

# Exploring Mechanisms for Promoting Implementation-Oriented Conservation and Regeneration of Historic Areas in Shanghai

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**Abstract:** Shanghai's urban development has entered a new phase with a significant emphasis on the revitalization of existing areas. Under such circumstances, preserving the historic landscape has assumed a pivotal role in urban development. Given the high degree of spatial overlap between historic areas and urban regeneration zones, the critical question is how to effectively protect and rejuvenate local characteristics. Regeneration projects in historic areas often get public attention and popularity; however, they are also confronted with multiple challenges, such as low public engagement, uniform approaches, implementation obstacles, and unsustainable operations. A fundamental problem plaguing regeneration efforts is the lack of momentum. Through case analysis, the study identifies three contributing factors to this inertia, including technical methodologies, management policies, and operational considerations. The paper emphasizes the importance of adopting a unitary perspective, expediting conceptual shifts, comprehending the resource attributes of historic landscape, and prioritizing the enhancement of comprehensive value through coordination between regeneration units. By refining the methods and technical specifications of conservation planning, the paper seeks to improve policy measures, expand spatial resources, create more effective incentive mechanisms, and eliminate bottlenecks. The paper outlines three sets of factors—conceptual technology, spatial resources, and mechanism efficiency—towards achieving high-quality urban development.

**Keywords:** historic area; urban regeneration; project implementation; dynamic mechanism

Shanghai, designated as the second batch of National Historical and Cultural Cities in China, boasts a multi-layered urban imagery and abundant historical and cultural resources. The historical and cultural landscape zones, composed of historical cultural areas, protected neighborhoods, preservation roads (streets and alleys), and waterways, are the most concentrated representations of Shanghai's unique urban character and cultural depth.

As Shanghai enters a new phase of urban renewal, characterized by a focus on stock resources and connotative development, these zones have become focal points for the city's renewal efforts due to their pressing needs for upgrades, pronounced contradictions between preservation and development, and the challenges in implementation. These areas, which attract significant attention from all sectors of society, present challenges such as prominent facility and environmental issues, urgent demands for renewal, and the inherent conflicts in balancing protection and development. Addressing the renewal of these areas is a key issue for Shanghai in achieving high-quality development.

Currently, research in this field in China predominantly focuses on summarizing the mechanisms and practical experiences of historical landscape preservation under the "retain, renovate, and demolish" framework[1-2], methods for drafting preservation plans,

technical challenges[3], and differentiated technical approaches tailored to specific localities[4-5]. Sustainable urban renewal necessitates collaborative participation from multiple stakeholders. While market-driven actions are often criticized for their impact on historical landscapes, market players remain a crucial force in renewal processes. Establishing clear rules to guide renewal activities and safeguard public interests is essential. However, little research has addressed the core issue of how to ensure that market and other diverse stakeholders are motivated to participate in landscape renewal.

This study, set against the backdrop of Shanghai's transition from "the strictest protection system" to the renewal stage of "strict, integrated, and proactive protection," conducts an empirical analysis to address the low enthusiasm among project participants in landscape renewal initiatives. It identifies "inertia factors" that constrain motivation and proposes the establishment of a refined renewal "unit perspective" for the new era. This framework seeks to activate "vitality factors" in three dimensions—conceptual and technical innovation, spatial resources, and mechanism efficiency—to effectively promote the high-quality, systematic, and sustainable renewal of landscape zones. (See Fig. 1)



Fig. 1 Research Framework

## 1 Research Background

### 1.1 From “The Strictest Protection System” to “Proactive Protection”

The promulgation of the Regulations on the Protection of Historical and Cultural Landscape Areas and Outstanding Historical Buildings in Shanghai (hereinafter referred to as the Protection Regulations) in 2003 marked the establishment of "the strictest protection system" in Shanghai. In recent years, Shanghai has actively implemented the "retain, renovate, and demolish" development concept[6], expanding the spatial scope of

protected objects. Since 2016, the city has announced 254 designated protected neighborhoods covering approximately 17 square kilometers, intensifying the rescue-oriented preservation of Shikumen alleys, industrial heritage, large public buildings, and other elements that reflect Shanghai's historical and cultural foundation[7]. The Shanghai 2035 Master Plan first proposed the concept of a "Historical Urban Area" based on the urban built-up area of 1949, covering a total of approximately 46.57 square kilometers. It also defined a Central Activity Zone (CAZ), covering 76.33 square kilometers, centering on the Bund-Lujiazui area as a hub for global urban functions such as international finance, trade, and headquarters, and integrating innovation, creativity, and culture in areas like Expo Park, Qiantan, and Xuhui Riverside[8].

Currently, over half of the spatial range of the CAZ and Historical Urban Area overlaps, with more than a quarter comprising legally designated protected areas such as historical cultural zones and protected neighborhoods (see Fig. 2).

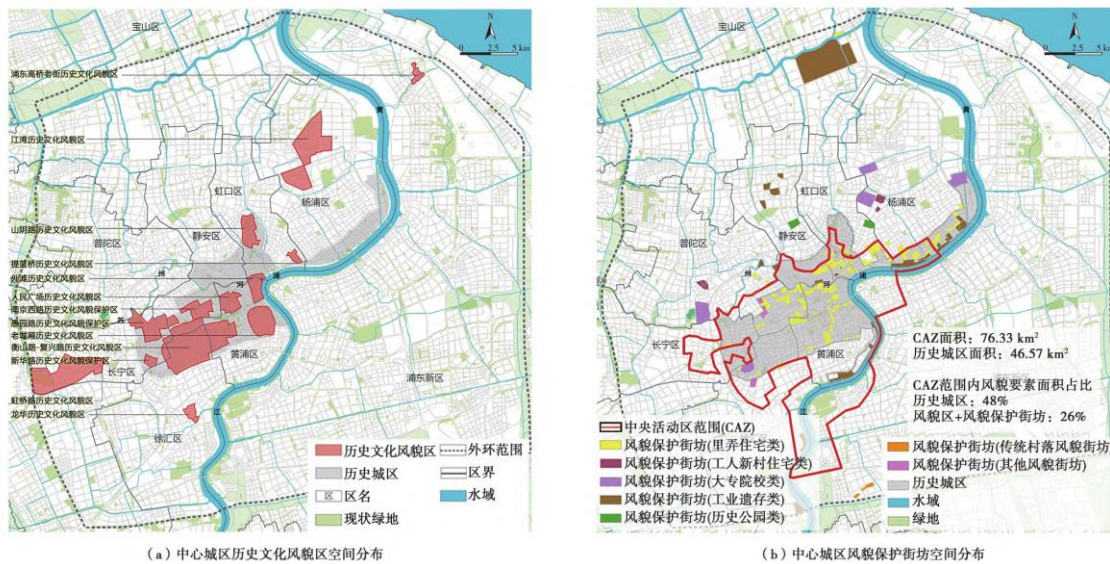


Fig. 2 The Relationship Between Historic Areas and CAZ in the Central City of Shanghai

