

© Copyright [2016]

Yuting Li

Game of Housing:  
The Political Economy of Social Housing Provision in China,  
Evidence from Chongqing and Shanghai

Yuting Li

A dissertation

submitted in partial fulfillment of the  
requirements for the degree of

Doctor of Philosophy

University of Washington

2016

Reading Committee:

Susan H. Whiting, Chair

Joel S. Migdal

Victor A. Menaldo

Program Authorized to Offer Degree:

Political Science

University of Washington

**Abstract**

Game of Housing:  
The Political Economy of Social Housing Provision in China,  
Evidence from Chongqing and Shanghai

Yuting Li

Chair of the Supervisory Committee:  
Susan H. Whiting, Associate Professor  
Department of Political Science

Housing is central to and extends beyond welfare. For ordinary households in developed countries and many developing countries, housing is arguably the single, biggest consumption good. For stressed families, obtaining affordable housing prevents homelessness as well as its attendant risks, and can be fundamental to elevating them out of poverty. For state actors involved in social housing development, however, it may be a tool to achieve goals other than welfare. This dissertation studies the state provision of social housing in contemporary urban China, asking two particular questions: what makes Chinese housing welfare possible, and what determines regional differences as exemplified by two city cases—Chongqing and Shanghai. While Chongqing relies

heavily on state involvement and ownership, Shanghai supplements government intervention with a more market-oriented approach. They exhibit differences in scale, coverage, state involvement, and program design. Existing research has highlighted national policy formation and central government motivations without identifying the precise factors that lead to this sub-national variation. The theory proposed in this dissertation portrays Chinese local officials, under the parameters of a central-local interactive framework, providing social housing to meet targets set by the central government, to relate social housing programs with non-tax revenue generation, and to provide housing assistance as a means to attract desirable labor forces for the local economy. In turn, elite politics, bureaucratic interests, and administrative structure are important political factors, and local economic structure and labor market preferences are strong economic motivations. The most important determinant, however, is local government's land control. State ownership of urban land makes social housing provision in China possible, and to a large extent limits the transferability of the Chinese model to other countries. Extrapolating from the Chinese experience, this dissertation further conceptualizes the housing welfare state, hoping to transcend current understanding of welfare state from a regime-type based typology to a goods-and-services based one. Though this dissertation studies social housing provision, its findings invite further discussion beyond the welfare literature to broader questions in political economy.

# TABLE OF CONTENTS

List of Tables .....	I
List of Figures .....	II
List of Maps .....	III
List of Charts .....	IV
Chapter 1. Introduction: The Political Economy of Housing Welfare .....	1
1.1 Motivation of Research: Social Housing through Three Generations .....	1
1.2 Research Questions .....	9
1.3 State-provided Housing Welfare in Urban China .....	12
1.4 Why Would the State Provide Housing Welfare? .....	15
1.4.1 Social Housing in Exchange for Political Survival.....	16
1.4.2 Political Urgency of Urban Housing.....	17
1.4.3 To Whom Should the State Provide Housing Welfare? .....	19
1.4.4 Economic Incentives behind Housing Welfare.....	22
A Policymaker's Dilemma.....	24
1.5 Local Variation of Social Housing Provision .....	26
1.6 The Argument: A Political Economical Theory of Housing Welfare in China.....	29
Central-Local Interactions and Regional Variance in Social Housing .....	30
Political Advancement .....	32
Land Control and Fiscal Capacity.....	35
Local Economic Structure and Labor Market Preference.....	36
1.7 Research Design.....	37
1.8 Dissertation Outline .....	40
Chapter 2. Social Housing Assistance in Chongqing and Shanghai.....	41
2.1 All-in-One Public Rental Housing in Chongqing .....	42
2.1.1 Simplicity.....	42
2.1.2. Ultimate State Ownership .....	46
2.1.3 Large Scale.....	50
2.1.4. Generalized Coverage.....	53
2.2 The Market Logic of Social Housing Practices in Shanghai .....	54
2.2.1 Multiplicity .....	54
2.2.2 Limited Government Ownership .....	58
2.2.3 Modest Scale.....	67
2.2.4 Tiered Coverage.....	70
2.3 Chongqing and Shanghai in Comparison .....	71
Chapter 3. Politics Matters.....	74
3.1 When Should the Government Provide Housing Assistance? .....	74
3.2 Elite Politics .....	79
3.2.1 Chongqing.....	81

3.2.2 Shanghai.....	87
3.3 Bureaucratic Interests.....	92
3.3.1 Chongqing.....	95
3.3.2 Shanghai.....	98
3.4 Administrative Structure.....	100
3.4.1 Chongqing.....	104
3.4.2 Shanghai.....	107
3.5 Summary.....	112
Chapter 4. It Is About Land!.....	114
4.1 Chongqing.....	116
4.2 Shanghai.....	132
4.3 Summary.....	146
Chapter 5. House the Labor They Want.....	149
5.1 Economic Structure and Labor Market Preferences.....	150
5.1.1 Chongqing.....	151
5.1.2 Shanghai.....	168
5.2 Summary.....	177
Chapter 6. Conclusion.....	179
6.1 The Housing Welfare State.....	181
6.2 The Chinese Housing Welfare State.....	186
6.3. Other Housing Welfare States.....	189
6.3.1 Singapore.....	189
6.3.2 Hong Kong.....	191
6.4 Transferability.....	194
6.4.1 Land Ownership.....	194
6.4.2 State-and-Society Structure.....	195
6.5 Reflection: State-provided Social Housing as Welfare or Something Else?.....	205
6.6 Concluding Remarks.....	207
Bibliography.....	212
Appendix I: Description of Eleven Chongqing Public Rental Housing Complexes.....	225
Appendix II: Vignettes of Chongqing Public Rental Housing Residents.....	233
Appendix III: List of Cited Interviews.....	240
Appendix IV: Chronicle of Key Social Housing Policies in China, 2007-2011.....	241
Appendix V: Survey Questionnaire for Residents in Chongqing's Public Rental Housing Complexes (Chinese Language).....	244

## List of Tables

Table 2.1: Dependent Variables in China’s Social Housing Provision Comparison .....	42
Table 2.2: Fact Sheet on Eleven Public Rental Housing Complexes in Chongqing .....	51
Table 2.3: Fact Sheet on Five Municipality-owned Public Rental Housing Projects in Shanghai .....	69
Table 3.1: Fiscal Balance Comparison: Shanghai versus Chongqing, 2007-2012 .....	92
Table 3.2: Administrative Ranking System in China .....	101
Table 3.3: Land and Housing Development System in Four Chinese Direct-controlled Municipalities ....	103
Table 4.1: Local Government Revenue and Land Transferring Fees in Chongqing: 2001-2012.....	124
Table 4.2: State-owned Land Use Right Transfer in Shanghai versus Chongqing: 2002-2012 .....	136
Table 4.3: State-owned Construction Land Supply in Shanghai versus Chongqing: 2007–2011 .....	137
Table 4.4 Local Financial Revenues in Shanghai and Chongqing, 2012.....	140
Table 5.1 Supporting Industries Around Public Rental Housing Complexes in Chongqing.....	157

## List of Figures

Figure 3.1: National Average of Residential Commercial Housing Prices in Urban China: 2000-2013 .....	77
Figure 3.2: Four Municipalities in China: Average Residential Housing Prices, 2004-2013 .....	81
Figure 3.3: GDP per capita of Four Direct-controlled Municipalities in China: 2004-2013 .....	82
Figure 3.4: Budgetary Revenues and Expenditures in Chongqing, 2004-2013 .....	85
Figure 3.5: Budgetary Revenues and Expenditures in Shanghai, 2004-2013 .....	91
Figure 4.1: Land and Local Revenues in Chongqing, 2001-2012 .....	123
Figure 4.2: Chengnan Jiayuan Residential Survey: Purchase Decision, 2013 .....	127
Figure 4.3: Land Use Right Transfer in Shanghai, 2000-2012 .....	135
Figure 5.1: Economic Structure in Chongqing, 2007-2014 .....	151
Figure 5.2: Chengnan Jiayuan Complex Resident Survey: Resident Characteristics .....	161
Figure 5.3: Chengnan Jiayuan Complex Resident Survey: Resident Income and Housing Preference .....	163
Figure 5.4: Chengnan Jiayuan Complex Resident Survey: Moving-in Experience .....	164
Figure 5.5: Chengnan Jiayuan Complex Resident Survey: Job Opportunities .....	166
Figure 5.6: Chengnan Jiayuan Complex Resident Survey: Commute Experience .....	167
Figure 5.7: Economic Structure in Shanghai, 2007-2014 .....	169
Figure 6.1: Chengnan Jiayuan Residential Survey: Contact Frequency with Related Entities .....	202
Figure 6.2: Chengnan Jiayuan Residential Survey: Levels of Trust on Related Entities .....	203
Figure 6.3: Chengnan Jiayuan Residential Survey: Satisfaction with Current Conditions .....	204
Figure 6.4: Chengnan Jiayuan Residential Survey: Residential Relationship .....	210

## **List of Maps**

Map 2.1: Geographic Location of Lianming Yayuan .....	64
Map 4.1: Public Rental Housing Sites and Highway Layout in Chongqing.....	129
Map 4.2: Public Rental Housing Sites and Future Public Transportation Lines in Chongqing .....	130
Map 5.1 Geographic Locations of Public Rental Housing Complexes in Chongqing .....	156

## List of Charts

Chart 3.1: Chongqing Social Housing Institution Structure .....	106
Chart 3.2: Shanghai Social Housing Institution Structure .....	108
Chart 3.3: Concluding Summary .....	112
Chart 4.1: Chongqing Public Rental Housing Financial Investment and Repayment .....	121
Chart 4.2: Concluding Summary .....	146
Chart 5.1: Concluding Summary .....	177
Chart 6.1: Four Major Models of Social Housing Assistance .....	196
Chart 6.2: Community Management in Chongqing's North New District .....	199

## ACKNOWLEDGEMENTS

I thank the Department of Political Science for its long-term support and express deepest gratitude to my committee members—Professors Susan H. Whiting (Chair), Joel S. Migdal, and Victor A. Menaldo for their valuable mentorship, holding up the highest academic standards, and guiding me to bring the best out of my research. Professor Kam W. Chan has offered great advices as my graduate school representative. I also thank friends and colleagues at the University of Washington for a supportive community, and all the departmental administrative and advising staff for their help.

Several organizations provided financial assistance. Kaplan/Levi Civic Engagement Grant from the Department of Political Science, Doctoral Research Small Grant from the China Studies Program at the Jackson School of International Studies, and Fritz/Boeing Fellowships for International Research and Study from the University of Washington Graduate School enabled my fieldwork. Fellowship from the Chiang Ching-kuo Foundation for International Scholarly Exchange (USA) supported one-year full-time dissertation writing. I thank these sponsors.

It goes without saying that this dissertation would never have been completed without the contributions from my key contacts and all informants in China. I was fortunate to enter their worlds and hear their stories.

Lastly, I am deeply indebted to my parents and in-laws for their helping hands, and to my dear husband for his love and criticism.

## **DEDICATION**

To my daughters,  
Arrietty and Emmaline,  
who delayed this dissertation but fulfilled my life.

## Chapter 1. Introduction: The Political Economy of Housing Welfare

### 1.1 Motivation of Research: Social Housing through Three Generations<sup>1</sup>

Ping is a small county located in southeastern China, a place indistinguishable from its peers. It has a total area of nearly two thousand square kilometers and a population of less than three hundred thousand. Its people have been enjoying their pleasantly uneventful lives. In the socialist period of comprehensive social welfare prior to early 1990s, urban residents of the county lived in subsidized housing as a benefit of their employment.<sup>2</sup> Profound housing reform followed during subsequent marketization and welfare state withdrawal. More recently, the central government began promoting social housing again since 2007, as part of its grand plan of state re-intervention in housing assistance.<sup>3</sup>

For the Du family, all these housing-related changes are not just abstract historical summaries but real personal experience. Mr. and Ms. Du, who have lived in Ping since their births in the early 1940s, benefited from the socialist arrangements of welfare provided through work units as career employees for the local Bureau of Materials and the local Bureau of Commerce, respectively. When they joined these bureaus as young

---

<sup>1</sup> All place and personal names are pseudonyms to protect the identity of my informants.

<sup>2</sup> China has three *de jure* levels of government—the provincial, county, and township. The provincial level includes governments of province, autonomous region, municipality, and special administrative region. Two *de facto* levels—prefecture and village—exist in actual implementation, under province and township, respectively. In the Chinese administrative division system, provincial and prefectural governments are considered urban governments, whereas county, township, and village are part of the rural hierarchy. County governments are also responsible for providing welfare and services to residents who live in the urban areas of their jurisdictions. The Division of Administrative Division and Place Name (行政区划司) within the Chinese Ministry of Civil Affairs (民政部) provides comprehensive information regarding the administrative division system in China.

<sup>3</sup> This dissertation uses the term “social housing” instead of “public housing” to refer to any housing supported by the state, whether through state ownership and maintenance or through state subsidy. The term of social housing, though more commonly used in European literature, entails broader coverage and connotation. It points directly to the welfare function of housing assistance, and can include more targeted types of welfare housing that are open to certain social groups instead of the general public. In China, this has included work unit housing, low-rent housing, economical housing, public rental housing, and resettlement housing.

civil servants, they were assigned to appropriate dormitories, which were rented at low prices to subsidize low wages. Their living arrangements gradually improved as their status changed from single to married, junior to senior, and rank-and-file to high-level staffers. Over the nearly half a century of their working lives, they moved from bunk-bed dorms, to studios, to one-bedroom and two-bedroom apartments, and eventually settled in their current two-level townhouse with four bedrooms and a small yard. They raised their three children there. Now, in their early seventies, they are retired. Like virtually all of their peers, they see housing and employment as naturally connected.

The construction of the townhouse where the elder Dus live garnered attention from their neighbors in the early 1980s. It was one of the very first multi-floor residential buildings in Ping. At first, the local Bureau of Materials assigned the Dus to live there as renters without any time limit, while the county's Housing Administration Bureau held the property rights. Under housing reform,<sup>4</sup> they were first allowed to purchase half of the house's ownership and eventually acquired full ownership to become legal homeowners as the reform deepened.<sup>5</sup> The purchasing price was not high, thus they could rely on

---

<sup>4</sup> The Chinese housing welfare reform dated back to 1978, when urban youth who were mobilized to participate the "Up to Mountains and Down to the Countryside Movement" (上山下乡运动, *shangshan xiexiang yundong*) worsened an urban housing shortage and overcrowding through a massive return to cities. In October 1978 shortly after his visit to Singapore, Deng Xiaoping, the then Chairman of the National Committee of the Chinese People's Political Consultative Conference, was inspecting dozens of newly constructed apartment buildings in Beijing when he asked local officers whether residential buildings could become commodities in the market. No one dared to respond as market considered a controversial concept. After a long pause, Deng answered his own question: "If housing could be commodified, I would like to use my savings to purchase one unit for my son Pufang. My other children do not need my help; but I need to take care of Pufang, because I was responsible for his disability." This anecdote has been reported in various news articles on China's housing reform. For an detailed account of the "Up to Mountains and Down to the Countryside Movement," see Bernstein, 1977, *Up to the Mountains and Down to the Villages: the Transfer of Youth from Urban to Rural China*, New Haven: Yale University Press.

<sup>5</sup> To be clear, property ownership in the current Chinese context entails a maximum of 70-year lease/land-use rights for commercial residential housing.

savings and part of monthly salaries instead of taking any mortgage. In fact, the notion of a housing mortgage did not exist in their generation's lexicon.

The Dus' son, and his wife, Ms. Kang, are in their late forties. The younger Mr. Du works as a high school teacher and Ms. Kang is an accountant for a local, formerly state-owned brewery. They do not see the workplace as quite as central to their lives as their parents did. Mr. Du has worked in one of the two local middle and high schools since he graduated from a teacher's college in mid-1980s. Ms. Kang has had a single employer since she completed her training from a technical school. Their employers offered both of them dormitory rooms. Mr. Du junior chose to continue to live in his parents' townhouse, but Ms. Kang took the offer until she married, when she moved in with her husband and in-laws. Both her sister-and brother-in-law left home for higher education in other cities soon after the marriage. Ms. Kang's moving out of her own parents' overcrowded home also gave space to her younger siblings. A few years later, Mr. Du and Ms. Kang had their first and only daughter. The grandparents provided substantial care.

The living arrangement benefited the young couple in many ways. They had more savings, more leisure time, and less childcare expenses than they would have if they purchased their own home. But living with the elder Dus was not free of troubles and frictions. The grandparents and the parents subscribed to different principles and beliefs about how to raise a healthy and happy child, which constantly triggered arguments. The older her daughter grew, the more Ms. Kang, and to some extent her husband, wished for their own living space. However, in the late 1980s, even though the housing reform had

already started, seniority and rank, instead of housing need, still predominantly determined access to workplace housing welfare.

In late 1992, both Mr. Du and Ms. Kang's employers offered apartment-purchasing options. Market-oriented housing reform was approaching its final years, and the central government had been pushing hard to put an end to the socialist housing welfare era. Local state agencies and state-owned enterprises were ordered to complete the conversion of work unit rental housing to private home ownership for their current and former employees. Work units were also encouraged to utilize the newly established market to provide housing solutions. The school where Mr. Du teaches sold its entire stock of rental housing units to its employees, and contracted a state-owned construction company to build additional apartments on spare land within its campus for sale. Meanwhile, Ms. Kang's brewery secured a deal with the local Housing Administration Bureau to enable its employees to purchase some newly-constructed commercial residential apartments located in the downtown area. A local state-owned construction and development enterprise created these apartments under the supervision of the Housing Administration Bureau to showcase the functionality of the private housing market. Ultimately after careful comparison and calculation, the couple purchased a two-bedroom apartment through Ms. Kang's employer. The couple and their daughter lived there for nine years, from 1993 to 2001, when they upgraded again.

In 2000, the local Bureau of Commerce announced that it planned to demolish its dilapidated warehouse and construct a five-floor apartment building for sale to its former and current employees who have not enjoyed any housing benefits from the bureau. These former employees included the elder Ms. Du, who had worked there for her entire

working years, and since the townhouse had been purchased through her husband's employer, she was eligible. Subsidies from the bureau and down payments from the buyers would fund their construction, and the bureau laid out a payment plan by which the occupants would fully own the apartment once they paid off the remaining balance. The subsidies supported below market prices. Ms. Du's seniority placed her at top of the buyer list, and she selected a three-bedroom apartment for her son, daughter-in-law, and granddaughter to live in. The young couple gifted their old two-bedroom apartment to Ms. Kang's widowed mother, retaining its property ownership but allowing her to live in it. They moved in to the new apartment before the Chinese Lunar New Year in 2001.

When the author spoke with the Du family in 2011, the younger Mr. Du had become a senior lead teacher in his school, and assumed some bureaucratic responsibilities as well. Ms. Kang's brewery had become a joint-stock company. They continued to live in the three-room apartment the Bureau of Commerce built, and their daughter had left home to go to college in Beijing.

At the time, Mr. Du junior was troubled by an assignment from the school headmaster of finding housing solutions for his younger colleagues, many of whom are from other counties or provinces. The purchasing price for commercial apartments in the urban area of Ping county has increased significantly since 2001 from about three hundred per square meter to more than three thousand RMB, making home buying increasingly burdensome for young people. In light of this challenge, Mr. Du drafted a proposal based on the past work unit housing model, and brought it to Mr. Wang, the head of Ping's Housing Administration Bureau. He would need the bureau's approval for land use, construction standards, and other aspects of the plan. They met for an hour.

Mr. Wang rejected the proposal. This middle-aged man smiles a lot, but he seems uncomfortable when he talks about his job. “Pressure has been quite high in recent years,” he confessed after a long sigh, “We are running out of solutions to supply social housing welfare here.”<sup>6</sup> Since 2007, the central government has been emphasizing the political and social importance of providing social housing welfare for the urban low-income households.<sup>7</sup> To expedite the progress of in-kind housing assistance provision, it sets annual quotas of total social housing units that should be constructed and completed.<sup>8</sup> Also, fiscal transfers from the central state to the local governments have been allocated to provide additional support, though the majority of funds for social housing construction come from local fiscal revenues.<sup>9</sup>

The leaders of Ping county government and county party committee received from their superiors in the upper-level government annual assignments of social housing provision to the needy poor in terms of housing units and square footages. The accomplishment of those targets is a political task with a direct impact on their performance evaluation, and cannot be compromised. Thus, they have been pushing the Housing Administrative Bureau to meet targets. Mr. Wang has led his officers to design and complete several social housing projects in consecutive years, most of which are public rental housing apartments located in the outskirts of the county’s urban area. However, sufficient private rental housing supply in the urban center has left a significant

---

<sup>6</sup> Interview 22 in Appendix III.

<sup>7</sup> The State Council of the People’s Republic of China, 2007, *Several Suggestions on Solving Housing Difficulties of Urban Low-income Households* (国务院关于解决城市低收入家庭住房困难的若干意见). This policy document is available online: [http://www.gov.cn/zwggk/2007-08/13/content\\_714481.htm](http://www.gov.cn/zwggk/2007-08/13/content_714481.htm)

<sup>8</sup> According to *The Twelfth Five-Year Plan for National Economic and Social Development of the People’s Republic of China* (国民经济和社会发展第十二个五年规划纲要), the state should have supported the construction of 36 million units of in-kind social housing nationwide between 2011 and 2015. [http://www.gov.cn/2011lh/content\\_1825838.htm](http://www.gov.cn/2011lh/content_1825838.htm)

<sup>9</sup> Local governments are expected to identify and allocate funds from their local fiscal revenues to finance social housing projects, in addition to the special funds received from the central and superior governments.

portion of these public rental apartments in inconvenient locations vacant, thus requiring continuous funding from local fiscal revenues to maintain their livable conditions for future renters. Facing fiscal stringency, local leadership would rather use their valuable and limited fiscal resources in other venues; therefore they have been pressing Mr. Wang to find alternative solutions. Ideally, new social housing units will be constructed to fulfill the annual quota but do not demand local fiscal support.

Mr. Du thus found Mr. Wang eager to reach a win-win solution. The school has idle land for construction inside its campus, and Mr. Du proposed a financial arrangement in which the school could fund housing construction and maintenance, leaving local fiscal funds untouched. However, under housing marketization reform, a policy cap limited the construction of work unit welfare housing.<sup>10</sup> Seeing the benefit of fulfilling his policy quota without using local fiscal funds,<sup>11</sup> the local authority gladly circumvented the cap by endorsing the project as public rental housing, though its targeting at teachers would otherwise have disqualified it. To qualify as a public rental

---

<sup>10</sup> In July 1998, the State Council issued the famous policy document No. 23, *Notice on Further Deepening Urban Housing Institution Reform and Accelerating Housing Constructions* (关于进一步深化城镇住房制度改革加快住房建设的通知), ending the socialist practice of providing in-kind work units welfare housing. This notice, however, encouraged self-building housing funded by work units and individuals collectively (*ziji jianfang*), for the purpose of increasing housing supply at the time. Since then, this type of collectively funded, self-building housing has been viewed as alternative welfare housing for many state employees, and has merged into the category of economical housing (*jingji shiyong fang*) in many cases. The 2004 *Management Measures of Economical Housing* (经济适用住房管理办法), co-issued by the Ministry of Housing and Urban-Rural Development, National Development and Reform Commission, the Ministry of Land and Resources, et al., endorsed such practices of providing Economical Housing to state employees. In 2006, the *Notice on Prohibiting Violations of Collectively-Funded Cooperative Housing* (制止违规集资合作建房的通知), issued by the Ministry of Housing and Urban-Rural Development, the Ministry of Supervision and the Ministry of Land and Resources, put a stop to the building of economical housing by the Communist Party and government organs at all levels. This policy reversal, however, doesn't apply to state-owned enterprises and public institutions, and policy manipulations have ensued in many localities. The 2007 revised version of *Management Measures of Economical Housing* reverted to allowing collectively-funded cooperative housing by certain work units, especially those industrial and mining enterprises located in remote areas and those with severe housing shortages.

<sup>11</sup> Fiscal transfer from the center to subsidize in-kind social housing construction was still applied to this housing project.

housing, all units constructed will be for rent only. The school will offer teachers and their families permanent residency by not imposing an upper limit on the rental period.

As Mr. Du told the author in interview, “Our teachers have confidence that they will be *de facto* owners, because our school not only happily allows them to self-fund the housing construction, which functions equivalently to down payment when purchasing commercial housing, but also verbally ensures they can live securely in those units for at least 50 years. The only restriction is no re-sale or renting out through the market.”<sup>12</sup> The school headmaster has praised Mr. Du for his arrangement of this housing project. Mr. Du and Ms. Kang opted to “buy” one unit, even though, as Mr. Du noted, “No one in my family currently faces housing difficulty.” Their daughter has no plans to return to Ping after college. His mother-in-law is still living in the two-bedroom apartment that he and Ms. Kang also own; they have not decided what they will do when she no longer needs it. “But it’s a good deal to buy,” said, Mr. Du, “In the future, I can sell my other apartments when my daughter needs financial support to buy her own apartment in whichever big city that she wants to settle down.” Mr. Wang agreed that the project had been a success. “In the end everyone is happy about this arrangement.” But he noted, “We do not want to publicize our policy innovation until we are sure that it is validated by upper level governments. For now, it better remains unnoticed.”<sup>13</sup>

---

<sup>12</sup> Interview 21 in Appendix III.

<sup>13</sup> During interview (Interview 22 in Appendix III), Mr. Wang specifically mentioned that he didn’t want to invite publicity to this project. Since it’s in a policy grey area, strict enforcement of relevant laws and regulations may bring it to a halt. Without endorsement from above on the legality of this project, Mr. Wang may face potential punishment and possibly demotion if the project stirred up controversy and eventually failed.

## 1.2 Research Questions

The Du family's housing stories reflect the typical experience of housing assistance in China. Between three generations, Chinese people's understanding of housing has changed drastically. The elder Mr. Du and his wife, like others of their generation, consider housing to be an essential part of socialist welfare. It secures them to a particular location and workplace, and provides a permanent base for their growing family. The younger Mr. Du and Ms. Kang and others of their generation consider housing a commodity instead of welfare. The majority of them have benefited from housing reform as state-provided social housing through work units were sold to individual employees at highly discounted prices. Nonetheless, those housing benefits were distributed unevenly, with an individual's position within the work unit and the work unit's place within the broader industrial and economic structure determining their allocation. The young teachers Mr. Du was assigned to help consider housing a luxury good, and his daughter will likely understand it in the same way. Young urbanites have to either borrow from their parents or take out mortgages to finance their housing purchase. Even so, skyrocketing housing prices on the market still prevent many of them from owning a home. Those who have migrated to the cities from the countryside face a higher barrier. Thus, they favor increasing state assistance in housing.

The popularity of state assistance in housing is dubious and uneven among local government officials, however. Mr. Wang exemplifies this. Though he acknowledges that housing assistance always had good social intentions, he has reluctance due to fiscal deficits, low demand for existing units, over supply of units that do not attract occupants, and asset waste. Local officials face a lack of fiscal resources and heavy dependence on

land use right transfers to commercial projects for related revenues. Social housing provision comes at a price to the state. But failure to fulfill the annual quotas their higher-level supervisors set will affect their career advancement. Innovative plans such as Mr. Du's resolved this dilemma for Mr. Wang. Facing disparate local conditions, his peers in other localities search for different policy choices. For example, the total quantities and types of in-kind social housing provided, the qualification requirements of social housing applicants, the administrative and financial arrangements for social housing in place, and plans on future sale and resale can all vary.

Nonetheless, Ping County offers a window onto key questions regarding housing welfare in China. Ping residents have experienced a transition from a socialist model in which all qualified urban citizens received comprehensive social welfare to fundamental marketization and welfare state withdrawal. The partial return to state intervention in housing assistantship since 2007 is prominent against the global background of welfare state retrenchment. In light of these facts, some crucial questions arise: *What motivates the post-marketization-reform Chinese government to bring the state back in providing housing welfare? What does this reveal about why do autocracies provide in-kind housing assistance? What explains within-country variance in the actual implementation of social housing policies at the local level? Finally, can state intervention in housing assistance be sustainable?*

From a comparative perspective, the Chinese experience of housing assistance and its policy evolution is unique. Vast differences exist in both approaches and results of social housing assistance across time and place. For instance, in India, Mexico, Brazil and many other Latin American countries, landless peasants and other urban poor appeal

to self-help and squatting on public land for affordable housing. But their governments have mostly failed to provide housing security to the needy. Their main measure to promote such security is allowing the poor to flout property rights and engage in squatting. Housing-related conflicts and violence in those countries pose challenges to the government's perceived performance, capability, reputation and legitimacy. Countries with relatively developed housing welfare also have differing approaches. The Singaporean government provides housing assistance to the vast majority of its population through continuously large-scale spending and public housing projects managed through state agencies. The government of the United States, however, influences low-cost housing availability mainly through monetary mechanisms such as low-interest loans and housing subsidies. Other states, particularly traditional European welfare states, have decentralized social housing, and non-profit organizations often manage programs alone or jointly with local public authorities. Given such great divergence, important questions in the study of political economy and social welfare emerge: *Most fundamentally, why do governments choose (not) to provide social housing assistance? What determines the shape of this assistance? And why do governments choose certain social groups as recipients of housing benefits?*

This dissertation project approaches this latter, broad set of questions by making claims that are to some extent generalizable about the workings of states in relation to housing. It will seek explanations to these questions by thoroughly and comparatively examining one particular case in the global spectrum—state-provided social housing assistance in urban China.<sup>14</sup>

---

<sup>14</sup> Restriction of research scope to urban China is a natural choice, for the system of homestead in rural China has not experienced major change since early 1960s.

### 1.3 State-provided Housing Welfare in Urban China

There are two major categories of social housing assistance in urban China: in-kind assistance and cash assistance. For instance, public rental housing has become an increasingly important type of in-kind social housing assistance, while the Housing Provident Fund remains the main method of cash assistance.<sup>15</sup> Types of housing assistance strongly depend on the characteristics of targeted social groups. This dissertation focuses on in-kind housing welfare.

China has provided four major types of in-kind social housing assistance: (1) *work unit housing* (*danwei zidian fang*, 单位自建房); (2) *economical housing* (*jingji shiyong fang*, 经济适用房); (3) *low rent housing* (*lian zu fang*, 廉租房); and finally (4) *public rental housing* (*gong zu fang*, 公共租赁房). They target different social categories and have respective advantages and pitfalls. Work unit housing and economical housing were prominent in the past, but public rental housing has gained increasing popularity in the current market.

Prior to the housing reform in the late 1970s and early 1980s, the only type of housing assistance China openly made available in urban areas was work unit housing. This employment-associated welfare was designed to subsidize low wages, and control rural-to-urban labor mobility. Under housing reform, selling once-rented work unit apartments to current and former employees at less than market value paved the way for housing marketization. Since those apartments were sold to their residents at the time, it

---

<sup>15</sup> The Housing Provident Fund (*zhufang gongjijin*, 住房公积金) as long-term compulsory saving scheme compels work unit employees in China to contribute at least 5 percent of their wage income toward housing expenditures; the work unit matches any level of contribution. Though accurate data for comparison are not available, Chinese people believe that state employees receive considerably more Housing Provident Fund subsidies than their counterparts in private sectors. A senior consultant in the real estate industry reported his strong impression that employees in the state-controlled banking industry have received the highest rate of employer contribution to their Housing Provident Fund (Interview 13 in Appendix III).

successfully prevented homelessness, social instability, and political uncertainty, but hindered redistribution of housing resources in favor of the needy.

Economical housing became popular in the 1980s. It was designed as part of housing reform to provide a cheaper kind of housing for qualified homebuyers, and to help smooth the transition to housing market. Economical housing can be economical due to subsidies from local government, such as cheaper land use right transfer costs and waivers of tax and fees. It has been popular among local governments and real estate developers, because owners can re-sell their apartments on the commercial market five years after purchasing them. However, scandals in various provinces—recently in Henan for instance<sup>16</sup>—have led to allegations that violation of eligibility standards, mismanagement, and corruption plague this program. It has thus failed to some extent as an effective in-kind social housing assistance.

Shenzhen experimented the first public rental housing in China in 2006, and Chongqing implemented it at a larger scale in 2010.<sup>17</sup> Drawing on public rental housing experience in Singapore and Hong Kong, officials crafted a model of public rental housing in China to reflect Chinese characteristics.<sup>18</sup> It is designed to provide in-kind housing assistance to the so-called sandwich class, who are over-qualified to obtain low rent housing or economical housing but still cannot afford commercial housing from the

---

<sup>16</sup> Chuangui Fan, “Chain of Corruption Exposed in Economical Housing (经济适用房领域腐败链条揭露),” *Legal Daily (法制日报)*, January 15<sup>th</sup>, 2013.

<sup>17</sup> Using Hong Kong public housing system (*gongwu*, 公屋) as reference, in 2006, the Shenzhen Municipal Government launched a trial of its new social housing provision approach centered around public rental housing. In 2009, the then Premier of the State Council Wen Jiabao promoted vigorous development of public rental housing in his Report on the Work of the Government delivered at the Second Session of the Eleventh National People’s Congress. See Daochi Qiu (2012), *Baozhangxing Zhufang Jianshe de Lilun yu Shijian (Theory and Practice of Social Housing Development)*, Xinan Shifan Daxue Chubanshe (Southwest China Normal University Press), pg.36. Also, the formal English version of the Premier Wen Jiabao’s Report on the Work of the Government is available online at: <http://www.cctb.net/bygz/wxfy/200912/P020130619516893523416.pdf>

<sup>18</sup> Interview 5 in Appendix III.

private market. In Chongqing, an appointed local government agency owns and maintains all public rental housing. Residents can rent at heavily subsidized below-market prices, and purchase the unit at low cost after five years of residency. After purchase, however, they cannot sell the unit on the commercial market but can only sell back to the government agency if they decide to vacate it. This institutional design is supposed to prevent profit-driven housing purchases and the waste of public resources in providing housing assistance.

An additional housing assistance program is *resettlement housing* (*anzhifang*, 安置房), whose eligibility is not means tested. It serves citizens (often rural villagers or natives in decaying urban quarters) who have lost their previous housing during government land requisition. Eligible citizens can obtain resettlement in two different ways: through in-kind indemnity that they receive an equivalent resettlement housing unit, or cash compensation and extra subsidies allowing them to purchase alternative housing. In practice, many prefer a combination of both to maximize their received benefits. The current value of their previous dwellings determines the size of equivalent resettlement housing unit or the amount of cash compensation. Recently, the central government actively promoted monetizing resettlement housing assistance.<sup>19</sup>

---

<sup>19</sup> On March 25<sup>th</sup>, 2015, the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development of the People's Republic of China co-issued the *Notice on Optimizing Housing and Land Supply Structure in 2015 and Promoting Stable and Healthy Development of the Real Estate Market* (关于优化2015年住房及用地供应结构促进房地产市场平稳健康发展的通知). In the section concerning housing welfare, this policy document highlighted efforts to further monetizing housing welfare assistance, and recommended converting existing commercial housing projects into resettlement housing and public rental housing. Also see the promotion of cash compensation in resettlement housing arrangement in the *Instructing Comments on the Work to Further Improving the Renovation of Urban Shanty Towns and Dilapidated Buildings in Urban and Rural Areas and the Development of Supporting Infrastructure* (国务院关于进一步做好城镇棚户区 and 城乡危房改造及配套基础设施建设有关工作的意见) issued by the State Council on June 30<sup>th</sup>, 2015.

Nonetheless, together with cash assistance, the four main types of in-kind social housing assistance are policy tools the central leadership has approved as a means to cater to the interests of various social groups. The prevalence of particular types is a strong reflection of the state's policy goals during the stage of housing reform at which it was popular.

#### **1.4 Why Would the State Provide Housing Welfare?**

In general, social housing assistance for the urban poor concerns political stability, socioeconomic equality, and human rights. In China's process of fast urbanization and housing marketization, housing prices quickly increase as land becomes more valuable and inadequate to meet demand. When the market failed to offer affordable housing, individuals often turned to the state for help. Why would the state agree to provide housing assistance to its citizens in need? While alleviating housing difficulty may be the explicit policy goal, real motivations behind social housing provision could be different.

The social welfare policy literature has debated the housing—welfare state relationship for many years (Ginsburg, 1979; Gough, 1979; Timmins, 1995; Glennerster and Hills, 1997; Hill, 2000; Malpass, 2005, 2008). It is necessary to emphasize that social housing is used in this dissertation for its broader coverage and connotation than the conventionally defined concept of public housing does. This dissertation addresses in-kind welfare housing provisions that are open to certain social groups as well as those applied to the general public. Thus, it includes work unit housing programs such as the Du family benefited from, in which employment confers housing benefits, and programs such as public rental housing that accommodate applicants from different socioeconomic strata.

### ***1.4.1 Social Housing in Exchange for Political Survival***

Housing constitutes one of the key public goods provisions in any state, along with health, social security, education and other personal social services. For scholars devoting their energy to studying established welfare states in western democracies, they often view social welfare provision, including housing, as political exchange. They draw on both qualitative and quantitative evidence to argue that social welfare provision is positively related to democratic regimes (Marshall, 1950; Hecllo, 1981; Przeworski et al., 2000; Lake and Baum, 2001; Brown, 2004), with some explaining that the urge to obtain larger share of votes in election drives democratic leaders to promise better public services, and others pointing to the power of interest groups and other social pressures to force leaders to adopt benevolent social policies.

Autocracies provide social welfare as well, and some of them offer even more benefits than democracies (Haggard and Kaufman, 2008). In fact, a more nuanced understanding of social welfare acknowledges that many welfare programs in currently democratic states have their historical origins in nondemocratic periods (Mares and Carnes, 2009). Though a keen understanding of housing benefits in autocracies is starkly lacking,<sup>20</sup> existing explanations present a view of benevolent policies from autocrats as a calculated choice to remain in power (Esping-Andersen, 1990; Forrat, 2012). This line of

---

<sup>20</sup> Singapore is a rare exception. Its combination of authoritarian regime and capitalist economy plus generous housing welfare is astonishing. Public housing in Singapore was developed during the same period between 1959 and 1966 when the Lee Kuan Yew faction, the head of PAP, was striving to maintain its political preeminence. To cite comments from a Singaporean civil servant (Interview 1 in Appendix III), “public housing is of crucial importance to the PAP dominance. Basically, whoever can provide public housing to solve the housing shortage in the 1960s would get majority of the votes from the people at that time.” While globally social housing provision suffered from tremendous setbacks since the 1970s and never recovered to previous levels in many industrialized countries, Singapore’s lowering state support for housing welfare only lasted for a few years. Political dissidence and electoral setbacks quickly forced the government to increase the linkage between housing benefits and political loyalty. Social housing has remained an important source of political legitimacy in Singapore. Through generous public spending, welfare state in Singapore remains vigorous and strong.

thoughts (Bueno de Mesquita et al., 2003; Haber, 2007; Gandhi, 2008; Gallagher and Hanson, 2009) emphasize the desire of autocratic rulers to exchange social benefits for the support of winning coalitions against opposition forces, arguing that they therefore distribute social welfare to the benefit of certain groups as part of patronage. Political survival is the ultimate motivation behind social welfare provision in autocracies, though the policy profiles and preferences of different leaders are circumstantial (Mares and Carnes, 2009). Nonetheless, autocrats keep housing welfare in their toolbox to maintain political survival.

Scholars of the political economy of autocracy typically assume that regime survival is a top priority of central leadership (Wintrobe, 1998; Bueno de Mesquita et al., 2003; Gandhi, 2008). Under this assumption, leaders will utilize social welfare programs to promote regime survival to their full extent if possible. Prior to the distribution of benefits, however, central leaders need to identify both issue areas that may stir up tension and unrest, and social groups who may pose a credible challenge to the goal of regime survival.

#### ***1.4.2 Political Urgency of Urban Housing***

The relative salience of stability-threatening issue areas is contextual. Whether housing shortage presents critical challenge to the state is contingent. The introduction of state-provided social housing to urban state sector workers in China reflected the urgency of addressing troublesome issues to maintain political stability. In the first few years immediately following the establishment of the communist China, the state did not impose any formal control on rural-to-urban migration. Urban populations nearly doubled in some cities during a short period (Day and Xia, 1994).

In order to enhance the state's social control and discourage labor migration from rural to urban areas, from the mid-1950s, the Chinese government passed a series of regulatory measures to block urban migration (Chan, 2010, p. 661). The 1958 Household Registration Stipulations further restricted population mobility, leading to a fully developed Household Registration System (*Hukou*, HRS hereafter). The HRS artificially divides the whole Chinese population into two birth-ascribed groups with asymmetric power, status, and welfare: rural household registration holders and urban household registration holders.<sup>21</sup> State-subsidized social welfare, such as housing, has since then depended on residency status and been reserved exclusively for urban household registration holders.<sup>22</sup> As Wang (2004, p. 30) indicates, "in the pre-reform system, the civil rights of the state sector were limited by the public ownership of housing, which limited the options of where to live and deterred home ownership." Through controlling the legality and means to obtain urban residency, the Chinese state used social housing, along with job security, provided through the work units as an important mechanism to control labor mobility, in socialist China prior to economic reform.

Ironically, reintroducing social housing in China after decades of housing reform and marketization also reflects the political urgency of urban housing. During recent years, the national average prices for commercial housing units in China have experienced fluctuating growth with a peak increase of 24.69 percent in 2009, whereas per capita income for average urban Chinese households nationwide has grown less

---

<sup>21</sup> In various works, Kim Wang Chan (2009; 2010) together with his colleague (2008) provides thorough review of the Chinese HRS and detailed explanations of the population classifications under this system. One of the classifications, the *hukou* type (*leibie*), differentiates the entire Chinese population into two groups: "agricultural" and "non-agricultural" *hukou*. This classification has been used to determine one person's entitlements to an array of state-provided welfare, including social housing.

<sup>22</sup> See Kam Wing Chan (2009) for a retrospective analysis of China's HRS from a broad sociopolitical perspective.

quickly with annual growth rates ranging from 9.6 percent to 17.21 percent.<sup>23</sup> The increasing difficulty of obtaining adequate housing in cities has become not only a social issue, but also a matter of political stability. Skyrocketing housing prices have become a hotly discussed issue among Chinese citizens and netizens, most of whom view it as a politically and socially destabilizing factor, fearing that the real estate bubble may burst. In this context, in March 2011, as part of its twelfth Five-Year Plan, the Chinese central government announced its goal of constructing 36 million units of social housing in Chinese cities and towns for those in need.<sup>24</sup>

### ***1.4.3 To Whom Should the State Provide Housing Welfare?***

After pinpointing threatening issue areas, the next task of central leaders is to determine which social groups may be willing and able to act upon threats. The identification of social groups to receive social benefits is politically delicate (Stokes, 2007; Hicken, 2011). Those experiencing hardship and those who can pose credible political challenge may or may not be in alignment (Olson, 1965; Rudra, 2002). As many rightly observe (see for example, Bueno de Mesquita et al., 2003; Kricheli and Livne, 2009), both the elites and the masses can pose threats to regime stability, thus state actors

---

<sup>23</sup> Respective growth rates are computed from data collected by the National Bureau of Statistics of China on national average commercial residential housing prices, national average urban household per capita income, and national average urban household per capita disposable income from 2000 to 2013. Data available online at: <http://data.stats.gov.cn>. Because housing prices in this dataset are aggregated national averages, the calculated national average growth rates are expected to be lower than those in major cities. Take Beijing for example. According to my interviewee (Interview 29 in Appendix III), the unit price for his two-bedroom apartment located outside of the fourth ring road in northeast Beijing was lower than 4,000 RMB per square meters when he purchased it in 2004, and the price has increased to around 40,000 RMB in 2012. The current average unit price for apartments in this complex listed on [www.58.com](http://www.58.com) (a highly popular online marketplace serving local merchants and consumers in China) has jumped to about 47,000 RMB per square meters in March 2015. In contrast, the national average residential housing prices according to the National Bureau of Statistics of China in 2004 and 2012 are recorded as 2,608 and 5,429.93 RMB per square meters respectively.

<sup>24</sup> The Central People's Government of the People's Republic of China, *The Outline of the Eleventh Five-Year Plan for National Economic and Social Development of the People's Republic of China* (国民经济和社会发展第十二个五年规划纲要), March 2011, [http://www.gov.cn/2011lh/content\\_1825838\\_2.htm](http://www.gov.cn/2011lh/content_1825838_2.htm)

must carefully calibrate the distribution of public goods to please a wide variety of challengers and maximize their chance of political survival.

From the central leadership's perspective, the more social groups they buy off, the higher prospect of political survival. In practice, within resource limitations, leaders distribute welfare benefits unevenly according to the perceived political importance and organizational capability of certain social groups. Consequently, different social groups often receive different packages of social benefits. Within the same category of social goods, means of delivery may also differ according to specific social group characteristics. The transfer of generous welfare benefits to their favored social groups enhances social control, whereas the provision of basic social insurance to the masses ensures regime survival.

It is thus not surprising that states have not restricted social housing to the very poorest members of industrial societies in decades past. In China, the evolution of Chinese social housing policy is closely associated with the fate of its working unit system. It reflects the changing significance of China's privileged permanent state workers in state-owned enterprises as well as state and party organs, such as civil services, party system, judicial system, police force, and military,<sup>25</sup> relative to other groups, including temporary workers, collective workers, and peasants. Prior to economic reform in the late 1970s and early 1980s, the state consistently viewed urban workers in state-owned enterprises as a steady source of fiscal revenue and economic growth and thus the pillar of socialist political economy (Lardy, 1998). It bestowed substantial housing benefits on this particular social group. Workers in other state and party organs also

---

<sup>25</sup> Haber (2007) uses the term "launching organization" to refer to these organized groups that autocrats rely on to seize and control power.

received substantial welfare benefits and rent transfers to enhance their loyalty, thus would face higher opportunity costs of defection (Bates, 1981; Boone, 1990; Snyder, 1992; Shih, 2004).

During the socialist period, urban housing was generally a welfare benefit provided by the state through its agencies such as state-owned work units<sup>26</sup> and municipal housing bureaus.<sup>27</sup> Rental housing with extremely low rents were allocated to households based on a set of nonmonetary criteria such as job ranking, seniority, and marital status (Bian et al, 1997). For instance, the elder Mr. and Ms. Du benefited from various low rent work unit housing types, and eventually acquired their townhouse due to high rank and seniority. As a result, housing consumption during this socialist era exhibited a pattern that closely reflected a person's position within the work unit and the work unit's status within the national economy (Huang and Clark, 2002). This distributional pattern had created a high level of inequality in the sense that housing allocation both within and among work units reflected the perceived importance of certain workforces, organizations, and sectors.

Transfer of social benefits to state employees has survived economic reform. Though reform has changed the status of many workers previously classified as permanent—significantly narrowing access to the “iron rice bowl” (*tie fan wan*), employees in state sectors, such as the military, the civil service, and state-owned

---

<sup>26</sup> Work units played a key role in the organization of Chinese urban society (Walder, 1986; Bian, 1994). They were production and employment organizations as well as political organizations with branches of the Communist Party on site in charge of all major decision-making and political affairs. Work units were also social organizations that provided housing, medical care, pensions and education to employees and/or their direct family members. Since work units implemented most social policies in the cities, the municipal governments often had little power or influence.

<sup>27</sup> Work units and housing bureaus provided housing to state employees as a state function, in keeping with the socialist ideology. Between 1949 and 1990, out of the total 1.98 billion square meters of housing built in Chinese cities and towns, the state and collective sectors built 87 percent, with individual families only adding 13 percent (Wang and Murie, 1996).

enterprises, still enjoy considerable social welfare benefits as long as they retain their positions. Those work units that remain after reform continue to provide various forms of housing subsidies to help their employees purchase housing.<sup>28</sup> The younger Mr. Du and his wife, Ms. Kang, for instance, purchased their two-bedroom apartment at subsidized below market price through her employer.

While the Chinese state has always conferred generous housing benefits on its favored constituencies, it has also consistently offered basic housing assistance to the social-economically disadvantaged, lowest income group in the cities. Interestingly, whereas programs for state workers vary from in-kind housing supplies to cash subsidies, the qualified poorest in most cities typically have access to only one type of housing support: low rent housing—modest dwellings with very low rental prices with heavy state subsidy. Local taxes have been the primary funding source to support such an arrangement. Therefore, receiving social housing benefits from the local housing authority has historically required legal residency indicated by a person's Household Registration Status in a specific local jurisdiction. However, some localities have recently experimented with lowering barriers to basic housing support. The municipality of Chongqing, for instance, has lifted household registration limit as well as removing income restrictions to expand social housing coverage. The incentives driving this policy change are often economic, leading to inquiry on why in some cases the state provides more housing assistance than needed.

#### ***1.4.4 Economic Incentives behind Housing Welfare***

---

<sup>28</sup> In their longitudinal analysis of residential mobility in Chinese cities for the period of 1949-1994, Huang and Deng (2006) show the consistent effects of work units on residential mobility over time, indicating the endurance of the Chinese social housing system.

Among various types of social welfare goods, why do leaders choose to provide social housing, which is investment-intensive and time-consuming, over other more efficient redistributive options? Housing is a lumpy good that is non-divisible and fixed, but an equal value of cash transfer offers liquidity and flexibility in spending. If the general purpose of social welfare provision in autocratic regimes is to obtain population loyalty and maintain political stability, a cash transfer could achieve this goal more quickly and easily than a social housing program.

The economic motivations behind social welfare provision provide an answer as to why leaders might opt for social housing programs and sometime go above and beyond to support excessive social housing projects. As Wintrobe (1998) argues, the use of public goods by dictators can not only increase population loyalty, but also generate economic growth that funds their budgets. Social welfare provision and even expansion at critical times thus serves the economic interests of political leaders.

Autocratic rule strongly depends on economic prosperity. It is a crucial source of legitimacy, especially when other elements of legitimacy are becoming so fragile that social unrest emerges as increasingly portentous (Goldstone and Tilly, 2001; Cai, 2006; Hurst, 2009). In China, the victory of Mao's communist proletarian revolution no longer confers regime legitimacy. With economic reform and openness, the Chinese regime has been increasingly relying on the improvement of people's economic wellbeing as its main source of legitimacy. Foreign trade and investment have been firing up economic development in China for many decades. The 2008 worldwide financial crisis, however, has pushed China as well as many other countries to their limits in relying on external resources for economic growth. In its wake the Chinese government has had to search for

domestic sources to stimulate development. Domestic consumption has since then become a centerpiece of the Chinese central leadership's prescription to revitalize economic prosperity and sustainability.

A saving-oriented culture seemingly stands in the way of the Chinese leadership's grand plan of shifting the foundation of China's economy from depending on foreign exports and investment toward relying on domestic consumption.<sup>29</sup> In fact, an insufficient social safety net, as much as culture, forces the risk-averse Chinese to save more and spend less. Thus, expanding social welfare in times of economic stagnation becomes a crucial part of the Chinese central leadership's grand plan.<sup>30</sup> Since housing purchase requires a lump sum upfront, and it is the biggest commodity most ordinary citizens purchase in their lifetimes, housing assistance may be the most important part of such a plan.

### ***A Policymaker's Dilemma***

The co-existence of a private housing market complicates social housing assistance (Harloe, 1995; Malpass, 2001; 2005). Because housing is one of the largest consumption goods, encouraging housing purchases from the private market can stimulate the real estate sector but reduce incentives and capacities to consume goods

---

<sup>29</sup> The World Bank calculates gross savings as gross national income less total consumption, plus net transfers. According to its data, gross savings as percent of GDP in China has been consistently above 35 percent since 1980s, and increased to and stay above 40 percent in 2002 and above 50 percent in 2006.

<sup>30</sup> Interestingly, the final cancellation of in-kind social welfare housing in 1998, ordered by the State Council in the landmark "*Notice on further Deepening Urban Housing Reform and Expediting Housing Construction* (国务院关于进一步深化城镇住房制度改革加快住房建设的通知)", also reflects the economic logic of releasing the positive effects of housing market on economic growth. After the Asian Financial Crisis, Chinese central leaders were searching for new breakthrough points to stimulate economic performance. The state had not yet tapped the newly formed private housing market. Fully invigorating its potentials requires ceasing the practice of distributing in-kind social welfare housing distributed through the workplace as a means to stimulate housing purchases through private market. In addition, the state introduced a series of new policies to facilitate this transition. For instance, the year of 1998 also marked the beginning of individual Chinese borrowing mortgage from banks to finance their housing purchases. An electronic copy of the 1998 State Council notice is available at: [http://www.ggj.gov.cn/vfggw/qtfg/200806/t20080610\\_262964.htm](http://www.ggj.gov.cn/vfggw/qtfg/200806/t20080610_262964.htm)

produced from other economic sectors. At the national level, this dilemma led to policy ambiguities in the central leadership' decision-making on whether the state protect the private housing market.

The central state has sought to maintain the prosperity of the real estate sector, even though this makes the increase of private housing prices almost inevitable.<sup>31</sup> A blooming private housing market pleases the vested interests as well as homeowners. On the other hand, skyrocketing housing prices prohibit many households from purchasing and breed resentments among people who do not own homes.

The privileged social groups, state employees in party and state organs as well as state-owned enterprises, are vested in a prosperous private housing market but also interested in social housing assistance. A majority of senior state workers are already homeowners who, like the elder Mr. and Mrs. Du, purchased the work unit rental housing they already occupied at very low purchase prices during housing marketization reform. Newly recruited state employees are often promised affordable and subsidized housing arrangements through their current employment, though they often view their housing choices as inferior to what seniors receive.<sup>32</sup> Regardless, the privileged state workers, especially the new recruits, still welcome housing assistance from the state, especially if they can profit from their state-provided housing assistance later by re-selling in the

---

<sup>31</sup> Real estate market in China experienced a major setback around the year of 2008 that many developers, especially small ones, faced severe financial difficulties and even went bankrupt. The decline in this sector thus seemed to be harmful to the overall economic growth and worsened the already troublesome economic crisis. As a result, favorable policies were introduced by the central government to revitalize and stabilize the real estate market.

<sup>32</sup> Interview 3 and Interview 4 in Appendix III. According to my interviewees who work at a top university in China, many young faculty and staff have been waiting for the university to provide economical housing. The institution distributes its housing units based on a combination of age, seniority, rank, etc., giving seniors the opportunity to choose their preferred units first. Since the per-square-meter price of those units are the same, many young employees feel that they are in fact subsidizing the seniors in their housing purchase. At the time of interviews, the university had not provided new economical housing to its employees in eight years, but young employees are still hoping to receive it someday.

private market. In contrast, the social groups that are in real need of housing assistance in cities are low-income urbanites and migrant workers with rural household registration. The central leadership deems the provision of basic housing assistance to them as necessary to regime stability, but leaves the implementation of such provision to local authorities.<sup>33</sup>

### 1.5 Local Variation of Social Housing Provision

To a large extent, the view of social welfare provision as political exchange in existing analyses relies on observations at the national level. It does not account for within-country variation of social welfare program design and execution, which show tremendous regional differences, also clustering in some cases, in many countries. Factors at the subnational and individual levels have been absent in explaining both overall level of provision and preferred forms of provision across regions. This is especially true in decentralized authoritarian regimes where state capacity is in question and local strongmen are influential (Migdal 1988, 2001; Shirk 1993). Even in relatively centralized autocracies, agent slippage is hard to avoid due to embedded local interests and constraints (Weingast, 1984; Solinger, 1992; Nee and Lian, 1994; Nielson and Tierney, 2003).<sup>34</sup> Thus, subnational players and their local structures of interests and

---

<sup>33</sup> Local housing authorities in some cities also handle social housing applications from employees of state- and/or municipality-owned enterprises. In Beijing, for instance, employees from the headquarters of one state-owned infrastructure construction enterprise who have not yet received any housing assistance through the enterprise and wish to apply for municipality-provided social housing assistance, can submit their applications to a nearby local social housing service center in Chaoyang District. Since these applicants have collective registered permanent residence status (*jiti hukou*, 集体户口) associated with this state-owned enterprise, the center handles their applications as a group. However, social housing arrangements provided by the Beijing Municipality are different from workplace social housing assistance received through employer. The former is open to all qualified citizens and can be resold with some restrictions. The later has close connection with employment and often has stricter resale limits. Interview 28 in Appendix III.

<sup>34</sup> Theoretically and practically, principals can employ several tools to alleviate agent slippage. They can choose staff through careful screening and selection to ensure alignment of interests between them. Principals can also discipline agent behavior through either direct monitoring (a.k.a., police-patrol

constraints need to be well-considered to understand the development and implementation of social welfare programs.

The year 2007 marked a new era of state-provided housing assistance in China. In August 2007, the State Council issued a landmark document, *Several Opinions on Solving Housing Difficulties of Urban Low-income Families* (国务院<sup>35</sup>关于解决城市低收入家庭住房困难的若干意见), emphasizing that housing assistance should be an important public service and responsibility provided by the state.<sup>35</sup> In the end of 2007, the Chinese Ministry of Housing and Urban-Rural Development (MOHURD) established a special Division of Housing Welfare (住房保障司) to supervise the nationwide implementation of housing welfare programs. According to MOHURD statistics, the state committed a total of 7.7 billion RMB to fund low-rent housing nationwide in 2007, then more than doubled its commitment in 2008 to 18.1 billion RMB for all kinds of housing assistance in 2008, and increased it again in 2009 to 55.06 billion RMB.<sup>36</sup>

In spite of the national policy formation, the expansion of social housing benefits in China at subnational levels varies. The implementation of social housing policy has diverged, based on local officials' vision of what will work for their own localities. Take Chongqing as an example. Under Bo Xilai's governance, the city has constructed more public rental housing than any other city in China since 2010. Bo, the prominent party chief of the Chongqing municipality, fostered the "Chongqing Model" as a strategy to use

---

oversight), or third party monitoring (a.k.a., fire alarm oversight), or procedural checks and balances giving agents within the same organization monitoring authority or vetoing powers. Furthermore, principals can offer selective sanctions of punishment or rewards to modify agent behavior. However, these measures do not eliminate agent slippages.

<sup>35</sup> The State Council of the People's Republic of China, *Several Opinions on Solving Housing Difficulties of Urban Low-income Families*(国务院<sup>35</sup>关于解决城市低收入家庭住房困难的若干意见), 2007. Chinese version of this document is available online at: [http://www.gov.cn/zwggk/2007-08/13/content\\_714481.htm](http://www.gov.cn/zwggk/2007-08/13/content_714481.htm)

<sup>36</sup> Statistics are from MOHURD, [http://www.mohurd.gov.cn/zxydt/201102/t20110215\\_202443.html](http://www.mohurd.gov.cn/zxydt/201102/t20110215_202443.html)

state funds to invest in infrastructure and social welfare, and to boost domestic consumption that drives economic performance.<sup>37</sup> Among all the social programs that he engineered, state-owned public rental housing stood out because of its sheer volume and wide coverage. While Bo lost his position in March 2012 amid a scandal that emerged one month earlier, his programs continued in Chongqing. By that June, 102,000 units had been rented out to applicants. By November, the city of Chongqing had constructed 580,000 units of public rental housing. These units exist in public rental-housing complexes that hold 50-80,000 people. Both the scale of housing supply and the size of residing population are unprecedented. Without a doubt all of those highly visible endeavors required substantial fiscal and personnel support, and, up until his fall, they earned Bo a great amount of popularity among the city's working class and other social groups at lower socioeconomic ladders.

A local official in Chongqing expressed pride in Chongqing's leadership: "hundreds of comrades from many other cities have visited Chongqing and wanted to learn from our experience. Frankly speaking, public rental housing in Chongqing is unique and can hardly be copied elsewhere in China".<sup>38</sup> The many local officials who visited Chongqing during the popularity pinnacle of Bo and his carefully crafted Chongqing Model all concluded that they could not duplicate his project in their jurisdictions. "The concept of public rental housing is good," one official in Shanghai commented, recalling his own such visit, "but nowhere else in China can copy their humongous scale. We adopt it to the extent that matches our local needs and resources."<sup>39</sup>

---

<sup>37</sup> Bo was also famous for running two major campaigns in the metropolis of Chongqing: a high-profile sweeping crackdown on crime and a populous movement of promoting old communist values.

<sup>38</sup> Interview 16 in Appendix III.

<sup>39</sup> Interview 26 in Appendix III.

Social housing provision in Shanghai is more diversified in terms of housing types and property ownership. Its municipal government also refuses to be the sole provider of social housing and has invited various entities to contribute to housing welfare.

These brief highlights of social housing achievement in Chongqing speak to the fact that social housing assistance at the local level can vary in many respects: scale of social housing provision, coverage of benefited population, degree of state involvement, and design of social housing programs. Since social housing provision demands different levels of local investment, the implementation of social housing policies and the resulting profile of actual provision rely on the interests and constraints of local government officials who are responsible for allocating fiscal, land and bureaucratic resources to fulfill policy targets and meet local needs.

### **1.6 The Argument: A Political Economical Theory of Housing Welfare in China**

Housing welfare is one of the most important aspects of the welfare system, reverberating through the lives of its beneficiaries—as well as those denied it. At the highest level of abstraction, the underlying socioeconomic structure, state capacity and state-society interactions determine the formation and outgrowth of the housing welfare state. At the meso- and micro-levels, social housing assistance from the state is best explained politically and economically.

