

Research on Urban Area Development and Planning Based on the Vision of Financial Management

Fang Zhou, M.Sc

Xue Qin, M.Sc

Fang Zhou, Lecturer, Business School, Henan Normal University, Xinxiang, 453007, China. Xue Qin, Lecturer, Management School, Zhejiang University, Hangzhou, 310058, China. Technology School, Guizhou University, Guiyang, 550000, China.

Correspondence LecZhou; tvdpi@163.com

Objectives: In the current urban construction, the development planning of regional projects is not only a matter for the government, but also for many financing companies. **Methods:** Financial management is an important part of the entire regional development and planning process. This study made some suggestions for regional construction projects from the perspective of financial management, and on this basis, designed a financing plan for urban regional construction. **Results:** Finally, taking the development plan of the M industrial zone as an example, a comprehensive financing plan was determined based on the project's financial situation and capital structure. **Conclusion:** It is hoped that this study can provide some suggestions for the financial management of urban area construction, and at the same time provide some reference for the financing scheme design of construction projects.

Keywords: financial management; financing construction; urban development; regional planning

Tob Regul Sci.™ 2021;7(5-2):4539-4546

DOI: doi.org/10.18001/TRS.7.5.2.20

With the advancement of urbanization in China, the regional construction of cities and regional economic development have gradually become a "community of destiny". The quality of urban regional construction determines the potential of regional economic development. The enterprise economy in the region can also promote urban regional construction. effectiveness. As many companies gradually join the process of urban area construction, financial management and financing plans for construction projects have become issues that cannot be ignored. The loophole-filled financial management will not only affect the interests of all parties in construction projects, but also affect the quality of construction in urban areas. On the other hand, many companies have shown great enthusiasm for joining urban regional

construction projects, which plays an important role in reducing the government's regional development risks. This study will study the development and planning of urban areas from two aspects of financial management and corporate financing, with a view to improving the quality of urban area construction and promoting regional economic development.

Andrej CL and others have found through research that competitive bidding for city outsourcing construction reduces costs, and low-cost city construction does not represent low-quality city construction. In addition, the marginal benefits of competitive bidding will gradually decline, and cities for governments and enterprises Construction cooperation cannot directly explain the cost changes of urban construction¹. Pohl et al. put forward a view that sufficient investment in urban infrastructure is

conducive to increasing social benefits, and conducted a study on urban infrastructure construction around the world on this point of view, and summarized how to optimize the overall process of construction projects to reduce Funding gaps in infrastructure construction. ². Santander AA and others proposed a conceptual framework, the purpose of which is to achieve effective planning and management of the city; at the same time, in order to ensure the non-profit nature of urban public construction, it proposed to develop certain methods and indicators as the basis of urban management policies and models ³. Through data research, Chena R and others found that urban infrastructure investment matches with urban infrastructure investment and financing channels, and analyzed the selection of investment and financing channels from the perspective of cost management, and expounded the corresponding processes, principles and requirements of cost management. Countries choose different investment and financing channels to provide reference ⁴. Sotarauta M and others analyzed the behavior patterns of leaders in several regions in urban and regional development, and explored the value, difficulties, and limitations of local leaders in the development of urban regions, in order to explore the structure of urban regional development and regional leaders The relationship between ⁵. Chen Yanguang proposed a multi-scale allometric analysis method and applied it to the evaluation of the development level of cities and regions in China. The results show that this method has a good evaluation effect and explains the regional spatial heterogeneity ⁶. In order to identify the main public-private partnership risks in Afghanistan's infrastructure construction, Bayat F et al. conducted a study of international legal regulations and related cases, and finally identified 23 important risks, and explained that identifying these risks is essential for improving Afghanistan's infrastructure. The important role of construction ⁷. Igor Mavrin and others outlined the connection between the European capital of culture and urban and regional development, and proposed a successful development strategy for Osijek and the region. Finally, the independent candidacy, regional and macro-regional candidates for Osijek The

possible development direction of eligibility was predicted ⁸.