The revitalization and utilization of historical and cultural resources have increasingly gained attention. National ministries have repeatedly emphasized "making cultural relics useful to shape identity and foster inspiration" and "strengthening the protection and inheritance of historical culture, maintaining a balance between protection and utilization." They advocate integrating historical culture with modern life as a means to protect, inherit, and develop historical cultural heritage. In 2019, Shanghai revised the Protection Regulations[7], underscoring not only strict protection but also holistic and proactive approaches. Transitioning from rescue-oriented preservation to the active and effective utilization of broader, more diverse, and larger-scale historical and cultural resources has become a crucial challenge for Shanghai's historical landscape initiatives.

### 1.2 The "Balancing" Dilemma in Urban Renewal of Historical Landscape Areas

Shanghai was the first city in China to shift its development strategy from "demolish, renovate, and retain" to "retain, renovate, and demolish," marking a transition to a new stage of connotative urban renewal. Both the Shanghai Urban Renewal Implementation Measures and the Shanghai Urban Renewal Regulations (hereinafter referred to as the Renewal Regulations), promulgated in 2021, have prioritized "inheriting historical and cultural heritage." Historical landscape areas, often characterized by low residential quality, poor building conditions, insufficient service facilities, a lack of public spaces, diverse

stakeholders, and complex property rights, are an essential component of urban renewal units.

Renewing historical landscapes requires balancing the preservation of historical and cultural heritage with improving residents' living standards, revitalizing the regional economy, and maintaining social networks. This dual objective of "two sides of the same coin, highly integrated" makes historical landscape renewal one of the most complex and challenging tasks to implement.

The motivation mechanism, which refers to the sources of motivation, plays a critical role. For example, the market-driven motivation mechanism is formed through the pursuit of economic benefits by various economic actors. In the context of a market economy, this pursuit is fundamentally linked to interests, while planning serves as an initial redistribution of spatial interests. Innovating the motivation mechanism for the preservation and renewal of historical landscape areas requires aligning better with urban development demands, leveraging cultural leadership, and optimizing the negotiation of spatial interests to enhance the participation of all stakeholders in the renewal process.

## 2 Challenges in Implementing Shanghai's Urban Regeneration Projects in Historic Areas

### 2.1 "Four Changes": The Evolution of Urban Regeneration Practices

Shanghai recognized early on that historical and cultural heritage serves as a vital resource for urban regeneration. The following characteristics have emerged in the process of implementation:

#### From Elite to Universal Values, and from Individual Buildings to Districts:

Early utilization of historical and cultural resources focused on high-value standalone buildings, such as garden villas and public buildings. These projects were small in scale and often repurposed for office functions. With changes in the social and economic structure and industrial transformation along the Suzhou Creek, industrial buildings with high spatial adaptability and flexibility were converted into artist studios and creative spaces through regeneration projects.

As the development of the "One River, One Creek" world-class waterfront initiative progresses, more industrial heritage sites have been transformed into public activity nodes, hosting functions such as commercial offices, cultural exhibitions, leisure, entertainment, and luxury hotels. Simultaneously, historic districts characterized by universal value—like the contiguous blocks of Shikumen lilong (lane houses)—have also become new focal points. For example, the Jinchao Balong project preserved the group layout of Shikumen lilong while introducing cultural, entertainment, and commercial functions, gradually transforming the area into a significant cultural landmark.

#### From Economic Returns to Comprehensive Value: A Broader Value Orientation for Urban Regeneration:

During the "incremental development" phase, economic returns were the primary objective. For instance, the Xintiandi project, while preserving the Shikumen lilong as a symbol, emphasized the overall economic recovery of the project but paid little attention to authenticity or social networks. In the current "stock development" era, Shanghai focuses not only on maintaining reasonable economic growth but also on preserving and transmitting historical culture through regeneration, thereby activating the comprehensive

value of heritage. Heritage is now regarded as a “bond” that integrates material, social, cultural, and ecological spaces.

For example, the opening of the Suzhou Creek section near the East China University of Political Science and Law campus not only showcased unique historical features to the public but also created a critical node of public vitality along the creek.

**From Singular to Diverse Stakeholders: Encouraging Broader Participation in Urban Regeneration:**

Early regeneration efforts were primarily “top-down,” led by government agencies. As the scope of regeneration expanded, projects involved more elements requiring protection, faced increased coordination issues, and lengthened timelines, necessitating the participation of various stakeholders in negotiation processes. In Shanghai, regeneration practices now include diverse pathways such as top-down government leadership, expert guidance, and bottom-up corporate-driven approaches.

**From Individual Structures to Holistic Systems: Innovations in Regeneration Methods:**

Early efforts focused on “static conservation,” emphasizing the repair and refurbishment of interior spaces to meet functional needs. With the expansion of project content and scope, current regeneration methods emphasize holistic improvements from buildings to their surrounding environments, integrating material and emotional elements while balancing functional quality, public service facilities, and public activity networks.

For instance, in the renovation of Caoyang No. 1 Village, regeneration achieved not only comprehensive apartment upgrades but also enhancements to environmental landscapes, optimized traffic organization, and improvements in community service facilities. Furthermore, the project integrated cultural features to recreate local scenes, establishing iconic activity nodes.

## 2.2 Overview of Recent Urban Regeneration Practices in Historic Areas

Between 2022 and 2023, according to the Action Plan for Historical and Cultural Preservation in Shanghai Districts, a total of 33 urban regeneration projects were completed, with 26 of these located in the central city. These projects were concentrated in historic areas and key zones along the “One River, One Creek” initiative (Fig. 3).

