

**WELFARE HOUSING PROGRAMS  
IN URBAN CHINA**

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## **Executive Summary**

1. The right to adequate housing is universally recognized as one of the basic human rights. “Adequate housing for everyone” is set by the Chinese government as its housing policy, which refers to a situation where people's multilevel housing demand can be adequately met.
2. Housing reform has been part of the overall reform adopted by the Chinese government since the late 1970s. Using 1998 as the demarcating year, the reform can be divided into two phases: the phase of pilot projects and the phase of all-out enforcement.
3. Since 1998, the in-kind allocation of public housing has been abolished, and units were sold to tenants at subsidized prices. Meanwhile, a multilevel housing supply system is established, consisting of low-rent public housing, affordable commodity housing and ordinary commodity housing. Other relevant measures include relaxing the regulation on home mortgage loans and developing a second-hand housing market and a rental market.
4. Thanks to various reform measures, urban dwellers' housing condition has evidently improved. However, the housing need of low income groups remains mostly unmet in many cities. A shift in the government policy to stimulate economic growth and improve people's welfare since 2007 has given welfare housing programs a major boost.
5. China's current welfare housing system in urban areas consists of three programs: the low rent public housing program, the affordable commodity housing program and the price restriction commodity program. The former two programs target low income families, while the latter targets middle income families with housing difficulties.
6. At the local level, the government's housing and urban-rural construction departments are responsible for strategy, planning and investment, while

housing security and management bureaus are responsible for daily management and maintenance. At the national level, a State Council coordination group on welfare housing projects oversees policy coordination and implementation.

7. The government gives preferential treatment to welfare housing projects, such as free land use and tax incentives. In exchange, it requires developers to abide by certain construction standards and adhere to restrictions on selling price and eligibility of home buyers.
8. To be eligible for welfare housing benefits, people have to meet certain criteria, such as *hukou* registration, age, marital status, income and assets. Applications are subject to a three-tier approval process. Once approved, an applicant will be offered a matching unit, either to rent or to purchase.
9. The HDB program in Singapore is one the most successful public housing programs in the world. There are many similarities and differences between the Chinese program and the Singaporean program. China can learn a lot from Singapore's experience to improve on its own welfare housing programs.

# WELFARE HOUSING PROGRAMS IN URBAN CHINA

YAN Hao\*

## **“Adequate housing for everyone”, the goal of China’s housing policy**

- 1.1 In old Chinese sayings, shelter, along with clothing, food, and transportation, is essential to people’s daily life. “居者有其屋” (adequate housing for everyone) is one of the scenarios of an ideal society in the classic writings of ancient Confucian scholars. In modern times, the right to adequate housing is universally recognized as one of the basic human rights as embodied in a series of UN documents.<sup>1</sup> Most governments in the world have certain form of obligation in the housing sector, such as the setting up of national housing agencies, adopting national housing policies and initiating various housing assistance programs for lower income groups.
- 1.2 “Adequate housing for everyone” was first set as the goal of the Chinese government’s housing policy in the CCP’s 17th National Congress in October 2007. It was reiterated by Premier Wen Jiabao in his annual report to the People’s Congress in March 2009. Adequate housing for everyone does not necessarily mean private home ownership for everyone. Rather it refers to a situation where people's multilevel housing demand can be adequately met.
- 1.3 During the pre-reform period since 1949, the Chinese government’s housing policy stressed varied goals in different areas: public housing program in

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<sup>1</sup> Such as the Vancouver Declaration on Human Settlements of 1976, the proclamation of the International Year of Shelter for the Homeless of 1987 and the adoption of the Global Strategy for Shelter to the Year 2000.

urban areas and private home ownership in rural areas. The public housing program was successful in solving the housing problem of state employees, particularly in the 1950s.<sup>2</sup> Due to financial constraints, housing shortage has become increasingly severe since the 1960s, particularly in large cities like Beijing and Shanghai. It is estimated that per head living floor space in urban areas was only 6.7 square meters in 1978.

