subject. The questions asked could not always be answered definitely, and property rights awareness is of course not something which can be measured solely based on interview results. The angle was rather to see how people referred to their property, and how they reflected on their rights as property owners, and to find information by asking indirect questions about their neighbourhood, their experiences and their opinions on different matters. Because of the design of this study it was not possible to personally investigate how the different respondent's neighbourhoods were organized, so whatever they said had to be taken at face value.

The information provided was then analysed under the framework of homeownership, participation, and property rights awareness, which proved to be useful frames for analysis. Having read numerous articles touching on these issues I was not surprised to note what Read writes about bringing heavy preconception to studies on civil society in authoritarian settings. My impressions of previous studies were similar, namely that the researcher sometimes appears to be "seeking in vain for the next solidarity movement" and sometimes "belittling what is found as politically inert".<sup>31</sup> Keeping this in mind became a task when analysing the findings. While the methods were adequate in answering the questions I had posed, it is important to note that the sample is not generalizable. The sample consisted of 15 people from 12 different neighbourhoods and is too small to be representative. I aimed at comparing my findings with those of existing studies and to, most ideally, complement them in certain

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<sup>30</sup> Arksey and Knight 1999, 34-35.

<sup>31</sup> Read 2007, 22.

regards. Being based in China during the research and writing-process did admittedly influence my ability to search for articles on the web as well as limit my access to certain materials.

## 2 Context

### 2.1 Homeownership

The relationship between owning housing and political participation has received its share of academic attention and has been researched from the perspective of various political ideologies. With the term “property-owning democracy” the conservative Anthony Eden linked homeownership to the notion of civility, arguing that homeowners tended to participate more because they had a higher stake in democracy.<sup>32</sup> Introducing a Marxist view on homeownership, Engels argued with “The housing question”<sup>33</sup>, that when a worker becomes a home owner (s)he no longer belongs to the proletariat, and that when their basic demand for working and living conditions are attained they will turn to support the capitalist class relations.<sup>34</sup> Studies conducted in democratic countries tend to link homeownership with political participation, investigating the possible link between owning housing and participating politically<sup>35</sup>. Harvard Law School Professor Joseph W. Singer has even characterized property as “the law of democracy”.<sup>36</sup>

In research on homeownership, while there are exceptions, findings are largely consistent in that procurement of private property encourages political participation.<sup>37</sup> This is explained by the fact that homeowners have made larger investment than tenants, and the cost of moving is

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<sup>32</sup> Lundqvist 1998.

<sup>33</sup> Engels 1970 [1954].

<sup>34</sup> Verberg 2000.

<sup>35</sup> See i.e. Lundqvist 1998 on Swedish homeowners, Verberg 2000 on Canadian homeowners, or McCabe 2013 on homeowners in the US.

<sup>36</sup> Singer 2014.

<sup>37</sup> Lundqvist 1998 did not find that Swedish homeowners as a group showed any traits of civility and democratic spirit compared to others, but homeowners did have more political knowledge compared to citizens in other housing tenures. Veberg 2000 found that homeownership in Canada had a positive effect on political participation, leading to higher voter turnout and a higher participation in political activities. McCabe (2013, 949) found that while homeownership in the US lead to an increase in participation, the form it took was “in ways antithetical to normative ideas of vibrant, democratic community life.”



higher.<sup>38</sup> In addition homeowners have more at stake in regard to the quality of the neighbourhood and in extension the value of their home, and thus tend to be more politically active and participate more than tenants.<sup>39</sup>

Homeownership in China was introduced in 1988 and expanded to encompass the entire country in 1998 with the state council's "Notice on further deepening the reform of the urban housing system and to speed up housing construction".<sup>40</sup> Until then land was under public or collective ownership. Even today, the state has continued along the lines of the socialist system and land can only be leased for a set amount of time for private development.<sup>41</sup> Today the importance of purchasing housing is often linked to the notion of owning a home as a prerequisite to marriage and it has even been speculated that the gender imbalance in China may have induced the considerable price rise in recent years. The assumption is that because the scarcity of potential wives compared to the number of men, women enjoy more leverage and can demand a home prior to marriage.<sup>42</sup>

The importance of purchasing property in China is evident. Housing prices are increasing rapidly. Purchasing housing is likely the biggest investment the average Chinese makes in a lifetime and other important decisions in life hinge on it. Often tied to the notion of "security", a 2011 survey showed that the incredible rise of housing prices means that almost 25 per cent of young urbanites postpone marriage, and over 20 per cent postpone having children because they cannot afford a home yet. Nearly 70 per cent of the respondents between 25 and 35 of age would not get married before purchasing a home.<sup>43</sup> The social and cultural pressure remains strong.

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<sup>38</sup> Dietz and Haurin 2003.

<sup>39</sup> Read 2003.

<sup>40</sup> Chen 2009.

<sup>41</sup> Chen and Kielsgard 2014.

<sup>42</sup> Studies show that particular taxation and interest rate system offer more adequate explanations: Zhang, An, and Yu 2012.

<sup>43</sup> Chinadaily.com.cn. 2011. "Housing pressure leads to delayed marriage", 4 June, [http://www.chinadaily.com.cn/business/2011-06/04/content\\_12642236.htm](http://www.chinadaily.com.cn/business/2011-06/04/content_12642236.htm). Accessed 2 May 2016.

It is valid to question whether a theory of homeownership and participation can be applied to the Chinese context. In particular, the non-democratic political system makes it difficult to relate the notion of the “property-owning democracy” or “property law as the law of democracy” to urban China. However, academic research conducted on Chinese homeowners and homeowners’ associations’ highlights the relevance of investigating these connections.

## 2.2 Property rights in theory and practice

The Chinese property rights law, the “Real right law”, was passed by the national congress in 2007. While a welcome and long expected improvement for homeowners, in terms of defining and protecting the neighbourhood’s common property rights the law is still lacking.<sup>44</sup> This is important because the main form of housing in urban China is condominiums. They are different from ownership of a single-family dwelling in that ownership involves responsibility for common areas and facilities, and the “shared parts” (*gonggong bufen*, 公共部分) are jointly owned and managed by the homeowners.<sup>45</sup> This requires organization linking homeowners to a notion of collective action, mutual dependence, and democratic participation.<sup>46</sup> In urban China, condominiums have become “as familiar as they are practical”.<sup>47</sup> Because all homeowners have a stake in protecting their neighbourhood investment, the incentive to participate in the neighbourhood is expected to be strong.

The main reasons for homeowners to take action in urban China is related to issues with the property management company over high fees, services promised but not provided, and issues related to the building. Because of a weak legal system, people are usually not inclined to take things to court. Especially against economically stronger opponents such as the real estate management company the chance of winning in court is very low. Evidence from Beijing shows that between 2003 and 2006, of the 7000 lawsuits concerning property management disputes that Chaoyang district accepted, homeowners lost in 9 of 10 cases.<sup>48</sup> Evidence from civic litigation cases in Shanghai show that in court cases which individual homeowners

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<sup>44</sup> Feng, Yin, and Zhou 2012; Zhou 2014.

<sup>45</sup> Zhou 2014, 1853.

<sup>46</sup> Yip and Forrest 2002, 705.

<sup>47</sup> Chen and Kielsingard 2014, 21-22.

<sup>48</sup> Cai and Sheng 2013, 516.

brought to court due to housing-related disputes, every one of them lost. When homeowners' associations acted as plaintiffs, they won nearly half of all cases. Since 2007, the number of litigation cases has decreased, and this can be explained by the fact that citizens are increasingly turning towards more contentious actions.<sup>49</sup>

The importance of property can also be found in less contentious examples. People are obviously getting more involved. In the people's congress elections in 2003, the independent candidates were property owners often representing their residential areas, running to protect their economic interests.<sup>50</sup> A similar shift has also taken place regarding the background of people participating in major protest movements, from students and intellectuals in the 1980s, to laid-off workers in the 1990s, and from the 2000s, middle-class residents participating in rights-protection protests.<sup>51</sup> While the Chinese political system limits political participation to very narrow formal channels at the grassroots level, the marketization and improvement of people's economic and social situation has resulted in an increasing number of appeals<sup>52</sup>, and petition activism has in general risen.<sup>53</sup> Within the residential communities there is supposedly a system of public deliberation "with Chinese characteristics", claims one author.<sup>54</sup> Interestingly enough, while the former two are often, but not exclusively, linked with the lower income strata of society and rural China and termed *contentious politics*, the urban homeowners' activities are often linked to *notions of citizenship and civil society*.