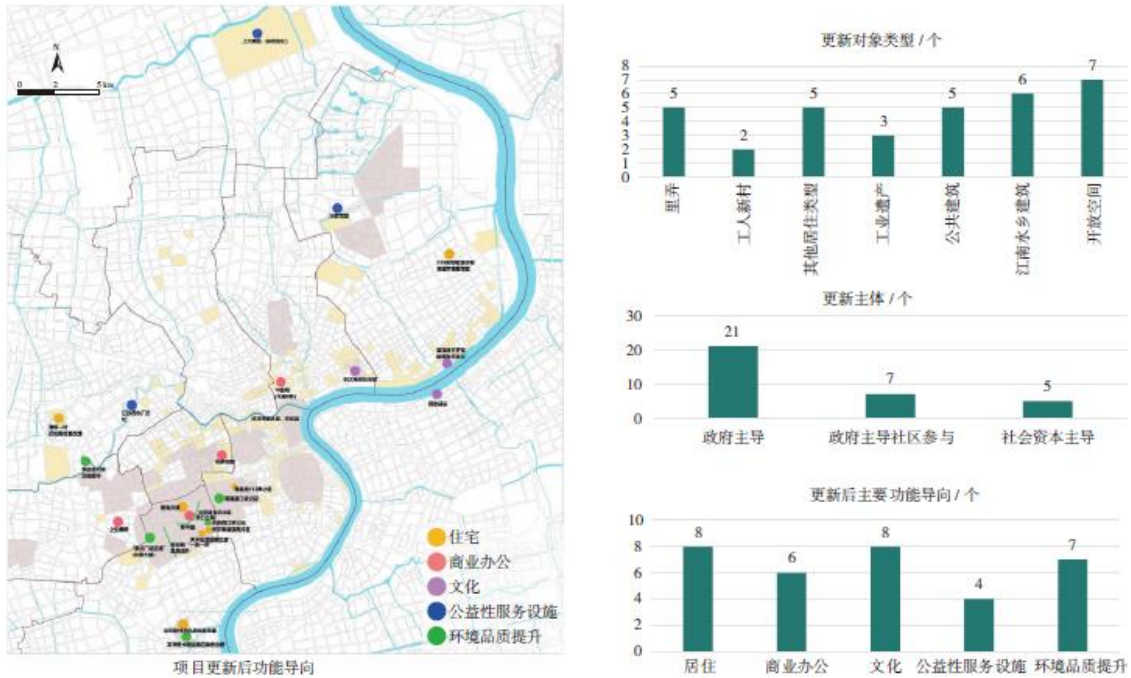


Fig. 3: Distribution and Status of Urban Regeneration Projects in the Central City of Shanghai (2022–2023)

Recent regeneration projects in Shanghai reflect a broader focus, including explorations of residential areas such as workers’ villages and overall renewal of Jiangnan-style water towns in suburban areas. These projects also demonstrate more diversified functional orientations. While the proportion of commercially driven office conversion projects remains low, they have generally received positive social feedback (Fig. 4).

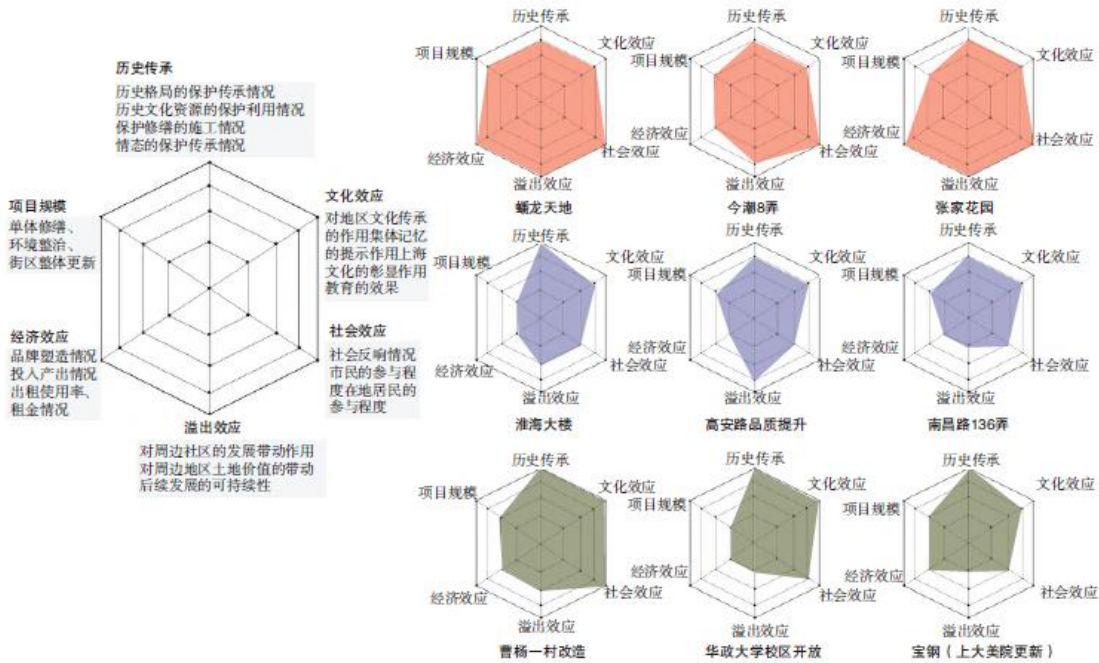


Fig. 4: Evaluation of the Implementation of Urban Regeneration Projects in Historic Areas

2.3 Lack of Motivation: The Core Challenge of Urban Regeneration in Historic Areas

While all stakeholders recognize the unparalleled advantages of urban regeneration in shaping Shanghai's cultural identity, branding, and competitiveness, the willingness to participate in these projects remains low, and project initiation rates are generally poor. In 2015, Shanghai announced a citywide plan for key regeneration projects in historic areas, but to date, nearly one-third (11 out of 38) of the proposed projects have yet to be initiated.

A review of recent regeneration plans reveals that the government remains the dominant stakeholder, accounting for 80% of the projects. Market participation is minimal, and there is virtually no involvement from communities or private capital. As the scope of regeneration continues to expand, the increasing volume of projects will inevitably place a significant financial burden on the government, making regeneration unsustainable in the long term.