In summary, regional construction and regional infrastructure construction are the key concerns of urban construction. The use of financial management experience in urban area construction planning can improve the city's comprehensive social benefits. This study will proceed from the perspective of financial management to carry out urban area construction planning in order to maximize the benefits of urban area construction.

METHODS

Financial Management and Financing Construction of Urban Area Construction

With the rapid development of urban construction, the scale of cities continues to expand, and various capital expenses in this process are also increasing. The construction of urban areas requires not only the development and utilization of land, but also the urban planning and design of the areas, which also prolongs the capital utilization cycle of the overall construction process. In the process of urban area construction, in the face of a large amount of capital turnover, there are various challenges in the financial management of the project. In order to improve the efficiency of capital management, here are some suggestions for project financial management from specific construction projects. In actual engineering, financial personnel not only need to master professional financial knowledge, but also need to have relevant engineering management knowledge. This ensures that financial management is in an active position in urban construction projects, and is conducive to the capital management accounting of urban construction projects. On the other hand, it is necessary to establish a reasonable fund use supervision system and a fund use responsibility system in urban area construction projects to improve the efficiency of fund management. In addition, the capital investment in urban area construction is large and the construction period is long. This requires financial management personnel to formulate a budget plan for the use of funds before construction, and do a good job of investigating and investigating when making the

Table 1
Financial Management Requirements for Urban Area Construction

Urban construction project	Financial executives	Financial management skills
		Engineering management skills
	Use of funds	Fund use responsibility mechanism
		Supervision mechanism of fund use
	Capital budget	Capital budget plan
		Investigation of fund utilization
Local government	Urban Planning Department	Coordinate with relevant engineering departments
		Implementation of project financing
	Government audit department	Improve the financial audit of the project
		Strengthen the management of financial budget, budget and final accounts

Table 1 shows the financial management requirements for urban area construction. In the construction of urban areas, in addition to controlling the quality of financial management from specific construction projects, financial management quality can also be controlled from other aspects. On the one hand, in the early stage of urban regional construction, the urban construction planning department needs to do a good job in coordination with other professional departments, effectively implement the financial management of regional construction projects, and promote the smooth progress of financial work such as construction project financing. On the other hand, it is necessary to improve the financial audit work of urban construction and comprehensively evaluate the investment and social benefits of urban construction in order to avoid the loss and waste, corruption and bribery during the construction of urban areas. In addition, strengthen the management of financial estimates, budgets, and final accounts in the process of urban area construction to ensure the effectiveness of investment and safety of funds in all aspects of the project.

With the development of my country's urban economic construction, the investment financing construction of governments at all levels has become an important source of funds for urban construction. This not only promoted the development of the local economy, but also played a role in stimulating domestic demand.

Urban area construction is one of the important goals of government investment and financing construction. In the current urban area construction, financial management work is relatively standard, but it involves government investment and financing construction, and there are still some problems.

The fundamental reason for the government's investment and financing construction is the implementation of the tax-sharing system, which has led to the upward movement of the country's financial power. Under such circumstances, the financial and administrative powers of local governments at all levels are asymmetric, and government policy enforcement has declined. Therefore, local governments have raised funds from new ways to carry out local city construction. Objectively speaking, this method improves the government's ability to build cities and promotes the development of urban infrastructure and public utilities. However, since the current investment and financing platform is still in the development stage, there is still much room for improvement in its construction management model. On the one hand, the government needs to formulate a comprehensive legal protection system to ensure the symmetry of information, and develop a diversified investment and financing model; on the other hand, the government can improve the profitability of urban construction projects from the perspective of advertising and corporate publicity, and reduce

The government's debt burden.

Design of Urban District Construction Financing Scheme Based on M Industrial Zone

For urban area construction projects, reasonable control of financing costs determines the efficiency of corporate financing. Project financing for urban construction needs to comprehensively analyze its risks and costs after determining the financing channels and models to determine a relatively balanced and easy-to-operate financing plan. In this study, the M industrial zone will be used as an example to explain the design of financial financing schemes for urban area construction. The development and planning of the M industrial zone belongs to the urban area reconstruction and construction project. After the original enterprises in the industrial zone were relocated, a large amount of land resources were released. The function of the urban construction plan for the M industrial zone is the city's comprehensive service center. The industries it serves include high-tech industry, business industry, and modern finance.

