NEW SOCIAL HOUSING POLICY IN URBAN CHINA: EVIDENCE FROM CHONGQING, NANJING AND CHANGZHOU

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Abstract

Launched in the 1980s, China's urban housing reform sparked considerable interest and gave rise to a burgeoning literature. Thirty years later, in spite of improved living conditions of urban inhabitants, soaring house prices have made affordability an imperative problem, especially for middle-and low-income households. In response, the central government began to promote social housing program by establishing ambitious housing development schemes in the late 2010s. This paper aims to examine the role of the new social housing policy at both a national and local level. Adopting a theoretical framework based on productivist welfare capitalism in East Asia, we argue that the new social housing policy in urban China fits into the framework of the productivist model in which social policy is subordinate to the overriding policy objective of economic growth. The pertinence of this integration is supported by the pro-growth urban governance patterns under China's transitional economy. This argument is then verified by the investigation at both a national and local level. At a national level, the social housing policy is closely related to the economic circumstance, especially the situation of real estate market. At a local level, the investigation in three representative cities-Chongqing, Nanjing and Changzhou indicates that besides taking care of a limited number of the poorest urban households, newly built social homes are largely used to ensure the smooth running of urbanization and urban renovation, and to attract both migrant labor and a highly qualified workforce, with the objective of maintaining economic growth and stimulating local competitiveness.

Key words: social housing urban China social equity economic growth

1. Introduction

Launched in the 1980s, China's urban housing reform sparked considerable interest and gave rise to a burgeoning literature (Wu, 1996; Wang & Murie, 1996, 1999; Wang, 2000; Huang & Clark, 2002; Zhao & Bourassa, 2003). According to these accounts, the reform was carried out progressively and a transitional period between the socialist public housing system and the market-oriented housing system can be identified. During this period, transitional compensation policies, such as the sale of

public-sector housing at a low price and issuing housing coupons, the assignment of social housing were adopted in order to promote the housing reform and improved the housing conditions of urban households. Alongside with these policies, two major types of social housing were introduced to Chinese cities-affordable housing (*jingji shiyong fang*) and low-rent housing (*lianzu fang*) in the 1990s. From 1998 to 2002, the floor space of newly constructed affordable housing represented more than 20% of the total floor space of residential buildings started in the same period (China statistical yearbook 1999-2003). Although the initial objective of covering 70-80% of urban households was not achieved, the investment in affordable housing reached a peak in this period (Stephens, 2010; Wang & Murie, 2010).

The circular letter[1] of the State Council issued in 2003 marked a turning point in social housing development in China. It announced that the real estate sector constituted 'the pillar industry of the national economy' and 'commercial housing rather than affordable housing was designated as the housing type of the majority of urban households'. This policy rapidly had impacts on the investment in affordable housing. Between 2005 and 2008, the development of affordable housing sharply declined, which represented less than 7% of the total floor space of residential buildings (China statistical yearbook 2006-2009). As for the low-rent housing, its target group remained very small and in cities implementing this policy fewer than 5 per cent of households benefited (Wang & Murie, 2011). Till 2011, households who benefited social housing system were estimated to only 7-8 per cent of the total urban population (National Bureau of Statistics of China). At the same time, commercial housing prices have been soaring. The average price of commercial housing increased by 103.6 per cent from 1997 to 2007 (National Bureau of Statistics of China). Taking into consideration location factors, the housing price in some regions increased several times (Ye et al, 2010). Housing unaffordability, combined with the increasing income gap, has become an acute problem in Chinese society.

To make amends, the central government declared its intention to promote a social housing policy in the circular letter[2] issued in 2007. At the end of 2008, in order to cope with the global crisis, the Chinese government announced a 4-trillion-yuan stimulus package[3], including the investment dedicated to social housing development.

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[1] Circular letter on Promoting a Continuous and Healthy Development of the Real estate Market

[2] Several opinions of the State Council on solving the housing difficulties of urban low-income households

[3] A decision of stimulus package estimated at 4 trillion yuan (about 570 billion U.S. dollars) was announced by the State Council on November 9, 2008. It would be spent over the next two years to finance programs in 10 major areas, such as low-income housing, rural infrastructure, water, electricity, transportation, the environment, technological innovation and rebuilding from several disasters, most notably the May 12 earthquake. Source: http://news.xinhuanet.com/english/2008-11/09/content_10331324.htm

In the following years, the objective of social housing development has become more and more ambitious; from a programme aiming to protect 7.5 million low-income urban households with housing difficulties in 2009[4] to a scheme to build 10 million social housing units in 2011[5], culminating in the five-year-plan of a total of 36 million social housing units between 2011 and 2015 and the objective to cover 20% of the urban population by social housing by 2015. This change in the Chinese government's attitude towards social housing policy has attracted the attention of scholars in the housing field (Ye et al, 2010; Chen et al, 2010; Deng et al, 2011; Wang & Murie, 2011). Some contributions provided a global view of housing policy evolution at a national level, and several studies focused on the example of large cities as Beijing and Shanghai (Ye et al, 2010; Wang & Murie, 2011; Chen et al, 2010). Yet, very few empirical studies have been conducted to examine the evidence from different regions of the country.