## 2.3 Homeowners' associations

How are urban homeowners going about protecting these rights? What channels of participation are offered to them? Going back to the 1994 provision "Methods for managing new urban residential neighbourhoods" released by the Ministry of construction, it was announced that residents should form groups of homeowners and tenants in order to protect their interests, giving them the rights to decide on questions such as which property-

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<sup>49</sup> Yip, Huang, and Sun 2014.

<sup>50</sup> Huang and Chen 2011, 188.

<sup>51</sup> Shi 2014, 153-154.

<sup>52</sup> Cai 2004.

<sup>53</sup> Paik 2012.

<sup>54</sup> Tang 2015, 106.

management company to hire while still being formed under the direction of the housing administrative agencies.<sup>55</sup>

Established in 1997 as a new form of self-elected representative body, the “home-owner’s association” (HOA, *yezhu weiyuanhui*), began to take form after it was clear that the condominiums would now be run by professional management companies.<sup>56</sup> The success of a homeowners’ association in urban China is by no means automatic, nor is it certain to always be successful in its establishment as it has to follow a set of strict rules. Establishing a homeowners’ association requires local initiative and a strong leader who should be value-driven and active<sup>57</sup>, relies on government intervention or not (depending on the individual situation), and usually stated, a situation where there has been a serious violation of property rights.<sup>58</sup>

Adopting a metaphor similar to that of Yip<sup>59</sup>, one can liken the organization of homeowners to that of a business firm, with property owners as the shareholders, who elect a board of directors, the HOA, to make important decisions on their behalf, while also monitoring the employed staff, in this case the property management company, who in turn manage the business.

The role the HOA plays for homeowners in urban China is debatable. While it’s clear that it holds certain value, considering that it played a role in the passing of the Real Right Law<sup>60</sup>, not all neighbourhoods have established homeowners’ associations. In reality, the minority of neighbourhoods have actually established their own HOA and even then it is not a given that the association does a good job at representing the residents<sup>61</sup>. In Beijing and Guangzhou, the main activities of home owners associations in recent years have been to help homeowners report their problems to government agencies, make policy recommendations and organizing

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<sup>55</sup> Read 2003.

<sup>56</sup> *Idem*.

<sup>57</sup> Wang et al. 2014.

<sup>58</sup> See i.e. Read 2003; Cai and Sheng 2013.

<sup>59</sup> To adapt a similar metaphor to that of Yip 2014, 8.

<sup>60</sup> Feng, Yin, and Zhou 2012.

<sup>61</sup> Zuo 2016.

training sessions for homeowners.<sup>62</sup> Their role thus expands the realm of the neighbourhood and it appears that they are gaining in ability to influence real political change. In Shanghai, the governing policies are expanding and touching upon areas such as the regulation of the real estate market, promoting self-responsibility at the neighbourhood level, and channelling homeowner's support in urban infrastructure projects.<sup>63</sup> These developments are clearly in favour of homeowners in urban China, but the state is still very much involved, and the strengthening of grassroots level party-representation<sup>64</sup> and the self-governing body of the HOA are mutually linked and inseparable.<sup>65</sup> In other words the relationship is mutual and interdependent, and it is rarely a question where the ultimate power lies.

In Chinese the term “neighbourhood” has several different translations, including *linli* (usually refers to the traditional household registration system), *jiedao*, *jiefang*, *linjin*, *fangyuan*, *jinchu*, however in the context of this thesis, the word *xiaoqu* is most suitable, as this is an administratively defined area, with a specific spatial dimension.<sup>66</sup> The spatial design of the neighbourhood also matters in both the establishment and the power of a homeowners' association. The process of marketization marked the shift away from housing and other welfare provision being offered by the state work units. To ensure social stability urban communities were rebuilt and the focus was put on community building. The state control at the base level took the form of Street Offices as the core and Residential Committees (居民委员会 *jumin weiyuanhui*, RC) as responsible for administrative tasks, which in conjunction with homeowners' associations, and private real estate firms make up the neighbourhood organization.<sup>67</sup> Newer residential neighbourhoods are more likely to have established a homeowners' association than the older *xiaoqu* where the residents' committee still has the upper hand. The value of the homeowners' associations is rooted in popular support and the participation of the residents. The only variable which seems to significantly affect this is the type of housing, and residents in newly developed neighbourhoods of the “closed style”

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<sup>62</sup> Zuo 2016.

<sup>63</sup> Zhou 2014.

<sup>64</sup> In the form of residents' committees.

<sup>65</sup> Xiao 2014.

<sup>66</sup> Yip 2014.

<sup>67</sup> Heberer and Göbel 2011.

(*fengbi shi*, 封闭式), tend to be much more critical of how their communities are governed. By investigating national survey data from 2005 and looking at the relationship between property and political participation in neighbourhood affairs, Li Jun found that there was indeed a strong correlation between political participation and home ownership, but only in newer residential areas.<sup>68</sup>

In terms of the HOA's value as "schools of democracy" the main difference also depends on the status of the neighbourhood (defined as average housing price per square metre). What is perhaps more interesting is that the participation of homeowners hinges on the conflict being "external" (i.e. problem with developers) or "internal" (when dealing with property management companies).<sup>69</sup> When homeowners have a problem with the developers, they tend to adopt a bottom-up structure to mobilize and obtain legitimacy. This is also more likely if the leaders of the association have more political or professional capital. If the conflict is more horizontal, i.e. dealing with the property management company, initiating a dialogue and collaborating in the search of a compromise is more likely.<sup>70</sup>

**Table 2: Overview of the "troika" of neighbourhood organization in urban China**

|                      | <b>STATE</b>   | <b>SOCIETY</b>  | <b>MARKET</b>                     |
|----------------------|--|---|-----------------------------------|
| <b>English name</b>  | Residents' committee (RC)  | Homeowners' association (HOA)   | Property Management Company (PMC) |
| <b>Chinese name</b>  | 居民委员会<br>"jumin weiyuanhui"  | 业主委员会<br>"yezhu weiyuanhui"   | 物业管理公司<br>"wuye guanli gongsi"    |
| <b>Establishment</b> | Its existence is stipulated in the Chinese constitution. It is to be established on the basis of 100-700 households. | Depends on local situation, more widespread in bigger cities such as Beijing, Shanghai and Guangzhou, more common in newer residential areas. | Mainly in new residential areas.  |

<sup>68</sup> Li 2009.

<sup>69</sup> Conflicts among the neighbours themselves were not investigated.

<sup>70</sup> Feng, Yin, and Zhou 2012.

|                              |  |   |  |
|------------------------------|--|---|--|
| <b>Members</b>               | Staff hired by the local government, between 5 and 9 members.  | Self-elected among residents, usually comprised of between 5-9 homeowners in a <i>xiaoqu</i> .                                  | Employed staff. Is often hired by the real estate developers, can be fired by the HOA.   |
| <b>Political affiliation</b> | Should be in line with official ideology, is under the leadership of grassroots party organizations.                       | Organizational purpose with no political affiliation.   | No political affiliation.  |
| <b>Legal status</b>          | The Constitution and the Residents' committee organization law. 宪法“ <i>xianfa</i> ” and 居委会组织法“ <i>juweihui zuzhifa</i> .” | The property rights law and real estate management regulations. 物权法“ <i>wuquanfa</i> ” and 物业管理条例“ <i>wuye guanli tiaoli</i> ”. | Independent legal entity.  |
| <b>Supervised by</b>         | Affiliated with and supervised by The Street Office (街道办事处, <i>jiedao banshichu</i> ).                                     | Is under the supervision and monitoring of the local resident's committee according to the 物业管理条例“ <i>wuye guani tiaoli</i> ”.  | Elected by the HOA, Is supposed to be an “independent, self-financing, self-disciplinary (self-restricted) and independently developed mechanism”. |

Sources: Xiao 2014; Chen, Cooper and Sun 2009; Chen 2007; Tang 2015, “Organic law of the urban residents' committees of the PRC”.

## 2.4 Individual interest

While initially driven by concrete individual interest, the violation of homeowners' rights and the consequent attempt to protect these is expected to gradually develop into an interest per se; building on knowledge of an active citizenry or, at least, on some form of increased rights understanding. Chinese academics sometimes downplay this view, one example is Zhang who claims that “the homeowners are not trying to expand their rights; they are simply trying to protect their legally binding rights”.<sup>71</sup> Referred to by some as a “bottom-up citizenship

<sup>71</sup> Zhang 2005, 35. This sentence has been translated from Chinese, please see appendix for the original quote.

construction process”<sup>72</sup> there appears to be strong indicators of a rights consciousness and increasing engagements of homeowners in urban China. Individual interest is often pointed to as a prerequisite for engagement, but is very seldom the object of research.