In order to alleviate the financial pressure on the construction of urban areas and reduce financial risks, multi-channel, multi-level and multi-form will be used here as the design goal of the financing scheme. For the M industrial zone, the capital structure of its project is a short-term and long-term fund structure, and the construction funds of the project include fixed assets and current assets. The long-term funding of the project includes infrastructure loans and government funding, which is also the main source of funding for the project; short-term funding comes from short-term loans. In the regional construction projects in the M industrial zone, the proportion of short-term borrowings is small, and the proportion of long-term funds is large, which has greater risks for project financing. Therefore, in the financing of construction projects, a comprehensive consideration of financing methods and enterprise characteristics is required. For financing companies, it is necessary to control the balance of financing risk and investment income as much as possible, and achieve a win-win situation with construction projects.

Table 2
Main Financing Methods and Characteristics of M Industrial Park Construction Project

Financing mode	Characteristic
BT financing	After the expiration of the agreement, the government will buy back the project with compensation of equal value
BOT financing	After the agreement expires, the construction project is transferred to the government free of charge
PPP financing	The risk of project construction is shared; a large amount of private capital is introduced in advance
Trust financing	Entrusted by others to manage money for others
Project loan financing	If the principal and interest cannot be repaid within the time limit, the bank can dispose of the collateral according to law
Project equity financing	Obtain direct construction funds from shareholders by issuing shares
Industrial investment fund financing	Through equity investment, we can concentrate social idle funds and provide stable long-term funds for enterprises

Table 2 shows the main financing methods and characteristics of construction projects in the M industrial zone. The BT financing method is that the government and the enterprise legal person sign a contractual agreement, and the enterprise legal person is responsible for the construction of the project at the agreed time, and the government will repurchase the project at the expiration of the contract. This method is relatively small for the government's construction risk, and quickly solves the government's funding problems for urban area construction. The BOT financing method is that the government and private enterprises sign a concession agreement, and carry out project construction and maintenance during the agreed period. The difference between it and BT financing is that after the contract expires, the construction project needs to be transferred to the government for free. In the PPP financing method, the government transfers part of the project responsibility to all parties in the private partnership alliance by means of land agreement transfer, and supports certain development and construction subsidies, so as to allow powerful technology enterprises to settle in. This approach not only distributes the risk of project construction to multiple investment companies, but also introduces private capital into regional construction projects in advance, which saves a lot of construction costs and improves the overall construction benefits. The way of trust financing, in short, is "trusted by someone to manage money for others". Property beneficiary trust financing, equity trust financing, loan trust financing, and hybrid trust financing are different trust financing models. In trust financing, there are two key processes, financing and investment. In the financing process, the project can choose a single or collective trust plan; in the investment process, the construction project can take the form of equity, loans, etc. The success of the investment depends on the balance of investment returns and risks. Project loan financing is the project developer's loan financing to the bank with the real estate under the name as collateral. The collateral of real estate mortgage loans is divided into real estate and land. If the project developer cannot repay the

principal and interest within the deadline, the bank can dispose of the collateral according to law. Project stock financing is the way in which developers obtain direct financing funds from shareholders by issuing shares. This approach includes common stocks and preferred stocks, where the dividends of preferred stocks come from the project's own income. Industrial investment fund financing is a new type of financing method. This method guides social funds into urban regional construction projects and provides stable long-term funding sources for enterprises through equity investment. Industrial investment fund financing does not limit the types of enterprises. Private enterprises, central enterprises, foreign-funded enterprises, etc. can all participate in urban regional construction projects in this way.