This paper attempts to reach a better understanding of the role that the new social housing policy has played at both a national and local level. Following the introduction briefly presenting the context of the new social housing policy, section 2 discusses the conceptual framework based on the idea of productivist welfare capitalism in East Asia and its application to Chinese experience considering the pro-growth urban governance pattern under China's transitional economy. Section 3 examines the objectives and principles of social housing policy at a national level as well as the position taken by the central government facing the changing economic circumstances. In section 4, the implementation of social housing policy at local level is examined through the examples of three representative cities-Chongqing, Nanjing and Changzhou, which suggests that social housing policies carried out by municipal governments are closely linked with local industrial and urban development strategies.

2. A conceptual framework based on productivist welfare capitalism

Social housing studies are underpinned by theories developed for welfare state and social policies. Esping-Andersen (1990), based on the Western experiences, classically identified three welfare models i.e.: liberal, corporatist and social democratic systems. This analysis has dominated the contemporary understanding of welfare capitalism in advanced capitalist societies (Ronald, 2007) and provides a powerful framework for a comparative analysis (Holliday, 2000). Barlow & Ducan (1994) and Kemeny (1995) extended this approach to housing policy research, which to some extent compensated Esping-Andersen's failure to pay attention to housing (Malpass, 2008). The identification of typology forms a mainstream approach to comparative housing research, which provides a means of understanding the different

[4] Source: The government annual report (2009)

[5] Source: Ministry of Housing and Urban-Rural Development

housing systems and major economic and social factors that shape them.

In the 1990s, capitalist East Asia, emerging as major economic powers, attracted scientific community's interest in the field of social policy, which gave rise to a burgeoning literature (Castell, 1992; Deyo, 1992; Jones, 1990, 1993; Kwon, 1997; White & Goodman, 1998; Doling, 1999; Holliday, 2000). Their aim was to complete the theoretical framework originally based on Western capitalism. Most of these works deal with the example of Japan and the *little tigers*: South Korea, Hong Kong, Singapore and Taiwan, and introduced a distinctive welfare model called "East Asian welfare model". Roughly speaking, there are two explanations supporting this idea. The first is a cultural explanation which emphasized on the 'oriental culture' or Confucianism based on strong kinship tie (Jones, 1990, 1993). The second explanation focuses on the 'productivist' feature of social policies which are subordinate to country's economic development (Holliday, 2000). In accounting for the evolution of family pattern and relationship under the rapid economic growth and urbanization in these countries, the 'productivist' explanation rather than the cultural explanation is more relevant.

Holliday (2000) developed the productivist model by following Esping-Andersen (1990)'s approach. He added a fourth criterion to Esping-Anderson's three criteria ('the quality of social rights, social stratification, and the relationship between state, market, and family') used to classify the three systems. That is the 'subordination to other policy objective'. By applying this criterion, Holliday considers that a productivist world with social policy subordinated to growth-oriented economic policy is distinguished from the liberal, corporatist and social democratic systems. Other accounts based on experience in East Asian countries (Deyo, 1992; Ku, 1995; Doling,1999) hold similar opinions- in general the role of social policies as with all other parts of the corporate plan, is to further the economic goals of the nations.

However, most of research focusing on East Asia was reluctant to include Chinese experience. This was probably due to China's socialist regime and the economic gap with other industrialized countries. Nevertheless, on the one hand, China's fully-fledged marketization led its economy to a capitalist system; and on the other, the country's rapid economic growth during the last thirty years has narrowed the gap with other industrialized countries in terms of economic development.

Indeed, a few recent works attempt to fill the gap by placing the Chinese housing system in a theoretical framework and in an international context. Considering China's hybrid status as a developing country as well as a transition country, Stephens (2010) used the European transition countries as comparators against which to assess China's evolving urban housing system. In view of this, the conceptual framework of the market-housing model was adopted as part of broad framework of transition. Nevertheless, although China and the European transition countries initially had a similar starting point in the housing system i.e. the state enterprise or

east European model of housing; they have experienced different transition after 1989. The different political and economic contexts make the comparison less convincing. Wang & Murie (2011) provides a comprehensive picture of the new social housing provision system in China since the housing reform in the early 1980s. After comparing it with both former socialist countries and East Asian systems, the authors conclude that China is neither following the pattern of change experienced by former socialist state systems in Europe nor those in other East Asian countries or rapidly developing economies, but a distinctive system experiencing with alternative ways of complementing housing market provision. They believe that the recent introduction of the concept called 'basic housing right' and the government's backing in basic housing provision indicate that the government supported housing might again become accessible to a wide range of social and economic groups. However, the concept of 'housing right' adopted by Western welfare states focusing on citizenship might be difficultly to put into be practice by Chinese officials who tend to privilege pragmatic policies oriented to economic growth. Besides, Wang and Murie's analysis of the practice of the new social housing provision system in China is mainly based on the example of Beijing. As it is under central government pressure, and has more political and economic resource than other parts of the country, the capital is a special case in the implementation of social housing policy.