### **Housing reform since the early 1980s**

- 2.1 Since the late 1970s, the Chinese government has adopted a series of far-ranging reform and open-up policies, which have greatly transformed China's economic and social systems. Housing reform is considered as one of the key reform measures for enhancing urban development and people's welfare. Using 1998 as a cut-off year, China's housing reform in urban areas can be divided into two phases: the phase of pilot projects and the phase of all-out enforcement.
- 2.2 Pilot projects of public housing reform were first launched in a number of cities in the early 1980s, focusing mainly on measures like rent increase with allowances, sale of houses at subsidized prices and diversified fund raising for housing construction. In 1986, the Leading Group of Housing Reform was set up by the State Council as a national policy making body for housing reform. In the subsequent years, a series of major policies were announced, which set commercialization of public housing as the reform target.
- 2.3 During this period, two other innovative measures were adopted, which are of special importance to the welfare housing programs discussed here: affordable commodity housing introduced in 1994 and the housing provident funds created in 1996.
- 2.4 In nearly 20 years until 1998, the progress of housing reform was relatively slow, with only partial achievements in privatizing existing public housing. As

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<sup>2</sup> See Appendix I.

a major step to boost domestic demand in the aftermath of the 1997 Asian financial crisis, the government started to push the housing reform more vigorously by issuing the 1998 State Council document on Further Deepening Housing Reform and Accelerating Housing Construction.<sup>3</sup>

- 2.5 The document advocated the abolishing of in-kind allocation of public housing, and selling of existing public housing units, primarily managed by work-units, to tenants at subsidized prices. It also required the establishment of a housing supply system to meet people's multilevel housing need. In the original design, low-rent public housing would be provided to the bottom income group, and affordable commodity housing would be sold at subsidized prices to low and middle income groups, which accounted for 70-80% of urban population at that time. People of high income groups could buy commodity housing in the open market. Other relevant policies include relaxing the regulation on home mortgage loan business of banks and developing a second-hand housing market and a rental market.
- 2.6 Thanks to various reform measures, urban dwellers' housing condition has evidently improved. In 2007, according to the Ministry of Housing and Urban-Rural Construction, private home ownership in urban areas reached 83% and per head living floor space rose to 28 square meters.<sup>4</sup>
- 2.7 Despite obvious achievements, the housing need of low income groups is mostly unmet in many cities. For example, the share of affordable commodity housing in China's total housing investment dropped from 16.6% in 1999 to 5.1% in 2006. The number of low income families with housing difficulty is estimated at 10 million, or 10.6% of all urban families with *hukou* registration.<sup>5</sup>

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<sup>3</sup> 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》国发[1998]23号

<sup>4</sup> [http://news.xinhuanet.com/house/2007-12/29/content\\_7333705.htm](http://news.xinhuanet.com/house/2007-12/29/content_7333705.htm)

<sup>5</sup> [http://cn.chinagate.cn/economics/2007-08/30/content\\_8770773.htm](http://cn.chinagate.cn/economics/2007-08/30/content_8770773.htm)

- 2.8 The newly emerged problems stem partially from a shift in policy priority from providing the majority of urban population with affordable commodity housing at subsidized prices to providing them with ordinary commodity housing at market prices, as stated in a 2003 document of the Ministry of Housing and Urban-Rural Construction.<sup>6</sup> Although welfare housing is still deemed as necessary, the document sets no concrete targets to fulfill. The eagerness of local officials to promote the lucrative commercial housing projects is understandable, since they generate not only nice-looking GDP figures but also contribute extra revenue through land lease, estimated at as high as RMB 1200 billion in 2007 alone.<sup>7</sup> In comparison, welfare housing projects, a seemingly loss-making business, attracted little attention. In the period 1999-2006, for example, only RMB 7.1 billion was spent on low rent public housing projects by governments at all levels.<sup>8</sup>

### **Policy readjustment since 2007**

- 3.1 In fact, the problem discussed earlier is just a small part of the emerging challenges China faces after 30 years of rapid reform and transformation. In response, President Hu Jintao put forward the “scientific concept of development” as China’s development strategy in the foreseeable future at the CCP’s 17th National Congress in 2007. According to this strategy, great efforts will be made to promote people’s welfare, social harmony, environmental protection and balanced development.
- 3.2 A readjustment of China’s housing policy is a natural follow-up to the aforesaid development. In August 2007, the State Council issued a special document on tackling housing difficulties of low income families in urban areas.<sup>9</sup> Welfare housing (保障性住房) was again given top priority in the

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<sup>6</sup> 国务院《关于促进房地产市场持续健康发展的通知》国发〔2003〕18号

<sup>7</sup> <http://qzone.qq.com/blog/622004674-1207241631>

<sup>8</sup> <http://cpc.people.com.cn/GB/104019/104109/6399178.html>

<sup>9</sup> 国务院《关于解决城市低收入家庭住房困难的若干意见》国发〔2007〕24号

reform agenda, and concrete measures were listed to improve the existing programs.