RESULTS

Example Design of Financing Scheme for Development and Planning of M Industrial Zone

This study will use the aforementioned financial management and financing suggestions for the construction of urban areas to design a construction financing plan for the development of the M industrial zone. Table 3 shows the design results of the construction financing plan for the M industrial zone. In response to the specific situation of the M industrial zone, this study designed a total of three financing options. The financing channels of the three schemes are all diversified, and their sources of funds come from 10 channels. The difference between them is that the investment shares of different financing channels are different.

Table 3
Design Financing Scheme for the Construction of M Industrial Zone

Financing	Plan A	Plan B	Plan C
Equity financing	8%	7%	10%
BT financing	8%	7%	10%
Project loan financing	20%	8%	10%
BOT financing	14%	8%	10%
Bond financing	10%	20%	10%
PPP financing	5%	10%	10%
Project agreement financing	8%	9%	6%
Real estate trust financing	6%	8%	13%
Finance lease	6%	8%	6%
Industrial investment fund financing	15%	15%	15%

Scheme A is mainly based on project loan financing, and its financing share has reached 20%; in addition, equity investment funds and BOT financing accounted for 15% and 14%, respectively. The advantage of this scheme is that it can reduce the debt risk of enterprises, and at the same time improve the efficiency of construction and operation. But his shortcoming is that its financing cost is relatively high, and it is easy to face the loss of land income. Option B is mainly based on bond financing, and its financing share has reached 20%; equity investment funds and PPP financing accounted for 15% and 10%, respectively. Although the financing risk of this scheme is relatively stable, its essence is to transfer the current financial pressure of the enterprise to the future, which increases the financial risk of the enterprise and limits the company's future financing ability. In Option C, industrial equity investment funds and real estate trust financing accounted for 15% and 13% of the share respectively; project agreement financing and financial leasing accounted for 6% of the share; the remaining shares were divided among other financing channels. The results of this plan are based on a comprehensive analysis of a series of conditions, such as the overall economic environment of the M industrial zone, the internal operating conditions and financing of the enterprise, and the stock market environment. Therefore, the

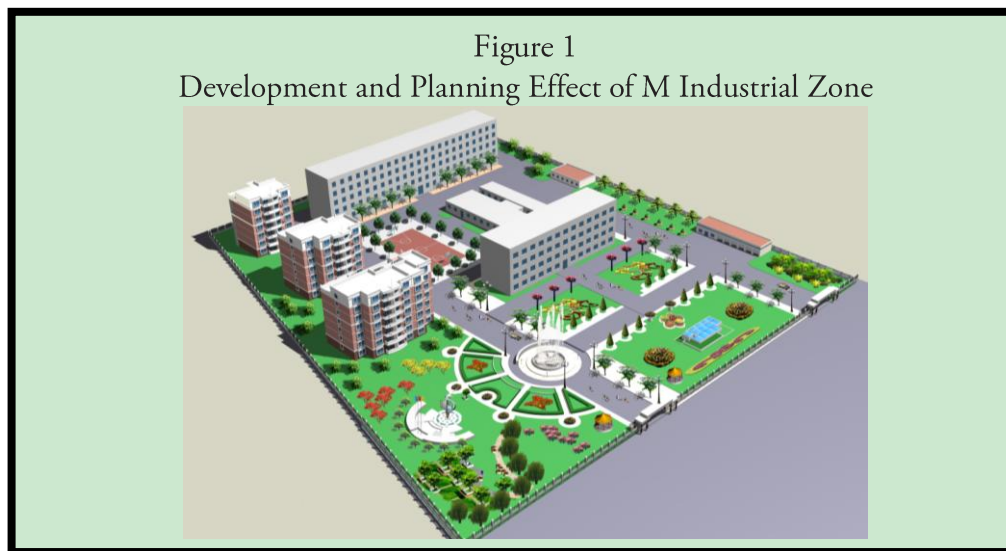
actual utilization value of Plan C is higher.