In this paper, we argue that Chinese experience is not a distinctive system but fits into the framework of the productivist model of East Asia. The pertinence of this integration is supported by the urban governance patterns under China's transitional economy. The concept of 'developmental state' which was initially used to refer to the East Asian's newly industrialized countries (Deyo, 1992; Kwon, 1997; Goodmen & Peng, 1996) has been widely applied to urban studies in China. At a national level, the state legitimizes itself by prioritizing development (Wu et al, 2007); and it is more than a market regulator, but market builder and market actor (Wu et al, 2007; Wu, 2010). In particular, the state's intervention is strong in the real estate market with the objective of maintaining its stability and prosperity. Considering the decentralization in the course of China's economic reform, some scholars have applied the concept of 'developmental state' to the local level. Zhu (2004, 2005) describes China's local governments as economic interest groups with their own policy agenda, and thus the local developmental state. Wu (2002) argues the transformation of China's urban governance towards entrepreneurialism. In order to stimulate economic growth, local governments are zealous in promoting urban and industrial development which are seen as two major drive forces of Chinese cities, while tend to put social policy in second place. In terms of social housing policy, we can also identify its subordination to both urban and industrial strategies designed by local decision-makers. On the one hand, newly built social homes are largely used to ensure the smooth running of urbanization and urban renovation; on the other hand,

social housing schemes in some cities aims to attract migrant labor or a highly qualified workforce according to the demands of local industrial strategy and so that to stimulate economic growth and enhance local competitiveness.

3. Social housing policy at a national level

In 2003, the real estate sector was said to be the pillar industry of the national economy, since then its status has never been modified. This sector contributed approximately 1-2% to the GDP growth rate of the nation which varied between 8-11% in recent years (Zhang & Xuan, 2011). Its importance to national economy lies not only in the increasing value of real estate which reached 1185.43 billion yuan in 2007, but also in its driving force in the industries of steel, building materials, as well as in the development of financial industries(Ye et al, 2010). In view of this, to combat the soaring housing price, the central government had to face a dilemma. On the one hand, it sought to deflate the real estate bubble and to reduce social conflicts caused by soaring housing prices; on the other hand, the state is concerned about the stability of the flourishing real estate sector which constitutes the driving force of the national economy.

The central government's dilemma was reflected by the sudden shift of housing price regulations issued between 2005 and 2008. The state began to take measures to slow down the rise in housing prices in 2005. Since then, a series of housing price regulation policies[6] were issued. Nevertheless, the shift occurred when the real estate market was hit by the global crisis in second half of 2008. The central government came to the "rescue" of the market by lowering the interest rate of mortgage loan, reducing transaction tax, and requiring smaller down-payments. These measures deviated from previous policies aiming to cool down overheating market, and finally led to another wave of housing price inflation.

In the following years, soaring housing prices continued to be an acute problem. In this context, the central government embarked on social housing development in 2007 by launching a series of huge development schemes. This actually provides a way to resolve the dilemma. According to the Ministry of Housing and Urban-rural, the social housing policy intends to achieve several economic and social objectives[7]: firstly, to expand domestic demand and to maintain a steady economic growth; secondly, to improve people's living condition and to share the achievements of the Reform and Opening-up; thirdly, to promote social equality and political stability. In

[6] Opinions of the State Council on stabilizing the real estate price issued in 2005, Opinions of the State Council on the adaption of the structure of housing provision and the stabilization of the real estate price issued in 2006

[7] Source: Report on Theories and Practices of Housing Security published by the Ministry of Housing and Urban-rural Development in 2011

the Annual Reports of the Government (2009-2011), the policy concerning social housing development has been included in the measures to promote the healthy and steady development of real estate market. This means that the provision of social housing is deemed to be a housing price regulation tool to cool down the overheating residential property markets. At the same time, the ambitious social housing development scheme could be a new driving force to further economic growth, especially in the context of the global crisis. This explains one of the reasons why bricks and mortar subsidies rather than housing allowance have been chosen at a national level. Moreover, since 2010, the central government has taken tough action to cool down the overheating real estate market. As a result, price growth has been slowing down and the volume of transactions has been falling since early 2010. The substantial investment in social housing development could compensate for the decline on the property market. The floor space of 10 million of social housing units announced to start in 2011 (supposing the average floor space of social housing units is 50 m²) would be equal to 38.7% of the total floor space of housing started in 2010 which reached 1 293 million m² (China Statistical Yearbook 2011). Finally, the aim to reduce housing inequalities is related to the government's concern to make the state more legitimate, stable and supportive, rather than to incorporate the ideology of 'housing right' prevailing in western welfare states. Indeed, for a state which has adopted the productivist concept, the continuous economic growth is the best way to maintain social stability, since a slowdown in economic growth is more likely to hit the most vulnerable population and to arouse social discontent.

