

RECENT DEVELOPMENTS OF PUBLIC HOUSING PROGRAMMES IN CHINA

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EAI Background Brief No. 1332

Date of Publication: 1 March 2018

Executive Summary

1. Housing in big cities in China is becoming more and more unaffordable. The average housing price-to-income ratio for the 35 major Chinese cities was estimated at 10.2 in 2013. Providing affordable housing was highlighted at the 19th party congress in October 2017.
2. Housing is seemingly out of reach for many low- and middle-income families, migrant workers and fresh college graduates. Public housing could be a solution.
3. Major public housing programmes in China cover affordable housing, housing with “two restrictions” (i.e. restriction on the residential area and housing price), rent-subsidised houses, public rental apartments, rebuilding of shanty areas and joint property rights housing.
4. Between 2011 and 2015, 40 million apartments under various public housing schemes had been planned. Between 2011 and 2016, government expenditure for public housing had increased by about 10.9% annually on average.
5. Public housing programmes face two problems. One is the inadequate fiscal capacity of local government in financing public housing.
6. Second is targeting the correct recipients of such public housing projects. Some groups who should be entitled to public housing have been excluded, while those who do not expect entitlements have been included.
7. The government has acted to introduce alternative financing sources for these programmes and increase the supply of rental houses to meet demand.
8. Remaining issues to be addressed include the financial sustainability of the Public-Private Partnership projects for public housing and the mismatch between demand and supply of public housing in lower-tier cities.