- 3.3 At the end of 2008, the State Council adopted 10 major stimulus policies to combat the global economic downturn and boost domestic demand. Accelerating welfare housing construction has been listed as the No.1 task. Of the RMB 4 trillion stimulus package announced, RMB 400 billion will be allocated to finance welfare housing projects.
- 3.4 In March 2009, the first national conference on welfare housing projects was held in Changsha graced by Vice Premier Li Keqiang and senior officials of relevant ministries and all provincial governments. Considered as a “national mobilization” exercise, the conference set concrete tasks for welfare housing construction in the next 3 years, ranging from planning, organization, financing arrangement, land acquisition, tax incentives to supervision and evaluation. By the end of 2011, according to Jiang Weixin, Minister of Housing and Urban-Rural Construction, the government will raise RMB 900 billion from different sources to provide 7.5 million low income families with improved welfare housing conditions.<sup>10</sup>
- 3.5 Two additional measures adopted at the conference are of special importance to the success of the renewed initiative. At the national level, a coordination group on welfare housing projects will be established to overlook policy enforcement on behalf of the State Council. At the local level, a performance appraisal framework will be worked out, linking the fulfillment of welfare housing tasks to officials’ work performance and promotion. With these measures and funds in place, welfare housing programs in urban China will get a major boost in the coming years.

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<sup>10</sup> <http://sh.house.sina.com.cn/chat/2009-03-06/084784767.html>

**Program No. 1: Low rent public housing**  
(廉租公房)

- 4.1 China's welfare housing system in urban areas consists of three programs: the low rent public housing program, the affordable commodity housing program and the price restriction commodity housing program.
- 4.2 By definition, low rent housing is state-owned housing property that is leased at a symbolically low level of rent to meet the basic housing need of the bottom income group of urban population. Low rent public housing program also makes up a part of the official social relief programs in urban areas. One-story houses, often very old and in bad shape, make up the greater part of public housing in many cities. The number of new housing projects increases only in recent years.
- 4.3 The low rent public housing program is financed primarily by the local government budget. Direct financial transfer from the central government becomes increasingly important. In 2009, for example, the central government has already committed RMB 49.3 billion, about one quarter of the estimated total investment of RMB 200 billion nationally.<sup>11</sup> The housing and urban-rural construction department of the local government is responsible for the planning and investment of new projects, while the bureau of public housing property management is responsible for the day-to-day management and maintenance.<sup>12</sup>
- 4.4 Currently, low rent public housing is open to eligible families in two forms: (1) in-kind distribution, frequently in the case of new housing projects; and (2) rent deduction, usually for current tenants of public housing. In some cities where public housing is not readily available, a rent allowance is paid as a temporary benefit to eligible families.

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<sup>11</sup> <http://house.people.com.cn/GB/9261924.html>

<sup>12</sup> In cities like Shanghai, the office has been renamed as the bureau of housing security and management.