Because homeowners are often linked together as a group in the existing literature, it is difficult to understand the implications homeownership has on the individual’s behaviour. Sometimes homeowners are referred to as the new “urban middle class”.<sup>73</sup> While the academic debate on what actually constitutes the Chinese urban “middle class” continues<sup>74</sup>, homeowners as the representation of the middle class have been the centre of several studies pointing to development and participation<sup>75</sup>, and they have been described as the “forerunners on a path leading to citizenship”.<sup>76</sup> However, not all studies are equally sure about the role it plays for “democratization”; Cai concludes that they are mainly concerned with promoting their interest without threatening the political order.<sup>77</sup> Homeownership policies have favoured people maintaining ties with the state, and while the middle-class is becoming increasingly active and organized, their interests are still closely connected to maintaining the political order.<sup>78</sup> At the same time, interests leading to neighbourhood action and collective conflict protecting private property are not necessarily shaped by a middle-class identity but rather the “collective nature” of local interests and the struggle for recognition.<sup>79</sup> In general, studies find

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<sup>72</sup> Xia and Guan 2014.

<sup>73</sup> Tomba 2004.

<sup>74</sup> Li 2010: Definitional problems and the “sociological heterogeneity and political ambiguity” are among the reasons why there are still debates on what constitutes the Chinese “middle class”. However by 2010 over 100 Chinese scholarly books on the topic had been published in the PRC. The research focus on the “middle class” is increasingly shifting from questions of its existence and basic definitions, towards a focus on the quantitative (“how many people constitute the middle class”) and qualitative (lifestyles, political views, social behavior, worldviews etc.) aspects.

<sup>75</sup> See i.e. Cai 2005; Tomba 2005; Shi 2014; Wang et al. 2013.

<sup>76</sup> Heberer 2009, 513.

<sup>77</sup> Cai 2005.

<sup>78</sup> Idem.

<sup>79</sup> Tomba 2005, 950.



that the middle class lack the organizational and political structure to defend their interests, but in comparison to workers and peasants they tend to make use of their economic, political and social resources facing state power, demanding independent support organizations and a better legal system.

## 2.5 Implications for this study

The literature review offers several implications for this study on homeownership and political participation in urban China. The main focus is on the role homeownership plays for the urban Chinese and how this affects political participation and involvement in neighbourhood organization. In the particular context of urban China there appears to be a strong link between the awareness and understanding of property rights, individual interest, and the establishment of neighbourhood organizations such as the HOA. It is the way that these factors come together that ensures the collective actions of the homeowners. The political involvement of homeowners is usually through homeowners' associations, or, in the case of older *xiaoqu*, the residents' committee. The former has been defined as representing "society", the latter "state". The literature implies a spread of HOA and a more involved part of the population, the homeowners, who are seemingly increasingly getting involved in neighbourhood organization. While the improvement in the legal system is perhaps an expression on the part of the state to resolve more disputes through courts, "popular uses of legal concepts do not necessarily lead in that direction."<sup>80</sup> At the same time; while homeownership is a strong motivator in participations in local organizations, it still holds true that private property does not "deterministically lend itself to the creation of just one kind of organization, benign or pernicious".<sup>81</sup>

While the Chinese context is different from democratic countries where most studies on homeownership and political participation have been conducted, the literature review shows that there is no immediate reason to assume that the Chinese case will be any different. On the contrary there appears to be strong evidence of increasing participation linked to homeownership in urban China. As Read argues, the authoritarian system that Chinese homeowner organizers work under makes the way they operate distinctive from counterparts

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<sup>80</sup> Abramson 2011, 555.

<sup>81</sup> Read 2003; 2007, 21.

abroad, however the particular problems and grievances they face vis-à-vis the transitional market means that they attract not merely individuals seeking person gains but also those who wish to initiate broader political change.<sup>82</sup>

With the scholarly attention and, oftentimes, importance attached to neighbourhood participation in urban China, very few studies look specifically at individuals to investigate how they understand and perceive their rights as homeowners, the neighbourhood organization and their participation in matters concerning their respective *xiaoqu*. Not failing to recognize the importance of collective communities in neighbourhood organization in China, there is still value in seeing the individual homeowner. Previous research tends to group them together, ignoring the importance of individual factors. These individual factors, such as economic status, educational background and social experiences all affect the way an individual perceives law and legal protection, and the subjective dimension in the perception of property rights and neighbourhood conflicts is thus important in understanding the current situation for homeowners in urban China.<sup>83</sup>

The aim of this thesis is thus to investigate individual homeowners' perceptions. It sets out to get a grasp on how homeowners are expressing consideration and knowledge about their rights as property owners in urban China, aiming to answer the questions already introduced above: How are homeowners expressing their awareness of property rights? How well-informed are homeowners of their neighbourhood organization? By extension, what forms of neighbourhood participation are homeowners involved in?

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<sup>82</sup> Read 2007, 20.

<sup>83</sup> Fu 2015, 291.

## 3 Results

Existing literature on homeowners in urban China often examine an existing and active HOA when analysing homeowners' awareness and levels of participation. Oftentimes the research is situated in contentious situations and in settings which results in certain biases. This bias has been avoided in this study by looking at individual homeowners, independent of their housing community, their status and locality background.

The results have been structured the following way: first property rights awareness and attitudes towards personal initiative has been summarized. Second, potentially contentious situations are discussed. The focus on "safety" has received particular attention. Third, the interviewees knowledge about and attitude towards the HOA is displayed, and finally, their experience with participating in neighbourhood affairs.

### 3.1 Property rights awareness

Among my interviewees the reasons for purchasing housing were explained in terms of marriage/family needs, as desiring a place offering a sense of belonging, and as an investment. Property rights were initially only referred to in terms of the value of decorating and the opportunity to sell the property later. When asked specifically about her thoughts on housing and property rights in particular, one person reacted almost with embarrassment because she did not know what it entails;

*Because family and friends have never mentioned this thing I have simply no awareness of it. Perhaps it is something we are not paying enough attention to in China.*<sup>84</sup>

The literature review showed that resident participation tends to occur when there is a "need for it", in contentious situations, which in turn makes residents aware of their rights. Based on the findings, at least in Hangzhou homeowners do not seem to face these concerns at the same scale anymore. The expressed worries concerning housing were expected to be taken care of by the real estate management company. This was surprising since the management company has been at the core of much of the homeowner activism that has taken place since the late

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<sup>84</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

90s.<sup>85</sup> According to the people interviewed, while sometimes complaints were made on the price of the services, in general people were pleased and felt that they received the service they paid for. Most telling was perhaps the fact that none of them could find a scenario where it would be necessary to involve other parties, and they were in general pleased with their housing situation.

## 3.2 Potentially contentious issues

Most of the respondents had bought second-hand housing. The potential problems facing buyers related to issues with the construction quality, the size of the apartments and promised facilities that are not offered were thus not present. One person had acquaintances that had experienced some issues with the developer who was to construct parking lots in their neighbourhood in places where they thought it be very noisy and not safe for the children in their residential area. Because it was during construction they spontaneously arranged some protests against the development company. In the end the case was settled.<sup>86</sup>

The only person who bought his apartment before moving in was convinced that people who experienced issues with the real estate developer had probably not read the contract properly or were somehow responsible for the “misunderstanding” themselves. He stated that,

*Today people usually don't buy (prior to construction) (...) there is no way people buy before knowing what type of housing it is, especially not when it has not been constructed. If it is a new residential area (...) if the results do not match the plan then you can simply appeal to a court.*<sup>87</sup>

If there was any issues related to housing it was very clear that the person should be blamed for not having done enough research. This is an expression of a high trust in the system of law.

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<sup>85</sup> Ho 2005.

<sup>86</sup> Unfortunately the interviewee did not provide more information on this case.

<sup>87</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

The basic services provided for the residents were very straightforward. The respondents all paid a specific amount of money yearly for the services offered by the company, and the services offered were accordingly different in scope and quality. One person became increasingly open on the topic that the management company in their *xiaoqu* had become more expensive but provided worse service lately. She did not however, care enough to do something about it.