The goal of the research in this dissertation is to construct a theoretical framework that can explain (1) Chinese practices in state housing welfare, and (2) regional variation within the Chinese context. The construction and testing of the political economic theory of social housing provision proposed here utilizes both historical and contemporary evidence. The rest of this chapter proposes this political economical theory of social

housing provision that the remainder of the dissertation will test with empirical evidence from China.

### ***Central-Local Interactions and Regional Variance in Social Housing***

At the central government level, concerns on regime survival, political stability, and economic growth motivate the leaders to tap the political and economic benefits of providing social housing welfare. Universal policies from above, however, exhibit contrasting variation when local governments implement them. Political and economic factors on the local level, including politicians and bureaucrats' personal interests in career advancement, local government's land control, local economic structure, and the labor types that this structure demands, motivate local government officials to pursue their preferred social housing policies. Interactions between the central and local governments give rise to regional variance such as the overall level and particular modes of social housing assistance. As the analysis will show, the needs and demands of welfare recipients have yet to outweigh these powerful incentives.

The dynamics between central and local leaders run through the design and implementation of social policies, and greatly influence regional variance in the provision and distribution of social benefits. The contrast in which local officials prioritize their personal career advancement over regime survival, which is the political priority of central leadership, complicates social housing programs. Further, local leadership may benefit from placating different constituencies that are not be in perfect alignment with those targeted by the center.

To achieve its ultimate goal of maintaining political stability, the central government lays out the grand plan in social benefits provision and setting quantifiable

policy targets. It then utilizes fiscal transfers to motivate the localities to implement particular social programs, and uses personnel control via political promotion tournament and the cadre responsibility system to reward compliance and punish disobedience. However, as in any institutional settings with principal-agent problem, the central government cannot completely control policy implementation at the local level, and sometimes even purposefully offers leeway to allow bottom-up policy innovations.

Given the political and fiscal constraints, local officials act strategically. On the one hand, local leaders obediently pursue policy goals set by their superiors in order to advance upward within the established political system. On the other hand, they also seek to allocate resources to appeal to local needs and quell social unrests, which would also jeopardize their political career.

Economic factors play an additional role in shaping social housing policies and benefit provisions. Both central and local leadership share an interest in using social welfare provision and expansion to stimulate economic growth, as better social security and insurance should encourage more domestic consumptions, especially when welfare benefits are applied to the arguably biggest consumption commodity—housing. In theory, receiving social housing assistance should alter the old Chinese habit of saving more and spending less, and reduce disincentives to purchase other goods and services.

Political leadership, central and local, shares the same concern of the potential negative impacts of generous social housing welfare on the vigor of the co-existing private housing market, as the real estate industry has gained increasing importance to overall economic prosperity. They need to cater to vested interests in a blooming housing while placating angry urbanites excluded by skyrocketing housing prices. This

complexity thus leads to policy complications, such as the creation of various social housing types, to allow adjustability and fluidity.

The adoption of different types (or their combinations) of social housing assistance at the local level is economically contingent on local governments' land control and supply, their fiscal revenues, and the desirability of certain labor inflows to the local economy. Local leaders calculate the costs and benefits of allocating valuable land resources to private sector or public use. They also select social housing arrangements to attract desirable labor forces.

### ***Political Advancement***

Officials in the local governments consist leading politicians and bureaucratic cadres. In addition to central state leadership, local officials and their incentive structure in implementing relevant policies at the subnational level affects social housing provision in China. These actors, unlike their western counterparts, have limited career choices once they are invested in the political and bureaucratic hierarchy; they have few or no opportunities in the private sector. Thus their number one priority is upward career advancement (Li and Zhou, 2005; Guo, 2007; Shih et al., 2012).<sup>40</sup>

---

<sup>40</sup> During the economic reform era, especially in late 1980s and early 1990s, some state employees and local officials forwent guaranteed lifetime employment in the bureaucratic system for more lucrative but less stable opportunities in private sectors. Some of them made a fortune due to highly desirable professional skills, keen business sense, or resourceful networks in the then rising trading business. Chinese called it *Xiahai* (下海, literally, plunging into the sea). Some of them made a fortune due to highly desirable professional skills, keen business sense, or resourceful networks in the then-rising trading business. Private sectors in China have grown since then, but most Chinese local government officials continue to prefer the stability of seeking advancement within the state system. Since the end of 2014, the central government has exerted increasing pressure to restrain government officials from accepting so-called honorary part-time positions in non-profit social organizations (*shehui jianzhi*, 社会兼职). See Zhongguo Jijian Jiancha Bao (Chinese Discipline and Inspection Newspaper), "Destroying the Interest Collusion behind Government Officials' Part-time Positions in Social Organizations (打掉官员兼职的利益合谋)", December 10<sup>th</sup>, 2014, <http://csr.mos.gov.cn/mos/cms/html/122/384/201412/45132.html>.

Political elites, as the leaders of the local governments, engage in national competition against their counterparts for power and influence. They enter and compete in promotion tournaments, and the most successful ones eventually enter the Politburo, especially its Standing Committee, the pinnacle of political power in China. Although there are objective measurements to gauge the performance of these politicians, political connections and alignment with existing members of the central leadership strongly influence their promotion probability. Thus, local political elites gravitate towards central leaders' policy preferences and share their concerns of regime survival. Regime survival in return sustains their privileged positions within the system. Therefore, local leaders have reason to support the central leadership's policies to contain social unrest, maintain the wellbeing of citizens, and lessen socioeconomic inequalities in their respective jurisdictions. When the central government promotes social housing welfare, some local leaders seize this opportunity to supply extensive housing assistance, hoping it increases their chance of promotion.

While regime survival does not drive local cadres as it does central leaders, the cadre evaluation system will compel local bureaucrats to implement policies issued from above, such as social housing provision. Within the currently centralized cadre evaluation system,<sup>41</sup> social stability, economic growth, and public goods provision—including social housing as a discrete area of evaluation—have the greatest influence on advancement of local officials (O'Brien and Li, 1999; Edin, 2003; Whiting, 2004; Landry, 2008; Solinger and Jiang, 2013).

---

<sup>41</sup> The cadre responsibility system (*gangwei zerenzhi*, 岗位责任制) was introduced in the mid-1980s from the provincial level down in China. The literature also uses the terms cadre evaluation system and cadre management system to refer to the same thing with slightly different emphases. See Manion (1985), Edin (2003), and Whiting (2004) for details about this system.

Local cadres face a variety of constraints.<sup>42</sup> The centralized cadre responsibility system constrains the policy choices of local officials by making them accountable for their superiors, who determine their job assignments, performance appraisals, and promotions or demotions. As a baseline for evaluation, the central government sets various policy goals, usually in quantitative terms, based on its visions of political urgency, economic prosperity, and social stability. The cadre evaluation system then gives a concrete list of performance evaluation items to measure the achievement of these goals. Thus it both incentivizes local officials to achieve high performance scores and also constrains their use of resources in areas that the performance evaluation sheet does not distinguish, even if these areas would support local development.

Bureaucratic leaders of the local governments have an annual target in terms of square footage of social housing their government should construct and complete by the end of year, which their superiors set. Meeting this target has a direct impact on their performance evaluation, but other policy targets do as well. Moreover, other targets may carry greater weights on the aggregated performance score. Thus, local officials may have complex incentives, given finite resources, to prioritize some quota items and optimize the final score. They also need to strike a balance between central goal and local reality, especially if targets are unrealistic for a particular locality. As the experience of the younger Mr. Du suggest, Chinese local cadres may be able to identify opportunities to achieve social housing targets without expanding state investment in the way that Bo did in Chongqing, while maximizing their resources to advance upward.

---

<sup>42</sup> This paper reaches a compromise of complicated reality and theoretical simplicity by examining only two major types of constraints: political and fiscal. The current section discusses political constraints while section 2.3 addresses fiscal constraints. In reality, local cadres face ethnic constraints as well as other types.

### *Land Control and Fiscal Capacity*

The local officials share the central government's interests in stimulating economic growth through the provision of social housing welfare. The social housing policies and housing assistance types they will favor, however, depend on three constraining factors: first, the level of land control; second, the local fiscal capacity; and third, the importance of attracting certain types of labor force to foster local prosperity.

The first and second factors are closely intertwined. Fiscally, policy choices of local leaders are contingent on their available funding sources. Two main channels in China typically fund local social programs: fiscal transfer from the central government to subsidize social good provisions and local fiscal revenues that the local government extracts from local economy. In most cases, earmarked fiscal transfer only accounts for a small portion of the total funding, thus local cadres have to rely on local revenues and their own extractive capacities to run various social programs.<sup>43</sup> Research on Chinese social welfare has confirmed a positive correlation between the provision of social benefits and fiscal revenues obtained by local governments (Solinger and Hu, 2012). Fiscal stringency thus plays a large role in explaining regional variation in social benefits provision. It affects both the overall level and the particular profiles of goods and services provided.

The 1994 Tax Sharing Reform has profoundly altered the central-local revenue sharing arrangements that preceded it and significantly increased the central government's share of tax revenue. For instance, under the new system, the central and local government share revenue from China's most productive tax, value added tax, at the

---

<sup>43</sup> Exceptions are those peripheral ethnic minority provinces that receive generous fiscal transfers from the central government.

fixed rate of 75 percent and 25 percent, respectively, a significant setback from the local government's previous share. Pertinent to this research project, local governments still collect business tax, income tax on local enterprises and population, urban land use tax, urban construction and maintenance tax, real estate tax, the stamp tax, capital gains tax on land, state land sales revenues, and resources taxes derived from land-based resource (Wong, 2000). As a result, real estate and land development have become increasingly important for local fiscal extraction.<sup>44</sup>

When it comes to providing social housing assistance, local cadres thus face a difficult choice: devote land resources to the lucrative private real estate sector, or to social housing projects. Whereas the bloom of the private housing market contributes to local tax revenue and land transfer to private developers bring in extra-budgetary revenues, providing social housing arrangements not only means fewer land revenues but even demands further local fiscal investment. If there were no political constraints on local officials to achieve the policy targets of social housing units provided, their preferred choice would obviously be easy.

### ***Local Economic Structure and Labor Market Preference***

The last economic factor affecting local officials' choice of social housing assistance is the value of labor inflows to the local economy. In a labor-intensive,

---

<sup>44</sup> Ministry of Finance of the People's Republic of China, *2013 Financial Revenue and Expenditure Overview*, electronic version available at: [http://gks.mof.gov.cn/zhengfuxinxi/tongjishuju/201401/t20140123\\_1038541.html](http://gks.mof.gov.cn/zhengfuxinxi/tongjishuju/201401/t20140123_1038541.html). According to statistic data collected by the Ministry of Finance, in 2013, business tax from the real estate industry were 541.1 billion RMB (33.6 percent increase from last year), business tax from the construction industry were 431.5 billion RMB (16.5 percent increase), income tax of real estate enterprises were 285 billion RMB (25.1 percent increase), the stamp tax were 384.4 billion (33.8 percent increase), land appreciation tax were 329.4 billion (21.1 percent increase), farmland use tax were 180.8 million (11.6 percent increase), and urban land use tax were 171.9 billion (11.5 percent increase). Among local government funds, state land sales revenue accounted for 4100 billion RMB (44.6 percent increase from last year), reaching a new record height. All of these data above strong suggests that land sales and real estate development are still crucial sources of local revenue.

production-based economy, rural-to-urban migrant workers with basic literacy are very desirable cheap workforces for local manufacturers. When the economic structure transitions into a service-based one, employers seek more trained labor with professional skills. Economic structure thus largely determines the perceived value of certain labor types to local policy makers. Consequently, they use appropriate social housing benefits as tools to attract their desired labor forces. For instance, subsidized public rental housing with low rental prices and flexible leasing terms are often constructed in proximity to local industrial parks, since migrant workers favor these rental arrangements as temporary measures while they work at factories in these parks because they plan to return to their permanent home elsewhere after securing enough earnings. In contrast, professional workers who want to settle in prosperous cities like Shanghai prefer economical housing with purchasing options.

### **1.7 Research Design**

This research relies heavily on qualitative method in a comparative study of two main cases in China—Chongqing and Shanghai. Preliminary research on media reports, policy documents, and academic works presented Chongqing as an outstanding case of extensive social housing provision through its impressive public rental housing program. The principle of selecting on variations of dependent variables led to the choice of Shanghai as a contrasting case, also a direct-controlled municipality (*zhixiashi*, 直辖市) but with more modest operation of its social housing programs.<sup>45</sup> Accessibility is another important factor in case selection. While archival search in national and municipal statistic yearbooks, government documents, and news reports renders some secondary

---

<sup>45</sup> The four municipalities under the central government currently are Beijing, Tianjin, Shanghai, and Chongqing. The governing bodies of these cities report directly to the central government, just as province governments do.

evidence, first-hand data from interviews and surveys during fieldworks are essential to this project.

Between October 2012 and September 2013, the author conducted multiple rounds of fieldwork in China and 58 semi-structured interviews with key informants, including government officials in directly related bureaus and state-owned enterprises, scholars, real estate practitioners, and social housing welfare recipients. Snowballing was a useful strategy to obtain interviews in China. Especially, introduction from an acquaintance worked more effectively than a formal research proposal in making connection with and lowering the guard of a local government official during interview. Repeated interviews during multiple fieldwork trips also generated useful observations from both policy makers and welfare recipients to reflect the evolution of social housing programs in research sites. All interviews provided valuable insights, among which 32 provided direct quotations. Together, they work in triangulation to bring the understanding of social housing policy design and implementation from dry descriptions on policy documents and tinted reports in some media coverage closer to the complex reality.

In addition, the author designed and conducted a randomized household survey in one of Chongqing's public rental housing complexes in 2013. The survey questionnaire (in Appendix V) seeks interviewee responses to questions in six main areas: (1) basic background information with a focus on household registration status, (2) basic employment information regarding job status, location, and income level, (3) social housing experience in the past and present, (4) working and living location relationship, including questions on commute experience and nearby employment opportunities, (5)

living experience within the current public rental housing community, and (6) satisfaction and suggestions for improvement. The author finalized the questionnaires based on focus group discussion and preliminary survey pilots. The overall purpose of surveys is to test the actual effects of proposed housing policy goals in Chongqing, with specific questions designed to tackle concrete aspects of public rental housing provision.

Due to time and funding constraints, the survey was conducted in only one public rental housing complex—*Chengnan Jiayuan*—in Chongqing.<sup>46</sup> *Chengnan Jiayuan* is the largest public rental housing complex in Chongqing, with a total of 87 buildings to host around 80,000 residents if all units are fully occupied. During the survey period, it was still under construction and visual estimation puts the occupancy rate of completed units at about 50 percent.<sup>47</sup> Surveys in *Chengnan Jiayuan* complex followed a multistage sampling process: first stage, randomly selecting a building number; second stage, randomly drawing a floor number; and third stage, randomly generating an apartment number. If no one was at home in the randomly chosen apartment, it is counted as a failed attempt. The same sampling process resumed to until someone answered the survey in a randomly selected apartment. Out of a total of 200 attempts, the research team successfully obtained a total number of 105 valid observations, with the respondent as the unit of analysis.

---

<sup>46</sup> The author formed a working relationship with Chongqing's public rental housing authority to collaborate on conducting this survey in multiple public rental housing complexes on an annual basis. Due to unforeseeable causes, the contract of survey collaboration was terminated.

<sup>47</sup> The researcher paid multiple site visits during both daytime and nighttime to obtain visual estimation of occupancy rate in *Chengnan Jiayuan*. During the daytime, the researcher carefully counted the total numbers of completed buildings with visible resident activities (such as residents entering and exiting the building, visible household items in the balconies, and others) and compared these numbers with the publicly announced construction plan. During the nighttime, the researcher visually counted the windows with lights on each floor of a randomly selected building.

Moreover, the author visited all six public rental housing complexes, some fully completed and some still under construction, in Chongqing during the first round of fieldwork in January 2013. Visual examination of these mega communities and causal conversations with their residents helped the author to gain a sense of both intended and unexpected outcomes of housing policy design and implementation.

### **1.8 Dissertation Outline**

Chapter Two will put two municipality cases closely in parallel to showcase regional variance in social housing provision in China. To explain the divergence of these two cases, Chapter Three will address the political dimension of social housing support, focusing on the causal effects of elite politics, cadre interests, and administrative structure. Chapter Four will investigate the significant role of land control on social housing welfare through its impact on land supply methods, local fiscal capacity, and financial sustainability. Chapter Five will tackle the economic dimension of social housing provision, emphasizing local economic structure and labor market preferences. The conclusion, Chapter Six, extends the discussion from the Chinese experience to a more generalized theory of the housing welfare state, elucidates the applicability of the theory proposed here to other countries, contemplates the long-term sustainability of state-provided housing assistance based on currently available evidence in China, and finally identifies future research opportunities.

## Chapter 2. Social Housing Assistance in Chongqing and Shanghai

*Why is Chongqing so different? What makes it capable of accomplishing massive social housing construction? And why did it choose the mode of public rental housing instead of other alternative means? In contrast, what factors led Shanghai towards a different path? What is the logic behind social housing provision in Shanghai?* To prepare to address these questions in the following chapters, this chapter will flesh out narrative accounts of social housing provision in Chongqing and Shanghai. These two cases represent distinctive logics of social housing assistance in the current context of bringing the state back in housing welfare in China. While Chongqing relies heavily on state involvement and ownership, Shanghai supplements government intervention with a more market-oriented approach. The following sections will present contextual details to show how they differ in two main dimensions, with two indicators along each dimension: level and mode of social housing provision. While level of social housing provision refers to social housing scale and coverage of benefits, mode of social housing provision indicates degree of state ownership<sup>48</sup> and design of social housing types.

---

<sup>48</sup> Research in law and economics frequently conceptualizes property ownership as a set of rights, using the metaphor of “sticks in a bundle”, rather than an owner’s exclusive dominion over the thing (Merryman, 1974; Klein and Robinson, 2011; di Robilant, 2013). Typical sticks in the property rights bundle include the right to possess, the right to use, the right to manage, the right to income of the thing, and the right to the capital. In a simplified fashion, Whiting (2001, pg.19) categories sticks in the property rights bundle into four major sets: rights over the use or sale of a property and rights over income derived from these actions. Conceptualizing property as a bundle of rights recognizes the fact that different rights regarding property ownership and its use may be distributed among individuals and state (Alchian and Demsetz, 1973). It gives theoretical justification for state intervention, regulation, and redistribution. For instance, the state may claim the ultimate rights to purchase or appropriate any property at its market value for the sake of public interests. This restriction thus compromises the dominion of property that belongs to the individual. This dissertation uses the bundle of rights formulation of property as a framework to distinguish different divisions of the bundle regarding different types of social housing in different locations. It enables an appropriate measure and categorization of social housing provision in Chongqing versus Shanghai regarding their respective degrees of state ownership. See Commons (1893), Ely (1899), Clark (1939), and Coase (1960) for the bundle formulation and employments, and Penner (1996), Heller (1999), and Claeys (2011) for criticisms. See Terry (1903), Hohfeld (1913; 1917), Honoré (1961), Becker (1977), and Munzer (1990) for attempts at making an exhaustive analysis of what constitute the property rights in such a bundle.

Table 2.1 below summarizes key differences in the provision of social housing assistance in Chongqing and Shanghai. The following sections explore details along each variable and indicators.

*Table 2.1: Dependent Variables in China’s Social Housing Provision Comparison*

	Dependent Variables: In-kind Social Housing Provision			
	Level of Social Housing Assistance		Mode of Social Housing Assistance	
	Scale	Coverage	State Ownership	Social Housing Types
Chongqing: State-oriented	High	Generalized	High	Simplicity
Shanghai: Market-oriented	Modest	Tiered	Low	Multiplicity

## **2.1 All-in-One Public Rental Housing in Chongqing**

In terms of the development of social housing welfare system in China, Chongqing presents itself as an innovative case. This city’s determined attempt to design and implement a unique system combining different forms of in-kind social housing assistance into the unified type of public rental housing sets it apart from other cities in China. The key features of the Chongqing social housing system are its simplicity, high state ownership, large scale, and generalized coverage.

### **2.1.1 Simplicity**

Chongqing’s social housing system exemplifies simplicity in three respects. First, it provides a unifying type of in-kind housing assistance—public rental housing. Second, it has a very straightforward pricing system. Third, it uses a lottery system to allocate units.

Confining in-kind housing assistance to public rental housing does not preclude Chongqing from incorporating the strengths of other social housing types.<sup>49</sup> Local government officials use the term “trinity” (*sanwei yiti*, 三位一体) to describe this combination of the features of four in-kind social housing types into the newly designed public rental housing. The new public rental housing system covers low rent housing.<sup>50</sup> Previous low rent housing residents now qualify for a public rental housing unit, and pay about 10 percent of the rent out of pocket with the state providing the rest. This new system incorporates the homeownership element of economical housing so that renters can purchase their homes after five consecutive years of residence, although the restriction preventing them from selling their homes on the commercial market, renting them, or gifting them.<sup>51</sup> Similarly, the Chongqing government ended the practice of work unit welfare housing in August 2006 by means of two ordinances,<sup>52</sup> and provides public rental housing as an alternative.

---

<sup>49</sup> Prior to the introduction of public rental housing, Chongqing had economical housing, low-rent housing, resettlement housing, and rural migrant dormitories in its social housing systems.

<sup>50</sup> The mayor Huang Qifang confirmed that there would be no more new construction of low rent housing after the establishment of public rental housing system. See Jiang Liu and Xuzhong Xu, “Analyzing Chongqing’s Constructing Large-scale Public Rental Housing and Promoting A Two-track Housing System (重庆大规模建设公租房, 推进住房“双轨制”解析),” *Xinhua News Agency*, December 15<sup>th</sup>, 2010.

<sup>51</sup> Economical housing existed in Chongqing as part of the social housing welfare system prior to the introduction of public rental housing design. Local officials in leadership positions confirmed during interviews (Interview 5 and Interview 16 in Appendix III) that the government stopped supporting the further development of this social housing program since 2008, though no ordinance publicly documented this policy change. In an official policy document issued in 2008 by the Chongqing Municipal Bureau of Land, Resources and Housing Management and others, the authority directly called for conversion of economical housing into resettlement housing. Among all approved economical housing projects, those that have not yet begun their constructions could follow relevant policies to put on the secondary land market for land use right transfer between private owners. And those that have begun construction or those unsold could be converted to resettlement housing after paying related fees. This policy document indirectly confirmed the policy change in economical housing mentioned during interviews with local officials. See Chongqing Municipal Bureau of Land, Resources and Housing Management, et al., *Notification on Related Issues Regarding Demolition of Dilapidated Housing in Main City and Its Resettlement Housing (关于解决主城区危旧房拆迁安置住房有关问题的通知)*, August 15<sup>th</sup>, 2008.

<sup>52</sup> August 8th, 2006, the General Office of the Chongqing Municipal Government forwarded *Implement Opinions on Adjusting Housing Supply Structure, Stabilizing Housing Price and Promoting Healthy*

Resettlement housing is the only one that still runs separately from public rental housing in Chongqing after 2010, and it is reserved for those who lost their dwellings during urban restoration, development, and expansion. The government downplayed it in the promotion of social housing welfare in Chongqing in terms of both media coverage and construction size. Since 2008, the government has been increasingly relying on converting previously approved economical housing projects to resettlement housing as the main source for its provision.<sup>53</sup> In the 2012 Social Housing Construction Plan, the Chongqing government planned to construct 60,000 units of economical housing (including resettlement housing) versus 230,000 units of public rental housing, among which 30,000 and 110,000 units, respectively, should be completed by the end of year.<sup>54</sup> In the 2014 Plan, the government reduced completion of new economical housing (a.k.a, resettlement housing) to 5,000 units, while adding 65,000 units of newly constructed public rental housing.<sup>55</sup>

The simplified program approach facilitates the straightforward pricing system of the Chongqing public rental housing. Monthly rent is calculated as the product of total living area size and per square meter price. Per square meter price is mostly determined by the location of a given public rental housing community, varying from 9 RMB to 11

---

*Development of the Real Estate Market (关于调整住房供应结构稳定住房价格促进房地产市场健康发展的实施意见)*, which requires all government agencies, public organizations and state enterprises to put an end on constructing workplace housing for their employees and retirees. Any violation will be investigated and punished. Ten days later, another document co-issued by the MOHURD, the Ministry of Supervision and the Ministry of Land and Resources, *Notice on Prohibiting Illegal Fund-Collection and Construction of Collective Housing (关于制止违规集资合作建房的通知)*, emphasized nationally that all government and party units shall not approve and construct any housing for their current and former employees.

<sup>53</sup> See Footnote 51.

<sup>54</sup> The public announcement of this plan is available at: [http://www.cqgtfw.gov.cn/zl/zfbzlm/zfbzghjh/201206/t20120628\\_189109.html](http://www.cqgtfw.gov.cn/zl/zfbzlm/zfbzghjh/201206/t20120628_189109.html). Chapter Four will discuss more on resettlement housing in the framework of land supply and management.

<sup>55</sup> The 2014 Social Housing Construction Plan in Chongqing is available at: [http://www.cqgtfw.gov.cn/zl/zfbzlm/zfbzghjh/201403/t20140331\\_223995.html](http://www.cqgtfw.gov.cn/zl/zfbzlm/zfbzghjh/201403/t20140331_223995.html)

RMB.<sup>56</sup> In the future when renters purchase their units, the model relies on the idea that the price will be equivalent to the unit's comprehensive construction cost, although the program can alter its calculations based on factors such as depreciation and inflation.<sup>57</sup> The program further permits renters to purchase their units by square-meters at a time while continuing to pay rent on un-purchased square meters.<sup>58</sup>

Like the pricing system, the allocation of housing units to applicants through a computerized lottery system is meant to promote simplicity and fairness. Once built, each public rental housing complex has a dataset that lists available units for each particular floor plan. Typically, a public rental housing complex has four different floor plans from studio up to three bedrooms. These are paired with another dataset of qualified applicants who formally submitted their applications seeking the particular floor plan before the pre-announced deadline.<sup>59</sup> On the lottery day, the computer program draws one entry from each pair of datasets and creates a random match until it exhausts either the available units or the list of their applicants. The entire lottery process is broadcasted online and on television, and results appear for public comment on the official website of Chongqing's public rental housing and a local newspaper *Chongqing Evening News (Chongqing*

---

<sup>56</sup> As of August 2013, the best located *Minxin Jiayun* complex is priced at 11 RMB per square meters monthly. Monthly rent for *Kangzhuang Meidi* and *Kangju Xicheng* are 10 RMB and 9.5 RMB per square meters, respectively. And the price for the rest three complexes, *Liangjiang Mingju*, *Min'an Huafu* and *Chengnan Jiayuan*, is 9 RMB per square meters monthly. In addition, there are property management fees at 1.03 RMB per square meters per month. Rental prices are subject to change every two years. The Chongqing Municipal Bureau of Commodity Prices is responsible for determining and adjusting public rental housing rental prices. The 2013 prices are available online at <http://www.cqpn.gov.cn/nbmjggs/51856.htm>

<sup>57</sup> See page 20, Chongqing Municipal Public Rental Housing Management Bureau, *Application Guide to Chongqing Public Rental Housing*, Chongqing, China: Southwest China Normal University Press, 2011.

<sup>58</sup> This design is particularly beneficial for low-income households that could not pay off their units outright and/or need additional financial help on top of mortgage loans.

<sup>59</sup> The length of waiting list varies according to the popularity of public rental housing complex as well as particular floor plan. Some complexes, such as *Minxin Jiayuan* and *Kangzhuang Meidi*, have long waiting lists while others, *Min'an Huafu* for instance, located more distant from the city center have shorter waiting lists.

*Wanbao*, 重庆晚报), to allow public scrutiny.<sup>60</sup> Licensed notaries, applicant representatives, and other relevant personnel observe and inspect the entire process on site. Fifteen days after the public announcement, if there is no objection, successful applicants receive notifications. The process is designed to prevent officials from engaging rent-seeking activities such as illegally trading desirable housing units for personal benefits.

### **2.1.2. Ultimate State Ownership**

The second distinguishing feature of Chongqing's public rental housing system is its ultimate state ownership. The Public Rental Housing Management Bureau (公共租赁住房管理局), on behalf of the municipal government, owns all of the public rental housing units in the city. Even once occupants purchase their units, the bureau retains ownership in that it is the only entity that may buy back from the occupant, although ownership transfer via inheritance and mortgage are permitted. The municipal government also sets the resale price as original sales price plus accumulated interests based on current demand deposit interest rate.<sup>61</sup> Thus, the Chongqing municipal government holds a majority of sticks in the property rights bundle, and individual residents have limited rights to use and possess.<sup>62</sup> Limitations on the rights over profit from the use and sale of these public rental housing properties protect their welfare purpose.

---

<sup>60</sup> For interested readers, the latest round of lottery conducted on October 28<sup>th</sup> 2014 was live-broadcasted online and can be replayed at [http://v.cqnews.net/first/2014-10/28/content\\_32404242.htm](http://v.cqnews.net/first/2014-10/28/content_32404242.htm)

<sup>61</sup> See page 21, Chongqing Municipal Public Rental Housing Management Bureau, *Application Guide to Chongqing Public Rental Housing*, Chongqing, China: Southwest China Normal University Press, 2011.

<sup>62</sup> See footnote 48 for the bundle of rights framework regarding property ownership.

The local state also controls Chongqing's public rental housing from land supply to real estate development, financing, and post-construction management. The municipal government's far-sighted urban land banking system (土地储备), which encompassed more than 400,000 mu (roughly 266.67 million square meters), supports this high level of state intervention.<sup>63</sup> Existing land banking has provided all land via administrative allocation for public rental housing projects in Chongqing to date. Local officials point to this copious land supply at the discretion of the government as the key to successful state intervention in large-scale public housing provision.<sup>64</sup> With abundant land available for use, the municipal government does not need to purchase land from private hands at market prices, which are currently quite high that would impose financial difficulty in a short period of time.

The actual agencies responsible for land banking practices are platforms of investment and financing (投融资平台), which the local government created to enable construction and development of urban infrastructure and public projects. The first such platform was established in Shanghai in 1992. The then Chongqing vice-mayor Huang Qifan brought the practice to Chongqing. Huang had worked as Deputy Secretary-General of Shanghai Committee of Communist Party of China and Shanghai Municipal People's Government for several years. Chongqing today has eight major finance and investment platforms. They take urban land banking from concept to business. With the government allocating land and other assets to them and guaranteeing loan payment through fiscal revenues when necessary, those platforms can operate like qualified

---

<sup>63</sup> Various news reports and official interviews with Huang Qifan supply this number, and my own interviewees concurred. One interviewee confirmed this number from his personal conversation with Huang (Interview 2 in Appendix III). Chapter Four describes urban land banking systems in Chongqing and Shanghai in more detail.

<sup>64</sup> Interview 5, Interview 7, Interview 16, Interview 18, and Interview 24 in Appendix III.

companies to conduct financing activities, such as obtaining bank loans. Among the eight platforms, Chongqing Land Group (重庆地产集团) and Chongqing City Construction Investment Group (重庆城市建设投资集团, known as 重庆城投集团 for short) handle land supply, financing, and project development for public rental housing projects in Chongqing.

The local state also manages construction and post-construction management of public rental housing in Chongqing. For instance, the state-owned company Chongqing Construction Engineering Group Corporation Limited (重庆建工集团), has been in charge of the construction of several public rental housing projects, including the very first community, *Minxin Jiayuan* (民心佳园). This state-owned enterprise was established in 1998 through corporate transformation of the previous Chongqing Construction and Management Bureau, a local state agency. Similarly, in 2010, Chongqing Land Group established Chongqing Public Housing Development and Investment Corporation Limited (重庆市公共住房开发建设投资有限公司) as a direct subsidiary of the group to take charge of its entire public rental housing operation. The mother company appoints program managers from its construction and management department to particular public rental housing projects. Primary responsibility of these program managers is coordination and supervision.<sup>65</sup> Architectural design and project construction are contracted out to professional firms through bidding. Post-construction infrastructure maintenance and building quality issues, however, are still important concerns for the Chongqing Land Group and its subsidiary company.

---

<sup>65</sup> Interview 20 in Appendix III.

According to the 2010 *Trial Measures on Public Rental Housing Management in Chongqing* (重庆市公共租赁住房管理暂行办法) issued by the municipal government, public housing authorities should either establish their own agencies or contract professional property management companies to ensure proper daily maintenance of public rental housing units and amenities.<sup>66</sup> The three private property management companies that provide this service in Chongqing are Chongqing Hong Quan Property Management Co., Ltd. (重庆洪泉物业管理有限公司), Dazheng Property (大正物业) and Chongqing Shenguomao Property Management Co., Ltd. (重庆深国贸物业管理有限公司). These for-profit property management companies collect a monthly property maintenance fee from all residents. Each company manages two public rental housing complexes, *Minxin Jiayuan* and *Min'an Huafu*, *Chengnan Jiayuan* and *Kangju Xicheng*, and *Kangzhuang Meidi* and *Liangjiang Minju*, respectively. The state claims it selected the property managers by a public bidding process, but little information is available about this process. Study participants seemed skeptical about the selection process, and many public rental housing residents complained during interviews of poor property management and maintenance in the complexes where they lived.

The property managers are the only for-profit private entity involved in public rental housing in Chongqing. This closed circulation system heavily relies on the government and its agencies. The biggest local real estate development company, Longfor Properties Corporation Limited (龙湖地产有限公司), once expressed interest in

---

<sup>66</sup> This applies to Chongqing's public housing authorities at both city and county levels. The Public Rental Housing Management Bureau takes charge of municipality-owned public rental housing projects, and county-level housing management bureaus handle their own projects. This dissertation only covers the municipal level.

investing public rental housing in the city, but the Chongqing Municipal government did not permit them to do so.

### ***2.1.3 Large Scale***

Both the scale of public rental housing supply and the size of residing population in Chongqing are unprecedented. As of January 2015, Chongqing has eleven municipal public rental housing complexes available for public application (see Table 2.2),<sup>67</sup> and has plans to create more.<sup>68</sup> Six of them had been fully or partially occupied by early 2013. The city soon added two more complexes to its stock, with units already allocated by lottery in October 2014. Another three complexes were still under construction at that time; they began to accept application in January 2015.<sup>69</sup> Thousands of people with various socioeconomic backgrounds relocated to rent in these complexes. The formation of these huge public rental housing communities is artificial. Policy rather than market or demographic forces drive it. The social, economic and political consequences cannot be completed predicted.

Public housing's balance sheet reflects this large scale. According to a local official, Chongqing will have spent around 120 billion RMB (amount to a little less than 20 billion US Dollar), of which the city plans to obtain 70 billion RMB through commercial loans and bonds, on public rental housing when it finishes all projects it

---

<sup>67</sup> In addition to these eleven municipality-owned complexes, another municipal public rental housing complex is within *Xiyong Weidianyuan* (Xiyong Micro-electronics Industrial Park) with distinctive features. According to official planning, this complex consists of 5 individual sub-complexes. These rental housing units will be constructed by individual companies operating inside the park, and mainly used as dormitories for their employees. The first sub-complex began its construction on June 20<sup>th</sup>, 2010, and has 9 buildings with 13 to 18 floors and an estimated total construction size of 208,000 square meters. Foxconn is one of the companies in the Park that took advantage of this arrangement to provide temporary housing for its employees.

<sup>68</sup> Interview 7 in Appendix III.

<sup>69</sup> Unless specified otherwise, all statistical facts regarding these public rental complexes in Chongqing are from official documents and reports provided by my contact at Chongqing Municipal Bureau of Urban Planning. Interview 7 in Appendix III.

currently plans to build.<sup>70</sup> Chongqing Land Group and Chongqing City Construction Investment Group are responsible for securing those loans and repaying the debts. In 2011, they began paying interest for loans they took to construct Chongqing’s first six public rental housing complexes, paying about 4.8 billion RMB (roughly 0.8 billion USD) every year.<sup>71</sup> Rental income and future sales are cash sources for repaying loan interest and principal, respectively, despite backing from local fiscal revenues. Low occupancy rate and/or low sales rate can pose a serious challenge to the financial balance of public rental housing. Many local officials have suggested in interviews that Chongqing’s public rental housing will not be financially sustainable if it continues to grow in accordance with the government’s plans.<sup>72</sup>

Table 2.2 below provides a summary of basic information regarding all eleven municipality-owned public rental housing complexes currently occupied or at least under construction in Chongqing by January 2015. The table does not include projects organized by suburban counties and districts, which are not part of the analysis in this dissertation.

*Table 2.2: Fact Sheet on Eleven Public Rental Housing Complexes in Chongqing*

Complex Name	# of Buildings	# of Floors	Unit Sizes (m <sup>2</sup> )	Total Units *	Total Construction Size (m <sup>2</sup> ) † ‡	Construction Began	Estimated Completion	Land Supplier <sup>73</sup>	Property Owner	Resident Capacity (persons)
Minxin Jiayuan	54	22-33	31-79	17,900	1,110,000	2010.2.28	End 2011	Chongqing Land Group	Chongqing Public Rental Housing Management Bureau	45,000
Kangzhuang Meidi	59	24-33	32-79	21,700	1,240,000	2010.3.25	End 2011	Chongqing Land Group		54,000
Min'an Huafu	54	18-33	35-80	19,600	1,230,000	2010.5.22	End 2011	Chongqing Land Group		49,000

<sup>70</sup> Interview 16 in Appendix III.

<sup>71</sup> Ibid.

<sup>72</sup> Interview 19 in Appendix III.

<sup>73</sup> In Chongqing, Chongqing Land Group and Chongqing City Construction Investment Group are the two state-owned platform companies to supply land to, finance and construct public rental housing projects. However, they are not the nominal property owners of their constructed public rental housing complexes. Thus they are labeled as “Land Supplier” in this table.

Kangju Xicheng	58	25-33	30-75	25,200	1,470,000	2010.5.22	End 2012	Chongqing City Construction Investment Group	60,000
Liangjiang Minju	59	28-33	34-79	17,200	1,060,000	2010.6.20	2012	Chongqing City Construction Investment Group	43,000
Chengnan Jiayuan	88	24-32	30-72	33,000	2,000,000	2010.9.28	End 2012	Chongqing City Construction Investment Group	80,000
Yunzhan Shanshui	51		42-78	17,466	1,400,000	2011	2014	Chongqing City Construction Investment Group	
Chengxi Jiayuan	28		33-75	10,939	551,335	2011	September 2014	Chongqing City Construction Investment Group	
Jiulong Xiyuan	36	28-33	40-77	14,300	1,060,000	2011		Chongqing City Construction Investment Group	
Qiaoping Renjia	32	25-32	40-77	11,600	870,000	2011		Chongqing City Construction Investment Group	
Konggang Leyuan	77	30-33	38-71	28,300	1,850,000	2011		Chongqing Land Group	

(Sources: Chongqing Municipal Bureau of Urban Planning; Chongqing Municipal Public Rental Housing Management Bureau; Chongqing Municipal Bureau of Land, Resources and Housing.)

\* Total Units for Minxin Jiayuan, Kangzhuang Meidi, Min'an Huafu, Kangju Xicheng, Liangjiang Minju and Chengnan Jiayuan are reported by the Chongqing Municipal Bureau of Commodity Prices (重庆市物价局) as 17943, 20879, 19641, 24372, 17156, and 33287, respectively.<sup>74</sup>

† Total Construction Sizes in Square Meters for Minxin Jiayuan, Kangzhuang Meidi, Min'an Huafu, Kangju Xicheng, Liangjiang Minju and Chengnan Jiayuan are reported by the Chongqing Municipal Bureau of Commodity Prices as 1080000, 1250000, 1250000, 1470000, 1070000, and 1990000, respectively.

‡ The Chongqing Municipal Bureau of Commodity Prices reported total residential unit construction sizes in square meters for Minxin Jiayuan, Kangzhuang Meidi, Min'an Huafu, Kangju Xicheng, Liangjiang Minju and Chengnan Jiayuan as 940000, 1030000, 1020000, 1200000, 870000, and 1560000, respectively.

Appendix I contains an itemized description of each public rental housing project included in the table above and selected fieldwork photos for the six complexes completed by 2012. All public rental housing complexes in Chongqing are or will be equipped with newly constructed public transportation facilities, elementary schools,

<sup>74</sup> Statistics regarding these six public rental complexes from the Chongqing Municipal Bureau of Commodity Prices are reported in its *Official Reply Regarding Rental Price Standards of Public Rental Housing Projects Including Minxin Jiayuan, Kangzhuang Meidi and others* (重庆市物价局关于民心佳园康庄美地等公租房项目租金标准的批复).

preschools in separate facilities, farmer’s market, supermarket, and rental spaces for commercial use. All offer four floor plans each—studios, one-bedrooms, two-bedrooms, and three-bedrooms. Apartments range in size from about 30 square meters to 80 square meters.

#### ***2.1.4. Generalized Coverage***

Chongqing’s simplification of application qualification differs markedly from other municipalities’ systems. Indeed, Chongqing requires neither of the traditional qualifications—proof of low income and local urban household registration. Anyone above the age of 18 with stable employment or retirement in Chongqing, proven rent-paying capability, and demonstrated need for housing assistance,<sup>75</sup> can apply for a unit of public rental housing in his or her application category.<sup>76</sup> This not only streamlines the screening and reviewing process, but it also expands the pool of potential renters. Residents in Chongqing’s public rental housing communities exhibit heterogeneity in terms of their social and economic background.<sup>77</sup>

Appendix II provides excerpts from four interviews with public rental housing residents in Chongqing that partially illustrate the resulting mixture of residents from generalized coverage policy design.<sup>78</sup> Various personal reasons motivate them to choose public rental housing, forming diversified communities. Interviews suggest that a large portion of residents are migrants who are looking for life-improving opportunities in the

---

<sup>75</sup> Demonstrated need for housing assistance is defined as either without any ownership of housing property or with less than 13 square meters of residential construction area per capita. See page 2-3, Chongqing Municipal Public Rental Housing Management Bureau, *Application Guide to Chongqing Public Rental Housing*, Chongqing, China: Southwest China Normal University Press, 2011.

<sup>76</sup> Categories include single habitant, two-person family/co-habitants, three-person family/co-habitants, four-person family, and etc. See page 4-5, Chongqing Municipal Public Rental Housing Management Bureau, *Application Guide to Chongqing Public Rental Housing*, Chongqing, China: Southwest China Normal University Press, 2011.

<sup>77</sup> See survey results presented in Chapter Five.

<sup>78</sup> Interview 8, Interview 9, Interview 14, and Interview 30 in Appendix III.

city. Newly graduated college students, low-income locals, and retired elderly from nearby countryside<sup>79</sup> also made up considerable numbers in a randomly selected survey sample. A small portion of residents interviewed were middle-income professionals.

Absent household registration or income limitations, the main sorting mechanism in these complexes is location, which determines rental price per square meter and resident demography. *Minxin Jiayuan*, for example, is considered best located, with the shortest and most convenient commute to downtown Chongqing. It is also near a huge automobile exhibition center that is surrounded by many factories that produce auto parts. Residents living in this complex have a mixed background, especially in terms of employment. In contrast, the public rental housing inside Chongqing's newly developed Xiyong Microelectronic Industrial Park attracts mostly migrant workers, who work for factories, such as Foxconn. This manufacturer has recently relocated some of its computer production lines from Shenzhen to Chongqing.

## **2.2 The Market Logic of Social Housing Practices in Shanghai**

Shanghai's approach to in-kind social housing assistance contrasts with the Chongqing way. It more closely resembles social housing assistantship in major Chinese cities. The key features of the Shanghai in-kind social housing system are its multiple modes, limited government ownership, humble scale and tiered coverage.

### **2.2.1 Multiplicity**

Local officials describe the current social housing system in Shanghai as “4-in-1” (*siwei yiti*, 四位一体). This term may bear no relationship to Chongqing's “trinity” or “3-

---

<sup>79</sup> Applicants with rural household registration status are not required to forgo their village land. If they wish, however, they can do so in exchange for urban household registration status once they reside within their public rental complex.

in-1” (*sanwei yiti*, 三位一体). Certainly the systems are very different. Whereas

Chongqing has only one simplified in-kind social housing program, Shanghai has four.

Multiplicity is thus the first feature of Shanghai’s social housing provision. The city has had low rent housing since 1999.<sup>80</sup> This type of housing assistance is designed to aid the lowest income group. Resettlement housing is for those who lost their previous dwellings due to land requisition and urban restoration by the government. Shanghai started this practice since 2002. Economical housing has been widely available in the city since 2009. It primarily serves middle- to low-income groups. Finally, like Chongqing, Shanghai has public rental housing—on a much smaller scale. This program began in 2010 and primarily caters to the temporary housing needs of three main target groups: native Shanghai young workers, recruited non-native experts and personnel with special talents, and migrant workers.

Originally only people with assets of less than 50,000 RMB per capita and living area of less than five square meters per capita qualified for low rent housing in Shanghai. Relaxation of income and living space standards occurred throughout time, but the general principle of requiring local urban household registration remains untouched. Shanghai’s low rent housing units have been obtained through means such as new construction, renovation, and market purchases. In addition to in-kind low rent housing assistance, the Shanghai municipal government also provides rent subsidies to the lowest income group.<sup>81</sup>

---

<sup>80</sup> In fact, Shanghai was the first city in China to establish a system of low rent housing. The municipal government tested this type of in-kind housing assistance first in two districts—*Changning* and *Zhabei*—in 1999, and then to the entire city in December 2012.

<sup>81</sup> Rent subsidies in Shanghai have three tiers based on the annual disposable income of the entire households. For instance, according to the 2013 policy, rent subsidies are 100 percent of the baseline (e.g., 86 RMB per square meter per month in nine major districts in Shanghai) for households of three or more

Resettlement housing has no means testing. Eligibility depends on housing conditions that are affected by major public projects and old town renovation. The Shanghai government approved to include this housing assistance into its social housing system in 2002, and further announced favorable policies, construction standards, and limited prices.

The State Council of the People's Republic of China issued *Implement Opinions of the State Council on Solving Difficulties of Urban Low-income Families in Housing* (国务院关于解决城市低收入家庭住房困难的若干意见) in 2007<sup>82</sup> to outline the basic regulations regarding the nationwide development of economical housing, which prompted Shanghai to create its own version economical housing in 2009 after one year of careful research.<sup>83</sup> Shanghai's program creates a unique form of "property co-ownership (*gongyou chanquan*, 共有产权)".<sup>84</sup> Residents do not obtain full ownership rights when they purchase, but no rental period precedes purchase. Shanghai writes the

---

and households of two or fewer if their household annual disposable income does not exceed 14,400 RMB and 15,840 RMB respectively. Rent subsidies will be 70 percent of the baseline for these households if their annual disposable incomes fall into the range between 14,400-20,400 RMB and 15,840-22,440 RMB respectively. For details, see Shanghai Municipal Government, *Notice on Adjusting and Improving Low Rent Housing Policy Standards in Shanghai* (上海市人民政府关于调整和完善本市廉租住房政策标准的通知). An electronic version of this document is available on the official website of the Shanghai Municipal Government:

<http://www.shanghai.gov.cn/shanghai/node2314/node2319/node10800/node11407/n30984/u26ai35331.htm>

<sup>82</sup> The central government brought up the concept of economical housing in 1994 amidst its housing reform, but did regulate and promote it until 2007. According to the 1994 *State Department's Decision on the Deepening of City and Township Housing Reform* (国务院关于深化城镇住房制度改革的决定), the state would continue to assume responsibility in producing economical housing for those groups who can not afford to purchase housing in the private market. The annual production of those economical housing units should reach more than 20 percent of total housing production by private developers in a given city or township. An electronic version of this document is posted by the Xinhua News Agency online:

[http://news.xinhuanet.com/ziliao/2005-03/16/content\\_2705571.htm](http://news.xinhuanet.com/ziliao/2005-03/16/content_2705571.htm)

<sup>83</sup> Four regulation areas include the recipient qualification, construction standards, market transaction after five years, and fund-collection and construction of economic housing through the workplace.

<sup>84</sup> See Shanghai Municipal People's Government, *Trial Regulations on the Management of Economical Housing in Shanghai* (上海市经济适用住房管理试行办法), June 2009. An electronic version of this document is accessible online at:

<http://www.shanghai.gov.cn/shanghai/node2314/node3124/node3177/node3180/userobject6ai1976.html>

local government agency's retained ownership into each sales contract, with the citizen owning at least 50 percent and no more than 70 percent. This design is supposed to prevent private owners from over-profiting from economical housing even though it becomes legally eligible for resale in the private market five years after the original purchases.<sup>85</sup> It also protects state subsidies in economical housing. A local official at the Shanghai Municipal Housing Welfare and Real Estate Management Bureau proudly emphasized that Shanghai is the only place in China with property co-ownership design as part of its economical housing program, claiming it "ensure[s] the fairness in terms of economical housing usage and distribution of benefits."<sup>86</sup>

Official regulations have been relaxing the qualification standards for economical housing applications to broaden the pool of beneficiaries. According to rules set in 2012,<sup>87</sup> for a three-person household, qualified applicants should have no more than 60,000 RMB (9,600 USD) per capita disposable income per year, no more than 150,000 RMB (24,000 USD) per capita asset, and no more than 15 square meters per capita

---

<sup>85</sup> Shanghai was seeking to avoid a situation such as arose in Beijing's famous economical housing project, *Tiantongyuan* (天通苑). On October 29, 1998, *Tiantongyuan*, along with other 18 low-cost housing projects in China, made its debut at the Beijing Real Estate Transaction Center. At the time, Beijing's municipal government capped the sales price of those apartments at around 2,600 RMB by subsidizing property developers through reduced taxes and limiting their profit margin to less than 3 percent. Even though the location of those apartments is in the rural-urban fringe areas in the northeast Beijing, the low prices still attracted many buyers across the city. Buyers even camped outside the transaction center a few nights in advance in order to secure their position in the long line. When those economical housing projects were first introduced, the Beijing Municipal Construction Committee didn't specify any criterion about minimum and maximum income for buyer qualification. As a result, a number of wealthy buyers took advantage of this loophole to earn large profits by quickly reselling their apartments after initial purchases. Some even made profits by selling their slot numbers in the purchaser roster before actually purchasing the housing unit. The Ministry of Construction, together with other six ministries, finally tightened the controls over the economical housing in the end of 2007. At that time it was stipulated that no resale of those housing units would be allowed until five years after the original purchase.

<sup>86</sup> Interview 25 in Appendix III.

<sup>87</sup> See Shanghai Municipal Housing Welfare and Real Estate Management Bureau, et al., *2012 Entry and Supply Standards of Shanghai's Social Housing with Co-ownership of Property Rights* (上海市2012年共有产权保障房准入标准和供应标准), February 2012. An official version of this document can be accessed online at:

<http://www.shanghai.gov.cn/shanghai/node2314/node2319/node2404/n30649/n30651/u26ai32175.html>

construction area for living. For a two-person household, these numbers are 72,000 RMB (11,500 USD), 180,000 RMB (29,000 USD), and 15 square meters, respectively.

Finally, the criteria for Shanghai's public rental housing require applicants to have no private housing property or less than 15 square meters of living area per capita, at least a one-year employment contract, and either permanent local residency or to hold a temporary resident permit allowing them to remain for at least two years.<sup>88</sup> In 2011, the government removed the native household registration requirement for some public rental housing programs to broaden coverage. There is no restriction about maximum income level.

Unlike Chongqing's public rental housing, Shanghai's program does not permit residents to purchase units. According to the 2010 *Implementation Opinions on Developing Public Rental Housing in Shanghai*, tenants of public rental housing apartments sign a leasing contract with a leasing term of two-year minimum and not exceeding the six-year maximum. Thus, Shanghai's public rental housing targets people with transitional or temporary needs.

### **2.2.2 Limited Government Ownership**

The Shanghai municipal government does not intend to monopolize the construction and provision of in-kind social housing assistance. As a local official said, "We are following the market rationale to guide and manage social housing welfare," and others in Shanghai's land and housing related bureaus have expressed similar

---

<sup>88</sup> See *Implementation Opinions on Developing Public Rental Housing in Shanghai* (本市发展公共租赁住房的实施意见), jointly formulated and announced by Shanghai Municipal Housing Welfare and Real Estate Management Bureau and other five bureaus, in September 2010. Official version of this document can be accessible online at: <http://www.shanghai.gov.cn/shanghai/node2314/node2319/node12344/userobject26ai23395.html>

understanding.<sup>89</sup> Private real estate developers, state-owned enterprises, village collectives, and even individuals participate in Shanghai's 4-in-1 system.

Decentralization is one aspect of the limited government in providing in-kind social housing assistance in Shanghai. Unlike Chongqing, the Shanghai municipality designs the overall policy framework, provides guidance, and coordinates arrangements. It leaves land supply, financing, construction, and management to the appropriate government agencies from the municipality- to district- and county-levels. Encouraging a variety of entities to utilize their available land and other resources for the construction and management of social housing also limits government involvement and commitment.

Shanghai also provides flexibility in property ownership. Whereas the Chongqing municipal government (specifically, the Public Rental Housing Management Bureau) holds ultimate state ownership of all public rental housing projects, there is no municipal state monopoly on the property ownership of social housing projects in Shanghai. The guiding principle in Shanghai's practices is that investors are the property owners. The *2010 Implementation Opinions on Developing Public Rental Housing in Shanghai* specifies that the property rights of public rental housing must follow the rule of "those who invest, own," which permits property rights and associated benefits to be transferred legally. This high degree of flexibility regarding the property rights of public rental housing in Shanghai opens the door for broader participation and diversified forms of ownership.

In the context of its system, Shanghai has piloted and promoted two innovative forms of public rental housing. The first one is workplace rental housing for employees. Defined in the 2009 *Trial Opinions on Construction, Use and Management of*

---

<sup>89</sup> Interview 25 and Interview 26 in Appendix III.

*Workplace Rental Housing (关于单位租赁房建设和使用管理的试行意见),*<sup>90</sup>

workplace rental housing is newly constructed or renovated dwelling units on currently available land owned by the employers, such as state-owned enterprises, industrial parks, higher education institutes, and military units, for temporary and exclusive residence use of their employees. According to this official document, work units that intend to construct rental housing shall arrange their own land and financial resources. As a result, they become the ultimate owners of these housing properties. This new type of workplace rental housing (*danwei zulinfang*) differs the old work unit housing (*danwei zijianfang*), such as the elder Dus benefited from prior to housing reform, in that workplace rental housing units function as staff quarters, and generally have lease term of less than three years. Workplace rental housing is to provide transitional housing assistance. Occupants cannot purchase it.

Currently, the Shanghai Railway Bureau (*上海铁路局*) has more workplace rental housing than any other entity in the city. It has demolished some idle warehouses and converted the unproductive land into comfortable living spaces for its employees. The locations of those apartments are fairly good even though they are scattered across the city. Since railroads were developed quite early in Shanghai, their operations are in favorable spots in the central city area as the city expands. An interviewee frowned as he said, “We try to promote this kind of workplace rental housing in higher education

---

<sup>90</sup> An electronic version of this document can be found online here:

<http://www.shanghaiinvest.com/en/viewfile.php?id=5218>

<sup>91</sup> In addition to this government document on workplace rental housing, Shanghai issued another specific document to guide the practice of social housing assistance by state-owned enterprises. See Shanghai Municipal Bureau of Urban Planning and Land Resources and Shanghai Municipal Housing Welfare and Real Estate Management Bureau, *Several Opinions on Encouraging State-owned Enterprises to Utilize Industrial Land Inventory for the Construction of Social Housing in Shanghai (关于鼓励本市国有企业集团利用存量工业用地建设保障性住房的若干意见)*, September 2010.

institutions in Shanghai as well.” He went on, “Their leaders however are not very enthusiastic, because they want the government to pay for facilities and post-construction management. But we want to save our operating costs too. As for now, no compromise has been reached.”<sup>92</sup>

Local officials spoke enthusiastically about workplace rental housing. However, offering housing to employees exclusively limits its power as a social program. It also seems possible that this type of assistance will create a new kind of workplace inequality, since only those work units with available land and financial resources have the means to provide such benefits to their employees.

Shanghai has also piloted rural collective rental housing, which provides temporary dwelling solutions as well.<sup>93</sup><sup>94</sup> Rural collectives use their own spare

---

<sup>92</sup> Interview 25 in Appendix III.

<sup>93</sup> Since the late 1970s and 1980s, some rural collectives in China started to engage in the practices of renting their facilities, such as public warehouses and community halls, to foreign industrialists to covert into factories. They further moved towards developing industrial zones on rural collective construction land to attract and host more factories. Individual villagers of these collectives also began to build private rental housing for rural migrants who came to work in factories, resulting in the formation of *cheng zhong cun* (village in the city, 城中村). As Yue R. Gong (2013) described in his doctoral dissertation, a typical rental housing for migrants in a rural collective of the city of Dongguan has five to seven floors with several one-bedroom units on each floor. Renters sometimes have to share bathrooms. Low rental prices attracted migrants to live in these units. Villagers, and in some cases the rural collectives as a whole, developed these rental housings on their agricultural land, which is illegal in the current land administration framework in China. Legality thus differs the rural collective rental housing in Shanghai from those private rental housing in *cheng zhong cun*.

<sup>94</sup> According to Shanghai’s mayor Han Zheng, the city started to experiment rural collective rental housing since 2003. In the beginning, factories operating in the industrial parks within these rural collectives rent construction land from the collectives to construct employee dormitories for their workers. Later, rural collectives began to raise funds to construct rental housing and rent out to migrant workers for profits. Based on these experiences, Shanghai government formalized the practice of rural collective rental housing in the 2009 *Trial Opinions on Construction, Use and Management of Workplace Rental Housing* (关于单位租赁房建设和使用管理的试行意见), and incorporated it into its public rental housing program in the 2010 *Implementation Opinions on Developing Public Rental housing in Shanghai* (本市发展公共租赁住房的实施意见). See Feng Ye and Anqi Huang, “Constructing Public Rental Housing on Rural Collectives’ Construction Land, Focusing on Preventing Loopholes in the System (农村集体建设用地建公租房, 防堵制度漏洞成重点),” *Economic Information Daily* (经济参考报), February 3<sup>rd</sup>, 2012.

constructional land and collect funds to construct rental apartments.<sup>95</sup> Because peasants from local rural collectives normally have their own housing, these apartments attract people outside of their community—largely migrant workers employed in functional parks near the housing units, such as industrial parks, research parks, or new university campuses. Thus, location is a key factor in the decision-making of their construction. These rental units are usually small-sized apartments; observers have described them as analogous to factory dormitories in coastal cities in South China. According to official regulations, institutional renters enjoy priority over individual renters when signing leasing contracts with the owners of these apartments, which shall have a minimum term of two years and a maximum of six years.<sup>96</sup> In cases where rural collectives construct and supply rental units specifically to employees of industrial parks, those rental housing can be considered what the Shanghai Municipal Housing Welfare and Real Estate Management Bureau’s publication calls “marketized rental dormitories” (*shichanghua zulin sushe*, 市场化租赁宿舍) categorized under workplace rental housing, which are available on the market for rent, but not for sale.<sup>97</sup>

Currently, the total scale of rural collective rental housing in Shanghai is about 600,000 square meters (roughly 6,460,000 square foot). The latest official guidance issued by Shanghai in 2012 emphasizes that rural collectives shall be the ultimate property owners of rural collective rental housing and the land underneath them in

---

<sup>95</sup> Rural collectives are the legal owners of rural land in China. See Article 8 in the *Land Administration Law of the People’s Republic of China* (《中华人民共和国土地管理法》).

<sup>96</sup> See Shanghai Municipal Housing Welfare and Real Estate Management Bureau, et al, *Several Opinions on Actively Promoting Utilizing Rural Collective Constructional Land to Develop Rental Housing* (《关于积极推进利用农村集体建设用地建设租赁住房的若干意见》), August 16, 2012.

<sup>97</sup> See Shanghai Municipal Housing Welfare and Real Estate Management Bureau, et al, *Trial Opinions on Construction, Use and Management of Workplace Rental Housing* (《关于单位租赁住房建设和使用管理的试行意见》), 2009.

perpetuity. It also bars the creation of such housing projects without the assent of a two-thirds majority of the members in the villagers' autonomous representative conference. As a local official at the Shanghai Municipal Housing Welfare and Real Estate Management Bureau commented, “Those rental apartments will be self-funded and managed. You can view participating peasants from the rural collective as shareholders, who will receive benefits from their investment in the construction of those apartments from the rental fees to be collected.”<sup>98</sup>

*Lianming Yayuan* (联明雅苑) is a typical rural collective rental housing project developed in Shanghai. The *Lianming* village collective located in *Qibao* township of the *Minhang* district funded and managed it. The village owns the project collectively, which cannot be sold separately. At the time of completion in June 2010, the project consisted of 404 small-sized one-bedroom and two-bedroom apartments. The one-bedroom apartments, which are about 45 square meters, were initially priced at 1,480 RMB per month, and the 70 square-meter two bedrooms were rented for 2,300 RMB per month. By April 2011, the first round of leasing contracts for all units were all signed out. Since then, the community has almost always been fully rented. The waiting list is months long. The popularity of this residential community can be attributed to both the relatively low rental prices<sup>99</sup> and its convenient location. Most residents work for private enterprises and public institutions within the jurisdiction of *Qibao* Township. The majority of them work for companies located in the nearby science and technology park (see Map 2.1 below).