- 4.5 People who apply for low rent public housing must satisfy a number of criteria formulated jointly by local governments' relevant departments. These criteria are often based on varied housing types or housing conditions on offer. Given the marked regional disparity, housing distribution criteria can differ from one city to another. In 2008, for example, an applicant (or a family) in Beijing for in-kind distribution was assessed based on the following:<sup>13</sup> hukou status, marital status, per capita income, total assets, and per head current living floor space.<sup>14</sup> Disadvantaged families will be given priority, such as families in need of resettlement due to urban upgrading projects, or families with elderly or disabled members.
- 4.6 The application will be approved by a three-tier approval system of the local housing authority (community, district and city). Meanwhile, the applicant's name will be displayed in the neighborhood for public scrutiny. Once approved, the would-be tenant will be allocated a housing type matching his conditions. His financial situation is subject to regular reviews, and his eligibility will be readjusted accordingly.
- 4.7 The rent level is relatively low, but can vary depending on the location and condition of the housing. In a 400-unit new project in Beijing's Guangqumen Beili area, for example, the rent is only RMB 2.4 per square meters. A tenant pays RMB 100 per month on average for a unit with area ranging from 30-60 square meters, just one tenth of market prices.
- 4.8 By the end of 2006, all 274 cities at the prefecture level had launched the low rent public housing program locally. As many as 547,000 low income families have had their housing conditions improved since 1999. In 2007, a total of RMB 35.4 billion was spent by governments at all levels on the program, including the construction of 630,000 new units and the payment of rent allowance to 2.7 million families.<sup>15</sup>

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<sup>13</sup> <http://sqjt.beijing.cn/bzxzfsqzn/index.shtml>

<sup>14</sup> See Appendix II.

<sup>15</sup> <http://news.163.com/08/0317/10/477THBI00001124J.html>

**Program No. 2: Affordable commodity housing**  
**(经济适用商品房)**

- 5.1 By definition, affordable commodity housing refers to a special category of commodity housing sold only to low income families at subsidized prices. The concept of affordable commodity housing was first introduced in 1994. In 2007, the relevant policies were reconfirmed in a document jointly issued by 7 ministries.<sup>16</sup>
- 5.2 There are three types of affordable commodity housing projects: (1) projects directly developed by the government; (2) projects contracted to commercial developers under preferential conditions, such as free land use and tax incentives. The developers are required to follow certain guidelines in construction standards and selling price; and (3) projects developed by work-units on similar conditions enjoyed by commercial developers.
- 5.3 Those who want to buy affordable commodity housing must meet all the 3 requirements of local *hukou* registration, low income and housing difficulty. The thresholds of low income and housing difficulty are set by local governments and can vary from one city to another. In Beijing, for example, requirements include *hukou* status, age and marital status, total household annual income, total assets, and current living floor space per head. Because of high demand, priority is often given to families whose residences have been demolished by urban upgrading projects. The application is also subject to the three-tier approval procedures. Sometimes a ballot system has to be used to select a fortunate buyer from many eligible candidates.
- 5.4 The selling price of affordable commodity housing is generally 20-30% lower than that of ordinary commodity housing in similar locations. Nationally, according to the Ministry of Housing and Urban-Rural Construction, the

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<sup>16</sup>

《经济适用住房管理办法》

average price of affordable commodity housing in 2006 is RMB 1,729 per square meter, just half that of ordinary commodity housing at RMB 3,367.<sup>17</sup>

5.5 Unlike low rent public housing, the buyer of an affordable commodity housing unit will become its legal owner. However, as the house is heavily subsidized by the government, the home owner is only permitted to sell the unit on certain conditions. In Beijing, for example, there are two major requirements: (1) within 5 years after the purchase, the unit can only be sold to local housing authorities at the original price; and (2) after 5 years, it can only be put on sale, after the land tax (calculated as 70% of the difference between the original price and the current market price) is duly paid. Nevertheless, the housing authority still has the priority to buy back the unit.

5.6 The annual investment in affordable commodity housing projects nation-wide increased from RMB 18.5 billion in 1997 to RMB 69.7 billion in 2006. The total floor-space sold during the same period expanded from 12.1 million square meters to 33.4 million square meters.<sup>18</sup> By 2011, the RMB 900 billion welfare housing project will have built 4 million units of affordable commodity housing on top of 2 million units of low rent public housing. At the local level, however, it is not stipulated which of the two programs should be given top priority. Governments are given the flexibility to make decisions according to local conditions. In 2009, for example, Beijing plans to complete 1,600 units of low rent public housing and 17,000 units of affordable commodity housing. Nearly 20,000 low income families will be able to move into their new homes by year-end.<sup>19</sup>

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<sup>17</sup> 《2007 中国统计年鉴》

<sup>18</sup> See Appendix III.