Concerning the typology of social housing and the corresponding target group, three types of housing have been designated at a national level: low-rent housing targeted for low-income urban households, affordable housing for low-and middle-income urban households and the newly established public rental housing for the lower-middle-income urban households as well as for the migrant workers and young graduates providing the local financial situation allows to do it. It should be noted that urban household means households with local family registration (*Hukou*). Besides, there are other social housing types which are not strictly stipulated by the state, for instance, commercial housing at moderate price (*Xianjia fang*) and housing for renewal of shanty area. The former one was introduced in 2006[8], aiming to make housing more affordable, and has been carried out mainly in large cities as Beijing, Guangzhou, etc. where high housing price is combined with strong housing demand. The latter one concerns the housing units used to host original residents after

[8] There is no exact definition of commercial housing at moderate price. It was introduced after the promulgation of the Circular Letter related to adjust the housing supply structure and stabilize the housing price in May 2006, which advocated building size-controlled and price-controlled commercial housing. Source: Ding & Chen, Housing system of middle income group and study on price-controlled housing policy, Reform, No.167, 2008(1)

demolishing squatter settlements and old dilapidated houses in old city. Regarding the conditions of application, such as household income, housing floor space, each local government determines the qualifying conditions according to the local situation.

Table 1 Scheme of different type of social housing in 2011

Types of social housing	Low-rent housing	Affordable housing	Public rental housing	Housing for renewal of shanty area	Commercial housing at moderate prices	Social housing in Total
Scheme	1 650 000 units	1 100 000 units	2 270 000 units	4 150 000 units	830 000 units	10 000 000 units
Percentage	16.5%	11%	22.7%	41.5%	8.3%	100%

Source: compiled by author according to the discourse of M. Jiang Weixin Minister of Housing and Urban-rural Development in the 23th session of the eleventh Standing Committee of the National People's Congress (NPCSC)

As shown in the Table 1, in the social housing development scheme in 2011 announced by the Ministry of housing and urban-rural development, the most housing units lie in the housing for renewal of shanty area, followed by the public rental housing; while the previous principal type, affordable housing, accounts for only 11% of the total scheme and the low-rent housing for the most vulnerable people accounts for only 16.5%. This implies that the 'social housing' is actually a broad term which contains a considerable number of housing units for renewal of shanty area, including housing used to relocate expropriated households in the process of urban renewal. This should be understood in the context of a rapid urbanization and vigorous urban renewal in China which constitutes a very important context of social housing policies in urban China. The large number of rural population moving to cities has resulted in substantial housing demand. Yet in the urban-rural dualistic structure of Chinese society, rural migrants have been excluded for a longtime from the urban social security, including social housing. Moreover, in the process of urbanization and urban renewal, local governments use expropriation[9] tools to expand or restructure urban space. Consequently, large numbers of land-expropriated rural and urban households need to be rehoused and paid damages.

[9] China adopted a dual land tenure system under which land ownership is independent of land use rights. The urban land is owned by the state, called 'State Land', while the rural land is owed by rural collectivities, called 'Collective Land'. The municipal government holds the power of expropriation of collective land and state land as well as the attached objects (above-ground buildings, crops, etc.)

4. Social housing policy at a local level: evidence from Chongqing, Nanjing and Changzhou

We assess in this section the different measures taken by three representative municipal governments in implementing social housing policies.

Since China is such a large country with considerable disparities between regions, it is not quite feasible to conduct an exhaustive investigation. Thus, we have chosen three cities-Chongqing, Nanjing and Changzhou- in our analysis at local level. These three cities, each with a different administrative status, different demographic size, and respectively located in the foreland and hinterland of the country provide a relatively complete picture in terms of social housing policy practice (see Figure 1, Table 2). In addition, the first-tier cities like Beijing and Shanghai have not been chosen in our study, since they have been addressed by most of urban research in China, yet their special status cannot represent the general situation of the country.

Figure 1 Location of Chongqing, Nanjing and Changzhou

Source: drawn by author

Table 2 Principal indicators of Chongqing, Nanjing and Changzhou

	Administrative Status	Population in 2010	Percentage of urban population in 2009	Area (km m²)	Average income per capita of urban population in 2009 (yuan	GDP in 2010 (billion yuan

					RMB)	RMB)
Chongqing	Direct-controlled municipality	28,8 million	51,6%	82 300	18 729	585
Nanjing	Sub-provincial city, capital of Jiangsu Province	7,7 million	77 ,2%	6 598	28 278	417
Changzhou	Prefectural level city	4,5 million	61,2%	4 385	26 350	243

Source: compiled by Mingye LI according to the yearbooks of Chongqing, Nanjing and Changzhou (2009-2011)

Chongqing

Chongqing is considered as a model city in implementing social housing policies. It introduced affordable housing in 1998 and low-rent housing in 2002. In 2009, the municipal government announced the aim to achieve the largest public rental housing stock in the country. In 2010, this objective started to take shape by the announcement of an ambitious scheme to build 40 million m² of public rental housing in three years. One year later, approximately 30 000 households were protected by this scheme. At the same time, according to the municipal social housing policy introduced in 2011, the other two systems: low-rent housing and affordable housing were to be integrated into the public rental housing system by setting different rent levels.

