

# **The Role of Public Measures in the Process of Eminent Domain and Demolition of Houses and Buildings**

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## **Introduction**

The process of China's modernization can be understood, in a certain sense, as the process of urbanization. During this process, eminent domain and the resulting demolition of houses and buildings has lead to many controversies, in some instances even igniting large-scale social protests. Reports of such incidents are often seen in the media. Because of this situation, developments of the legal system will involve issues of eminent domain and the demolition of houses and buildings.

The core issues in China's system of compulsory acquisition of land, houses, and buildings are how to ensure that the "public interest" is met, how to achieve fair compensation, and how to determine the procedures that will ensure that these two goals are met. The case studied in this paper is a pilot project of the Shanghai municipality that attempts to explore a new system for fair compensation in demolition and relocation cases.

The case is the housing demolition and relocation project in the Dongyuan Fang old neighborhood redevelopment zone (hereafter referred to as the "Dongyuan Fang project"). In this case, Shanghai's land management administrative bodies took an exploratory step forward in pushing for the development of a system in which there are procedures that ensure transparency so that fair compensation can be achieved in the urbanization process. They did so through practices such as making compensation primarily property-based, adopting a set of procedures for prior consultation with the affected residents at two different stages, and making public the final compensation agreement. These practices have built up a good amount of experience that we can rely on to further improve the compensation system.

## **I. Background: An Overview of China's System of Government Compulsory Acquisition of Houses and Buildings**

China has so far established a series of relevant laws, which contain the following major regulations.

Article 10, clause 2 of the Constitution (1982) stipulates that “the state, for public interest needs, can make compulsory acquisition or use of land and provide compensation in accordance with laws and regulations.”

Article 42, clauses 1 and 3 in the Property Law (2007) stipulates that “For public interests needs, [the state] can compulsorily acquire land owned by collectives and buildings, or other real properties of work units and individuals, to the extent of such power as defined by law and in accordance with the procedures defined by law.” “When buildings and other real properties of work units or individuals are taken, demolition and relocation compensation should be provided in accordance with law, and the legal rights and interests of the parties whose properties are taken protected. When individuals’ residences are taken, their housing conditions should also be guaranteed.”

The specific regulation enforcing compensation for houses or buildings to be acquired and demolished is mainly the “Rules and Regulations Governing Urban Demolition and Relocation,” which was promulgated by the State Council in 2001. However, this administrative regulation has no specific content on determining public interests, and in the area of demolition and relocation compensation it relies too heavily on administrative power. In addition, the procedures contained in it are not open in nature. Therefore, the State Council, after issuing the above-mentioned Property Law, started working on formulating the “Rules and Regulations to Govern Compensation for Acquisition and Demolition of Buildings on State-owned Land,” which was to replace the 2001 administrative law. However, the making of this law has met with many obstacles and the process has not yet been completed. Simply put, the obstacles to this legislative effort include the following. How are “public interests” determined? Should

“public interests” be determined based on the actual goal of the project or the potential uses of the land? What procedures should be established in order to determine “public interests”? Especially during this period of drastic changes for both the state and society, there are a series of issues that need to be properly addressed through the legislative process, particularly issues of how to establish laws and institutions that will be able to deal with all the changes happening in China.

Faced with the reality of an overly abstract legal system and many cases of unfairness in enforcement, some localities in China, including Shanghai, have started to explore all possibilities at the level of administrative enforcement for achieving fair compensation and effective protection of residents’ property rights.

## **II. Basic Information about the Housing Demolition and Relocation Project in the Dongyuan Fang Old Neighborhood Redevelopment Zone**

The Dongyuan Fang project is an experimental case set against the backdrop of the system discussed above. This pilot project was set up by the Shanghai Municipal Housing Security and Management Bureau which, confronted with many difficult issues in the implementation process of demolition and relocation projects in old neighborhoods that are to be redeveloped, decided to change past procedures. Similar experiments have been carried out in other locations in Shanghai, such as the “Tang 1 and Tang 2” areas in the Pudong New District.

Currently the “Dongyuan Fang” pilot project is ongoing, but is considered by the government as “successful.” It is therefore useful to analyze the project’s key components.

### **A. Overview of the Dongyuan Fang project**

#### **1. Basic Information about Dongyuan Fang**

**Size and location:** Dongyuan Fang is located in the Huangpu district of Shanghai and the land area is 25,249 square meters in total. The zone’s eastern edge is Puyu East Road and its southern edge is Quxi Road; on the west side, it extends to the Chezhan branch road of East Chezhan Street (in the western section), and on the north side, it extends to Guohuo Street.