<sup>19</sup> <http://unn.people.com.cn/GB/8896844.html>

**Program No. 3: Price restriction commodity housing**  
(限价商品房)

- 6.1 In recent years, the price of commodity housing in China's urban areas has risen very quickly. China's property price to income ratio is estimated at 15 in 2007, much higher than the "reasonable level" of 3-6 recommended by UN. The figure for large cities is even higher, such as 23 in Beijing and 17 in Shanghai.<sup>20</sup> Obviously, even middle income families can hardly afford such high prices nowadays.
- 6.2 To resolve the problem, the State Council had initiated a new housing assistance program, the price restriction commodity housing program, targeting mainly urban middle income families.<sup>21</sup> The program is also referred to as the dual-restriction commodity housing (两限房) program. The government's land lease tender states that finished units can only be sold to eligible home buyers at fixed prices and commercial developers' bid is deemed unsuccessful if they do not abide by these requirements.
- 6.3 The price is set jointly by relevant departments of local governments, taking into account the actual costs and reasonable profits of developers. In Beijing's Songjiazhuang project, for example, price restriction housing is sold at RMB 6,200 per square area. It is higher than that of affordable commodity housing at RMB 4,369 in the same community, but is still lower than that charged by a nearby ordinary commodity housing project at RMB 9,000.
- 6.4 Buyers will have to meet certain criteria to be eligible. Compared with the earlier two programs, this program is more flexible with regard to income and assets. Priority will be given to families with elderly or disabled members and families whose residences have been demolished by urban upgrading projects.

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<sup>20</sup> [http://news.fdc.com.cn/yjgd/209757\\_2.htm](http://news.fdc.com.cn/yjgd/209757_2.htm)

<sup>21</sup> 《国务院办公厅转发建设部等部门关于调整住房供应结构稳定住房价格意见的通知》（国办发[2006]37号）

- 6.5 Like affordable commodity housing, owners of price restriction commodity housing will have to meet certain conditions before they could sell their unit. In Beijing, for example, the unit can only be sold to local housing authorities at the original price within 5 years after the purchase. After 5 years, it can only be put on sale, after the land tax is duly paid, which is calculated at 35% of the difference between the original price and the current market price.
- 6.6 The 3-year national welfare housing project does not include the price restriction commodity housing program. Local governments can decide on the number of projects to be launched each year, according to local conditions. In 2009, for example, up to 10,000 units will be completed in Beijing alone.

**China's welfare housing program vs. Singapore's HDB program:  
Similarities and differences**

- 7.1 Singapore's HDB program is one of the most successful public housing programs in the world. It has earned international acclaim, including winning the UN World Habitat Award in 1991. There are many similarities as well as differences between the Chinese model and the Singaporean model. China has a lot to learn from Singapore's experience.
- 7.2 Legislation: The Housing and Development Board (HDB) was set up by the Singapore government over 40 years ago through a special bill, the Housing and Development Act, to address the acute housing shortage situation in the early years of the country's independence. Supplemented by additional laws and regulations thereafter, the Act provides a solid legal foundation for the HDB program in the subsequent years. In comparison, China has neither passed a special bill nor set up a unified body to support its welfare housing programs in spite of the fact that its public housing programs have a longer history. In China, the current programs are based largely on numerous policy documents issued by various departments at varied times. Due to the lack of coordination and consistency, the effectiveness of policy implementation may suffer from time to time, and from place to place. A special legal document

like the HDB Act should be formulated by the highest legislative body in China to serve as its national guideline.

- 7.3 Institution and responsibility: In Singapore, HDB is the sole authority for all public housing programs, including rental flats and sold flats. Its responsibility covers the whole range of housing business from planning, financing, construction, management to maintenance. In China, the responsibility is divided among different departments, such as the planning departments, the construction departments, the finance departments, the land departments and the housing management bureaus. As different departments may have different interests and priorities at different times, the program may be hindered by the conflict of interests. It seems that a national body, such as the proposed State Council Coordination Group on Welfare Housing Projects, is necessary to provide unified leadership and coordination.
- 7.4 Finance: In Singapore, HDB is an independent entity that operates largely on its own, including borrowings from the capital market. Government grant only plays a supplementary role. China on the other hand has yet to work out a sustainable financial arrangement to support its welfare housing programs. As discussed earlier, the central government has already committed RMB 400 billion to the program from its stimulus plan in the next three years. However, it is still questionable if local governments can pool enough funds to match the central government's input. A number of measures have been introduced so far to assist local efforts. For example, local governments are now allowed to transfer 5% from their annual land lease revenue to welfare housing projects. The idle proportion of the housing provident fund can also be used for the purpose.
- 7.5 Target and Coverage: Singapore is a small city state. Under the home ownership scheme, the HDB program targets not only low income groups but also middle income groups. As a result, the program coverage now reaches 83% of its total population, the highest of all public housing programs in the world. In comparison, China is the most populous country in the world and with marked regional disparity. The Chinese programs currently only target