The lack of motivation has become the core issue constraining the future implementation of urban regeneration in historic areas in Shanghai (Table 1).

Tab.1 Summary of implementation status of urban regeneration projects

Project Name	Original Function	Adjusted Function	Construction Scale (10,000 m <sup>2</sup> )	Land Use Scale (hm <sup>2</sup> )	Investment Cost (billion yuan)	Investment Return
Tianzifang	Residential	Commercial and cultural facilities	2	7	0.1	None
Sinan Mansions	Residential	Residential, commercial, office, hotel	5.9	5	38	Loss
Bund Origin Project	Public building	Commercial, hotel, office, apartment, cultural entertainment, tourism, large green space	36.3	13.8	24.1	Loss
Jing'an Villa	Residential	Residential	3.87	2.25	15.19	None
Changning Youth Palace Protection and Renovation Project	Residential	Cultural and other public facilities	1	1	0.64	None
Jianye Lane	Residential	Hotel and commercial	2.3	1.7	11.6	Loss
Hengshan Fang	Residential	Commercial facilities	0.73	0.56	9.26	Expected in 30 years
Jiashan Old Market	Industrial building	Commercial	0.36	0.26	0.11	Profit
Yongkang Road Project	Commercial, residential	Commercial	0.28		0.085	Profit
Moses Hall	Public building	Public building	0.06	0.07	0.03	None
Duolun Road Cultural Celebrity	Residential	Primarily public buildings		18.64	1	Lack of funding, difficult to

Street						progress
1933 Old Millfun	Industrial building	Public building	3.17	3.3	1.2	Loss
Shanghai International Fashion Center Project	Industrial building	Public building	14	12	5.47	Profit
Jiading Villa	Residential	Hotel	0.56	0.41	0.15	None
Fengcheng Theater Renovation Project	Cultural and sports facility	Cultural and sports facility	0.24	0.32	0.06	Expected in 25 years
Shangdu Li South Bank Project	Residential, industrial building	Commercial and leisure complex	4.74	3.95	5.98	Loss, severe vacancy

Through interviews with government officials and key stakeholders involved in the landscape renewal projects, it was found that the lack of motivation primarily stems from three factors:

**Technical Challenges:** These include the high requirements for landscape preservation at both the planning and architectural levels, difficulties in implementing planning indicators and control requirements, challenges in spatial layout and design, the inapplicability of existing indicators to landscape areas, and issues related to the compatibility of historical buildings with new functions.

**Long Implementation Periods:** The departments and stakeholders involved in landscape renewal are complex, with many stages including land acquisition, formulation and verification of protection plans, and high uncertainty during construction. The construction period is far longer than that of other construction projects. Projects like Sinan Mansions and the Bund Source project have exceeded 10 years, leading to extremely high upfront financial costs.

**Financial and Operational Difficulties:** In landscape area renewal, the addition of commercial space is limited, and it is difficult for key stakeholders to find sustainable sources of revenue. For example, only 14% of the projects in the renewal plans can provide additional commercial floor area. Most renewal projects require long-term investment and maintenance as “heavy assets.” Currently, these renewal projects often use culture as a gimmick to attract attention and opt for leveraging the “internet celebrity effect” to inflate rental prices and achieve a quick return of funds. This leads to a frequent mismatch between “popularity” and “purchasing power,” with high rents driving away cultural enterprises and reducing the vitality of the area. As a result, the district becomes homogenous in terms of its business offerings. After the renewal of Wukang Road, for example, within a 1.1 km radius, 50 shops opened, over one-third of which were homogeneous coffee and light dining establishments. This has led to high store turnover rates, affecting the enthusiasm of key stakeholders to participate in the landscape renewal projects.

**3. Constraints of Stakeholder Participation in Protection and Renewal: “Inertia Factors”**  
Inertia factors are the underlying causes affecting motivation. The study suggests that the lack of a motivation mechanism is mainly influenced by inertia factors in three dimensions: technology, policy, and economy.



### 3.1 Overcoming Standards: Inertia Factors in the Technical Dimension

#### 3.1.1 The Shackles of Spatial Resources

Although the protection plans specify a requirement for plot ratio in the planning areas, the actual construction scale is limited by tight spatial resource constraints, often making it difficult to achieve. For example, the plot area is often small, surrounded by high-density developments with existing issues like sunlight exposure and spacing, as well as requirements for controlling the overall landscape. Underground space development is also restricted. Even in areas where there are no strict protection requirements, it is difficult to address issues such as the existing relationships between adjacent properties in the renewal plans.

Currently, the limited planning and development potential in historical landscape areas is mainly concentrated in the surrounding neighborhoods, with development rights transferred to promote project implementation. Market players in projects like Panlong Tiandi and Xintiandi often use this method. However, on the one hand, both the central city and districts have limited space resources, and the investment risks in landscape areas are high. On the other hand, in other districts, particularly areas with high plot ratios, business projects are relatively stable in terms of development and financial returns. Both districts and stakeholders are unwilling to allocate bridging resources. At the city level, there is also a lack of cross-district land linkage and methods for transferring capacity. As a result, development rights cannot be tied to available spatial resources, negatively impacting the enthusiasm for landscape renewal projects.

#### 3.1.2 Incompatibility with Planning Technical Requirements

Whether in protection plans or detailed regulatory plans, plots are the basic control unit, with rigid control indicators such as land boundaries, land use type, plot ratio, building height, and road red lines. The historical area, as a complex urban organism, derives its charm and character from functional mix and the overall composite spatial form created by multiple layers of structure. Current planning technical requirements lack guidelines on how to preserve this texture in the renewal process.

Historical buildings themselves may have limitations in terms of suitability for modern functions, leading to frequent minor adjustments in functions, plot ratios, and building heights during protection and renewal (see Fig. 5). Planning adjustments generally require a long time and may affect the enthusiasm of stakeholders. For this type of minor, enhancement-oriented update that meets landscape preservation requirements, there is a need to increase planning flexibility or innovate the planning process.