A common feature of previous research is that it is mainly concentrated on homeowners in Guangzhou, Beijing, and Shanghai. These cities share a common characteristic of having a high percentage of non-local *hukou* residents, which is sometimes referred to as a potential source of conflict.<sup>88</sup>

A point that was brought up was the fact that Hangzhou is a much more “homogenous” city compared to Beijing, Shanghai and Guangzhou. Most people purchasing housing in the city’s new communities come from Zhejiang province and they are not as easy targets of cheating by the development companies and local management companies as perhaps people from “outside” and do not need the same legal protection. One man said that

*So many people (living in Beijing, Guangzhou and Shanghai) come from outside of these cities, from different cities, from different counties. Because of this they lack the special personal connections and they are not in a very familiar environment. So they need to protect their personal rights and interests (...) for instance they need a stable third party, for instance a homeowners’ association who can play the role of the responsible in the affairs, and only then do I know that the locals will not cheat me.*<sup>89</sup>

What this statement also underlines is the importance of social capital in civic engagement and struggle for rights protection, as evidence from Shenzhen, Guangzhou and Meizhou shows. A lack of it can have a negative effect on engagement within urban communities.<sup>90</sup> As will be demonstrated later, social capital and social networks are important both horizontally,

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<sup>88</sup> Breitung (2012, 292): Studies from gated commodity housing in Guangzhou shows that people feel deeply insecure towards migrants, the “others”, and that they search homogeneity and clear structures.

<sup>89</sup>This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

<sup>90</sup> Fu and Lin 2014.

contributing to group solidarity and participation, and vertically, significantly adding to the possibility of success in contentious actions.<sup>91</sup>

### 3.3 The notion of “safety”

I then actively asked the interviewees about their reading of the new proposition put forward by the central government at the end of February 2016, which stated that contemporary “closed-style” *fengbi shi* residential areas would not be built anymore and that the already constructed residential neighbourhoods would have their walls torn down. This, in my understanding, was a very important question to ask because it goes straight to the issues in question. When the central government’s proposition was put forward, one of the first reactions in the media and by the most people was: what will happen with the common property that residents in the neighbourhood share the ownership over? How will this affect the property rights of the residents? How will it influence the quality of living in their neighbourhoods? I had expected strong reactions and perhaps even some anger. After the guidelines were issued in late February, it received generous attention in the media and elsewhere. News reports were mainly focusing on article 16 which explains that in order to improve traffic in urban areas and to further the opening of cities, closed *xiaoqu* would no longer be constructed and the already existing closed-style neighbourhoods would have the wall torn down. The reactions on social media were also strong.

In their replies, some interviewees noted that they had acquaintances who would rush their housing purchase because of this, to make sure they could buy housing in a closed residential area. Tied to the notion of “security” the walls surrounding these neighbourhoods keep the residents children and elderly safe from traffic and people outside their *xiaoqu*. Furthermore, however, as most of these walls are built around restaurants and other buildings, they are not likely to be torn down. Respondents living in such areas were aware of this and would therefore only hypothetically mention their safety as a concern. When asked specifically about the possible issues concerning their rights as homeowners and the lack of specifications in the central government’s proposal about the public areas in the neighbourhood one person said that:

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<sup>91</sup> Shi and Cai 2006.

*I think I would feel like my rights have been violated (...), a lot of the government orders have strong momentum but I think that if they do it this way there is a chance I will voice my objection.*<sup>92</sup>

While most of the interview subjects had heard about it, they did not express a fear of any particular problems besides “safety”. Even when it was pointed out that there was a lack of information on what would happen to the shared parts of the neighbourhood, in other words the property of all of the homeowners in the *xiaoqu*, people did not express any strong opinions concerning possible effects on their property.

This lack of overt reactions is perhaps explained by the fact that no one believed that they really had a saying in the matter, or that expressing their opinion would lead to anything in particular. This was expressed in statements such as;

*To be honest, I guess I can't do anything. When the government makes (these types of) decisions, I must accept.*<sup>93</sup>

There was, however, a difference in reactions towards this topic among the richer and more experienced homebuyers. The two property-owners with experience in buying property abroad, who also owned several apartments in China, were the most optimistic about the government's ability to sort out any possible issues. They expressed that there was no reason to be worried about this proposition. It could be compared to the situation during the stock market crash, when people reacted strongly to the new policies issued and the government then quickly changed their strategy, as one of them pointed out.

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<sup>92</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

<sup>93</sup> Interview with Mrs. Li (who made this statement in English). The grammar has been corrected. For the original statement, please consult the appendix.

### 3.4 Knowledge about and attitudes towards the homeowners' association

The people I interviewed lived in residential areas either in so-called “resold public housing” (*fang gai fang*, 房改房) or commercial housing (*shangpinfang*, 商品房). The “resold public housing” apartments were sold after the dissolution of the *danwei*-system are usually found in older neighbourhoods, which tend to be of the “open style” (*kaifangshi*, 开放式) and have less public facilities such as green areas and playgrounds than the newer “closed style” residential neighbourhoods. This is relevant because the closed/gated communities are usually literally surrounded by walls or fences, simultaneously restricting public access while tying residents to a code of conduct and collective responsibility for management.<sup>94</sup> In older neighbourhoods, the resident’s committee has a stronger presence whereas the newer areas tend to be dominated by a stronger presence of the homeowners’ association and the management company.

In the newer areas, the management company plays a much larger role, and was seen as the solution to issues related to housing. The praise was stronger than expected, and one man stated that;

*The management company has been warmly welcomed lately; it makes a lot of money. They are elected through a voting process; we think this is very important. These people need the support (of the residents), and they need experience with supervising a neighbourhood. Only after satisfying the standards you qualify for a vote. The standards are for example for much money it will cost, you need to perform well.*<sup>95</sup>

In his residential area, the management company had created its own smartphone application (APP) by which the residents could communicate and receive information on a range of activities that the company arranged at regular times. This APP also allowed for the residents to get to know each other and ask each other for help or recommendations when in need. This was praised by the informant as a tool of democracy and participation; however, he himself had never tried it.

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<sup>94</sup> Atkinson and Blandy 2005.

<sup>95</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.



I asked the interviewees several questions about neighbourhood organization in general and their own neighbourhood in particular. Most of the respondents were aware that there was such a thing called Residents' committee (RC) and a few had at least a general understanding of what RCs are and what they do. The only exception is found in one of the tenants who either did not understand the question or did not know what a RC was.

In terms of the respondent's knowledge about the organization of their neighbourhood, there was no clear distinction between the newer and older *xiaoqu*. The two respondents with the most confidence in their explanation were both owners of several apartments both in China and abroad, and had much more experience buying and selling property than the other respondents. In other words one could have expected them to know more due to more experience and a bigger economic investment. At the same time, several of the youngest homeowners who had all bought property within the last three years were not well-informed about their neighbourhood organization and were not particularly interested either.

On the topic of homeowners' associations, it quickly became clear that most of the respondents did not know a lot about it. One of the tenants said that:

*Most of the homeowners do not care (about the HOA). In the association a lot of them are, the homeowners, they are a just a "courtyard-organization. Usually they just supervise elections themselves, and hold elections whenever.*<sup>96</sup>

The main reason they did not know about it was because they did not feel the need or the actual value of the organization. Several of the respondents pointed out that these associations were not of much use. Even one of the interviewees whose uncle worked in an HOA meant that they were not very meaningful, and that it was not a job that people readily took. One man expressed his views this way:

*For the homeowners' association you are all the same, all equal, so if you need a steady third party then you can go to an HOA.*<sup>97</sup>

However, he also felt that;

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<sup>96</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

<sup>97</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

*If it has not been established properly, or people have not moved in yet (in apartments that are yet to be constructed) how can you know where it [the association] is, how can you get in contact with them? If you do not know them how can you vote for them? This is why I do not think that the idea/concept [of having these associations] is very strong.<sup>98</sup>*

### **3.5 Participation**

When asked about acquaintances in their respective neighbourhood, it was irrelevant whether the person was renting, owned housing, was living in an old or a newer residential area; no one knew more than two other people living in their neighbourhood except from their family members. This does not only impede on their interest in collective action/participation, but also on their opportunity of engaging in it. All the social interaction between the residents was random, and extremely rare. Some reported that they had never even met their closest neighbour, even after residing there for over a decade. No one pointed to the neighbours as someone who could help them out if they needed something.

When the topic of elections to both the residents' committees and the HOA was brought up, several of the respondents pointed to how easy it was to manipulate elections in China, sometimes comparing them to village committee elections. More than half of the respondents mentioned "democracy" as some point during the interview and were very sceptical; calling it "something you can only dream about in China". Only one person felt that China was perhaps too democratic, explained mainly in terms of labour laws.

Several people mentioned that voting in China was neither legitimate nor common. There were only two outliers in the group, one man who admitted later that the representatives for the HOA had been chosen by the property management company itself, failing to see any potential problems with that. The other, a woman, while not particularly interested in the voting process herself, at least expressed that her neighbourhood had quite strict rules concerning the election of homeowner's representatives, and was certain that if any issue with the elections was discovered, they would repeat the voting.

