

**REFORMING CHINA'S URBAN HOUSING
POLICY: THE CASE OF XIAMEN**

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Executive Summary

1. Since 2006, the Chinese central government has been providing urban public housing to alleviate the many social ills caused by a hike in housing prices in large cities. Against the stability of local per capita income, housing prices in many cities doubled during the last couple of years.
2. The unaffordability of urban housing is in conflict with Hu-Wen's new theory of "scientific development" and "harmonious society." To solve this problem, as of the second half of 2006, the central government has adopted a series of fiscal and monetary policies to control the demand for private commodity housing while emphasizing the importance of public housing.
3. Although the central government has already paid attention to the significance of public housing, it has yet to provide a concrete and viable measure. Xiamen, the first city to implement the new housing policy, has already established a concrete framework on the construction and allocation of urban public housing. Its experience is particularly valuable to the construction and implementation of a nationwide public housing policy.
4. A year before the central government's initiatives to provide public housing, Xiamen municipal government had already kicked off a large scale construction project to provide low price housing for the urban poor. A five-year construction plan was announced by the Urban Planning Bureau of Xiamen in October 2006 to provide both private and public housing.
5. To facilitate the construction and allocation of public housing, the Xiamen Municipal government publicized more than ten directives regulating the management of public housing. These include housing development and allocation, pricing standards or rent determination, qualifications of the applicant, procedures of application and allocation, subsidy arrangement and so on of two kinds of public housing, namely, public rental housing and public commodity housing.

6. The current housing problem was largely attributable to partial housing reform in the 1990s. Although reform has established a seemingly perfect new framework for housing provision, its implementation is hampered by its ill-considered incentive mechanism on affordable housing provision. Supply does not meet demand.
7. Although Xiamen city's public housing program kicked off to a good start, it is still plagued by many unresolved issues such as a reconciliation of urban and rural land ownership with the social welfare system.