---

<sup>98</sup> Interview 25 in Appendix III.

<sup>99</sup> As of February 2012, monthly rents are 2,450 RMB for a two-bedroom apartment, and 1,560-1,660 RMB for a one-bedroom apartment, which are about 20-30 percent lower than average prices of private apartments nearby. All the units are basically furnished with a full kitchen, a television, air conditioners, and etc.

Map 2.1: Geographic Location of Lianming Yayuan



(Source: Google Maps)

A local government official who drafted a policy recommendation report on how to construct public rental housing on rural collective land based on Shanghai’s experience to the *Ministry of Land and Resources* explained, “The development of rural collective public rental housing is a bottom-up process... [W]e simply discovered the model created by rural collectives themselves, like *Lianming Village*, and then selected 23 sites as pilot projects after a comprehensive investigation conducted by the *Shanghai Municipal Bureau of Urban Planning and Land Resources* (上海市规划与国土资源管理局).”<sup>100</sup> In 2012, the central government endorsed Shanghai’s rural collective rental housing practices and commanded the Beijing municipal government to launch pilot projects as well.<sup>101</sup>

<sup>100</sup> Interview 26 in Appendix III.

<sup>101</sup> Guangzhou is another city that allowed the development of public rental housing on rural collectives’ construction land. Different from Shanghai’s model that rural collectives use their own land to construct and manage rental housing projects themselves, Guangzhou government allows rural collectives to sell or rent the use rights of their construction land to interested entities, such as state-owned enterprises, private companies, and foreign companies, which then organize the financing, construction, distribution, and management of their own public rental housing projects. This policy intended to facilitate the use right

The Shanghai municipal government considers rural public rental housing projects to be the answer to several problems. They count towards annual quotas of public rental housing supply but the municipal government need not commit fiscal investment or land resources. The villages also take full responsibility for project development, post-construction management, and debt payment.

The development of economical housing in Shanghai also shows the feature of limited government in local social housing assistance. The special design of “property co-ownership,” as explained in above section, entails the sharing of ownership and associated benefits between the state and individuals. Partial ownership by the local government reduces the profitability of using economical housing apartments as a form of investment by individual owners, since they can no longer acquire all the profits of selling their units. Nonetheless, offering individual partial ownership of those apartments provides some economic incentives to attract qualified buyers. Moreover, this arrangement cuts down the total amount of fiscal commitment from the local government and accelerates the repayment of its financial debts if there is any.

The Shanghai social housing system is far more open than Chongqing in terms of land supply methods and variety of actors allowed to participate from construction to management. Whereas land used for social housing in Chongqing is first reserved, then

---

transferring of spare rural collective construction land, and allow villagers to benefit from land value increase. The 2011 *Pilot Scheme on Rural Collective Construction Land Use Right Transfer and Management* (广州市集体建设用地使用权流转管理试行办法) issued by the Guangzhou municipal government outlined land transfer operational procedures and specified that these land can be used for social housing project but not for commercial housing development. See Yanghua Zhao (2011) for the enthusiasm from the inauguration of this policy document. However, Jian Jiao (2015) reported in an article that “[h]owever, during the implementation period of this Pilot Scheme, Guangzhou had no successful case of rural collective construction land use right transfer in the local land market,” <http://m.caijing.com.cn/api/show?contentid=3942500>. The Pilot Scheme expired on September 19<sup>th</sup>, 2014. The Guangzhou government replaced it with a new *Scheme on Rural Collective Construction Land Use Right Transfer and Management* (广州市集体建设用地使用权流转管理办法) on August 6<sup>th</sup>, 2015.

prepared and finally allocated (*huabo*, 划拨) to specific projects through its local state-owned land banking institutions, Shanghai sources land for social housing projects in a variety of ways.<sup>102</sup> For instance, for public rental housing invested in by the local government, land can be acquired through the means of allocation, negotiated land grant (*xieyi churang*, 协议出让), leasing (*zulin*, 租赁), or land-to-share conversion (*zuojia rugu*, 作价入股).<sup>103</sup> For public rental housing invested in by other societal organizations, all of these options except allocation apply.<sup>104</sup>

In contrast to Chongqing's tight state control of social housing projects from land supply to real estate development, financing, and post-construction management, Shanghai municipal government allows various actors to participate in these processes. State-owned enterprises and rural collectives are encouraged to utilize their own available

---

<sup>102</sup> According to Article 2 of the *Land Administration Law of the People's Republic of China*, in general, use of state-owned land needs to be compensated, with the only exception of legally allocated land. Chapter 2 of *Urban Real Estate Administration Law of the People's Republic of China* (《中华人民共和国城市房地产管理法》) clearly defines and differentiates the two means of obtaining use right of state-owned land: land grant (土地使用权出让) and land allocation (土地使用权划拨). The key differences are term of use and land grant fee. Use of granted land typically has limited term and demands payment of land grant fee, whereas use of allocated land is free of term limit and grant fee. However, allocated land can only be used for administrative, military, urban infrastructure, and philanthropic constructions, state prioritized strategic projects, and other public use. As to residential buildings, land grant is the typical means of obtaining land for commercial real estate developers, whereas land allocation is only available for social housing. Additional regulatory details on land grant and land allocation were outlined in *Provisional Regulations on Urban State-owned Land Use Right Grant and Transfer of the People's Republic of China* (《中华人民共和国城镇国有土地使用权出让和转让暂行条例》) and *Provisional Measures on Use Right Management of Allocated Land* (《划拨土地使用权管理暂行办法》). The above-mentioned four policy documents are electronically available on the official website of Ministry of Land and Resources of the People's Republic of China.

<sup>103</sup> Land-to-share conversion refers to the legal practice of converting the use right of state-owned land for a given term period as state-owned shares in a given joint-stock company. Consequentially, this joint-stock company obtains the legal use right of the land for a given term. Stock shares converted from land value are considered investment owned by the state and assigned to appropriate state agency as nominal stockholder for asset management.

<sup>104</sup> Operational details about different methods of land supply for public rental housing in Shanghai can be found in *Temporary Implementation Opinions on Land Supply for Public Rental Housing Construction in Shanghai* (《关于本市公共租赁住房建设用地供应的暂行意见》), co-issued by Shanghai Municipal Bureau of Urban Planning and Land Resources and Shanghai Municipal Housing Welfare and Real Estate Management Bureau on May 26<sup>th</sup>, 2011.

land. Private real estate developers are allowed to invest in social housing projects. Post-construction management of many social housing projects has been left to their respective investors. The Shanghai municipal government runs its public rental housing projects like a business, and assigns the majority of projects to particular companies through public bidding. The 2010 *Implementation Opinions on Developing Public Rental Housing in Shanghai* encouraged its municipal, district, and county governments to organize or support the establishment of professional companies in charge of investment, construction, supply, and management of public rental housing projects within their respective jurisdictions. These new companies should comply with relevant regulations in the *Company Law of the People's Republic of China* and follow market mechanism to operate. For instance, Shanghai Changning Public Rental Housing Co., Ltd, established on April 6<sup>th</sup>, 2011, and Shanghai Pudong New Area Public Rental Housing Investment and Operation Co., Ltd, established on June 29<sup>th</sup>, 2011, are such companies in their respective districts. Those companies enjoy favorable policies toward their public rental housing projects but still need to be responsible for their own profit and loss. “The logic behind those institutional arrangements is to use the market to its maximum,” a high-rank local official summarized, “and reduce the burdens the government carries to its minimum.”<sup>105</sup>

### **2.2.3 Modest Scale**

The third feature of Shanghai’s social housing assistance is its modest scale in terms of the total number of units in scattered locations and small-scale projects. Compared to Chongqing’s public rental housing communities, Shanghai’s social housing apartment complexes are hardly visible. A typical social housing complex in Shanghai,

---

<sup>105</sup> Interview 27 in Appendix III.

such as the rural collective rental housing project *Lianming Yayuan*, usually consists of several buildings with a few hundred units. They form small communities, and often physically integrate into private housing projects to make them less distinguishable. In contrast, one single public rental housing complex in Chongqing, *Minxin Jiayuan*, contains about 18,000 units and holds around 45,000 residents.

In terms of the number of social housing units in Shanghai, the official report from the *Shanghai Municipal Housing Welfare and Real Estate Management Bureau* at the end of 2012 puts the total supply of constructed and acquired welfare housing of all types at about 167,000 units, equivalent to 12,920,000 square meters. Of these, 97,500 units, equivalent to 6,870,000 square meters, were newly constructed and fully completed; 115,000 units, roughly 8,650,000 square meters, were ready for qualified citizens.<sup>106</sup> In terms of the total supply for different welfare housing types in 2012, Shanghai acquired 5,000 units toward low rent housing, added 40,000 public rental housing units, and constructed 28,000 economical housing apartments and 94,000 resettlement apartments.

Table 2.3 below summaries key information about the five municipality-owned public rental housing projects in Shanghai. The government can expand a project if needed, thus the total number of units is subject to change. For instance, *Xinyi Gongyu* added about 800 units in 2015. Moreover, the list does not include projects that district governments or other entities managed and/or financed.

---

<sup>106</sup> Shanghai Municipal Housing Welfare and Real Estate Management Bureau, *2012 Summary and 2013 Work Plan (2012 年工作总结和 2013 年工作计划)*, February 18<sup>th</sup>, 2013. Data are also available in various reports published on its official website: <http://www.shfg.gov.cn/>. For the 2012 statistics, see “2012 Construction Status of Social Housing in Shanghai Municipality,” [http://www.shfg.gov.cn/fgdoc/zt/zdghg/201301/t20130122\\_581517.html](http://www.shfg.gov.cn/fgdoc/zt/zdghg/201301/t20130122_581517.html)

Table 2.3: Fact Sheet on Five Municipality-owned Public Rental Housing Projects in Shanghai

Complex Name	# of Buildings	Unit Sizes (m <sup>2</sup> )	Total Units	Total Construction Size (m <sup>2</sup> )	Construction Began	Estimated Completion	Land Supplier <sup>107</sup>	Property Owners <sup>108</sup>
Xinning Gongyu	11	40-79	2,900	173,000	August 2008	August 2011	Shanghai Municipal Land Banking Center / Shanghai Land Group	Shanghai Land Group
Shangjingyuan	16	50-82	2,200	150,000	N/A	May 2011		Shanghai Housing Provident Fund Center *
Xinyue Gongyu	27	34-60	4,042	205,000	September 2010	2013		Shanghai Land Group
Xinyi Gongyu	12	40-65	2,222	150,000	October 2010	March 2013		Shanghai Land Group
Jingcheng Jinghuafang	10	50-89	1,680	116,700	N/A	September 2012		Shanghai Housing Provident Fund Center †

(Source: Shanghai Municipal Housing Welfare and Real Estate Management Bureau; [www.seook.net](http://www.seook.net) ‡)

\* Shangjingyuan was developed by Shanghai Chengtou Real Estate Group Limited (上海城投置业集团), a subsidiary company of the state-owned Shanghai Chengtou Corporation (上海市城市建设投资开发总公司), and then purchased by Shanghai Housing Provident Fund Center (上海市公积金管理中心).

† Jingcheng Jinghuafang was developed by Shanghai Urban Development Limited (上海城开集团有限公司), and then purchased by Shanghai Housing Provident Fund Center.

‡ This is a public information and discussion forum established in 2010 by concerned individuals to enable information exchange and provoke policy changes regarding public rental housing in Shanghai.

The first two municipality-owned public rental housing (*shichou gongzufang*, 市筹公租房) trial projects that were open up for public application in the beginning of 2012 were *Xinning Gongyu* (馨宁公寓) and *Shangjingyuan* (尚景园). *Xinning Gongyu* consists of 2,900 units of public rental apartments with various sizes between 40 and 79 square meters. Three floor plans are one-bedroom, two-bedroom, and three-bedroom, with monthly rental prices ranging from 1,694 to 3,311 RMB. *Shangjingyuan* has a total number of 2,201 units. Floor plans with one to three bedrooms range from 50 to 82 square meters, with monthly rent set between 1,950 and 3,240 RMB. By December 2012,

<sup>107</sup> Shanghai Municipal Land Banking Center (上海市土地储备中心) and Shanghai Land Group (上海地产集团) are responsible for land banking and supply to municipality-owned public rental housing projects. Those two entities have separate names and legal person status, but share the same personnel. The Center is in charge of purchasing reserved land, whereas the Group focuses on market operation, financing and investment. See “The Leading Force of Shanghai Land Banking System Entering Real Estate Market (上海土地储备“龙头”进军房地产),” *21<sup>st</sup> Century Business Herald* (21世纪经济报道), October 16<sup>th</sup>, 2009.

<sup>108</sup> In Shanghai, investors of particular public rental housing projects are the owners of these properties.

these two projects together had rented out 2,553 units. Since 2013, three more municipal public rental housing projects, *Xinyue Gongyu* (馨越公寓), *Xinyi Gongyu* (馨逸公寓), and *Jingcheng Jinghuafang* (晶城晶华坊) were completed and open for public application. They provide 4,042 units, 2,222 units, and 1,680 units of rental apartments, respectively, ranging from the smallest one-bedroom of 40 square meters up to the largest three-bedroom of 89 square meters.

The modest scale of social housing provision, especially municipality-owned projects, in Shanghai reflects the government's intention of protecting the existing private rental market. Currently, individual homeowners are the primary providers of rental apartments in Shanghai. Though government-provided social housing options have their own merits such as security, stability, and what local officials call “compatibility” (*shipeixing*, 适配性)—alignment between the needs of qualified residents and particular social housing types—private rentals continue to dominate. A local official put it simply, “We pay great attention to control the scale of social housing provision in Shanghai to make sure that the private market is protected.”<sup>109</sup>

#### **2.2.4 Tiered Coverage**

Through multiple types of social housing programs, Shanghai seeks to provide accommodation for different target groups. Qualification restrictions differ for each program, which leads to tiered coverage. Thus the social housing system in Shanghai emphasizes compatibility between social housing types and applicants' needs.

The four types of in-kind social housing serve different groups. Low rent housing serves the lowest income group. Resettlement housing serves citizens who have lost their

---

<sup>109</sup> Interview 25 in Appendix III.

previous dwellings due to government land requisition. Economical housing offers alternative purchasing options for the middle- to low-income groups. And public rental housing addresses temporary housing needs for young native Shanghai workers, recruited non-native talents, and migrant workers, with different rental housing projects accommodating different target groups based on their needs and characteristics.

Multiple social housing programs and their tiered coverage allow the Shanghai municipality a high degree of freedom in achieving its overall policy goals. The fact that the cadre performance evaluation only reviews the total number of social housing units and sizes constructed and completed allow local officials to implement these programs selectively. They can cater to favorable social groups and labor forces through targeting funds to particular programs.

### **2.3 Chongqing and Shanghai in Comparison**

Chongqing and Shanghai provide striking contrasts on the provision of social housing assistance in China. The juxtaposition of these cases highlights regional variation in the current reality of Chinese social housing supply. They represent two different paths.

Chongqing's all-in-one public rental housing arrangements showcases the state-provided approach of social housing assistance, whereas Shanghai's diversified social housing system exhibits a market-oriented, limited government approach of social housing welfare. These two approaches differ in two main dimensions: level and mode of social housing provision (see Table 2.1 in the beginning of this chapter). Large scale and generalized coverage of public rental housing indicate a high level of social housing provision in Chongqing, contrasting to Shanghai's modest level in terms of smaller scale

and tiered coverage. Chongqing also shows higher state ownership than Shanghai, and has simplified program instead of Shanghai's multiple types and participants.

Chongqing's mega-sized public rental housing communities are part of an unprecedented scale of social housing assistance. These communities serve as a constant reminder to Chongqing's residents of what may have prompted their creation. They host a heterogeneous group of residents, just as they were designed to do. The lack of income or household registration restrictions has attracted many migrants and temporary workers, just as the city's government wished to support the city's growing manufacturing base and urban development. By contrast, Shanghai has small-scale social housing projects scattered throughout the city to encourage their integration into commercial residential communities. Four different social housing programs accommodate different target groups, among which skilled professionals are important talents for the city's service-based economy. Economical housing with purchasing options and municipality-owned public rental housing are particularly attractive to this group.

Chongqing's simplicity in its public rental housing system contrasts with the multiplicity of Shanghai's four distinct programs. Chongqing's tight state control, from land supply to post-construction management, contrasts with Shanghai's limited government ownership. While strong state intervention in housing welfare demands higher fiscal, land, and administrative resources from the Chongqing government, its Shanghai counterpart aims to maximize outputs at minimum costs. Various entities, such as state-owned enterprises, rural collectives, and individuals, share the benefits and responsibilities of social housing assistance. Different social housing programs coexist to

allow these entities to gravitate towards their favored type and to fully utilize their respective advantages.

The demonstrated differences in social housing provision in Chongqing and Shanghai are a predictable consequence of the central government's creation of general policy goals without direction as to how local leaders must fulfill their targets. The next three chapters will explore causal explanations for the differences between the Chongqing and Shanghai cases. Chapters Three, Four, and Five will investigate policy changes at the central level and put the goals of these policies into local context. They will address interactive dynamics between central and local leaders and how these dynamics affect the design and implementation of social policies and influence regional variation in the provision and distribution of social benefits. Chapter Three will focus on the political factors affecting local implementation of social housing policies, whereas Chapter Five tackles economic side of the housing welfare logic. Chapter Four addresses a highly important factor—land—that intertwines politics and economics. Together, they aim to improve our current understanding of central motivations and local variation in Chinese social housing welfare.

### **Chapter 3. Politics Matters**

As the previous chapter detailed, the Chongqing and Shanghai Municipal Governments approach social housing assistance in contrasting ways. Chongqing's all-in-one public rental housing arrangements epitomize state-provided social housing, whereas Shanghai's diversified social housing system is market-oriented with more limited government involvement. They differ in the amount of social housing assistance as well, with Chongqing housing far more people than Shanghai does.

This chapter will investigate the causal effects of three political factors—elite politics, bureaucratic interests, and administrative structure—on the models these two major Chinese cities have embraced.<sup>110</sup> Though political elites share the ultimate goal of upward promotion, they employ differing strategies. Whereas Chongqing leadership had a populist orientation, Shanghai elites took an economic-centric approach. Within the cadre evaluation system currently in use in China, local cadres customize and optimize their strategies for career advancement. Administrative structure also affects policy implementation outcomes. Land- and housing-related bureaus can be structured differently, and Chongqing's is integrated while Shanghai's is separate. As this chapter will argue, distinctive combinations of the three political factors investigated here determined the two governments' distinct approaches to social housing.

#### **3.1 When Should the Government Provide Housing Assistance?**

The decision to promote social housing assistance came from the central leadership in China. Thus, the political story of social housing provision begins at the central level, when the top leaders identify housing shortage as a potential threat to

---

<sup>110</sup> The importance of land control—another political factor—and its connection with economic incentives of social housing welfare make it deserving an individual chapter.

regime stability, and design policies to channel housing benefits to certain social groups in the hope of mitigating future risks.

On August 7<sup>th</sup>, 2007, the Chinese State Council issued a landmark document, *Several Opinions on Solving Housing Difficulties of Urban Low-income Families* (国务院<sup>关于解决城市低收入家庭住房困难的若干意见</sup>), to stress the importance of housing assistance as a public service provided by the state. To facilitate the local implementation of this policy, three weeks later on August 31<sup>st</sup>, the supervisory MOHURD issued *Guiding Opinions on Preparing Development Plan and Annual Plan to Solve Housing Difficulties of Urban Low-income Families* (解决城市低收入家庭住房困难发展规划和年度计划编制指导意见) to declare overall planning goals from the end of 2007 to 2010 and require all local governments above county level to finish their development and annual plans by December 25<sup>th</sup>, 2007. In November 2007, the MOHURD together with other bureaus promulgated the *Measures on Low-Rent Housing Welfare* (廉租住房保障办法) and the *Management Measures on Economical Housing* (经济适用住房管理办法) to outline operational details of these two social housing programs. By the end of the year, *Department of Housing Welfare* (住房保障司) was established within the MOHURD to supervise the nationwide implementation of housing welfare programs.

Throughout 2008, the central government, including the State Council as well as relevant ministries and national bureaus, continued to issue policy guidance to promote and regulate the re-introduction of social housing welfare. More concrete targets began to

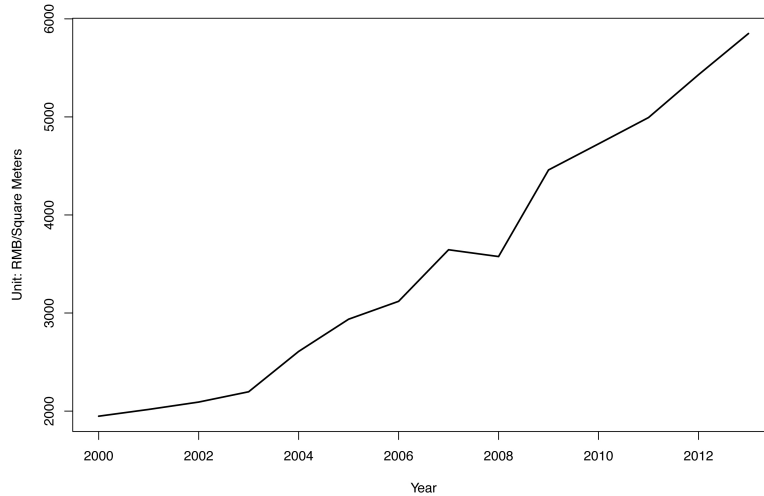
appear in various documents.<sup>111</sup> At this stage, the emphasis was still on low-rent housing and economical housing as the appropriate housing types for targeted income groups. It was not until the beginning of 2010 that other types of social housing assistance, especially public rental housing, received increasing attention in the official state promotion of housing welfare.<sup>112</sup> In addition to the general policy guidance, the central government set up various goals, quantitative quotas, and special funds in its annual planning to support the development of in-kind housing assistance of all types. Appendix IV includes a list of key social housing policy documents issued by the central government between 2007 and 2011.

The reintroduction of social housing welfare in late 2007 and throughout 2008 was a direct response to the stagnation and decline of China's real estate market at that time (Figure 3.1). Over supply of commercial residential housing, speculation, a domestic stock market crash, and the international financial crisis all came to together at this point. In the popular media and real estate trade publications, many observers and practitioners referred to a "turning point" (*guaidian*, 拐点) and wonder whether China's national government should "save the market" (*jiushi*, 救市).

---

<sup>111</sup> For instance, in *Several Opinions on Promoting the Healthy Development of Real Estate Market* (国务院办公厅关于促进房地产市场健康发展的若干意见) issued by the General Office of the State Council of the People's Republic of China on December 20<sup>th</sup>, 2008, the state was determined to provide housing assistance to a total of 2.6 million stressed low-income urban households in 2009, and another 4.87 million households between 2010 and 2011. From 2009 to 2011, an average of 1.3 million units of Economical Housing per year should be added to the national social housing stock.

<sup>112</sup> For instance, the *Notice on Promoting the Steady and Healthy Development of Real Estate Market* (国务院办公厅关于促进房地产市场平稳健康发展的通知) issued by the General Office of the State Council on January 7<sup>th</sup>, 2010 emphasized the importance of accelerating the construction of public rental housing and price-controlled commercial housing (*xianjia shangpin zhufang*, 限价商品住房) to solve housing needs of middle- to low-income households.



*Figure 3.1: National Average of Residential Commercial Housing Prices in Urban China: 2000-2013*

(Source: National Bureau of Statistics of China)

The Chinese government determined to revitalize the private housing market by stimulating domestic demand through public investment in social housing provision. By promoting social housing, the state sought to slow down the growth of residential housing prices in the private market. Together with price-controlled social housing, the state expected lower housing prices to drive up domestic housing consumption. In various policy documents issued at the time, social housing provision in 2008 focused on low-rent housing and economical housing, primarily targeting low- and middle-income urban households, recognizing that wealthier households would purchase homes on the private market (see Appendix IV).<sup>113</sup> Thus, the state would establish a two-tiered housing structure combining market and welfare elements together to provide housing options to different income groups. By stabilizing private housing market prices, they hoped to

---

<sup>113</sup> Some documents issued during this period mentioned that combining these two types might be necessary. The goal was to provide basic housing solutions via low-rent housing to the low-income families and encourage some of them to become homeowners by purchasing economical housing when their financial conditions improve.

allow more urban households to realize their housing consumption goals and to gain confidence that they had housing security and could therefore increase their spending in other areas. Housing assistance therefore goes beyond providing affordable dwellings to contribute to the housing market prosperity and overall economic growth.

The downtrend of the Chinese private housing market in 2008, however, seemed to make the social housing provision plans devised in 2007 out of date. Many real estate developers, even sector leaders, failed to meet their sales targets and were even in financial trouble due to interrupted cash flow. Some claimed that increased social housing had contributed to the market slowdown by making potential homebuyers hesitant to make their decisions; they preferred taking a wait-and-see attitude towards the future trajectory of housing prices. However, some developers had invested heavily in building social housing projects in 2008, because favorable policies, such as government subsidies and tax and fee exemptions made social housing projects less risky than market rate housing, in spite of smaller profit margins. Building materials suppliers also benefited from social housing construction in 2008 when decreased demands in the private real estate market put their business in potential danger. Thus, public investment in social housing helped many players in the private housing sector weather through this difficult year. As housing prices rebounded in 2009 with even greater momentum than seen before 2007, many urban households with limited financial resources turned to social housing, a trend that has continued as price increases keep on (see Figure 3.1). The Chinese government has been refining its social housing policies since then, offering local implementers greater freedom to tailor their programs to local social housing needs (see Appendix IV for China's social housing policy development in recent years).

Given the central government's promotion of state involvement in social housing provision, political elites and bureaucrats implement central policies differently on the local level. The following sections address three particularly important political factors—elite politics, bureaucratic interests, and administrative structure—that shape the divergence of social housing provision between Chongqing and Shanghai. Each section presents and tests one hypothesis with empirical evidence from these two municipalities.

### 3.2 Elite Politics

China's top leadership politicking is characterized by what political scientist Cheng Li terms a "team of rivals."<sup>114</sup> Two coalitions, the "populists" and the "elitists," have been competing against each other for power and influence in the Politburo and especially its Standing Committee.<sup>115</sup> In terms of their overall policy differences, while the elitists are more concerned with economic efficiency, market functionality, and international integration, the populists give more attention to economical inequality, societal harmony, and domestic welfare. Elites politics shape local policy choices.

Elites with different policy orientations normally strategize the distribution of local resources in favor of their preferred issue areas. Moreover, the characteristics and significance of given locales offer political elites different chips to use in the competition over national dominance. Furthermore, the degree of certainty the elites perceive about

---

<sup>114</sup> Cheng Li, "China's Team of Rivals," *Foreign Policy*, October 1<sup>st</sup>, 2009.

<sup>115</sup> Former President Hu Jintao and former Premier Wen Jiabao lead the populist coalition. It is also known as *Tuanpai* (*Youth League Faction*, 团派), because its core members including former President and General Secretary Hu Jintao, current Premier Li Keqiang, Vice President Li Yuanchao, and Vice-Premier Wang Yang once worked in the Chinese Communist Youth League. By contrast, the elitist coalition consists of the princelings who are descendants of prominent senior leaders of the party and those officials who originated from rich provinces and municipalities in China's coastal area. Core members of the elitist coalition include former President Jiang Zemin, former Chairman of the Standing Committee of the National People's Congress Wu Bangguo, former Chairman of the National Committee of the People's Political Consultative Conference Jia Qinglin, President Xi Jinping, and Secretary of the Central Commission for Discipline Inspection Wang Qishan.

their chance of winning in the competition affects their choice of strategy. While in times of political security they may carry on conventional strategy, in times of political contingency, they are more likely to strategize differently to gather support. In Chongqing, Bo Xilai, once a core member of the elitist coalition, changed towards a populist approach to generate public support, when he viewed his deployment as Chongqing's party secretary a step away from the power pinnacle. With higher certainty that his tenure as the party chief of Shanghai could almost guarantee a step forward to China's top leadership, Yu Zhengsheng continued his more conventional elitist approach in concentrating efforts on promoting economic development.

The actual need for housing support in Chongqing and Shanghai did not determine the approach these two politicians took. As shown in Figure 3.2, average residential housing prices in the private market in Chongqing have consistently been the lowest of China's four direct-controlled municipalities. This suggests Chongqing had the least need for housing welfare expansion of any of these cities.<sup>116</sup> Yet the Chongqing government's investment was the largest of the four. Shanghai's average RMB per square meter was more than triple Chongqing's in 2008, yet the government devoted fewer resources towards housing welfare. To explain this contrast, the following section considers the hypothesis:

*Hypothesis 1: Political elites competing for political dominance adopt policies that give them the highest chance of winning, especially when they perceive higher political contingency in the competition.*

---

<sup>116</sup> Though lower income levels in Chongqing could change the picture, interviews with local residents in Chongqing revealed that housing prices were not considered excessively beyond affordability.

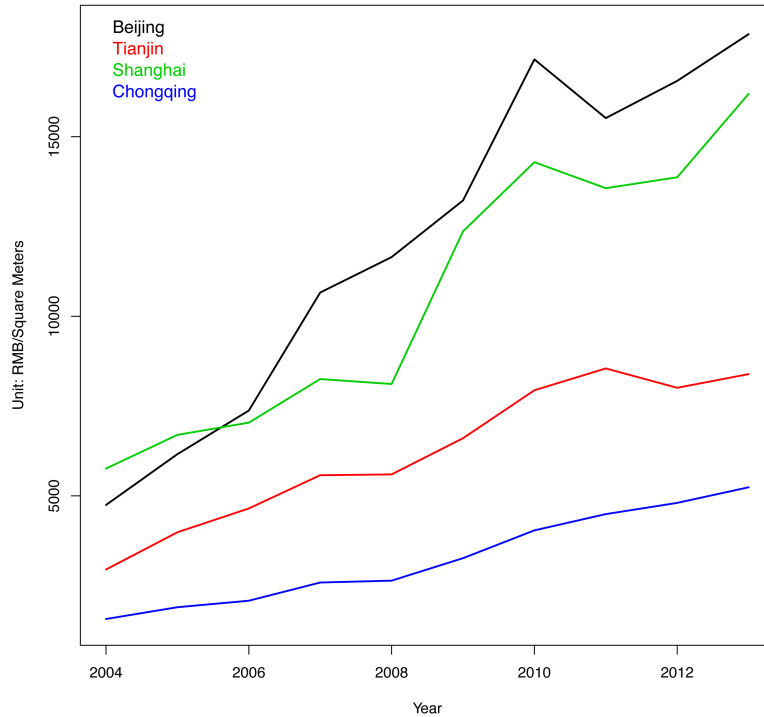


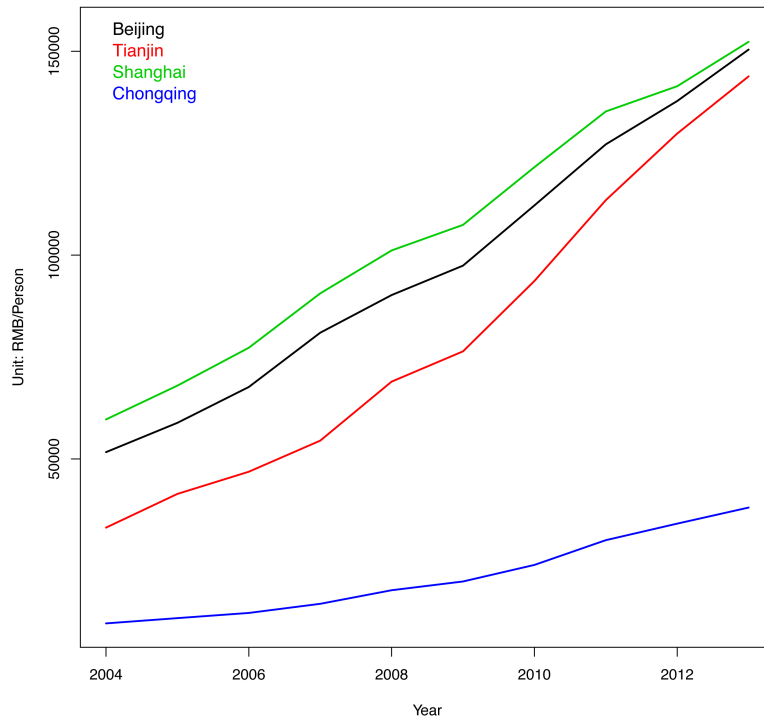
Figure 3.2: Four Municipalities in China: Average Residential Housing Prices, 2004-2013

(Source: National Bureau of Statistics of China)

### 3.2.1 Chongqing

The central government presented the establishment of Chongqing as a direct-controlled municipality on March 14<sup>th</sup>, 1997 as a prelude to the inauguration of China's Western Development (*xibu dakaiifa*, 西部大开发) plan in 2000. The main components of this grand strategy included infrastructure development, foreign investment increase, ecological protection, education promotion, and talent retention. The overall goal was to help the western half of China to catch up with its eastern counterpart. The central government was hoping to rely on Chongqing, which is the biggest city in southwestern China, to drive the socio-economical development of western China's vast hinterlands.

This grand plan has bestowed increasing political significance on Chongqing since its implementation.



*Figure 3.3: GDP per capita of Four Direct-controlled Municipalities in China: 2004-2013*

(Source: National Bureau of Statistics of China)

Though Chongqing has been beset with many challenging problems, such as a large population, organized crime, and the Three Gorges Dam resettlement with associated unemployment, its geopolitical significance as the hinterland portal of China's western development plan and its vast potential for growth give this young municipality special charm in the eyes of aspiring politicians. While serving as a top leader in prosperous municipalities and provinces such as Shanghai often precedes entrance in the Central Politburo of the Chinese Communist Party, including its standing committee,

Chongqing's municipality status and its relative underdevelopment (see Figure 3.3) offer a challenge for the ambitious if they are willing to be bold. Unlike other big cities in China, such as Shanghai and Beijing, Chongqing does not serve as a springboard to send their leaders into the national power core. But the city has resources and offers an opportunity for them to demonstrate their capabilities. As a political careerist seeking to reverse a setback in his rise to the pinnacle of power, Chongqing's then-prominent party chief Bo Xilai, quickly seized this opportunity when he took office in 2007.

The political incentives that led Bo to implement social housing in the way he did between the end of 2007 and early 2012 are obvious. With prodigious charisma at the age of sixty-four, a characteristic that set him apart from his calcified colleagues, this “princeling” was widely regarded as one of the 25 top leaders in the country and on a fast track to ascend the top leadership in China. He sought a future in the pinnacle of Chinese political power, the Politburo's Standing Committee. In addition to his family pedigree as the son of one of China's first revolutionary leaders and his network of allies, Bo used his mastery of the strategic use of public cash and image massaging to fuel his rise. He had not gained entrance to the Standing Committee in October 2007.<sup>117</sup> Though he followed the social norm of never stating his ambition or his frustration at being passed over in 2007, he, as the party chief of Chongqing, clearly undertook his active work in Chongqing in the hopes of becoming a part of the Standing Committee in November 2012, when leadership would turn over again.

---

<sup>117</sup> Bo expected to be promoted into the 17<sup>th</sup> Politburo Standing Committee and hoped to serve as one of the vice-premiers or even the premier of the State Council. Instead, he was left out of the elite Standing Committee and appointed to be the party chief of Chongqing. Many political elites believed he had been demoted and that his rivals wanted to prevent him from ever becoming a part of the Standing Committee. See Edward Wong, “In Trial Account, Chinese Ex-Official Strays From Script,” *The New York Times*, August 29<sup>th</sup>, 2013.

Bo fostered four major campaigns in Chongqing soon after he took office. These four campaigns, cracking down on crime and corruption, promoting old communist values, infrastructure development, and social housing welfare, featured highly visible endeavors likely to provide immediate benefits in the lives of individuals in the city. His major initiative, the Five-Chongqing campaign to build a livable, unblocked, forest-like, safe, and healthy Chongqing,<sup>118</sup> targeted a number of these goals. Along with an overall commitment to boost the city's economy, they earned Bo a great amount of popularity, especially among the city's working class and other social groups at the lower socioeconomic ladders, but greatly increased local fiscal spending. As shown in Figure 3.4, the budgetary expenditures of the Chongqing municipal government grew drastically from the end of 2007 to early 2012. Budgetary expenditures were significantly higher than budgetary revenues during these years, sometimes twice as high. For instance, local budgetary expenditures were about 171 billion RMB (roughly 27.6 billion USD) in 2010 and 257 billion RMB (about 41.5 billion USD) in 2011, whereas budgetary revenues were only slightly above 95.2 billion RMB (equivalent to 15.4 billion USD) and 148.8 billion RMB (24 billion USD), respectively. By contrast, the budgetary expenditures before Bo's arrival in Chongqing were only 59.4 billion RMB in 2006 (9.6 billion USD), when revenues were 31.8 billion RMB. As shown in Figure 3.4, Bo's removal in 2013 brought a leveling off as his successors, Zhang Dejiang and Sun Zhengcai, sought to curb soaring fiscal spending.

---

<sup>118</sup> On July 20<sup>th</sup>, 2008, the Third Plenary Session of the Third Chongqing Municipal Party Committee approved the Five-Chongqing Campaign (*wuge Chongqing*, 五个重庆) as the city's development strategy. It means building a Chongqing that is livable (*yiju*, 宜居), unblocked (*changtong*, 畅通), forest-like (*senlin*, 森林), safe (*ping'an*, 平安), and healthy (*jiankang*, 健康).

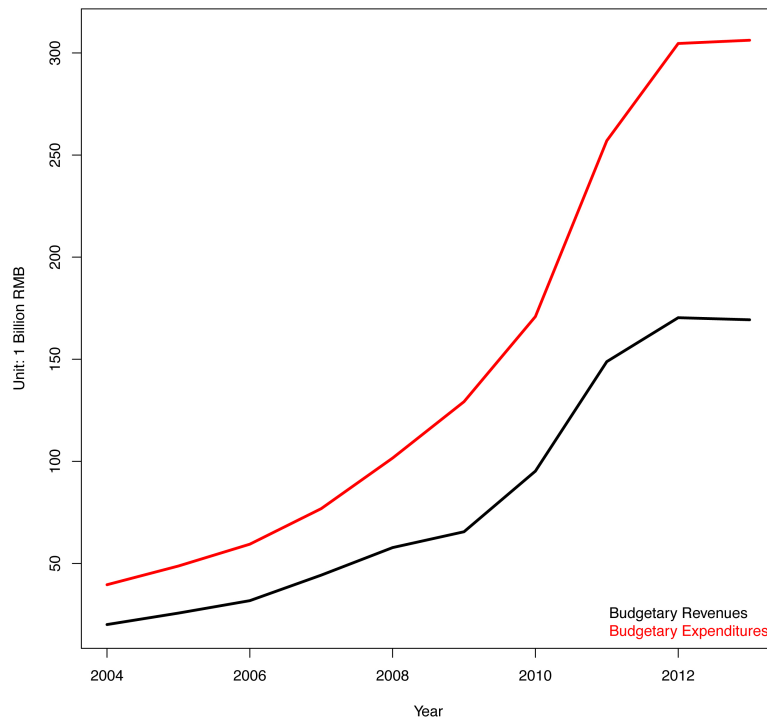


Figure 3.4: Budgetary Revenues and Expenditures in Chongqing, 2004-2013

(Source: National Bureau of Statistics of China)

Among the social programs that required generous financial support from the Chongqing government, public rental housing projects stood out in terms of their sheer volume and wide coverage. Bo invited many Chinese top political leaders, local government officials, scholars, experts from home and abroad, and other domestic and international dignitaries to visit public rental housing complexes in Chongqing to witness his accomplishments. Eight out of nine members of the seventeenth Politburo Standing Committee visited Chongqing between 2008 and 2011, of which five referenced the visit in public and several showed support.<sup>119</sup> In addition, Bo actively utilized the party's

<sup>119</sup> All members of the 17<sup>th</sup> standing committee of the CCP Politburo, except Hu Jintao, visited Chongqing when Bo was the party chief there. Their visiting dates are as follows: Wen Jiabao, 2008.12, Jia Qinglin,

publicity machine to seek international recognition. Henry Kissinger praised the program as exhibiting “the vision for the future by the Chinese leaders” during his brief visit to China in late June 2011.<sup>120</sup>

The provision of public rental housing to qualified residents in Chongqing is consistent with the central focus of improving people’s livelihood in Bo’s reforms in Chongqing. Although Bo’s unprecedented public investment in housing welfare has brought concrete benefits to those seeking affordable and adequate housing in a city undergoing fast urbanization, this policy innovation had political motivations.

Bo was once considered a core member of the elitist coalition, with a stellar record of promoting local economic development and attracting international investment throughout his career as Mayor of Dalian, Provincial Governor of Liaoning, and Minister of Commerce. In Chongqing, he quickly expanded welfare programs, notably the large-scale supply of public rental housing, thus assuming the policy orientation typical of the populist coalition.

Bo’s change of orientation was in fact carefully calculated. When the leader of the populist coalition, Hu Jintao, designated Xi Jinping of the elitist coalition and Li Keqiang of the populist coalition to the Politburo Standing Committee in 2007, many China watchers viewed this arrangement as signaling the importance of consensus building and political compromising between the two coalitions to achieve the common goal of political stability. Xi and Li would become the President and the Premier, respectively, in

---

2009.2, Li Keqiang, 2009.7, Li Changchun, 2010.8, Zhou Yongkang, multiple times, Xi Jinping, 2010.12, He Guoqiang, 2011.3, and Wu Bangguo, 2011.4. Wen, Li, and He kept a distance between themselves and Bo’s achievements, however. See Yawei Liu, “Bo Xilai’s Campaign for the Standing Committee and the Future of Chinese Politicking,” *China Brief*, Volume 11, Issue 21.

<sup>120</sup> Yawei Liu, “Bo Xilai’s Campaign for the Standing Committee and the Future of Chinese Politicking,” *China Brief*, Volume 11, Issue 21.

2012. In light of the pressure to build consensus between the two coalitions, Bo's active appeal to the populists in the Politburo Standing Committee was likely calculated to facilitate his rise to the power core in 2012.

Counterfactually, if political contingency had not been so paramount for Bo, he might have implemented a more conventional housing welfare strategy. His predecessor, Wang Yang, who served as the party secretary of Chongqing in 2005–2007, took a moderate approach to providing housing assistance, primarily in the form of low-rent housing to those in the lowest income groups. In May 2007, only a few months before Wang left Chongqing for his new post as the party chief of Guangdong Province, Chongqing municipal government under his leadership provided low-rent housing assistance to a total of only about 27,100 low-income households.<sup>121</sup> Wang is an established core member of the ruling populist coalition who advanced through the Youth League system. He is also six years younger than Bo, and could afford more patience in his own political advancement towards top leadership. Wang implemented moderate social housing assistance in Guangdong province as well.<sup>122</sup>

### **3.2.2 Shanghai**

Chinese political elites face what scholars have termed a promotion tournament. According to this theory, career advancement in the Chinese government and party hierarchy is like a tournament in which lower-level officials compete with their counterparts nationwide to advance through the five levels of government and

---

<sup>121</sup> Yu Shang, "Wang Yang and Others Visiting Low-income Households Moving into Low-Rent Housing in Chongqing's Dadukou (重庆大渡口 200 多家低保户搬进廉租房, 汪洋等看望)," *Chongqing Daily*, June 15<sup>th</sup>, 2007.

<sup>122</sup> Jian Hu and Zong Yue, "Guangdong Provincial Communist Party Secretary Wang Yang: People's Livelihood Problems Cannot Be Solved in Campaign Style (广东省委书记汪洋: 不能用运动式方式解决民生问题)," *Guangzhou Daily*, October 10<sup>th</sup>, 2011.

performance records determine advancement from township to county or district to provincial to municipal to central. In the end, the most successful officials enter the Standing Committee of the Politburo, the highest level of political power in China.<sup>123</sup>

Because top leadership has consistently emphasized economic growth, it is a crucial area of competition among officials. However, when it comes to higher levels of government and party hierarchy, some scholars have argued that political connections influence promotion probability more than any objective measure of performance (Shih et al., 2012; Landry et al., 2015). Endogeneity likely exists between local leaders' effects on promoting economic growth and their chance of promotion. Favorable candidates for promotion are often assigned to locations with advantageous economic conditions, thus they could easily exhibit good performance records to justify their likely pre-determined advancement (Luo et al., 2015). This is especially true for members of the Politburo Standing Committee. Almost all members of the committee have worked in the most economically advanced provinces or big cities in China, such as Shanghai (Yao and Zhang, 2015).

Shanghai is such a favorable locale for uprising political elites. It is the commercial and financial center of China, and the most prosperous of the four direct-controlled municipalities. With a good mix of traditional heavy industries (e.g., steel and auto manufacture), high-tech development backed secondary industries, and fast growing tertiary industries, especially financial services, Shanghai has maintained a stellar record

---

<sup>123</sup> For more elaboration of this theory, see Li and Zhou (2005) and Xu (2011).

of double-digit local GDP growth since 1992, with the global recession 2008–2009 the only exception.<sup>124</sup>

Shanghai has always been of great strategic importance in the Chinese political landscape. Since Jiang Zemin became the General Secretary of the Communist Party of China in June 1989, all of the people who have served as party chiefs in Shanghai Municipality except one were successfully elevated into the Standing Committee.<sup>125</sup> The sole exception, Chen Liangyu, was convicted of corruption while still in office in Shanghai.<sup>126</sup> Even the party secretary who served a mere seven months following Chen's dismissal, Xi Jinping, was appointed to the Politburo Standing Committee and became Vice President of China a few months later. His short post in Shanghai served as a stepping-stone to higher positions in the national government.

During the time period between 2007 and 2012 of relevance to this research, Yu Zhengsheng served as the party chief of Shanghai. Similar to Bo, Yu is a blue blood with a communist pedigree and strong political connections.<sup>127</sup> Whereas Bo encountered a setback in the 17<sup>th</sup> National Congress of the Communist Party in 2007, Yu was facing higher political certainty. As long as he could demonstrate steady performance as the Shanghai party chief, he expected to be elevated into the Politburo Standing Committee in 2012 as a near-certainty. This was borne out even though the Party decreased the size

---

<sup>124</sup> The GDP growth rate in Shanghai has reduced to single digit since 2011, reflecting the general trend of China's economic growth slowing down. See "Section 1.9 Growth Rate of Major National Economic Indicators over Preceding Year (1978-2013)" in *Shanghai Statistical Yearbook 2014*. Data available online at <http://www.stats-sh.gov.cn/tjnj/nje14.htm?dl=2014tjnj/E0109.htm>.

<sup>125</sup> High-ranking officials who worked in the Shanghai municipal administration are often informally referred to as the Shanghai Clique, the Shanghai Faction, or, because many of them rose to prominence under Jiang Zemin's leadership, the "Jiang Clique." Since Jiang retired from all his positions at the 4<sup>th</sup> Plenary Session of the 16<sup>th</sup> Communist Party Central Committee, the political influence of this clique has been declining.

<sup>126</sup> Those who entered the highest leadership circle include Jiang Zemin himself, Zhu Rongji, Wu Bangguo, Huang Ju, Xi Jinping, and Yu Zhengsheng. Chen Liangyu, the only exception, was removed from his post in Shanghai in 2006 after being convicted of corruption in a social security fund scandal.

<sup>127</sup> Benjamin Kang Lim, "China Princeling Emerges from Defection Scandal," *Reuters*, June 19<sup>th</sup>, 2007.

of the committee from nine to seven that year, although he was appointed Chairman of the Chinese People's Political Consultative Conference (CPPCC). The CPPCC is a ceremonial political advisory body; both politicians and researchers consider this position disadvantageous, as the CPPCC has neither power nor influence (Yao and Zhang, 2015).

Perhaps Yu should not have been confident of his advancement, but he was nonetheless in quite a different position from Bo. He adopted a conventional strategy to govern Shanghai, focusing on sustaining the city's economic prosperity and boosting its international reputation. One of the most visible items on Yu's achievement record in Shanghai was the success of the Expo 2010 Shanghai China, which the municipal government held from May to October. It had the largest number of participating countries, the biggest Expo site at 5.28 square kilometers, the highest expenditures in the World's Fair history, and an operating profit of more than 1 billion RMB.<sup>128</sup> According to the Shanghai Municipal Audit Bureau, out of the total construction investment of 19.74 billion RMB (about 3.18 billion USD) by the final completion in April 2010, the Shanghai city government contributed 2.66 billion RMB (about 0.43 billion USD) from its local fiscal revenues plus a total of 5.5 billion RMB (about 0.89 billion USD) in Expo bonds approved by the State Council. Corporate and public donations, special cultural funds, and bank loans covered the remaining costs.<sup>129</sup> In addition its direct fiscal contribution to the Expo itself, the Shanghai government spent more than 40 billion USD (roughly 250 billion RMB) to upgrade the city's infrastructure and transportation system,

---

<sup>128</sup> Lydia Chen, "City's Record-breaking Expo Turns in a Profit," *Shanghai Daily*, October 1<sup>st</sup>, 2011.

<sup>129</sup> Shanghai Municipal Audit Bureau, *Announcement of the Tracking Audit Results of China 2010 Shanghai World Expo* (中国 2010 年上海世博会跟踪审计结果公告), September 30<sup>th</sup>, 2011. Report available online at <http://sjj.sh.gov.cn/sj2014/ztlz/node379/userobject1ai16090.html>

an investment topping what China spent on the 2008 Olympics.<sup>130</sup> Shanghai government officials hoped it would bolster local economy and people’s confidence to counteract the effects of the global economic downturn in the city.

In to the local economy, and in sharp contrast to Bo in Chongqing, Yu made Shanghai’s budgetary balance sheet an area of focus. Under his governance, budgetary expenditures increased only modestly, even during the global recession. The gaps between budgetary revenues and expenditures were significantly smaller in Shanghai than in Chongqing (see Figure 3.5 and Table 3.1).

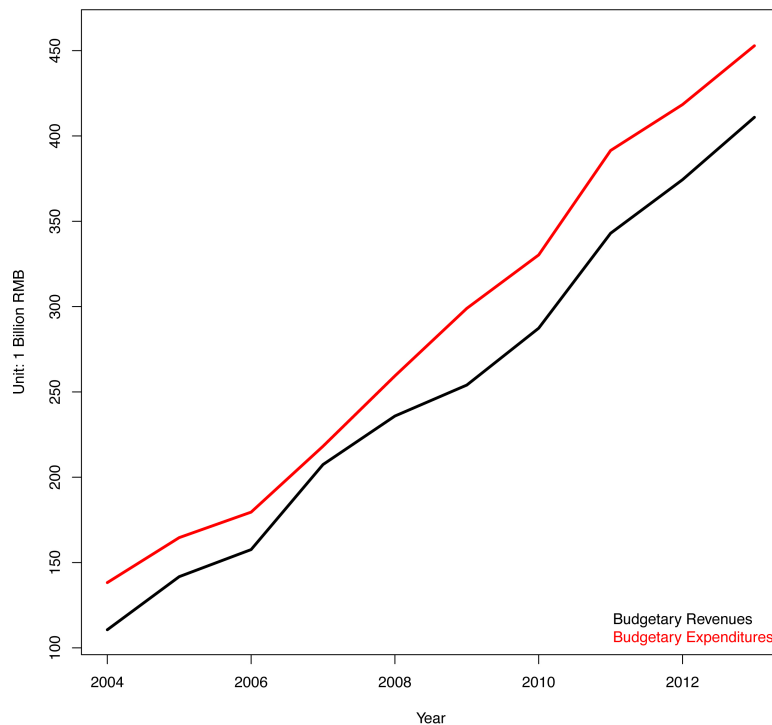


Figure 3.5: Budgetary Revenues and Expenditures in Shanghai, 2004-2013

(Source: National Bureau of Statistics of China)

<sup>130</sup> David Barboza, “Shanghai Buys Itself a Makeover Before a Fair,” *The New York Times*, May 30<sup>th</sup>, 2009. An interview of Yu Zhengsheng by Sally Wu from the Hong Kong based Phoenix Satellite Television confirmed the amount of the investment. See “Yu Zhengsheng: No Central Fiscal Investment in Shanghai Expo, Expecting a Cost-Profit Balance,” [http://phtv.ifeng.com/program/wdsz/200907/0725\\_1759\\_1268640\\_3.shtml](http://phtv.ifeng.com/program/wdsz/200907/0725_1759_1268640_3.shtml)

*Table 3.1: Fiscal Balance Comparison: Shanghai versus Chongqing, 2007-2012  
(Unit: Billion RMB)*

Year	Shanghai		Chongqing	
	Budgetary Revenues	Budgetary Expenditures	Budgetary Revenues	Budgetary Expenditures
2007	207.448	218.168	44.27	76.839
2008	235.875	259.392	57.757	101.601
2009	254.03	298.965	65.517	129.209
2010	287.358	330.289	95.207	170.904
2011	342.983	391.488	148.833	257.024
2012	374.371	418.402	170.349	304.636

(Source: National Bureau of Statistics of China)

Unlike Bo, Yu was not an enthusiastic promoter of social housing welfare, although he made several publicity speeches regarding the urgency of curbing unreasonable housing price increases by regulating the private real estate market as well as establishing a localized social housing welfare system. Yu had a lower stake in promoting policy change in housing welfare. He continued to carry out existing social housing programs approved by the central state, including economical housing, low-rent housing, and resettlement housing. He added public rental housing as a new pilot program in 2010 when Chinese top leadership showed particular interest in this type of program. Overall, during Yu's tenure in Shanghai, the Shanghai municipal government operated its social housing programs from a business management perspective, aiming to maximize outputs at minimum costs. It allowed various non-state actors to share the government's fiscal responsibilities and participate in the provision of social housing welfare. Status quo maintenance mixed with minor innovation, drawing little controversy.

### **3.3 Bureaucratic Interests**

While Chinese politicians strive for power and influence into the nation's top leadership, local bureaucrats also desire upward career advancement. Despite personal

connections and networks, performance evaluation directly affects Chinese officials' promotion and demotion. A key mechanism is the cadre evaluation system, which gives a concrete list of evaluation items to provide quantitative assessment on performance. Within this centralized system, relevant authorities in the central government assess performance of the party and government leading cadres at the provincial level, including those of provinces, autonomous regions, and direct-controlled municipalities. From the provincial level below, local party committees and governments assess performance of their direct subordinate leading cadres. Social stability, economic growth, and public goods provision are considered the three most important issue areas in determining promotion and remuneration, though the central government has been increasingly emphasizing the importance of economic, social, and fiscal sustainability.<sup>131</sup>

The promotion system incentivizes Chinese government officials on the local level to comply with their superiors. Local party and government leaders on the provincial level and below design localized performance evaluation sheet to assess their subordinates, in accordance with policy guidance issued by the central government. This design allows political elites in governing positions to require local bureaucrats to implement preferred policies and hold them accountable when they do not. Elites gain in power through successful policy implementation. Promotion-minded local officials cater to policy preferences of their superior political elites. In Chongqing, this meant local cadres implemented the social welfare policies Bo embraced, whereas in Shanghai, local officials focused on economic development because Yu emphasized it.

---

<sup>131</sup> On December 6th, 2013, the Organization Department of the Communist Party of China issued the latest *Notice on Improving Performance Evaluation on Local Party and Government Leading Groups and Leading Cadres* (关于改进地方党政领导班子和领导干部政绩考核工作的通知).

Planning quotas are indispensable components of the cadre evaluation system. Political elites use them to press bureaucratic compliance. While the government leaders issue ordinances to indicate policy orientation and encourage cadre compliance, they mainly serve as guideline. Planning quotas, tangible and quantified goals, give them binding power, and their achievement is an important index in the cadre evaluation list.

The determination of planning quotas is a bottom-up process that weighs the socio-economic conditions of particular localities, among other factors. In relation to social housing provision, planning quotas are typically annual commencement and completion numbers, measured as total housing units and their area sizes. Local governments conduct their own investigation to calculate local housing needs and determine the appropriate social housing supply for that year.<sup>132</sup> After receiving annual planning reports from below, the central government issues final ordinances to provincial governments, calling for local implementation of these planning quotas with adjustments if needed. Provincial-level governments then issue planning quotas to their direct subordinates until the distribution reaches county governments.

Local bureaucrats thus face a dilemma: they supply planning quotas to their superiors who will later use these quotas to assess their own performance. Most of China's local officials seek promotion, but they employ different strategies in seeking this goal. The aggregation of various scores on the itemized performance evaluation list, with different weight assigned to different items, offers local cadres some freedom to maximize their resources and optimize their strategies. Social housing provision quotas are aggregated numbers and do not differentiate between social housing types, which

---

<sup>132</sup> MOHURD, *Guiding Opinions on Preparing Development Plan and Annual Plan to Solve Housing Difficulties of Urban Low-income Families* (解决城市低收入家庭住房困难发展规划和年度计划编制指导意见), August 31<sup>st</sup>, 2007.

gives officials some space to determine their own preferences and investment distributions in reaching the quota. As the Chongqing and Shanghai cases show, they not only differ in the sheer sizes of social housing provision, but also vary in choices of social housing programs.

*Hypothesis 2: Bureaucrats implement policy choices of political elites. Higher pressure from the elites on social housing provision translates into stricter implementation of social housing policies.*

### **3.3.1 Chongqing**

Though Bo had earned great popular support in Chongqing, his leadership style, often described as ruthless and arrogant, certainly did not earn universal adulation from his subordinates.<sup>133</sup> The compliance of local cadres in Chongqing likely reflects their vested interest in career advancement and fear of potential demotion.

The process of estimating the total amount of public rental housing units needed in Chongqing provides a sense of the political landscape of the city. The municipal government's plan calls for the construction of 40 million square meters of public rental housing to be erected between 2010 and 2015.<sup>134</sup> According to a leading expert from Chongqing's Municipal Bureau of Land, Resources and Housing Management, who participated the entire researching and planning process, the bureau determined these numbers based on estimated total social welfare housing needs in Chongqing through 2020. Estimates put the total resident population in Chongqing Municipality at 33 million,

---

<sup>133</sup> See Michael Wines, "In Rise and Fall of China's Bo Xilai, an Arc of Ruthlessness," *The New York Times*, May 6<sup>th</sup>, 2012.

<sup>134</sup> For officially published working regarding the reasoning of public rental housing supply amount and its construction pace, see Daochi Qiu (2012), *Baozhangxing Zhufang Jianshe de Lilun yu Shijian (Theory and Practice of Social Housing Development)*, Xinan Shifan Daxue Chubanshe (Southwest China Normal University Press), pg.89-90.

with about 70 percent permanent residents.<sup>135</sup> Among these permanent residents, about 30 percent, or roughly 7 million individuals, would likely encounter housing difficulty and/or economic hardship, given future economic and urban development. Among these, it was predicted that about 2 million individuals would be residing in the urban areas of the city and therefore need housing support. Given official designations put the public rental housing welfare standard in Chongqing at 20 square meters per capita,<sup>136</sup> the bureau estimated the municipal government had to provide 40 million square meters. The expert from the Municipal Bureau of Land, Resources and Housing Management admitted that initial estimates had been more modest, and that local leaders' requirement of having higher numbers had led them to seek plausible support for higher numbers.<sup>137</sup>

Bureaucrats such as the man the author interviewed in the Bureau of Land, Resources and Housing Management and his colleagues had little room to adjust their numbers, given the pressure Bo and their superiors exerted. Likewise, members of leading groups of the subordinating district and county governments faced similar pressure in fulfilling requirements from above. Moreover, soon after Bo's arrival as the party chief in Chongqing, he pushed for a reform in 2008 to include three dimensions in the local cadre evaluation system: the conventional quota-based cadre performance evaluation list, designed and implemented by the Municipal Department of Organization; the internal democratic evaluation, in which rank-and-file bureaucrats appraise their leaders; and a public opinion survey conducted by Chongqing Public Opinion Research Center via mainly Computer-Assisted Telephone Interview (CATI) and occasionally

---

<sup>135</sup> Interview 17 in Appendix III.

<sup>136</sup> Multiple news reports and personal interviews conducted for this dissertation mentioned the 20 square meters per capita standard (Interview 16, Interview 17, and Interview 32 in Appendix III).

<sup>137</sup> Interview 17 in Appendix III.

unannounced household survey.<sup>138</sup> Moreover, in the quota-based part of the performance evaluation, the Chongqing municipal government's major policy decisions and plans became the main references for evaluation—a departure from an earlier emphasis on economic development. Social welfare, including housing assistance, received increasing attention. According the Chongqing Municipal Party Organization Department, about 60 percent of the cadre assessment indicators in the 2010 evaluation were directly related to people's well-being.<sup>139</sup> Under high pressure from the ruling elites through quantified cadre performance evaluation, bureaucratic heads dutifully comply with the ruling elites' policy decisions in social housing welfare provision. Public rental housing quota fulfillment is an important indicator to judge the performance of leaders in the Chongqing Municipal Bureau of Land, Resources and Housing Management, and leaders in the district and county governments.