When voting to elect representatives, two criteria were raised, namely education and work experience making the representative eligible for representing the homeowners. The preferred occupation of candidates was "lawyer", - but in most cases the electorate's time-constraint

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<sup>98</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

and unfamiliarity with the candidates posed the bigger problem. One man described the election process in the following way:

*After the nomination of the five to seven representatives have been announced everyone votes. But there is a problem. Everyone is so busy. We do not have time to sit down and discuss the candidates. Well, I think this thing is democratic enough. But to be honest, we do not know a lot about the people (candidates), we only know what (s)he does for a living. They give us some information on the person, which company they work for, what they do. They give us this information, that the person is a lawyer, for instance, ... We usually go for the lawyer to do this type of work.<sup>99</sup>*

Because there is often a serious lack of engagement, the HOA has no opportunity of earning the required support from the homeowners in the neighbourhood to make any significant contributions. The result is that sometimes the property management company ends up choosing the representatives for the homeowners' association, which in turn undermines its legitimacy among the residents as these representatives are supposedly chosen for a reason that benefits the companies more than the residents.

But the power of the homeowners could lie in the numbers, according to some of the informants and my observation. Because residential areas in urban China are composed of everything from several hundred to several thousand households, when combining forces their chance of success in lawsuits and litigations increase greatly.<sup>100</sup> As one young homeowner said;

*If there is a problem with the real estate developer then homeowners' associations could step in and represent the homeowners in negotiations and even lawsuits, (...) they facilitate the representation of several thousand homeowners in one neighbourhood if not the whole process would be very chaotic.<sup>101</sup>*

One of the party members and former owner of a so-called “*jingji shiyong fang*” (经济适用房) or economical housing/affordable housing, was clear on the fact that she thought the HOA

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<sup>99</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

<sup>100</sup> Yip, Huang and Sun 2014, 179. Research from Shanghai shows that when individual homeowners were brought to court for housing-related disputes, they all lost, while the HOA won almost half of their cases as plaintiffs, and lost only one third when being sued.

<sup>101</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

were not good at informing the residents of their presence and actions, and that the residents of her neighbourhood are not very aware of what they are doing;

*Homeowners' associations, we probably have one but I am not quite sure what its activities are, I am not really clear about this thing. We probably have one, yes, but there is very little concrete information about them that are provided to us.*" The reason, in her eyes, was simple: "(...) *Many (of the residents) were offered housing as a part of the welfare provision by their workplace, so because of this (the homeowners' association) is not something we attach importance to.*"<sup>102</sup>

This was something I had expected, on the basis of the reviewed literature, as the political orientation in an older neighbourhood usually leans towards the residents' committee and involves a much stronger presence of state, too.

The actual experiences of my interviewees with their residents' committees were all related to bureaucratic issues like birth certificates, documents related to retirement, and temporary resident identification. In the older residential areas the residents' committee is active in organizing activities for the oldest and youngest residents. However, the residents were not particularly interested in this. Except from one woman, who participated in activities arranged by the local party because of her party membership, none of the respondents participated in meetings held by the RC or had even voted in an election of representatives for their local residents' committee.

Reasons for participating in the HOA was discussed more in detail with one of the homeowners from a new residential *xiaoqu* who expressed that many people residing there did in fact take great interest in joining the association. "To be of public utility" was the main reason stated, and many of the most active homeowners were retirees having previously held office in the public sector.

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<sup>102</sup> This interview was conducted in Chinese and has been translated into English, for the original Chinese please consult the appendix.

## 4 Discussion

I have placed my findings under several interrelated topics related to the literature review and theoretical framework for this study. They include “property rights and awareness”, “safety and the fear of outsiders”, “the property management company”, “attitudes towards the HOA”, “participation” and “the perceived triangle between the homeowners, the real estate company and the state”. These topics were chosen on the basis of the connections established in the literature review for this thesis and indeed proved to be helpful in providing a framework to code and group the different viewpoints, opinions and experiences that were expressed during my interviews. In the following I aim to systematically discuss my findings in relation to the research questions and hypotheses raised in the beginning.

It has been argued in the literature that with the rise in homeownership, one would expect property rights to become “more established and socially or culturally presumed”<sup>103</sup> and participation in neighbourhood affairs more likely, sustainably and strong, also in the Chinese context. My interviews with individuals did not indicate any strong awareness of property rights or as strong a drive for participation as the literature review seemed to indicate. The rapid growth of Chinese cities marks an unprecedented level of urbanization, but it has simultaneously entailed great inequalities in terms of economic and political capital as well as legal rights. My findings from qualitative interviews in Hangzhou show that these are factors that continue to hamper with the levels of participation and equally important, the trust in the actual value of the HOA and so-called “grassroots democracy”.

The flourishing of increased rights awareness and participation on the basis of ownership as stipulated in the literature review did not appear as strongly in my empirical research. I suppose that this discovery is mostly due to the fact that the selection of the objects of my research was not biased towards pre-existing active homeownership associations or the like in the environment of my interviewees, but solely targeted individuals – mostly regardless of a prior check on the community/the type of collective organizations in their backgrounds.

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<sup>103</sup> Chen and Kielsgard 2014, 21.

## 4.1 Property rights and awareness

The review of theoretical literature on this topic pointed to more expectable involvement of homeowners and a rise in grassroots democracy and participation coming with property rights. At the same time, previous research has not put emphasis on individual characteristics, i.e. educational level, income and similar traits of homeowners<sup>104</sup> and usually do not include non-homeowners, that is, tenants, and thus lacks the potential for comparison, i.e. whether property ownership truly results in more awareness and participation. My own research indeed seemed to indicate that on an individual level the potential changes in rights consciousness and participation drive are not felt as strongly as one could expect, based on the impression given in the general literature.

In my interviews and investigations, the importance of owning property as opposed to renting was described in terms of investments and redecorating, a set place to live and a natural part of marriage and settling down. The overall goal then was to study how people referred to their property, and how they reflected on their rights as property owners. There was little apparent evidence in my data that lead me to conclude that homeowners are more aware of property rights than tenants. The initial phase of marketization was marked by a lack of effective governmental regulation. Homeowners were easy victims of the underdeveloped market competition and partial courts, and in combination with the fact that bureaucracies sponsor their own development companies working closely with private developers, this caused conflicting financial interests with the homeowners.<sup>105</sup> Today, almost 30 years later developments and the introduction of a better system of supervision and adherence to consumer rights has, it would seem, mitigated this situation greatly. Rapid economic growth and urbanization has led to great social and political disparities, but the gradual and broad penetration of a development towards formalized legal and private property has resulted in making property not only a “legal concept of rights and obligations, but also as a cultural, political and moral concept that people invoke to oppose development they believe is unfair or damaging to their interests”.<sup>106</sup> The law itself is in some instances not necessarily as much

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<sup>104</sup> Li 2009, 64.

<sup>105</sup> Read 2003.

<sup>106</sup> Abramson 2011, 554.

the resolution to property-related conflict as the cultural-moral legitimacy it awards to certain positions.<sup>107</sup>

The homeowners who had made the biggest investments in terms of procuring property and thus would be expected to have the biggest interest were only focusing on the value of modelling and reselling property. They were also the least concerned with the possible issues connected to the new proposal for rebuilding urban residential areas that was put forward by the central government. When asked explicitly about the commonly owned areas being opened up to the public, the answers were all either passive, aka “if the government makes a decision then there is no way to fight it”, that the government would surely add clauses that would take care of the potential problems, or simply the fact that few of them believed that it would not affect their neighbourhood. Literature on regime legitimacy does show that ordinary Chinese tend to trust the central government but not the local authorities.<sup>108</sup> Only one of the interview objects showed any trace of worrying about their property rights being violated, and she also soberly stated that she would consider voicing her opinion if it came down to it.

While property rights were not given much attention by my interviewees, the term “safety” was mentioned by nearly all of them.

## **4.2 Safety and the fear of “outsiders”**

Theories on democratization and economic inequality state that with the rising percentage of the population holding assets, the demand for protection against the state grows.<sup>109</sup> Property protection usually exceeds the narrow focus on the value of property and includes also the living environment and quality of lifestyle.<sup>110</sup> Especially in newer residential areas in urban China there is a very clear separation between the residents living inside of the walls and the others, and there appears to be a growing desire to separate “insiders” from “outsiders”.<sup>111</sup>

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<sup>107</sup> Abramson 2011, 555.

<sup>108</sup> Zuo 2016, 156.

<sup>109</sup> Ansell and Samuels 2010.

<sup>110</sup> Tomba, 2005

<sup>111</sup> Breitung, 2012.