Active public rental housing development corresponds to the propaganda of the municipal government to restore the socialist color of the Communist Party. This policy is actually one of the pillars of the 'Chongqing model' aimed at a common prosperity enshrined in socialist ideology, which seems contradictory with the productivist concept.

The public rental housing system in Chongqing is characterized by its broader target compared to the national criteria. The former covers not only urban households with local *Hukou* but also the migrant population with housing difficulties. Precisely, all inhabitants over 18 years of age working in the urban area of Chongqing, with no housing or with housing which has a floor area per person less than 10 m² are eligible to apply for social housing. Recent graduates, migrant workers who have no accommodation in the city are also eligible to public rental housing. The municipal government has set the quotas for each type of population in which migrant workers represent 50% of the target group (see table 3). And a survey[10] conducted on 26,127

[10] Source: Information published by the department of communication of the municipality of Chongqing on the website www.people.com referred in August 2011.

beneficiaries of public rental housing in Chongqing in 2011 shows that these quotas were basically achieved with 43% urban households, 41.3% migrant workers and 15.7% recent graduates.

Table 3 Proportion of different targeted groups of public rental housing set by the municipal government of Chongqing

Groups	Urban residents	Recent graduates	Migrant workers, including migrant farmers
Proportion	30-40%	10-20%	50%

Source: Liu, 2010

In terms of the income ceiling, the criterion has been removed in 2011 in order to achieve a broader social objective of the policy. Since then, housing difficulties has constituted the major condition of applying for public rental housing rather than the income level[11]. Yet for migrant population, an employment contract is necessary for the application. In this case, the criteria could be simplified to 'having job, with no accommodation'.

Based on the investigation carried out in Chongqing, we can identify two types of public rental housing in Chongqing: the first one is the residential area open to all of the three groups of applicants; the second one is the public rental housing located in industrial parks, dedicated to migrant workers.

Kangzhuang meidi and *Minxin jiayuan* are two public rental housing residential areas of the first type. Built in 2010, both are characterized by large size of community (about 50 000 dwellers for each residence), moderate apartment size (between 30 to 80 m²) and high density (high-rises with over 20 floors).

Xiyong microelectronics industrial park, located 30 kilometers west of the city center, provides the public rental housing dedicated to migrant workers. In 2011, 1.2 million m² of public rental housing were built in the park. At the end of 2012 it will host a total of 100 000 employees[12]. It is actually a collection of dormitories rather than a real residential area. Four employees share one room. And each room is equipped with two bunk beds, cabinets and an air conditioner, which means a relatively low level of comfort and a lack of privacy. Yet its proximity to workplace allows the employers to better manage their staff who often work long.

As we can see, the social housing policy in Chongqing emphasized the accommodation for migrant workers who had been excluded from the urban security

[11] Source: http://finance.chinanews.com/house/2012/02-17/3675490.shtml

[12] Source: http://www.chinanews.com/estate/2012/01-05/3582728.shtml, referred in January 2012

system for a long time. On the one hand, this policy does reduce the housing inequality, since most migrant workers have housing difficulties in the city; on the other hand, the social housing programme aims to attract migrant workers who constitute the major labor force of Chongqing. This consideration is related to the city's industrial development strategy.

In 1997, following to the National Western Development Plan, the city of Chongqing was separated from Sichuan province and became the fourth direct-controlled municipality of the country (the other three are Beijing, Shanghai and Tianjin). In this context, Chongqing has become the growth pole in central and western regions of China. However, with a large rural population and a tradition of heavy industry, the per capita GDP of Chongqing amounts to only 40% of that of Nanjing and Changzhou and the average per capita income for urban households in Chongqing is only 66 % of that of Nanjing (see Table 2). In order to narrow the gap with the economic level of coastal cities, the municipal government adopted an industrial upgrade strategy whose aim is to move away from the traditional heavy industry to the modern light industry following consumer demand, such as, the production of electronic devices. This strategy takes advantage of the opportunity that manufacturers initially located in the coastal area of the country are looking for lower cost of land and labor force in hinterland. The provision of public rental housing to migrant workers in industrial parks together with other preferential local policies intended to encourage these companies to move to Chongqing. As a result, several electronic component makers, including Foxconn Electronics (*Hon Hai*), the world's largest maker of electronic components, built their new plants in Xiyong microelectronics industrial park in Chongqing in 2009. To such an extent that the social housing policy plays a role which goes beyond the basic sense of social security, but contributes to the local industrial development.

Nanjing

The city of Nanjing introduced the social housing policy in 2002. Today a multi-target and multi-system housing policy has been developing with the provision of low-rent housing, affordable housing, public rental housing and commercial housing at moderate prices[13]. In 2010, the municipal government launched four mixed social housing schemes with a total floor space of 10 million m², including 76 000 units of social housing. It is composed of 61 000 units of affordable housing, 10 000 units of public rental housing and 5 000 units of low-rent housing. Moreover, in the following five years, the government aims to build 90 000 units of public rental housing and 80 000 units of affordable housing. From these programmes, we can see

[13] In Nanjing, the commercial housing at moderate price is designated for expropriated households.

that affordable housing and public rental housing are the major types of social housing in the provision.