**Number of households:** Dongyuan Fang has a total of 415 households (calculated as one certificate of housing ownership = one household). However, at the implementation stage of the project, the final total number of households came to be over 500 because, at the request of some residents, those families with several generations sharing a rather small living area were divided up and re-registered as two or more households.

**Nature of the housing ownership:** 98 percent of all of the houses in Dongyuan Fang were privately owned.

**Conditions of the houses:** Houses were classified as “dilapidated/dangerous shacks and primitive houses.” The outside of the buildings can be seen in the upper-left corner of the photo to the right. The lower image is one of the new homes for the residents.

**Demographics:** Of the residents, a higher than normal percentage went through re-education through labor.



1. The old homes at Dongyuan Fang and newly constructed residences

## 2. The Nature of the Dongyuan Fang Project

The Dongyuan Fang project is a Huangpu District Government housing development project that builds housing for people who are being relocated. This type of housing is called “guaranteed commodity residences.” In other words, the housing built will be used to compensate residents whose houses will be torn down to make way for construction of public facilities. These houses cannot be sold on the market, and are to be distributed by the district’s State-owned Assets Management Committee. Judging from

the design and content of this plan, the Dongyuan Fang project itself has the attribute of achieving public interests.

## **B. Characteristics of the Dongyuan Fang Project's Compensation System**

As stated above, the Dongyuan Fang pilot project experiments with the system of demolition and relocation when redeveloping an old neighborhood. There are three important components to the experiment:

### **1. Experiment Component 1: Compensation Primarily Based on Property**

Prior to the year 2000, the standard used by the Shanghai municipality for calculating compensation for a demolished home was based primarily on the number of people the household had registered. In other words, a certain amount of compensation was paid out per resident or a certain number of square meters of replacement housing was provided per resident. At that time, since urban houses were mainly public properties instead of privately owned, for the most part compensation was not for the ownership of the house or other property rights, but rather focused on maintaining actual housing conditions.

As housing in Shanghai moved toward private ownership, in 2000 the Shanghai municipal government began to change its policy considerations and the method for calculating compensation changed from counting the number of people to calculating the value of the actual house. In other words, the focus of compensation changed from ensuring the condition of the residents' housing to guaranteeing property rights. In the vocabulary of the ordinary people, the policy changed from "counting heads" to "counting bricks." However, due to the influence of various complicated factors resulting from the process of social transition, and the technical complexity of valuing properties, the property-based compensation system has not become widespread in the actual handling of the demolition of houses.

The case of the Dongyuan Fang project is a reform attempt by the Shanghai municipality to carry out demolition and relocation through the means of property based compensation. The pilot project sought to find feasible ways to safeguard the property rights of the residents whose homes are to be demolished and who are to be relocated, and to prevent social conflicts from intensifying.

This project was started on the basis of two government documents, the “Shanghai People’s Government Notice of Opinions on Moving Forward with the Redevelopment of Old Neighborhoods in the City” (Shanghai government document (2009) #4) and “Opinions on Pilot Projects to Adjust and Improve Municipal Policies of Demolition, Compensation, and Relocation Arrangements (comment seeking version).” These documents clearly put forward compensation measures that are primarily property based. They also point out that people whose houses are to be demolished and/or people who are renters of these houses in the pilot project zone can—after calculation of the amount of compensation for the house to be demolished in accordance with a set formula—“choose either monetary compensation or choose to be relocated nearby or to a different location. The pilot project should actively acquire and arrange sources of relocation housing (including in nearby locations) from which the affected residents can choose.”

Meanwhile, in order to clearly determine the property value of the houses to be acquired and demolished, the Dongyuan Fang pilot project had a third party property valuation company that had no stake in the project carry out the assessment of the values of houses in the zone. The property valuation company was selected by the residents of the zone. During this process, the administrative agencies provided the residents with a list of six property valuation companies. Through a competitive process, Dongyuan Fang residents finally selected one of them. This property valuation company, after studying the transaction prices of land and homes in the surrounding areas, made its final determination of prices for property in the Dongyuan Fang zone.

## **2. Experiment Component 2: Prior Consultation with Residents**

Other than the above-mentioned system for determining the value of properties, another important aspect of the Dongyuan Fang pilot project lies in its procedures.

