



Migrants and the New Stage of Public Housing Reform in China

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SUMMARY

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Introduction

As rapid urbanization has taken place globally, the question of how to house an increasing population of migrants, both domestic and international, has become a challenge for a wide range of (large) cities. In China, since the 1980s, the state has relaxed its migration controls in favour of the promotion of industrialization and urbanization. As a result, many (large) cities have experienced a rapid influx of an enormous amount of internal migrants. Indeed, there are more than 200 million migrants in Chinese cities, and over 80 per cent of them are concentrated in the eastern part of China (National Population and Family Planning Commission, 2016). Unfortunately, although migrants have made remarkable economic contributions to the spectacular achievements of the Chinese economy in recent decades, due to barriers of the household registration system (*hukou*) established in 1958, they have continued to be treated as a 'secondary' and temporary population, and been given very limited access to urban welfare benefits, including public housing (Wang & Murie, 1999). Prior to 2010, although local governments were required to reduce the marginalization of migrants, their practices have mostly served two major economic interests: to maintain a sufficient amount of migrant labour force for urban economic growth and to limit urban resources from being spent on the inflow of the migrant population. Consequently, migrants have only received limited assistance from the public sector; with, for example, those who are employed in the manufacturing and service sectors gaining temporary, crowded, and poor-quality accommodations from their employers (Wu, 2004).

In sharp contrast with the increasing housing difficulties of migrants, local urban residents have seen significant housing improvements since China started to revive its public housing development in 2008 (Huang & Tao, 2015). The expansion of public housing was established as a solution to the emerging problems of the Chinese economy and society, with provision addressing the slowing growth of the domestic economy, as well as the overheating of

housing prices since the promotion of housing marketization and privatization in 1998 (Chen et al, 2014). Although, migrants are, in principle, also included in specific new housing schemes, such as the public rental housing programme (*gongzufang*), little improvement occurred until the New Urbanization Plan (2014-2020) (The state council of China, 2014). The New Urbanization Plan calls for the transformation of the Chinese economy from the current infrastructure investment-based one to a consumption-based one. Regarding migrants, strategies include the broad scale extension of public rental housing provision to migrants and the encouragement of 100 million migrants to change their *hukou* status to the local urban *hukou* and thus settle in cities permanently by 2020 (The state council of China, 2014). These strategies have three objectives: facilitating further urbanization via maintaining the inflow of migrants, bringing in additional domestic demand via increasing migrants' urban integration, and ensuring political and social stability by reducing housing inequalities between migrants and local residents. Thus, recently, migrant rights to housing and to urban citizenship have started to draw wider attention. So far, public rental housing, the universal form of subsidized rental housing in China, has been the only type of public housing available for migrants (Chen et al., 2014).

Research focus

This thesis aims at providing an overall examination of the development of public rental housing in China from the perspectives of both welfare regimes and housing governance. It also considers the ways individuals respond to these structural dynamics.

While the objective to provide more comprehensive public rental housing for migrants has been emphasized since 2010, the road map to achieving this goal has, unfortunately, been missing. Although the central state has instructed local governments to explore ways to expand public rental housing provision, it has failed to reform the previous governance structure or reduce conflicts and issues with housing land supply and input shortages. As a result, the gap between policy rhetoric and policy practice has increased (Huang & Tao, 2015). Although various modes of public rental housing provision have emerged across Chinese cities, only the city of Chongqing has realized national goals regarding the elimination of *hukou* barriers, improving access to public rental housing and providing housing assistance to the substantial population of migrants (over 260 thousand). However, very little research has explored the logics behind divergent policy implementations across Chinese cities, and no research has made a careful examination of the governance structure and incentives behind new public rental housing programmes. Nor have they adequately addressed the specific successes of Chongqing.

The above has inspired the research foci of this thesis. The research findings provide important insights into how Chinese local governments balance their combined goals of furthering economic growth, promoting urbanisation and industrialisation, and maintaining overall societal development in the process of implementing a national housing policy. The thesis therefore attempts first to elaborate on the housing system in China within a more global welfare regime classification. It focuses on linking the welfare regime theories elaborated by Esping-Andersen (1990) and Holliday (2000) to the variations in China's housing system across different stages of economic growth (Hudson et al., 2014). Second, the thesis examines the provision structure of the public rental housing programme in Chongqing, and considers local government's incentives and reforms that have navigated common conflicts that have otherwise suppressed the construction of public rental housing in other cities.

The further focus of the thesis is the response on the demand side of public housing. As local governments have, in general, been reluctant to implement China's public rental housing policy, there is a lack of data for understanding individual responses to the rolling out of public rental housing schemes in China. In this regard, this thesis provides a timely analysis of primary data collected in Chongqing. The responses studied in this thesis are, first, migrant households' attitudes towards accessing public rental housing, and, second, their preferences with regard to settling in the city permanently. The analysis first aims at examining to what extent current public rental housing policy has met the housing demands of a diversified migrant population. It further tests whether current inclusive urban welfare policies have improved the marginalized position of migrants, regarding their urban settlement. Answers to these questions help to elucidate on the emerging nature of migrant housing demand and new life trajectories proliferating in the contemporary social and economic context.