The low-rent housing system is designated for the poorest households in Nanjing. To target this population, the national system of urban minimum subsistence allowance was used. In 2009, there were 2.9% of urban households in Nanjing that received the urban minimum subsistence allowance. Among these households, those who have housing difficulties are eligible for low-rent housing. However, till 2009, there have been only 2200 dwellings in low-rent housing, which was far from being sufficient. As a result, housing allowance was adopted to complete the system. In 2010, from 22,000 households eligible for low-rent housing, approximately 90% received housing assistance instead of accessing low-rent dwelling. Even so, the total households covered by the system accounts for only 2.2% of urban households in the main city (*shiqu*) of Nanjing in 2010.

Affordable housing has been the dominant social housing type in Nanjing. Till 2010, in total 106 437 affordable apartments have been provided, which was fifty times as many as the provision of low-rent housing units (not including the housing allowance). Yet we need to analyze this system by examining the beneficiaries.

Indeed, since 2004, a large part of affordable housing has been assigned to land-expropriated rural households and house-expropriated urban households (see table 4). However, the non-expropriated low-and middle-income beneficiaries accounted for a very small share. According to statistics from the Municipal Bureau of Social Protection and Home Ownership of Nanjing, the proportion of affordable housing granted to land-expropriated households amounted to 73.2% in 2004 and stabilized at around 70-90% between 2004 and 2008. The percentage of those granted to house-expropriated urban households represents approximately 15%. In spite of a slight increase since 2007, the proportion of those granted to low-and middle-income households reached only 8.7% in 2008.

Table 4 Assignment of affordable housing in Nanjing (2002-2008)

Year	Quantity of affordable housing assigned to low-and middle-income households		Quantity of affordable housing assigned to house-expropriated urban households		Quantity of affordable housing assigned to land-expropriated rural households		Total	
2002	1539	52.0%	386	13.0%	1033	34.9%	2958	100%
2003	2511	40.4%	1301	20.9%	2407	38.7%	6219	100%
2004	803	12.8%	883	14.0%	4601	73.2%	6287	100%
2005	269	2.4%	1486	13.3%	9453	84.3%	11208	100%
2006	175	1.2%	2259	15.3%	12285	83.5%	14719	100%
2007	296	1.8%	1946	11.6%	14558	86.7%	16800	100%

2008	1905	8.7%	3447	15.7%	16647	75.7%	21999	100%
Total	8244	9.2%	13460	14.9%	68346	75.9%	90050	100%

Source: Municipal Bureau of Social Protection and Home Ownership of Nanjing

Moreover, among the 61 000 units of affordable housing programmed in the four projects of social housing, 35 000 units were designated for land-expropriated rural households, 16 000 units for house-expropriated urban households and only 10 000 for low-and middle-income households.

The priority given to land-expropriated rural households could be explained by the rapid expansion of the urban area of Nanjing. In the process of urbanization, expanding the urban areas has become the principal means of obtaining factors of production for local governments by reorganizing spatial resources (Wu, 2006). Municipal governments have been zealous in transforming the vast rural areas into industrial parks and new towns. Thus, expropriation of farmlands and homes of rural households constitutes a precondition of such projects. Yet in the urban-rural dualistic structure of Chinese society farmland has been considered as the most important social security of the rural population. In order to promote the urban development and to avoid social conflicts, the municipal government of Nanjing took the task of rehousing the land-expropriated rural households.

As for expropriation in urban areas, it is driven by urban renewal and development. In Nanjing, as in many other Chinese cities, a large number of urban renewal projects are underway. Municipal governments, who have gained instruments of urban planning and expropriation, effectively hold the power of urban renewal planning. Subordinate to the local development strategy, renewal projects have led to a transformation of urban space. Old dilapidated houses downtown are being expropriated and original residents are relocated to the peripheral areas where land is much cheaper. Land use rights of downtown areas are transferred to real estate developers for more profitable projects, such as office buildings or high-quality residences, which provided the municipal government with substantial transfer income[14], one of greatest sources of revenues for the local exchequer. The local government uses this revenue to invest in the development of urban infrastructure, as well as facilities for education and healthcare, so as to increase the city's competitiveness. In Nanjing, many affordable housing schemes located in the periphery were used to rehouse expropriated households. As shown in Figure 2, the inner city has been almost encircled by affordable housing schemes, except for the

[14] Municipal governments, delegating the ownership the State land, assign the land use rights to land users, who shall in turn pay fees for the assignment thereof to the State. Source: Interim regulation of the People's Republic of China concerning the assignment and transfer of the right to the use of the state-owned land in the urban areas, 1990

western part which crosses the Yangtze River. The four newly started schemes followed the existent urban spatial structure, which tend to lead to higher level of social polarization.