Overall, people interviewed for this dissertation indicated that they and many of their colleagues agree that the provision of public rental housing in Chongqing is a large-scale, concentrated, and impetuous campaign reflecting local leaders' political ambition.<sup>140</sup> Since the removal of Bo as Chongqing's party chief, the rate of construction has slowed. In an interview in February 2013, local official from Chongqing Land Group, in charge of land supply, financing, and project development of many public rental housing complexes, revealed there were internal concerns of over supply and excessive debts the company couldn't repay if the original plan of 40 million square meters were to

---

<sup>138</sup> Under Bo's influence, these three elements were given weights of 60, 10, and 30 percent respectively in 2010. The introduction of public opinion survey was a highlight of this reform, and its weight in cadre evaluation increased from 10 percent in 2008 to 20 percent and 30 percent, respectively, in 2009 and 2010.

<sup>139</sup> Bing Yang, "New Rules in Chongqing Cadre Evaluation, Public Opinion Weights 30 Percent (重庆干部政绩考核出台新规, 民意调查占 30% 比重)," <http://news.sina.com.cn/c/2011-10-31/094823389518.shtml>

<sup>140</sup> Interview 10, Interview 13, Interview 17, and Interview 20 in Appendix III.

be fully accomplished by 2015.<sup>141</sup> Discussions within the governing body are also underway to consider and justify the possible downward readjustment of these targets to better reflect demand.<sup>142</sup>

### **3.3.2 Shanghai**

Like their counterparts in Chongqing, local cadres in Shanghai zealously seek career advancement, but they have pursued different strategies. In contrast to Chongqing officials' vigorous promotion of public welfare under Bo's leadership, Shanghai cadres, responding their superiors' preference, have prioritized local economic performance.

Quota estimation and fulfillment evaluation also apply to cadre performance assessment in Shanghai. Unlike in Chongqing where higher pressure from above forced local officials to raise their estimation, the determination of social housing provision quotas in Shanghai is more bottom-up. District and county governments in Shanghai conduct research to obtain their own estimations based on local needs, and prepare social housing construction plans to decompose the total tasks into concrete annual goals. Based on these bottom-up estimations, the Shanghai Municipal Housing Welfare and Real Estate Management Bureau, working together with the Municipal Bureau of Urban Planning and Land Resources as well as other relevant agencies, develop an overall construction plan and annual implementation quotas for the entire municipality. For instance, the 2012 quotas in Shanghai are 170,800 units of newly constructed or obtained (often purchased) social housing of various types, among which 90,000 units should be

---

<sup>141</sup> Interview 19 in Appendix III.

<sup>142</sup> Interview 7 in Appendix III.

fully completed and 114,000 units ready to be supplied to applicants.<sup>143</sup> The municipal leading group in charge of housing welfare and urban restoration distributes these tasks to the district and county governments, whose leading cadres must sign responsibility letters to fulfill their assigned goals and ensure their relevant subordinating agencies will complete these tasks. The municipal government further integrates these policy goals into the cadre evaluation system and uses them as binding quotas to gauge the performance of district and county government leaders.

Like Chongqing cadres under Bo, Shanghai cadres have annual quotas of social housing provision to achieve, but they face less pressure because their superiors prefer to see economic development. Less pressure has translated into lower numbers of self-reported annual construction plans and more freedom for bottom-up innovation in counting various social housing types towards quota fulfillment. In an interview, a charging bureaucrat in the Shanghai Municipal Housing Welfare and Real Estate Management Bureau stated, “We prepared to construct 266,000, 167,000 and 105,000 units of new social housing in 2010, 2011, and 2012 respectively. In actual implementation, we made sure to exceed the plans by just a little bit, so we would look good in the cadre evaluation without inviting too much burden in both the present and the future.”<sup>144</sup> His colleague in the Municipal Bureau of Urban Planning and Land Resources agreed in another interview, saying, “Since land supply in Shanghai is very tight, we must be very smart in how we fulfill social housing provision quota each year. Because the quota aggregates all types of social housing programs, we strongly support

---

<sup>143</sup> The General Office of the Shanghai Municipal People’s Government, *Opinions on Further Strengthening the City’s Social Housing Construction and Management* (关于进一步加强本市保障性安居工程建设和管理的意见), May 17<sup>th</sup>, 2012.

<sup>144</sup> Interview 25 in Appendix III.

innovations such as rural collective rental housing. It demands no state investment but counts towards our quota fulfillment.”<sup>145</sup>

### **3.4 Administrative Structure**

Organizational structure affects policy outcome, especially in a multilayered state system (Child, 1972; Weingast 1984; Fredrickson, 1986; McCubbins et al., 1989; Carlsnaes, 1992; Huber et al., 1993; Nielson and Tierney 2003). When the impact of laws and regulations adopted at the national level travel down through the provinces, cities, and counties to the township level, they often lose energy or deviate from the trajectory the policymakers intended. Unresolvable interest conflicts and high transaction costs can also prevent implementation altogether.

Authority in the Chinese administrative structure is fragmented by territory, rank, and function. Fragmented authority induces and intensifies interest conflicts. Officials at each level in descending order from central to provincial to municipal to county or district to township have descending levels of power and influence. These territorial levels correlate to different prerogatives in cadre evaluation. With regard to administrative rankings, official entities and their associated civil servants in the Chinese multilevel political system are assigned based on levels and ranks (see Table 3.2). Within each administrative level, civil servants have differentiated ranks with appropriate pay and benefits (Wu, 2014). Administrative levels and ranks determine the relative importance and influence of Chinese officials and their agencies. Rank consciousness is a carefully obeyed code of conduct in Chinese political culture.

Territorial levels and administrative levels of the Chinese political system do not entirely overlap. Bureaucratic offices within the same territorial level of government can

---

<sup>145</sup> Interview 26 in Appendix III.

have different administrative rankings. Government organs on different territorial levels may rank the same (Lieberthal and Oksenberg, 1988). Crucially, entities with the same administrative rank cannot bind each other within this interweaving territorial-administrative ranking system. When there is need for policy coordination, there will be necessary efforts on negotiation, conflict resolution, and consensus building (Lampton, 1992; Shirk, 1992).

Table 3.2: Administrative Ranking System in China

Level	Rank	Level Name	Example of Party Positions	Example of Government Positions
1	1-3	State Leader (国家级)	- General Secretary of the CCP - Politburo Standing Committee Members	- President of the PRC - Premier of the State Council
2	4-6	Vice State Leader (副国家级)	- Politburo Members - Secretary of the Central Commissions	- Vice President of the PRC - Vice Premier of the State Council
3	7-8	Ministerial/Provincial (省部级)	- Secretary of Provincial Party Committee	- Provincial Governor - Ministers of the State Council
4	9-10	Vice Ministerial/Provincial (副省级)	- Deputy Secretary of Provincial Party Committee	- Deputy Provincial Governor - Deputy Ministers of the State Council
5	11-12	Bureau Director (厅局级)	- Party Secretary of Prefecture-level Cities - Head of Provincial Party Organizations	- Mayor of Prefecture-level cities - Director of Provincial Bureaus
6	13-14	Deputy Bureau Director (副厅级)	- Deputy Party Secretary of Prefecture-level Cities	- Deputy Mayor of Prefecture-level cities - Deputy Directors of Provincial Bureaus
7	15-16	Division Head (处级)	- Party Secretary of Counties - Party Secretary of Prefecture-city Districts	- County Governor - Head of Provincial Bureau Sub-divisions
8	17-18	Deputy Division (副处级)	- Deputy Party Secretary of Counties	- Deputy County Governor - Vice Mayor of County-level Cities
9	19-20	Section Head (科级)	- Party Secretary of Townships - Head of County-Level Party Organizations	- Magistrate of Townships - Head of Prefecture Bureau Sub-divisions
10	21-22	Deputy Section Head (副科级)	- Deputy Party Secretary of Townships	- Deputy Magistrate of Townships
11	23-24	Section Member (科员)	- Head of Township-Level Party Organizations	- Head of Township Bureaus, e.g. Township Police Chief
N/A	25-27	Office Worker (普通公职人员)	- Village Party Secretary	- Village Chief

(Source: Chinese Media Reports)

Another complication of Chinese administrative structure is that the functional division of authority and accountability is essentially organized along two dimensions—the vertical line (*tiao*) and the horizontal piece (*kuai*) (Lieberthal, 1997). Conflicts arise

between *tiao* and *kuai* due to authoritative confusion.<sup>146</sup> To resolve this problem, administrative reform since the late 1970s has bestowed more authority on certain agency in the horizontal *kuai*. For instance, the top leaders at each level of territorial government (*kuai*) now manage several deputy heads, who are in charge of a specific array of functional offices respectively and not allowed to interfere with the other's affairs (*tiao*).

Within such a multilayered administrative structure, power fragmentation has made Chinese politics and policy implementation highly negotiable and deeply flexible. Bargaining games occur frequently between officials at each level of government and their subordinates at one level below and among *kuai* offices at the same level. As a result, outcomes of policy design and implementation exhibit great variance as administrative specifics may differ in different localities.

Four bureaus in the Chinese governments on the subnational levels are relevant in social housing welfare: Land and Resources (*guotu*, 国土), Planning (*guihua*, 规划), Urban-Rural Development (*jianshe*, 建设), and Housing Management (*fangguan*, 房管). The Bureau of Land and Resources is primarily responsible for the administration, protection, and rational utilization of state-owned land and other resources. The Bureau/Commission of Planning has the more technical responsibilities of preparing and implementing comprehensive land use and development plans.<sup>147</sup> Key functions of the

---

<sup>146</sup> For instance, along the vertical *tiao*, Ministry of Land and Resource in the central government extends its authority and functions to the municipal level through the establishment of the Municipal Bureau of Land and Resources. Similarly, the Ministry of Housing and Urban-Rural Development has its relevant Municipal Bureau of Housing and Urban-Rural Development. At the horizontal level of *kuai*, these two municipal bureaus have the same administrative rank, and stand equally when coordination occurs. Moreover, Ministry of Land and Resource in the central government cannot issue binding orders to the government of a direct-controlled municipality because they have the same administrative rank (see Table 4.3). However, the former can influence or even interfere with the latter by sending vertical instructions to its subordinate Municipal Bureau of Land and Resource.

<sup>147</sup> Bureau of Planning is integrated as a subdivision into the Ministry of Land and Resources in the central government, see <http://www.mlr.gov.cn/bbgk/jgsz/bnss/ghs/>. The separation of Bureau/Commission of

Commission of Urban-Rural Development include infrastructure development, regulating relevant industries and their practitioners, quality control and supervision of real estate construction, and rural development. The Bureau of Housing Management is in charge of housing reform, property registration, post-construction management, and social housing construction and management. These four bureaus may vary in their official names and main functions in a given locality, and have different institutional combinations within the local administrative system. Table 3.3 shows the administrative combinations of these four bureaus in the four direct-controlled municipalities in China.

*Table 3.3: Land and Housing Development System in Four Chinese Direct-controlled Municipalities*

<b>Beijing</b>	Land and Resources	Planning	Housing Management + Urban-Rural Development
<b>Shanghai<sup>148</sup></b>	Land and Resources + Planning	Housing Management	Urban-Rural Development
<b>Tianjin</b>	Land and Resources + Housing Management	Planning	Urban-Rural Development
<b>Chongqing</b>	Land and Resources + Housing Management	Planning	Urban-Rural Development

(Source: Thee Four Municipal Governments' Official Websites: (1) Beijing: <http://www.beijing.gov.cn>; (2) Shanghai: <http://www.shanghai.gov.cn>; (3) Tianjin: <http://www.tj.gov.cn>; (4) Chongqing: <http://www.cq.gov.cn>.)

Note: + indicates that these two bureaus are combined into one in that city.)

The institutional arrangements between the four bureaus that affect social housing, whether they are integrated or separated, and their relationships with other relevant entities in the local state system, affect the level and mode of social housing provision at

---

Planning and Bureau of Land and Resources as two equally ranked entities only occurs in subnational governments in China.

<sup>148</sup> In October 2015, Shanghai merged the Municipal Bureau of Housing Welfare and Real Estate Management and the Municipal Commission of Urban-Rural Development and Management into one single bureau: the Municipal Commission of Housing and Urban-Rural Development. The government attributed the merge to its efforts to control real estate market and regulate land use. Since the Bureau of Planning, Land and Resource Management is still separate, the merge has little impact on the arguments of this dissertation.

that place. Regarding the two municipalities in this study, the key difference is whether the local bureau of land and resources is integrated with or separated from the bureau of housing management. Different institutional arrangements in Chongqing and Shanghai influence local social housing provision by affecting the level of land supply through their direct impacts on administrative coordination and efficiency.

*Hypothesis 3: Bureaucratic integration of land and housing facilitates social housing provision. In contrast, the separation between land and housing slows social housing provision.*

### **3.4.1 Chongqing**

In Chongqing, the local Bureau of Land and Resources and local Bureau of Housing and Urban-Rural Development have unified as the Chongqing Municipal Bureau of Land, Resources and Housing Management since 1998, one year after the establishment of Chongqing as a direct-controlled municipality.<sup>149</sup> This institutional arrangement does not follow the conventional practice within the current China's *tiao-kuai* administrative structure, since on the national level the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development are still separated entities with their respective vertical lines of official organs at different territorial levels.<sup>150</sup> The unification of these two resourceful bureaus in the municipal government is

---

<sup>149</sup> In 1993, Yongchuan, a county-level city within the city of Chongqing, piloted to merge these two local bureau offices into one. Yongchuan was upgraded into a county-level district of the Chongqing Municipality in 2006. See Chunmiao Tao, "Legislation in Chongqing: Land and Housing Registration Documents Merged into One (重庆立法: 土地房屋“两证合一”)," *21<sup>st</sup> Century Business Herald*, December 27<sup>th</sup>, 2003.

<sup>150</sup> The institutional arrangements of these two bureaus have changed significantly in some other cities. In Guangzhou, for instance, they went through several forms: separation till 1992, joint-office with two titles but one set of personnel between 1992 and 2001, integration into one office since 2001, and separation again beginning in 2015. See Yanfen Zhang et al., "The Bureau of Land, Resources and Housing Gone with the Wind; Planning Merged into Land and Resources: Power Cut or Increase (国土房管局雨打风吹去 规划并国土权是削是扩)," *Southern Metropolis Daily (Nanfang Dushi Bao)*, January 21<sup>st</sup>, 2015.

critically important in facilitating the fast development of large-scale public rental housing in Chongqing.

As many high-ranked officials acknowledged in interviews, land reserve and supply is the key to success in public rental housing development in Chongqing.<sup>151</sup> When it comes to land and housing, arguably two most valuable assets, inter-bureau conflicts of interest often occur. The institutional integration of Land, Resources and Housing turned inter-bureau communication into internal exchange. It provided an administratively efficient way to resolve conflicts and achieve coordination at lower transaction costs and in shortened bureaucratic process. Though the bureau heads still need to weigh the financial benefits of land transfer into the private market against the political necessity of land allocation for public use, the decision-making outcomes appear to be more balanced. Performance evaluation and career advancement motivate officials within the now unified Bureau of Land, Resources and Housing Management to lobby strongly for their respective interests. The existence of internal communication channels and routines has greatly facilitated conflict resolution and inner-bureau coordination.

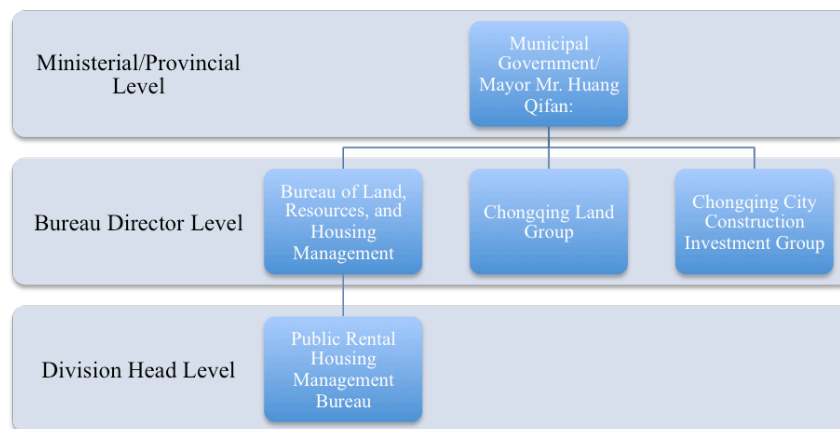
In an additional element that promotes coordination, the Chongqing Municipal Public Rental Housing Management Bureau was specially established in July 2010 as a public institution directly under the Bureau of Land, Resources and Housing Management (see Chart 3.1). During its establishment ceremony, the head of Bureau of Land, Resources and Housing Management, Zhang Dingyu, publicly spoke of building efficient working mechanisms to put the new Public Rental Housing Management Bureau

---

<sup>151</sup> Interview 5, Interview 16, Interview 17, Interview 18, and Interview 32 in Appendix III. Chapter Four focuses on the causal effects of this factor on social housing provision.

on a fast track.<sup>152</sup> Though the Public Rental Housing Management Bureau is the officially appointed property owner of all public rental housing units in Chongqing, it has no real power for it does not control cash flow or land use related to any development stage of these properties.<sup>153</sup> If it were not internalized into the integrated Bureau of Land, Resources, and Housing Management, it would have no leverage over the course of social housing provision in Chongqing.

Chart 3.1: Chongqing Social Housing Institution Structure



The relationship between the Bureau of Land, Resources and Housing Management and the two local state-owned investment and financing platforms, Chongqing Land Group and Chongqing City Construction Investment Group, also influences land supply to public rental housing projects in Chongqing (see Chart 3.1). While the Bureau of Land, Resources and Housing Management is the official

<sup>152</sup> See relevant quotes from the special reports of the *Xinhua News Chongqing Channel* on the establishment ceremony of the Chongqing Municipal Public Rental Housing Management Bureau, <http://www.cq.xinhuanet.com/2010/zfbzj/>.

<sup>153</sup> Chapter Four has more details on public rental housing projects' cash flow.

government organ that regulates land use, the two platforms control land banking practices. Interestingly, their head officials have the same administrative rank as Bureau Director (see Table 3.2), thus they may not be able to command each other to implement land allocation plans for public projects. To solve this dilemma, leadership in the Chongqing municipal government decided to let Mayor Huang Qifan directly guide and coordinate land-banking activities. As a ministerial/provincial level cadre (see Table 3.2), Huang's words carry effective and real power when public rental housing projects require completely administrative allocation of land from the reserves managed by these platforms.<sup>154</sup>

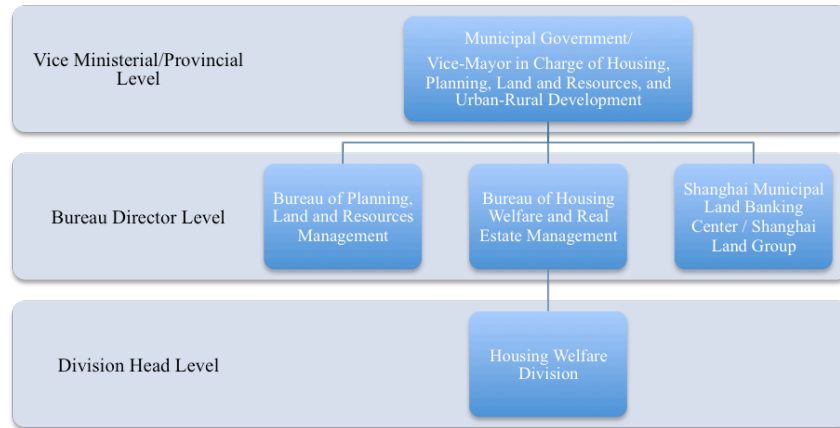
### **3.4.2 Shanghai**

In contrast to Chongqing, the two most important bureaus involved in the provision of social housing assistance in Shanghai operate individually in the local *kuai* system, and are accountable to their respective supervising organs in the *tiao* system. Thus, the Shanghai Municipal Bureau of Planning, Land and Resources Management and the Shanghai Municipal Bureau of Housing Welfare and Real Estate Management must coordinate through all the stages of decision-making and implementation to provide social housing assistance at all. In Shanghai, land and housing, the two main elements of social housing provision, are separated. This institutional arrangement limits the local government's capability to develop social housing projects and slows down the pace and scalability of these projects.

---

<sup>154</sup> Interview 18 in Appendix III.

Chart 3.2: Shanghai Social Housing Institution Structure



As shown in Chart 3.2, social housing welfare related institutional structure in Shanghai features the integration of land with urban-rural planning, and the separation between land and housing. This administrative arrangement has its own advantages and shortcomings.

The integration of land, resources and urban-rural planning into one bureau combines and internalizes land use planning (*tudi guihua*, 土规) and urban planning (*chengshi guihua*, 城规). Conflicts between these two planning bureaus, which fundamentally differ in several key aspects, have troubled many Chinese local government officials for years. Whereas land use planning has a predetermined purpose to protect land and resource protection, urban planning has a development-oriented perspective of accommodating and stimulating city growth. Land use planning is strict and rigid, constrained by the amount of land,<sup>155</sup> while urban planning is flexible and adjustable, based on population increase. The planning cycle for land use is about 15

<sup>155</sup> The repeated emphasis of firmly guarding the red line of arable land (*gengdi hongxian*, 耕地红线) by the central government exemplifies the rigidity of land use planning in China.

years, while urban development's is 20 years.<sup>156</sup> These crucial differences clash intensively when it comes to urban construction, often causing project delays and development plan confusion. Same administrative rank furthermore makes their conflicts hard to resolve and coordination difficult to achieve.

Integrating land and planning together thus provides internal mechanisms for conflict resolution and administrative coordination between these two planning sections. The evident benefits are streamlined bureaucratic procedures, improved administrative efficiency, more cost-effective land use, and enhanced land value. Observers claim that cities with a more developed land market (such as Shanghai, Shenzhen, and Guangzhou) tend to have land, resources, and planning combined into one bureau to take advantage of these benefits.<sup>157</sup>

While combining land and planning facilitates economical land use and coordinated urban development, keeping land and housing separate in two independent bureaus with the same administrative rank adds an extra hurdle to progress in housing policy, especially obtaining land for social housing projects. Chongqing's simplified social housing land use allocation procedure in comparison to Shanghai's more complex procedure reflects this.<sup>158</sup>

The separation between land and housing provides a check-and-balance to prevent over-concentration of power into a single bureaucratic agency. The tradeoffs when it

---

<sup>156</sup> See Article 9 in *Implementation Regulations for People's Republic of China's Land Administration Law* (《中华人民共和国土地管理法实施条例》), updated at the 12<sup>th</sup> Executive Meetings of the State Council, and Article 17 in *People's Republic of China's Urban and Rural Planning Law* (《中华人民共和国城乡规划法》), passed at the 30<sup>th</sup> Conference of the 10<sup>th</sup> National Congress's Standing Committee on October 28<sup>th</sup>, 2007.

<sup>157</sup> Yanfen Zhang et al., "The Bureau of Land, Resources and Housing Gone with the Wind; Planning Merged into Land and Resources: Power Cut or Increase (国土房管局雨打风吹去 规划并国土, 权是削是扩)," *Southern Metropolis Daily* (*Nanfang Dushi Bao*), January 21<sup>st</sup>, 2015.

<sup>158</sup> More on land supply in Chapter Four.

comes to social housing provision are increased conflicts of bureaucratic interests and transaction costs of inter-departmental coordination. The core conflict between these two bureaus lies with the supply of state-owned land for social housing projects. Officials within the Bureau of Planning, Land and Resources Management have to decide on allocating state-owned urban land to either the lucrative private real estate sector or to public social housing programs. When land sales in the primary land market becomes a significant source of local extra-budgetary revenues,<sup>159</sup> both pressure from the local government leaders and the promotion-oriented self-interest of bureau heads tend to make them prefer the private sector side.

Further complicating Shanghai's system, the Bureau of Housing Welfare and Real Estate Management has the same administrative rank as the Bureau of Planning, Land and Resources Management. Since political entities with the same rank cannot issue binding orders to each other, the housing bureau has no real authority to demand land supply from the planning bureau for social housing projects. Only administrative entities with higher rank, such as the municipal government can order the Bureau of Planning, Land and Resources Management to facilitate housing projects. Even when the housing

---

<sup>159</sup> Land sales become a significant source of local extra-budgetary revenues because of fees and taxes derived from transactions of land use right in China's primary urban land market. In this primary market, the Chinese government, as the monopolist of state-owned urban land, grants land use rights to developers and other entities for a price for a certain period of time. Land use right transferring fees constitute a significant portion of extra-budgetary revenues for the governments. A secondary urban land market exists as well, in which land users transfer the remaining time period of their land use rights, obtained from the state in the primary market, to other entities. Moreover, the primary market contains two tiers of land use right transfer: the first is administrative allocation through the plan track to state or non-profit entities at "allocation price," and the second is conveyance of land use rights from the state to private users for a certain period of time at "conveyance price." In both tiers expropriation costs of land and other stipulated fees apply. However, the conveyance price includes a market-determined conveyance fee by public tender or auction, whereas the allocation price may not include a separate fee, or it may include a smaller, government-set allocation fee. Conveyance prices are significantly higher than allocation prices, making land use right transfers in the secondary land market a highly lucrative business. See World Bank and China Development Research Center of the State Council (2014), *Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization*, Washington, DC, pg. 137.

bureau obtains such an order compelling the planning bureau, administrative coordination between the two bureaus is still complicated and often delays the effective availability of land. Moreover, the Housing Welfare Division, as a part of the Municipal Bureau of Housing Welfare and Real Estate Management has almost no leverage in influencing land supply for social housing in Shanghai, since it has lower administrative rank than the Bureau of Planning, Land and Resources Management and belongs to a different *tiao* system (see Chart 3.2).

Constrained by administrative structure from demanding land supply, the Municipal Bureau of Housing Welfare and Real Estate Management in Shanghai encourages social housing program innovation to fulfill their quota requirements. Supporting workplace rental housing and rural collective rental housing among local officials is a way to seek to fulfill quotas without taking on the Bureau of Planning, Land and Resources Management, since these projects require their owners to utilize their own available land without changing the nature of land use on the property.<sup>160</sup> They involve no land use right transfer. These arrangements not only enable the local social housing authority to bypass the rigid land supply system to accomplish its social housing targets, but also add little burden to the local fiscal balance sheet. The downside of these arrangements is that they are difficult to scale and the state has little say in who they benefit. Since these projects belong to the investing enterprises and collectives, their investors/owners determine who will enjoy these housing benefits. Rural collectives often

---

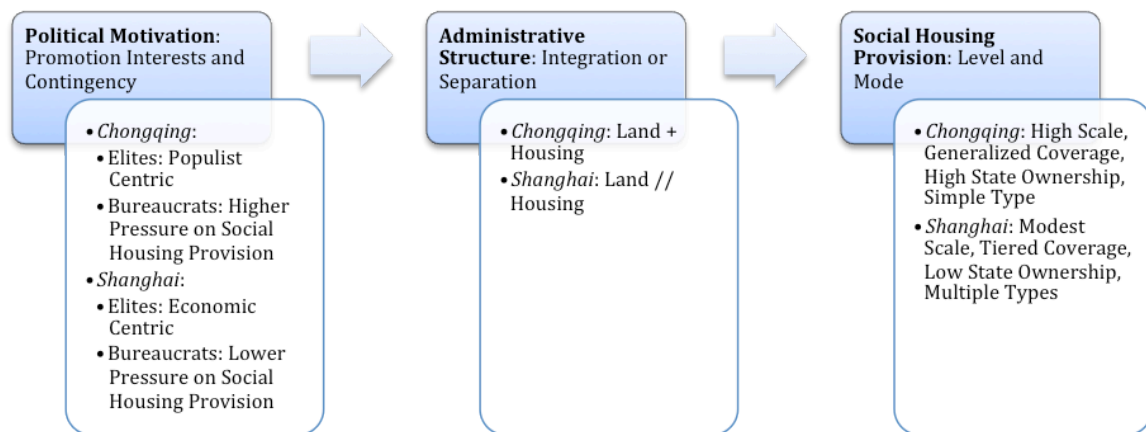
<sup>160</sup> According to one interviewee who oversees the planning of all social housing projects in the Shanghai Bureau of Housing Welfare and Real Estate Management, they treat land use for workplace rental housing and rural collective rental housing in quite a flexible manner. Enterprises and rural collectives can take advantage of their idling land to construct rental housing units, regardless of whether its is currently in designated use for educational, industrial, or collective construction land, as long as they do not change the ownership of the land and meet planning and environmental protection requirements. These rental housing units count as the collective investment in fixed assets. Their property ownership thus belongs to the enterprises or the rural collectives as a whole. Interview 25 in Appendix III.

rent them to migrant workers in the nearby industrial parks, whereas state-owned enterprises reserve their rental units exclusively for own employees. Therefore, the coverage of such projects is limited.

### 3.5 Summary

The comparison between Chongqing and Shanghai shows that the political motivation of political elites and leading bureaucrats working through an administrative structure determine the social housing provision level and mode in a locality, as shown in the summarizing Chart 3.3 below.

Chart 3.3: Concluding Summary



Political elites appointed to significant posts typically seek promotion into higher leadership positions. They prioritize certain goals and maximize political performance as a means to obtain promotion. Personal characteristics and situations may shape their perception of political contingency in this national competition towards power pinnacle. Those with a stronger sense of contingency may opt for strategy change if it gives them higher chance to move upwards. Within their jurisdictions, political leaders utilize the

quota-based cadre evaluation system to ensure the compliance of subordinate bureaucrats in implementing their chosen political strategy and concrete policies. Stronger pressure from a powerful leader on social housing provision translates into stricter implementation of the housing policy design. When leaders place a lower priority on housing welfare, local cadres have less motivation to maximize social housing provision and more freedom to innovate in their programs. Whereas in the fast urbanizing but still relatively underdeveloped Chongqing local cadres experienced a strong sense of urgency from Bo to implement populist projects such as large-scale public rental housing, Shanghai leadership centered around Yu focused on local economic development in light of Shanghai's established role as China's financial and economic center. Consequently, social housing provision in Shanghai received less political attention from the local leadership.

The effect of leadership's political motivation spreads through local administrative structure. With land and housing being integrated into the same bureau, and land use for social housing projects is coordinated by a higher-ranked political leader, social housing projects in Chongqing develop on a fast track and a large scale. In Shanghai, by contrast, extra hurdles imposed by the administrative separation between land and housing prevent sufficient land supply to social housing projects and reduce their overall scalability. The coordinated nature of Chongqing social housing bureaus also allows the local government to expand the coverage to all qualified applicants, whereas the fragmentation and rigidity of land supply in Shanghai forces local social housing assistance to be dispersed in terms of housing types, ownerships, and coverage.

## Chapter 4. It Is About Land!

If Bo Xilai had been appointed the party secretary of the Shanghai municipality, it seems unlikely he would provide large-scale public rental housing in Shanghai, even assuming his interest in the power pinnacle and particular relationship to it were held constant. Shanghai's government simply does not control sufficient urban construction land. This factor affects social housing provision through its influence on land supply to social housing projects, local fiscal capacity, and financial sustainability.

According to Article 8 of the *Land Administration Law of the People's Republic of China*, the state owns all urban land in China.<sup>161</sup> The state can transfer the use right to others for a given term via allocation, granting, and other methods, but still retain the ownership of land. Its governments at different administrative levels have the sole legal authority to regulate the use of state-owned land in their respective jurisdictions. In general, use of state-owned land needs to be compensated.<sup>162</sup> The state transfers its reserved construction land in the urban land market for a fee. When the state wants to take back the use right from legal owners of previously transferred out land, it needs to compensate these owners as well. When the state allocates land for special uses, the *Land Administration Law* states that land use right transferring fees are waived.

Public housing projects are among the special uses excluded from such compensation. Local government can supply construction land to public housing projects via administrative allocation. If existing land reserve is insufficient, the government must purchase land from private owners and convert it to public use. If this is the case, the

---

<sup>161</sup> China created a dual system of land ownership during the planned socialist economy period in which the state owned urban land and collectives owned rural land.

<sup>162</sup> See Article 2 of latest *Land Administration Law of the People's Republic of China* (《中华人民共和国土地管理法》) passed by the National People's Congress of the People's Republic of China, available online at [http://www.npc.gov.cn/huiyi/lfzt/tdglfxza/2012-12/19/content\\_1747507.htm](http://www.npc.gov.cn/huiyi/lfzt/tdglfxza/2012-12/19/content_1747507.htm).

government bears costs in land requisition and conversion. Such costs hamper social housing development. In Chongqing, Bo could build vast amounts of social housing because of the government's abundant urban land reserve, an advantage Shanghai's government did not have.

Land control also affects local fiscal capacity to sponsor social housing programs. The 1994 Tax Sharing Reform has significantly increased the central government's share of the most productive tax revenue (such as value added tax), thereby increasing the dependence of local governments on land-related taxes and fees.<sup>163</sup> As land value increases, land use right transferring fees have become an important source of extra-budgetary revenues for local governments. Given the finiteness of urban land resources during a period of time without converting rural land to urban use, they face a choice between transferring the use right to private developers in the primary urban land market to obtain considerable fees and allocating land to the public use of social housing welfare. Without other constraining factors, local governments have insufficient incentives towards developing social housing.

Finally, land control affects social housing provision through its impact on the fiscal sustainability of social housing projects. Social housing programs require land allocation and lump sum investment upfront for construction. Governments also rely on bank loans using land as collateral to fund construction, and those with more land are in a better position to guarantee repayments of loan principals and interests. They are also in a better position to manage and maintain social housing projects. Local governments with stronger land control and higher expectation of future land revenues would be more likely to invest in large-scale social housing programs at present. While the central government

---

<sup>163</sup> See Changdong Zhang (2011)'s doctoral dissertation for more details regarding the 1994 Tax Reform.

subsidizes social housing based on square footage constructed, this supplies a small portion of the required funding.

Different types of social housing require varying levels of land and fiscal inputs. Chongqing's vast social housing program demanded enormous investment that Shanghai's more limited and mixed program did not. This chapter will examine the ways in which the land control of each of these governments shaped social housing provision. It examines the following hypothesis and three corollaries:

*Hypothesis 4: Stronger land control leads to more extensive social housing provision.*

*Hypothesis 4a: The amount of land a local government controls directly correlates with its likelihood of supplying land to large-scale, state-owned social housing programs. The more land a local government controls, the more likely it will be of using administrative allocation as the land supply method.*

*Hypothesis 4b: The more land a local government controls, the more capable fiscally it will be of supporting large-scale, state-owned programs.*

*Hypothesis 4c: The more land it controls, the more likely a local government has of investing in large-scale, state-owned programs at present, in higher anticipation of land transfer fees in the future.*

## **4.1 Chongqing**

Chongqing is the largest direct-controlled municipality in China in terms of population and area sizes, hosting 29.9 million residents<sup>164</sup> and covering 82,400 square

---

<sup>164</sup> According to the Chongqing municipal government, this number reflects the number of residents who lived in the city more than six months in that year. The total household registration population is 33.752 million, but some portion of these registered live elsewhere. In Chinese demographic statistic, *household registration population* (*huji renkou*, 户籍人口) refers to all population permanently registered with local public household management authority in a given jurisdiction, regardless their current *de facto* residing locations. In contrast, *resident population* (*changzhu renkou*, 常住人口) is defined as the population

kilometers with 38 subdivisions including 21 districts, 13 counties and 4 autonomous counties.<sup>165</sup> The municipality combines developed metropolitan area, vast countryside, mountainous areas, and the Three Gorges Reservoir area. Its wide coverage of both geographic areas and population types create clustered agglomeration (*zutuanshi chengshi*, 组团式城市) in the city. The established urban core, Central Chongqing (*zhucheng*, 主城), is only 650 square kilometers (roughly 251 square miles) and 8.19 million residents live there, which makes the density of Central Chongqing quite high.<sup>166</sup>

Its vast geographic coverage gives Chongqing an advantage in land size, and its urban land banking system enabled the government to obtain strong land control and thereby invest in large-scale state-owned public rental housing. Chongqing is a latecomer in the establishment and development of its urban land banking system in China, as a mechanism of legal advance acquisition and storage of urban land for future land supply. Being a latecomer, however, allowed Chongqing to build on others' experience, accumulate its land resources, and maximize land value as its urban development accelerates.

Prior to 2002, various government units and state-owned enterprises occupied state-owned land in Chongqing's urban areas. When urban land reform made urban land use right available for transaction in China in the late 1980s, Chongqing's fragmented

---

residing within a given jurisdiction over a particular period of time (e.g., half a year is the cutting point currently used in the Chinese census). The formula used to determine resident population is: *Resident Population in a given location = Local Household Registration Population – (Household Registration Population residing in different locations for over half a year) + (Migrant Population residing in this given location for over half a year) + any pending population*. The National Bureau of Statistics of China provides definitions in this document:

<http://www.stats.gov.cn/tjzs/tjbk/nsbzb/201402/P020140226567304137520.pdf>

<sup>165</sup> Source: Chongqing Municipal People's Government. Statistics are available online at [www.cq.gov.cn](http://www.cq.gov.cn)

<sup>166</sup> Ibid.

urban land ownership led to a fragmented land use right market.<sup>167</sup> Many local units of state-owned enterprises and institutions faced bankruptcy in the ensuing decades, and they sold the right to use their construction land to private developers at individually negotiated prices to alleviate financial problems.

Without an urban land banking system, Chongqing's municipal government had almost no land in reserve. It had to buy land from private owners in the secondary land market, or acquire occupied land in a land taking (*zhengdi*, 征地)<sup>168</sup> when it needed land for urban development and public projects. Both methods could be costly and time-consuming. The municipality's then vice-mayor, Huang Qifan, established urban land banking system in Chongqing. Huang brought rich urban development experience from his previous post as Deputy Secretary-General of the Shanghai Committee of Communist Party of China and Shanghai Municipal People's Government. His leadership led to the passage of *Regulations on Banking and Harnessing of State-Owned Land in Chongqing Municipality* (重庆市国有土地储备整治管理办法) on August 22<sup>nd</sup>, 2002.

The change unified the land use right market and secured a local state monopoly in the primary land market. The government created the Land Consolidation and Banking Center in 2002 to supervise the city's entire urban land market. In 2003, the government further established Chongqing Land Group as its authorized agency to carry out land banking, reclamation, and development. In the following decade, the government

---

<sup>167</sup> Regarding the official introduction of use right transfer of state-owned urban land, see the following ordinances: *The 1988 Amendments to the Constitution of the People's Republic of China* (1988 年中华人民共和国宪法修正案), *The 1988 First Revision of Land Administration Law of the People's Republic of China* (中华人民共和国土地管理法(第一次修正)), and *The 1990 Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Use Right of State-owned Urban Land* (中华人民共和国城镇国有土地使用权出让和转让暂行条例).

<sup>168</sup> Land taking bears similarity to *eminent domain*.

bestowed land banking authority and function to another seven local-state-owned platform enterprises of investment and financing.<sup>169</sup> Only these platforms are permitted to transfer land use right in the local primary market to state and private entities. This series of actions together consolidated the government's monopoly in the primary market, and tightened its control of state-owned urban land.

The eleven types of state-owned urban land eligible for land banking include appropriated land for urban development use, land without an owner, legally confiscated land, land the state reclaims because it has been idling, land legally purchased for urban reclamation, and others.<sup>170</sup> The land banking and development process begins annually, when the municipal government and its land banking agencies draft banking plans and reserve state-owned urban land into its land banking system. The land banking agencies seek permission and authorization from the municipal government to conduct onsite inspection of land slated to become public land to determine its value and the value of the structures on it in order to prepare for land purchase by the state and compensation of current owners and/or occupants if there are any. The state establishes legal land purchase contracts between land banking agencies and former owners, at which time land enters into the official land banking system. Once the land banking agencies prepare for land reclamation and basic infrastructure development, this banked land can be allocated or

---

<sup>169</sup> As mentioned in Chapter Two, out of the eight platforms, Chongqing Land Group and Chongqing City Construction Investment Group are the two that supply land, handle financing, and project development for public rental housing.

<sup>170</sup> In Chinese language, these eleven types of state-owned land for banking are: 为实施城市规划政府统一征用、转用的土地；无主地；土地使用期限届满被依法收回使用权的土地；依法收回使用权的限制土地；依法没收的土地；以出让方式取得土地使用权后无力开发且不具备转让条件的土地；因单位迁移、解散、撤销、破产或者其他原因停止使用而依法收回或收购的原行政划拨土地；因公共利益需要，经依法批准收回使用权的土地；因土地整治的需要，经依法批准收购的土地；公路、铁路、机场、矿场等经核准报废后收回使用权的土地。For more details, see Chongqing Municipal Government, *Regulations on Banking and Harnessing of State-Owned Land in Chongqing Municipality* (重庆市国有土地储备整治管理办法), August 22<sup>nd</sup>, 2002.

granted for use. If the state transfers the land to private use, transfer fees cover the costs the government and its land banking agencies bear from compensating the inhabitants of occupied land, reclamation, development, and management.

Since 2002, Chongqing's municipal government has established and maintained tight control of local urban construction land. According to official statistics, the Chongqing municipality has legally advance-acquired and stored more than 400,000 mu (equivalent 266,668,000 square meters) of urban land.<sup>171</sup> A high-level official in the Chongqing municipal government described the functioning of land banking system as “a pipe to bring in water, a pond to reserve water, and a tap to release water.”<sup>172</sup> Throughout a decade of land banking practice, the government reserved considerable size of urban construction land but also supplied them in an annually increasing pace. Strong land control in terms of total size of land banking and the pace of land supply enabled the city's large-scale public rental housing provision.

The design of using administrative allocation as the only land transfer method to public rental housing projects in Chongqing illustrated the connection between its strong land control and social housing provision. All public rental housing projects in Chongqing are new construction on state-owned urban land. If their construction land were acquired from the secondary land market, costs would be too high. Give the design of land allocation, the public rental housing developers, Chongqing Land Group and Chongqing City Construction Investment Group, did not have to purchase land, and the state waived all land use right transferring fees. In interviews, local officials emphasized

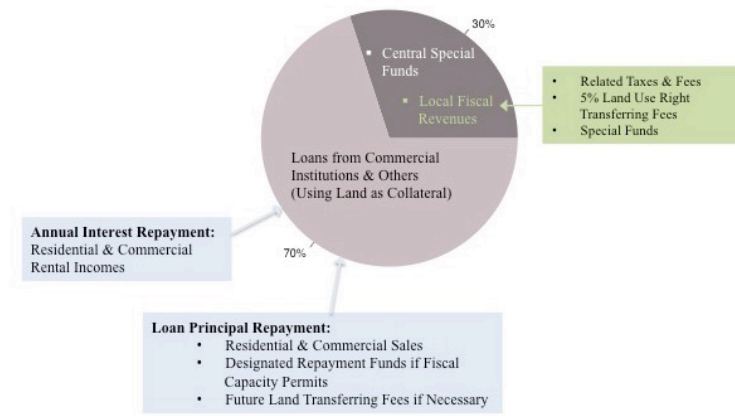
---

<sup>171</sup> Various news reports and official interviews with Huang Qifan repeatedly cite this number, which my own interviewees all believed to be correct (Interview 2, Interview 5, Interview 16, Interview 17, and Interview 18 in Appendix III).

<sup>172</sup> Interview 5 in Appendix III.

the role of the extensive land supply from the land banking system and the waiving of fees in Chongqing’s large-scale public rental housing provision.<sup>173</sup> A high level of land reserve in control by the government allowed land allocation to developers at lower costs and in shorter time frame.

Chart 4.1: Chongqing Public Rental Housing Financial Investment and Repayment



The reason state officials emphasize the role of Chongqing’s sizeable land allocation in enabling its social housing system is clear. The large scale of public rental housing in Chongqing requires vast land allocation and a considerable lump sum upfront for construction and development. It also requires continuous financial contributions for management and maintenance. According to an official investigation by the Chongqing municipal government in 2010, constructing the estimated 40 million square meters of public rental housing required a total investment of 110 billion RMB.<sup>174</sup> Central special funds and local fiscal revenues account for 30 percent of the funding, and the local

<sup>173</sup> Interview 5, Interview 7, Interview 16, Interview 18, and Interview 24 in Appendix III.

<sup>174</sup> Qifan Huang, “How Can Chongqing Government Balance Finance for Public Rental Housing Construction (政府如何平衡公租房的建设资金),” *Qiushi Journal*, Volume 24, 2011.

government obtained 70 percent through loans from commercial banks and other sources. Chart 4.1 presents this breakdown, as well as the government's plans for loan repayment.

Special funds from the central government usually take the form of fiscal subsidies based on constructed square footage. Due to strong lobbying efforts by the Chongqing government, the standard of central subsidy increased from about 9,000 RMB per housing unit to 28,000 RMB per unit in 2012.<sup>175</sup> The Municipal Bureau of Finance also allocates earmarked funds for public rental housing projects in its annual budget, under the category of “general budgetary arrangements” (一般预算安排). Sources for local special funds include revenues from urban infrastructure ancillary fees<sup>176</sup> and new construction land use right fees.<sup>177</sup><sup>178</sup> These special funds bring roughly 400 RMB per square meter to public rental housing welfare. Taxes and fees generated from the public

---

<sup>175</sup> A local official from the Municipal Bureau of Finance supplied these numbers. Interview 24 in Appendix III.

<sup>176</sup> Urban infrastructure ancillary fee (城市建设配套费) refers charges the local government levies on companies and individuals that construct, renovate, or expand construction projects to raise funds for public infrastructure development. For relevant regulations in Chongqing, see Chongqing Municipal Government, *Method on Collection and Management of Urban Infrastructure Ancillary Fees in Chongqing* (重庆市城市建设配套费征收管理办法), April 15<sup>th</sup>, 2011.

<sup>177</sup> New construction land use right fee (新增建设用地土地有偿使用费) refers to revenues from agricultural land conversion and land taking into new construction urban land. While the central government takes 30 percent of these fees, the local government retains 70 percent. See Ministry of Finance and Ministry of Land and Resources of the People's Republic of China, *Method on Collection, Use, and Management of New Construction Land Use Right Fees* (新增建设用地土地有偿使用费收缴使用管理办法), January 1<sup>st</sup>, 1999. My interviewee from the Chongqing Municipal Bureau of Finance said some new construction land use right fees were going towards public rental housing construction, even though this official *Method on Collection, Use, and Management of New Construction Land Use Fees* indicated that the governments should earmark these fees for arable land development, rather than to balance the fiscal budget.

<sup>178</sup> General budgetary arrangements in financial budgeting contain general budgetary revenue (一般预算收入) and general budgetary expenditures (一般预算支出). Urban infrastructure ancillary fees fall into the category of charge of administrative and institutional units (行政事业性收费收入) as part of the non-tax revenue of the general budgetary revenue. The new construction land use right fee belongs to a budgetary revenue of funds (基金预算收入), which are commonly known as extra-budgetary revenues of the local government. See Footnote 180 for more information regarding local government revenue categories.

rental housing projects themselves are also earmarked for their development.<sup>179</sup> These funding sources contributed to but they alone were far away from covering the costs for project construction.

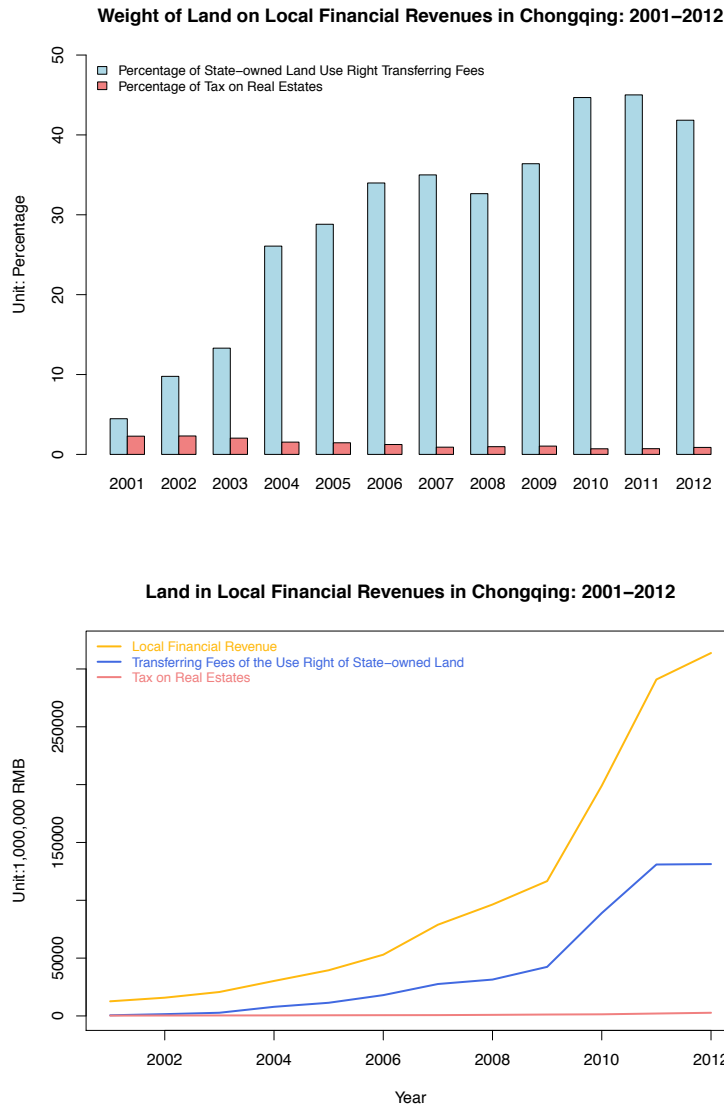


Figure 4.1: Land and Local Revenues in Chongqing, 2001-2012

(Source: *Chongqing Statistical Yearbooks*)

<sup>179</sup> Relevant taxes and fees from public rental housing projects include the urban infrastructure ancillary fee, the air defense basement off-site construction fee (防空地下室异地建设费), and other taxes and fees derived from construction, leasing, and sales. See “Chongqing Public Rental Housing Investigation (重庆公租房调查),” *South Reviews (南风窗)*, reposted by Chongqing Public Rental Housing Management Bureau, available at [http://www.cqgzfjlj.gov.cn/sdgc/201308/t20130808\\_212790.html](http://www.cqgzfjlj.gov.cn/sdgc/201308/t20130808_212790.html).

Table 4.1: Local Government Revenue<sup>180</sup> and Land Transferring Fees in Chongqing: 2001-2012

(Unit: 1,000,000 RMB)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Local Government Revenues</b>	12640.9	15786.51	20693.15	30244.39	39496.24	52945.79	78856.04	96333.92	116571.32	199058.82	290891.03	313794.37
<b>State-owned Land Use Right Transferring Fees</b>	564.71	1542.78	2752.67	7887.09	11380.46	17992.28	27594.8	31446.53	42424.18	88939.82	130928.89	131293.09

(Source: Chongqing Statistical Yearbooks)

Land use right transferring fees provided more significant funding for Chongqing's public rental housing projects. The Chongqing municipal government committed in 2011 to reserve 5 percent from its annual revenues from land use right transfers at the municipal level.<sup>181</sup> As Table 4.1 and Figure 4.1 (Panel 2) show, this funding plays an important role. After ten years of land banking practice, land transfer fees reached 130.9 billion RMB in 2011 and 131.3 billion RMB in 2012. It has become a major source with increasing significance for the Chongqing government's revenues (see Figure 4.1, Panel 1). According to Mayor Huang Qifang, the use rights of half of the total 400,000 mu of reserved land have been transferred to various parties by 2012, bringing in 400 billion RMB revenues for the local government.<sup>182</sup>

<sup>180</sup> Chongqing's Statistic Yearbooks identify two sources of local government revenue (地方财政收入): general budgetary revenue (一般预算收入) and budgetary revenue of funds (基金预算收入). General budgetary revenue includes tax revenue such as value-added tax, business tax, corporate income tax, individual income tax, resource tax, city maintenance and construction tax, tax on real estates, stamp tax, taxes on agriculture, and deed tax. It also includes non-tax revenue such as operating revenue of state-owned assets, revenue from the compensable use of state-owned resources, charge of administrative and institutional units, penalty receipts, and special program receipts. Budgetary revenue of funds (a.k.a., extra-budgetary revenue) include road tolls, transferring fees of the right to use the state-owned land, and revenue from land use right fees for new construction.

<sup>181</sup> According to my interviewee at the Municipal Bureau of Finance, Chongqing may increase this percentage to 10 percent if needed. This increase will be contingent on the status of loan repayments in the future. Interview 24 in Appendix III.

<sup>182</sup> Interview 2 in Appendix III.

loans Like their commercial counterparts, public rental housing developers use land as collateral to obtain bank loans. However, the municipal government commits to repayment of such loans from local fiscal revenue for public housing projects, which makes it easier for them to obtain loans, sometimes at discounted rates. For instance, during its first round of financing, Chongqing Land Group signed ten-year loan agreements with Industrial and Commercial Bank of China, Bank of Communications, and Hua Xia Bank, respectively, with loan lending rates 10 percent lower than the state's benchmark.<sup>183</sup> In addition to commercial banks, funding sources include the state's policy bank (China Development Bank in this case), Provident Fund loans, and corporate bonds. The China Development Bank alone provided 2 billion RMB to Chongqing Land Group during its initial fundraising round.<sup>184</sup>

By January 2013, public rental housing developers in Chongqing have secured 28.5 billion RMB from bank loans, 3 billion RMB from Provident Fund loans, 6 billion RMB from corporate bonds, and 5.2 billion RMB from corporate self-financing. With almost 50 billion RMB from the central and local government in terms of land allocation and fiscal contributions, funding for public rental housing projects has reached more than 90 billion RMB. According to a high ranking official from the Chongqing Municipal Public Rental Housing Management Bureau, private bonds will likely provide the remaining funding current plans require, though details on how to utilize this funding channel have to be finalized in the future.<sup>185</sup>

On the other side of the financial balance sheet is loan repayment. Chart 4.1 visually presented Chongqing's plans for loan repayment. The two state-owned

---

<sup>183</sup> Interview 24 in Appendix III.

<sup>184</sup> Interview 19 in Appendix III.

<sup>185</sup> Interview 16 in Appendix III.

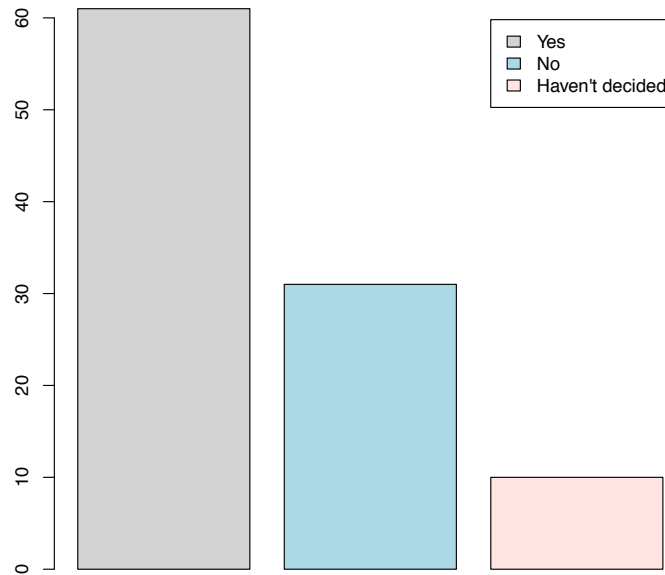
enterprises of investment and financing platforms, Chongqing Land Group and Chongqing City Construction Investment Group, which secured the loans, are responsible for repaying the relevant debts, backed by the municipal government. Rental income will provide funds for repayment of loan interest, and revenues from selling residential units and commercial facilities (which comprise 10–15 percent of each project) for principals. The platforms can use revenues from other projects to cross-subsidize public rental housing. The municipal government also has designated repayment funds. Moreover, future land revenues from transferring the use right of state-owned construction land nearby public rental housing complexes, especially when these land become “cooked” with higher value in the land market, can also contribute to loan repayment.

The high ranking official from the Chongqing Municipal Public Rental Housing Management Bureau revealed in an interview that since 2011 the total sum of annual interest to be paid for the first group of six inhabited public rental housing complexes is about 4.8 billion RMB (roughly 0.8 billion USD).<sup>186</sup> However, the funding agreements typically stipulate a grace period in which interest does not accrue and the borrower need not make payments on the loan until renters occupy the project—a period, in many cases, of 2–3 years while these buildings are under construction. The platforms expect to earn 40 billion RMB from selling commercial facilities alone, at the anticipated average price of 10,000 RMB per square meter. Once residents begin to purchase their units after five-year continuous rental residency at an anticipated cost of 3,000 RMB per square meter, selling about one fourth of the total units would likely bring in 30 billion RMB, and 40 billion RMB if selling one third. The rental and sales revenues go into a special fund

---

<sup>186</sup> Interview 16 in Appendix III.

account managed by the Municipal Bureau of Finance, which later transfers these revenues to the two platforms, who can in turn use them to repay their.



Survey Question D19: Will You Buy A Public Rental Housing Unit in Five Years?

Figure 4.2: Chengnan Jiayuan Residential Survey: Purchase Decision, 2013

Making loan payments depends on high occupancy rates and sales. However, the occupancy rates of Chongqing's public rental housing complexes are quite uneven. Reflecting their advantageous geographic locations and access to public transportation, *Minxin Jiayuan* and *Kangzhuang Meidi* are highly occupied. Occupancy rates of some other complexes, such as *Kangju Xicheng* and *Min'an Huafu*, were quite low at the time when the author conducted site visits in early 2013. In terms of future sales, results from a residential survey the author conducted in *Chengnan Jiayuan* confirmed the positive predictions of local government officials. More than 60 percent of interviewees indicated that they are interested in purchasing public rental housing units after establishing the

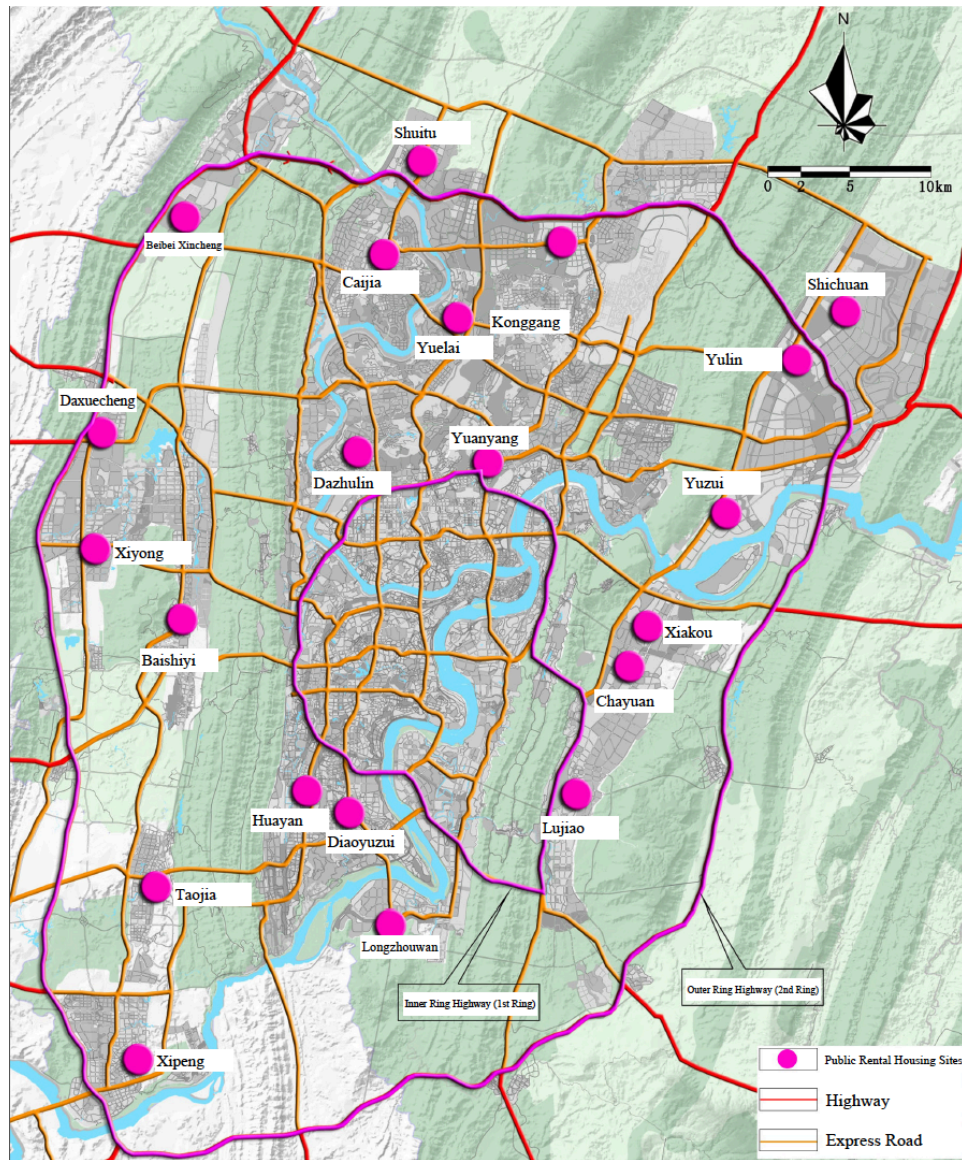
required 5-year consecutive residency (see Figure 4.2). Since this percentage is only a weak signal of future intent, the actual purchase rate in five years may be lower assuming some may intend to but not be able to afford to buy a unit. Other factors, such as building quality decay and future policy change may also alter their decisions in the future.