The relationship within the relatively homogenous group of homeowners living in newer neighbourhoods was expected to increase the neighbourhood feeling. Social inequality is also an important factor which has brought on feelings of insecurity, in particular towards the unknown people outside of the gates. As previous research indicates, the newer types of *xiaoqu* tend to have a weak neighbourly interaction, which was the case for my interviewees as well; however their property ownership and satisfaction with the physical environment result in strong neighbourhood attachment, also based on different concepts of “social quality”.<sup>112</sup> In older *xiaoqu* the local government makes use of the RCs to reinforce social cohesion, albeit with limited results in particular among younger residents.<sup>113</sup> This may make urban society more fragmented in the future.

When I brought up the newest proposition for urban residential area restructuring by the central government in my interview, intending to stimulate reactions that would reveal people’s attitude towards the common properties in their neighbourhood, very few people expressed any concern. This was explained by the fact that they either believed that they did not have a saying anyway, or that the state would make sure that there would not occur any problems.

As Tomba pointed out over a decade ago, urban homeowners are increasingly putting “security” as a main concern when purchasing property.<sup>114</sup> In my interviews, there was no expression of perceived lack of “security” vis-à-vis the state. In fact, the most experienced property owners with the biggest investments were most sure that the state would listen to people’s complaints and opinions. For them, “security” was embodied by purchasing property as an easy way to store money in case the exchange rates went down, as housing prices were almost certain to rise or remain stable.

The “security” most interviewees sought was from other people. Especially from people who were not residents in their *xiaoqu*. When discussing the possibility that their common property could potentially be used by people not belonging to their neighbourhood, the people who were against it explained it in terms of keeping people out, for reasons of safety. In terms of the potential effect of the new governmental initiative it was clear that people who owned

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<sup>112</sup> Zhu, Breitung, Li 2011, 2453; Zhu and Fu 2016.

<sup>113</sup> Read 2000; Zhu, Breitung, Li, 2011, 2454.

<sup>114</sup> Tomba, 2005.



property in the closed-style neighbourhoods felt that it would make them less secure. With the rapid urbanization, and the weakening of traditional social-control mechanisms and increased diversity China has experienced, it is not unexpected that it has also brought about feelings of “fear”.<sup>115</sup> The lack of “community” is usually explained as a negative result of globalization.<sup>116</sup>

In contrast to the residents of the new *xiaoqu*, homeowners from older neighbourhoods were more positive towards the idea of opening up the gated communities. The tenants were clearly the most positive towards the proposition and saw no problems with the suggestion. On the contrary, their statements often resulted in long explanations about how China had become cold and impersonal, and how society was lacking “*renqing*” (human relations/sympathy, 人情). The lack of *renqing* and social network can be regarded as representing a strong impediment on participation, as social networks are known to play an important role in overcoming the issue of free-riding in collective action.<sup>117</sup> In addition, neighbours and acquaintances plays an important role in recruiting people for community political activities, and people are more responsive to requests to join if a rejection risks straining their relationship.<sup>118</sup> In the cases investigated in appears that there is a big difference in the perceptions of homeowners as compared to tenants. In particular homeowners residing in modern housing complexes were clear that they did not care to strike up relationships with other residents. In the older residential areas people were also open about the lack of social interaction with fellow residents. The tenants were as mentioned much more positive towards the idea of more social interaction and in particular the opening up of residential areas, which was expected, since the new proposition would in reality only affect the residents in newer areas.

In the case of dissatisfaction, newly emerging political opportunities such as increased governmental tolerance of collective resistance is not sufficient to incite organized collective

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<sup>115</sup> Yip (2012) discusses this thoroughly in the particular social, cultural and institutional context of gated communities in China.

<sup>116</sup> Bray 2006.

<sup>117</sup> Shi and Cai, 2006.

<sup>118</sup> Lim 2008.

resistance, and social capital is needed to transform into an actual movement.<sup>119</sup> Horizontal networks help mobilize residents, while vertical network reveals channels through which the homeowners can gain state support.<sup>120</sup>

### **4.3 The perceived triangle between homeowners, real estate companies and the state**

The communal space of the new residential areas has supposedly created a breeding ground for grassroots participation. Evidence from Guangzhou shows that there appears to be “a reconfiguration of the triangular relations among state, market and society is unfolding across Chinese urban neighbourhoods” and furthermore “such unprecedented neighbourhood transformation [is] characterized by fundamental changes in neighbourhood environment, accumulation of territory-based social relations, and homeowner’s nascent identity as housing consumers”.<sup>121</sup>

With the improvement in the commercial service in the form of management company’s services, the people who reside inside of the walls of the new residential areas are increasingly appreciative of the anonymity and social obligations they no longer face, but the sense of insecurity is important.<sup>122</sup> When discussing the management company and its employees, they were often praised in terms of how good they were of keeping outsiders “out”. The stricter the better it seemed, and in the gated communities people took pride in the fact that the guards made sure to throw out anyone who was not a resident or visiting one.

The homeowners did not express any worry about their housing or any issues with the real estate developers or the property management company. On the contrary, the property management company was referred to as the first place to go if something was wrong or they had a complaint. This can mean that the market has reached a level of development where established institutions of market oversight and regulation, are making sure that there is no need for HOAs filling the gap.

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<sup>119</sup> Shi 2008,

<sup>120</sup> *Idem.*, 256.

<sup>121</sup> Zhu and Fu 2016, 24.

<sup>122</sup> Breitung 2012, 292.

On the side of interviewed homeowners there was overall no obvious lack of feeling of security vis-à-vis the state. As reflected in the statement of one man who said that he believed that the local government was ultimately in charge and would potentially be there to help them if there was an issue with the management company. The state would be the help needed in a conflict situation, not the homeowners themselves or their collective associations.

Second-hand evidence from one of the interviews showed that in case of problems with the real estate developer, protests are still a way to make change come about. At the same time, there was a belief that if one experienced a breach of a housing contract; the most feasible way to approach it was to take that case to court. Empirical research however, shows that because of an extremely skewed distribution of financial assets and power between the development company (and their property management agents) and the individual, the corporations use to have a much better chance in case of litigation.<sup>123</sup> Particularly the interviewees coming from financially strong backgrounds believed in the legal system as a good way of handling possible issues related to their property. Evidence from studies on middle class homeowners shows that they tend to avoid contentious situations and are more inclined to make use of institutionalised channels like filing petitions and lawsuits.<sup>124</sup> Even homeowners activist leaders, who tend to be less satisfied with all levels of government and government policy in general, are increasingly making use of the legal system to solve disputes.<sup>125</sup> These activist leaders are expanding their networks are perhaps increasingly oriented towards the state's policies and partake in "making policy and legislative advice to influence national and local government regulations and laws".<sup>126</sup>

Compared to the HOA, the management company probably has more power as its financial backing is stronger. All the same, the status of the property management company is much higher than it appears to have been before. As the example with the APP showed, there are serious efforts made to meet the needs of the homeowners and even create opportunities for them to organize and communicate. This also means that the company will also be able to obtain information about the homeowner's activities and gain insight into their discussions.

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<sup>123</sup> Yip, Huang, and Sun 2014, 182.

<sup>124</sup> Shi 2014, 158.

<sup>125</sup> Zuo 2016.

<sup>126</sup> Zuo 2016, 163.

The state representation on the neighbourhood level is through the residents' committees. Older neighbourhoods usually have more active residents' committees than the new residential areas. The residents' committee (RC) is a "autonomous mass organization on the grassroots level" whose representatives should be democratically elected, however the terminology is weak and the supervision of the proceedings are clearly lacking.<sup>127</sup> Its main tasks also include, but are not limited to, safeguarding the rights of the residents, be in charge of public security and public property, and to convey the resident's commands and opinions to the local government or its agency.<sup>128</sup>

However, beginning around 2000, its power has reportedly been reduced to mainly administrative work. Elections are only occasionally implemented, and the residents' committee is extensively controlled by local governments, who provide the financial means for staff management.<sup>129</sup> Only one of my respondents ever participated in community activities, and she did so because of her party membership. Others felt that the activities organized were for other people, mainly the youngest and oldest residents.

Based on my findings, there appears to be a certain qualitative shift involved, when trust is expressed more towards the market. The residents' committee was explained only in terms of administrative chores. Little evidence points, at least in these instances, towards a "rise of civil society". While my respondents came from very different backgrounds, no one really expressed any strong thoughts, attitudes or opinions on the overall matter of "civic engagement".

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<sup>127</sup> Xiao 2014.

<sup>128</sup> "Organic law of the urban residents' committees of the PRC".

<sup>129</sup> Guan and Cai 2015.

