

## **Housing provision restructuring and state-led financialisation in post-global recession China**

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The latest global financial crisis has triggered a four trillion RMB stimulus package in China (Sum, 2013), which invested largely in the urban built environment such as urban infrastructure and the real estate industry. This short-term yet intense bailout plan has ostensibly led to 'ghost estates', skyrocketing housing price, and pandemic civil resistance (cf. He and Xue, 2014; Wu, 2015). Both the stimulus package and the long-lasting 'deficit financing' associated with China's fast-track urbanisation (Harvey, 2005) have accumulated unsustainable heavy debt burden for the local governments (Naughton, 2015; Ren, 2015).

In order to cope with these deadlocks, urban housing provision has undergone a dramatic restructuring in China. Firstly, the very harsh top-down 'purchase restriction order' has been enforced to curb speculative investment flooding into the high-end housing market. Secondly, massive evictions under the banner of 'shantytown redevelopment schemes' and ambitious plans of affordable housing provision have simultaneously taken place. These processes have created supply and demand for the low-end housing market and stimulate large-scale urban redevelopment. In 2011, 36 million units of affordable housing (including price-cap housing, resettlement housing, public rental housing, and low-rent housing) were planned to be constructed within five years. In 2015, a 'three-year-plan' (2015-2017) was announced by the State Council to redevelop another 18 million housing units in shantytowns. In total, about 1/4 of China's urban population will be housed/rehoused under these schemes. Given the prevalent public critics on the inconvenient location, high vacancy rate, inappropriate allocation of affordable housing, and the misuse of affordable housing funds, people

have casted doubt on the recent housing provision restructuring. At national level, the total 52 million affordable/resettlement housing units are unevenly distributed in different cities. At intra-urban level, both affordable housing blocks and shantytowns are selectively (re)developed. To some extent, the movement of affordable housing construction and shantytown redevelopment has been mobilised by the local authorities to showcase their political achievement. It is also not uncommon that, areas with high potential for economic returns are given higher priority in shantytown redevelopment, while other plots in urgent need of housing improvement remain unchanged for decades. Therefore, it is of great significance to investigate whether the ongoing housing provision and financialisation reforms have ameliorated or exacerbated the pre-existing uneven development at inter-urban and intra-urban levels.

In the meantime, due to the sluggish economic performance since 2008, the Chinese central state has actively introduced financialisation as a means to reduce the financing cost, increase capital liquidity and tackle the heavy public debt borne by both local governments and state-owned enterprises. Alongside the low rates of returns in labour/capital-intensive manufacturing (Zhang, 2014), more private capital has been channelled into public projects in the form of Public Private Partnership (PPP), while the stock market and virtual crowdfunding are in full swing. In particular, during the process of urban redevelopment, more 'innovative' financial tools have been employed to increase capital liquidity (Gotham, 2009). More specifically, the State Pension Fund has actively engaged in leveraging Real Estate Investment Trusts (REITs) since 2011 in several major cities, while financial platforms for affordable housing constructions have emerged to regroup and balance the multiple portfolios within their assets pools, and to issue financial products (e.g. corporate bonds) to smooth the financing process.

The recent changes in housing provision and state-backed financialisation reforms clearly show that China's urbanisation trajectory is experiencing significant phase change since the outbreak of the global recession. In spite of the latest phase of oscillation in the urban restructuring process of post-global recession China, notable lacunae exists in research into the interrelation between housing provision restructuring and emerging forms of state-led financialisation, as well as its socio-

spatial implications for affected urban residents. To fill the void in existing literature, this research proposes to delve into the underlying politico-economic causes rendering China's recent state-led financialisation, homeownership-oriented affordable housing provision and shantytown redevelopment schemes against the backdrop of heavy debt burden and economic downturn; to demystify the ongoing state-led financialisation in the urban sphere and its profound impacts on housing provision reform through scrutinising the institutional design and operating mechanism of the financialised two low-end housing schemes; to examine how the two low-end housing schemes , are implemented in concert with the emergence of financial platforms/tools; and to investigate the socio-spatial outcomes of the ongoing housing provision restructuring through providing a bottom-up account of urban dwellers' real life experiences concerning changes in their livelihoods and housing accessibility.

Based on case studies in two cities spearheading extensive affordable housing construction and financial experiments, Chongqing and Nanjing, this research will meticulously examine why and how financial platforms and innovative financial products are introduced to finance low-end housing production and facilitate wholesale shantytown redevelopment. In addition to desk-based research, in-depth interviews, household survey, and participant observation will be conducted in both cities to investigate whether the rehousing programmes associated with housing provision restructuring and strategies of financialisation genuinely ameliorate people's livelihoods and housing accessibility or just conjure up a populist illusion underwritten by bold financial experiments. We believe these efforts will contribute to an updated and enriched understanding of the mutations of housing provision and financial reforms in a transitional economy and inform scholars and policy makers about the long-term impacts of these transformations.