Beyond rental and sales revenues from themselves, Chongqing's social housing projects are also a strategy to increase the value of underdeveloped land nearby. By turning previously reserved urban construction land in underdeveloped suburban areas into developed land (the Chinese word, 熟地, *shudi*, literally means "cooked"), the government hoped to increase the value of land between inner and outer ring highways (see Map 4.1). These areas offer a balance between distance from the city center and land development costs. As a large number of low-rent seeking residents move into public rental housing projects in these areas, state investment in public services, such as public transportation (see Map 4.2), hospitals, and schools will follow, stimulating further development.<sup>187</sup> In turn this will boost future land use right transfer fees, another means to recoup investment in public rental housing projects.

---

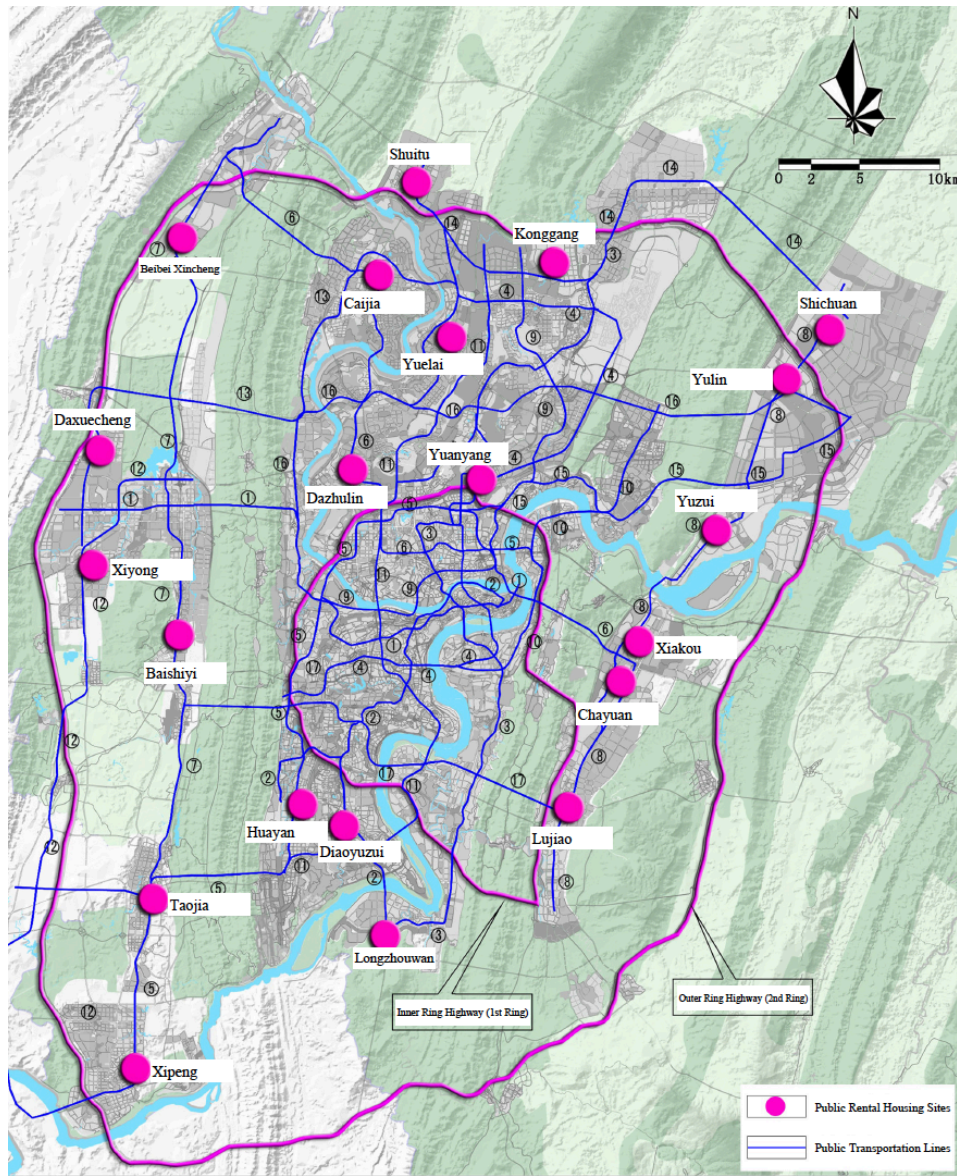
<sup>187</sup> Huayou Li, "11 Public Rental Housing Complexes Will Uniformly Construct Commercial Streets (11 个公租房小区将统一建商业街)," *Chongqing Economic Times*, February 21<sup>st</sup>, 2014.

Map 4.1: Public Rental Housing Sites and Highway Layout in Chongqing



(Source: Chongqing Urban Planning Bureau)

Map 4.2: Public Rental Housing Sites and Future Public Transportation Lines in Chongqing



(Source: Chongqing Urban Planning Bureau)

While it seems likely that future land use right transfer fees will increase the financial sustainability of public rental housing projects, many local officials expressed concerns during interviews that the state and its agencies will not be able to repay the loans if the scale and supply of public rental housing continues to grow in excess of local

demands.<sup>188</sup> An interviewee from Chongqing Land Group mentioned in the end of 2012 that the platform's debt ratio had reached about 60 percent. She said, "If everything goes as normal, rental and sales incomes could eventually repay our liabilities. However, adding more projects and increasing financing costs would very likely make this goal very difficult to achieve."<sup>189</sup>

Empirical evidence in Chongqing lends support to the land control hypothesis in social housing provision that the government's strong land control supports extensive investment in large-scale state-owned public rental housing projects. Among different social housing programs, newly constructed public rental housing demands a high level of state inputs in land and money. The sheer size of urban construction land reserved from land banking for more than a decade allowed the Chongqing government to allocate large swaths of land from existing reserve to various public rental housing projects. Strong land control also means the government can control when to supply which land. Extra-budgetary revenues from use right transferring fees of urban construction land increased every year between 2007 and 2012. The government earmarked 5 percent of these fees for public rental housing projects development and loan repayment. The site choices of public rental housing projects in Chongqing further supported this land control hypothesis in that public rental housing projects are a strategy to generate higher land revenues in the future. The government used public rental housing projects to warm up previously underdeveloped suburban areas and expect higher land use right transferring fees in the primary market as these areas turns into more valuable, developed land.

Anticipation of higher future land revenues in return let local officials to tolerate higher

---

<sup>188</sup> See Chapter Three on local demand estimation and the determination of public rental housing scale in Chongqing.

<sup>189</sup> Interview 19 in Appendix III.

debt ratio from sizeable public rental housing provision. In sum, land control and supply holds the key to large-scale, state-owned public rental housing projects in Chongqing.

## 4.2 Shanghai

With a total land area of 6,340.50 square kilometers, Shanghai municipality consists of 17 county-level districts, among which the eight governing Puxi on the west bank of the Huangpu River collectively form the city core.<sup>190</sup> By the end of 2013, the total resident population in Shanghai reached 24.15 million, among which about 90 percent (21.7 million) are categorized as urban, non-agricultural population in the current Chinese household registration system.<sup>191</sup> In terms of both population and area, Shanghai ranks as the second largest direct-controlled municipality in China after Chongqing. However, given its high urbanization rate, Shanghai's urban population density bypasses Chongqing, making it the most populous city in China.<sup>192</sup>

Shanghai's government has significantly less land control and supply than Chongqing's. The Chinese modern land banking institution originated in Shanghai. This early start benefited Shanghai's urban development in many ways but a high level of urbanization also weakened land control in Shanghai overtime. Weak land control in Shanghai means tight land supply and less control in the pace of land use right release in

---

<sup>190</sup> The total administrative area of Shanghai Municipality consists of seventeen county-level divisions. The eight city core districts are Huangpu, Xuhui, Changning, Jing'an, Putuo, Zhabei, Hongku, and Yangpu. Pudong New Area is the district governing the newer part of Shanghai on the east bank of the Huangpu River. Seven districts, Baoshan, Minhang, Jiading, Jinshan, Songjiang, Qingpu, and Fengxian, govern the contiguous suburbs and rural areas. Chongming County consists of three islands at the mouth of the Yangtze River.

<sup>191</sup> See "Section 2.1 Total Households, Population, Density of Registered Population and Life Expectancy (1978-2013)" in *Shanghai Statistical Yearbook 2014*. Data available online at <http://www.stats-sh.gov.cn/tjnj/nje14.htm?d1=2014tjnj/E0201.htm>.

<sup>192</sup> For instance, the population density in Huangpu, the most central district in Shanghai where the municipal government seats, is 33,803 person per square meter in 2013. Even in the least populated Changning among the eight core districts, the population density is still as high as 18,418 person per square meter. See "Section 2.2 Land Area, Population, Density of Population in Districts and Counties (2013)" in *Shanghai Statistical Yearbook 2014*. Data available online at <http://www.stats-sh.gov.cn/tjnj/nje14.htm?d1=2014tjnj/E0202.htm>.

the primary market. It limits the government's capacity to provide large-scale state-owned social housing programs that demand considerable land and financial inputs. Instead, it forced Shanghai to adopt a different approach of social housing assistance, featuring modest scale, multiple modes, and non-state entity participation.

While Chongqing lacked land banking until 2002, Shanghai first introduced it during urban land reform in the 1990s. The first formal land purchase and banking organization in the country was the Shanghai Municipal Land Development Center (上海市土地发展中心), established in 1996 to aid the state-owned enterprises reform and tap the idle land assets.<sup>193</sup> As a public institution at the municipal level, its main responsibility is to purchase and manage reserved state-owned urban land according to the city's land and urban development planning. In 2002, the Shanghai municipal government approved the establishment of a state-owned investment enterprise, Shanghai Land Group (上海地产集团), with a registered capital of 4.2 billion RMB. Commissioned by Shanghai Land Banking Center, it took a lot of substantive work as the state land banking agency to practice land reservation, reclamation, pre-development, and urban land use right market operations.

Land banking practices in Shanghai had an early start. Years of land banking experience made the municipal government quite proficient at maximizing its landholdings. However, fast urbanization and extensive urban development also made land supply in Shanghai increasingly tight. Figure 4.3 plots state-owned land use right transfers measured in sizes from 2000 to 2012, with 2001 omitted due to a lack of

---

<sup>193</sup> In 2004, according to the newly inaugurated *Shanghai Land Banking Methods* (上海市土地储备办法), the Shanghai municipal government renamed the center the Shanghai Land Banking Center to further emphasize its function in land banking and reserving.

relevant data. Compared to the lowest point in 2000, the Shanghai government's urban land use right transfer in the primary land market skyrocketed between 2002 and 2006, peaking in 2006. The establishment of official land banking and development agency, Shanghai Land Group, aided this significant increase of land transfer during this period. Though strong regulatory measures in 2004 temporarily suppressed the potentially overheated urban land market and caused a slight dip of land transfer in 2005,<sup>194</sup> the overall prosperity of the urban land market in Shanghai continued until in 2007, when a combination of various factors forced it to enter an adjustment period.<sup>195</sup> After vigorous urban development for half a decade, the decline of land supply and transfer volume in Shanghai has been marked. The scarcity of urban construction land supply makes the trend unlikely to reverse in the future, unless the government converts more rural agricultural land into urban construction land.<sup>196</sup> Given the central government's repeated emphasis on holding the red line of arable land reservation, it is difficult for local governments to engage in massive rural land conversion.<sup>197</sup>

---

<sup>194</sup> In 2003, the average housing price in Shanghai reached 5,118 RMB/square meters, and for the first time surpassed Beijing to rank No.1 on the national housing price leaderboard. Worried that the potential burst of the real estate bubble in Shanghai may endanger the local and national economy, the governments, both central and local, initiated and implemented a series of regulatory policies to rectify the land market. For more details, see a special research report from Zhongju Sun (2006), a member of the Shanghai Committee of Chinese People's Political Consultative Conference.

<sup>195</sup> Relevant factors include the global economic environment, national policies to contain land and real estate market overheat, and local government's stronger efforts to punish corruption in Shanghai's Land Bureaucratic System. For instance, in 2007, the investigation of Yin Guoyuan, one former deputy director of the-then Shanghai Housing and Land Management Bureau, led to an anti-corruption campaign in Shanghai's land bureaus and the real estate sector. See Yu'ning Si, "Shanghai Launched Anti-Corruption Campaign in Real Estate Sector, Focusing on Three Types of Criminal Cases (上海掀地产反腐风暴 重点查处三种违纪案件)," *21<sup>st</sup> Century Business Herald*, May 20<sup>th</sup>, 2007.

<sup>196</sup> Currently land supply in Shanghai has a principle of intensive use and conservation. In early 2014, Shanghai government issued the *Notice on Several Opinions Regarding Further Improving the City's Land Conservation and Intensive Use (关于进一步提高本市土地节约集约利用水平若干意见的通知)* to strictly control and gradually reduce the supply of construction land. As big real estate developers compete intensively for development in the most prosperous Chinese cities like Shanghai and Beijing, high-quality land for residential housing use in the city center of Shanghai will be increasingly popular and expensive.

<sup>197</sup> To circumvent the central government's restrictions on agricultural to urban land conversion, some local governments created a land policy innovation—land quota markets. By resettling farmers from their

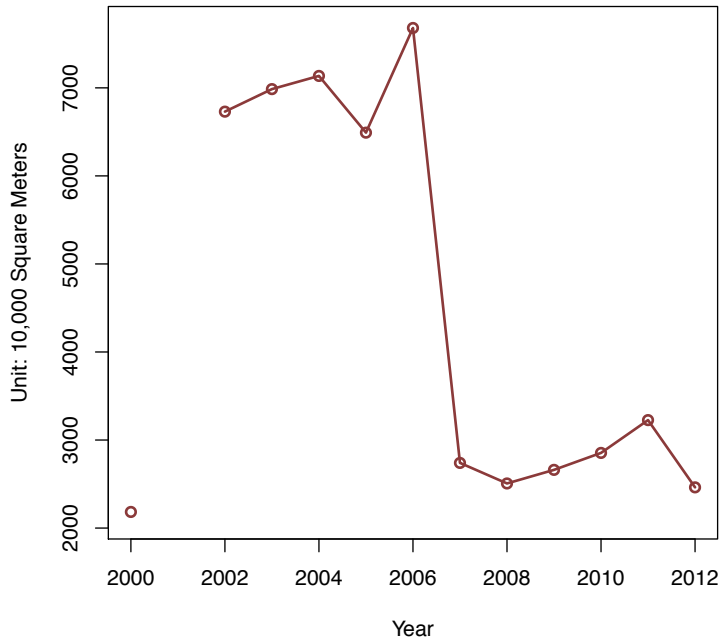


Figure 4.3: Land Use Right Transfer in Shanghai, 2000-2012

(Source: *Shanghai Statistical Yearbooks*)

A scrutiny of land supply patterns between 2002 and 2012 further illustrates the contrast between Shanghai and Chongqing. Table 4.2 compares land supply patterns in Shanghai and Chongqing. As indicated, the measurement units are not the same, but the data source is official. In terms of land supply volume, the Shanghai government transferred more than 514.7 million square meters during this period, of which 68 percent occurred before 2006. For the years between 2007 and 2012, when the central government strongly advocated social housing assistance and encouraged local

---

individually and sparsely located farmhouses to newly constructed high-density apartments, local governments obtained new land quotas to sell as urban construction land in the primary land market. For a detailed investigation of this new land policy renovation, see Yuan Xiao's doctoral dissertation, *Making Land Fly: The Institutionalization of China's Land Quota Markets and Its Implications for Urbanization, Property Rights, and Intergovernmental Politics*, Massachusetts Institute of Technology, 2014. Rural to urban land conversion itself is a big research topic that goes beyond the scope of this dissertation project.

government to invest in housing welfare, however, annual land supply in Shanghai on the contrary remained at low levels.

*Table 4.2: State-owned Land Use Right Transfer in Shanghai versus Chongqing: 2002-2012*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Shanghai (Unit: 10,000 SM<sup>2</sup>)</b>	6279.94	6985.85	7135.60	6491.34	7680.13	2740.22	2506.72	2661.10	2853.71	3226.36	2462.55
<b>Chongqing (Unit: 1,000,000 RMB)</b>	1542.78	2752.67	7887.09	11380.46	17992.28	27594.8	31446.53	42424.18	88939.82	130928.89	131293.09

(Source: *Shanghai Statistical Yearbooks, Chongqing Statistical Yearbooks*)

In contrast, land supply in Chongqing exhibited a more controlled and compatible pattern with urban development and social housing provision. Out of the total fiscal revenues (about 494.18 billion RMB) from land use right transfers in these ten years, more than 91 percent occurred between 2007 and 2012. This land revenue growth pattern over ten years suggests that the Chongqing government took control in timing the release of urban land assets to maximize their value. Moreover, comparing the overall supply of urban construction land in Shanghai and Chongqing (see Table 4.3), the total amounts in Chongqing greatly exceeded those in Shanghai between 2007 and 2011, the period this research project addresses. With abundant land supply and revenue, the Chongqing government was more capable of supporting large-scale state provision of housing welfare than Shanghai.

Table 4.3: State-owned Construction Land Supply in Shanghai versus Chongqing: 2007–2011

City	Year	Total Amount of State-owned Construction Land Supplied (Unit: Hectare)	Allocation (Unit: Hectare)	Granting (Unit: Hectare)	Transaction Price Value via Granting (Unit: 10,000 RMB)
Shanghai	2007	N/A	2,941.71	2,180.6	3,804,672.08
	2008	N/A	2,105.36	2,468.15	5,702,615.05
	2009	4,897.29	2,437.05	2,460.24	9,756,621.18
	2010	2,926.14	992.20	1,933.94	8,800,940.12
	2011	4,238.85	1,660.64	2,578.21	9,481,261.45
Chongqing	2007	N/A	1,996.58	6,080.09	3,589,567.16
	2008	N/A	2,205.36	2,775.71	2,338,056.91
	2009	9,557.03	5,872.10	3,684.93	3,886,650.28
	2010	11,240.07	5,746.01	5,494.06	7,328,837.57
	2011	17,833.58	11,319.27	6,514.31	9,604,679.75

(Source: China Land and Resources Statistical Yearbooks)

Different degrees of land control not only affect total supply of urban construction land to social housing projects, but also influence the methods governments will use to obtain construction land for social housing programs. Whereas the Chongqing government used administrative land allocation from existing land banking as the only method for its large-scale, state-owned public rental housing projects, land for public rental housing invested by the Shanghai government can be acquired through land grant, leasing, and land-to-share conversion, in addition to administrative allocation.<sup>198</sup> Given tight land supply, administrative allocation of large swaths of urban construction land in Shanghai to massive municipality-owned public rental housing communities similar to those in Chongqing would be highly challenging. Therefore, these municipality-owned

<sup>198</sup> Note that administrative allocation of state-owned for public use does not go through the listing, auction, and bidding process, unless these allocated land need to change their predetermined use purposes.

public rental housing projects received land allocation in Shanghai all feature smaller sizes than their Chongqing counterparts.<sup>199</sup>

Moreover, the Shanghai government allowed other entities to invest in public rental housing projects. For these third-party owned projects, owners/investors acquire available construction land through all means except allocation. The key differences between land allocation and land grant are terms of use and land use right transferring fees.<sup>200</sup> Whereas land grant usually brings in extra-budgetary revenues, land allocation demands state investment in land reclamation without charging use right transferring fees to compensate for these costs. Thus, local governments with stronger land control could afford more land allocation. As Table 4.3 suggests, land allocation accounted for increasing proportions of the total amount of urban construction land supply in Chongqing, especially during the year 2011 when the government started to promote public rental housing projects intensively. In contrast, land transfer via granting was always higher than allocation in Shanghai, except in 2007,<sup>201</sup> since land granting generated revenue for the government.

Land grant is more complicated than allocation. Current laws and regulations issued by the Ministry of Land and Resources require a series of actions including listing, auction, and bidding before the legal use right of state-owned urban construction land can be transferred via granting.<sup>202</sup> This process ensures the legal and efficient use of state-owned land, but it also makes land supply in Shanghai quite rigid. In addition, the process

---

<sup>199</sup> See Chapter Two for fact sheets of municipality-owned public rental housing projects in Shanghai and Chongqing.

<sup>200</sup> See Footnote 102 in Chapter Two for more details on their differences.

<sup>201</sup> The author has not yet found satisfactory explanation for higher land allocation in 2007 in Shanghai.

<sup>202</sup> See specific answers from the Ministry of Land and Resources regarding which types of land need to go through these steps, [http://www.mlr.gov.cn/bsfw/cjwtd/qt/201002/t20100204\\_706331.htm](http://www.mlr.gov.cn/bsfw/cjwtd/qt/201002/t20100204_706331.htm).

treats social housing projects as ordinary residential housing land use in Shanghai, which means they do not have separate land supply planning, and compete with commercial housing projects to obtain access to state-owned urban construction land on equal footing. Given that commercial developers generate more state revenue through land use right transfer fees, this may be by design.

The only exception that the Shanghai Municipal Bureau of Urban Planning and Land Resources conducted separate land supply planning for social housing programs was for twenty large residential communities (*daxing juzhu shequ*, 大型居住社区) using banked land in the suburban areas in 2009. About 60 percent of the reserved 55 square kilometers were allocated for social housing, distributed as 40 percent for relocated farmers, 30 percent for economical housing, and 30 percent for commercial residential housing.<sup>203</sup> Due to land supply constraints, they are all located in suburban areas outside the outer ring road where land is cheaper.

Another consequence of land supply constraints is that the Shanghai government has strongly supported social housing projects that do not require state land allocation or land grant in the primary market, such as rural collective rental housing and workplace rental housing projects. In terms of gross land size, the 23 rural collectives that have invested in rural collective rental housing projects have roughly 35.7 hectares of available land for construction.<sup>204</sup> Within the city, the scale of workplace rental housing is smaller, mainly constructed by the local railway bureau. Though the land use and housing construction of these projects is efficient because it circumvents a lengthy and tedious bureaucratic labyrinth, their overall scalability is limited.

---

<sup>203</sup> Interview 25 and Interview 26 in Appendix III.

<sup>204</sup> Interview 26 in Appendix III.

Tight land supply also limited the Shanghai government’s funding to sponsor social housing provision. Take the year 2012, for example (see Table 4.4). At only the municipal level, land use right transferring fees contributed 46.5 billion RMB to Shanghai government’s revenue of funds of 64.78 billion RMB. Since the municipal government also received 183.16 billion RMB from general budgetary revenues, land use right transferring fees accounted for about 18.75 percent of total government revenues.<sup>205</sup> In the same year, at the municipal level, Shanghai spent 3.58 billion from its general budgetary revenues to develop large residential communities and surrounding public infrastructure, and 1.23 billion from its revenue of funds, mostly from land use right transferring fees, on low rent housing, public rental housing, and other programs.<sup>206</sup>

Table 4.4 Local Financial Revenues in Shanghai and Chongqing, 2012

	Total General Budgetary Revenue (Unit: Billion RMB)		Total Revenue of Funds (Unit: Billion RMB)	
		Municipal Level Only		Municipal Level Only
Shanghai	374.37	183.16	129.06	64.78
Chongqing	170.35	71.86	143.44	85.08

(Source: Ministry of Finance of the People’s Republic of China)

In the same period, land use right transferring fees from the entire Chongqing municipality including district and county governments amounted to 131.29 billion RMB in 2012, and accounted for 41.84 percent of the entire municipality’s total revenues

<sup>205</sup> This percentage is calculated as the result of 46.5 billion divided by the sum of 183.16 and 64.78 billion.

<sup>206</sup> The 2012 statistics on revenues and social housing program expenditures in Shanghai are from *Report on the 2012 Budget Implementation and the 2013 Budget Draft in Shanghai* (关于上海市 2012 年预算执行情况 and 2013 年预算草案的报告) published by the Ministry of Finance of the People’s Republic of China. It is available online at: [http://www.mof.gov.cn/zhuantihuigu/2013ssyshb/201302/t20130219\\_733749.html](http://www.mof.gov.cn/zhuantihuigu/2013ssyshb/201302/t20130219_733749.html).

(Table 4.4).<sup>207</sup> The municipality spent 17.61 billion RMB on social housing provision, including 11.98 billion RMB on public rental housing development (5.48 billion RMB from the local budget and 6.5 billion RMB from the central government's earmarked funds).<sup>208</sup> Because official report in Chongqing only had land transferring fees and social housing expenditures for the entire municipality, this weakened its comparability against the weight of land on Shanghai's municipal government revenue. Nonetheless, it to a certain extent revealed the relationship between land revenues and fiscal capacity to support social housing welfare.

Land use right transfer in the primary market contributed less to Shanghai's government revenue than it did to Chongqing's, although land supply still had fiscal significance in Shanghai. For instance, Shanghai gained 276.7 billion RMB in transfer fees in the 2009–2010 period, more than half of its overall budget.<sup>209</sup> Urban construction land is still an importance asset in bringing in extra-budgetary income for the local government, considering land value in Shanghai is quite high.

Because Shanghai cannot rely heavily on land revenue to sponsor social housing programs as its Chongqing counterpart did, local officials sought to create programs that would sustain themselves financially. As in Chongqing, social housing provision in

---

<sup>207</sup> This percentage is calculated as the result of 131.29 billion divided by the sum of 170.35 and 143.44 billion.

<sup>208</sup> The 2012 statistics on revenues and social housing program expenditures in Chongqing are from *Report on the 2012 Budget Implementation and the 2013 Budget Draft in Chongqing* (关于重庆市 2012 年预算执行情况 and 2013 年预算草案的报告) published by the Ministry of Finance of the People's Republic of China. It is available online at:

[http://www.mof.gov.cn/xinwenlianbo/congqingcaizhengxinxilianbo/201302/t20130206\\_732687.html](http://www.mof.gov.cn/xinwenlianbo/congqingcaizhengxinxilianbo/201302/t20130206_732687.html).

Unfortunately, this report did not have land use right transferring fees at the municipal level, thus the comparison with Shanghai is not in absolute parallel.

<sup>209</sup> See Table 4.2 Local Fiscal Revenue in Main Years in *Shanghai Statistical Yearbook (2011)* for fiscal revenues in 2009 and 2010. See Shanghai Municipal Audit Bureau's *Auditing Report on State-owned Land Use Right Transfer Revenues and Land Reclamation Funds Management in 2009 and 2010* (上海市审计局关于本市 2009 年至 2010 年国有土地使用权出让收入及土地整治资金收支管理情况的审计调查结果公告) for land transfer revenues in 2009 and 2010.

Shanghai draws on special funds from the central and local government, and loans from financial institutions for upfront funding. Different types of social housing programs demand different combinations and contributions from land investment, fiscal inputs, and commercial loans. In order of decreasing priority, the Shanghai government allotted resources for resettlement housing, economical housing, public rental housing, and low rent housing. While this sequence suited land supply capacity, it also fitted Shanghai's need for financial sustainable projects, as they are in ascending order of levels of financial support required from the government.

Shanghai encourages resettlement housing because it is financially self-sustaining and even profitable, and the state bears virtually no cost. It is essentially price-controlled commercial housing with special target groups and temporary resale limitations.<sup>210</sup> The state need not allocate land or subsidize this type of housing. As with commercial housing projects, land transfer and project development goes through a public bidding process, in which private developers compete for project contracts. In these contracts, the government specifies the qualifications the private developer must have and the budget for housing construction, based on the estimated sum of land use, the right transfer price, the total building construction cost, the public facilities installation costs, internal financial costs, profits for private developers, and related taxes and fees. In the meantime, relevant government bureaus together decide on housing supply prices, taking into consideration the construction process, anticipated housing delivery time, and recent trading prices of surrounding commercial housing units. After buyers purchase these

---

<sup>210</sup> It is reserved for residents who lost previous dwellings due to old town restoration and public project development, and cannot be put on the private market during the first three years of property ownership. For policy details, see Shanghai Bureau of Housing Welfare and Real Estate Management, "*Management Measures on Relocation Settlement Housing in Shanghai* (上海市动迁安置房管理办法)," July 6<sup>th</sup>, 2011.

resettlement housing units, private developers hand over the differences between construction price and supply price to a special account in the local financial bureau. In essence, the Shanghai government first calculates a construction price for the resettlement housing project, then outsources its land development, building construction and unit sales for private developers, and, finally, receives profits generated from its initial sales minus the loss from waving some favorable tax and fees.

Economical housing with property co-ownership puts a slightly larger burden on the Shanghai municipal government, and it does not receive central subsidies or special funding support. Its funding comes from land allocation, commercial loans, and individual contributions.<sup>211</sup> The design of property ownership sharing between local government agencies and residing households cuts down the upfront investment committed by the local government. The full salability of these apartments in the private market after five years accelerates the repayment of their debts from commercial loans. State investment is limited to their construction and management prior to sales. After going into the private market circulation, they no longer differ from ordinary commercial housing.

Rural collective rental housing and workplace rental housing put minimal strain on the state budget because they demand no land allocation or local fiscal funds. It is unclear whether central subsidies are available for these projects.<sup>212</sup> Like resettlement housing, these projects are financially self-sustaining. The pilot project *Lianming Yayuan*

---

<sup>211</sup> Within the current housing policy framework, the central government does not provide subsidies to economical housing. See a consultation report on Economical Housing in China from Tingjun Zhong (2012), a researcher from the Policy Research Center of Chinese Ministry of Housing and Urban-Rural Development.

<sup>212</sup> According to interviews in Ping County, workplace rental housing could receive central subsidies if the developer labels it as public rental housing. See Chapter One. Interview 21 and Interview 22 in Appendix III.

exemplifies this. Of a total investment of around 93 million RMB (about 15.32 million USD), participating villagers in the *Lianming* rural collective invested 80 million RMB (13.12 million USD), or 86 percent.<sup>213</sup> They earn about 7 percent interest on their investments. High occupancy rates and stable rental incomes render great return. Local government contributed zero fiscal or land resources to this project but could count its square footage towards social housing quota fulfillment.

The fourth most-encouraged social housing program in Shanghai, municipality-owned public rental housing projects, are eligible for central and local fiscal support, land allocation without use right transferring fees, and commercial loans from various institutions. Shanghai has not been able to offset these costs through increasing private capital investment in part because these units in Shanghai are for rental only, which is less attractive to investors because it imposes a longer repayment period.<sup>214</sup> At current rent levels, overall rate of investment return in these projects is about 3 percent.<sup>215</sup> To attract private capital and facilitate loan repayment without future sales revenues, the government relies heavily on increasing the proportion of commercial facilities in these complexes. Rental and sales incomes from commercial facilities improve their financial balance. In addition, the government takes other measures to lighten the burden on private capital, including property tax relief, state investment in public facilities, applying civilian standards to water and electricity charges incurred during construction, and other tax and fee incentives.

---

<sup>213</sup> A news summary of this report compiled by the Beijing Municipal Research Center for Rural Economy appears on the website of the Ministry of Agriculture of the People's Republic of China:

[http://www.moa.gov.cn/fwllm/qgxxlb/bj/201206/t20120627\\_2772107.htm](http://www.moa.gov.cn/fwllm/qgxxlb/bj/201206/t20120627_2772107.htm)

<sup>214</sup> Note that it begs the question why Shanghai has not made this more like Chongqing's so they can get more private investment.

<sup>215</sup> Interview 25 in Appendix III.

Shanghai provides minimal low rent housing, which requires significant upfront investment to either purchase or construct low rent housing units and continuous fiscal support to sustain rental subsidies to qualified residents. Prior to 2007, rental subsidies was Shanghai's main form of assistance to low rent housing residents, and at that time residents could receive subsidies even if they purchased their homes as long as not reselling them on the private market. Since 2007, the Shanghai Provident Fund Center, an agent of the municipal government, acquired more than 4,000 units to supply as low rent housing to qualified native Shanghai residents. District and county governments also purchased a total of several thousand units for the same purpose. The government thus transitioned towards a combination of subsidies and in-kind housing assistance. As the permanent property owner of low rent housing, the Shanghai government reserves special fiscal funds to continuously support their maintenance and management. High demand on fiscal subsidies makes the qualification standards of low rent housing correspondingly strict.

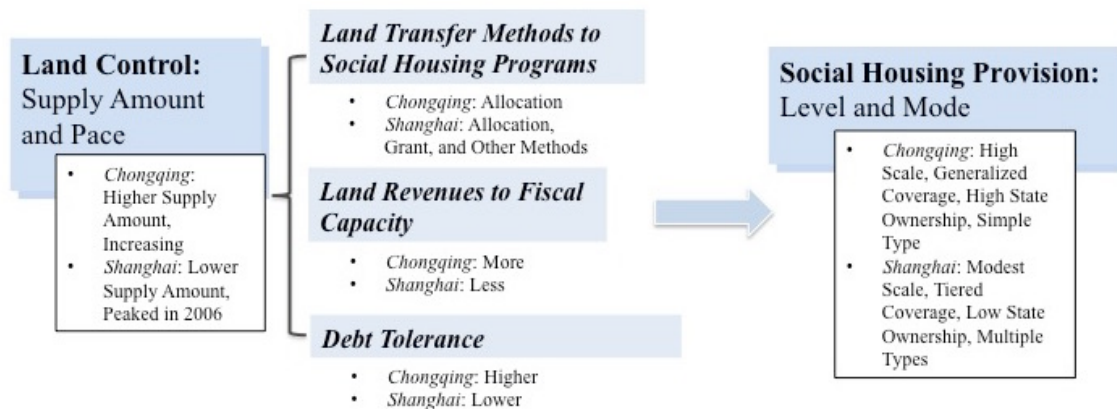
Evidence from overall land supply and revenue patterns, land supply methods to social housing programs, and program development priorities in Shanghai together lend support to the land control hypothesis that weak land control made large scale state investment in social housing provision less likely in Shanghai. In contrast to Chongqing, the Shanghai government favors and promotes social housing programs that demand minimal state investment in terms of land allocation and fiscal inputs. Less reliance on land revenues and low tolerance on debt ratio made financially sustainable types of social housing highly attractive to Shanghai officials. This preference led Shanghai to have a more modest social housing provision than Chongqing's and to use the combination of

multiple social housing programs to keep state investment minimal. The outcome of Shanghai’s patchwork of programs may not be as impressive as in Chongqing in the short term, but may be more fiscally sustainable in the long run.

### 4.3 Summary

The impact of local governments’ land control on social housing assistance is less straightforward than the impact of the political concerns of the top officials in Shanghai and Chongqing, but it is notable. Chart 4.2 summarizes the multi-layered causal relationship between land control and social housing provision, with empirical comparison between Chongqing and Shanghai presented in this chapter.

Chart 4.2: Concluding Summary



While the overall principle is that stronger land control enables the local government to provide more social housing assistance, the complexity of land supply and fiscal capacity complicates the causality. Stronger control in land banking and supply in Chongqing allow the government to develop large-scale public rental housing complexes without depending on land use right transfer fees. By contrast, increasingly tight land

supply limits social housing provision in Shanghai and leads to multiple land provision methods to maximize available land resources.

Use right transfers of state-owned urban construction land in the primary urban land market bring significant revenues to local governments. With its ample land reserve, the Chongqing government increasingly tapped this resource over the past decade to spread the benefits from land value increases over time. This strategy brought the government considerable extra-budgetary revenue, and strengthened local fiscal capacity to invest in large-scale public rental housing projects. By contrast, an early start in land banking and urban development benefited Shanghai for a long period of time, but left the government's hands increasingly tied by lower land supply if not converting more rural land into urban use. Although high land value still allows the Shanghai government to obtain considerable extra-budgetary revenue from the transfer of urban construction land, Chongqing has far more revenue from land than Shanghai.

Anticipation of future land revenue affects social housing provision through its influence on local leaders' debt tolerance level, which leads to more generous public spending. Even though the Chongqing leadership had lower total fiscal revenues at their disposal than Shanghai's leadership, their anticipation of future land revenue and higher debt tolerance led to full state ownership and larger scale of public rental housing. They also showed high confidence in future financial sustainability of these projects. With lower debt tolerance, local cadres in Shanghai were less willing to rely on future revenues for current housing welfare investment and loan repayment. They preferred less state involvement and supported multiple types of housing welfare innovations to diversify property ownership.

The consequences of the decisions Chongqing and Shanghai have made with respect to social housing provision are as yet unknown, since Chongqing's vision of financial sustainability also depends on residents purchasing public rental housing units starting in 2016 and to some extent on future land revenues. With constraints from finite urban land supply, it is certain, however, that the more self-sustaining they are, the better their long-term performance will be.

## **Chapter 5. House the Labor They Want**

Housing directly intersects with the labor market. Individuals all need a living place, formal or informal, before they can become labor force. Labor forces with distinctive characteristics prefer different housing types. While pricing is the primary mechanism to differentiate residents in the private housing market, the state can design policies to discriminate and regulate in other ways. For instance, temporary migrant workers like those public rental housing apartments nearby the local industrial parks in which they work, because of their proximity, low rental prices and flexible leasing terms. Professional workers, who typically want to settle down in a prosperous city like Shanghai, prefer economical housing with home-owning options. Designers of housing programs hope to utilize social housing provision to attract desirable labor forces and promote a functioning economy. This intersection affects the regional variance in social housing in China.

As demonstrated in Chapter Two, Chongqing Municipality provides large amounts of state-controlled public rental housing units to all qualified residents, whereas Shanghai government prefers the combination of multiple welfare housing programs in moderate scales. This chapter will address the economic dimension of social housing provision in Chongqing and Shanghai, emphasizing labor market preferences in each city. As it will show, the impetus to attract certain types of labor to foster local prosperity influence local government's decision on preferred housing welfare types and provision levels.

## 5.1 Economic Structure and Labor Market Preferences

The local governments of Chongqing and Shanghai can largely determine the mix between economical housing, low rent housing, and public rental housing, the major types of in-kind social housing assistance the Chinese central leadership permits, that they offer.<sup>216</sup> Economical housing targets middle- to low-classes who cannot afford to purchase a home on the private market; low rent housing benefits the poorest urbanites; and public rental housing primarily serves migrant laborers of various backgrounds.<sup>217</sup> In Chongqing and Shanghai, the local economic structure and the perceived importance of attracting a particular type of labor force caused governments to migrate to particular types of housing. In a labor-intensive, production-based economy such as Chongqing, rural-to-urban migrant workers with basic literacy are desirable as a cheap workforce for local manufacturers. When the economic structure transitions into a service-based one, as it has in Shanghai, trained labor with professional skills become more valued assets. Economic structure thus largely determines the perceived value of certain labor types to local policy makers. Consequentially, local governments design appropriate social housing tools to attract their desired labor forces.

---

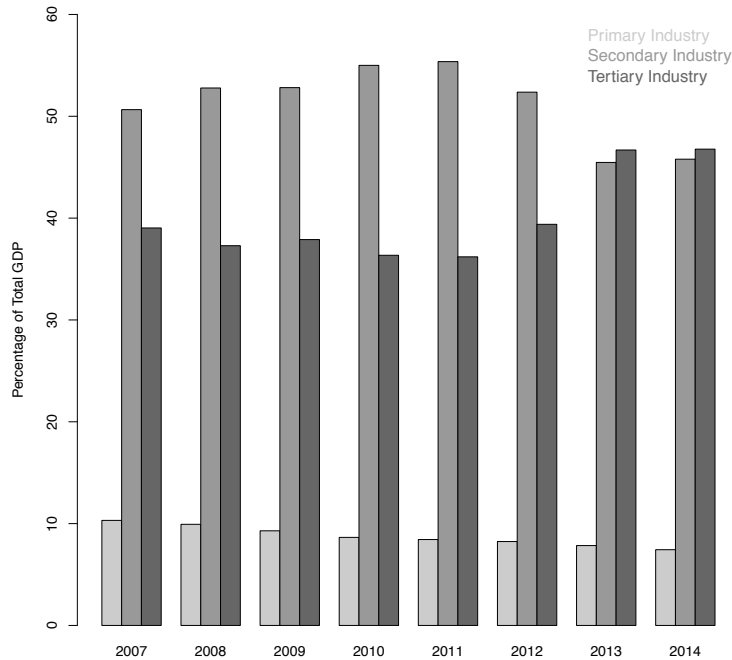
<sup>216</sup> Refer to related sections in Chapter One for details regarding each housing type and their qualified welfare recipients. Resettlement housing is an additional type of housing program, though it targets only those who lost their dwellings due to urban restoration or land takings for public projects.

<sup>217</sup> Cai and Wang's (2008) categorization of migrants in China illuminates the relationship between housing welfare types and labor market preferences. Their three major categories of Chinese migrants are: planned *hukou* migrants, permanent migration with or without *hukou* change, and the floating rural labor force. Rural to urban labor migration began with the introduction of the Household Responsibility System in the early 1980s, which greatly stimulated agricultural productivity increase and surplus labor release. Relaxation of the Household Registration System, which took different forms in small, mid-sized, and large cities, encouraged internal labor movement in China. As the country transforming from an agricultural economy to an industrial powerhouse, the influx of labor has brought valuable resources and economic benefits to recipient cities, especially those in the coastal regions (Lees, 1997; Johnson, 1999; Cai, et al., 2002; Wildau, 2015).

*Hypothesis 5: Economic structure determines the desirability of labor forces. Local government designs social housing programs accordingly, to attract the labor force their economy demands.*

### **5.1.1 Chongqing**

This largest municipality in southwest China features a geo-economical combination of populous metropolitan cores, large rural areas, and geographical remoteness from China’s economically developed east coast areas. Chongqing has therefore become an important industrial hub in western China, with a rapid urbanization rate. Its government seeks to encourage the influx of labor forces of all kinds to boost economic growth and urban development.



*Figure 5.1: Economic Structure in Chongqing, 2007-2014*

(Source: National Bureau of Statistics of China)

As shown in Figure 5.1, secondary industries have been important driving force of Chongqing's gross domestic production. Heavy industry is one of the city's strengths. Thanks to its remoteness and the resulting strategic security, Chongqing has traditionally been an important base of military research and weapon development. However, many of these military factories have been converted to other uses in recent years. Currently, Chongqing's pillar industrial sectors include automobile and motorcycle production, chemical and pharmaceutical industries, and light industrial goods. In addition to its native enterprises, many prominent appliance manufacturers, such as Haier Co., Ltd., also set up operations in Chongqing to take advantage of its lower costs.

Low production and labor costs in Chongqing have also attracted multinational microelectronics corporations, and the government improved local infrastructure and the supply-chain in order to heighten the city's attraction. In turn, corporations seek an increasing supply of factory workers. Results have been remarkable. Foxconn has moved a large portion of its computer production business to Chongqing since 2009, with local assembling sites and a research center that currently employs more than 30,000 workers (Luk and Wong, 2014) and most live in public rental housing. Global computer and electronic giants like Hewlett-Packard Co. followed, and their sub-contractors have also successively built up their operations in Chongqing's Xiyong Microelectronic Industrial Park. With policy support from the Chongqing municipal government, the city is becoming the world's largest laptop production hub. Other foreign companies with either research centers or production sites inside the Xiyong Microelectronic Industrial Park include Nippon Telegraph and Telephone Corporation, Cellent Technologies, Oracle, IBM, and others.

Service industries, especially banking, finance, and information technology, are the new focuses of Chongqing leadership in promoting local economic prosperity (see Figure 5.1).<sup>218</sup> This grand plan demands a large influx of workers with basic literacy skills as well as those with more professional skills. More than 300 financial institutions have a presence in Chongqing, including many world-class banks and insurers (Lammie, 2009). To upgrade its informational technology industry, since 2011, Chongqing started to implement its strategic plan of establishing the largest cloud computing center in China. The construction of “Liangjiang International Cloud Computing Center” in Chongqing’s economic development zone, Liangjiang New District (*liangjiang xinqu*, 两江新区), marked the prelude to this endeavor. This center is expected to contain millions of computer servers with a total investment of 40 billion RMB (about 6.3 billion USD) and area size of more than 2 million square meters.<sup>219</sup> Following the lead of Pacific Telecom Co., Ltd., which plans to invest 150 million USD to build a data center with about 30 thousand servers in the center, many other domestic and international communication operators, cloud data service providers, and research institutes also opened up local branches in it. With the advantages of low labor and land costs, Chongqing government aims to build an international cloud base combining a series of services including cloud data processing, cloud equipment manufacturing, cloud computing application development, and service outsourcing.

---

<sup>218</sup> Xiuzhong Li, “Leading in the First Half Year, Mayor Huang Qifan Explains the Value of Chongqing’s Economic Structure (上半年领跑全国, 黄奇帆阐释重庆结构价值)”, *China Business News* (第一财经日报), August 31<sup>st</sup>, 2015.

<sup>219</sup> Mingyi Xia, “Chongqing Landing on Cloud, Cloud Computing Industries Taking off in Liangjiang New District (重庆踏上五彩祥“云”, 云计算产业两江新区起航), *Chongqing Daily*, May 9<sup>th</sup>, 2013.

Urbanization has been another important driving force of Chongqing's recent economic development and labor migration. In June 2007, the central government has approved Chongqing, together with its neighboring city Chengdu, to be a national pilot zone of rural-urban synthesis and comprehensive reforms.<sup>220</sup> Further development and integration of Chongqing's vast rural areas will increase labor mobility to achieve more efficient reallocations of human resources. Surplus labor moving from the countryside to the urban core will deliver an influx of workers for Chongqing's booming industries and expand the consumption base for factories producing local-oriented goods. As Chongqing experiences fast urbanization, urban commercial zones and retail industries have become new development highlights and growth propellers.<sup>221</sup>

With above-mentioned features in the local economic structure, attracting labor influx is an important goal for Chongqing's growing manufacturing and service industries. Chongqing's labor market desires all kinds of productive workforces, among which young migrant workers and professional workers are especially valuable groups. For new coming labors, particularly rural migrants, public rental housing with basic amenities that defray their largest living costs increase incentive to migrate to Chongqing, and the city has responded. The following section tests the validity of this hypothesis of labor market preference and social housing provision in Chongqing, examining the government's policy design in applicant qualifications and housing location choices. A randomized household survey in one of Chongqing's public rental housing complexes

---

<sup>220</sup> The Chinese name of this zone is 国家统筹城乡综合配套改革试验区 (*guojia tongchou chengxiang zonghe peitao gaige shiyanqu*).

<sup>221</sup> Urban commercial zones (*chengzhen shangquan*, 城镇商圈) are increasing popular in Chinese cities and towns. They usually consist of a core commerce square with surrounding pedestrian-only business streets and retailer stores.

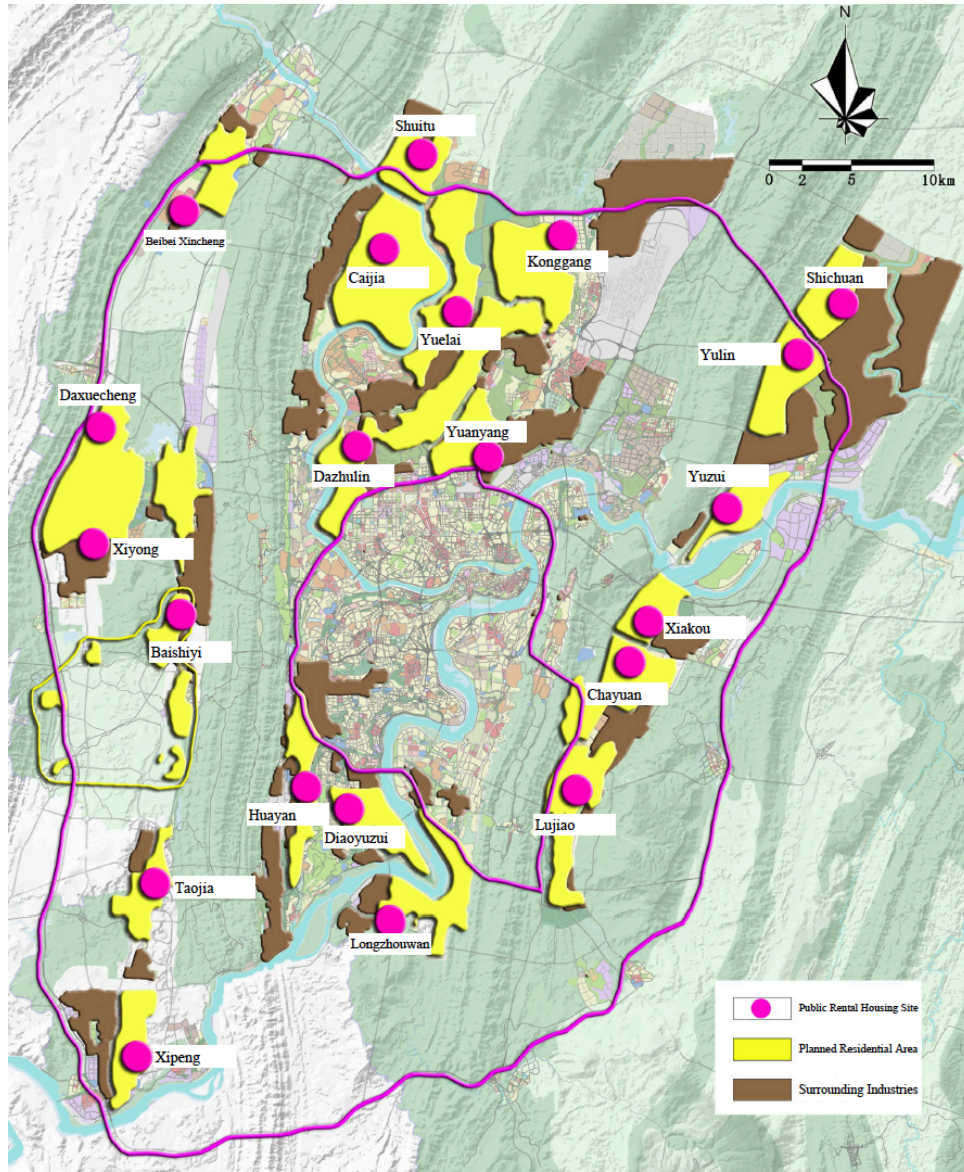
provides additional empirical evidence in support of this labor market preference hypothesis.

To support the migration of workers who will satisfy the demands of large manufacturing industries for low-cost workers with basic literacy and the fledgling high-value added service sectors for professional workers with relevant skill sets, the Chongqing government designs the qualification requirements for its numerous public rental housing units to expand the applicant pool. For example, it completely removed the local Urban Household Registration restriction from public rental housing application qualifications. A reasonable interpretation of Chongqing's permitting all qualified city residents, including newcomers, to live in social housing, as long as they provide proof of stable income such as valid labor contract, or retirement benefits, is that the state intended to encourage the migration of labor into the city. Similarly, it does not impose a ceiling on income for applicants; anyone who is in a position to contribute to the local economy can live in state-supported housing. The provision of household registration change and localization for public rental housing residents if they want to convert their rural agricultural type to urban non-agricultural one serves the same purpose.<sup>222</sup>

---

<sup>222</sup> Some argue this policy primarily serves to permit the government to obtain more land because rural agricultural household registration holders must give up their land in the countryside, but increasing Chongqing's economic growth gives it a dual purpose. Interview 17 in Appendix III.

Map 5.1 Geographic Locations of Public Rental Housing Complexes in Chongqing



(Source: Chongqing Urban Planning Bureau)

Table 5.1 Supporting Industries Around Public Rental Housing Complexes in Chongqing

District	Residential Area	Supporting Industries
Beibei	Beibei Xincheng	Comprehensive services, cultural tourism, modern manufacturing, education and scientific research
	Caijia	Comprehensive services, high-tech industries, cultural and creative industries
	Shuitu	High-tech industries, modern manufacturing
Yubei	Yuelai	Exhibition services, high-tech industries, comprehensive services
	Konggang	Modern manufacturing, high-tech industries, modern logistics, integrated services, advanced manufacturing and processing, textile industry, textile and garment manufacturing, biological and biochemical products manufacturing, communication equipment manufacturing, computer and electronic equipment manufacturing, general instrument manufacturing, information industry, general equipment manufacturing
	Yulin	General equipment manufacturing, comprehensive services
	Shichuan	
	Dazhulin	Comprehensive services, modern manufacturing, education and scientific research, high-tech industries
	Yuanyang	
	Lianglu	
Huixing	Electrical and electronic industries, general equipment manufacturing, automobile and parts manufacturing, ship building, logistics industry	
Jiangbei	Yuzui	Comprehensive services, modern manufacturing, modern logistics industry
Shapingba	Xiyong	Modern logistics industry, comprehensive services, IC industry, semiconductor material and support industries, bio-chips, software and information service industries, electronic components industry, computer and communications industries
	Daxuecheng	Education and scientific research, high-tech industries, IC industry, semiconductor material and support industries, bio-chips, software and information service industries, electronic components industry, computer and communications industries
	Jingshuang	Biopharmaceutical industry, pharmaceutical equipment manufacturing, general instrument manufacturing, automatic control equipment manufacturing, electronic communications, optical components, environmental technologies, bio-engineering, machinery manufacturing, automobile, motorcycle and major spare parts manufacturing, energy-saving and new materials
Nan'an	Xiakou	Comprehensive services, modern manufacturing, consumer electronics industry, general equipment manufacturing
	Chayuan Xincheng	
Ba'nan	Longzhouwan	Comprehensive services, modern manufacturing, machinery, mechanical and electrical industries, garment processing, furniture manufacturing
	Lujiao	
Dadukou	Diaoyuzui	Comprehensive services, modern manufacturing, new materials industry, pharmaceutical industry, food industry, electronic information industry
Jiulongpo	Taojia	Comprehensive services, modern manufacturing, machinery, metallurgy, chemicals, environmental protection, information industry
	Xipeng	
	Huayan	General equipment manufacturing, urban new industries
	Baishiye	Modern manufacturing

(Source: Chongqing Urban Planning Bureau)

The geographic locations of various public rental housing projects in Chongqing directly reflect the idea of providing housing assistance to attract and accommodate new labors for local industries and residents for newly urbanizing areas. Map 5.1 and Table 5.1, together, illustrate the long-term goal of forming a mutually supportive relationship between public rental housing projects and surrounding industries. Map 5.1 indicates planned residential areas where the Chongqing government wishes to develop as the city urbanizes. In the government's urban development planning, these new residential areas provide living spaces for labor employed in the surrounding industries. Each residential area has one planned public rental housing complex. Since private investment in housing development in new areas is often lacking due to low profit return, the Chongqing government invests in public rental housing to provide housing solutions for incoming laborers working for the surrounding industries, which in return provides employment opportunities to invite a greater influx of labor. In addition, public rental housing complexes help to warm up these newly developed residential areas to attract future private investment in real estate and industrial development. A virtuous circle forms.

As shown in Table 5.1, modern manufacturing and comprehensive services account for significant portion of the local industries surrounding public rental housing complexes. While the government lifted the local household registration restriction to expand the potential applicant pool for public rental housing, the geographic proximity of these complexes to local manufacturing and service industries directly shape the residential composition of public rental housing complexes. For example, the very first complex, *Minxin Jiayuan*, is in the vicinity of Chongqing's automobile exhibition and

retail center, the largest automobile trading market in China.<sup>223</sup> Many residents of *Minxin Jiayuan*, like Miss Yang in Appendix II, work for car dealerships in the center and auto parts manufactories and maintenance workshops around the center. Similarly, *Chengnan Jiayuan* is located in Chayuan new area in Nan'an District within the Chongqing Economic and Technological Development Zone. The *Kangju Xicheng* complex is in close proximity to the Xiyong Microelectronic Industrial Park. According to the Chongqing social welfare housing design, local employers can apply for public rental housing on behalf of their employees as a group. They also recruit new employees within these complexes. In addition, special public rental housing units were built within the industrial parks to supply employee dormitories exclusively to designated companies, such as Foxconn. According to a high-rank official in the municipal government, the agreement between Mayor Huang Qifan and Mr. Terry Tai-ming Gou, the founder and chairman of Foxconn on offering public rental housing to Foxconn employees was an important condition that led to Foxconn's move from Shenzhen to Chongqing.<sup>224</sup> It further exemplifies the connection between public rental housing and local employment.

In 2013, the author designed and undertook a household survey in the *Chengnan Jiayuan* public rental housing complex to complement observations regarding the pattern of social housing building in Chongqing (see Appendix V for the survey questionnaire in Chinese language). The following figures exhibit selected survey question results concerning the labor market preference hypothesis in this chapter.

Figure 5.2 shows the distributions of resident characteristics in age, gender, education, and household registration type, a test of the hypothesis that the Chongqing

---

<sup>223</sup> "Chongqing Automobile Exhibition Center Ranks Number One in China (重庆汽博中心全国第一“大”)," *Chongqing Times*, January 8<sup>th</sup>, 2009.

<sup>224</sup> Interview 5 in Appendix III.

government provided public rental housing to attract all kinds of productive laborers, especially migrants. Almost half of survey respondents were between the ages of 20 and 50. About two-thirds have a rural household registration type. The majority had not gone past middle school. These results match the desirable profile in the local labor market—adult rural migrants with basic literacy. Follow-up interviews with several survey respondents between the ages of 20 and 50 age confirmed that some are migrant workers working in nearby manufactory or service industries, and young graduates who came to Chongqing for education and employment.<sup>225</sup>

Because most surveys were conducted during the daytime when the young breadwinners in the households went out for work, the sample also contained a large number of individuals above 50 years old. They are either qualified applicants who moved from the countryside to the city so they would become eligible for social security benefits, or legal temporary residents as dependents of the eligible applicants (i.e., their children). The Chongqing public rental housing authority tolerated the cohabitation of the related elderly. In an interview, one official commented on this phenomenon, “We allowed this because Chinese people value family union. Also, since they [the elderly] live here, at least they could contribute to local consumption.”<sup>226</sup> This finding, thus, supports the interpretation that economic growth drives housing policy as well. Regarding hypothesis testing, the bias introduced by this excessive number of elderly dependents in the sample did not negate the proposed labor market preference hypothesis. If more young working members of the households were included in the sample, the results would lend stronger support to the hypothesis.

---

<sup>225</sup> See Appendix II: Vignettes of Chongqing Public Rental Housing Residents for examples.

<sup>226</sup> Interview 32 in Appendix III.

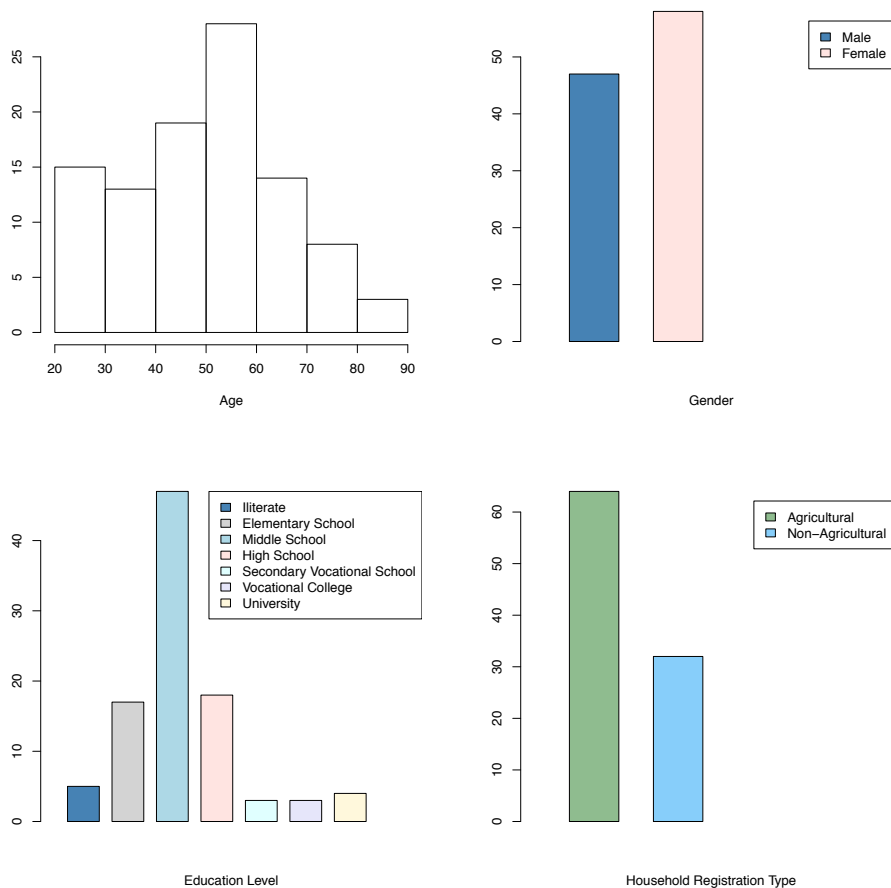


Figure 5.2: Chengnan Jiayuan Complex Resident Survey: Resident Characteristics

The preponderance of rural household registration (see Figure 5.2) also supports Hypothesis 5. This suggests that most of the residents are rural-to-urban migrants who otherwise would not benefit from this social housing program if the local government had not removed the local urban household registration restriction. An overwhelming majority of respondents with rural housing registration are internal migrants from counties, townships, and villages in Chongqing. Only a few are external migrants from Sichuan and other provinces: out of the 105 respondents, four have their household registrations in Sichuan province, one in Gansu province, and two had previous

household registrations in Guangxi and Guizhou, respectively, but localized in recent years.