Figure 2 Location of social housing residential areas in Nanjing in 2010

Source: The managing committee of social housing development in Nanjing

Xingxian Jianyuan and *Jingming Jiayuan* are two typical affordable housing residential areas in Nanjing. Located in the peripheral areas, each of them hosts around 6500 expropriated (rural or urban) households, approximately 20 000 dwellers. Built in 2006, the residential areas have already showed some signs of deterioration. This is due to the non-payment of maintenance fee. Many dwellers refuse to pay the maintenance, since they are not satisfied with the expropriation and the relocation process in which they had no say in terms of the relocated destination and the levels of indemnity. As for rehoused rural households, although they have gained an urban status, they still have difficulties in integrating into urban society. With no job, many of them let their affordable housing in order to get a rental income. As a result, despite of the rules prohibiting leasing affordable housing, approximately one third of dwellers in *Xinxian Jiayuan* residential area are tenants.

The municipal government included the public rental housing in the local social housing system in 2010. In terms of the target group, besides lower-middle-income urban households, the groups called 'highly qualified professionals', 'young talents' and migrants were introduced. For the 90 000 units of public rental housing programmed in the next five years, 10 000 units were designated for 'highly qualified professional' and 50 000 for recent graduates (including young talents) and migrants workers. The redefinition of target group of public rental housing also corresponds to the local development strategy of Nanjing.

According to the 12th five-year plan in Nanjing, the city aims to become a National Innovation City by 2015 and to transform 'made in Nanjing' into 'innovated in Nanjing'. One of the measures is to promote high-tech industries, such as pharmaceutical chemistry, information & communication, etc. To do this, the municipal government made five human resource plans[15] supporting this strategy. An aim to attract more than 220 000 highly qualified individuals by 2015 was fixed in the 12th five-year plan of the city. Nanjing, as the educational center in southern China, possesses a large number of universities and colleges, and is a potential city of innovation. However, each year many promising graduates decide to start their career in first-tier cities such as Beijing and Shanghai which are considered to provide more opportunities for young talent. Faced with this situation, Nanjing prompted greater investment in 'human capital', including the investment in public rental housing for the young talented population in the hope of reinforcing its competitiveness.

Changzhou

Despite its medium size, Changzhou is a pioneer in social housing policies in China. In 2007, it was one of the first cities to put the public rental housing system into practice; in 2009, it replaced the provision of affordable housing by giving housing allowances for the purchase of a dwelling. The experimental approach is probably due to its location in coastal parts of the country where the policy makers are more open-minded than those of the hinterland. Accordingly, a market oriented ideology in favor of homeownership is reflected in the social housing policy in Changzhou.

[15] *Zijin* Human Resource Programme provides funding for 10 top talented persons (and their teams), 100 leading talented persons (and their teams) and 1000 much-needed talented individuals. *Zhongshan* Young Talent Programme aims to build 20 bases for 500 young talents to start undertakings each year and provides them with funding. *Jinling* famous Artist Programme aims to provide funding for 100 talented artists. Modern Service Industry Programme aims to introduce 5000 talented persons. Highly Qualified Technician Programme aims to train 15 000-20 000 innovative technicians. Source: 12th five-year plan of Nanjing

At present, the city possesses three types of social housing systems: low-rent housing, affordable housing (with housing allowance for the purchase of a dwelling) and public rental housing.

In Changzhou, the low-rent housing system is also intended for the poorest urban households who have housing difficulties. Between 2000 and 2010, 7 212 households benefited from this policy, of which 1 444 households accessed low-rent dwelling, 5 768 households received housing allowance. The coverage rate (including beneficiaries of housing allowance) is approximately 2.3% of the total urban households in the main city (*shiqu*) of Changzhou.

Affordable housing had been the principal social housing type in Changzhou. Till 2010, approximately 12 000 households enjoyed this system. The shift from the provision of affordable housing to housing purchase allowances occurred in the context of economic crisis of 2008. The crisis had a significant impact in the local real estate market: the sales of commercial housing decreased by more than 20%, the stock of new commercial housing for sale reached more than 13 million m². Meanwhile, the income of households tended to decline. Consequently, about 40% of eligible households for affordable housing gave up their right to purchase due to financial difficulties. To overcome this problem, the municipal government phased out the provision of affordable housing and introduced the housing purchase allowance in early 2009. Each eligible household was provided with an allowance of 80 000 yuan for the purchase of their dwelling on the market. In 2011, the allowance reached 100 000 yuan per household. As a result, more than 6 000 households applied for the allowance during the first six months after the introduction of the system, which was five times as many as those in previous years. The statistics collected by the municipal government from 3 120 beneficiaries show that the average floor space of the dwelling purchased by these households reached 94.5 m² and the average purchase price of per dwelling reached 378 000 yuan. In the following phase, the sales of commercial housing have increased by 65%. This means that the measure effectively tackled the decline of housing consumption during the period of crisis. Nevertheless, this policy caused controversies. Mostly because it actually ‘rescued’ the local real estate market during the crisis and prevented housing prices from declining which has made housing more unaffordable for the poorest households.