On February 23, 2009 the Shanghai Municipal Committee on Urban and Rural Development and Transportation, together with the Shanghai Municipal Housing Guarantee and Management Bureau, jointly issued “Opinions on Starting Pilot Projects to Experiment with the System of Consultation Prior to Redevelopment of Old Neighborhoods” (Hujian Jiaolian document (2009) # 319). This document established a series of “prior consultation” procedures to govern the process of government acquisition of houses. This refers to a system in which, at the start and during the entire process of housing acquisition, the responsible administrative agencies consult with residents in the area where the houses are to be acquired.

The people to be consulted include every household in the redevelopment zone that has a property ownership certificate or a certificate for renting public housing. For the Dongyuan Fang project, this included the 415 households that had real property ownership certificates (this number grew to over 500 due to further division of some households).

The residents were consulted about two main issues. First, residents were asked whether they wished to have the old neighborhood redeveloped. This was done by the administrative agency in the location of the pilot project (specifically, the sub-district office in the area), which put up public notices of the consultation in the area and went from one household to the next to deliver the consultation questionnaire. The questionnaire contained information such as ways the old neighborhood could be redeveloped and national and municipal policies concerning government acquisition of houses. After collecting residents’ opinions, the results were publicly displayed.

During this process, the entity that handled the posting of public notices for consultation and other matters was the sub-district office, the grass roots agency of the Huangpu District People’s Government that exercises certain administrative powers on

behalf of the district government. The basis for such an agency is article 68(3) of the “Organizational Law for People’s Congress at Various Levels and People’s Government at Various Levels.” This article stipulates that “the people’s government of a district within a municipality, or a municipality without any districts can set up sub-district offices to represent it upon approval from the next higher level people’s government.”

When the percentage of households that were willing for the redevelopment to proceed exceeded a set number (in principal not lower than 90 percent), the land reserve agency could then use the paperwork issued by the sub-district office showing the percentage of households willing to have the area redeveloped, together with other relevant application materials, to start project set-up and planning. However, if the number of households willing to have their area redeveloped did not reach the set percentage, the project would be temporarily suspended. This practice of obtaining the approval of the majority of the residents prior to implementing the redevelopment project of their neighborhood is, to a large degree, reflective of developments in the area of determining public interest.

Second, the residents were consulted on plans for compensation and relocation after acquisition and demolition of their homes.

The land reserve agency, after obtaining the planning permit for the land set aside for development in the pilot project, consulted with the residents about the compensation and relocation arrangement plan in accordance with the following procedures.

(1) Public Announcement. In the area of the pilot project, agencies in charge of redevelopment of the old neighborhood publicly announced the area to be redeveloped, the name of the land reserve agency, methods of consultation with residents, relevant deadlines, and the members of the Consultation Work Team and the Consultation Evaluation Team, as well as ways to get in touch with them.

The Consultation Work Team and the Consultation Evaluation Team were both entities set up within the pilot project. At the core of the Consultation Work Team was the land reserve agency, but the team also included the sub-district office, the agencies overseeing old neighborhood redevelopment and demolition of houses, and the company that would do the actual demolition work. This team was responsible for reaching out to residents, conducting surveys, formulating a compensation plan, organizing the signing of agreements, and publicly announcing and displaying results of the consultation. The Consultation Evaluation Team was under the leadership of the sub-district office, with cadres from the residents' committee and respected citizens as team members. This team was mainly responsible for conducting advisory, supervisory and statistical work. It would verify and investigate issues raised by residents.

(2) Outreach. The Consultation Work Team organized redevelopment mobilization meetings on the pilot project site to provide information on relevant laws, regulations, and policies and to explain them to residents.

(3) Survey and investigation. The Consultation Work Team organized survey and investigation of the houses and households in the pilot project zone. Survey of a house included its size, the type of building, its usage, illegal additions, etc.; survey of a household included the number of people, the demographics of the family, compensation and relocation preferences, and any special circumstances.

(4) Formulation of a plan. Based on relevant national and municipal regulations, and the information obtained from the above surveys, the Consultation Work Team formulated a "Housing Demolition, Compensation and Relocation Plan."

(5) Public display. The Consultation Work Team publicly displayed the "Housing Demolition, Compensation and Relocation Plan" for a period of 15 days. During this period, residents who disagreed with the plan could send their feedback to the Consultation Evaluation Team in writing.