## 4.4 Attitudes towards the HOA

In general people were not particularly impressed by the work the homeowners' associations does, and their presence was not felt in many of the instances. Most people felt that that they were not of much use, and few even knew where their offices were situated. They do not enjoy much legitimacy among the homeowners. One person admitted that part of the reason people were keen on being elected to join their neighbourhoods HOA was that it could potentially have some positive side effects for the people elected. Negative views were even expressed by one whose family member was member of such a committee. One of the reasons the HOA lacks legitimacy is perhaps that the representatives are supposed to be elected democratically, but this is rarely the case. People residing in neighbourhoods areas where elections were held had quite different viewpoints. In several cases the elections were referred to as "democratic" however the people running for office had been handpicked by the management company. This was a very obvious contradiction that was overlooked by some and criticized by the rest.

As Xiao Lin has argued, this poses a problem for the legitimacy of the homeowners' associations. Because of the role the homeowners' associations played during the initial phases of marketization, protecting the "weaker" homeowners against the strong state and powerful real estate development companies, its legitimacy partially hinges on its "good moral".<sup>130</sup> When there are issues related to the elections or if the appointed are seeking personal gains this takes a serious toll on its reputation. Because homeowners' associations have not been recognized in law yet, this in turn affects the common property areas as it is the homeowners' association which to a great extent is managing this. Its lack of legitimacy is a problem for the associations, but in the long term may be an even bigger issue for the individual homeowner. Collective action is difficult and entails great risks for participants and especially their leaders.<sup>131</sup> The criteria for establishing a homeowners committee are so strict that it suffers from the inaction of homeowners.<sup>132</sup>

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<sup>130</sup> Xiao 2014.

<sup>131</sup> Shi and Cai, 2006.

<sup>132</sup> Issues with homeowners associations are nothing particular to mainland China. Studies on homeowners associations in Taiwan shows issues with undemocratic elections and rent-

In stark contrast to what Heberer found<sup>133</sup>, people neither felt that the homeowners committee was legitimate and democratically elected, and considering voting for it as a “right” was also not the way it was described at all. On the contrary, several people mentioned that voting in China was neither legitimate nor common, and also very rare. There were only two outliers in the group: One man who’s HOA has been chosen by the management company, and a woman who expressed a deep trust in the voting process but was not particularly interested in participation herself.

Some of the respondents hinted to the fact that the homeowners’ association was selected by the management company, which completely undermines the grassroots democracy and the participatory aspect of it. Even with family members involved with the HOA it was portrayed as powerless and something that people were not interested in joining. Some of the younger respondent who had recently purchased housing expressed some interest in at least knowing about the activities of the homeowner’s and resident’s organizations but complained that there was no one who actively informed them and thus they did not know where to start. This might support what is found in the literature, namely that state authority still has significant influence on the formation of the grassroots organization in the neighbourhoods. As Guan and Cai found: “the effectiveness of homeowners’ participation is significantly shaped by the attitude of local state authorities”.<sup>134</sup>

Homeowners living in older residential areas had comparably fewer public facilities and thus spent less time within the *xiaoqu*. In the newer areas there are more and better public facilities in the form of green areas, workout facilities and flowers. In contentious situations, whether it is worth to get involved in protecting the neighbourhood has been linked to three important factors, namely the knowledge of property rights, a clear understand of the person’s role in the neighbourhood governance, and the understanding of why it is of interest to the person.<sup>135</sup> The tenants in my sample expressed least enthusiastic and most negative assessments about the quality of “democratic practices” taking place in their neighbourhood. Some people stated

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seeking behaviour among its members (Chen and Webster, 2005) and in Hong Kong there are also issues of free-riding and a lack of social bond among homeowners (Yau, 2011).

<sup>133</sup> Heberer 2009, 495.

<sup>134</sup> Guan and Cai 2015, 112.

<sup>135</sup> Fu (2015)

that they would be interested in at least knowing about the activities of the homeowners and resident's organizations but that there was no one who actively informed them and thus they did not know where to start. As Fu and Lin points out, the lack of civic engagement in this situation undermines the HOA and in extension, urban governance.<sup>136</sup>

## 4.5 Participation

Because purchasing property signals a long-term investment it could be expected that the residents would be interested in participating in neighbourhood activities.

Deficiencies in, or even lack of social capital following the marketization of the real estate sector has been pointed to as an explanation for the lack of community involvement<sup>137</sup>, since people with weaker social ties tend to feel less responsible for each other. One of the most direct effects of private property ownership in China has been that a large part of the “autonomy” granted to homeowners has to be practiced at the neighbourhood level, creating a tightly aligned interest group.<sup>138</sup> The awareness of (partitioned) property rights in combination with the costs associated with civic engagement and the development of social capital are possible explanation for the lack of civic engagement in urban neighbourhoods.<sup>139</sup>

According to the literature review, while homeownership theoretically should generally result in more participation, in China it clearly depends on the specific situation and context. In my sample, participation in the neighbourhood activities and the homeowners' associations was very low. In general, people were not particularly impressed by the work of the homeowners' associations, and their presence was not even felt in many of the cases. Most people believed that that they were not of much use, and few even knew where their offices were situated.

In research on homeowners in urban China the assumed link between homeownership and participation is mainly explained in terms of economic stakes. The common assumption made is linking the protection of financial investments, as in the procurement of housing, to the participation in neighbourhood-level politics in order to be able to safeguard the value of the

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<sup>136</sup> Fu and Lin 2014, 2316. .

<sup>137</sup> Fu and Lin 2014.

<sup>138</sup> Zhou 2014, 1854.

<sup>139</sup> Fu and Lin, 2014.

property. This in turn raises the question of whether the size of the investment has an impact on participation; will residents of more expensive neighbourhood be more inclined to partake?<sup>140</sup> Evidence from my interviews did not point in this direction. Quite to the contrary, the case was more often made that people residing in more expensive neighbourhoods are spending more time earning the money necessary to purchase this type of housing rather than spending time contributing to the neighbourhood environment.

Chinese researchers have called for the establishment of a standard system for the autonomous management of public property<sup>141</sup>, but this has yet to be implemented. This means that self-organization is hard to achieve, and if and how it comes into being, what form it takes and who controls it, all hinges on the local initiative and particular situations.<sup>142</sup> It can be assumed that there needs to be a strong leader and local initiate in order to make it happen. In the examples provided here, the lack of interest meant that the extent of self-organization is low. And because the criteria for establishing a homeowners' association are so strict, it actually takes a lot of effort and action by homeowners to successfully establish and run them.

None of the respondents who agreed to be interviewed showed any of the expected traits of wanting to influence affairs or bring about change, within their neighbourhood or outside of it. It has been argued that in addition to economic means and property rights, education and affluence, people increasingly feel their personal stake in the development of China (or at least their living environment) and that this is resulting in more participation in NGOs and similar organizations.<sup>143</sup> This was clearly not the case for my interviewees.

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<sup>140</sup> This has been studied in cities in the US by McCabe (2013), who found that there was an indirect link but there is still doubts whether it depends on relative investment or absolute investment.

<sup>141</sup> Chen 2007.

<sup>142</sup> Read 2007.

<sup>143</sup> Gilboy and Read 2008, 148.



# Conclusion

My study has revealed that a sample of individual homeowners in Hangzhou do not show any particular awareness of property rights. This contradicts the situations described in many of the studies on homeowner action and homeowners' collective associations in China. A possible explanation may be an apparent recent shift in who homeowners trust and where they direct their attention, in particular when it comes to issues related to their property or their neighbourhood. Instead of being the target of protest, the management companies were better thought of than expected, and were referred to as the institution to turn to when problems need to be fixed. As one of the respondents indicated, in newer residential areas the management company is increasingly playing a role as mediator between the residents. This reflects positively on the development of the market in China. It probably means that it has matured to a level where people trust the market forces. On the other hand it is perhaps bad news for the homeowners' associations and the state of grassroots democracy in China. There is little evidence of an emerging "civil society" and little evidence of increased engagement or cooperation after people become homeowners.

It is obvious that most research on the topic of homeownership and political participation in China shares a certain bias in its explicitly selected studies. Oftentimes the focal point is cases where people have been poorly treated by the real estate company and where there have been instances of corruption or misuse of contractual clauses. Consequently, people just had to get involved in order to protect their property rights as homeowners. There also tends to be an impression that China is a country where the rule of law is weak, and people usually avoid taking their issue to court unless all other political strategies have failed.

The Chinese case does not appear to adhere to the assumed link between purchasing housing and participating politically. As opposed to the impression given by the literature review, the expressed trust in the legal system was high. My own observations in this study points towards a rather strong trust in the legal system, as my informants viewed taking problems related to their property to court as a rather efficient and easy choice. As the literature on political participation in urban China shows, the main incentive to partake is based on the violation of property rights. The development of the legal system and the improvement of consumer rights are very plausible explanations for the lack of interest. In addition, literature shows that certain individuals are increasingly getting involved in policy creation,

representing homeowners at the national level. A shift in the channels of influence can perhaps be inferred.