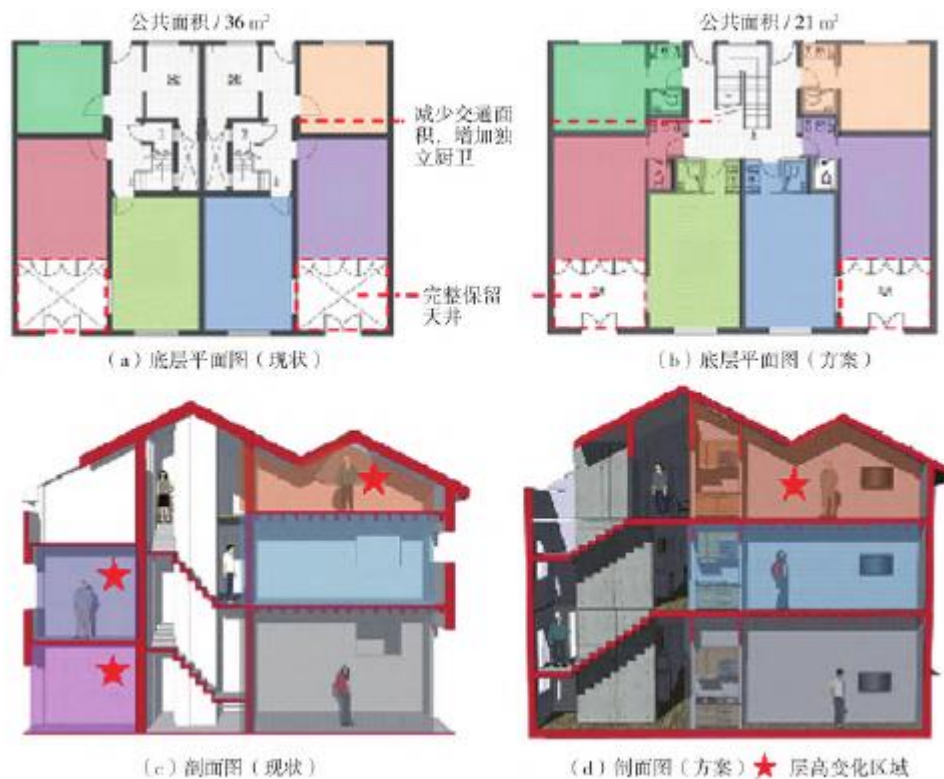


Fig. 5 A micro-adjustment of building height in an effort to improve living conditions in Chenxing Lane, Huangpu District, Shanghai

Additionally, there is currently no distinction in terms of land and building requirements for public service facilities, basic education facilities, greenery, transportation, and municipal infrastructure between landscape areas and other urban areas. The lack of specific annotations or standards for the actual spatial constraints in landscape areas—such as the sunlight requirements for educational facilities, minimum area requirements for municipal facilities, and issues related to the NIMBY (Not In My Backyard) effect—often results in difficulties in formulating renewal plans.

### 3.2 A Lack of Support Mechanisms: Inertia Factors in the Policy Dimension

#### 3.2.1 Absence of a Unified Top-Level Policy Framework

Currently, there is no unified value system or coordinated working pace at the top-level design in Shanghai. Although the “Protection Regulations” and “Renewal Regulations” reserve policy and standard interfaces for landscape renewal, relevant policies such as housing, urban renewal, taxation, finance, and greenery are still managed separately, lacking coordination. These policies do not provide the necessary institutional support to address the current difficulties faced in landscape renewal, leading to obstacles in the implementation process.

#### 3.2.2 Lack of Incentive Policies to Support Renewal

A recent review of Shanghai’s policies for historical landscape protection and renewal shows that most of the policies apply to planning, construction, and other stages, but there is a lack of policies addressing key supporting areas such as land and finance. More than 50% of the policies are aimed at strengthening management or refining processes, while policies that encourage and support renewal efforts are scarce. Among the few positive support policies, most are general, universal policies with little practical impact. Moreover,

there is a lack of “targeted policies” to address the critical issues affecting renewal motivation, particularly regarding difficult subjects like lane buildings and other implementation challenges. (See Table 2)

Tab.2 Collection of policies for urban regeneration in the historic areas of Shanghai

Serial Number	Year	Title	Issuing Body	Core Content	Direction
1	2020	Opinions on Supporting Land Management for Old District Renovation	Housing and Urban-Rural Development Committee, Planning and Resources Bureau	Land Mechanism	Active Protection
2	2020	Detailed Rules for Interest Subsidy Operations of Shanghai's Special Fund for Historical Features Protection and Urban Renewal	Housing and Urban-Rural Development Committee, Finance Bureau	Funding Policy	Active Protection
3	2020	Notice on Improving the Policy for Allocated Housing in Old District Renovation Projects and Commercial Housing Projects in This City	Housing and Urban-Rural Development Committee, Housing Management Bureau	Housing Policy	Active Protection
4	2020	Notice on Issuing the Interim Measures for the Implementation Management of Old District Renovation Projects by Shanghai Urban Renewal Center	Housing and Urban-Rural Development, Development and Reform, Planning, State-owned Assets, Housing, Finance	Comprehensive	Refining Processes
5	2020	Land Cost Recognition Measures for Preliminary Old District Renovation Projects by Shanghai Urban Renewal Center	Old District Renovation Office	Funding Policy	Refining Processes
6	2020	Notice on Issuing the Interim Measures for Investment Attraction Management of Old District Renovation Projects by Shanghai Urban Renewal Center	Housing and Urban-Rural Development Committee, Planning and Resources Bureau, State-owned Assets	Land Mechanism	Refining Processes
7	2020	Interim Measures for Land Resource Management by Shanghai Urban Renewal Center	Old District Renovation Office	Land Mechanism	Refining Processes
8	2020	Tax Guidelines for Old District Renovation Projects by the City Renewal Center	Old District Renovation Office	Funding Policy	Refining Processes
9	2020	Notice on Implementing Stock Housing Conversion for Resettlement in Acquisition Projects	Housing Management Bureau	Funding Policy	Active Protection
10	2020	Notice on Further Improving the Compensation Mechanism to Accelerate Old District Renovation	Housing and Urban-Rural Development Committee, Housing Management Bureau	Funding Policy	Refining Processes
11	2020	Notice on Further Strengthening Safety Management in Old Renovation Acquisition Bases	Housing Management	Other Policies	Strengthened