(6) Plan Optimization. Incorporating residents' feedback, both teams worked together to improve and optimize the "Housing Demolition, Compensation and Relocation Plan." The new improved plan was also publicly displayed.

(7) Paperwork. After the "Housing Demolition, Compensation and Relocation Plan" was optimized and shown to the public, the land reserve agency, following relevant regulations, started the relevant procedures at the pilot site and obtained permits to demolish the houses.

During the above process, the Huangpu District government also organized all the administrative agencies involved to hold two large-scale consultation meetings. These were held jointly by several administrative agencies to answer all the questions that the residents had. The first large scale consultation meeting was held before the start of the Dongyuan Fang project, the second in the middle stage of the project. Consultation meetings were held on a Sunday and lasted for a whole day; notices about the meetings were issued to residents beforehand. In addition, depending on the progress of the project, the district government and the sub-district office also held forums, usually with 7-8 households (and also with the participation of the cadres from the residents' committee) to understand their concerns and listen to their feedback on specific issues.

### **3. Experiment Component 3: Make the "Agreement of Compensation and Relocation Arrangement for Homes to be Demolished" Public**

After the completion of the above procedures of prior consultation, and after the land reserve agency had obtained the permit for demolition of houses, a demolition compensation and relocation arrangement agreement was made with residents in accordance with the "Housing Demolition, Compensation and Relocation Plan." The agreement had to meet an additional condition before it could take effect: "the number of households signing it must reach a set percentage (in principal, not to be lower than 1/3 of the total number of households)." The Consultation Work Team, in conjunction with the Consultation Evaluation Team, put together the data concerning the signing of the

agreement and then publicly announced the result. They also made results of the compensation and relocation arrangement public.

Experiment components 2 and 3 in the above procedures are related to the issues of property rights guarantee and fairness.

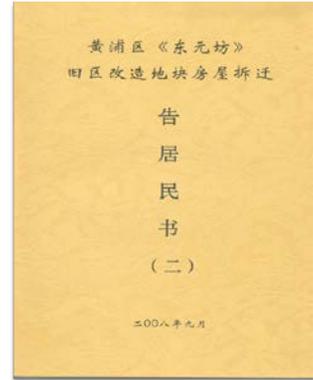
#### **4. Special Characteristics of the Pilot Case**

A comparison of the above system and the previous system of compensation for acquisition and demolition of homes shows that the biggest difference between the two lies in the fact that the latter added open measures to its procedures. The most noteworthy aspects of the new system, as reflected by the pilot project, are those that enable public participation: the initial “public announcement” of the overall plan and procedures; “public display” of the plan during which time residents could provide feedback on the plan; the incorporation of resident’s feedback; and the publicizing of the agreement of demolition, compensation, and relocation.

For the “public announcement” procedure, the Dongyuan Fang project used a “Booklet for Residents” to inform the residents about relevant matters. The information provided was very detailed, covering issues such as the area of demolition; laws and regulations relevant to demolition, relocation, compensation and relocation; methods and standards for demolition, compensation, and relocation; compensation calculation methods; housing guarantees; specific operating methods during the project; standards of compensation for non-residential buildings; standards for determining the square meters belonging to a particular house; compensation for square meters not registered on the ownership certificate, subsidies for people with special needs; ways to choose replacement housing; how people in special circumstances can make housing choices through advanced appointment, etc.

“Public display” was accomplished through a second “Booklet For Residents.” while the public announcement of the final plan adopted the format of bulletin board located at the zone where the residents lived.

The public announcement of the result of the signing of the agreement played a very important role. Not only was this a precondition for the “Agreement of Compensation and Relocation Arrangement for Homes to be Demolished” to take effect, but also publicizing the specific situation of every signing resident showed that the same compensation standards were being applied fairly to each of the residents, thereby engendering a sense of fairness.



2. "Booklet for Residents, Demolition and Relocation in the Dongyuan Fang Old Neighborhood Redevelopment Zone, Huangpu District"

The information publicized was very specific. With the exception of the final home address of the party whose house was to be demolished and other private personal information, the form publicized all the relevant information including the name of the property owner or renter, original address of the house to be acquired, area of the buildings to be acquired, unit price, amount of monetary compensation (including any price subsidy or housing area subsidy), other rewards or compensation expenses, amount of subsidy when the resident chose to purchase housing on his/her own after receiving monetary compensation, and any fees paid by residents.