Analysis of Financing Construction Plan of M Industrial Zone

Figure 1 shows the development and planning effect of the M industrial zone. Here, the financing design of Option C will be analyzed according to Figure 1. The financing scheme of scheme C is mainly based on equity investment funds and real estate trust financing, and in the M industrial zone, it is mainly commercial construction. Real estate trust financing is the listing of commercial properties in the form of an investment portfolio in the early stage of the construction of the industrial zone. Since commercial properties have stable rental income, the late rental income can be distributed to investors as investment income. This approach makes the overall investment risk diversified, and at the same time the investor's investment income is stable for a long time. Most of the current urban construction financing problems have not formed a risk-sharing mechanism, so there is a large risk control problem in the financial management of the project. The real estate trust financing in the M industrial zone solves this problem greatly. It is less affected by the socio-economic environment and is an effective tool to fight inflation. In addition, the equity investment fund is a fixed financing channel for the development planning of the M industrial park.

After the construction of the project is completed, some properties will be used as "incubator" test bases to provide rent support for high-quality enterprises, thereby increasing the survival probability of the enterprise; another On

the other hand, after the M industrial zone is expanded, the company will be further supported by means of "rent-for-equity". This is to achieve a win-win situation for the three parties of the region, enterprises and funds.



According to the above analysis, in the development and planning of the M industrial zone, the responsibilities and powers of governments and enterprises at all levels must be strictly implemented, and the financial management of regional construction should be carried out from the aspects of land construction expenditure and development income. As the leading role, the overall layout of the various industries and facilities in the region and the efficient integration of regional construction and development resources will promote the orderly development and construction of the M industrial park.

DISCUSSION

In the regional construction of cities, corporate financing has become an important source of project funds, which not only helps the government solve the funding problem, but also attracts many companies to participate in regional development. This study designed the financial financing plan for the construction of urban areas, and put forward some suggestions for the financial management of regional construction projects to ensure the effectiveness

of project capital management. In addition, the study took the regional transformation of the M industrial zone as an example, combined with the project's financial situation and the original enterprise's capital structure characteristics, and designed the project's financing plan. After a comprehensive analysis of the overall economic environment, corporate financing, etc., a financing plan based on industrial equity investment funds and real estate trust financing was determined. It is hoped that this financing plan design can provide power for the sustainable development of regional construction and provide conditions for regional industrial gathering.

Human Subjects Approval Statement

This paper did not include human subjects.

Conflict of Interest Disclosure Statement

None declared.

Acknowledgements

National Social Science Foundation of China
"A study on the assessment and prevention and control of systemic risks in the banking industry

Humanities and Social Science Research And Planning Fund of Ministry of Education “Research on pension fund asset allocation based on Copula risk Measurement Model” (16YJA790063)

References

- 1.Andrej C L , Ole Helby Petersen , Kurt Houlberg. Contracting out local road and park services: economic effects and their strategic, contractual and competitive conditions. *Local Government Studies*, 2018,(44):64-85.
- 2.Pohl, H B, Woetzel J. Infrastructure : doing more with less. *social science electronic publishing*, 2016, 17(2):293-301.
- 3.Santander A A , Garai-Olaun, Agustín Azkarate. Urban Planning and Sustainable Development in The 21st Century, Conceptual and Management Issues. *Iop Conference*, 2016, 44:025-032.
- 4.Chena R , Chenga D , Lva Z , et al. Research on Investment and Financing Mode of Urban Infrastructure under Perspective of Cost Management. *Filomat*, 2016, 30(15):4073-4099.
- 5.Sotarauta M , Beer A , Gibney J . Making sense of leadership in urban and regional development. *Regional Studies*, 2017, 51(2):187-193.
- 6.Chen Yanguang. Multi-scaling allometric analysis for urban and regional development. *physica a statistical mechanics & its applications*, 2017, 465:673-689.
- 7.Bayat F , Noorzai E , Golabchi M . Identifying the most important public-private partnership risks in Afghanistan's infrastructure projects. *Journal of Financial Management of Property & Construction*, 2019, 24(3):309-337.
- 8.Igor Mavrin, Maja LamzaMaronic, Jerko Glavas. Managing Urban and Regional Development Through European Capital Of Culture Programme And Creative Industries With Application on the City Of Osijek. *Economy of Eastern Croatia Yesterday Today Tomorrow*, 2016, 3:97-107.