In 2007, Changzhou was the leader in introducing the public rental housing policy. It also developed two types of public rental housing: one type is the public rental apartment designated for low-and lower-middle income households with local urban *Hukou* as well as households called ‘new urban citizens’ (*xinshimin*) with housing difficulties; the other type is the dormitory designated for recent graduates and migrant workers with housing difficulties. Here, households of ‘new urban citizens’ refer to those without local *Hukou* but who worked in Changzhou for more than three

years under a formal employment contract. This population is considered as more likely to become permanent residents of the city. For this reason, the term ‘new urban citizen’ replaced the pejorative term ‘migrant’.

The public rental housing residences in Changzhou are characterized by their moderate size and lower density compared to those of Chongqing and Nanjing. The two investigated residential areas *Huakang jiayuan* and *Huasheng jiayuan* host about 700 dwellers for each. Compared to the social programmes of Chongqing and Nanjing mentioned before, the social residential areas are integrated into a mature residential zone and have a lower density (building six stories high), thus posing less risk of social polarization. Nevertheless, recently, due to budget cuts, the municipal government is considering replacing the property subsidies for public rental housing (apartment type) by housing allowance.

Public rental housing in industrial parks is mainly used to host migrant workers. In addition of the dormitories dedicated for migrant workers here called ‘blue collar dormitory’, another form of public rental housing, the so-called ‘white collar apartment’, was introduced in the Exportation and Processing Park of Changzhou (see Figure 3). In contrast to the ‘blue collar dormitory’, the ‘white collar apartment’ has more comfortable facilities: larger surface, the rooms are fully furnished and equipped. It is used to host managers who work regularly in the park. The provision of this kind of apartments helps to reduce the companies’ budget used for hotel expense for managers thus making the industrial park more attractive.

Figure 3 Public rental housing in the Exportation and Processing Park in Changzhou

‘White collar apartment’

‘Blue collar dormitory’

Source: author’s photograph, 2011

In recent years, with the acceleration of industrialization in hinterland cities, Changzhou, as other cities in the Yangtze Delta region, has been experiencing a shortage of migrant workers. Unlike the migrants in the previous generation,

nowadays, young migrant workers have more choice in terms of their working destination. They began to ‘vote with feet’. Instead of leaving their family and working in coastal regions, more and more of them choose to work in factories in their own regions or other regions in the hinterland. Although the salary is lower than that in coastal regions, the cost of living is lower as well. This change may have an impact on the local industry in coastal cities such as Changzhou whose economy is still based on the manufacturing industry. In view of this, the local government of Changzhou is favorable for improving the living conditions of migrant workers in industrial parks. Meanwhile, many companies are motivated to develop dormitories for their employees so as to attract low-cost labor force. As a result, the local government and the companies jointly contribute to investing in these projects.

5. Conclusion

This paper has attempted to reach a better understanding of the new social housing policy in urban China by placing it in a framework of productivist capitalism welfare in East Asia. This integration is supported by the ‘developmental’ urban governance patterns under China’s transitional economy in which both the central and local governments place a top priority to economic development, productivity and competitiveness. By using this framework, we can identify the productivist features of the new social housing policy which can be summarized in three aspects: first, being subordinate to economic growth; second, investment-oriented social welfare; third, ‘workfare’ (work-for-your-welfare) policy.

These features are reflected at both a national and local level. At a national level, the social housing policy closely related to economic circumstances It has been given a regulatory role for the residential property market; and been used to stimulate national economic growth during the global crisis. It is undeniable that the new social housing policy has some security elements and the massive development of social housing will improve the housing conditions of part of urban households with housing difficulties. To some extent, it helps to reduce housing inequality in response to the adoption of an idea of ‘harmonious society’ by the Communist Party in 2006. However, the aim is to establish legitimacy, stability and support for the political regime, rather than to ensure citizenship as is the principle of social housing policy in western welfare states.

At a local level, besides taking care of a limited number of the urban households with the lowest income, social housing policy is subordinate to local urban and industrial development which constitutes two principal driving forces of local economy in the context of China’s transitional economy. In order to ensure the smooth running of urbanization and urban renewal, social housing units are used to relocate expropriated urban and rural households. By doing this, local governments seek to

restructure urban space and to obtain more productive resources. Moreover, social housing schemes of some cities have included migrants, young graduates, even highly qualified professionals into the targeted groups, because these groups constitute the productive working class of the Chinese urban society. This is a kind of human capital investment related to local industrial strategies: the local governments have identified the industrial sectors which are essential to local interest and then ensure high levels of investment and preferential supporting policies, including the provision of social housing.

Finally, several questions are raised about the future of social housing development in China: the intense schemes in peripheral areas could result in social polarization and segregation; the targeting determined by the productivist concept is not always consistent with a social objective, and this could produce social injustice; the budget cuts of local governments could eventually hold back social housing development.

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