To test the labor market preference hypothesis, the survey had a question about the industry in which the respondent is currently working. Among the 44 out of 105 respondents who answered this question, about 2 percent, 34 percent, and 61 percent belong to the primary, secondary, and tertiary industries, respectively. More specifically, the top two industries are restaurant and catering (about 30 percent) and manufacturing (about 27 percent). Here again the results reflect a sampling bias: breadwinners were under represented in the sample. Since interviews with respondents confirmed that many of them worked in the nearby manufacturing companies, the percentage of manufacturing industry could be higher, lending more support to the hypothesis that the public rental housing in Chongqing attract all productive labors, especially for the growing manufacturing industries.

The survey also asked about whether respondents held a formal job with a regularly paid salary and benefits, their income level, housing preference, and the primary reason they chose public rental housing (see Figure 5.3). Among the people listed as unemployed, many were actually self-employed or elderlies. The majority of respondents reported a stable monthly income between 1,000 and 3,000 RMB. This income range corresponds to employments in manufacturing and low-end service industries. Higher income outliers are college graduates with professional skills or entrepreneurs with their own businesses. The spectrum of resident income levels verifies that eliminating income restrictions on the public rental housing produced resident diversity.

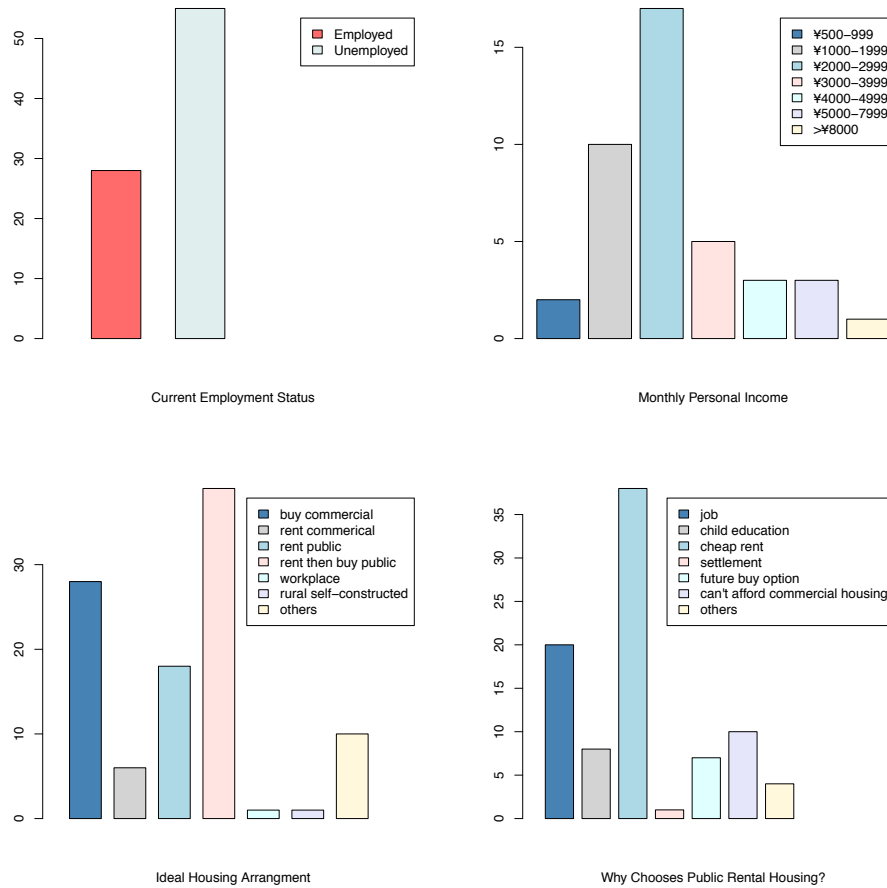


Figure 5.3: Chengnan Jiayuan Complex Resident Survey: Resident Income and Housing Preference

Respondents' indication of their ideal housing options shows that the most popular option is renting and then eventually purchasing public rental housing, followed by purchasing commercial housing and renting public rental housing (see Figure 5.3). In interviews, respondents described the purchase option after five-years of continuous residency to be an appealing feature of Chongqing's public housing. Survey results showed that residents expected that the city would provide public rental housing as a temporary or permanent housing solution for newcomers. Job opportunities and cheap

rents are important considerations when seeking life-improvement in a new city. The survey results confirmed the connection between public rental housing and these two considerations as well. When asked about why they chose public rental housing, 22.7 percent cited job opportunities nearby and 43.2 percent of respondents cited cheap rental prices.

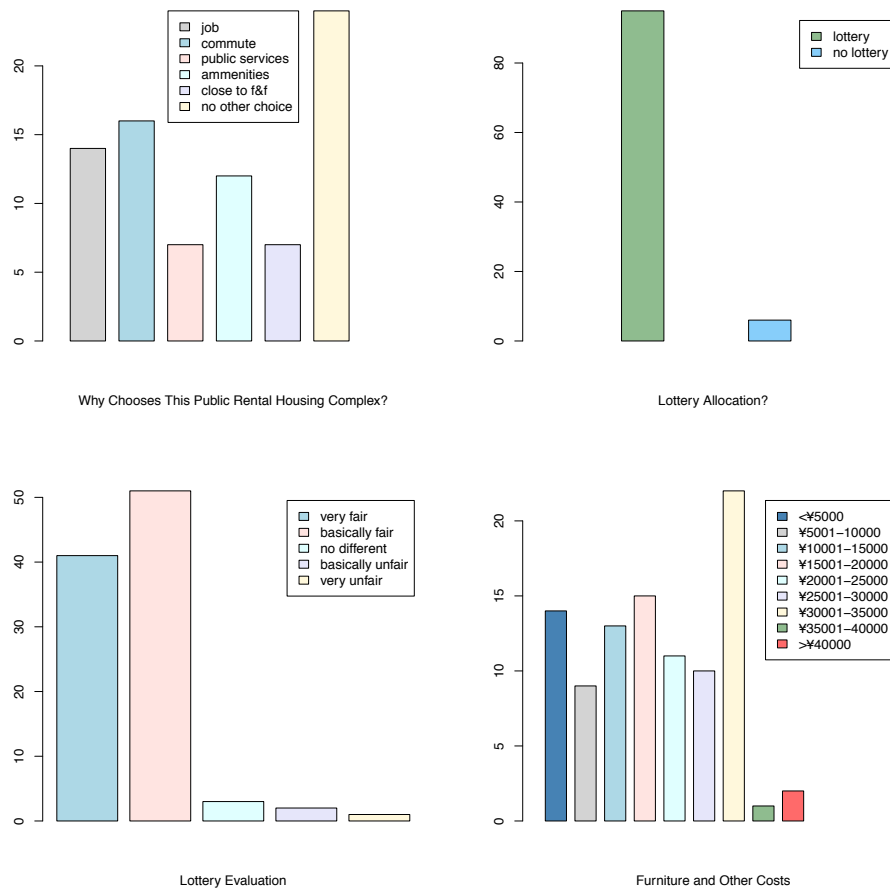


Figure 5.4: Chengnan Jiayuan Complex Resident Survey: Moving-in Experience

Chapter Two described the allocation of Chongqing public rental housing units through a computerized lottery system. In keeping with an intention on the part of the government to attract a labor influx of all kinds, this mechanism ensures non-

discriminative distribution regardless of applicants' socio-economic backgrounds. Group applications in which employers apply for public rental housing on behalf of their employees were exceptions to the lottery allocation. Special public rental housing projects were also constructed as designated employee dormitories within the campuses of companies such as Foxconn, whose employees did not go through public application and lottery allocation to live in these units. Shown in Figure 5.4, survey data from *Chengnan Jiayuan* confirmed that almost all residents went through the lottery process. Overall, most residents considered this lottery system to be a fair mechanism for unit allocation.

While a large number of respondents (30 percent) confessed that they chose *Chengnan Jiayuan* primarily because there were no alternatives, others cited closeness to current employment location or future job opportunities (17.5 percent), a convenient commute to various places (20 percent), and a new and comfortable complex environment (15 percent) (see Figure 5.4). Other more established public rental housing complexes, such as *Minxin Jiayuan* and *Kangzhuang Meidi*, have long waiting lists for applicants. Unlike commercial rental apartments in the private market, all public rental housing units in Chongqing were only basically furnished.<sup>227</sup> Residents have to spend a relatively large amount of money on furniture and appliances on top of other minor move-in costs (see Figure 5.4).

---

<sup>227</sup> It is common practice in China for owners of private apartments to provide basic furniture, such as household appliances, beds, desks, dining table and chairs, and a sofa, to make these apartments move-in ready for renters. However, Chongqing's public rental housing units were minimally furnished, typically only offering kitchen stoves. Renters need to either purchase their own furniture or rent from the management.

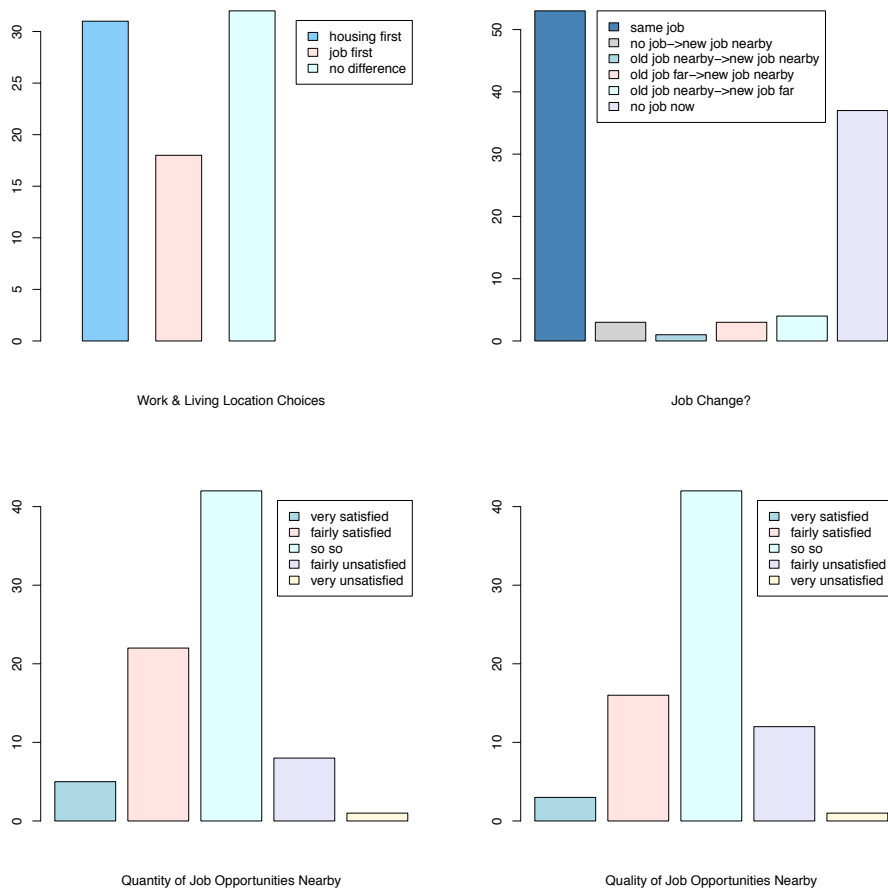


Figure 5.5: Chengnan Jiayuan Complex Resident Survey: Job Opportunities

People usually find a job first, and then look for housing near their workplace. Easy access to current employment and future job opportunities is also an important concern for public rental housing applicants (see Figure 5.4). However, since public rental housing offers cheaper rents, some respondents opted to live in *Chengnan Jiayuan* even if it was not close to their jobs (see Figure 5.5). In interviews, many respondents indicated that they were hoping to find a job nearby. However, as shown in Figure 5.5, the majority in the survey sample were only marginally content with the quantity and quality of job opportunities in vicinity of the complex to rate their satisfaction as “so-so

(一般满意).” The Chayuan new area where *Chengnan Jiayuan* is situated is still undergoing urban development and industrial transformation; it does not offer as many jobs as the immediate vicinity of some other more established housing complexes.

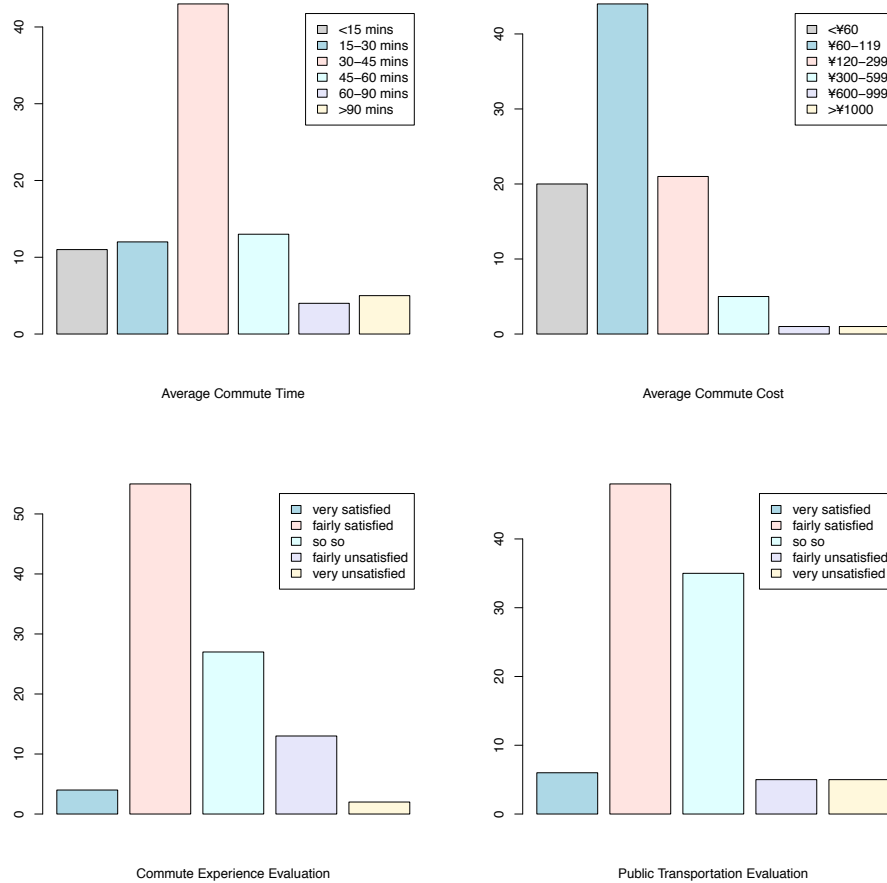


Figure 5.6: Chengnan Jiayuan Complex Resident Survey: Commute Experience

*Chengnan Jiayuan* residents showed higher satisfaction with surrounding public transportation (see Figure 5.6). A large portion of the respondents spend at least thirty minutes each way commuting to their job locations at costs of up to 300 RMB (about 47 USD) per month. Their satisfaction with their commute experience in terms of time, cost, and bus services was fair, though some commented that higher commute costs could

make public rental housing less attractive. One resident of *Minxin Jiayuan* called attention to this in saying she was considering a move to the city center, noting it “may be more expensive, but I do not need to pay for commute to the city center, and can possibly find work there as well.”<sup>228</sup>

Overall, survey results in *Chengnan Jiayuan* regarding resident characteristics, housing preference, job status, and commute experience suggest that Chongqing government intended to provide housing welfare to attract and accommodate all kinds of desirable labor forces who can bring valuable resources and contributions to local economic prosperity, lending some support to Hypothesis 5. The policy design of lifting local household registration requirements opened the door for the influx of all kinds of labor, especially rural migrants both external from other provinces and internal from other places in Chongqing municipality. The development of public rental housing projects exclusively for manufacturing employees as well as group application for local companies further supports Hypothesis 5.

### **5.1.2 Shanghai**

Shanghai is China’s most economically developed city. As shown in Figure 5.7, its current industrial structure features an inverted pyramid shape. The size of primary industry has long been receding; in 2012 it stood at 0.6 percent of GDP in 2012, in contrast to 8.2 percent in Chongqing. The secondary industry’s contributions to total GDP also declined, accounting for about 38.9 percent in contrast to a 52.4 percent in Chongqing in 2012. Tertiary industry in Shanghai has surged, accounting for 60.4 percent of total GDP in 2012, in contrast to a 39.4 percent contribution in Chongqing. Figure 5.7 showing Shanghai’s economic structure exhibits a sharp contrast to Chongqing’s as

---

<sup>228</sup> Interview 8 in Appendix III.

represented in Figure 5.1. Despite similar trends of growing tertiary industry and shrinking secondary industry, the secondary industry played a more important role in Chongqing’s economic development while the tertiary industry weighed heavier in Shanghai’s GDP outputs, especially for the time period between 2007 and 2012.

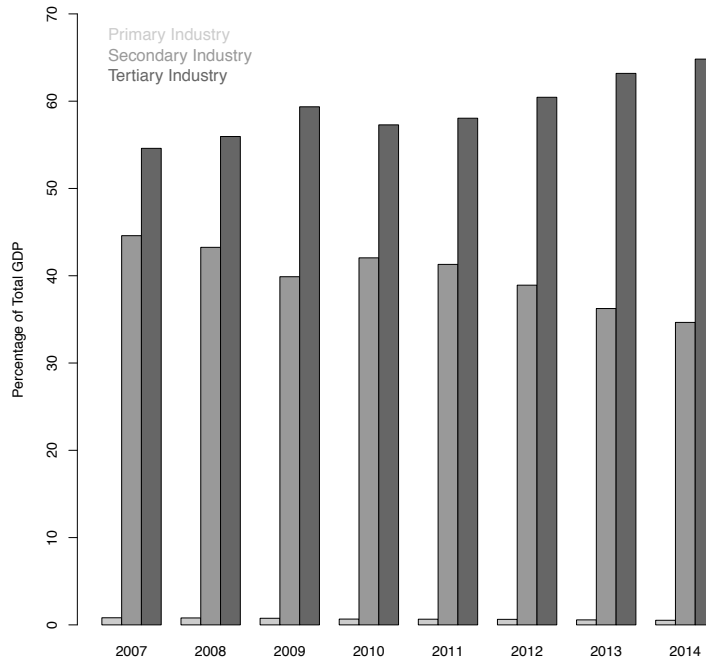


Figure 5.7: Economic Structure in Shanghai, 2007-2014

(Source: National Bureau of Statistics of China)

Secondary industry, particularly manufacturing, may be less important to Shanghai than to Chongqing, but it still relevant. Shanghai is one of China’s oldest industrial centers, especially in heavy industries like steelmaking, shipbuilding, and auto manufacture. In 2013, heavy industries still accounted for 78 percent of the gross

industrial output in Shanghai.<sup>229</sup> Light industries in Shanghai, such as those producing textile, watches, photo gears, bicycles, and sewing machines, have also been maturely developed since the planned economy era. In recent years, however, Shanghai has been undergoing industrial upgrading towards a higher value supply chain. Most of its secondary industries, especially labor-intensive and equipment-heavy manufacturing, have been relocated to the suburbs or other provinces outside Shanghai. This industrial upgrade and its resulting geographic location of manufacturing industries in Shanghai affect the design of social welfare system. Rural collective public rental housing projects in suburban areas mostly accommodate manufacturing workers, whereas municipality-owned public rental projects located in the urban centers are mostly for young professionals and local natives.

The importance of tertiary industry has likewise affected the social welfare system. Retail and wholesale services, financial services, and real estate are the top three largest contributors to economic growth in Shanghai.<sup>230</sup> Unlike Chongqing's focus on manufacturing power, urban development, and industrial upgrade,<sup>231</sup> Shanghai municipal government has already been relying on high value-added services to sustain economic prosperity, and aimed to bring its economic significance to the higher level. The central government has been supporting Shanghai in its quest for a leading position globally as

---

<sup>229</sup> Billy Wong, "Shanghai: Market Profile," Hong Kong Trade Development Council, December 22th, 2014.

<sup>230</sup> Due to its high urbanization, household income levels, and popularity as a tourist destination, Shanghai is arguably the largest market of domestic consumption goods in Mainland China with a prosperous retail sector.

<sup>231</sup> In recent years, the Chongqing government has also shown interests in industrial upgrades, as the Liangjiang International Cloud Computing Center demonstrates.

an important international financial center and international shipping and wholesale hub since 2009 (Zhang, 2009).<sup>232</sup>

With a highly educated and skilled labor force, Shanghai has been quite attractive to foreign direct investment. About 14.3 percent of China's total utilized FDI flowed to Shanghai in 2013, among which over 90 percent went to the tertiary industry, whereas only 9.7 percent were in the secondary industry (Wong, 2014). Even though there are limits on foreign investment in the core industries, the importance of the tertiary industry in local economic structure reflects their conspicuous preference on the service sectors in Shanghai. This contrasts with foreign investment in Chongqing that went into labor-intensive electronics production and related services. The economic structure in Shanghai thus demands an educated labor force with professional skills as well as a smaller number of rural migrant workers with basic literacy in the remaining manufacturing sectors, a very different mix from Chongqing's needs.

The following section tests Hypothesis 5 against Shanghai's social housing policies in applicant qualifications, social housing program targets, and location choices. It also uses information from secondary sources on residential compositions in selective public rental housing projects.

Shanghai tightly upheld the local urban household registration requirements that Chongqing dropped in 2009, requiring residents in social housing to either hold permanent local residency or a temporary resident permit of at least two years until 2011. Rural migrant laborers therefore had no access to public housing benefits prior to 2011.

---

<sup>232</sup> Shanghai's advantageous location at the heart of the Yangtze River Delta has made it the leading container port in China and the world's busiest since 2010. See Kyunghee Park, "Shanghai Widens Lead Over Singapore as Busiest Box Port," *Bloomberg*, January 18<sup>th</sup>, 2015.

Given Shanghai's already high urbanization level, this restriction served to protect the natives' welfare benefits and discourage rural to urban migration.

In 2011, Shanghai ceased to require native household registration for rural collective rental housing, but other social housing programs, including municipality-owned public rental housing, still demand permanent local residency or at least two years of temporary residency.<sup>233</sup> This revised strategy of multiple social housing programs with different application requirements supports Hypothesis 5 in that Shanghai is using housing assistance to attract and accommodate a particular mix of laborers. Various policy documents stated that Shanghai's public rental housing programs mainly target young, native Shanghai workers, non-native experts and personnel with special talents, and rural to urban migrant labor. The government then supplied different social housing programs with varying sizes to targeted groups accordingly: the new workplace rental housing is mainly open to young, native employees of particular companies;<sup>234</sup> municipality-owned public rental housing provides temporary housing to *hukou* migrants with needed expertise and skills;<sup>235</sup> and, rural collective rental housing provides affordable housing accommodations to non-native, migrant workers employed in nearby industrial parks. While they all follow into the category of public rental housing program in Shanghai, different designs of qualification requirement differentiate target groups.

The location and scale of different public rental housing types also illustrate the connection between housing welfare and labor market preferences in Shanghai. Among

---

<sup>233</sup> Zhigang Jin, "Shanghai Further Relaxing Public Rental Housing Application Requirements (上海今年公租房申请条件进一步放宽)," *Xinmin Evening News*, April 24<sup>th</sup>, 2013.

<sup>234</sup> As Chapter Two described, the local railway bureau is the largest supplier of workplace rental housing to its employees in Shanghai.

<sup>235</sup> See footnote 217 for migrant categorizations. *Hukou* migrants who change their household registration or obtain a local residency permit are usually skilled laborers. For instance, when Chinese universities recruit new faculty from abroad, they often provide local *hukou* to the new recruits.

all three types, workplace rental housing projects have the best locations within the city center. Since their site and volume choices fall into the workplaces' full responsibilities, they are less relevant to the labor market preference hypothesis. Municipality-owned public rental housing projects have good locations and considerable sizes (see Table 2.3 in Chapter Two). All of them are located in developed urban areas with established public infrastructure and living facilities. They each contain 1,680 to 4,042 apartment units, with total construction sizes ranging from 116,700 to 205,000 square meters. Rural collective rental housing projects are located in the outer suburban areas. The Shanghai Municipal Bureau of Urban Planning and Land Resources has approved the applications of 23 rural collectives to construct rental housing projects on about 600,000 square meters of collectively owned land.<sup>236</sup> The scale of each project, however, is relatively small.

Like many rural collective rental housing projects, *Lianming Yayuan* is located in a suburban area that has had a large influx of migrant workers in recent years. An official from Shanghai Municipal Bureau of Housing Welfare and Real Estate Management said, "By design, these pilot projects are often in close proximity to industrial parks or manufacturing sites."<sup>237</sup> About two-thirds of migrant workers in *Minghang* District are employed in local manufacturing and processing industries.<sup>238</sup> The workers have long lived in private rental apartments. Due to high housing demand and lack of strict legal enforcement, illegal construction, unstable rental prices, and overcrowded group renting (*qunzu*, 群租) have been rampant in suburban areas such as *Minghang* District. *Lianming*

---

<sup>236</sup> Interview 26 in Appendix III.

<sup>237</sup> Interview 25 in Appendix III.

<sup>238</sup> Xiaojing Sun, "Rural Collectives Piloting Public Rental Housing (农村集体地试建公租房)," *People's Daily*, January 12<sup>th</sup>, 2012.

*Yayuan*, with a total of 404 one-to-two bedroom apartments, provides a comfortable and affordable alternative for these migrant workers, though it may not be enough. Both low rental prices and its location convenient to jobs at the Minggu Science and Technology Park and public institutions within the jurisdiction of *Qibao* Township contribute to its popularity. *Lianming Yayuan*'s legal framework gives work units and private enterprises higher priority in signing leasing contracts for their employees, and only occasionally do individual renters obtain housing there.

*Shangjingyuan* is one of five municipality-owned public rental housing in Shanghai, with a total of 2,201 units and three floor plans. Geographically, it is located next to the new Jiangwan Campus of the Fudan University and the Wan'gu Industrial and Technology Park. To provide housing solutions for its current and future faculty and staff, Fudan University worked with relevant bureaus of Shanghai municipal government to secure 612 units in *Shangjingyuan* complex in 2012, and then added more units in 2013 to meet demand.<sup>239</sup> Employees of the Fudan University account for more than one-third of the total residents in *Shangjingyuan*, making it almost like the University's additional dormitory complex. The University determines its own eligibility standards on top of the municipal government's requirements. Eligible individuals can directly submit their applications to the University's Logistics Office for qualification review and unit allocation.<sup>240</sup> To compensate for the fact that the rental prices of *Shangjingyuan* are still higher than those of employee dormitories on campus, the University provides cash

---

<sup>239</sup> Weitao Song, "Fudan University: Coordination from Multiple Partners to Secure Housing Welfare for University Talents (复旦大学: 多方协调形成高校人才住房保障机制)," *China Education Press Newspaper*, April 15<sup>th</sup>, 2014.

<sup>240</sup> For details, see official notice on eligibility, application form, and application procedure guidance from the Fudan University: <http://www.fwh.fudan.edu.cn/04/ab/c678a1195/page.htm>

subsidies, sometimes as much as 50 percent of rent, to *Shangjingyuan* residents under its employ.<sup>241</sup>

In a working relationship similar to that between Fudan University and *Shangjingyuan*, East China University of Science and Technology (ECUST) signed a ten-year leasing contract with Shanghai Housing Provident Fund Center, the owner of *Jingcheng Jinghuafang*, another municipality-owned public rental housing complex. More than a quarter of the units, 470 out of 1,680 units, have been dedicated to university employees since March 2014.<sup>242</sup> ECUST controls the public rental housing applications for these apartments, requiring employment at the university for eligibility, determining the application procedure, and offering a rental subsidy scheme.<sup>243</sup> Moreover, ECUST entered a similar relationship with another municipality-owned public rental housing complex *Xinning Gongyu*; it began accepting applications from ECUST employees in early 2013. Shanghai Normal University has reached similar arrangement with the owner of *Xinyi Gongyu*.<sup>244</sup>

The contrast in terms of resident composition between municipality-owned public rental housing and rural collective public rental housing thus reflects the Shanghai government's strategy of providing different social housing welfare types to attract and accommodate distinctive labor forces. A pattern of tiered coverage has emerged. The difference between these two sub-types of public rental housing program in terms of

---

<sup>241</sup> Fudan University Logistics Office, "Implementation Plan on Rental Subsidy Provision to Fudan University's Young Teachers Residing in Shangjingyuan Public Rental Housing Complex (复旦大学青年教师租住尚景园公共租赁住房补贴的实施方案)," August, 2012.

<sup>242</sup> See the news announcement from the official website of Shanghai Housing Provident Fund Center, <http://www.shgjj.com/html/zyxw/67810.html>

<sup>243</sup> Logistics Office of the East China University of Science and Technology, "The University's Temporary Management Methods on Renting Public Rental Housing (学校租赁公租房租住管理办法(暂行)), " March 2014.

<sup>244</sup> Shanghai Normal University's Employee Housing Circulation Team, "Notice on Xinyi Gongyuan Public Rental Housing Application and Subsidies"(关于申请馨逸公寓公租房补贴的通知), December 20<sup>th</sup>, 2013.

supplying volumes provides further support for Hypothesis 5, as the Shanghai government seeks more professional workers in the tertiary industries on which its economy increasingly depends.

The three social housing programs in Shanghai other than public rental housing commonly target urban residents with local household registration, though they are designed to suit disparate groups with varying income levels and purchasing power. Local resettlement housing is mainly for native household registration holders who lost their previous dwellings due to urban renovation and expansion. The demolition of their old housing allows the city to maximize the economic values of highly limited urban land in Shanghai. Economical housing targets low- to middle-income local residents who hold permits for urban household registration residency for at least three consecutive years, of which two years must be within the administrative district where they submit their application.<sup>245</sup> Low-rent housing is reserved for those in the greatest economic stress. Chongqing did not offer separate economic housing or low-rent housing, though it kept resettlement housing with much smaller scale than public rental housing. As discussed in Chapter Four, different arrangements regarding these three types of social housing program design have more to do with land supply and management than labor market preferences, but they do not substantially undermine Hypothesis 5.

As Chapter Four revealed, in order of declining volume and priority, the government's attention and resources go to resettlement housing, economical housing, public rental housing, and finally low rent housing. This order clearly reflects the Shanghai government's careful consideration as to where it should make fiscal

---

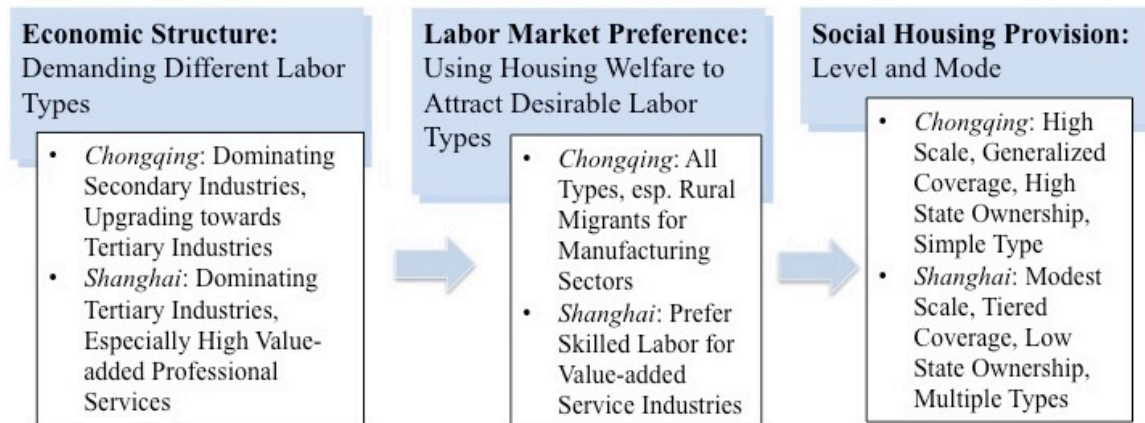
<sup>245</sup> Shanghai Municipal Bureau of Housing Welfare and Real Estate Management, et al., "*Standards on Entrance and Provision of Economical Housing with Property Co-ownership in Shanghai* (上海市共有产权房 (经济适用住房) 准入标准和供应标准)," April 1<sup>st</sup>, 2013.

investments and urban development; it also demonstrates its highly selective approach to labor inflow. The Shanghai government prefers a highly educated and skilled labor force to the large influx of labor forces of all kinds Chongqing’s government opts for. Its housing welfare provision also protects local household registration holders because Shanghai is already highly urbanized and remarkably populous—to a great extent it provides the workers the city can employ.

## 5.2 Summary

Economic structure and labor market preferences are important economical factors affecting social housing policies. By comparing Chongqing and Shanghai, this chapter illustrates their causal relationship. Chart 5.1 provides a summary.

Chart 5.1: Concluding Summary



Economic structure largely determines the desirability of particular labor types. The government designs its social housing system and utilizes appropriate housing programs to attract desirable labor forces that contribute the most to local economic

prosperity. While all labor forces are welcome in the fast urbanizing Chongqing, the young municipality's labor-intensive, manufacturing-based economy demands a large influx of rural-to-urban migrant workers with basic literacy. At the same time, the value of educated and professional laborers has been increasing as the city upgrades its industrial structure towards more reliance on higher value-added services in the tertiary industry. By contrast, tertiary industry has been dominating Shanghai's industrial structure for years, especially its professional service sectors. Skilled laborers are more valued assets and enjoy easier access to social housing, especially in terms of municipality-owned public rental housing. Even though Chongqing and Shanghai both offered public rental housing, their designs of eligibility are vastly different. Generalized coverage in Chongqing and tiered coverage in Shanghai are direct reflections of their respective labor market preferences.

As this chapter shows, application qualification design, social housing program sizes, project location choices, and actual residential composition support, to varying degrees, the labor market preference hypothesis. Differences in qualification design in terms of native urban household registration requirement showed the strongest confirmation of the hypothesis, followed by the size of programs in each city. While comprehensive data is not available, residential composition demonstrated the actual effect of policy design in housing welfare coverage to a certain degree. To a lesser degree, social housing project locations showed the impetus to provide programs to targeted groups, though land supply makes it difficult to entirely achieve the government's aim in this regard.

## **Chapter 6. Conclusion**

As this dissertation has described, China's central government provides social housing policies with the general goals of public support and economic prosperity. It sets quantifiable policy targets to motivate local compliance. However, local governments have broad latitude to implement these policies, and they typically act strategically to achieve their own goals given peculiar political and fiscal constraints in their respective jurisdictions. Empirical evidence from the cities of Chongqing and Shanghai has supported this dissertation's exploration of the combined effects of political and economical factors on the provision of in-kind housing welfare in China, finding that these factors caused social welfare provision to vary across time and place.

The influence of politics on social housing provision comes from the national competition between local politicians to enter the top leadership. While the Chongqing leadership adopted a populist approach to showcase public support, the Shanghai officials followed the more conventional practice to concentrate on economic development. Leaders' personalities, their perceptions of political contingency in the competition, and local geo-economic conditions all contributed to their strategic choices in how to win this political quest. While members of the local cadres share their leaders' interest in upward advancement within the party-state, the aggregated nature of the cadre evaluation system presents different routes in seeking this goal. The particular degree of pressure politicians place on cadres to achieve certain tasks, such as social housing provision, affect the priorities cadres set in meeting the goals on the evaluation list. As Chapter Three shows, higher pressure on social housing welfare led Chongqing officials to provide considerably more social housing than Shanghai. Politics also affect policy in that

differences in local administrative structure further distinguish the two cities' strategies—a separated bureaucratic structure in Shanghai made implementation of social housing policies slow, while the integration of land and housing bureaus in Chongqing facilitated fast implementation.

Economics affect social housing provision in that officials in both cities share an incentive to stimulate economic growth and see housing as a means of doing so. Local economic structure and labor market preferences determine the type of programs likely to realize this goal. Chongqing's manufacture-based industrial structure and growing urbanization make large-scale public rental housing a desirable means of attracting new migrants and other labor forces. By contrast, in Shanghai, a service-oriented economy with decreasing reliance on manufacturing sectors has led the government to adopt a more targeted approach to social housing provision to attract educated, skilled labor with municipality-owned public rental housing and economical housing.

Land stands at the intersection between politics and economy. The contrast between the two municipalities reveals that the local government's land control predominately determines both local extra-budgetary revenues and the scale and types of social housing welfare it would support. Stronger land control in terms of amount and pace of land supply enabled extensive land allocation to large-scale state investment in public rental housing projects in Chongqing. With less land to supply, Shanghai's government implemented multiple social housing programs that featured a smaller scale and multiple land supply methods, and emphasized non-state entity participation. Shanghai's more modest land revenues shaped the government's debt tolerance and the

levels of financial support it was willing to supply to social housing programs. Land, thus, ties closely with social housing development and sustainability.

Extrapolating from the findings of the preceding chapters, this chapter will extend the discussion from Chinese social housing provision to a more generalized theory of social housing policy through a concept Section 6.1 will describe—the housing welfare state. Section 6.2 discusses the key feature that makes the housing welfare state possible in China. Elucidating the transferability of this political economical theory of social housing provision to other institutional settings comprises the next section. The final section addresses the long-term sustainability of state-provided housing assistance with currently available evidence and identifies future research opportunities.

### **6.1 The Housing Welfare State**

Earlier literature on comparative housing policies categorized housing welfare primarily based on the degrees of policy development and state involvement. Using work by the United Nations Economic Commissions for Europe (1966), Donnison (1967), for instance, provided a housing policy regime classification as “embryonic,” “social,” and “towards a comprehensive commitment.” Similarly, Boelhouwer and van der Heijden (1992) studied the levels of government involvement in housing policies of five western European countries, and recognized their shared similarities, such as the necessity of alleviating housing shortages, the policy focus shift from large quantity to better quality, and the growing concerns about public expenditure on housing.

Later scholarship established stronger association between housing welfare and regime type. Pioneered by Esping-Andersen (1990), welfare regime typology analyzes welfare regimes based on a combined decommodification score, deeming them liberal,

corporatist, or social democratic. Some scholars who analyze housing policies from a comparative perspective (Barlow and Duncan, 1994) more or less extended Esping-Andersen's typology to housing (Doling, 1997 and 1999; Groves et al., 2007). Though insightful, using a typology developed to understand cash benefits and social security arrangements fails to do justice to welfare state regimes that include in kind support, such as housing assistance (Groves et al., 2007).

Another major limitation of existing literature on housing policy is the narrow selection of countries analyses address. This body of literature typically addresses western countries only. As a number of scholars have pointed out, the social welfare systems of East Asian countries exhibit distinguishable differences from western models (Kwon, 1997; White and Goodman, 1998; Holliday, 2000; Gough 2001; La Grange and Yung, 2001). As Groves and colleagues (2007, pg. 10) show, the social welfare institutions of some East Asian countries, including China, emphasize property assets and state housing services, though the foundational motivations behind such arrangements may be "economic drivers rather than social necessity."

As Mathew Desmond (2016, pg.5), a Harvard sociologist, put nicely in the prologue of his new book *Evicted: Poverty and Profit in the American City*,

"Fewer and fewer families can afford a roof over their head. This is among the most urgent and pressing issues facing America today, and acknowledging the breadth and depth of the problem changes the way we look at poverty. For decade, we've focused mainly on jobs, public assistance, parenting, and mass incarceration. No one can deny the importance of these issues, but something fundamental is missing. We have failed to fully appreciate how deeply housing is implicated in the creation of poverty. Not everyone living in a distressed neighborhood is associated with gang members, parole officers, employers, social workers, or pastors. But nearly all of them have a landlord."

Studying the evolution and recent development of housing welfare in China thus provided a good opportunity to understand a statist approach in housing assistance and develop the housing welfare state as a useful concept. Drawing insights from the existing welfare state literature, this conceptualization broadens our understanding of welfare state from a political system based categorization to a service and good provision based one. In such way, it transcends current welfare regime typology.

Housing welfare state is defined here as an asset-based welfare system built on the combination of public provision and home-ownership. The justification for the housing welfare state, in which the state provides a path to homeownership, varies from country to country. First of all, it is an asset-based welfare system. The East Asian welfare state has traditionally considered housing to be an important social security mechanism. Traditional welfare states such as England increasingly consider housing a crucial social welfare tool as well. Through the release of equity from property ownership, homeownership permits individuals to finance other welfare goods and services, allowing the state to cut back on provision of these goods and services. For example, by promoting the building of equity, home ownership encourages the creation of wealth that can be leveraged to promote welfare, such as when a homeowner capitalizes on the sale of his or her home to fund a retirement in more modest housing. Home ownership is not only a source of wealth but also a source of welfare. States thus begin to regard housing as an asset that transcends shelter to provide a pillar of the welfare system on which other services could be built.

Second, the provision of housing asset in a housing welfare state involves state intervention. When the state provides housing, it provides a private good in the sense that

entitled individuals consume the good exclusively.<sup>246</sup> Institutionalized democratic settings, in which voting and elections determine leadership, give state actors incentive to provide public goods that affects the entire population to win supporters through programmatic policy. In contrast, autocratic state actors typically require a narrower base of support than what a democratic regime requires, and private goods provided via clientelistic policies may target supporters more efficiently. In fact clientelism often plagues autocratic countries. The strategy of offering private goods or even just a promise to do so is often effective in obtaining votes in immature democracies as well. Given that social housing programs provide a private good publicly, and can be designed to broadly encourage voter support or to reward a narrow range of supporters, housing welfare could exist under various regime types to varying degrees.

Finally, housing welfare states have encouraging home-ownership as an explicit, long-term goal. With respect to this goal, McGuire (1981) describes a typical “housing policy cycle” in which government policies on housing assistance evolve from large programs with the goal of immediately alleviating a housing shortage, to improving housing quality and amenities, and eventually to reducing state financial involvement by encouraging homeownership through selling existing housing stock to sitting tenants. Thus, housing welfare states may design policies that encourage home ownership differently.

---

<sup>246</sup> In contrast to the non-exclusivity in public good consumption once it is provided, the consumption of private goods is exclusively by their entitled individuals. However, this exclusivity versus non-exclusivity specifically refers to the consumption not the provision of the goods. Private goods can also be provided with public funds and resources. These two types of goods therefore give contesting parties or groups two political strategies to compete for support: they can either offer various public goods to affect the entire population, or concentrate on using private goods as divisible benefits to their supporters (Shefter, 1977; Robinson, 2003).

Home ownership may be broadly defined, as the Chongqing public rental housing projects and its particular approach to the division of rights between the state and individuals suggest. Viewing property rights as a bundle of sticks illuminates this approach, the *de jure* property ownership belongs to the state, but individual residents enjoy *de facto* private ownership as long as they obey all related regulations. The actual content of *de facto* private ownership in different settings may vary since the share of sticks in the bundle can be arranged in a way without attenuating ownership. As Shanghai's economical housing shows, property ownership and its associated benefits can be divided into varying percentages between individuals and the state.

In addition to defining homeownership broadly, housing welfare states could take a wide variety of paths to achieve their common goals of providing immediate housing assistance to qualified citizens and encouraging homeownership in the long term. Means to achieve this goal include in-kind housing construction, favorable home loans and mortgage rates for select populations, and many other programs. As Groves and colleagues (2007, pg.179) correctly remind us, “[w]e should not confuse the form of provision with the commitment. On this basis it does not matter whether there is a large public sector housing provision or not. The key issue is whether there is a commitment to achieve standards in relation to housing.” This commitment sets a state on its path towards a housing welfare state, which suggests that being a housing welfare state is also a matter of degree. The next section revisits the Chinese case to examine the conditions that support its housing welfare state.

## 6.2 The Chinese Housing Welfare State

Through the transition of the Chinese urban housing system from a comprehensive socialist welfare system dominated by exclusive public provision to a commercialized private housing market through profound privatization reform, China's housing welfare state has exhibited both endurance and transformation. This transition resembled the retrenchment of the old welfare states in certain respects, such as the sale of work unit housing to sitting tenants, reminding people the housing privatization in England. The Chinese state also introduced housing mortgages and other financial arrangements, which are standard in market-based housing economies. Moreover, the speed and scale of transition in China were astonishing. Most saleable public housing stock was sold at heavily discounted prices within a decade (Wang, 2007). The partial reversal in which the Chinese government re-introduced the public provision of welfare housing to qualified urban residents less than two decades later, however, shows that despite all these changes, the Chinese housing welfare state is enduring.

From a historical and comparative perspective, state ownership of urban land, an important feature of the Chinese political and social structure, was the lynchpin that sustained the Chinese housing welfare state.<sup>247</sup> Compulsory savings and the capacity-rich public sector, more or less complemented state control of land, which gives the state

---

<sup>247</sup> Another feature that the author views important to the Chinese social housing welfare is vertical corporatism. Vertical corporatism is both an administrative and societal structure that provides state the capacity to implement its social housing policy. It has played a significant role throughout the evolution of Chinese housing welfare state. Work unit welfare housing was the masterpiece of vertical corporatism in housing assistance during the socialist era; the Housing Provident Fund maintains state influence in housing assistance in spite of a private housing market; and state housing welfare continues to rely on vertical corporatism in post-reform China through the new public rental housing development. The conceptualization of vertical corporatism and its relationship with housing welfare are still in progress and go beyond the scope of this dissertation. The author has a separate working paper on it.

ultimate freedom to use valuable urban land resources for social housing welfare. It is indispensable to the development of Chinese housing welfare state.

The nationalization of urban land was a long and complicated process in China not fully realized until the ratification of the 1982 Constitution (Zhou, 2012). The establishment of Communist control in 1949 effectively halted private investment in urban housing building and improvement, although the state permitted private land and homeownership until 1956. In the early days of the Communist regime, public housing in Chinese cities mainly came from confiscation and nationalization of private housing properties the Nationalist government or its civic and military personnel had owned.<sup>248</sup> In late 1955 and early 1956, the central government introduced compulsory lease schemes to make the urban housing system socialist.<sup>249</sup> This included converting private rental housing into a form of joint state-private ownership under the unified management of local housing bureaus.<sup>250</sup> The new *jingzufang* (经租房) system primarily affected the private rental market, as the state took over lease rights from private owners who were deemed to have too much property. Although private land ownership was still permitted in a nominal sense, homeowners lost their *de facto* property ownership together with their rights over property rental. Only a small portion of the rent was redistributed to private

---

<sup>248</sup> State Council, *Directive on the Expropriation of Property of War Criminals, Traitors of the Chinese People, Bureaucrats and Capitalists and Counter-revolutionaries* (政务院关于没收战犯、汉奸、官僚资本家及反革命分子财产的指示), February 1951.

<sup>249</sup> Secretariat of the Communist Party of China Central Committee, *Opinions on the Current Facts of Urban Private Property and its Socialist Transformation* (关于目前城市私有房产基本情况及进行社会主义改造的意见), December 16<sup>th</sup>, 1955.

<sup>250</sup> In 1957, the central government issued an instruction to urge the transference of the management of private rental housing from their landlords to respective local housing authorities. An estimate of 624,100 landlords was affected, involving about 116.5 million square meters of total housing area. For details regarding nationalization of the private rental housing properties, see Wang, 2007, pg. 131.

owners, while the lion's share went to the government. State-owned work units also added newly constructed welfare housing to the rental housing stock.

While the state considered nationalizing all urban land during the Cultural Revolution,<sup>251</sup> urban land and property confiscations were mostly forceful, illegal takings before 1982, when the new Constitution declared that the state owned all urban land in China.<sup>252</sup> Constitutional amendments in 1988 further laid down the legal ground to support this institution of urban land state ownership (Pils, 2014, pg.150-158). This change made the establishment of a socialist welfare housing system possible prior to the marketization housing reform.

Work unit welfare housing depended on the state's bestowal of land use rights on work units. It dominated housing welfare in China from 1956 to 1991. In these programs, both state-owned enterprises and public institutions constructed welfare housing using support from central and local governments as well as their own financial resources to build on land the state previously granted to them. Housing offices were often set up within the work units to coordinate housing construction, distribution to employees, rent collection, and maintenance. Workers rented housing units at discounted prices, generally directly from their work units—efforts to centralize the management of work unit welfare housing under municipal housing authorities proved mostly unsuccessful. Thus work units became the center pillars of housing welfare provision in the socialist housing

---

<sup>251</sup> An early example of such a proposal is a November 1967 document “*Recorded Responses to Outlined Proposal on Nationalizing Urban Land* (答复关于城镇土地国有化请示提纲的记录)” prepared by the then State Bureau of Housing Property Management and State Administration of Taxation.

<sup>252</sup> See Article 10 of the *1982 Constitution of the People's Republic of China*, adopted at the Fifth Session of the Fifth National People's Congress and promulgated for implementation by the Proclamation of the National People's Congress on December 4<sup>th</sup>, 1982.

welfare era. While the municipal housing bureaus owned and managed some social housing as well, it was small in stock and supplementary in essence.

The recent reintroduction of in-kind social housing following the privatization of work unit welfare housing relied on state ownership of urban land as surely as work unit welfare housing once did. As described in Chapter Four, the Chongqing municipal government had extensive land supply after a decade of urban land banking, and this supply holds the key to the city's large-scale public rental housing provision. While Shanghai's land supply is far smaller, state ownership of urban land nonetheless permits administrative allocation, negotiated land grants, and other methods of land supply for its more modest social housing projects. Though different degrees of urban land control and supply in these two municipalities have affected their respective levels and modes of social housing assistance, one commonality is that state ownership of land has significantly reduced the costs of developing social housing projects through low-cost land supply.

### **6.3. Other Housing Welfare States**

Singapore and Hong Kong are both housing welfare states. In spite of highly open economic systems, they did not follow the liberal path towards complete private housing marketization. Instead, they created public housing sectors that support a larger portion of their populations than any other capitalist countries in the world, demonstrating that capitalist regimes, as well as socialist countries, can be housing welfare states. Like China's, their programs depend on state ownership of urban land.

#### ***6.3.1 Singapore***

Singapore suffered an acute housing shortage shortly after its self-governance in 1959, which led to the establishment of the Housing and Development Board (HDB) in February 1960. The ordinance that created the HDB, the Housing and Development Board Ordinance entrusted the agency with a wide range of responsibilities including the provision of public housing, a responsibility it retains to this day.

In 1966, Singapore enacted the *Land Acquisition Act*, giving the state and its agencies, including the HDB, significant power to acquire land. The law was notably broad, permitting the state to acquire land at below market prices “in any locality for any public, residential, commercial, or industrial purposes.”<sup>253</sup> The Act made the HDB the largest land acquisition agency in the country.

New owners of HDB flats receive a 99-year leasehold title when they purchase the units, but the government retains full ownership of the land and common areas within the housing estate. Though this leasehold title does not meet the conventional western definition of property rights, it confers *de facto* home ownership on the titleholder, giving lessees a true sense of ownership as well as the right to resell the unit under some restrictions. The Singaporean government has introduced and dutifully implemented a series of laws and regulations regarding HDB housing tenures and their transactions in the resale and rental market.<sup>254</sup>

While in a 2005 speech Singapore’s prime minister claims it tries to “avoid state welfare,” the country’s public sector has been a critical catalyst in urban housing and infrastructure development, as well as other areas of development.<sup>255</sup> Groves and

---

<sup>253</sup> *The Land Acquisition Act*, 1966, sec. 5(1).

<sup>254</sup> For details, see Phang (2007).

<sup>255</sup> See edited excerpts of Prime Minister and Finance Minister Lee Hsien Loong’s Budget Day speech: “Something for Everyone,” *The Straits Times (Singapore)*, February 19<sup>th</sup>, 2005.

colleagues (2007, pg. 31) describe Singapore's HDB housing system as "a publicly managed private sector." The key to the program has been state dominant ownership of land.

The 1966 Land Acquisition Act had detractors. Critics argued the provision permitting the state to acquire land for "public benefit" was susceptible to abuse, because it did not specify "public benefit." Other criticisms highlighted the fact that the state's obligation to pay market value taken at the date of proposed acquisition discounted potential land value escalation and therefore cheated private property owners.<sup>256</sup> In practice, the Singaporean government has acquired land sparingly and adopted very generous compensation formulae for relocation (Yeung, 1973). Nonetheless, this is an area for further research.

### **6.3.2 Hong Kong**

The Hong Kong government has been consistently promoting home-ownership since the mid 1970s through the Housing Authority's implementation of various schemes including the Home Ownership Scheme (HOS), the Private Sector Participation Scheme (PSPS), the Home Purchase Loan Scheme (now defunct), the Tenants Purchase Scheme, the Mortgage Subsidy Scheme (now defunct), and the Buy or Rent Option. It has thus far provided affordable housing to half of Hong Kong's population, in spite of the country's high-density environment. Like Singapore's, Hong Kong's public housing sector is a shining star in the capitalist world, and like Singapore's, it depends on state ownership of land. Hong Kong provides in-kind housing support in the form of public rental housing and built-for-sale subsidized housing schemes. It also provides monetary subsidies such

---

<sup>256</sup> *The Land Acquisition Act*, 1966, sec. 33(1)(a).

as interest free or low interest loans and rent allowance to incentivize purchases of both public sector housing and private sector units.<sup>257</sup>

A housing shortage in the early 1950s led to the creation of social housing in Hong Kong to provide basic housing solutions to low-income households. Since that time, Hong Kong has expanded social housing assistance to cover low- to middle-income households and the so-called Sandwich Class. As the housing shortage ended and private sector housing prices fell following the 1997 Asian financial crisis, a series of housing policies including a Comprehensive Means Test were implemented to induce better-off tenants of public rental housing to seek market-rate housing and ensure the admission of applicants who are in genuine need. All these measures have anchored the principle of using social housing assistance as a safety net in Hong Kong.

Policy makers in Hong Kong are keen to use housing schemes to assist eligible citizens to become homeowners.<sup>258</sup> To keep the homeownership rate high, resale restrictions have been in place for all public housing sale programs, despite the existence of an open and active second hand housing market.<sup>259</sup> The maintenance of high homeownership in the public housing sector not only provides incentives for the government and individuals to improve housing standards and quality maintenance, but also significantly reduces operation costs for the Housing Authority. For instance, the proceeds from selling HOS/PSPS flats made the Housing Authority financially sustainable and self-supporting until it was terminated in 2003.

---

<sup>257</sup> Rent allowances were terminated in early 2005 after a four-year study showed the cost of rent allowance was more than twice the cost of public rental housing (Lau, 2007, pg. 51).

<sup>258</sup> In the state-managed public housing sector, they either provide built-for-sales HOS/PSPS flats for sale at subsidized prices to low- and middle-income households, or offer substantial price discounts and credit arrangements such as the TPS to induce sitting tenants to buy their public rental flats. Subsidized loans provided through HPLS are supplementary choices for public housing applicants to opt for home purchasing from the private sector.

<sup>259</sup> See Lau (2007, pg.59 and pg.63) for details on Hong Kong social housing resale restrictions.

Land in Hong Kong is state property. Its land system is a legacy of British colonialism (Philling, 2011). London allowed the colonial authorities to self-finance by leasing land for terms of 75, 99, or 999 years.<sup>260</sup> Since the 1997 takeover, the Government of the Hong Kong Special Administration Region standardized the lease term to 50 years, except for new special purposes leases. Land leases are granted at a large lump-sum premium and subject to an annual rent of about 3 percent of the property value at the date of grant, with potential adjustment based on retable value changes thereafter. To modify the use of land, a grantee, such as real estate developer, must pay an upfront premium reflecting the land value difference before and after the modification. Land leases are transferable, and they are important commodities in the Hong Kong land market (Peng and Wheaton, 1994).

The system gives the Hong Kong government the ultimate authority over the use, development, and management of all of its land. It has tight control over land leases, and the uses allowed on leased land. Political considerations have exerted great influence on the Hong Kong government's land disposal decisions (Leung, 1986; Peng and Wheaton, 1994). As an essential component of the state-managed housing system in Hong Kong, land control has enabled the government to maintain a delicate balance between the public and private housing sector. It also provides a handsome portion of revenue for the government in the forms of land premiums, property rates, and real estate developers' business income taxes.<sup>261</sup>

---

<sup>260</sup> Lease terms were later modified to be 75 years in urban Hong Kong Island and Kowloon, and 99 years less three days from July 1<sup>st</sup>, 1898 in the New Territories and New Kowloon. See Lands Department of Hong Kong: *Land Tenure System and Land Policy in Hong Kong*, [www.landsd.gov.hk/en/service/landpolicy.htm](http://www.landsd.gov.hk/en/service/landpolicy.htm)

<sup>261</sup> According to Philling (2011), Civic Exchange, a local think-tank, estimates that land-related proceeds and taxes constitutes no less than 45 percent of the Hong Kong government's total revenue.

Even though the Hong Kong government has not taken an interventionist role in social housing assistance like that of the Singaporean government, its emphasis on home-ownership and public provision of housing welfare based on state ownership of land still puts Hong Kong into the housing welfare state category, though to a lesser degree than Singapore.

#### **6.4 Transferability**

This section aims to elucidate what determines whether a country might be a housing welfare state in the mode of China. As it will describe, the principle that political and economic factors jointly affect social policy design and implementation is generalizable to other countries, although the salience of specific factors will vary. Even within China, various factors may have different levels of impact in different municipalities at different times. For instance, the political ambition of Chongqing's leadership was especially influential in shaping the city's public housing sector. In other contexts, leadership idiosyncrasy may have minimal impact. As the subsections below describe, the theory employed in this dissertation relates most directly to states with similar land ownership and state-and-society structure.

##### **6.4.1 Land Ownership**

Land is an indispensable asset for the provision of public housing by the state. Without state ownership, high land costs hamper the development of social housing projects. Thus, countries without state ownership can hardly replicate the Chinese housing welfare state system.

Public housing in Taiwan illustrates the significance of this prerequisite. Similar to the situation in housing welfare states like China, Singapore, and Hong Kong,

homeownership rate in Taiwan is quite high. This high rate, however, primarily resulted from the dominance of housing built by the owners in the 1950s and early 1960s and continuous development of a vigorous private housing sector. While the Taiwanese government established a public housing program in 1976 (Tang, 2007), spending on it has been minimal, in sharp contrast to Taiwan's East Asian neighbors.

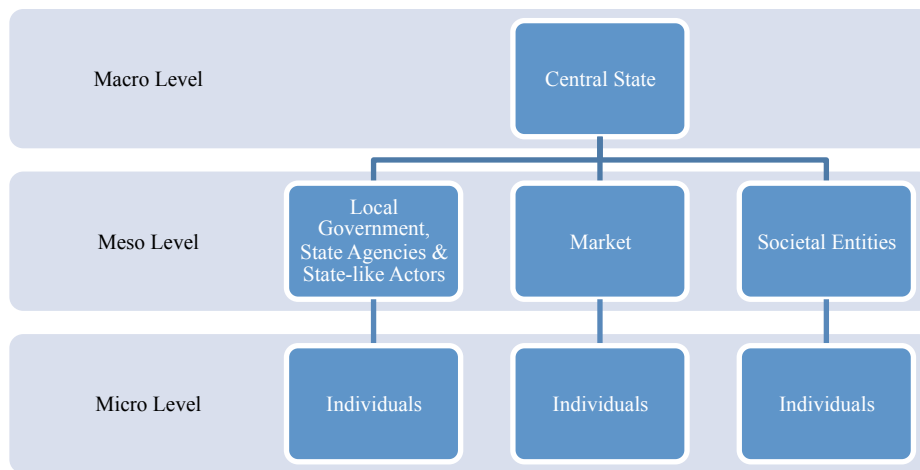
The primary factor that prevents Taiwan from becoming a housing welfare state is its private land ownership. The Nationalist Party (a.k.a., *Kuomintang*, KMT) implemented a three-staged land reform after it retreated from Mainland China in 1949. To gain support from the local peasants and to avoid Communist threat, the government divided agricultural land in Taiwan into small plots for distribution. In the following years, a large number of rural landholders not only became self-built homeowners, but also formed themselves into a powerful political lobby group. Their political potency strongly hindered the government from acquiring land even for public purposes. Thus, private land ownership and high homeownership through the private sector have formed a reinforcing circle that sustains and stabilizes a private unregulated housing system with minimal state involvement.

#### ***6.4.2 State-and-Society Structure***

State-and-society structure determines how a state will provide housing welfare, and whether its housing welfare state will resemble China's. There are at least four major models for state policies in terms of providing social housing (see Chart 6.1). Depending on varying capacities of different actors involved with social housing provision, different scenarios occur.

The model a government embraces for social housing provision may be decided by historical chance. The compatibility and sustainability of a particular model in a given society often require the alignment of many factors. Among the four options, both model 1 and model 4 can be possible paths towards the housing welfare state, despite that they entail different state systems, social structure, and consequential state-society interactions. While model 1 better fits the reality of small city-states, model 4 is more suitable for a state and society structure with multiple layers.

*Chart 6.1: Four Major Models of Social Housing Assistance*



**Model 1:** States that can bypass intermediaries and interact directly with individuals to provide housing assistance can use model 1. This usually happens in small city-states with a relatively flat social structure. If it possesses abundant land, fiscal, and administrative resources, this city-state can provide generous housing assistance. Singapore exemplifies this model.

**Model 2:** States that can interact with individuals via the venue of societal entities typically use model 2.<sup>262</sup> The interaction may lead to different outcomes, depending on the relative strength and capability of the state versus the society. If the state lacks necessary capacities while grass-roots societal forces are active but scattered, housing assistance often means the state turning a blind eye on informal housing, such as long-term squatting on public land. Occasionally, the state makes efforts to install and improve public facilities in these areas, especially during political campaigns and elections. Many Latin American countries have slums in which the state has made such an effort. When both the state and social forces are capable and their efforts are shared or coordinated, localized non-profit organizations often provide housing assistance, such as in many classic corporatist European welfare states. Churches or housing associations take an active role in the public housing sector. Model 2 involves housing assistance through social venues, though permitting squatting and occasionally providing public facilities is a less formal arrangement than housing assistance through non-profit organizations.