primarily the bottom income group, or about 10% of its total urban population due to financial constraints. Certain proportion of middle income families can also benefit under the price restriction commodity program. There are certain similarities in program targets between China and Singapore: the low rent public housing program vs. the HDB public rental scheme, the affordable commodity housing program vs. the HDB rent and purchase scheme, and the price restriction commodity housing program vs. the HDB direct-purchase scheme. In China, the government plans to extend the coverage of the current programs to cover an even larger proportion of population, including the disadvantaged migrant families, once its financial situation improves in the coming years.

- 7.6 Eligibility: Welfare housing programs in both China and Singapore are means-tested, i.e. people have to meet certain income criteria to be eligible for the program benefits. In Singapore, monthly household income is the only condition required. In China, household assets and per capita living floor area are required as well. Both programs have similar requirements on certain personal basics, such as citizenship (*hukou* status in China), age and marital status. They also give special preference to vulnerable families, such as families with elderly members.
- 7.7 Home buyer financing: To help home buyers ease their financial burdens, both countries have introduced special home buyer financing programs, the housing provident fund (HPF) in China and the central provident fund (CPF) in Singapore. Both programs are based on the compulsory contribution of employees and employers. Eligible home buyers can apply for mortgage loans on preferential conditions, such as lower interest rates or longer repayment period. In Singapore, CPF also runs a special grant program under the Additional Housing Grant (AHG) Scheme, which offers additional grant to low income families or first-time home buyers. China has yet to work out a way to better use its HPF fund. According to a 2006 World Bank<sup>22</sup> study, only 45% of the HPF fund was used by the end of 2005. Only 17% of contributors

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<sup>22</sup>

World Bank, China Quarterly Update, Nov. 2006.

had actually enjoyed the HPF benefits, and they were mostly the wealthy. The poor are not eligible for the scheme either because they cannot afford to buy a home even under the affordable commodity housing program, or because they are excluded from the HPF program for working in informal sectors.

## APPENDIX I THE PUBLIC HOUSING PROGRAM IN URBAN CHINA DURING THE PRE-REFORM PERIOD

- Since the founding of the People's Republic in 1949, the Chinese government operates a dual economic system between urban and rural areas. The urban economy was dominated largely by state-owned industries, while the rural economy depended mainly on collective farming. Many of China's government policies, be they political, economic or social, are built on this dual system, leaving a profound impact on people's livelihood.
- During the pre-reform period, the Chinese government implemented a public housing program in urban areas and private home ownership in rural areas.
- Following the Soviet model, the public housing program in urban areas was designed in the 1950s as part of the state welfare system to benefit the majority of urban dwellers working in the state sector. The program is characterized by (1) public ownership and state financing; (2) in-kind allocation through an administrative system; and (3) low-rent policy. The rent is usually less than 2% of the cost of living in urban areas.
- Public housing is offered in two forms: (1) self-managed public housing (单位自管住房), i.e. housing under the management of work-units (mostly state-owned); and (2) directly controlled public housing (直管公有住房), i.e. housing under the direct control of the city bureau of housing management. According to a 1981 study on the housing sector in 200 cities, 53.6% of housing fell into the first group, while 28.7% fell into the second one. The remaining 17.7% was privately owned housing.<sup>23</sup>
- Self-managed public housing plays a key part in the public housing program. State-owned enterprises are allowed to retain certain proportion of their profits to run various welfare programs for their employees, including the construction and maintenance of housing. Government organs and public

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<sup>23</sup> Source: Lee, Y.F., "The Urban Housing Problem in China", the *China Quarterly*, No. 115 (1988), p. 398.

service provider units, such as education, health care and research institutions, can apply to higher authorities for special housing funds on top of their recurrent budget. These extra funds are essential to low-rent housing program to keep it operational and sustainable. Within the work unit, housing is usually distributed according to certain criteria, such as occupational rank, number of years in service, marital status, and number of family members.