			Bureau		Management
12	2020	Notice on Further Standardizing the Management of Compensation Funds for State-Managed Housing in Old District Renovation Projects in This City	Housing and Urban-Rural Development Committee, Housing Management Bureau	Funding Policy	Active Protection
13	2021	Several Opinions on Accelerating the Renovation and Renewal of Old Housing in This City	Municipal Government	Comprehensive	Active Protection
14	2020	Technical Guidelines for Classifying and Preserving Historical Buildings in Old District Renovation Areas (Trial)	Old District Renovation Office	Historical Architecture	Active Protection
15	2020	Notice on Further Strengthening the Classification and Preservation of Historical Buildings in Old District Renovation Areas	Old District Renovation Office	Historical Architecture	Strengthened Management
16	2020	Regulations on the Protection of Historical and Cultural Areas and Outstanding Historical Buildings in Shanghai	Municipal Government	Comprehensive	Active Protection
17	2007	Several Opinions on Planning Management for Roads (Alleys) in Historical Protection Areas of This City (Repealed)	Municipal Government	Historical Protection	Strengthened Management
18	2004	Notice on Strengthening the Protection and Management of Reserved Buildings and Outstanding Historical Buildings in Historical and Cultural Feature Areas of This City	Housing and Land Bureau	Historical Architecture	Strengthened Management
19	2004	Trial Opinions on the Protection and Rectification of Streets and Buildings in Historical and Cultural Feature Areas of This City	Municipal Government	Historical Architecture	Active Protection
20	2004	Notice of the Shanghai Municipal Government on Further Strengthening the Protection of Historical and Cultural Feature Areas and Outstanding Historical Buildings in This City	Municipal Government	Comprehensive	Strengthened Management
21	2004	Notice on Strengthening the Protection and Management of Outstanding Historical Buildings and Authorized Operating Properties	Housing and Land Bureau	Housing Policy	Strengthened Management
22	2004	Notice on Implementing the City-District Hierarchical Management of Outstanding Historical Buildings	Housing and Land Bureau	Historical Architecture	Strengthened Management
23	2017	Several Opinions on Deepening Urban Organic Renewal and Promoting the Protection of Historical Features	Municipal Government	Comprehensive	Active Protection
24	2018	Implementation Rules for Planning and Land Management under the "Several Opinions on Deepening Urban Organic Renewal and Promoting the Protection of Historical Features"	Planning and Land Bureau	Comprehensive	Active Protection
25	2004	Technical Regulations for the Repair of Outstanding Historical Buildings	Municipal Construction Committee	Historical Architecture	Strengthened Management
26	2015	Implementation Measures for Urban Renewal in Shanghai	Municipal Government	Comprehensive	Active Protection
27	2015	Implementation Rules for Urban Renewal Land in Shanghai	Planning and Land Bureau	Land Mechanism	Active Protection

### 3.2.3 "Policy Bottlenecks" in the Process

The complexity of the process and the "policy bottlenecks" in the operational mechanisms can gradually dampen the enthusiasm of the implementing entities.

**Bottlenecks in Land Supply Mechanisms:** Currently, the land supply method for state-owned land is relatively single, and the uncertainty brought by traditional methods of land transfer such as bidding, auction, or listing cannot accommodate the massive costs invested by original property owners or other development entities in the early stages of land acquisition and development for heritage preservation. These costs include manpower, materials, and financial resources, which severely impact the confidence in implementing heritage regeneration projects.

**Bottlenecks in Property Ownership Consolidation Mechanisms:** Complete property ownership is crucial to ensuring the smooth implementation, efficiency, and quality of heritage regeneration projects. However, the diverse and complex ownership types of historical buildings are a challenge. At present, there is a lack of effective solutions for situations where the users of historical buildings do not have the ability or motivation to participate in restoration and revitalization. Meanwhile, potential participants with the willingness and ability to take part do not have sufficient pathways or mechanisms to consolidate ownership.

**Bottlenecks in the Approval Process:** The involvement of multiple parties, the complexity of the system, and the mismatch of technical standards lead to numerous conflicts during the project planning stage, with repeated discussions and processes intertwined, which greatly affect the efficiency of implementation. Furthermore, the approval process also needs to support aspects like confirming property rights, handling operating procedures, preserving historical buildings, and subdividing underground space for transfer and use, particularly when converting historical buildings for commercial use. The lengthy approval process is factored into the overall cost of heritage regeneration projects. The already high initial costs and the continuously accumulating expenses often deter stakeholders from participating in such projects.

### 3.3 Difficult-to-Balance Accounts: Inertia Factors in the Operational Dimension

#### 3.3.1 Mismatch of Architectural Technical Standards

Similar to planning regulations, there is also a mismatch in the technical standards and norms for historical building regeneration plans. For example, strict adherence to standards for building spacing and facade width often results in deviations from the intended heritage character. Moreover, the restoration, renovation, or extension of historical buildings, as well as new constructions adjacent to them, often struggle to meet fire safety, earthquake resistance, energy efficiency, modular construction, and ecological standards. This discrepancy poses risks to the acceptance of future plans and the issuance of operating permits after regeneration. The issue of architectural standards often results in the planned scale of the project being unachievable, leading to funding issues during the implementation phase.

#### 3.3.2 Lack of Incentives for Historical Heritage Contributions in Urban Regeneration

In Shanghai's urban regeneration, exchanging appropriate spatial increments for improved public facilities or open space quality is the most crucial "driving gene." However, the historical heritage, a vital resource in regeneration, lacks supportive incentives. Although the "Urban Regeneration Ordinance" mentions that "new immovable cultural relics, outstanding historical buildings, and buildings that need to be preserved during urban regeneration can receive floor area ratio bonuses," it does not equate the regeneration and utilization of historical heritage with the acquisition of additional space rewards for increasing public service facilities or open spaces.

Furthermore, due to the long construction periods, there are certain legal structures in historical districts that are built legally with permits but negatively impact the heritage character, referred to as "illegal constructions." There is currently no policy to address the demolition of these structures, which leads to the loss of certified floor area and limits the willingness of stakeholders to engage in heritage regeneration.

#### 3.3.3 High Financial Costs

Financial constraints are always at the core of driving force limitations. Regeneration projects often lack effective and sustainable funding mechanisms, and the financial costs are high. For example, the early-stage investment in projects like Sinan Mansions is significant, yet the project's financial statements are consistently in deficit, and it is difficult to obtain support from relevant financial innovations. The inability to mortgage the usage rights of historical buildings severely affects cash flow, making sustainable operations challenging.