**Model 3:** The state can provide housing assistance to individuals through the market channel via monetary mechanisms such as subsidies to developers, homeowners, and tenants. This method places fewer demands on public fiscal expenditures, and thus becomes increasingly popular in periods of welfare state retrenchment. The United States exemplifies this route.

**Model 4:** The state can provide housing assistance to individuals through a vertically coordinated system involving local government, state agencies, and state-like

---

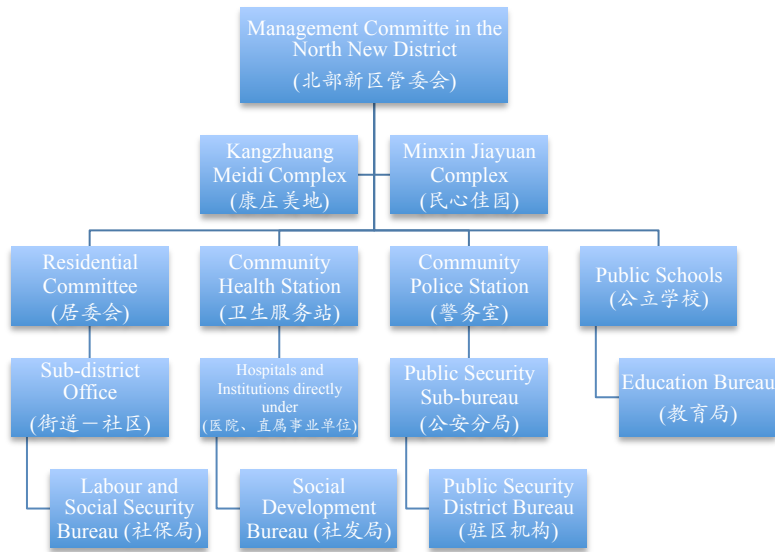
<sup>262</sup> To avoid confusion, the author refers to societal entities instead of societal organizations to describe those artifacts that are formed by individuals but extend beyond individual level. Also, societal entities may not necessarily be formalized. Such entities include families, non-profit organizations, and formally organized religious groups.

actors. The key to success in sustaining vertical cooperation between the state and individuals to secure housing welfare is the creation of communities of individuals who will receive housing benefits and the availability of vertically connected administrative organs. China's work unit housing in the past exemplified this model. It created close-knit communities where residents were also colleagues working in the same state-owned enterprises. Formal and informal rules stabilized these close-knit communities in resolving conflicts and achieving cooperation. Currently, residents in Chongqing's large-scale public rental housing complexes are forming a new kind of artificially constructed communities. Residential heterogeneity and lack of common identity, however, render them unlike the old work unit residential communities.

The Chongqing municipal government's current approach of community management in these newly formed public rental housing complexes illustrates the vertical cooperation between state and individuals. It required the subordinating district governments to set up district-level management committees to oversee the complexes in their respective jurisdictions, and to coordinate community-level posts providing various public services. These local posts include residential committee, community health station, community police station, and public schools, which are vertically responsible to superior organs at higher levels. For instance, residential committee is vertically integrated through the intermediate sub-district office, up to the district-level and municipal Labor and Social Security Bureau, and finally connected to assigned top leaders in the municipal government. Similar lines of vertical connection can be drawn for the other local posts.

Chart 6.2 shows the vertical nature of the community management structure in North New District (*beibu Xinqu*, 北部新区) of Chongqing Municipality.<sup>263</sup> Together, they form a vertical network to channel information about public rental housing communities between grassroots residents and top decision-makers.

Chart 6.2: Community Management in Chongqing's North New District



(Source: Media and Interview)

Residential surveys conducted in Chongqing's largest public rental housing complex, *Chengnan Jiayuan*, in 2013 revealed the actual performance of community management in this vertically managed state system. The author asked residents a series of questions about their contact frequency and trust level on related entities, and their satisfaction with various aspects of their residential community. The vertical corporatism structure and all the entities involved in this system supposedly work together to sustain the functionality of public rental housing communities from initial construction to daily

<sup>263</sup> Interview 23 in Appendix III.

management, given that not all entities have equal frequency of contact with residents in these communities (see Figure 6.1).

While residents showed little contact with relevant housing bureaus high up in the vertical chain, they did have more interaction with entities on the front line, such as the housing management center inside the complex, the residential committee, the sub-district office, and the complex management company. The involvement of media and social organizations in the public rental housing community was still limited, even though the government has been emphasizing the importance of utilizing social forces to enrich residents' social life. An official leading one management committee in Chongqing gave an example of hosting "The Youth League Sponsored Citizen School (共青团市民学校)" inside public rental housing communities.<sup>264</sup> The Citizen School relies on college volunteers to teach residents practical skills such as computer and Internet use, and English language and literacy.

Relatively frequent contact between public rental housing residents and community-level organizations supports the government. Forming a close relationship with residents at the grassroots level allows the government to gather information in a timely manner and act accordingly to provide desirable services. A byproduct of appropriate public services to address local concerns is enhanced social control and stability. The survey results, especially those indicating many residents had no contact with those entities (see Figure 6.1), conveyed that the government was not fully taking advantage of this opportunity.

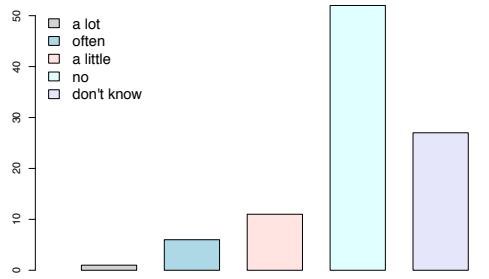
---

<sup>264</sup> Interview 23 in Appendix III.

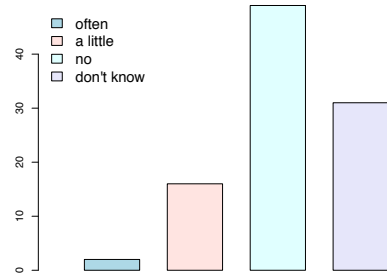
Despite their limited contact with relevant bureaus and organizations, evidence from the survey showed that residents of *Chengnan Jiayuan* generally trusted these entities (Figure 6.2). Trust, of course, maximizes the functionality of the current system to enhance the long-term performance of social housing provision. However, trust is easy to destroy but hard to rebuild. If the local government does not fulfill the promises it made to convince residents to move into these public rental housing complexes, it may be destroyed. Even though a majority of the interviewed residents expressed fair to mediocre satisfaction with the current conditions of their residing complex (see Figure 6.3),<sup>265</sup> their trust in the government's ability to provide continuous housing support may diminish and their decision to stay in the public rental housing sector may change if building quality and living deteriorate over time due to lack of investment. Survey data confirmed that, among those who showed hesitation when asked about future purchase decision, quality decay and a possible rise in the price cap were the biggest concerns.

---

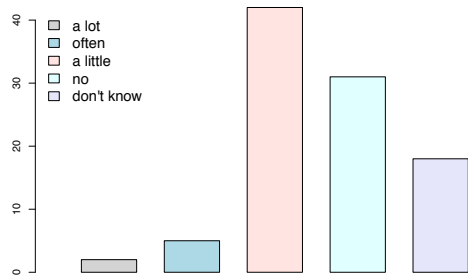
<sup>265</sup> Among all aspects of the public rental housing complex, the two items received the rating of “highly satisfied” were the complex’s internal environment and job opportunities nearby.



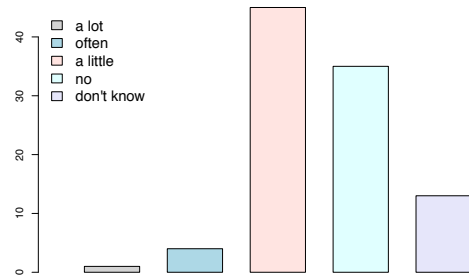
Contact Municipal Public Rental Housing Management Bureau



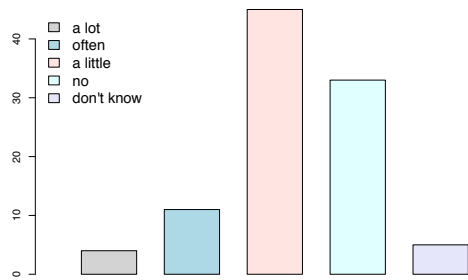
Contact District Housing Management Bureau



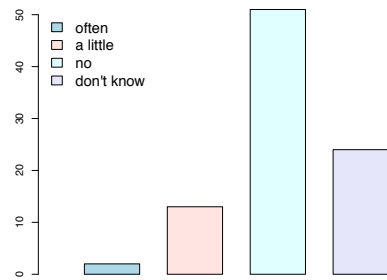
Contact Complex Housing Management Center



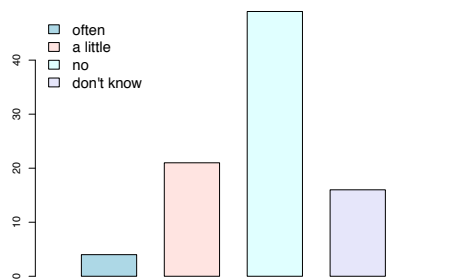
Contact Residential Committee or Sub-district Office



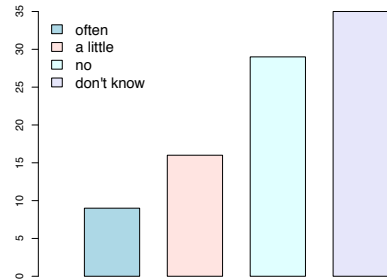
Contact Management Company



Contact Media



Contact Police



Contact Social Organizations

Figure 6.1: Chengnan Jiayuan Residential Survey: Contact Frequency with Related Entities

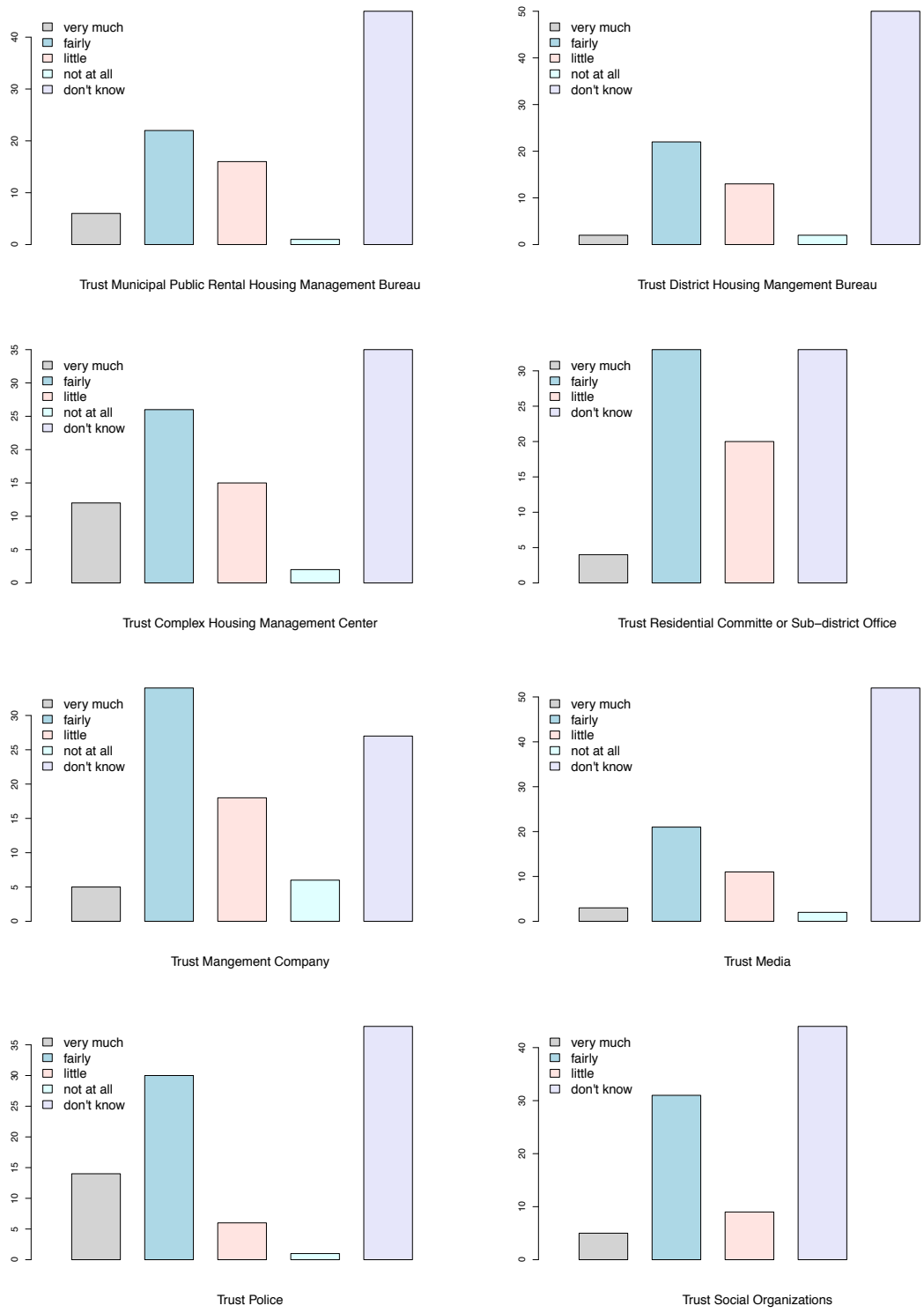


Figure 6.2: Chengnan Jiayuan Residential Survey: Levels of Trust on Related Entities

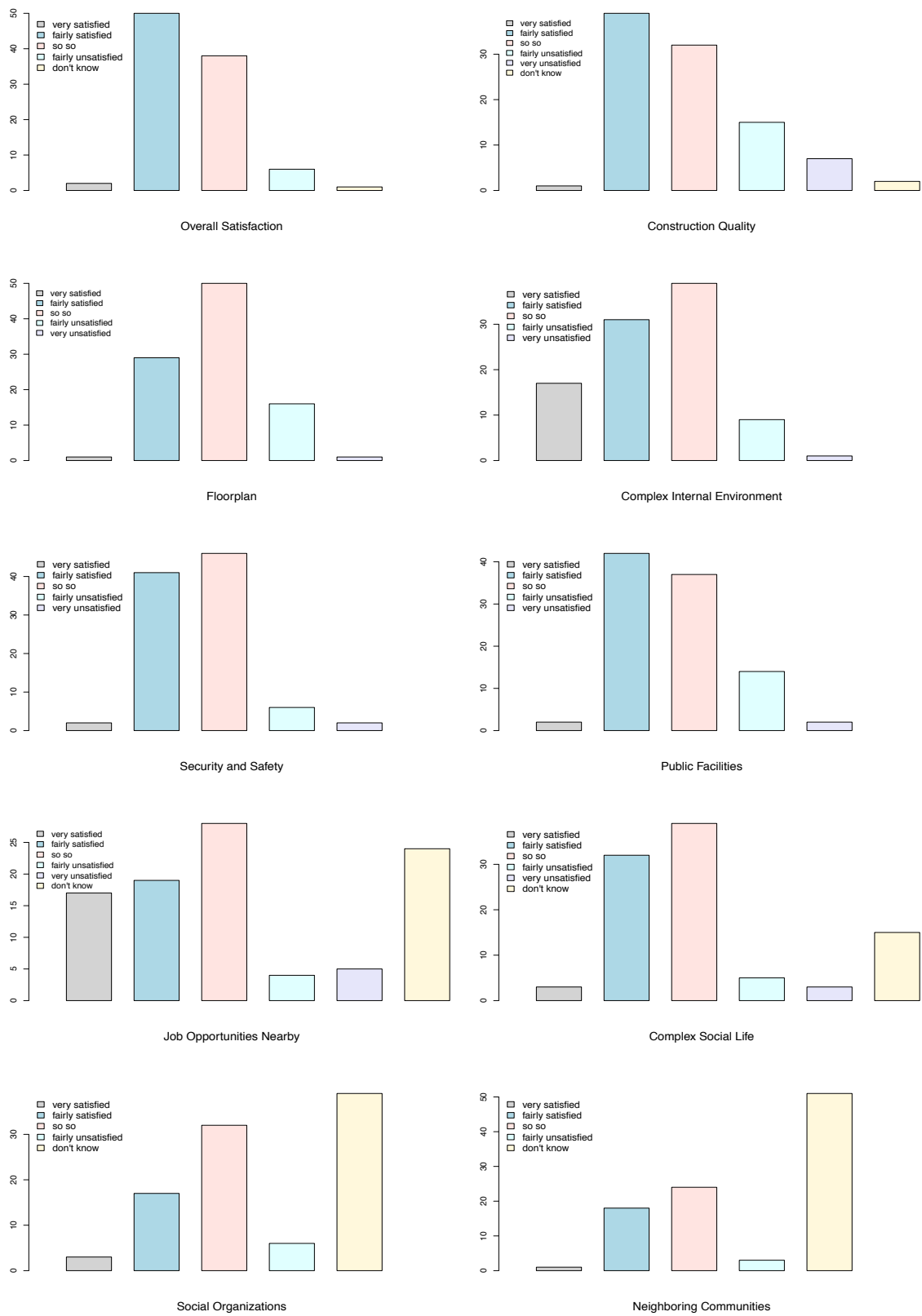


Figure 6.3: Chengnan Jiayuan Residential Survey: Satisfaction with Current Conditions

## **6.5 Reflection: State-provided Social Housing as Welfare or Something Else?**

Chongqing's public rental housing program exemplified the state-led approach of social housing provision. While individuals residing in these housing complexes would see state-provide housing assistance similar what they have as a type of social welfare goods, keen observers may view it as a perfect cover for rent-seeking activities that occur behind the scene. Major players involved in Chongqing's public rental housing are all state entities, from land banking agencies, to state-owned enterprises as developers and contractors, and to local bureaus that manage these projects; and this program is too big to fail. If rental and sales incomes from these complexes themselves were insufficient to repay commercial loans, the local government would tap into both tax and non-tax revenues and other financial sources to bail them out. In this sense, social housing provided by the state may be a remedy to market failure in providing affordable housing to the needy, but also creates an entry point of rent-seeking in particular and political failure in general.

Social housing provision, like other public goods and services, entails redistribution of income across different socio-economic groups. A related issue therefore is whether its provision will reduce inequality. For low-income households living in Chongqing's public rental housing complexes, especially these new rural migrants, discounted rental or sales prices would help them relocated scarce financial resources from housing to other productive areas and consequentially lift them out of poverty in the long-term. Income inequality can be reduced as a result of public housing provision to these from the lower ranks of the social ladder. If the recipients, however, fall into the middle

class, social housing may actually reinforce and even exacerbate existing inequalities. More investigation on whether state-provided social housing systematically benefit some groups over others would help understand if housing assistance is a policy tool towards welfare or a cover for rent-seeking and crony capitalism, or crony socialism.

As the Chongqing and Shanghai comparison highlights, local government's land control and supply more than any other factor determines the program a city can implement. State ownership of urban land on the scale of Chongqing is rare in other Chinese cities. While this dissertation discussed the positive relationship between land supply and social housing provision, its current scope of study limited thorough investigation on an important and highly relevant issue that to a large extent predetermines land supply—land acquisition, especially land taking in rural area and conversion into urban construction land. Sharp critics may point out the political and economic motivations of building public rental housing projects in conjunction with land taking. Local governments in China have been systematically revenue-starved since the 1994 Tax Sharing Reform, thus use right transfer fees of urban construction land provide them a significant source of non-tax revenues. The causality between land control and social housing could be a two-way one: stronger land control allows extensive public rental housing provision, and public rental housing development entails more land acquisition. A vast rural area gives Chongqing municipality a unique advantage in land acquisition that other cities in China do not enjoy. And the government's strategy of utilizing public rental housing to facilitate infrastructure development and increase the value of previously underdeveloped urban land nearby speaks to the validity of this claim.

In reflection, the theory proposed in this dissertation portrays Chinese local officials, under the parameters of a central-local interactive framework, providing social housing to meet targets set by the central government, to relate social housing programs with non-tax revenue generation, and to provide housing assistance as a means to attract desirable labor forces for the local economy. Moreover, the study of social housing provision in the two Chinese cases can lead discussion beyond housing assistance in the welfare literature to broader questions in political economy, including public goods and market failure, redistribution, rent-seeking, non-tax revenue generation, efficiency tradeoffs, local government's comparative advantage in land resources and lack of fiscal revenues, and insecure property rights. To probe these issue areas, it will be necessary to explore in greater depth the interactions of major players in the game and their interests. This dissertation has yet exhausted the potentials of research in state-provided social housing assistance in China and beyond.

## **6.6 Concluding Remarks**

Through careful study of contemporary China's housing welfare development, exemplified by the contrasting cases of Chongqing and Shanghai, this dissertation proposed a political and economical theory of social housing provision. "Always and everywhere, the fundamental constraints are political-economic. They rest on political arrangement of economic and political resources" (Levi, 1988, pg. 184). The essence of this theory will be useful for studying social housing welfare historically and comparatively.

The combined effects of several political and economical factors shape housing policy design and implementation to vary across time and place. The all-in-one public

rental housing arrangements in Chongqing showcase a state-led approach of social housing assistance, featuring large scale, generalized coverage, high state ownership, and simplified housing program. By contrast, the diversified social housing system in Shanghai exhibits a market-oriented, limited government approach of social housing welfare, with a modest scale of provision, tiered coverage, low state ownership, and multiple housing types. The causal factors responsible for their differences include, on the political side, local leaders' political motivation, cadres' advancement interests, and administrative structure; and, on the economical side, local economic structure and its labor market preferences. The most significant factor determining the social housing programs, however, is state ownership of urban construction land and the government's land control. By combining two dimensions into one model that heavily emphasizes activities on the subnational levels, this theory illuminates aspects of social housing provision that other researchers have discounted.

Other theoretical and empirical contributions in this dissertation are the creation of a new concept of the housing welfare state and the elaboration of its defining features in China and beyond. This conceptualization may provide a new way of thinking that transcends the current welfare regime typology and broadens our understanding of the social welfare state. A service-and-good based categorization may put some states closer than we may conventionally imagine.

This dissertation also gives clues that will enable researchers to gauge the overall sustainability of state-provided housing assistance. In both the political-economic theory of social housing provision and the conceptualization of housing welfare state, state ownership of urban land and its control of land supply have primary importance to the

success of social housing projects. Directly, state control of land supply reduces land acquisition costs and facilitates the construction of these projects by providing land as collateral for commercial loan obtainment. Indirectly, state control of land supply affects the capacity of local fiscal revenues and the perception of local officials' debt tolerance, both of which determine how much support the local government would give to these projects in the long run. Offering a home purchasing option in the public housing sector strengthens its sustainability, while restricting resale of social housing units within this sector guarantees its public purpose. There are tradeoffs. Survey results regarding future purchasing plans from one of the Chongqing public rental housing complexes suggest encouraging homeownership within the public housing sector may succeed in promoting stability and the financial sustainability of these projects (see Figure 4.2 in Chapter Four). Residential satisfaction with various aspects of this complex was also promising, especially given other complexes in Chongqing may offer more advantages (see Figure 6.3). The long-term validity of these satisfaction results, however, awaits future affirmation, as building quality and management may decay without proper stewardship.

Case studies in this dissertation draw from secondary sources but also add new material through personal interviews and household surveys. Assorted information from all cases contributed to illuminate the empirical facts. The process of collecting official data and government documents was quite strenuous in China because government officials are still very sensitive to the notion of information transparency. A remaining task for future research is to continue the Chongqing public rental housing household survey to create a longitudinal database.

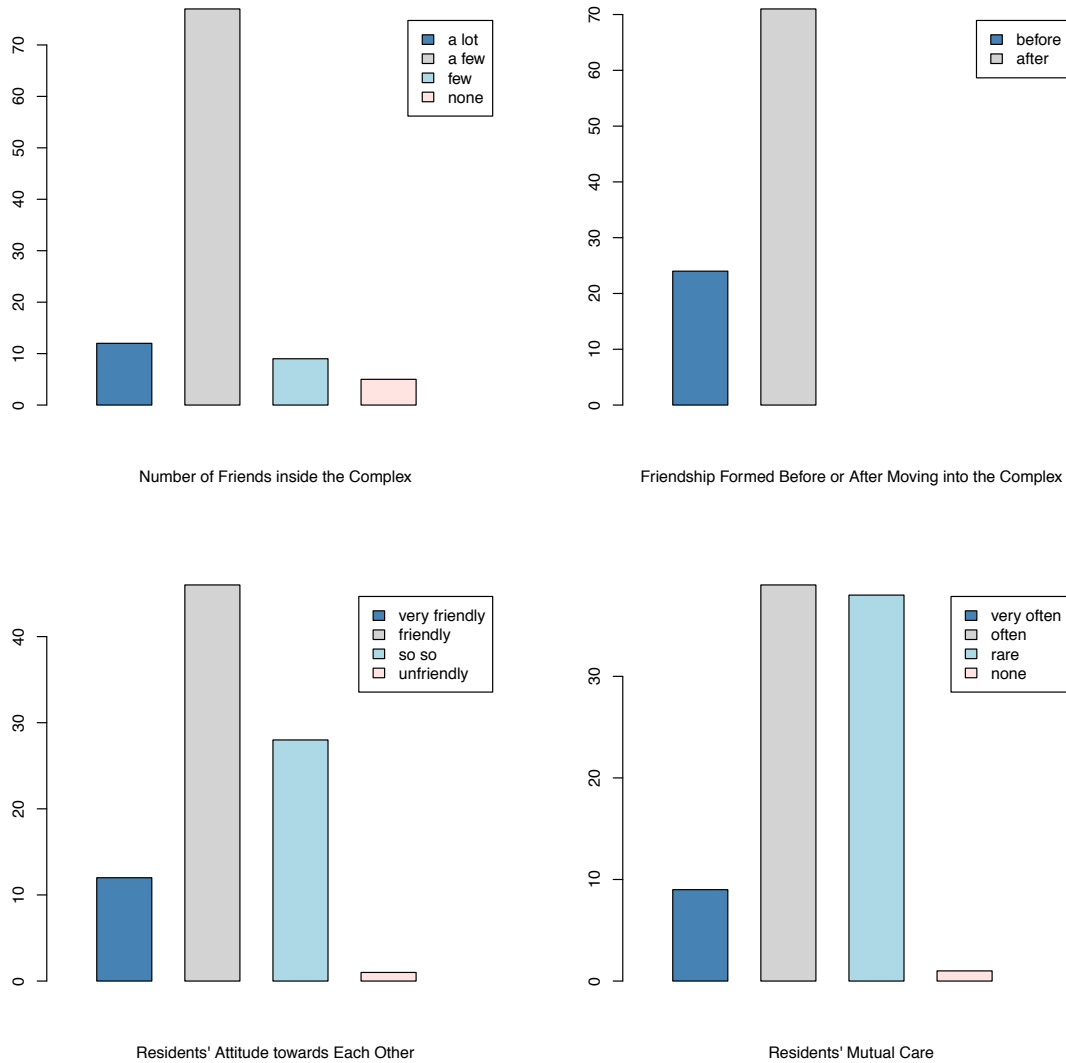


Figure 6.4: Chengnan Jiayuan Residential Survey: Residential Relationship

Intensive and long-term fieldwork from a sociological perspective would be illuminating to understand how interactive relationships form among former strangers with heterogeneous socio-economic backgrounds. In the 2013 *Chengnan Jiayuan* Residential Survey (Figure 6.4), while 12 percent of the respondents answering the question on the number of friends inside the complex believed they have “a lot (很多)” of friends, the vast majority (about 75 percent) thought they have only “a few (少数几个).”

However, 75 percent of respondents formed new friendships after they moved into this complex. The survey also asked two questions on residents' attitude towards each other and their perception of mutual care. The results render mixed pictures. Though the majority sensed "very friendly" (14 percent) and "friendly" (53 percent) attitude from other residents, there were still about 44 percent of respondents thought mutual care between residents was "rare (很少)". A slightly larger number of respondents (about 45 percent), however, indicated satisfaction from "often (较多)" mutual care. As interactions between residents increase throughout time, follow-up research would be helpful to reevaluate these relationships and other respects of community building in this and other public rental housing complexes in Chongqing.

In addition, conflicts could be common in these artificially formed large communities with high residency density.<sup>266</sup> It would be interesting to study how formal and informal rules evolve and function within these communities to resolve conflicts and facilitate cooperation among residents. In a time when the traditional state-and-society structure is fast changing in China, the trajectory of these communities deserves attention as areas for further research. The growing relationship between these communities and the governing local authorities is another important issue to be studied.

---

<sup>266</sup> *Chengnan Jiayuan* Residential Survey respondents pointed out issues such as trash collection, noise and pets as common triggers of conflicts between neighbors in the complex.

## Bibliography

- Alchian, Armen A. , and Harold Demsetz. 1973. The Property Right Paradigm *The Journal of Economic History* 33 (1):16-27.
- Bank, The World, and The People's Republic of China Development Research Center of the State Council. 2014. *Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization* Washington, DC.
- Barboza, David. 2009. Shanghai Buys Itself a Makeover Before a Fair. *The New York Times*, May 30, 2009.
- Barlow, James, and Simon Duncan. 1994. *Success and Failure in Housing Provision: European Systems Compared*. Oxford: Pergamon Press.
- Bates, Robert H. 1981. *Markets and States in Tropical Africa: the Political Basis of Agricultural Policies*. Berkeley, CA: University of California Press.
- Becker, Lawrence C. 1977. *Property Rights: Philosophic Foundations*. London: Routledge and Kegan Paul Ltd. .
- Bian, Yanjie. 1994. *Work and Inequality in Urban China*. Albany, NY: State University of New York Press.
- Bian, Yanjie, John R. Logan, H. Lu, Y. Pan, and Y. Guan. 1997. "Working Units" and the Commodification of Housing: Observations on the Transition to a Market Economy with Chinese Characteristics *Social Science in China* 18 (4):28-35.
- Blecher, Marc, and Vivienne Shue. 2001. Into Leather: State-led Development and the Private Sector in Xinji. *The China Quarterly* 166:368-393.
- Boelhouwer, Peter, and Harry van der Heijden. 1992. *Housing Systems in Europe, Part I: A Comparative Study of Housing Policy* Delft: Delft University Press.
- Boone, Catherine. 1990. The Making of a Rentier Class: Wealth Accumulation and Political Control in Senegal. *Journal of Development Studies* 26 (3):425-449.
- Brooks, Sarah. 2009. *Social Protection and the Market: the Transformation of Social Security Institutions in Latin America*. Cambridge: Cambridge University Press.
- Brown, David S. . 2004. Democracy and Gender Inequality in Education: A Cross-National Examination *British Journal of Political Science* 34 (1):137-152.
- Bueno de Mesquita, Bruce, Alastair Smith, Randolph M. Siverson, and James D. Morrow. 2003. *The Logic of Political Survival* Cambridge, Mass.: MIT Press.
- Cai, Fang, and Dewen Wang. 2008. Impacts of Internal Migration on Economic Growth and Urban Development in China In *Migration and Development Within and Across Borders: Research and Policy Perspectives on Internal and International Migration* edited by J. DeWind and J. Holdaway. New York: International Organization for Migration and The Social Science Research Council.
- Cai, Fang, Dewen Wang, and Yang Du. 2002. Regional Disparity and Economic Growth in China: The Impact of Labour Market Distortions. *China Economic Review* 13:197-212.

- Cai, Yongshun. 2006. *State and Laid-Off Workers in Reform China: The Silence and Collective Action of the Retrenched*. New York, NY: Routledge.
- Cameron, David. 1978. The Expansion of the Public Economy: A Comparative Analysis. *American Political Science Review* 72 (4):1243-1261.
- Carlsnaes, Walter. 1992. The Agency-Structure Problem in Foreign Policy Analysis. *International Studies Quarterly* 36 (3):245-270.
- Cawson, Alan. 1986. *Corporatism and Political Theory*. London: Blackwell.
- Chan, Kam Wing. 2009. The Chinese Hukou System at 50. *Eurasian Geography and Economics* 50 (2):197-221.
- Chan, Kam Wing. 2010. The Glocal Financial Crisis and Migrant Workers in China: "There is No Future as a Labourer; Returning to the Village has No Meaning". *International Journal of Urban and Regional Research* 34 (2):659-77.
- Chan, Kam Wing, and Will Buckingham. 2008. Is China Abolishing the Hukou System. *The China Quarterly* 195:582-606.
- Chen, Lydia. 2011. City's Record-breaking Expo Turns in A Profit. *Shanghai Daily*, October 1, 2011.
- Child, John. 1972. Organizational Structure, Environment and Performance: The Role of Strategic Choice. *Sociology* 6 (1):1-22.
- Chung, Him. 2007. The Change in China's State Governance and its Effects upon Urban Scale. *Environment and Planning* 39 (4):789-809.
- Claeys, Eric R. . 2011. Bundle-of-Sticks Notions in Legal and Economic Scholarship. *Econ Journal Watch* 8 (3):205-214.
- Clark, John Maurice. 1939. *Social Control of Business*. New York: McGraw-Hill Company.
- Coase, Ronald H. . 1960. The Problem of Social Cost. *Journal of Law and Economics* 3:1-44.
- Commons, John Rogers. 1893. *The Distribution of Wealth*. London: Macmillan and Co. .
- Cook, Linda J. 2007. *Post-Communist Welfare States: Reform Politics in Russia and Eastern Europe*. Ithaca, NY: Cornell University Press.
- Day, Lincoln H. , and Xia Ma. 1994. *Migration and Urbanization in China*. Armonk, NY: M.E. Sharpe.
- Desmond, Matthew. 2016. *Evicted: Poverty and Profit in the American City*. New York: Crown Publishers.
- di Robilant, Anna. 2013. Property: A Bundle of Sticks or A Tree? . *Vanderbilt Law Review* 66 (3):869-932.
- Dickson, Bruce J. 2000. Cooptation and Corporatism in China: The Logic of Party Adaptation. *Political Science Quarterly* 115 (4):517-540.
- Doling, John. 1997. *Comparative Housing Policy: Government and HOusing in Advanced Capitalist Countries*. London: Macmillan

- Doling, John. 1999. Housing Policies and the Little Tigers: How do They Compare with Other Industrialized Countries? *Housing Studies* 14 (2):229-250.
- Donnison, David Vernon. 1967. *The Government of Housing*. Harmondsworth: Penguin.
- Dorn, Volker. 1997. Changes in the Social Rented Sector in Germany. *Housing Studies* 12 (4):463-475.
- Duckett, Jane. 2003. Bureaucratic Institutions and Interests in the Making of China's Social Policy. *Public Administration Quarterly* 27 (2):210-237.
- Edin, Maria. 2003. State Capacity and Local Agent Control in China: CCP Cadre Management from a Township Perspective. *China Quarterly* 173:35-52.
- Ely, Richard T. . 1899. Political Economy. In *Political Economy, Political Science and Sociology*, edited by R. T. Ely. Chicago: University Association.
- Esping-Andersen, Gøsta. 1990. *The Three Worlds of Welfare Capitalism* Princeton, N.J.: Princeton University Press.
- Europe, United Nations Economic Commission for. 1966. *Major Long-term Problems of Government Housing and Related Policies* New York: United Nations.
- Fan, Chuangui. 2013. Chain of Corruption Exposed in Economical Housing *Legal Daily*, January 15th, 2013.
- Fei, Xiaotong. 1992. *From the Soil: the Foundations of Chinese Society*. Translated by G. G. Hamilton and W. Zheng. Berkeley, CA: University of California Press.
- Forrat, Natalia. 2012. The Authoritarian Welfare State: a Marginalized Concept. In *Comparative-Historical Social Science Working Paper Series*: Northwestern University.
- Frazier, Mark. 2010. *Socialist Insecurity: Pensions and the Politics of Uneven Development in China*. Ithaca and London Cornell University Press.
- Fredrickson, James W. 1986. The Strategic Decision Process and Organizational Structure. *The Academy of Management Review* 11 (2):280-297.
- Gallagher, Mary, and Jonathan K. Hanson. 2009. Coalitions, Carrots and Sticks: Economic Inequality and Authoritarian States. *PS: Political Science and Politics* 42 (4):667-672.
- Gallagher, Mary E. 2004. China: The Limits of Civil Society in a Late Leninist State. In *Civil Society and Political Change in Asia: Expanding and Contracting Democratic Space*, edited by M. Alagappa: Stanford University Press.
- Gandhi, Jennifer. 2008. *Political Institutions under Dictatorship*. New York: Cambridge University Press.
- Garrett, Geoffrey. 1998. *Partisan Politics in the Global Economy*. New York Cambridge University Press.
- Ginsburg, Norman. 1979. *Class, Capital and Social Policy*. London: MacMillan.
- Glennerster, Howard, and John Hills, eds. 1997. *The State of Welfare: The Economics of Social Spending*. Second Revised Edition ed. London: Oxford University Press.

- Goldstone, Jack A. , and Charles Tilly. 2001. Threat (and Opportunity): Popular Action and State Response in the Dynamics of Contentious Action. In *Silence and Voice in the Study of Contentious Politics*, edited by R. R. Aminzade, J. A. Goldstone, D. McAdam, E. J. Perry, J. William H. Sewell, S. Tarrow and C. Tilly. New York, NY: Cambridge University Press.
- Gong, Yue Ray. 2013. Manufacturing Towns in China: Governance, Space, and Conveyance of Rural Migrants to the Assembly Line. Doctoral Dissertation Urban Design and Planning University of Washington Seattle
- Gough, Ian. 1979. *The Political Economy of the Welfare State*. London: MacMillan.
- Gough, Ian. 2001. Globalization and Regional Welfare Regimes: The East Asian Case. *Global Social Policy* 1 (2):163-89.
- Groves, Richard, Alan Murie, and Christopher Watson, eds. 2007. *Housing and the New Welfare State: Perspectives from East Asia and Europe*. Hampshire, England: Ashgate Publishing Company.
- Groves, Richard, Alan Murie, and Christopher Watson. 2007. From Tenants to Home-Owners: Change in the Old Welfare States. In *Housing and the New Welfare State: Perspectives from East Asian and Europe*, edited by R. Groves, A. Murie and C. Watson. Hampshire, England: Ashgate Publishing Company.
- Guo, Gang. 2007. Retrospective Economic Accountability under Authoritarianism: Evidence from China. *Political Science Quarterly* 60:378-90.
- Haber, Stephen. 2007. Authoritarian Government. In *The Oxford Handbook of Political Economy*, edited by B. R. Weingast and D. A. Wittman. New York: Oxford University Press.
- Hacker, Jacob. 2005. Policy Drift: the Hidden Politics of US Welfare State Retrenchment. In *Beyond Continuity: Institutional Change in Advanced Political Economies*, edited by W. Streeck and K. Thelen: Oxford University Press.
- Haggard, Stephan, and Robert Kaufman. 2008. *Development, Democracy, and Welfare States: Latin America, East Asia, and Eastern Europe*: Princeton University Press.
- Hall, Peter, and David Soskice, eds. 2001 *Varieties of Capitalism: the Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press.
- Harloe, Michael. 1995. *The People's Home?: Social Rented Housing in Europe and America*. Oxford, UK: Blackwell.
- Heclo, Hugh. 1974. *Modern Social Politics in Britain and Sweden: From Relief to Income Maintenance*. New Haven: Yale University Press.
- Heclo, Hugh. 1981. Toward A New Welfare State. In *The Development of Welfare States in Europe and America*, edited by P. Flora and A. J. Heidenheimer. New Brunswick: Transaction Books.
- Hicken, Allen. 2011. Clientelism. *Annual Review of Political Science* 14:289-310.
- Hill, J Michael. 2000. *Understanding Social Policy*. 6th ed. Oxford: Blackwell.

- Hohfeld, Wesley N. . 1913. Some Fundamental Legal Conceptions as Applied in Judicial Reasoning. *Yale Law Journal* 23 (1):16-59.
- Hohfeld, Wesley N. 1917. Fundamental Legal Conceptions as Applied in Judicial Reasoning. *Yale Law Journal* 26 (8):710-770.
- Holliday, Ian. 2000. Productivist Welfare Capitalism: Social Policy in East Asia. *Political Studies* 48:706-23.
- Honoré, Anthony M. 1961. Ownership. In *Oxford Essays in Jurisprudence*, edited by A. G. Guest. London and New York: Oxford University Press.
- Howell, Jude. 1994. Refashioning State-Society Relations in China. *The European Journal of Development Research* 6 (1):197-215.
- Hsu, Jennifer Y. J., and Reza Hasmath, eds. 2012. *The Chinese Corporatist State: Adaption, Survival and Resistance, Routledge Contemporary China Series*. New York, NY: Routledge.
- Hu, Jian, and Yue Zong. 2011. Guangdong Provincial Communist Party Secretary Wang Yang: People's Livelihood Problems Cannot Be Solved in Campaign Style. *Guangzhou Daily*, October 11th, 2011.
- Huang, Qifan. 2011. How Can Chongqing Government Balance Finance for Public Rental Housing Construction. *Qiushi Journal*
- Huang, Youqin, and William A. V. Clark. 2002. Housing Tenure Choice in Transitional Urban China: A Multilevel Analysis. *Urban Studies* 39 (1):7-32.
- Huang, Youqin, and F. Frederic Deng. 2006. Residential Mobility in Chinese Cities: A Longitudinal Analysis. *Housing Studies* 21 (5):625-652.
- Huber, Evelyne, Charles Ragin, and John D. Stephens. 1993. Social Democracy, Christian Democracy, Constitutional Structure, and the Welfare State. *The American Journal of Sociology* 99 (3):711-749.
- Huber, Evelyne, and John D. Stephens. 2001. *Development and Crisis of the Welfare State: Parties and Policies in Global Markets*. Chicago and London The University of Chicago Press.
- Hurst, William. 2009. *The Chinese Worker after Socialism*. Cambridge; New York: Cambridge University Press.
- Iversen, Torben, Jonas Pontusson, and David Soskice. 2000. *Unions, Employers, and Central Banks: Macroeconomic Coordination and Institutional Change in Social Market Economies*. Cambridge, UK: Cambridge University Press.
- Jiao, Jian. 2015. Guangzhou Relaunching Rural Collective Land Marketization. *Caijing Magazine*, August 7th, 2015.
- Jin, Zhigang. 2013. Shanghai Further Relaxing Public Rental Housing Application Requirements *Xinmin Evening News*, April 24th, 2013.
- Katzenstein, Peter J. 1985. *Small States in the World Markets: Industrial Policy in Europe*.

- Ithaca, NY: Cornell University Press.
- Kemeny, Jim. 1981. *The Myth of Home-ownership: Public versus Private Choices in Housing Tenure*. London: Routledge.
- Klein, Daniel B. , and John RObinson. 2011. Property: A Bundle of Rights? Prologue to the Property Symposium *Econ Journal Watch* 8 (3):193-204.
- Kricheli, Ruth, and Yair Livne. 2009. Mass Revolution vs. Elite Coups. In *2009 APSA Annual Meeting*. Toronto.
- Krug, Barbara, and Hans Hendrichske. 2008. Framing China: Transformation and Insitutional Change through Co-evolution. *Management and Organization Review* 4 (1):81-108.
- Kwon, Huck-Ju. 1997. Beyond European Welfare Regimes: Comparative Perspectives on East Asian Welfare Systems. *Journal of Social Policy* 26:467-84.
- La Grange, Adrienne, and Betty Yung. 2001. Aging in a Tiger Welfare Regime: The Single Elderly in Hong Kong. *Journal of Cross-Cultural Gerontology* 16:257-81.
- Lake, David A, and Matthew A Baum. 2001. The Invisible Hand of Democracy: Political Control and the Provision of Public Services *Comparative Political Studies* 34 (6):587-621.
- Lammie, David. 2009. Pillar of the West: A Leader in China's Western Development Faces Tough Challenges. *China Business Review* January 1, 2009.
- Lampton, David M. 1992. A Plum for a Peach: Bargaining, Interest, and Bureaucratic Politics in China. In *Bureaucracy, Politics, and Decision Making in Post-Mao China*, edited by K. Liebenthal and D. M. Lampton. Berkeley, CA: University of California Press.
- Landry, Pierre F. . 2008. *Decentralized Authoritarianism in China: The Communist Party's Control of Local Elites in the Post-Mao Era*. Cambridge: Combridge University Press.
- Landry, Pierre F., Xiaobo Lü, and Haiyan Duan. 2015. Does Performance Matter? Evaluating Political Selection along the Chinese Administrative Ladder (Work in Progress).
- Lardy, Nicholas R. 1998. *China's Unfinished Economic Revolution*. Washington, DC: Brookings Institution.
- Lau, Kwok-yu. 2007. The State-managed Housing System in Hong Kong. In *Housing and the New Welfare State: Perspectives from East Asia and Europe*, edited by R. Groves, A. Murie and C. Watson. Hampshire, England: Ashgate Publishing Company.
- Lees, Francis A. . 1997. *China Superpower: Requisites for High Growth* New York: St. Martin's Press.
- Leung, C. W. . 1986. The Land Tenure System. In *Hong Kong in Transition* edited by J. Y. S. Cheng. Hong Kong Oxford University Press.
- Levi, Margaret. 1988. *Of Rule and Revenue*. Berkeley and Los Angeles, California University of California Press.
- Li, Cheng. 2009. China's Team of Rivals. *Foreign Policy*, October 1, 2009.

- Li, Huayou. 2014. 11 Public Rental Housing Complexes Will Uniformly Construct Commercial Streets *Chongqing Economic Times*, February 21st, 2014.
- Li, Hongbin, and Li-An Zhou. 2005. Political Turnover and Economic Performance: The Incentive Role of Personnel Control in China. *Journal of Public Economics* 89 (9/10):1743-62.
- Li, Xiuzhong. 2015. Mayor Huang Qifan Explains the Value of Chongqing's Economic Structure. *China Business News*, August 31st, 2015.
- Liebenthal, Kenneth. 1997. China's Governing System and its Impact on Environmental Policy Implementation. In *China Environment Series* Washington, D.C.: Woodrow Wilson International Centre for Scholars.
- Liebenthal, Kenneth, and Michel Oksenberg. 1988. *Policy Making in China: Leaders, Structures, and Processes* Princeton: Princeton University Press.
- Lim, Benjamin Kang. 2007. China Princeling Emerges from Defection Scandal. *Reuters*, June 19th, 2007.
- Liu, Jiang, and Xuzhong Xu. 2010. Analyzing Chongqing's Constructing Large-scale Public Rental Housing and Promoting A Two-track Housing System *Xinhua News Agency*, December 15th, 2010.
- Loeb, Ketty A. . 2014. China's New Social Governance Political Science University of Washington, Seattle
- Luk, Lorraine, and Chun Han Wong. 2014. Foxconn Workers Walk Off Job at Chinese Plant. *The Wall Street Journal* October 9th, 2014.
- Luo, Danglun, Guoman She, and Jie Chen. 2015. A New Re-examination of the Relationship between Economic Performance and Local Leaders' Promotion: New Theory and New Evidence from City-level Data *China Economic Quarterly* 14 (3):1145-1172.
- Malpass, Peter. 2001. The Uneven Development of "Social Rented Housing": Explaining the Historically Marginal Position of Housing Associations in Britain. *Housing Studies* 16 (2):225-242.
- Malpass, Peter. 2003. The Wobbly Pillar? Housing and the British Postwar Welfare State. *Journal of Social Policy* 32 (4):589-606.
- Malpass, Peter. 2005. *Housing and the Welfare State: The Development of Housing Policy in Britain* Basingstoke: Palgrave MacMillan.
- Malpass, Peter. 2008. Housing and the New Welfare State: Wobbly Pillar or Cornerstone? *Housing Studies* 23 (1):1-19.
- Manion, Melanie. 1985. The Cadre Management System, Post-Mao: The Appointment, Promotion, Transfer and Removal of Party and State Leaders. *The China Quarterly* 102:202-233.
- Mares, Isabela. 2003. *The Politics of Social Risk: Business and Welfare State Development*. Cambridge: Cambridge University Press.

- Mares, Isabela, and Matthew E. Carnes. 2009. Social Policy in Developing Countries. *Annual Review of Political Science* 12:93-113.
- Marshall, Tomas Humphrey. 1950. *Citizenship and Social Class*. Cambridge: Cambridge University Press.
- McCubbins, Matthew D. , Roger G. Noll, and Barry R. Weingast. 1989. Structure and Process, Politics and Policy: Administrative Arrangements and The Political Control of Agencies. *Virginia Law Review* 75:431-482.
- McGuire, Chester C. 1981. *International Housing Policies: A Comparative Analysis*. Lexington, MA: Lexington Books.
- Merrill, Thomas W. , and Henry E. Smith. 2001. What Happened to Property in Law and Economics. *Yale Law Journal* 111 (2):357-398.
- Merryman, John Henry. 1974. Ownership and Estate *Tulane Law Review* 48:916-945.
- Migdal, Joel S. 1988. *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World*. Princeton, N.J.: Princeton University Press.
- Migdal, Joel S. 2001. *State in Society: Studying How States and Societies Transform and Constitute One Another*. Cambridge; New York: Cambridge University Press.
- Molina, Oscar, and Martin Rhodes. 2002. Corporatism: The Past, Present, and Future of a Concept. *Annual Review of Political Science* 5:305-331.
- Montinola, Gabriella, Yingyi Qian, and Barry R. Weingast. 1995. Federalism, Chinese Style: The Political Basis for Economic Success in China. *World Politics* 48 (1):50-81.
- Munzer, Stephen R. 1990. *A Theory of Property*. New York: Cambridge University Press.
- Nee, Victor, and Peng Lian. 1994. Sleeping with the Enemy: A Dynamic Model of Declining Political Commitment in State Socialism. *Theory and Society* 23 (2):253-296.
- Nielson, Daniel L., and Michael J. Tierney. 2003. Delegation to International Organizations: Agency Theory and World Bank Environmental Reform. *International Organization* 57 (Spring):241-276.
- O'Brien, Kevin J. , and Lianjiang Li. 1999. Selective Policy Implementation in Rural China. *Comparative Politics* 31 (2):167-86.
- Olson, Mancur. 1965. *The Logic of Collective Action*. Cambridge, Mass: Harvard University Press.
- Park, Kyunghye. 2015. Shanghai Widens Lead Over Singapore as Busiest Box Port. *Bloomberg*, January 18th, 2015.
- Peng, Ruijue, and William C. Wheaton. 1994. Effects of Restrictive Land Supply on Housing in Hong Kong: An Econometric Analysis *Journal of Housing Research* 5 (2):263-291.
- Phang, Sock-Yong. 2007. The Singapore Model of Housing and the Welfare State. In *Housing and the New Welfare State: Perspectives from East Asia and Europe*, edited by R. Groves, A. Murie and C. Watson. Hampshire, England: Ashgate Publishing Company.

- Pilling, David. 2011. Hong Kong's Land System that Time Forgot. *Financial Times*, March 9, 2011.
- Pils, Eva. 2014. Contending Conceptions of Ownership in Urbanizing China. In *Resolving Land Disputes in East Asia: Exploring the Limits of Law*, edited by H. Fu and J. Gillespie. Cambridge, England: Cambridge University Press.
- Priemus, Hugo, and Frans Dieleman. 1997. Social Rented Housing: Recent Changes in Western Europe - Introduction *Housing Studies* 12 (4):421-425.
- Przeworski, Adam, Michael E. Alvarez, Jose Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990*. Cambridge: Cambridge University Press.
- Robinson, James A. 2003. Politician-Proof Policy? . Washington D.C.: World Bank.
- Rudra, Nita. 2002. Globalization and the Decline of the Welfare State in Less-Developed Countries. *International Organization* 56 (2):411-445.
- Rudra, Nita. 2007. Welfare States in Developing Countries: Unique or Universal? *The Journal of Politics* 69 (2):378-396.
- Rudra, Nita. 2008. *Globalization and the Race to the Bottom in Developing Countries*. Cambridge: Cambridge University Press.
- Schmitter, Philippe C. 1974. Still the Century of Corporatism? . *The Review of Politics* 36 (1: The New Corporatism: Social and Political Structures in the Iberian World):85-131.
- Shang, Yu. 2007. Wang Yang and Others Visiting Low-income Households Moving into Low-Rent Housing in Chongqing's Dadukou. *Chongqing Daily*, June 15th, 2007.
- Shefter, Martin. 1977. Party and Patronage: Germany, England, and Italy *Politics and Society* 7 (4):403-451.
- Shih, Victor. 2004. Factions Matter: Personal Networks and the Distribution of Bank Loans in China. *Journal of Contemporary China* 13 (38):3-19.
- Shih, Victor, Christopher Adolph, and Mingxing Liu. 2012. Getting Ahead in the Communist Party: Explaining the Advancement of Central Committee Members in China. *American Political Science Review* 106 (1):166-187.
- Shirk, Susan. 1992. The Chinese Political System and the Political Strategy of Economic Reform. In *Bureaucracy, Politics, and Decision Making in Post-Mao China*, edited by K. Liebenthal and D. M. Lampton. Berkeley, CA: University of California Press.
- Shirk, Susan. 1993. *The Political Logic of Economic Reform in China*. Berkeley and Los Angeles University of California Press.
- Si, Yu'ning. 2007. Shanghai Launched Anti-Corruption Campaign in Real Estate Sector, Focusing on Three Types of Criminal Cases *21st Century Business Herald*, May 20th, 2007.
- Smith, Jacqueline, and Michael Oxley. 1997. Housing Investment and Social Housing: European Comparisons. *Housing Studies* 12 (4):489-507.

- Snyder, Richard. 1992. Explaining Transitions from Neopatrimonial Dictatorships. *Comparative Politics* 24 (4):379-399.
- Solinger, Dorothy. 1992. Urban Entrepreneurs and the State: The Merger of State and Society In *State and Society in China: The Consequences of Reform* edited by A. L. Rosenbaum. Boulder, Colorado: Westview.
- Solinger, Dorothy, and Ting Jiang. 2013. Who Deserves to Be Minimally Alive in China's Cities? Urban Decisions on the Dibao. In *2013 APSA Annual Meeting*. Chicago.
- Solinger, Dorothy J., and Yiyang Hu. 2012. Welfare, Wealth and Poverty in Urban China: The Dibao and Its Differential Disbursement. *The China Quarterly* 211:741-764.
- Sommerville, P, and C. Chan. 2001. Human Dignity and the "Third Way": The Case of Housing Policy. In *British Housing Studies Association Autumn Conference on "Housing Imaginations: New Concepts, New Theories, New Researchers"*. Cardiff.
- Song, Weitao. 2014. Fudan University: Coordination from Multiple Partners to Secure Housing Welfare for University Talents. *China Education Press Newspaper*, April 15th, 2014.
- Stokes, Susan Carol. 2007. Political Clientelism In *The Oxford Handbook of Comparative Politics*, edited by C. Boix and S. C. Stokes. New York: Oxford University Press.
- Sun, Xiaojing. 2012. Rural Collectives Piloting Public Rental Housing *People's Daily*, January 12th, 2012.
- Sun, Zhongju. 2006. Shanghai Housing Market After Macro-Regulation and Control *Pujiang Zongheng*
- Swenson, Peter. 1991. Bringing Capital back in, or Social Democracy Reconsidered: Employer Power, Cross-class Alliances, and Centralization of Industrial Relations in Denmark and Sweden *World Politics* 43 (4):513-545.
- Swenson, Peter. 2002. *Capitalists against Markets: the Making of Labor Markets and Welfare States in the United States and Sweden*. Oxford: Oxford University Press.
- Tan, Augustine H. H. , and Phang Sock-Yong. 1991. *The Singapore Experience in Public Housing*. Singapore: Times Academic Press.
- Tang, Pui Yee Connie. 2007. Taiwan's Housing Policy in the Context of East Asian Welfare Models. In *Housing and the New Welfare State: Perspectives from East Asia and Europe*, edited by R. Groves, A. Murie and C. Watson. Hampshire, England: Ashgate Publishing Company.
- Tao, Chunmiao. 2003. Legislation in Chongqing: Land and Housing Registration Documents Merged into One. *21st Century Business Herald*, December 27th, 2003.
- Terry, Henry T. . 1903. Legal Duties and Rights. *Yale Law Journal* 12 (4):185-213.
- Timmins, Nicholas. 1995. *The Five Giants: A Biography of the Welfare State*. London: HarperCollins.
- Torgersen, Ulf. 1987. Housing: the Wobbly Pillar under the Welfare State. *Scandinavian Housing and Planning Research* 4 (Special Issue):116-126.

- Townsend, Peter. 1975. *Sociology and Social Policy*. London: Lane.
- Tremewan, Christopher 1994. *The Political Economy of Social Control in Singapore*. New York, NY: St. Martin's Press.
- Unger, Jonathan, and Anita Chan. 1995. China, Corporatism, and the East Asian Model. *The Australian Journal of Chinese Affairs* 33:29-52.
- van Velzen, Nico. 1997. Current Issues in European Social Rented Housing. *Housing Studies* 12 (4):427-436.
- Walder, Andrew G. . 1986. *Communist Neo-traditionalism: Work and Authority in Chinese Industry*. Berkeley, CA: University of California Press.
- Wan, Pengfei. 1994. Zhongguo Dalu Chengshi de Jiedao Xingzheng Guanli Tizhi: Beijingshi Haidianqu de Ge'an Diaocha yu Fenxi (Sub-District Administrative Management System in Mainland Chinese Cities: Case Study and Analysis of Haidian District in Beijing). *Morden China Studies* (3).
- Wang, Ya Ping. 2004. *Urban Poverty, Housing and Social Change in China*. New York, NY: Routledge.
- Wang, Ya Ping. 2007. From Socialist Welfare to Support of Home-Ownership: The Experience of China. In *Housing and the New Welfare State: Perspectives from East Asia and Europe*, edited by R. Groves, A. Murie and C. Watson. Hampshire, England Ashgate Publishing Company
- Wang, Ya Ping, and Alan Murie. 1999. *Housing Policy and Practice in China*. London: MacMillan.
- Weingast, Barry R. 1984. The Congressional-Bureaucratic System: A Principal Agent Perspective (with Applications to the SEC). *Public Choice* 44 (1):147-191.
- Weir, Margaret, Ann Shea Orloff, and Theda Skocpol, eds. 1988. *The Politics of Social Policy in the United States*. Princeton Princeton University Press.
- Weyland, Kurt Gerhard. 2006. *Bounded Rationality and Policy Diffusion: Social Sector Reform in Latin America*. Princeton: Princeton University Press.
- White, Gordon. 1993. *Riding the Tiger: the Politics of Economic Reform in Post-Mao China*: Stanford University Press.
- White, Gordon, and Roger Goodman. 1998. Welfare Orientalism and the Search for an East Asian Welfare Model In *The East Asian Welfare Model: Welfare Orientalism and the State*, edited by R. Goodman, G. White and H.-J. Kwon. London and New York: Routledge.
- Whiting, Susan. 2001. *Power and Wealth in Rural China: The Political Economy of Institutional Change*: Cambridge University Press.
- Whiting, Susan. 2004. The Cadre Evaluation System at the Grass Roots: The Paradox of Party Rule. In *Holding China Together: Diversity and National Integration in the post-Deng Era*, edited by B. Naughton and D. Yang. New York, NY: Cambridge University Press.