3. Public Display Board

The government has concluded that the implementation of the Dongyuan Fang project is successful because more than a one-third of the households have already signed the agreement. Specifically, on August 17, 2009, the day when the author conducted the survey, 66 percent of the residents had already signed the agreement. By September 9, 2009, that number had gone above 70 percent.



**东元坊试点地块安置结果上墙公示**

序号	产权人 或租赁人	原房屋地址	房屋 建筑面积 (㎡)	评估 单价 (元/㎡)	原房屋重置价 (包括币种和 成新率)	其它奖励及 补偿费用 (元)	货币安置 订购价并款 (元)	合计费用 (元)	房屋调换情况 (㎡)	甲方支付费用 (元)	乙方支付费用 (元)
21	何春梅	车站中路118号	27.7	15402	700266	227339		334605	调换安置房118㎡ 房屋单价为4500元	882626	
22	黄廷军	国英路128号403室	30.12	17267	1381910	242926		1624836	东元坊105、408㎡ 房屋单价为4500元	737572	
23	王爱华	国英路128号403室	44.49	17262	1223793	177362		1401155	调换安置房140.76㎡ 房屋单价为4500元	799629	
24	黄加洪	车站中路178号	10.4	18109	429112	184936		614048	调换安置房104.76㎡ 房屋单价为4500元	234660	
25	黄加洪	车站中路178号	21.4	18100	405362	241370		646732	调换安置房21.22㎡ 房屋单价为4500元	333811	
26	廖定洪	国英路128号404室	26.12	18262	1352776	199774	97900	1451150		1451150	
27	尤少辉	车站中路22号	24.8	14949	711086	260865		1000951	调换安置房105.48㎡ 房屋单价为4500元	469114	
28	周大志	车站中路24号	24.9	14813	733223	270267		1009920	调换安置房105.48㎡ 房屋单价为4500元	469932	
29	周定强	车站中路111号	12.9	18100	286327	323376		614443	调换安置房12.12㎡ 房屋单价为4500元	411275	
30	陈建珍	国英路128号404室	26.12	17720	1336126	209462		1346512	调换安置房105.48㎡ 房屋单价为4500元	469749	

注：甲方为拆迁实施单位，乙方为被拆迁居民。

4. Public Announcement of Results, and detail of one of the forms

### III. Discussion of Issues of Fairness

#### 1. Previous Practice: Negotiation through Two Agreements

The negotiation practice previously used can be summarized as a process that included two agreements: the “formal” and the “supplemental.” During the negotiation process the demolishing party and the party whose home would be demolished would first negotiate the amount of compensation in a “formal agreement” based on the compensation price set by law. However, in the past, land was undervalued and after many years of development the compensation standards that had been set at an earlier time quickly became insufficient to obtain an equivalent to the affected party’s previous housing standard. At the same time, because negotiations with different residents in the same zone would start at different times and the length of negotiations would also vary (and meanwhile the value of the land would change, usually going up), the price of land in each agreement would vary greatly. As a result, the new housing conditions of neighbors might vary greatly depending on the timing of the negotiations and the negotiation skills of different people.

Under such circumstances, residents whose houses were to be demolished would focus their negotiation on the “supplemental agreement” in order to get the maximum amount of compensation, knowing that the “formal agreement” was set by law and so there was not much room for change with it. As the name indicates, the “supplemental agreement” unlike the “formal agreement,” can take into account of all the circumstances

of the affected resident and bring supplemental information into the scope of negotiation. However, consideration of these supplementary items inevitably varied from case to case, so the content under negotiation in the “supplemental agreement” grew to be more and more complex depending upon individual situations. Moreover, the content of the agreement was not open to the public.

Thus, the property value compensation negotiations between the government agency (generally represented by the party that carries out the actual demolition) and the residents whose homes were to be demolished were individualized. Under such circumstances, fairness is not determined by whether the value of the house was fully compensated. Instead, there is a competition of the negotiating ability of residents in relation to their neighbors and this determines the final compensation amount obtained. When there were people who obtained more for their property through the negotiation, others would feel that they were unfairly treated, and that they therefore needed to be more patient and more persistent in their negotiation with the administrative agencies.

This type of negotiation, since it would never lead to the loss of the very basic compensation value even when the negotiation became unreasonable, induced the residents to believe that insisting on negotiating till the last minute would lead to more for them, or at the very least that they would never lose the base amount of compensation. For this reason, the negotiation process became longer and more complex, and caused many lawsuits and other types of disputes.