Individual homeowners interviewed in this study were, in general, neither interested nor had the time to partake in associations or activities in their neighbourhoods. While most people were, theoretically, informed of the organizations and associations of their respective neighbourhood, few knew more specific information like where the offices were situated or how they could join. Social contact between people was limited. A perceived lack of incentive resulted in little interest and engagement. Without the encouragement of well-established and well-functioning organizations, no focus on the financial investment or neighbourhood environment appeared to offer strong enough encouragement to partake, at least in the cases investigated in this study.

The HOA represents the main participatory channel of homeowners in urban China. However, as a self-organized association, it suffers due to the lack of involvement, inactivity and interest on the part of the homeowners. Its existence hinges on personal initiative and a strong sense of involvement and responsibility. Strict conditions for establishment and difficult regulations, in combination with the supposed lack of social capital and personal relationships between homeowners is perhaps one possible explanation for the little evidence of collective action and lack of incentive to join. This in turn weakens the personal relationships between the homeowners and their opportunity to partake in the neighbourhood organizations. Due to inactivity and a poor reputation, its value in the eyes of the homeowners decreases. Its role and legitimacy was seriously questioned by my interviewees.

While there is perhaps a lack of interest on behalf of individual homeowners in urban China in participating in neighbourhood affairs, this may change in the future. With the improvement in the legal system and the advent of property rights protection, the acute need to participate is not there. Simultaneously, as the economic and social gap between urban Chinese increases, so does the mistrust in others. Especially residents in newer neighbourhoods are increasingly losing trust in other people, particularly those from outside of one's neighbourhood. The search for "security" takes the form of high walls and inside the walls there are very low levels of interaction. This adds to the lack of "social capital" in new residential environments – which is, however, not a development particular only for the case of China.

For future research it would be interesting to find answers to the following questions: How can homeowners' associations be made more relevant? Are they only relevant in contentious situations? Which factors are contributing to well-functioning homeowners' associations?

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# Appendix

## Translated Quotes

Page: 22

**English translation:** “the homeowners are not trying to expand their rights; they are simply trying to protect their legally binding rights.”

**Chinese original quote:** “业主维权的目的是使自己的正当权益合法化 ;而不是争取新的权利。”

Page: 26

**English translation:** “Because family and friends have never mentioned this thing I have simply no awareness of it. Perhaps it is something we are not paying enough attention to in China.”

**Chinese original quote:** “因为好像在家里见到朋友买房包括父母以前买房也没有听他们说有这个事情跟我们这事情意识也没有。也可能觉得在中国的话这方面也做不好。”

Page: 27

**English translation:** “Today people usually don't buy (prior to construction) (...) there is no way people buy before knowing what type of housing it is, especially not when it has not been constructed. If it is a new residential area (...) if the results do not match the plan then you can simply appeal to a court.”

**Chinese original quote:** “现在基本上不会有人买, (..) 不可能有人就是我不看房子不知道这个房子的户型怎么样我就买, 这肯定去至少如果房子没建好, 如果是新小区他至少有阁楼下盘就比如哦户型图如果户型图跟你到时候买到的不一样你当然就可以去投诉他的。”

Page: 28

**English translation:** “so many people (living in Beijing, Guangzhou and Shanghai) come from outside of these cities, from different cities, from different counties. Because of this they lack the special personal connections and they are not in a very familiar environment. So they need to protect their personal rights and interests (...) for instance they need a stable third party, for instance a homeowners' association who can play the role of the responsible in the affairs, and only then do I know that the locals will not cheat me.”

**Chinese original quote:** “他们有很多非常的外来的人就是各个城市各个县市的人到这个地方去。所以他们在当地呢是没有什么特别的关系或者说没有特别的熟悉这个环境。所以他们如果要需要维护自己的权益我感觉啊这是我的个人想法, 就比如需要通过一个稳健的第三方, 比如说业主委员会我在里面扮演了这个责任事情, 我才不会被当地人欺负。”

Page: 30

**English translation:** “I think I would feel like my rights have been violated (...), a lot of the government orders have strong momentum but I think that if they do it this way there is a chance I will voice my objection.”



**Chinese original quote:** “我觉得我会被侵犯的感觉”, and “因为这种很多一些政令的话说实话是有一点强势型的。所以的话我觉得到时候如果说他会这样子途径的话我觉得还是可以发表自己的意见。”

Page: 30

**Corrected statement:** “To be honest, I guess I can’t do anything. When the government makes (these types of) decisions, I must accept.”

**Original statement** “to be honest a, I will guess but I can’t do anything. With the government ask them do that, I will must accept.”

Page: 31

**English translation:** “The management company has been warmly welcomed lately; it makes a lot of money. They are elected through a voting process; we think this is very important. These people need the support (of the residents), and they need experience with supervising a neighbourhood. Only after satisfying the standards you qualify for a vote. The standards are for example for much money it will cost, you need to perform well.”

**Chinese original quote:** “这物业公司最近也很激烈你知道吗，这很赚钱。And “他们是通过投票进来的。我认为这个很重要。” and “这家物业公司必须有支持，然后还有必须有管理多少小区的经验，然后你才有投票资格。然后投票有标的，比如说多少钱，你好好儿做。”

Page: 32

**English translation:** “Most of the homeowners do not care (about the HOA). In the association a lot of them are, the homeowners, they are a just a “courtyard-organization. Usually they just supervise elections themselves, and hold elections whenever.”

**Chinese original quote:** “即便业主有很多人不管，就是里面很多是，他们业主，他们就是机构院会，他们经常，可能自己可能在管举啊，或者选举啊。”

Page: 32

**English translation:** “For the homeowners’ association you are all the same, all equal, so if you need a steady third party then you can go to an HOA.”

**Chinese original quote:** “但是如果你有个稳健的第三方业主委员会，我们所有人到你这里都是公平的。”

Page: 33

**English translation:** “If it has not been established properly, or people have not moved in yet (in apartments that are yet to be constructed) how can you know where it [the association] is, how can you get in contact with them? If you do not know them how can you vote for them? This is why I do not think that the idea/concept [of having these associations] is very strong.”

**Chinese original quote:** “如果这个小区还没建好。或者说没有人住进去你怎么知道业主在那里，你去怎么联系到这个业主委员会。所以案例你住进去也得给他人熟起来不然你怎么去投票投别人呢对不对所以这就是为什么我觉得啊业主委员会的概念不强的原因。”

Page: 34

**English translation:** “After the nomination of the five to seven representatives have been announced everyone votes. But there is a problem. Everyone is so busy. We do not have time to sit down and discuss the candidates. Well, I think this thing is democratic enough. But to be

honest, we do not know a lot about the people (candidates), we only know what (s)he does for a living. They give us some information on the person, which company they work for, what they do. They give us this information, that the person is a lawyer, for instance, ... We usually go for the lawyer to do this type of work.”

**Chinese original quote:** “提名，提出来以后大家五七名投票。但是这个东西有个问题。因为大家都很忙，无法大家坐在一块儿说这个谁谁谁。那么我认为这个东西他是够民主的，但是说句心里话，她也不可能有每个人了解他，但是他只能说他是干什么的，有一些资料给我们。谁谁谁，他是干什么的，什么样的公司的，做什么什么东西的，他把他的资料给我们。然后他是律师怎么样怎么样，我们一般都是选要律师的这个人来做。”

Page: 34

**English translation:** “If there is a problem with the real estate developer then homeowners’ associations could step in and represent the homeowners in negotiations and even lawsuits, (...) they facilitate the representation of several thousand homeowners in one neighbourhood if not the whole process would be very chaotic.”

**Chinese original quote:** “就比如说需要跟开发商打官司那业主委员会就拍他的委员会的主任啊什么的去跟业主去沟通或者说跟他们去做一些交涉嘛对因为业主很多几千个业主对不对几千几万个业主你不可能每个人都出来，很乱你知道吗所以就非得有一个代表。”

Page: 35

**English translation:** “Homeowners’ associations, we probably have one but I am not quite sure what its activities are, I am not really clear about this thing. We probably have one, yes, but there is very little concrete information about them that are provided to us.” The reason, in her eyes, was simple: “(...) Many (of the residents) were offered housing as a part of the welfare provision by their workplace, so because of this (the homeowners’ association) is not something we attach importance to.”

**Chinese original quote:** “业主委员会，应该是有但是我们并不是特别清楚他的那个活动方式什么就是不太明确就是说，应该是有，对，具体但是很少有相关那种信息给到我们就是说” and “包括就是很多属于就是说单位的福利分房。所以说这一块并不是很重视。”