- Wiarda, Howard J. 2009. The Political Sociology of a Concept: Corporatism and the "Distinct Tradition". *The Americas* 66 (1):81-106.
- Wildau, Gabriel. 2015. China Migration: At the Turning Point. *Financial Times*, May 4th, 2015.
- Williamson, Peter J. 1989. *Corporatism in Perspective: An Introductory Guide to Corporatist Theory* London Sage.
- Wines, Michael. 2012. In Rise and Fall of China's Bo Xilai, an Arc of Ruthlessness *The New York Times*, May 6, 2012.
- Wintrobe, Ronald. 1998. *The Political Economy of Dictatorship*. Cambridge, UK; New York, NY: Cambridge University Press.
- Wong, Billy. 2014. Shanghai: Market Profile Hong Kong: Hong Kong Trade Development Council
- Wong, Christine P. W. . 2000. Central-local Relations Revisited: the 1994 Tax Sharing Reform and Public Expenditure Management in China. In *International Conference on "Central-Periphery Relations in China: Integration, Disintegration or Reshaping of an Empire?"*. Chinese University of Hong Kong.
- Wong, Edward. 2013. In Trial Account, Chinese Ex-Official Strays From Script. *The New York Times*, August 29th, 2013.
- Wright, Mary Clabaugh. 1957. *The Last Stand of Chinese Conservatism: The T'ung-Chih Restoration, 1862-1874*. Stanford: Stanford University Press.
- Wu, Alfred Muluan. 2014. *Governing Civil Service Pay in China*. Copenhagen: NIAS Press.
- Xia, Mingyi. 2013. Chongqing Landing on Cloud, Cloud Computing Industries Taking Off in Liangjiang New District. *Chongqing Daily*, May 9th, 2013.
- Xu, Chenggang. 2011. The Fundamental Institutions of China's Reforms and Development. *Journal of Economic Literature* 49 (4):1076-1151.
- Yang, Dali L. 2006. Economic Transformation and Its Political Discontents in China: Authoritarianism, Unequal Growth, and the Dilemmas of Political Development. *Annual Review of Political Science* 9:143-164.
- Yao, Yang, and Muyang Zhang. 2015. Subnational Leaders and Economic Growth: Evidence from Chinese Cities *Journal of Economic Growth* 20 (3).
- Ye, Feng, and Anqi Huang. 2012. Constructing Public Rental Housing on Rural Collectives' Construction Lan, Focusing on Preventing Loopholes in the System. *Economic Information Daily*, February 3rd, 2012.
- Ye, Feng, and Yujie Yao. 2015. Shanghai Reduces Dependence on Real Estate and Firmly Maintains Regulation. *Xinhua Daily Telegraph*, October 13th, 2015.
- Yeh, Stephen H. K. 1989. The Idea of the Garden City. In *Management of Success: The Moulding of Modern Singapore*, edited by K. S. Sandhu and P. Wheatley. Singapore: Institute of Southeast Asian Studies.
- Yeung, Yue-man. 1973. *National Development Policy and Urban Transformation in Singapore:*

- A Study of Public Housing and the Marketing System*. Chicago, IL: The University of Chicago.
- Yuan, Xiao. 2014. *Making Land Fly: The Institutionalization of China's Land Quota Markets and Its Implications for Urbanization, Property Rights, and Intergovernmental Politics*. Doctoral Dissertation, Department of Urban Studies and Planning, Massachusetts Institute of Technology, Boston, MA.
- Zhang, Changdong. 2011. *Good Governance through Taxation: Business Politics in Authoritarian China*. Dissertation, Political Science, University of Washington, Seattle
- Zhang, Ran. 2009. Shanghai Aims at International Financial and Shipping Center. *China Daily*, March 26th, 2009.
- Zhang, Yanfen, Kai Wei, and Changhe Zhou. 2015. The Bureau of Land, Resources and Housing Gone with the Wind; Planning Merged into Land and Resources: Power Cut or Increase. *Southern Metropolis Daily*, January 21st, 2015.
- Zhao, Yanghua. 2011. Rural Collective Construction Land for Public Rental Housing: Shooting Three Birds with One Stone. *Yangcheng Evening News*, December 4th, 2011.
- Zhong, Tingjun. 2012. *The Future of Economical Housing?* Beijing: Policy Research Center of Chinese Ministry of Housing and Urban-Rural Development.
- Zhou, Qiren. 2012. The Myth of Nationalization of Land Ownership in the Cities: Commentaries of China's Cities and Counties. *The Economic Observer*, October 15th, 2012.

## Appendix I: Description of Eleven Chongqing Public Rental Housing Complexes

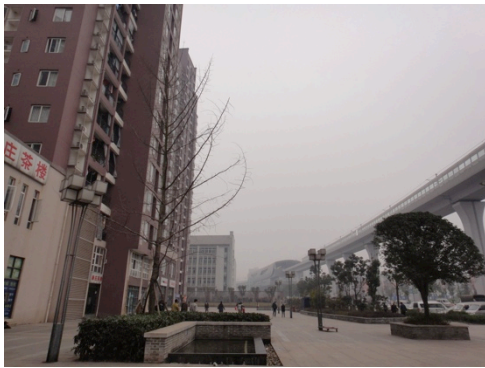
The ceremonial beginning of construction of *Minxin Jiayuan*, the first public rental complex in Chongqing, on February 28<sup>th</sup>, 2010, marked the beginning of the city's public rental housing journey. This complex consists of a total of around 17,900 apartments in 54 buildings. Each floor in these buildings has 12 apartment units, and each building is equipped with four elevators that serve 20-33 floors. The smallest apartment is sized about 31 square meters, and the largest apartment unit does not exceed 80 square meters. According to the official project design, the entire complex upon completion should provide a total of 1.1 million square meters of public rental housing by the end of 2011, and was expected to require a total investment of 3 billion RMB. The residential capacity of this complex is estimated to be about 45,000 persons.



Source: Research fieldwork. Photos above show buildings and infrastructures in *Minxin Jiayuan*. Lower left photo: commercial spaces and outdoor activity plaza. Lower right photo: newly constructed affiliated

elementary school.

The construction of *Kangzhuang Meidi* complex began on March 25<sup>th</sup>, 2010. According to its officially-approved development plan, this complex consists of 59 buildings with 24-33 floors. Apartments range from 32 to 79 square meters. According to the original plan, it would open in the end of 2011 to supply 21,700 units with a total of 1.24 million square meters. When fully occupied, this complex could host about 54,000 persons. Total investment was estimated to be around 3.1 billion RMB.



Source: Research fieldwork. Photos above show buildings and infrastructure in *Kangzhuang Meidi*. Upper left photo: light rail and station next to the complex. Lower left photo: On the left side of the street are public rental housing buildings in Kuangzhuang Meidi, whereas on the right side are resettlement housing for peasants who lost their previous dwellings due to the construction of this public project and others. Many peasants sell agricultural products on the streets for residents from Kangzhuang Meidi. Many public rental housing residents also plant their own vegetables on currently idling land near the complex.

Workers broke ground to build *Min'an Huafu* complex on May 22<sup>nd</sup>, 2010. It was designed to have 54 buildings 18-33 floors high. It provides apartments sized from 35-80 square meters. The estimated total construction of public rental housing in this complex is about 19,600 units and 1.23 million square meters. Resident carrying capacity is estimated to 49,000 persons. The entire construction is supposed to be completed by the end of 2011, and demands a total investment of roughly 3.1 billion RMB.



Source: Research fieldwork. Photos above show buildings and infrastructure in *Min'an Huafu*. Upper right photo: peasants from nearby villages come to sell agricultural products on the street outside the officially built farmer's market for residents in *Min'an Huafu*. Booths inside the farmer's market have been completely rented out to dealers or individual farmers. Due to the success of these booths, some people profit solely by reselling the rental licenses. To protect booth renters' interests, street vendors outside the market are periodically evacuated and fined, but local security guard (Interview 12 in Appendix III) described unofficial tolerance for them after five pm because they provide convenience to residents. Lower left photo: street vendors use their simply self-constructed carts to sell home-made food to residents. Some of the vendors are themselves public rental housing residents in *Min'an Huafu* as well.

Construction of *Kangju Xicheng* began the same day as *Min'an Huafu*. The official project design called for 58 buildings 25-33 stories high, also with apartments ranging from studios to three-bedroom apartments. The smallest studio is 30 square meters and the largest three-bedroom apartment is 75 square meters. The complex has provided 25,200 units and 1.47 million square meters since the end of 2012. Its carrying capacity is estimated to be 60,000 residents. Plans predicted a total investment of 3 billion RMB.



Source: Research fieldwork. Photos above show buildings and infrastructure in *Kangju Xicheng*. Upper right photo: Many residents in *Kangju Xicheng* ride motorcycles to work in the nearby industrial park. Lower right photo: *Kangju Xicheng* is located next to those newly constructed multi-lane roads connecting a duty-free zone to existing main traffic arteries.

Construction of *Liangjiang Minju* began on June 20<sup>th</sup>, 2010. This complex is designed to contain 45 buildings with 28-33 floors. Apartments range in size from 34 to

79 square meters. The estimated total construction of public rental housing in this complex is 17,200 units and 1.06 million square meters, respectively. If fully occupied, this complex will host about 43,000 residents. The estimated total investment in this complex is 3.3 billion RMB.<sup>267</sup>



Source: Research fieldwork. Photos above show buildings and infrastructure in *Liangjiang Minju*. Upper right photo: Outside of *Liangjiang Minju* is land that was once farmland, which the government has reserved for future use. Some residents from *Liangjiang Minju* have vegetable gardens in this area. Lower left photo: many young couples see public rental housing as their opportunity to gain a foothold in the city when they cannot afford buying commercial apartments from the market.

Construction of the largest public rental housing complex in Chongqing, *Chengnan Jiayuan*, started on September 28<sup>th</sup>, 2010. Plans called for 87 buildings with 23-32 floors. Apartments are 30-75 square meters. The estimated total construction of

---

<sup>267</sup> The total investment number of *Liangjiang Minju* is from the Housing Management Bureau of Beibei District of Chongqing Municipality (重庆市北碚区房屋管理局).

public rental housing in the complex is about 2 million square meters and more than 33,000 units. The complex can host around 80,000 residents if all units are fully occupied. Construction completed in the end of 2012, with an estimated total investment of 6.2 billion RMB.<sup>268</sup>



Source: Research fieldwork. Photos above show buildings and infrastructure in *Chengnan Jiayuan*. Upper right photo: Booth owners in the official market located on the underground level of one building in *Chengnan Jiayuan* prefer setting their booths outdoors to attract more customers. Some nearby peasants also sell along the street but urban management officers (*chengguan*, 城管) harass them. Lower right photo: Some residents from *Chengnan Jiayuan* use idling land outside the complex to plant vegetables for themselves.

---

<sup>268</sup> A newspaper report, “*Chengnan Jiayuan Public Rental Housing in Chayuan New District Began Its Construction*” (茶园新区“城南家园”公租房开工), in the September 29<sup>th</sup>, 2010 issue of *Chongqing Daily* documents this number. However, the Announcement of Related Trade by the Board of Directors of Chongqing Yukaifa Co., Ltd., a real estate developer, lists 5 billion RMB. This document announced Chongqing Yukaifa had been authorized as the project agency in charge of *Chengnan Jiayuan*’s construction. The term “trade” reflects that fact that *Chengnan Jiayuan* project ultimately belongs to Chongqing City Construction Investment Group, which is the controlling shareholder of Chongqing Yukaifa.

Construction of two additional public rental housing complexes, *Yunzhuan Shanshui* and *Chengxi Jiayuan*, began in 2011. Their first round of lottery allocations took place in October 2014.<sup>269</sup> *Yunzhuan Shangshui* consists of 51 high-rise buildings that provide 17,466 units ranging from 42 to 78 square meters at the rental price of 8.5 RMB per square meter per month plus 1.03 RMB per square meter per month in maintenance fees. Total construction area of public rental housing units in this complex is around 1.4 million square meters. The 16,830 households who have successfully obtained their computerized random allocations of units began to sign contracts and move into *Yunzhuan Shangshui* complex in December 2014.<sup>270</sup>

*Chengxi Jiayuan* complex finished its construction and acceptance check in late September 2014. It consists of 28 buildings with a total of 10,939 units, among which 2,829 units were allocated to applicants during the first round of computer lottery. Apartments have varying sizes from 33 to 75 square meters. The rental price is set to be 8 RMB per square meter per month, plus the same 1.03 RMB per square meter per month in maintenance fees. Total construction size of public rental housing units in this complex is about 551,335 square meters.

Three complexes that recently began to receive public applications are *Jiulong Xiyuan*, *Qiaoping Renjia* and *Konggang Leyuan*. Construction of each began in 2011 and are expected to provide a total of 54,200 units (14,300, 11,600 and 28,300, respectively)

---

<sup>269</sup> Chongqing Municipal Public Rental Housing Management Bureau and Chongqing Municipal Bureau of Land, Resources and Housing Management provide numbers describing these complexes.

<sup>270</sup> See news report, “*The First Public Rental Housing in Ba’nan District Began Contract-signing and Moving-in Today with 16830 Households Ready to Relocate into Their New Home* (巴南首个公租房今起签约入住 16830 个家庭搬新家),” published on the official website of public rental housing in Chongqing, December 3<sup>rd</sup>, 2014: [http://www.cqgzfglj.gov.cn/gzdt/201412/t20141204\\_253056.html](http://www.cqgzfglj.gov.cn/gzdt/201412/t20141204_253056.html)

for the public.<sup>271</sup> *Jiulong Xiyuan* is designed to consist of 36 buildings with 28 to 33 floors. Unit sizes vary from 40 to 77 square meters. Total construction size is about 1.06 million square meters. *Qiaoping Renjia* will have 32 buildings with a total construction size of 0.87 million square meters. Floors of these buildings vary between 25 and 32, and unit sizes are between 40 and 77 square meters. *Konggang Leyuan* will be the second largest public rental housing complex with 77 high-rise buildings of 30 to 33 floors. Unit sizes vary from 38 to 71 square meters. Its total construction size is about 1.85 million square meters.

---

<sup>271</sup> Chongqing Municipal Public Rental Housing Management Bureau provides data describing these three complexes. See “Public Rental Housing in Taojia, Jieshi and Mu’er Now Open for Application (陶家、界石和木耳公租房今起接受申请),” January 6<sup>th</sup>, 2015, [http://www.cqgzfglj.gov.cn/gzdt/201501/t20150107\\_258134.html](http://www.cqgzfglj.gov.cn/gzdt/201501/t20150107_258134.html)

## Appendix II: Vignettes of Chongqing Public Rental Housing Residents

### 1. *The 5-in-1 Zhang Household*<sup>272</sup>

Mr. Zhang lives in a one-bedroom apartment at the public rental housing community called *Chengnan Jiayuan*, together with his wife, a 12-year old daughter, and his wife's parents. With five persons living in an area of about 50 square meters (roughly 538 square feet), the apartment is visibly over-crowded despite the family's efforts to maintain its tidiness and functionality.<sup>273</sup>

As the head of household, Mr. Zhang, a native Chongqing urban resident with no ownership of private housing property, applied for a unit of public rental housing in early 2012. Given the size of the family, the five of them are eligible for at least a two-bedroom apartment. However, Mr. Zhang chose to list only himself and his wife on the application so they would qualify for a one-bed unit. His object is to allow his daughter and in-laws to purchase private commercial housing some day without jeopardizing his and his wife's claim to the public rental apartment, avoiding one of the few restrictions Chongqing puts on public rental applicants.<sup>274</sup> The couple moved into their lottery-assigned apartment after successful application in September 2012. The in-laws, who are rural residents in a nearby village, moved in soon after.

Mr. and Mrs. Zhang currently are self-employed as street vendors of homemade food on a three-wheel cart inside their own public rental housing community. Mrs. Zhang's parents prepare the food they sell during the day and take care of their

---

<sup>272</sup> Interview 30 in Appendix III.

<sup>273</sup> Mr. Zhang's family exceeds the maximum number of residents, but the building manager seems to be turning a blind eye. Regulations prevent subleasing of public rental housing units, but having immediate family members co-live for an extended period of time is not expressly forbidden.

<sup>274</sup> One bottom line of Chongqing public rental housing applicant eligibility is no ownership of private housing property within the city area of Chongqing. As applicants and residents of the public rental housing apartment, Mr and Ms. Zhang would not be qualified or will lose their unit if they own or purchase an apartment from the private housing market.

granddaughter, who attends a middle school affiliated with their community, after school. The business has been successful; it earns roughly 3000 RMB (less than 500 USD) per month to support the family. The large community has always provided ready customers for the convenience of quick street food after a long day of work. However, competition among similar vendors has grown increasingly intense. Quarrels happen among vendors when they fight for better locations to park their carts. Harassment and confiscation of their wares or cart by the local *Chengguan* (*urban management officers*, 城管), personnel from the City Urban Administrative and Law Enforcement Bureau, threaten the business, which is not legally registered.

Overall, the whole family expresses pleasure in their home. Mr. and Mrs. Zhang like the low rent and convenience of operating a small business inside the community. They are grateful for the fact that their daughter can go to a nearby middle school without the trouble of long-distance commute and the financial burden of paying extra sponsorship fee (*jiedufei*, 借读费 or *jiexiaofei*, 择校费). Mrs. Zhang's parents appreciate the quality of urban life and the company of other elderlies alike in the community. "It made us feel quite safe," Mr. Zhang's father-in-law said, "but more facilities for our old people would be even better".

## **2. Mr. Gong, from College Graduate to Entrepreneur<sup>275</sup>**

Eight years after graduating from college, Mr. Gong's transformation from a poor student to the owner of a small software development company is impressive. "I didn't know what to do after graduation, except that I knew from the beginning that working for

---

<sup>275</sup> Interview 14 in Appendix III.

somebody else does not suit me. So I followed my intuition and finally made something out of it,” he said with obvious pride.

In 2001, Mr. Gong arrived in Chongqing to attend a local university. His family lived in a village of another province, one thousand kilometers away, and they were too poor to support his education. He took out student loans to pay for tuition and board for all four years in college. After graduating, Mr. Gong worked freelance as a software and website developer, but did not settle in any particular company for very long. He always knew he wanted to have his own business. When Chongqing’s government created a program to promote micro-enterprises, he received financial support as a potential entrepreneur.<sup>276</sup> Mr. Gong’s company has thrived; it generates estimated annual revenue of 500,000 RMB (more than 80 thousand USD) in its second year of operation.

Mr. Gong supplied the next question himself: “So you must wonder why I chose to live in public rental housing?” He explained, “well, my situation was special.” He was not able to repay his college student loans on time, and banks will not offer him mortgage loan at a reasonable rate. So for years he rented on the private housing market, in spite of

---

<sup>276</sup> Chongqing’s municipal government defines micro-enterprises as enterprises with no more than 20 employees (including investors) and 100,000 RMB registered capital investment. It introduced a series of preferential policies beginning in 2010 to promote the creation and development of micro-enterprises in the city, including financial aid from fiscal revenues up to 50 percent of the total registered capital investment of any given micro-enterprise, refunding a certain amount of local taxes to such entities, and waiving administrative fees for business registration, annual review, and inspection for three years. Programs particularly favor micro-enterprises in the tertiary industry, especially those focusing on services, cultural and creative industries, software development, and outsourcing. Recipients of micro-enterprise supports need to satisfy outlined qualifications including local household registration. Two policy documents the government issued in 2010 provide details: *Several Opinions on Vigorously Developing Micro-enterprises in Chongqing* (重庆市关于大力发展微型企业的若干意见) and *Trial Measures on Supporting and Managing Micro-enterprises in Chongqing* (重庆市微型企业创业扶持管理办法(试行)). Electronic versions of these two documents in Chinese are available respectively at: [http://tn.cq.gov.cn/zt/txjm/news/2013-10/863\\_24416.shtml](http://tn.cq.gov.cn/zt/txjm/news/2013-10/863_24416.shtml) and <http://yb.cq.gov.cn/Item/15634.aspx>

his success and the eventual full repayment of his student loans. The availability of a public rental unit in 2012 was a boon.

Skirting the rules, Mr. Gong obtained a one-bedroom apartment instead of a studio in which he lives alone in *Chengnan Jiayuan*.<sup>277</sup> “Renting a new one-bedroom apartment at such a low cost with a very convenient location is definitely a good thing for me,” said Mr. Gong, “the commute to my company is only 15 minutes by bus.” He noted, however, that he does not feel a strong sense of belonging to this public rental housing community, for “most of the residents are young migrants and their parents from nearby rural areas who came to the city of Chongqing for better employments and economic improvement. We are not alike.”<sup>278</sup>

### **3. Miss Yang<sup>279</sup>**

Miss Yang is twenty-three year old. When she became a migrant worker in inner Chongqing, she followed the path of many of her childhood friends out of the rural village in abandoning their parents’ agricultural lifestyle. In interview she evinces a cheerful attitude.

Since her relocation to Chongqing several years ago, Miss Yang has worked as a sales representative or cashier in several places. For her, experiencing the new urban life has been the priority in terms of choosing living location. She thus has been living mostly

---

<sup>277</sup> According to Chongqing public rental housing application regulation, single applicants are eligible for studios only. Mr. Gong managed to find a female friend to co-apply for a one-bedroom apartment, even though the other person had no intention of living there and soon moved out of the city. At the time of interview in March 2013, he was living comfortably in that one-bedroom apartment alone.

<sup>278</sup> During my follow-up fieldtrip to Chongqing in 2013, Mr. Gong informed me that he decided to move out from his public rental housing unit because he has been considering buying his own apartment from the private housing market. The bad credit score due to his failure in repaying student loans will soon be cleared after several years, so he can obtain better mortgage rate from commercial banks. He also expressed concerns about the poor quality of public rental housing units and was worried that deterioration will cause increasing cases of moving out in the near future. Interview 31 in Appendix III.

<sup>279</sup> Interview 8 in Appendix III.

in neighborhoods located in the inner city area. Increasing market demand for apartments in those places has been pushing up the rental prices every year. Thus, Miss Yang always needed to have roommates to share the costs. As she explained, “the landlords are always raising my rent with very short notice, sometimes even increasing the price for next month.” She recalled, “my previous landlord once told me that he had to charge more because his son was getting married in three months, thus he had to find more money to pay for it. When I cannot afford the increase anymore, I had to quickly find a new place.”

Miss Yang saw a studio in *Minxin Jiayuan* as the solution to her problems. Because *Minxin Jiayuan* was the first showcase project of Chongqing public rental housing, the construction, application, assignment and handover processes were all on a fast track. She applied in February 2011 and moved into her new apartment only a few months later.

For a studio of about 30 square meters, Miss Yang pays less than 400 RMB (66 USD) a month, based on the standard per square meter rental price settled for *Minxin Jiayuan*, considerably less than she’s pay for a privately rented apartment of similar size, age, and amenities in the area. Since the community is located four kilometers (2.5 miles) away from the Chongqing Auto Exhibition Center, employment opportunities have been plentiful. Like many young migrant workers, Miss Yang has found ready opportunities as a salesperson at car dealerships in the Center, factory work at auto parts manufactories, and repair work at maintenance workshops around the Center. Miss Yang currently earns 4,000 RMB (660 USD) per month selling cars. This puts her apartment comfortably within her budget.

The light rail to downtown Chongqing imposes some cost as Miss Yang commutes for entertainment. However, she noted, “Though my studio is very small, and does not have an ideal floor plan, I still like it very much, because I now live all by myself, and don’t need to worry about rent increase or sudden eviction at a landlord’s will. If I decide to stay in Chongqing in the future, I may even consider buying this studio.”

#### ***4. The Zong Couple: Better Life Quality, No Mortgage*<sup>280</sup>**

Mr. and Mrs. Zong, are in their early 30s and late 20s, respectively. The husband is a software developer for a local Chinese firm, while the wife works as an office manager for a trading and retailing company. They both earn decent salaries, and, unlike most other public rental housing residents, own a moderately priced sedan.

The Zong submitted an application for an apartment in *Minxin Jiayuan* in May 2011, received the keys in February 2012, and moved in one month later. The apartment has two bedrooms, a living room, a kitchen and one bathroom within a total area of 59 square meters (635 square feet). Their monthly rent is close to 700 RMB (115 USD). Mrs. Zong said, “For us, the rental price is very cheap, but I don’t think it’s true for everyone. If you were a low-income single person, it would not be easy. For young college graduates, it could be expensive because of the money to put up-front for some basic furniture when moving-in.” Thus she argues, “the public rental housing requires a stable job and some steady income.”

Describing themselves as atypical public rental housing residents, Mr. and Mrs. Zong chose renting (and potential buying after five years) public rental housing over purchasing commercial apartment mainly for two main reasons: first, fixed low rent for a

---

<sup>280</sup> Interview 9 in Appendix III.

five-year lease term gives them desirable stability; and second, no mortgage loan to finance private apartment allows them more cash flow and higher life quality. “No mortgage means more savings in the bank accounts,” Mr. Zong emphasized, “that we can either use for spending or investing. They are both better choices to improve our life quality. We can buy an apartment later when we add more members to the family.” In addition, they both believe that this community is located in a growing area with substantial employment opportunities, great economic potential, and convenient access to local administrative authorities.

Mr. and Mrs. Zong expect to retain their claim on their apartment for the long term, even though they may leave it in the next few years. “Even when we buy an apartment elsewhere in Chongqing, we will have our parents as the property owners of that apartment; thus we can keep our eligibility of renting this public rental apartment.” Either Mr. Zong’s or Mrs. Zong’s parents will legally own their new home but live in the public rental apartment. “It’s fine to have our parents live here since they are our immediate relatives,” Mrs. Zong said with confidence, “This is just like an apartment swap. However, we will never consider renting it out to non-family members, which is illegal, risky, and dishonest.”

### Appendix III: List of Cited Interviews

No.	Interviewee	Affiliation	Location	Date
1	Civil servant	Singaporean Government	Chicago, U.S.A.	2012.04.15
2	Faculty	A university in Beijing	Beijing, China	2012.10.31
3	Staff	A university in Beijing	Beijing, China	2012.11.01
4	Staff	A university in Beijing	Beijing, China	2012.11.06
5	Official	Chongqing municipal government	Beijing, China	2012.11.14
6	Faculty	A university in Chongqing	Chongqing, China	2013.01.25
7	Official	Municipal Bureau of Urban Planning	Chongqing, China	2013.01.26
8	Resident	A public rental housing complex	Chongqing, China	2013.01.26
9	Resident	A public rental housing complex	Chongqing, China	2013.01.26
10	Faculty	A university in Chongqing	Chongqing, China	2013.01.27
11	Resident	A public rental housing complex	Chongqing, China	2013.01.27
12	Security guard	A public rental housing complex	Chongqing, China	2013.01.27
13	Senior Consultant	A private owned real estate consulting company	Chongqing, China	2013.01.28
14	Resident	A public rental housing complex	Chongqing, China	2013.01.28
15	Resident	A public rental housing complex	Chongqing, China	2013.01.28
16	Official	Public Rental Housing Management Bureau	Chongqing, China	2013.01.29
17	Official	Municipal Bureau of Land, Resources and Housing Management	Chongqing, China	2013.01.30
18	Manager	Chongqing Yüfu Assets Management Group Co., Ltd	Chongqing, China	2013.02.04
19	Director	Chongqing Land Group	Chongqing, China	2013.02.05
20	Project Manager	Chongqing Land Group	Chongqing, China	2013.02.06
21	Employee	A secondary school	Ping County, China	2013.02.18
22	Official	Housing Management Bureau	Ping County, China	2013.02.20
23	Official	Community Management Committee	Chongqing, China	2013.03.06
24	Official	Municipal Bureau of Finance	Chongqing, China	2013.03.07
25	Official	Municipal Housing Welfare and Real Estate Management Bureau	Shanghai, China	2013.03.13
26	Official	Municipal Bureau of Urban Planning and Land Resources	Shanghai, China	2013.03.14
27	Official	Municipal Bureau of Urban Planning and Land Resources	Shanghai, China	2013.03.15
28	Official	Service Center in Chaoyang District	Beijing, China	2013.09.08
29	Owner	Commercial Residential Apartment	Beijing, China	2013.09.09
30	Resident	A public rental housing complex	Chongqing, China	2013.09.13
31	Resident	A public rental housing complex	Chongqing, China	2013.09.14
32	Official	Public Rental Housing Management Bureau	Chongqing, China	2013.09.14

## Appendix IV: Chronicle of Key Social Housing Policies in China, 2007-2011

Issue Date	Title	Issuing Authority	Key Relevant Content
August 7 <sup>th</sup> , 2007	<i>Several Opinions on Solving Housing Difficulties of Urban Low-income Families</i>	State Council	<ul style="list-style-type: none"> <li>- Emphasized social housing assistance as an important public service provided by the state;</li> <li>- Promoted the establishment of a social housing welfare system centered on low-rent housing and Economical Housing; and</li> <li>- Identified low-income urban households as the primary target of social housing assistance.</li> </ul>
August 31 <sup>st</sup> , 2007	<i>Guiding Opinions on Preparing Development Plan and Annual Plan to Solve Housing Difficulties of Urban Low-income Families</i>	Ministry of Housing and Urban-Rural Development	<ul style="list-style-type: none"> <li>- Declared overall planning goals from the end of 2007 to 2010; and</li> <li>- Required all local governments above county level to finish their development and annual plans by December 25<sup>th</sup>, 2007.</li> </ul>
October 30 <sup>th</sup> , 2007	<i>Measures on Low-Rent Housing Fund Management</i>	Ministry of Finance	Stated details regarding low-rent housing fund sources, use, budget management, fund allocation, annual accounting, and supervision.
November 8 <sup>th</sup> , 2007	<i>Measures on Low-Rent Housing Welfare</i>	Ministry of Housing and Urban-Rural Development, et al.	Offered specific guidance on low-rent housing provision, including provision methods, funding sources, housing supply, applicant qualification, management, and legal responsibilities of involved parties.
November 19 <sup>th</sup> , 2007	<i>Management Measures on Economical Housing</i>	Ministry of Housing and Urban-Rural Development, et al.	<ul style="list-style-type: none"> <li>- Outlined details of the economical housing system, including favorable policies and government support, construction management, price management, qualification on purchase and resale, etc.; and</li> <li>- Confirmed the legality of collectively-funded cooperative economical housing by certain work units.</li> </ul>
January 18 <sup>th</sup> , 2008	<i>Management Measures on Economical Housing Development Loans</i>	People's Bank of China and China Banking Regulatory Commission	Outlines general rules and regulations regarding bank loans to economical housing projects.
March 3 <sup>rd</sup> , 2008	<i>Notice on Favorable Taxation Policies Regarding Low-Rent Housing, Economical Housing, and Private Rental Housing</i>	Ministry of Finance and State Administration of Taxation	Outlined favorable taxation policies regarding these three types of housing properties.
March 21 <sup>st</sup> , 2008	<i>Notice on Enhancing Low-Rent Housing Quality Management</i>	Ministry of Housing and Urban-Rural Development	Emphasized the importance and responsibilities of low-rent housing quality control and management.
October 22 <sup>nd</sup> , 2008	<i>Measures on Identifying Urban Low-income Households</i>	Ministry of Civil Affairs, et al.	Stated general guidance and authorities in charge of identifying urban low-income households.
November 21 <sup>st</sup> , 2008	<i>Notice on Firmly Implementing the Central Government's Key Decisions on Expanding Domestic Demand and Promoting Economic Growth through the Housing and Urban-Rural Development System</i>	Ministry of Housing and Urban-Rural Development	<ul style="list-style-type: none"> <li>- Emphasized the urgency of utilizing social housing construction and provision to stimulate domestic consumption and economic growth; and</li> <li>- Stressed the importance of promoting healthy and steady development of private real estate market.</li> </ul>
December	<i>Management Measures on</i>	People's Bank of	Outlines general rules and regulations regarding

3 <sup>rd</sup> , 2008	<i>Low-Rent Housing Construction Loans</i>	China and China Banking Regulatory Commission	bank loans to low-rent housing projects.
December 20 <sup>th</sup> , 2008	<i>Several Opinions on Promoting the Healthy Development of Real Estate Market</i>	General Office of the State Council	- Set the goals of providing housing assistance to a total of 2.6 million difficult low-income urban households in 2009, and another 4.87 million households between 2010 and 2011, and adding an average of 1.3 million units of economical housing per year to the national social housing stock from 2009 to 2011.
May 13 <sup>th</sup> , 2009	<i>Notice on Earnestly Fulfilling Land Supply for Social Housing Projects</i>	Ministry of Land and Resources	Emphasized the importance of implementing social housing land supply plans, enhancing land supply management, and post-allocation supervision.
May 22 <sup>nd</sup> , 2009	<i>2009–2011 Low-Rent Housing Welfare Plan</i>	Ministry of Housing and Urban-Rural Development, et al.	- Set annual national and provincial targets for 2009, 2010 and 2011; - Stated supply methods and standards, central government subsidies for different regions, etc.
October 14 <sup>th</sup> , 2009	<i>Implementation Opinions on the Trial of Utilizing Housing Provident Fund to Support Social Housing Construction</i>	Ministry of Housing and Urban-Rural Development, et al.	- Outlined operational details regarding using housing provident fund to support social housing construction, including trial conditions, trial city qualifications, trial content, etc.
January 7 <sup>th</sup> , 2010	<i>Notice on Promoting the Steady and Healthy Development of Real Estate Market</i>	General Office of the State Council	- Aimed to basically solve housing problems for 15.4 millions low-income urban households by 2012; and - Emphasized the importance of accelerating the construction of public rental housing and price-controlled commercial housing to solve housing needs of middle- to low-income households.
April 17 <sup>th</sup> , 2010	<i>Notice on Resolutely Curbing the Soaring Housing Prices in Some Cities</i>	State Council	- Guaranteed at least 70% out of total annual housing land supply for social housing projects; and - Ensured the completion of constructing 3 million social housing units in 2010.
April 22 <sup>nd</sup> , 2010	<i>Notice on Relevant Issues regarding Strengthening Economical Housing Management</i>	Ministry of Housing and Urban-Rural Development	Stressed the importance of strictly enforcing rules and regulations on economical housing's construction, purchase qualification, use, re-sale transactions, and supervision.
April 23 <sup>rd</sup> , 2010	<i>Notice on Relevant Issues regarding Strengthening Low-Rent Housing Management</i>	Ministry of Housing and Urban-Rural Development, et al.	Stressed the importance of strictly enforcing rules and regulations on low-rent housing's construction, qualification, rental management and services, and supervision.
June 8 <sup>th</sup> , 2010	<i>Guiding Opinions on Accelerating the Development of Public Rental Housing</i>	Ministry of Housing and Urban-Rural Development, et al.	- Emphasized the value of using public rental housing to solve housing difficulties of mid- to low-income urban households; and - Outlined basic principles, rental management rules and housing sources, favorable policies, and supervision regarding public rental housing.
June 11 <sup>th</sup> , 2010	<i>Notice on Better Preparing Social Housing Development Plan</i>	Ministry of Housing and Urban-Rural Development, et al.	- Committed to solve housing needs for 15.4 million urban low-income households by 2012; and - Outlined planning guidance for 2011–2015.
June 13 <sup>th</sup> , 2010	<i>Notice on the Trial of Utilizing Housing Provident Fund to Support Social</i>	Ministry of Housing and Urban-Rural Development, et al.	- Announced Beijing as the trial city and 36 trial projects; and - Outlined local government's responsibilities, and

	<i>Housing Construction</i>		rules on loan management, construction, rental and sale management, and supervision.
June 28 <sup>th</sup> , 2010	<i>Measures on Loan Management in the Trial of Utilizing Housing Provident Fund to Support Social Housing Construction</i>	Ministry of Housing and Urban-Rural Development, et al.	<ul style="list-style-type: none"> <li>- Outlined operational details regarding loan lending and post-lending management in the trial of using Housing Provident fund to support social housing construction; and</li> <li>- Specified the use of loan on economical housing, shantytown-rebuilt housing and state-owned public rental housing projects.</li> </ul>
July 8 <sup>th</sup> , 2010	<i>Management Measures on Central Government Special Funds to Subsidize Public Rental Housing</i>	Ministry of Finance, et al.	<ul style="list-style-type: none"> <li>- Stated the general principles of central subsidies to public rental housing projects; and</li> <li>- Outlined details regarding special funds' calculation, distribution, allocation, use, and supervision management.</li> </ul>
September 21 <sup>st</sup> , 2010	<i>Notice on Further Regulating Real Estate Land Use and Development Management</i>	Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development	<ul style="list-style-type: none"> <li>- Emphasized inter-departmental coordination;</li> <li>- Stressed the importance of implementing annual planning regarding land supply and housing construction; and</li> <li>- Emphasized social housing land use supervision.</li> </ul>
September 27 <sup>th</sup> , 2010	<i>Notice on Relevant Favorable Taxation Policies regarding Public Rental Housing Construction and Operation</i>	Ministry of Finance and State Administration of Taxation	Outlined various favorable taxation policies on public rental housing projects.
October 26 <sup>th</sup> , 2010	<i>Notice on Relevant Issues regarding Social Housing Project Fund Use Management</i>	Ministry of Finance, et al.	<ul style="list-style-type: none"> <li>- Allowed the use of land revenue to support public rental housing development;</li> <li>- Allowed the use of Housing Provident Fund revenue to support public rental housing development;</li> <li>- Demanded improved use efficiency of central government special funds to low-rent housing; and</li> <li>- Encouraged social entities to invest in public rental housing projects.</li> </ul>
December 1 <sup>st</sup> , 2010	<i>Management Measures on Central Government Special Funds to Subsidize Low-Rent Housing</i>	Ministry of Finance	<ul style="list-style-type: none"> <li>- Stated the general principles of central subsidies to low-rent housing projects; and</li> <li>- Outlined details regarding special funds' calculation, distribution, allocation, use, and supervision management.</li> </ul>
December 19 <sup>th</sup> , 2010	<i>Notice on Relevant Issues regarding Strictly Enforcing Real Estate Land Supply Regulations and Promoting the Healthy Development of Land Market</i>	Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development	<ul style="list-style-type: none"> <li>- Emphasized the importance of using land supply to regulate real estate sector;</li> <li>- Stressed actively optimizing land supply structure to center around social housing projects; and</li> <li>- Emphasized strictly enforcing rules and regulations regarding land transfer and use.</li> </ul>
January 26 <sup>th</sup> , 2011	<i>Notice on Further Improving Work on Real Estate Market Regulation</i>	State Council	<ul style="list-style-type: none"> <li>- Stressed the importance of increasing efforts on social housing construction;</li> <li>- Ensured the completion of constructing 10 million social housing and shantytown-rebuilt units; and</li> <li>- Emphasized increasing the supply of public rental housing.</li> </ul>

**Appendix V: Survey Questionnaire for Residents in Chongqing's Public Rental  
Housing Complexes (Chinese Language)**

问卷编号： \_\_\_\_\_

查表人： \_\_\_\_\_

### 重庆公租房社区建设调查问卷

您好! 非常感谢您对此次公租房社区状况调查的支持。本次调查目的是了解公租房社区的居民基本情况、社区发展现状和存在问题, 为重庆公租房建设和管理提供民意要求和基础数据。本问卷不记名, 但希望您能提供一个联系方式(电话、QQ 或电子邮件), 以便将来回访所需。我们对您提供的信息将严格保密! 衷心感谢您的支持与合作! 祝阖家欢乐!

重庆市公租房社区建设调研课题组  
2013 年 10 月

#### 受访人

社区： \_\_\_\_\_

称呼： \_\_\_\_\_ 先生/女士

门牌号： \_\_\_\_\_

户型： \_\_\_\_\_

是否廉租房： 1=是； 2=不是

联系方式： \_\_\_\_\_

#### 访谈员

姓名： \_\_\_\_\_

访谈日期： \_\_\_\_\_

联系方式： \_\_\_\_\_

## 一、2013 年家庭成员基本情况

请调查员注意，本研究所说的家庭成员包括：

- 1) 户主及其配偶本人；
- 2) 仍然和户主及其配偶住在一起的子女；
- 3) 其他亲戚或者非亲戚但在家住超过3个月的人，如保姆、孙子孙女等。

A0	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10	A11
									<b>若 A8 选 2= 非农业，回答此题</b>		<b>若 A10 选 7 = 租公租房，回答此题</b>
个人编码	与受访人关系 代码1	性别 1 = 男 2 = 女	是否户主 1 = 是 2 = 否	年龄 (周岁)	民族	是否党员 1 = 是 2 = 否	文化程度 代码2	户口登记 1 = 农业 2 = 非农业 3 = 没户口 4 = 军籍 5 = 其它 (说明)	您目前的非农业户口是哪一年获得的?  <b>(若自出生就是, 请填写9999, 并跳至下页问A12)</b>	您获得非农业户口的原因是? 1 = 升学; 2 = 参军; 3 = 工作; 4 = 转干; 5 = 征地; 6 = 购房; 7 = 租公租房; 8 = 家属随转; 9 = 户口改革; 10 = 其它 (请注明)	是否自己选择把户籍转到公租房小区所在地  1 = 是 2 = 否 (请注明)
101											
102											
103											
104											
105											
106											
107											

代码1: **1 = 受访人本人**; 2 = 配偶; 3 = 子女; 4 = (外) 孙子女; 5 = 父母; 6 = (外) 祖父母; 7 = 兄弟姐妹; 8 = 儿媳女婿; 9 = 亲戚; 10 = 其它 \_\_\_\_\_

代码2: 1 = 不识字; 2 = 小学; 3 = 初中; 4 = 高中; 5 = 中专、职高; 6 = 大专; 7 = 大学; 8 = 研究生及以上; 9 = 其他 \_\_\_\_\_

(续前表)

A0	A12	A13	A14 <i>若A13选1, 请回答</i>	A15	A16	A17	A18	A19
							<i>若不是从出生起就住在重庆主城, 请回答</i>	
个人 编 码	现户口所在地 _____ 市 _____ 区/县	曾经迁过户口 吗? 1 = 迁过 2 = 没有 3 = 不知道  <i>(若选2或3, 跳至A17)</i>	原户口所在地 _____ 市 _____ 区/县	哪一年 离开原 户口所 在地?	哪一年 迁到现 户口所 在地?	哪一年搬来 重庆主城?  <i>(若从出生 就在重庆主 城, 请填 9999, 并跳 至下一页)</i>	为什么搬来重庆 主城? 1 = 上学 2 = 找工作 3 = 入伍或转业 4 = 家庭团聚 5 = 其它 (请注明)	搬到重庆 <u>主城</u> 之前的10年间曾在哪里 居住, 多长时间:  地点_____市/县  时长_____个月 (注意: 可能有多个地点)
101								
102								
103								
104								
105								
106								
107								

## 二、2013 年家庭成员就业状况

A0	A1	A20	A21	A22	A23	A24	A25	A26	A27	A28	A29	A30	A31
					按照从事工作时间长短来算,过去一年您最主要的工作是什么?				在过去一年,第二位主要的工作是什么? (若A27回答没有兼职,直接跳至下一页)				
个人 编码	与受访 人关系  代码1	过去一年有 没有工作 1 = 有 2 = 没有	工作类型  1 = 拿工资 2 = 自营业务	去年的平 均个人月 收入情况 代码3	单位性质 代码4	所在行业 代码5	职业水平 代码6	地点 代码7	有没有兼职第 二份工作? 1 = 有 2 = 没有	单位性质 代码4	所在行业 代码5	职业水平 代码6	地点 代码7
101													
102													
103													
104													
105													
106													
107													

代码1: 1 = 受访人本人; 2 = 配偶; 3 = 子女; 4 = (外) 孙子女; 5 = 父母; 6 = (外) 祖父母; 7 = 兄弟姐妹; 8 = 儿媳女婿; 9 = 亲戚; 10 = 其它\_\_\_\_\_

代码3: 1 = 500以下; 2 = 500~999元; 3 = 1000~1999元; 4 = 2000~2999元; 5 = 3000~3999元; 6 = 4000~4999元; 7 = 5000~7999元;  
8 = 8000元以上

代码4: 1 = 机关; 2 = 事业单位; 3 = 国有企业; 4 = 股份制企业; 5 = 集体单位; 6 = 港澳台及外商投资企业; 7 = 私营企业; 8 = 个体; 9 = 其他\_\_\_\_\_

代码5: ⊖农、林、牧、渔 ⊖制造业⊕电力、热力、燃气及水生产和供应 ⊕建筑业 ⊕批发和零售业 ⊕交通运输、仓储及邮政通信 ⊕住宿、餐饮  
⊕信息、软件 ⊕金融、保险业 ⊕房地产业 家政、修理等居民服务业 卫生和社会工作(如医院、养老院) 租赁和商务服务(如保安公司)  
教育 文化、体育和娱乐(包括彩票活动) 科学研究 政府机关和社会组织(如行政单位、工会、妇联、宗教组织等) 其他\_\_\_\_\_

代码6: ⊖单位负责人 ⊖管理人员 ⊕专业技术人员(如教师、医生、工程师等) ⊕办事人员(如秘书、勤杂人员等) ⊕农、林、牧、渔、水利生产人员  
⊕生产、运输设备操作人员(如生产线工人、运输卡车司机等) ⊕服务人员(如美容理发、厨师、服务员、保安等) ⊕散工或自由职业者 ⊕军人  
⊕学生 其它(请注明)\_\_\_\_\_

代码7: 1 = 渝中; 2 = 江北; 3 = 渝北; 4 = 南岸; 5 = 九龙坡; 6 = 沙坪坝; 7 = 巴南; 8 = 大渡口; 9 = 北碚; 10 = 重庆其它区县; 11 = 四川其它市;  
12 = 除四川外的其它国内省市; 13 = 外国

### 三、保障性住房经验

B0 假设条件允许，您最希望选择以下哪一种居住方式（单选）：

- 买商品房     租商品房     一直租公租房     先租再买公租房     等单位安排住房  
 在农村的宅基地盖房     其它：\_\_\_\_\_

B01 如果不选择租或买公租房的话，为什么？

B1 您目前选择公租房的主要原因是（选择最主要的一项）：

- 自己与家里人工作方便     子女上学     租金便宜     拆迁安置     5年后可以购买  
 周边的服务配套     户口农转非     暂时没钱买商品房     其他\_\_\_\_\_

B11 如果选择（ 拆迁安置），为什么选择租公租房，而不是其它补偿（比如回迁房、补偿金）？

B12 您申请选择目前居住的这个公租房小区的主要原因是（选择最主要的一项）：

- 离自己或家人工作近     上班购物交通都便捷     周边公共服务配套齐全  
 良好的周边和小区环境     靠近亲戚或朋友     被动接受该小区

B2 您何时申请公租房小区：\_\_\_\_\_年\_\_\_\_\_月    B21 何时搬进公租房小区：\_\_\_\_\_年\_\_\_\_\_月

B3 您是如何得知公租房申请信息的：

- 政府宣传     媒体报道     亲朋好友告知     单位/公司     其它：\_\_\_\_\_

B4 您是如何申请公租房的：

- 自己申请     亲朋好友帮助申请     单位、公司统一申请     我不是申请人，但是住在这里  
 其它（请说明）：\_\_\_\_\_

B5 您现在居住的户型是您申请的户型吗？  是     不是

B51 如果不是，为什么？\_\_\_\_\_

B6 您参与了公租房摇号吗？  参与了     没有参与

B61 如果没有参与，为什么？\_\_\_\_\_

B62 您认为摇号分配公租房的制度公平合理吗？

- 非常公平合理     基本公平合理     没有区别     基本不公平合理     非常不公平合理

B63 您对公租房配租方式有什么改进建议？（比如，谁应该优先？要不要摇号？户型如何选择？）

B7 您在申请公租房时属于以下哪一种人员类型？

- 与用人单位签订劳动合同的人员     国家机关、事业单位在编工作人员     灵活就业人员  
 个体工商户     主城区退休人员     低保户     其它（请注明）：\_\_\_\_\_

B8 您入住这套公租房，置办现有家具、家电一共花了多少钱？

- 5000元以内     5001~10000元     10001~15000元     15001~20000元  
 20001~25000元     25001~30000元     30001~35000元     35001~40000元     40000元以上

B9 在入住现有这套公租房之前，您曾经使用过以下哪种保障性住房：

- ⊖ 单位福利房      ⊖ 经济适用房      ⊗ 廉租房      ④ 公租房      ⑤ 宅基地自建房  
 ⑥ 学生宿舍      ⑦ 没有使用过

B91 如果曾经使用过以上保障性住房，所在地点：\_\_\_\_\_

B92 如果曾经使用过以上保障性住房，使用时间：\_\_\_\_\_

B10 根据您的亲身经验和/或间接了解的信息，您最愿意选择以下哪一种保障性住房（单选）：

- ⊖ 单位福利房      ⊖ 经济适用房      ⊗ 廉租房      ④ 公租房      ⑤ 宅基地自建房

B101 为什么？

B102 若不是公租房，为什么您没有能够获得您最想要的保障性住房：

B11 您最不愿意选择的保障性住房方式是（单选）：

- ⊖ 单位福利房      ⊖ 经济适用房      ⊗ 廉租房      ④ 公租房      ⑤ 宅基地自建房

B111 为什么？

#### 四、职住空间关系

C1 您如何看待工作地点和居住地点的选择：

- ⊖ 先找房子，再在居住地附近找工作      ⊖ 先找工作，再在居住地点附近找房子  
 ⊗ 无所谓，房子和工作地点选择没有关系

C2 您上班/上学的主要通勤方式（最多选三项）：

- ⊖ 步行      ⊖ 自行车      ⊗ 公共汽车      ④ 摩托车      ⑤ 轻轨  
 ⑥ 单位班车      ⑦ 出租车      ⑧ 私人汽车      ⑨ 其它：\_\_\_\_\_

C21 您家有汽车吗？ ⊖ 有      ⊖ 没有

C3 您上班所需要的通勤时间大概是：

- ⊖ 15分钟以内      ⊖ 15~30分钟      ⊗ 30~45分钟      ④ 45分钟~1小时  
 ⑤ 1~1.5小时      ⑥ 1.5小时以上

C4 您一个月的交通费用：

- ⊖ 60元以下      ⊖ 60~119元      ⊗ 120~299元      ④ 300~599元      ⑤ 600~999元      ⑥ 1000元以上

C5 对目前出行时间和交通条件情况的总体评价：

- ⊖ 很满意      ⊖ 满意      ⊗ 一般      ④ 不满意      ⑤ 很不满意

C6 您对公租房旁边公交服务的满意程度是？

- ⊖ 很满意      ⊖ 满意      ⊗ 一般      ④ 不满意      ⑤ 很不满意

C61 你若不愿意坐公交或对公交不满意主要原因是？（最多选三项）

- ⊖ 线路少，转车不方便      ⊖ 不准时，等车时间长      ⊗ 到、离车站步行时间长  
 ④ 速度慢，出行时间长      ⑤ 车辆状况差      ⑥ 服务态度差      ⑦ 拥挤      ⑧ 其它\_\_\_\_\_

C7 您住的小区旁边有轻轨吗？ ⊖ 有      ⊖ 没有

C71 有轻轨的话，您对公租房旁边轻轨的满意程度是？

- ⊖ 很满意      ⊖ 满意      ⊗ 一般      ④ 不满意      ⑤ 很不满意

C72 你若不愿意坐轻轨或对轻轨不满意主要原因是？（最多选三项）

- 线路少，转车不方便     不准时，等车时间长     到、离站步行时间长  
 太贵了     拥挤     其它\_\_\_\_\_

C8 您入住公租房小区前后，有没有换过工作？

- 没换，一直是现在这份工作     之前没有工作，入住以后在附近找到工作  
 换了工作，以前和现在都在小区附近     换了工作，以前很远，现在公租房小区附近上班  
 换了工作，以前在附近，现在上班更远了     现在没有工作

C9 您觉得公租房周边工作机会的数量和质量怎么样？

C91 数量： 很满意     满意     一般     不满意     很不满意

C92 质量： 很满意     满意     一般     不满意     很不满意

C93 为什么？ \_\_\_\_\_

C10 您是如何了解到公租房小区周边工作信息的？

- 小区公告     邻居     朋友     自己找（上网等）     用人单位来小区办招聘会  
 其它： \_\_\_\_\_

## 五、公租房社区建设

D1 您感觉公租房社区与普通商品房小区有差别吗？

- 差别很大     差别不大     完全没有差别     没感觉

D11 如果有差别的话，主要体现在：

- 地理位置     配套设施     房屋质量     政府投入     住户背景     产权归属  
 其它 \_\_\_\_\_

D12 综合比较，您觉得哪个更好一些？ 商品房更好     公租房更好     差不多     看情况

D2 租公租房，您觉得自己和其他租普通商品房的人不一样吗？ 一样     不一样     没差别

D21 以同样的租金，您会选择租商品房还是租公租房？ 商品房     公租房     无所谓

D3 将来购买公租房，您觉得自己和其他买普通商品房的人不一样吗？ 一样     不一样     没差别

D31 如果是同样的价格，您会选择买商品房还是买公租房？ 商品房     公租房     无所谓

D4 您不上班的时候，主要的休闲娱乐地点是？

- 下班就回家，在小区里面活动     下班就回家，在小区周边活动     在工作地点附近娱乐，小区只是休息的地方     下班以后去解放碑等闹市区活动     周末出去玩，地点不固定     很少有娱乐活动

D5 您平时会往来的亲戚朋友，主要居住在哪里？

- 渝中区     江北区     渝北区     南岸区     九龙坡区  
 沙坪坝     巴南区     大渡口     北碚区     其他区县 \_\_\_\_\_

D6 您在本公租房社区内朋友的数量？

- 很多     少数几个     基本没有     完全没有

D61 您和这些朋友主要是怎么认识的？ 住进来之前就认识     住进来之后认识的

D7 入住公租房以后，您觉得自己的社会活动范围和以前相比怎么样？

- 扩大了     没有差别     缩小了

D8 搬到公租房社区以后，您主要通过什么渠道了解周边的生活信息？  
 小区里的宣传公告、广告等  小区其它居民  亲戚朋友  自己去了解（上网等）

D9 搬进公租房之前的一年，您主要住在哪里？（单选）  
 普通商品房小区  学生宿舍  农村自家宅基地  廉租房  工厂宿舍、工棚等  
 D91 您觉得公租房社区和您之前住过的小区相比，总体感觉怎么样？  
 以前的社区更好  差不多  公租房社区更好

D10 您感觉公租房社区里其它居民对您的态度是？ 很友好  友好  一般  不友好

D11 您觉得公租房社区的邻里相互关照怎么样？ 经常  较多  很少  没有

D12 您觉得公租房社区居民彼此信任吗？ 非常信任  比较信任  不太信任  非常不信任

D13 您觉得公租房住户之间的矛盾和摩擦主要是因为什么？  
 私自占用公共空间（比如楼道） 垃圾  噪音  车位  违章摆摊  宠物  其它\_\_\_\_\_

D131 与公租房社区其它居民发生矛盾时，您会怎么办？  
 找居委会等社区组织调解  双方自行调解  找小区里的其他人说理  算了

D14 您觉得公租房社区需要群众活动或组织吗？ 需要  不需要  不知道  
 D141 您居住的公租房社区有没有群众活动或组织吗？ 有  没有  不知道

举例给您看看，您是否知道并参加过以下群众活动或组织？

		经常参加	有时参加	很少参加	听说过，但从没参加	不知道
D1411	社区居民/承租户委员会选举	5	4	3	2	1
D1412	社区中心组织的学习活动（市民学校等）	5	4	3	2	1
D1413	社区中心组织的文娱活动（文艺汇演等）	5	4	3	2	1
D1414	社区志愿者活动（帮助他人）	5	4	3	2	1
D1415	社区中心组织的捐款、捐物活动	5	4	3	2	1
D1416	居民自己组织的休闲健身活动 (比如羽毛球队、足球队、广场舞等)	5	4	3	2	1
D1417	网络（比如QQ群）或见面讨论社区问题	5	4	3	2	1
D1418	其它（请说明：_____）	5	4	3	2	1

（如果没有参加任何活动或组织，不用回答D142-145）

D142 您参加的活动有人牵头组织吗？ 有人组织  没人组织  不清楚

D143 您参加的活动或组织，大约有多少人？  
 10人以内  11-20人  21-30人  31-40人  41-50人  50人以上

D144 您所参加的活动，参加者之间怎么联络？（比如：QQ群、手机短信、固定时间和场所去就行了）

D145 您所参加的活动或组织，负责人或者牵头人如何产生？  
 社区里有威望的人来负责，大家自发推举产生  社区里有威望的人来负责，居委会任命产生  
 社区居委会或街道工作人员担任组织负责人  由上级政府指派下来  其它：\_\_\_\_\_

D15 您听说过小区里面其他住户有以下问题吗？（可多选）

- 提供虚假申请材料住进了公租房  转租或出借  改动住房结构  空置  
 在租房内从事违法活动  不知道  其它：\_\_\_\_\_

D151 知道其他住户有这些问题，您会向主管部门反映吗？  会  不会  看情况

D152 如果不反映，为什么？ \_\_\_\_\_

D16 如果公租房本身或者社区出现问题（不涉及具体其他住户），您怎么反馈给政府主管部门？

- 不管，多一事不如少一事  跟社区其他居民说，让他们去反映  向小区的房管中心反映  
 通过 QQ 群等自发组织反馈给主管部门  通过居委会、街道等官方组织反馈  
 在公租房管理局网站上留言  直接给主管部门打电话或者面谈  其它 \_\_\_\_\_

D17 您觉得政府对公租房的投入如何？  投入很大  投入正常  投入太少  没感觉

D171 对政府投入的总体评价：  很满意  满意  一般  不满意  很不满意

D172 对政府投入的哪些具体方面感到满意？（多选）

- 租金控制  配套设施（如医院、学校）  公共交通  治安  社区组织活动  
 其它 \_\_\_\_\_

D173 您觉得政府应该加大哪些方面的投入？

- 租金控制  配套设施（如医院、学校）  公共交通  治安  社区组织活动  
 其它 \_\_\_\_\_

D18 您所在的公租房小区旁边有以下其它社区吗？（可多选，回答⑤没有的话，直接跳到下一题 D19）

- 回迁房社区  商品房小区  农户  其它：\_\_\_\_\_  没有其它社区

D181 如果有的话，您和他们打交道吗？

- 经常打交道  偶尔打交道  基本没有往来

D182 如果打过交道的话，请列举一两个例子？（比如：向周边农户买菜、一起跳广场舞等）

D183 您觉得公租房居民和周边这些社区居民的关系如何？

- 对立紧张  相对和谐、兼有磨擦  互不往来  和谐融洽  一开始对立，逐渐融合  
 其它 \_\_\_\_\_

D184 您认为周边其它这些社区的存在是否有助于公租房社区增加自身的内部凝聚力？

- 有帮助  没差别  没有帮助

D19 入住 5 年后您是否打算购买公租房？

- 是；  否，D191 不打算买公租房的原因 \_\_\_\_\_  还不确定  
(如果回答购买公租房，直接跳到下一页)

D192 不买公租房的话，您有什么打算？

- 继续租公租房  租商品房  买商品房  还没想好  其它： \_\_\_\_\_

D193 买商品房的话，打算哪购房？请描述大致地点（哪个区即可）： \_\_\_\_\_

D194 打算购买商品房的主要原因（最多选 3 个）

- 投资赚钱  住房条件更好一些  子女教育的学区选择更好一些  离工作地点近一些  
 周边的生活配套好一些  周边人群与本人较接近  结婚  其它： \_\_\_\_\_

D20 请问您和以下机构和组织接触多不多？ D21 请问您在多大程度上信任以下机构和组织？

D201	D202	D203	D204	D205	D206	D207	D208
市公租房管理局	区县房管局	房管/屋管中心	街道办事处、居委会	物业公司	新闻媒体	派出所	社区群众组织、志愿组织
1 很多	1 很多	1 很多	1 很多	1 很多	1 很多	1 很多	1 很多
2 比较多	2 比较多	2 比较多	2 比较多	2 比较多	2 比较多	2 比较多	2 比较多
3 有所接触	3 有所接触	3 有所接触	3 有所接触	3 有所接触	3 有所接触	3 有所接触	3 有所接触
4 没有接触	4 没有接触	4 没有接触	4 没有接触	4 没有接触	4 没有接触	4 没有接触	4 没有接触
5 不知道	5 不知道	5 不知道	5 不知道	5 不知道	5 不知道	5 不知道	5 不知道
D211	D212	D213	D214	D215	D216	D217	D218
1 非常信任	1 非常信任	1 非常信任	1 非常信任	1 非常信任	1 非常信任	1 非常信任	1 非常信任
2 比较信任	2 比较信任	2 比较信任	2 比较信任	2 比较信任	2 比较信任	2 比较信任	2 比较信任
3 不太信任	3 不太信任	3 不太信任	3 不太信任	3 不太信任	3 不太信任	3 不太信任	3 不太信任
4 完全不信任	4 完全不信任	4 完全不信任	4 完全不信任	4 完全不信任	4 完全不信任	4 完全不信任	4 完全不信任
5 不知道	5 不知道	5 不知道	5 不知道	5 不知道	5 不知道	5 不知道	5 不知道

## 六、对公租房社区的意见与建议栏

E1 您对公租房社区的以下方面满意吗？

E11	E12	E13	E14	E15	E16	E17	E18	E19	E110
总体评价	建筑质量	户型设计	社区环境	治安状况	配套设施	周边工作机会	社区文化生活	群众、志愿组织	周边其它社区
1 非常满意	1 非常满意	1 非常满意	1 非常满意	1 非常满意	1 非常满意	1 非常满意	1 非常满意	1 非常满意	1 非常满意
2 比较满意	2 比较满意	2 比较满意	2 比较满意	2 比较满意	2 比较满意	2 比较满意	2 比较满意	2 比较满意	2 比较满意
3 一般	3 一般	3 一般	3 一般	3 一般	3 一般	3 一般	3 一般	3 一般	3 一般
4 不太满意	4 不太满意	4 不太满意	4 不太满意	4 不太满意	4 不太满意	4 不太满意	4 不太满意	4 不太满意	4 不太满意
5 很不满意	5 很不满意	5 很不满意	5 很不满意	5 很不满意	5 很不满意	5 很不满意	5 很不满意	5 很不满意	5 很不满意
6 不知道	6 不知道	6 不知道	6 不知道	6 不知道	6 不知道	6 不知道	6 不知道	6 不知道	6 不知道

E2 您认为对于改善公租房社区最为重要的举措是？（最多选四项）

- 改善公共交通   
  严格管理，加重违规处罚力度（比如转租）   
  培养居民的社区意识   
  改善配套设施（医院、学校、农贸市场等）  
 改善停车设施   
  改善治安环境   
  增加周边就业机会   
  改进户型设计、提高房屋质量   
  增加社区活动   
  其它 \_\_\_\_\_

**问卷结束。非常感谢您的支持！**

## **VITA**

Yuting Li was born in Jiangxi province, China. She received a Bachelor of Arts in International Studies and a Master of Arts in Comparative Politics from Peking University in China. In 2016 she earned a Doctor of Philosophy in Political Science at the University of Washington, Seattle.