## **2. The New Practice of the Dongyuan Fang Pilot Project**

As described above, in the Dongyuan Fang project, the compensation price was determined by a valuation company selected by the residents. In determining the compensation amount due to each person whose house was to be demolished, a universal standard was applied. Moreover, the standard and the negotiated result of compensation for each household were made public. When all the standards governing the negotiation were made public, the compensation negotiation became a process of applying each

household's specific situation to the standards. Therefore, there was consistency in the ways standards were applied to individual cases.

In the Dongyuan Fang project, we can see that fairness is shown by the demolishing party when it applies the same standards to households with the same conditions for compensation. In addition, the process of applying the standards is monitored.

The experiments in the Dongyuan Fang project have also resulted in a change in the role for the front line workers of the demolishing party during the negotiation process. Under the previous negotiation format, the front-line workers possessed the right to decide the content of the "supplemental agreement" based on the specific situation of the other party in the negotiation. However, the pilot project changed the way of negotiation: the main role of these front-line workers is now to explain the compensation standards instead of making decisions about compensation amounts.

### **3. Several Points Requiring Further Explanation**

A) The Dongyuan Fang project changed the previous negotiation method, the two agreement format, and made the compensation process more transparent. The openness in these procedures made the process easier for the residents to accept and eliminated unfair aspects of the previous practice. However, we should note that although the drawbacks of the two agreement negotiation format created the need for reform and even though the current achievements of the pilot project have proven the success of the new system, there are still many difficult issues resulting from demolition and relocation of homes that will not be fully resolved simply because property rights are guaranteed or fully compensated. Of the many difficult issues, how to determine whether a demolition and relocation project is of public interest is probably the most important. Hence, residents' participation cannot be limited merely to the implementation process of the demolition and relocation project. It must be extended further; there needs to be a system for residents to participate in the administrative activities of the urban planning process.

B) In the Dongyuan Fang project there were three ways to compensate residents for demolition and relocation process, and residents were free to choose one of them. The three choices are:

- Receiving monetary compensation plus a subsidy for purchasing housing on one's own. For residents who make this choice, the government will provide, on top of monetary compensation and in accordance with relevant regulations, a subsidy of 2,500 RMB per square meter of the demolished home to purchase a new home.
- Exchanging for housing in the same area based on the valuation standards; residents can use the value of their demolished home in exchange for future housing built in the Dongyuan Fang area.
- Exchanging homes for housing in a different area based on the valuation standards. The government has already built housing in another area to fulfill the needs of the residents from the Dongyuan Fang project area. A Dongyuan Fang family whose home is to be demolished could choose from different types of new homes in the new area that are of the "same size and similar value" to their old home and pay any difference in price. No matter which compensation method a resident chooses, what he or she finally obtains is not only the ownership of the new house, but also the relevant land use rights.

This means that human relationships in the new community will be the result of the residents' free choice. Thus, when it comes to the issue of maintaining the relationship among neighbors, it is up to the residents themselves and the government does not interfere much in this aspect. Of course, from the perspective of the stable development of communities, the issue of how to ensure that the close human relationships among previous neighbors will move to and be kept at the new community is an area of research that the government needs to strengthen.

C) There are many reasons whether a resident is willing to sign the agreement or not. Based on the survey data collected by the authors, during the stage of asking residents whether they wish to have the old neighborhood redeveloped, the Residents'

Committee was supportive because their houses were dilapidated and crowded. For this reason, it was fairly easy, at that stage, for the approval rate to reach the number specified in the relevant regulations (which is usually 90 percent). After consulting with residents on the plan for demolition, compensation, and relocation, and engaging in the process of negotiations with every household on an agreement, residents who were willing to sign did so primarily because they recognized the openness and fairness of the negotiation and agreement process. They were also happy with the process and results of the valuation process. On the other hand, we discovered two reasons that residents who as of now still have not signed their agreements were unwilling to sign. One reason is that they doubt the openness of the process, and believe that it's impossible that the two agreement negotiation format has been called off completely in such a short period of time. They believe that the front-line workers must still possess some unseen power to consider and decide compensation, so they expect that further negotiation will bring more benefits to them. The second reason is that there is still controversy over the valuation of some properties. An example is whether unregistered buildings should be compensated (regulations provide some compensation for some illegal buildings which were erected but never registered). Residents with such issues will often insist on continuous negotiation.