Data and Methods

The analysis of the thesis moves from macro level to micro level, and integrates several theoretical perspectives. Chapter 2 applies the welfare regime framework built by Esping-Andersen (1990, 1999) and Holliday (2000) to examine transformations of the housing policies in China. Chapter 3 applies theories related to decentralization, neo-liberalization and housing governance to explore conflicts, incentives and experimental solutions in connection to the large scale construction of public rental housing in Chongqing. Chapters 4 and 5 are quantitative studies based on survey data collected from migrants who have stayed in Chongqing city for at least half a year, but did not obtain a local *hukou*. Theories on life courses and stated and revealed preference are applied to examine the discrepancies between

stated preferences and actual moves among migrants. We build binary regression models to estimate migrants' preferences for public rental housing (chapter 4) and migrants' preferences for settling in Chongqing more permanently (chapter 5).

Results and discussion

Welfare regimes and the housing policy in China

Chapter 2 divided the transformation of housing policy in China in four stages, from a social-democratic or socialist welfare regime to a more market-orientated regime, with elements of corporatist and productivist regimes involved in the transition. The results reveal that although ruled by a socialist political party, the housing system in China is not unrecognizable from those in the Western and East Asian societies. Moreover, the contemporary housing system has split into two sub-systems targeting local residents and migrants respectively, with the former focusing on social protection and the later focusing on economic goals. Although the rental housing policies for migrants demonstrate significant spatial diversity regarding the scale and regulation of access, local practices share similar productivist welfare regime elements.

The public rental housing programme in Chongqing

Chongqing has been confronted with financial burdens that other cities have also had in constructing public rental housing. However, Chongqing managed to build an extraordinary amount of public rental housing between 2011 and 2013. Chapter 3 shows that an important pre-condition for realizing the public rental housing programme has been the distorted political incentives of Bo Xilai, the previous municipal party secretary of Chongqing, who tried to use the construction of public rental housing as a material and rhetorical tool in his quest to secure a seat on the politburo standing committee. The three major means by which Chongqing effectively financed public rental housing provision were land-based finance, *hukou* reform and '*dipiao*' reform. These have also now emerged as policies in other cities. The difference with Chongqing however, has been the capacity to enforce the three approaches and empower state owned enterprises to ensure that profits from all three actions are used to support public rental housing construction. The Chongqing programme reveals that, even under the current governance structure and in a market-oriented economy, local government can strengthen control over markets and other resources to enable greater cooperation between governmental and market actors in promoting public services. Additionally, the thesis raises concerns over the three approaches.

Preferences for public rental housing among migrants in Chongqing

Chapter 4 compares factors related to stated preferences for public rental housing, putting preferences into practice, and more sustained efforts in application activities to gain access to public rental housing. Results reveal that there has been a substantial difference between migrants who state a preference for public rental housing and those who have actually accessed public rental housing. Although migrants have occupied over 50 per cent of public rental housing in Chongqing, like in other cities, there remains a mismatch between the public rental housing programme and migrant status and housing demands. Factors with negative impact include dissatisfaction regarding the distance between housing and work/school, concerns over the success rate of lotteries through which one can obtain public rental housing, concerns over the stability of policy, and the application criteria that ask for proof of a stable occupation and the ability to pay for social security insurance in the long term. Moreover, the need for a larger dwelling and a location not too close to industrial parks appear to relate to a higher likelihood for intensive application activity among migrants.

The Permanent Urban Settlement of Migrants in Chongqing

This part of the study reveals some positive impacts that the public rental housing scheme and *hukou* reform have had in encouraging migrants to realize permanent urban settlement in Chongqing. Under more inclusive housing and *hukou* policies, migrants have been more likely to state a preference for permanent urban settlement in ‘Chongqing city’ than before. With the new policy, discrimination on the basis of age, income and education when stating a preference for permanent urban settlement have been reduced. Disadvantaged migrants are now more likely to state a preference for permanent urban settlement in relation to accessing public rental housing that can later be bought. However, the analysis also revealed that stating a preference for permanent urban settlement does not always mean that such a preference will also be realized. Even migrants who managed to get access to public rental housing did not generally realize permanent urban settlement. In fact, migrants who stayed in public rental housing were more likely to prefer not to realize their stated preference for permanent urban settlement via buying public rental housing. This indicates that migrants who managed to move into public rental housing might eventually be dissatisfied with either the housing or the associated welfare benefits of public rental housing. Moreover, occupation discrimination still played a role as migrants were asked to provide proof of having a stable job and that they were able to pay for basic insurance before they were allowed to apply for permanent urban settlement. Finally, a dichotomy between intra-provincial rural–urban migrants and other categories of migrant seems to have emerged. Priority has been given to the former because of the economic benefits that these migrants can potentially offer to local governments if they

exchange their rural assets for the urban local *hukou*.

Conclusion

The thesis provides qualitative and quantitative analyses of recent housing policy and its impacts on migrants in China. In 2010s, for the first time, the Chinese government opened access to housing and urban citizenship for migrants on a broad scale. The Chinese government treats these reforms as a solution to multiple problems, including economic downturn, the slowing growth of domestic demand, increasing shortages in urban labour, and increasing social inequalities between local residents and migrants, as well as between advantaged and disadvantaged migrants. Improved knowledge of and understanding of new housing strategies and policy practices at the local level, as well as migrant attitudes to the new policies and their respective impact on migrants, has been urgently needed and has thus become the focus of this thesis. Findings link the Chinese housing system to a more global context and attempts to re-understand the roles that different actors have played in ensuring the construction of new public rental housing. They also examine real-world migrant attitudes towards public rental housing as revealed by original empirical data, and investigate the impact that inclusive housing and *hukou* policies have had on migrant preferences for settling in cities permanently.

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