- The city bureau of housing property management is responsible largely for serving those whose work-units (mostly collectively owned) cannot provide housing or who are not affiliated with a work-unit, such as those who work in informal sectors. The construction and maintenance of directly controlled public housing are normally financed by the city budget. The distribution of housing is based on a set of criteria that is similar to that used in state-owned work units.
- Apparently, the public housing program was successful in solving the housing problem of state employees, particularly in the 1950s. As the state sector expanded, however, the program did not develop fast enough to meet the growing housing need of the urban population. Due to financial constraints, the provision of public housing became a heavy burden to city governments as well as the work-units. Housing shortage has become increasingly severe since the 1960s, particularly in large cities like Beijing and Shanghai. It is estimated that living floor space per head in urban areas was only 6.7 square meters in 1978.

**APPENDIX II    SELECTED ELIGIBILITY CONDITIONS FOR WELFARE  
HOUSING PROGRAMS (BEIJING INNER CITY, 2008)**

| <b>Item</b>                          | <b>Program 1</b>                                                                                                                 | <b>Program 2</b>                                                                                                                                           | <b>Program 3</b>                                                                                                      |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| <i>Hukou</i> status                  | Registered locally 5 years and over                                                                                              | Registered locally 5 years and over                                                                                                                        | Registered locally 5 years and over; also open to employment pass holders                                             |
| Age and marital status               | Older than the late marriageable age (25 for males and 23 for females) if single or at least 3 years after divorce if a divorcee | Older than the late marriageable age if single, or at least 3 years after divorce if a divorcee                                                            | Older than 30 if single                                                                                               |
| Income                               | Per head below RMB 580 per month or below RMB 6,960 per year                                                                     | Total household income below RMB 22,700 for 1-head families per year; below RMB 36,300 for 2-head families, and below RMB 45,300 for 3-head families, est. | Total household income below RMB 88,000 for 3-head families per year, and below RMB 116,000 for 4-head families, est. |
| Total household assets               | Below RMB 150,000 for 1-head families; below RMB 230,000 for 2-head families, and below RMB 300,000 for 3-head families, est.    | Below RMB 240,000 for 1-head families; below RMB 270,000 for 2-head families, and below RMB 360,000 for 3-head families, est.                              | Below RMB 570,000 for 3-head families, and below RMB 760,000 for 4-head families, est.                                |
| Current living floor space per head: | Below 7.5 square meters                                                                                                          | Below 10 square meters                                                                                                                                     | Below 15 square meters                                                                                                |

**APPENDIX III    SELECTED INDICATORS OF AFFORDABLE AND  
COMMODITY HOUSING IN CHINA, 1997-2006**

| <b>Year</b> | <b>Total Investment<br/>(RMB billion)</b> | <b>Total Floor-space Sold<br/>(1,000 square meters)</b> | <b>Average Price<br/>(RMB/square meter)</b> |
|-------------|-------------------------------------------|---------------------------------------------------------|---------------------------------------------|
| 1997        | 18.5                                      | 12,118.5                                                | 1,097                                       |
| 1998        | 27.1                                      | 16,665.0                                                | 1,035                                       |
| 1999        | 43.7                                      | 27,013.1                                                | 1,093                                       |
| 2000        | 54.2                                      | 37,600.7                                                | 1,202                                       |
| 2001        | 59.9                                      | 40,214.7                                                | 1,240                                       |
| 2002        | 58.9                                      | 40,036.1                                                | 1,283                                       |
| 2003        | 62.2                                      | 40,188.7                                                | 1,380                                       |
| 2004        | 60.6                                      | 32,618.0                                                | 1,482                                       |
| 2005        | 51.9                                      | 32,050.1                                                | 1,655                                       |
| 2006        | 69.7                                      | 33,369.7                                                | 1,729                                       |

Source: Calculated from China Statistical Yearbook, 1998-2007