The rising costs of land expropriation and property exchange have increased the threshold for initial capital, while the prevailing leasing business model in regeneration projects, combined with restrictions on historical building usage conversion and certain prohibitions on selling, results in considerable rental fluctuations. This leads to long capital recovery periods or a situation where the "celebrity effect" quickly generates returns, but future tenants cannot sustain operations.

#### 3.3.4 Unpredictable Construction Costs

Regeneration projects often encounter unpredictable construction costs. This includes unclear or insufficiently detailed preservation requirements at the early stages, leading to additional demands for the protection of historical building interiors and details during later stages of construction. Such issues make it difficult to accurately assess the revenue-output efficiency of heritage regeneration projects. Furthermore, the lack of skilled professional construction teams adds to the unpredictability of costs.

### 4. Motivation Mechanism: Innovative Strategies for Promoting Regeneration Implementation

#### 4.1 Leading Three Cognitive Shifts with a "Unit Perspective": The Foundation of the Motivation Mechanism

Recent national and municipal policies, such as the "Guidelines for Planning and Land Policies to Support Urban Regeneration" and Shanghai's "Urban Regeneration Ordinance" and "Opinions on Accelerating the Transition of Development Methods to Promote High-Quality Urban Regeneration in the City (Trial Implementation)," have proposed using the "urban regeneration unit" as a driving force for future urban regeneration efforts. Unlike the project boundaries of past regeneration sites, urban regeneration units (Fig. 6) have more complex and diverse attributes. Establishing a "unit perspective" is an important foundational step in improving the regeneration motivation mechanism.

针对“许多开发者会出于对历史环境保护要求和限制条件的顾虑而不敢参与保护更新项目”的情况，英国于2017年开始研究“遗产行动区”，并在2018年《英国文化白皮书》中正式启动了“遗产行动区”项目，以此促进地区繁荣和公共活力复兴。

“遗产行动区”是一项多方协调参与的更新行动计划。项目范围由地方政府和“英国历史”结合地区功能发展、风貌特色、机遇和威胁等条件后共同研究确定，必须涵盖“保护区”、登录建筑等历史文化资源，也可以选取风貌成片、尚未列入名录但对地区风貌特征作用突出的区域。由于英国保护区类型多样，“遗产行动区”也可以是特色小镇和郊野地区。



Figure 6: Experience from Heritage Action Zone (UK)

Source: Author's own drawing and translation from Weaver Street Council. North Loft Heritage Action Zone Design Guide, 2020

A unit needs a platform that can coordinate various resources within a defined scope, and it requires the participation of various levels of government, planning, design, construction, operation teams, and local residents. The unit emphasizes spatial integration, breaking down barriers between physical form and emotional appeal, between buildings and open spaces, and between public and private rights. It shifts away from the old mindset of "discussing by site" or "project-based thinking" and establishes a more holistic and sustainable operational strategy for the region.

The unit perspective stresses the need for innovation in governance, requiring a goal- and problem-oriented approach that spans planning, design, construction, implementation, and operation. This will create a comprehensive action roadmap to support integrated implementation.

Under the guidance of the unit perspective, three shifts in traditional regeneration thinking must occur:

**Recognizing the "Resource" Nature of Historical Culture:** A comprehensive understanding of history and culture as invaluable and non-renewable strategic resources for urban regeneration is essential. Heritage regeneration projects are long-term investments, not short-term asset-driven endeavors. The value of these resources should be realized over an extended time frame, engaging local communities and residents in the long-term management and sustainable operation of the regeneration process.

**Thinking from a Broader Spatial Perspective:** Cities and regions need to strengthen support for heritage regeneration, as key issues within a single site are difficult to address in historical districts. Urban areas must offer support from a broader scope and create policies or mechanisms tailored to specific needs, expanding successful existing policies to wider applications. Furthermore, regeneration should integrate with regional development, enhancing local communities, and creating a ripple effect to revitalize surrounding areas.

Establishing a Value-Driven Regeneration Logic: Heritage regeneration should not solely focus on economic profit and financial balance but should shift towards recognizing the positive impacts of regeneration across multiple dimensions. The government should consider the social, cultural, and other value aspects of regeneration, while private market entities need to think about how projects contribute to their own brand and corporate value, incorporating brand management principles into the evaluation of regeneration success.

Based on this foundation, the study suggests innovations in three key areas—conceptual technology, spatial resources, and efficiency mechanisms—to rejuvenate the driving forces behind heritage regeneration.

## 4.2 Motivation Factors in Conceptual Technology

### 4.2.1 Innovating the Planning and Compilation Method for Protection Plans

Protection planning should shift from the traditional, top-down, elite-driven approach of "what the city needs" to a more user-centric approach focused on "what people need." Protection planning should integrate into the national spatial planning system and emphasize the implementation and communication of plans. The role of overall urban design should be leveraged to develop regional functional organization, activity planning, and transportation systems as part of a larger protective and regenerative strategy.

### 4.2.2 Enhancing Planning Management Flexibility for Heritage Regeneration

To meet the needs of heritage regeneration, planning management should offer more flexibility. This includes allowing for adjustments to site boundaries within certain limits or merging them, facilitating changes in the use of non-residential buildings where necessary, and simplifying procedures for increasing floor area or building height for functional improvements.

### 4.2.3 Optimizing Technical Standards for Regulatory Interfaces

Utilizing the policy interfaces between the "Protection Ordinance" and the "Regeneration Ordinance" to address conflicts in technical standards for historical building regeneration, such as those related to fire safety, earthquake resistance, flood prevention, green space rates, modular construction, and residential requirements, is key. Professional departments should work together to optimize technical standards and regulations, creating a unified top-level action framework.

## 4.3 The "Driving Factors" of Spatial Resources

### 4.3.1 Regional Perspective: Revitalizing Stock Spatial Resources

The scarcity and constraints of spatial resources are fundamental reasons for the lack of enthusiasm among various sectors to participate in the renewal of historical districts. Therefore, it is essential to focus on seeking space and innovating incentive mechanisms to encourage participation from all parties. This requires a comprehensive survey of renewal resources within a broader spatial scope, categorizing and analyzing the renewable land and building scale specified in the conservation plan. For areas where the additional construction stipulated by historical conservation requirements cannot be implemented, the hierarchical planning within the national spatial planning framework, such as unit planning, can be leveraged to achieve coordinated balance in other regions.



