

CHINA SPEEDS UP ITS PUBLIC HOUSING PROGRAMS

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Executive Summary

1. Though the majority of urban residents in China now live in privately owned houses, many of them still live in public housing. Currently, more than 15 million low and middle income households, which account for about 7% of total urban households, have benefited from the various public housing programs.
2. However, the spike in house price in China over the past decade has made private properties out of reach of most low and middle income households. To remedy the situation, the central government has spent RMB133 billion (US\$21 billion) to boost public housing programs in the last five years.
3. According to the 12th Five-Year Program (FYP, 2011-15) released in March 2011, 36 million apartments that would house 20% of urban households under public housing programs will be built during the program period. This requires an investment of RMB5 trillion (US\$800 billion).
4. Two factors accounted for the recent expansion of public housing programs. First, the issue of affordability of housing becomes salient due to skyrocketing house prices. Second, the expanding public housing programs bolster economic growth with the stimulation of domestic demand.
5. The public rental apartment (公共租赁房) is the most important program in the 12th FYP. With fewer restrictions on applicants' income and residential status, the public rental apartment program caters well for the young generation who may have a decent income, but could not afford to buy private properties.
6. With recent policy initiatives, affordability of housing is expected to be substantially improved for the low and middle income groups. The financing of public housing remains the major challenge for some local governments. Qualifying residents for public housing remains a serious issue.