Additionally, it is necessary to analyze the building scale earmarked for demolition in the conservation plan. When necessary, the adjustment scope can be appropriately expanded to include other buildings willing to undergo renewal and renovation, thereby achieving an integrated update. Coupling this effort with the city-wide urban renewal plan, the scope of planning should be expanded to encompass land and areas with renewal intentions citywide or district-wide, locking in plots that can absorb planning transfers from historical districts. A mechanism for citywide coordination, inter-district transfers, and inter-district collaboration should be established, supported by unified specialized calculation methods and institutions (Fig. 7). The city should also explore a citywide development rights bank to adapt to macro-level changes in the market for operational land, ensuring reasonable control of market rhythms. A lifecycle binding management mechanism should be implemented between renewal plots and plots receiving development rights, requiring synchronized construction, development, and acceptance.

#### 4.3.2 Policy Support for Adaptive Reuse of Buildings

To meet conservation requirements, adaptive reuse of historic buildings should be supported through policies that accommodate construction activities leading to increased floor areas. These policies should include compensation for entities that voluntarily demolish certified “unauthorized additions” to meet renewal objectives, additional floor areas resulting from industrial building renovations, exemption from supplementary land-use fees for underground space utilization, and permission to restore historic exterior staircases. Other measures include encouraging rooftop greening that is independently operable and open to the public. In suburban areas, subsidy mechanisms for revitalizing private historic buildings should also be established.

#### 4.3.3 Innovative Financial Policies to Support Projects

Incentives for renewal should be enhanced by increasing the types and scale of rewards for projects involving historical conservation and adaptive reuse. This includes additional rewards for creating new conservation measures and providing extra public and community facilities through renewal efforts. Incorporating historical conservation into urban renewal contribution types should allow for operational floor area or height bonuses.

Innovative financial incentives for historical conservation renewal should be established by leveraging special funds to attract diverse social capital investments. Measures such as tax reductions, exemptions, and the development of innovative financial products related to historical conservation should alleviate the pressure of long-term capital immobilization. High land costs can be addressed by adopting mechanisms for phased payment of land transfer fees or by authorizing entities responsible for conservation projects to deduct acquisition costs as part of land transfer payments. For enterprises engaged in historical conservation (design, construction, supervision), tax and fee reductions should also be provided.



Fig. 7. An exploration of transfer of development rights in Shanghai

#### 4.4 The “Driving Factors” of Efficiency Mechanisms

##### 4.4.1 Enhancing Implementation Efficiency with the “Three Experts Collaboration” Mechanism

The “Three Experts Collaboration” mechanism introduces a platform involving the “Responsible Planner, Responsible Architect, and Responsible Evaluator,” creating a system with greater conductivity and penetration. This approach addresses the issues of having multiple entities, complex systems, diverse requirements, and process bottlenecks. Through technical integration and holistic management, the mechanism aims to secure more time advantages for project advancement (Fig. 8). The responsibility system establishes full-cycle oversight, from early planning and proposal formulation to construction and post-completion operations. It emphasizes the “early, comprehensive, and sufficient” involvement of relevant stakeholders, clearing bottlenecks and streamlining processes. This time-efficiency reduces the costs of renewal projects, ultimately facilitating their implementation.

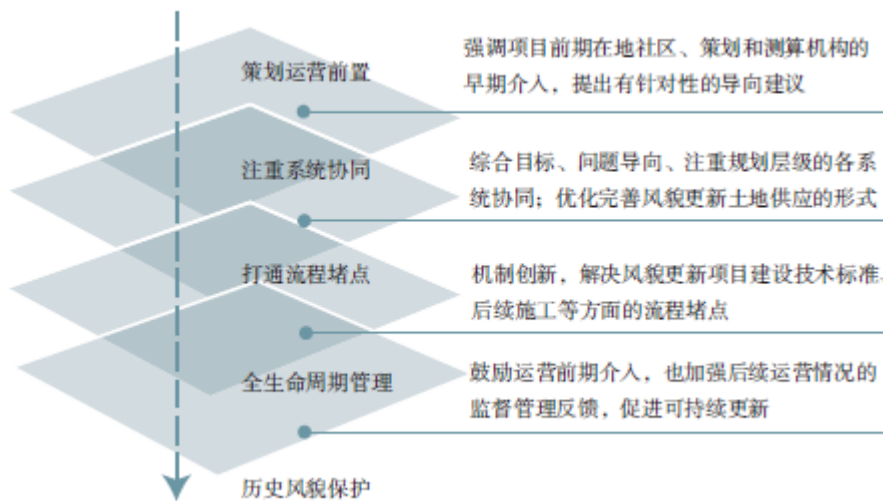


Fig. 8. A collaborative platform mechanism with conductivity and penetration

##### 4.4.2 Innovative Land Supply and Property Right Aggregation Mechanisms

Innovative approaches to land supply are recommended for historical district renewal projects. These include “design-included land transfers,” “land transfers with preserved buildings,” combined transfers of conservation renewal and operational land, and stricter bidder qualifications. Such measures establish preconditions for land transfers and introduce innovative supply modes like “lease-then-transfer” or combining leasing with

selling.

Property rights aggregation mechanisms should also be explored, including the issuance of property certificates for usage-right residential buildings after integrated renovations and independently managed residential units post-repurchase. Pathways for trading and mortgaging usage rights of various historic buildings should be innovated. A dedicated property rights transaction mechanism for publicly owned historical buildings could be established, possibly supported by a historical building property rights transaction database managed by the State-owned Assets Supervision and Administration Commission. Additionally, new methods, such as acquiring or investing usage rights linked to eldercare resources, can be explored.

## 5 Conclusion

Cities worldwide increasingly recognize historical and cultural heritage as a vital strategic resource for enhancing urban competitiveness and cultural soft power. The original intent of urban renewal is to serve people, encouraging broader and more active participation to address evolving challenges and ensure sustainable, organic urban renewal. Therefore, Shanghai must invigorate its “driving factors,” innovate its incentive mechanisms, and foster broad participation in historical district renewal projects. This will enable cultural resources to play a comprehensive and catalytic role in advancing high-quality urban development.

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